LEIFHEIT

ANNUAL FINANCIAL REPORT

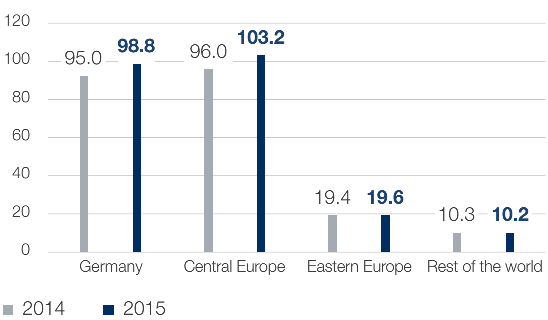
2015

Key figures of the Group

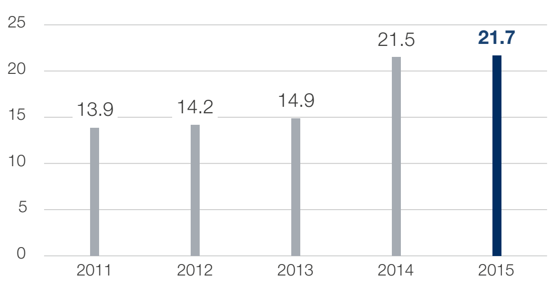
		2014	2015	Change
Turnover				
Group	€m	220.7	231.8	5.0%
Brand Business	€m	180.4	188.1	4.3%
Volume Business	€m	40.3	43.7	8.6%
Profitability				
Gross margin	%	47.7	46.7	–1.0 pps
Cash flow from operating activities	€m	24.5	20.8	–15.3%
Free cash flow	€m	18.4	14.1	–23.6%
Foreign currency result	€m	5.1	2.5	–51.9%
EBIT	€m	21.5	21.7	0.5%
EBIT margin	%	9.8	9.3	–0.5 pps
EBT	€m	19.8	20.2	2.2%
Net result for the period	€m	14.1	14.3	1.6%
Net return on sales	%	6.4	6.2	–0.2 pps
Return on equity	%	14.9	13.4	–1.5 pps
Return on total capital	%	6.3	6.0	–0.3 pps
ROCE	%	20.3	18.1	–2.2 pps
Share				
Net result for the period, per share [1]	€	2.97	3.02	1.7%
Free cash flow, per share [1]	€	3.88	2.96	–23.6%
Dividend per share	€	1.80	2.00 [2]	11.1%
Special dividend per share	€	–	0.75 [2]	> 100%
Employees at the end of the year	persons	1,055	1,049	–0.6%
Investment in tangible assets	€m	5.1	6.1	19.4%
Depreciation on tangible assets	€m	5.3	5.0	–0.1%
Balance sheet total	€m	223.3	237.9	6.5%
Equity	€m	94.8	106.7	12.5%
Equity ratio	%	42.5	44.9	2.4 pps

[1] not including repurchased treasury shares
[2] dividend proposal to the Annual General Meeting
For the multi-year-chart see at the back cover

Group turnover by region
in €m



Earnings before interest and taxes (EBIT)
in €m



“LEIFHEIT 2020” STRATEGY

“We are your leading experts for solutions that make your everyday life at home more easy and convenient.”

“Leifheit 2020” gives us the strategic framework for securing sustainable and profitable growth. Our ten strategic principles show where and how we will be able to seize potential and opportunities.

See the following pages and the management report for more on “Leifheit 2020”.

LEIFHEIT GROUP

Group profile

The Leifheit Group is one of the leading European suppliers of household items in the cleaning, laundry care, kitchen and wellbeing sectors. Under the Leifheit and Soehnle brands – two of Germany's best-known brands – we offer high-quality, innovative products and solutions that make everyday life at home more easy and convenient.

Beside its Brand Business, the Group operates with French subsidiaries Birambeau and Herby in its service-oriented Volume Business, where products are sold at mid-range prices.

BRAND BUSINESS

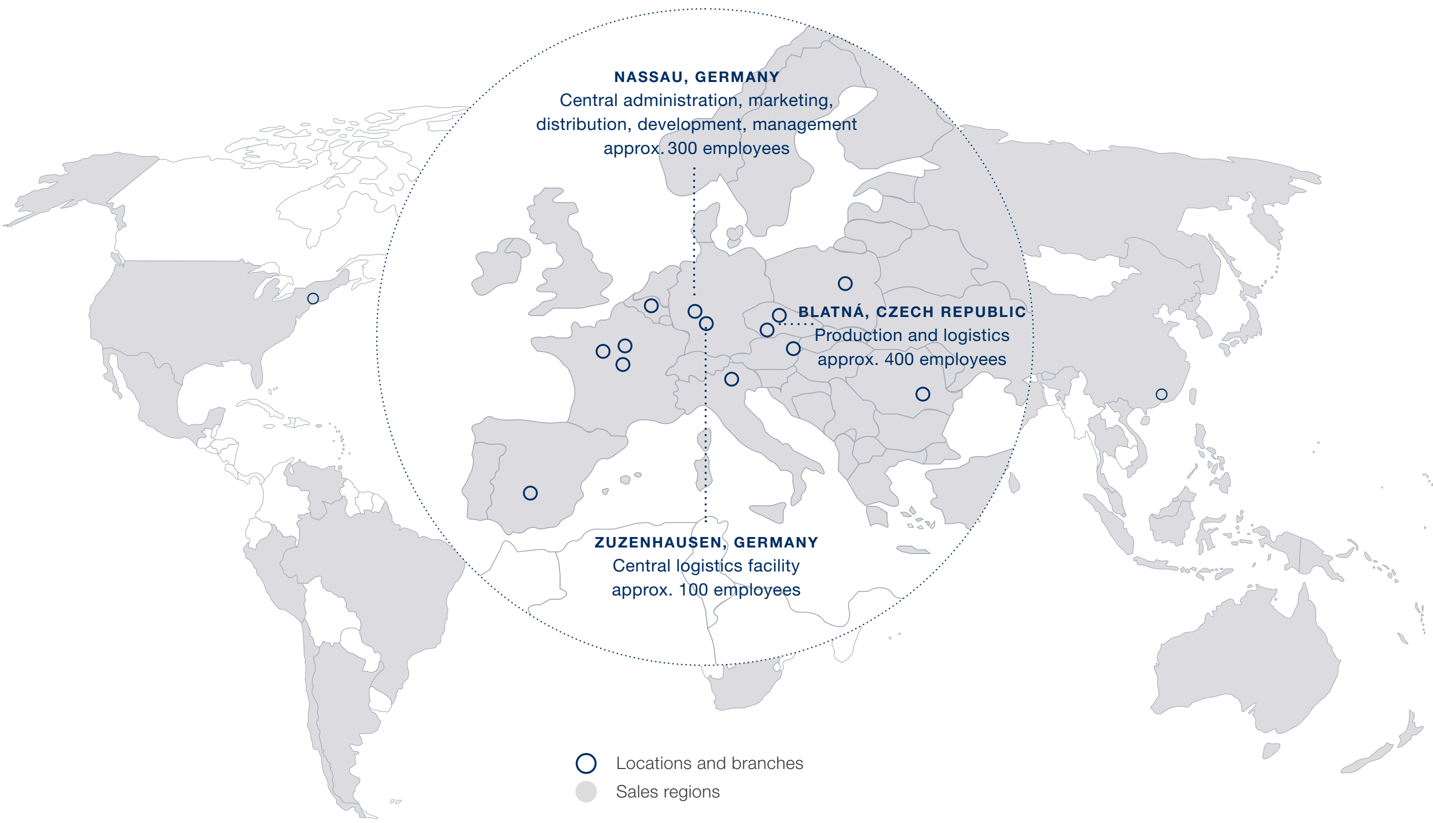
LEIFHEIT SOEHNLE

VOLUME BUSINESS

birambeau herby Project Business

LEIFHEIT GROUP

Locations



LEIFHEIT GROUP

Investment highlights

1
STRONG BRANDS

Well-known brands with high consumer confidence

Leading market positions in Germany and many other European countries

Quality supplier in the medium and high price segments

2
STABLE BUSINESS MODEL

Non-cyclical business: our everyday products are always in demand

Well positioned to exploit e-commerce potential

Intelligent combination of external and internal manufacturing

3
SOLID SET UP

Efficient cost structure and sustained margin development

Strong cash position and high cash flows

High equity ratio and no financial debt

4
RELIABLE PARTNER FOR SHAREHOLDERS

Continual dividend increases

Positive dividend growth based on profitability and solid cash flows

Annual distribution of around 75% of the free cash flow or net result for the period

5
SIGNIFICANT GROWTH POTENTIAL

“Leifheit 2020” strategy for sustainable turnover and earnings growth
Organically: focus on core categories, consumers, innovation, digitalisation and efficiency
Externally: M&A activities with a focus on core categories

LEIFHEIT GROUP

Product world

CLEANING

SUPERIOR CLEANING SYSTEMS FOR EVERY DEMAND

Leifheit has an easy and convenient system solution for every challenge in cleaning at home.

LAUNDRY CARE

FRESH LAUNDRY – EASY LAUNDRY CARE

Whether it’s laundry drying racks for the house or rotary dryers for the garden, an ironing board or a complete steam ironing system – Leifheit ensures fresh, clean and well-kept laundry.

KITCHEN GOODS

ALWAYS BETTER CONCEIVED

Whether it’s for opening, cooking, cutting or storing – Leifheit’s kitchen accessories simplify work and keep hands and kitchens clean.

WELLBEING

FOR A LIFE IN BALANCE

Under the Soehnle brand, we offer a multitude of products that make life easier. From innovative to classic – Soehnle scales cut a fine figure in the kitchen and the bathroom.

Differentiation **at the point of sale...**


LEIFHEIT
Clevere Reinigung
LEIFHEIT
LEIFHEIT

… supports our **international sales.**

UP TO

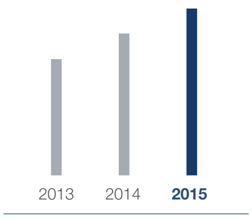
50%

INCREASE IN TURNOVER LIKE FOR LIKE WITH BRAND SHOPS

150

BRAND SHOPS INSTALLED SINCE 2013

+18%



INCREASE IN TURNOVER IN E-COMMERCE

Expert partner for retail

We want to be present with our products where consumers want to buy them – be it in stores or online. Retail is our essential partner. We actively support our retail partners and enable them to differentiate themselves at the point of sale – both online and offline – with tailored solutions.

This goes for our POS Excellence concepts, with their appealing presentations for concessions, secondary placement displays, test stations, product presentations and video promotions, as well as our product range. With a comprehensive category approach for our top-performing product lines, our modular elements for various sales channels and the relevant tailored presentation options, we are a leading partner for retail.

Innovative and leading solutions for retail


Our
Innovation
Factory…


Innovation
Factory
BEST
IN CLASS

… focuses **on users.**

€ 4.8 m

RESEARCH AND DEVELOPMENT EXPENSES IN 2015

843

PATENTS AND OTHER INDUSTRIAL PROPERTY RIGHTS

13

PRODUCT AWARDS IN 2015

Easy and convenient solutions for the home

Our products are part of people’s everyday lives. They help to make life easier and more convenient, so that day-to-day challenges can be solved quickly and effortlessly, leaving more time for the important things. That is our mission.

We therefore set great store by putting the consumer at the centre of our development and innovation work. As a result, we have developed a comprehensive innovation strategy based on our “Leifheit 2020” strategy that we call our Innovation Factory, which includes integrating consumers into the innovation process; further strengthening our design credentials; a strategic network of innovation partners; an efficient idea generation, selection and qualification process; and guaranteeing our high quality standards. Our Innovation Factory creates a long-term pipeline of products and solutions that are highly consumer-relevant and have market potential with the aim of ensuring our future growth.

Best-in-class user focus

Efficient **distribution logistics …**


LEIFHEIT
CleanTwist
PATENTED
SET

… for our
European
growth markets.

57.4 %

OF TURNOVER COMES FROM INTERNATIONAL MARKETS

4,500 m²

OF NEW LOGISTICS SPACE AT OUR EASTERN EUROPE DISTRIBUTION CENTRE

+ 23.1 %

GROWTH IN POLAND AND THE CZECH REPUBLIC

New logistics centre for Eastern Europe

As part of our "Leifheit 2020" strategy, we have defined our future growth regions. Here, we will predominantly focus on our core Central and Eastern European markets. A streamlined, flexible value chain helps us to ensure efficient distribution in these regions.

We can now supply our growth markets in Eastern Europe even faster and more flexibly thanks to the closer integration of our location in Blatná (Czech Republic) into our European distribution logistics network. The new logistics hub that has been set up there will bundle the logistics processes for Eastern European markets at a central location and enables us to react flexibly to both market and customer needs.

In 2015, we also established a future-ready warehouse management system at our distribution locations. We are therefore prepared for future growth and are also able to meet complex logistical challenges resulting from the increasing importance of e-commerce, for example.

Value-chain efficiency

We are on the **right track**

The consistent implementation of the “Leifheit 2020” strategy is starting to bear fruit. With a 5% increase in turnover, the Group even managed to exceed the expectations for the financial year 2015. An interview with CEO Thomas Radke and CFO Dr Claus-O. Zacharias.

THOMAS RADKE
Chairman of the Board of Management | CEO

DR CLAUS-O. ZACHARIAS
Member of the Board of Management | CFO

The past financial year was a good one for Leifheit. What is your verdict on 2015?

RADKE I think our performance is something we can be proud of. We succeeded in increasing turnover at the Group by 5%, thereby exceeding our own expectations. Our operating result also continued to improve. Following years of restructuring successfully carried out by my fellow Board of Management member Dr Zacharias, the consistent implementation of our “Leifheit 2020” growth strategy, which we unveiled in early 2015, is now starting to bear fruit. We have set a medium-term target of 4% to 5% organic turnover growth per year on average by 2020. We achieved that target for the first time in 2015. So we are on the right track, even though we still have a long road ahead of us.

DR ZACHARIAS We achieved earnings before interest and taxes (EBIT) of € 21.7 million. That is about the same as in the previous year, even though the currency result was about half what it was the last time around. Adjusted EBIT rose by € 2.8 million to € 19.2 million. So from an operating point of view, we posted major improvement once again. As a result, I believe that we are on the right track when it comes to profitability, too.

How did the individual segments and markets perform?

RADKE In our Brand Business, we achieved a 4.3% increase in turnover. The Leifheit brand and the product categories cleaning and laundry care played a particularly important role in this growth.

Because we succeeded in expanding our customer base, turnover in our smaller segment, Volume Business, grew by 8.6% in the reporting year. Prior to that, the segment had been posting declines since 2011.

In Germany, we achieved a 3.9% increase in turnover. In our Central European markets, we achieved growth of 7.7%. This development was mainly driven by France, Belgium and the Netherlands. Despite the economic weakness in Russia and the Ukraine conflict, we managed to stabilise the development of turnover in Eastern Europe. We compensated for decreases in turnover in these countries through growth of more than 20% in the Czech Republic and Poland.

Our turnover developed very positively across all sales channels. I would like to highlight the development in e-commerce in particular, where we once again gained almost 18% last year.

You mentioned the "Leifheit 2020" strategy. What progress did you make here in the past year?

RADKE Here at Leifheit, all our employees are making every effort to implement our strategic goals. Our staff have received comprehensive information explaining our path to more turnover and income, and quite a few of our employees are directly involved in strategic projects. That is because "Leifheit 2020" is supported by many individual measures and projects, a number of which we were already able to implement in the reporting year.

Some of these include the revision of Leifheit's brand positioning or the establishment of our Innovation Factory, a comprehensive innovation strategy that places the user at the centre of our development work. This has already allowed us to build a long-term pipeline of new product ideas that offer tremendous benefits for customers and market potential. As part of this, we are focusing on hero products, as they are known, such as our successful Leifheit window vacuum cleaner, and supplementary system solutions, such as our Leifheit Click system. Both are excellent examples of how we offer consumers solutions that make their lives easier and more convenient.

"The consistent implementation of our **'Leifheit 2020' growth strategy is now starting to bear fruit.**"

THOMAS RADKE | CEO

DR ZACHARIAS Another major project with regard to an efficient supply chain was upgrading our existing warehouse software through a future-ready warehouse management system that is capable of constantly keeping up with the envisioned growth thanks to scalable processes.

In addition, we started building a new distribution centre at our production location in the Czech town of Blatná in 2015, which will significantly increase our efficiency when it comes to supplying our growth markets in Eastern Europe. Blatná is particularly important to us as a central hub for the greater penetration of our Eastern European target regions. Most of the markets there are characterised by above-average growth and increasing consumption. They are therefore an important part of our international expansion strategy.

A few weeks ago, Leifheit took part in the Ambiente consumer goods fair. What was there to see at your stand?

RADKE In Frankfurt, we were able to show retailers a whole bunch of new products and initiatives, such as the expanded Leifheit mop portfolio, additions to our Click system, a complete range of ironing-board covers, and new Soehnle kitchen and bathroom scales.

We are delighted that the Genio kitchen scale, which has already been honoured on multiple occasions, won the “Kitchen Innovation of the Year 2016” award at the trade fair and has just received the “iF” Design Award 2016 as well.

What is more, the Leifheit Classic products are our way of giving our international retail partners a new price category within our range – as the basis for more international growth. Leifheit Classic is a selection of basic products that has been conceived especially for our target markets in Central and Eastern Europe. However, let me point out that our high Leifheit quality standards apply here, too.

“Leifheit is well positioned **for the future.**”

THOMAS RADKE | CEO

How have your customers reacted to the new ideas at Leifheit?

RADKE So far, we have received very positive feedback from our retail customers. That goes for the new products and the retooled brand communication. We actively support our retail partners in differentiating themselves from their competitors by offering tailored solutions for the point of sale and by being a recognised partner for retail with our category approach for our top-performing product lines and with modular elements for various sales channels.

Mr Radke, what sets Leifheit apart?

RADKE Leifheit is well positioned for the future. Alongside strong brands, innovative products, a solid financial position and efficient processes, creative employees are a particularly important part of this. New hires and long-serving employees alike are working with dedication on the successful implementation of our strategy. I would therefore like to take this opportunity to thank our staff, too, for their work so far.

Where has Leifheit invested in the future in the past year?

DR ZACHARIAS We invested a total of € 7.1 million in the reporting year. The focus was on our location in Blatná, in the Czech Republic, and our central logistics hub in Zuzenhausen. In Blatná, we not only built the already-mentioned distribution centre for Eastern Europe, we also expanded the existing manufacturing capacity so as to allow us to further expand in-house production. By doing so, we are looking to reduce the potential risk resulting from exchange-rate fluctuations, since suppliers from Asia mostly demand payment in US dollars. Shifting production steps to our own facility also increases our flexibility significantly.

In 2016, we plan to invest around € 8 million, which we will finance from our own funds, as in the past year. The focal points, with a volume of roughly € 2 million in total, will be completing the new distribution centre for Eastern Europe as well as a modern powder-coating facility at our Blatná location.

As CFO, what about the current positioning of the Group is particularly important to you?

DR ZACHARIAS The Leifheit Group is characterised by a solid financial profile. Our total assets increased to around € 238 million as at the end of 2015. In the annual financial statements for the previous financial year, the equity ratio came in at just under 45%. At the same time, our liquidity rose to over € 68 million as a result of cash inflow.

> "The Leifheit share continued to gain **attractiveness in 2015.**"
>
> DR CLAUS-O. ZACHARIAS | CFO

High levels of liquid assets secure our financial flexibility and independence. What is more, we have no liabilities to banks. Thanks to this financial position, we have an excellent foundation for further growth – either organically or with the help of supplementary acquisitions. However, the prerequisite for external growth is that there is an option available for doing so that can be financed, adds value and fits our strategy.

A question that might interest your shareholders: What sets Leifheit AG apart as an investment?

DR ZACHARIAS The Leifheit share continued to gain attractiveness in 2015. The placement of the shares held by our previous anchor shareholder, Home Beteiligungen GmbH, increased our free float significantly. Right now, it is over 76%. The share price rose by some 7% in 2015. Over the past ten years, the price has increased by around 18% a year on average.

The growth that we are striving for is the foundation for regular, rising dividend payments to our shareholders, as our structures are capable of remaining stable up to a turnover of around € 280 million. We will be proposing to the Annual General Meeting the payment of a dividend of € 2.00 for the financial year 2015. The proposed increase of 20 cents is the sixth dividend increase in a row. Due to our good level of liquidity we will furthermore propose a special dividend of € 0.75 per share. This makes Leifheit an attractive investment in growth and dividends as well as a reliable partner for our shareholders.

Let us take a look at the current financial year. What are your goals for 2016?

RADKE We are continuing to work on implementing the "Leifheit 2020" strategy. We will push ahead with development in our European core and growth markets, expand our market positions, attract new target groups and keep working consistently on our strategic projects. In doing so, we intend to further improve the skills and expertise of the Leifheit organisation, thereby creating the basis for sustainable growth.

Specifically, we anticipate moderate economic growth in our target markets in the current year, along with a largely intact consumer propensity to consume despite a number of uncertain factors, such as the crisis in the Middle East. Against this backdrop, we once again expect to see solid turnover and earnings growth this year. At Group level, we anticipate an increase in turnover of 3% to 4%. The focus will continue to be on our Brand Business, where we expect growth of 4% to 5%. At the same time, we anticipate earnings before interest and taxes of € 22 million to € 23 million. We expect EBIT to contain foreign currency results of around € 1 million.

Where we stand

Targets 2015	Results 2015	Forecast 2016
GROUP TURNOVER **+2 TO 3%** **(2014: € 220.7 m)**	**+5.0%** GROUP TURNOVER **GROWTH TO € 231.8 m**	GROUP TURNOVER **+3 TO 4%**
BRAND BUSINESS TURNOVER **+3 TO 4%** **(2014: € 180.4 m)**	**+4.3%** BRAND BUSINESS TURNOVER **GROWTH TO € 188.1 m**	BRAND BUSINESS TURNOVER **+4 TO 5%**
VOLUME BUSINESS TURNOVER **STABLE DEVELOPMENT** **(2014: € 40.3 m)**	**+8.6%** VOLUME BUSINESS TURNOVER **GROWTH TO € 43.7 m**	VOLUME BUSINESS TURNOVER **ON PREVIOUS YEAR'S LEVEL**
GROUP EBIT **ON ADJUSTED PREVIOUS YEAR'S LEVEL** **(2014: € 16.4 m[1])**	**€ 21.7 m[2]** GROUP EBIT	GROUP EBIT **€ 22 m TO € 23 m**
INVESTMENTS **€ 9 m** **(2014: € 6.2 m)**	**€ 7.1 m** INVESTMENTS	INVESTMENTS **€ 8 m**
ROCE **12.7%** **(2014: 20.3%)**	**18.1%** ROCE	ROCE **ON PREVIOUS YEAR'S LEVEL**
FREE CASH FLOW **€ 0 m** **(2014: € 18.4 m)**	**€ 14.1 m** FREE CASH FLOW	FREE CASH FLOW **ON PREVIOUS YEAR'S LEVEL**

[1] EBIT adjusted for a foreign currency result of € 5.1 m
[2] EBIT including foreign currency result of € 2.5 m

Contents

A
To our shareholders

2 Report of the supervisory board
5 Corporate governance report
9 The Leifheit share

B
Consolidated management report

14 Foundations of the Group
18 Economic environment
20 Net assets, financial position and results of operations
34 Non-financial performance indicators
43 Enviroment and society
46 Opportunities and risks report
56 Report on events after the balance sheet date
57 Forecast
60 Legal information

C
Consolidated financial statements

66 Statement of profit or loss and statement of comprehensive income
67 Balance sheet
68 Statement of changes in equity
69 Statement of cash flow
70 Notes

D
Further information

106 Responsibility statement on the consolidated financial statement and the consolidated management report
107 Audit opinion
108 Individual financial statement of Leifheit AG
109 Legal notice
110 Key figures of the group
111 Financial calendar, Contacts

Web link Page reference Strategy

Report of the Supervisory Board

Dear Ladies and Gentlemen

In the financial year 2015, the Supervisory Board fulfilled its obligations under the law, the articles of incorporation and the rules of procedure. It also regularly advised the Board of Management on its activities and continuously monitored the management of the company. At all times, the Supervisory Board was able to convince itself of the legality and expedience of said activities. The Supervisory Board was directly involved in all decisions of fundamental importance for the company at an early stage.

The Board of Management fulfilled its obligation to provide information and informed the Supervisory Board regularly, in a timely manner and comprehensively, both in writing and orally, about all relevant issues regarding corporate planning, strategic development, the course of business, events and measures relevant to the company, the situation of the Group, the risk situation and risk management, and compliance. Discrepancies between business performance and the guidance were explained in detail to the Supervisory Board and discussed intensively by the Supervisory Board. The members of the Supervisory Board had sufficient opportunity at all times to critically examine the reports and draft resolutions submitted to it. The strategic focus of the company was discussed in depth with the Board of Management, as were all significant transactions. In particular, transactions requiring approval were reviewed in depth and decided on by the Supervisory Board.

The Chairman of the Supervisory Board was in close and regular contact with the Board of Management to exchange information and ideas, even between Supervisory Board meetings, and discussed with it issues regarding the company's strategy, planning, business development, risk situation, risk management and compliance.

The Supervisory Board was informed about projects and plans that were of particular importance for the company or required its immediate attention, even between Supervisory Board meetings, and was asked in writing for its approval, to the extent necessary.

Four Supervisory Board meetings and three committee meetings were held in the financial year 2015. Attendance at the meetings of the Supervisory Board and its committees averaged 93%. Dr Thomée was prevented from attending one Supervisory Board meeting as well as the Audit Committee meeting. Otherwise, all members of the Supervisory Board took part in all meetings of the Supervisory Board and its committees. As a result, no member of the Supervisory Board attended only half or less of the meetings of the Supervisory Board or of the committees of which he or she is a member. The members of the Board of Management took part in Supervisory Board meetings, barring other decisions by the Chairman of the Supervisory Board.

The Supervisory Board meetings regularly covered the development of turnover, results and employment at the Group, as well as the segments, the financial position, the main interests, the strategic focus of the company, potential acquisitions and the risk situation.

At the meeting on 25 March 2015, the Supervisory Board, in the presence of the auditor, intensively discussed and reviewed the consolidated financial statements and the annual financial statements, the management reports of the Leifheit Group and Leifheit AG, the report on relationships with related parties, the draft resolution regarding the report of the Supervisory Board and the agenda of the Annual General Meeting on 21 May 2015. A distribution analysis for the products by the brands Leifheit and Soehnle was also presented and discussed. In addition, the findings of the Supervisory Board's self-evaluation in December 2014 were presented.

HELMUT ZAHN
Chairman of the Supervisory Board

Marketing communication – in addition to the preparations for the Annual General Meeting – was the main topic of the Supervisory Board meeting on 21 May 2015.

The medium-term planning for the period from 2016 to 2018 was discussed in depth at the meeting on 17 September 2015. In addition, the Supervisory Board discussed currency hedging, benchmark analyses, succession planning at management level, the recommendations of the German corporate governance code and the adjustment of the rules of procedure for the Supervisory Board and the Board of Management. Furthermore, the targets for the quota of women in the Board of Management and the Supervisory Board were resolved.

The meeting on 9 December 2015 dealt with the planning for 2016, product quality, the programme of initiatives for development from 2017 to 2020, the latest product developments and the strategic focus of Volume Business in France.

Additional topics were the performance of the Supervisory Board's self-evaluation and the resolution of the corporate governance declaration of conformity.

The Supervisory Board has formed an Audit Committee and a Personnel Committee. The Audit Committee met twice to discuss the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, the annual audit (in particular, the independence of the auditor, the services provided additionally by the auditor, the issuing of the audit mandate to the auditor, the determination of the focal points of the audit and the fee agreement) and compliance. The auditors were present at both of the Audit Committee's meetings and reported in detail on all events that arose during performance of the audit that have a direct bearing on the work of the Supervisory Board. The Personnel Committee met once. The Personnel Committee examines all employment contracts for the members of the Board of Management, including remuneration and the remuneration system as well as other Board of Management matters. Particular attention in the financial year 2015 was paid to succession planning.

In the reporting period, there was no indication of conflicts of interest among the members of either the Board of Management or the Supervisory Board that would have required immediate disclosure to the Supervisory Board and the Annual General Meeting.

The financial statements and management report of the Leifheit Group for the financial year 2015, which have been prepared in accordance with section 315a of the German commercial code (HGB) on the basis of the International Financial Reporting Standards (IFRS), as well as the financial statements and the management report of Leifheit AG for the financial year 2015, which have been prepared in accordance with the provisions of the HGB, have been audited by the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, and have not led to any reservations in its audit opinion. The audit – as reflected in the audit reports – did not result in any grounds for objection.

The documents pertaining to the financial statement, as well as the audit reports and the Board of Management's proposal for the appropriation of the balance sheet profit, were handed out to all members of the Supervisory Board. The documents pertaining to the financial statement and the audit reports were discussed in depth at the Audit Committee meeting on 29 March 2016; special attention was paid to the defined focal points of the audit. At the Supervisory Board's balance-sheet meeting on 30 March 2016, the Audit Committee and its chairman presented an in-depth report to all members of the Supervisory Board. The auditors took part in the meetings and reported on the key findings of their audit. Furthermore, they presented their findings on the internal control system and risk management with regard to the accounting process and found that the Board of Management had set up an appropriate information and monitoring system that was capable of promptly identifying developments that jeopardise the company's continued existence. The auditors were available for further questions and information.

In addition, the Supervisory Board reviewed the report on relationships with related parties presented by the Board of Management. The auditor also reviewed this report and issued the following opinion: "After due review and assessment, we confirm that 1. the factual statements in the report are correct and that 2. the company's services rendered in connection with the legal transactions listed in the report were not inappropriate in terms of their scope."

Based on its own examination of the annual financial statements, the consolidated financial statements, the management reports and the dependent-company report, including the final declaration by the Board of Management, as well as the report and the recommendations of the Audit Committee, the Supervisory Board approved the findings of the audit by the auditor. The Supervisory Board has raised no objections to the final results of the audit. The Supervisory Board has approved both the financial statements and the consolidated financial statements. The financial statements in accordance with section 172 of the German stock corporation act (AktG). The Board of Management and the Supervisory Board discussed the Board of Management's proposal for the appropriation of the balance sheet profit during their meeting on 30 March 2016. Due to the company's good level of liquidity the Board of Management and the Supervisory Board decided to propose in addition to a dividend of € 2.00 per no-par-value bearer share a special dividend of € 0.75 per share and to carry forward the remainder to new account.

The Supervisory Board would like to thank all of the employees of the Group, the Board of Management and the workforce representatives for their dedicated commitment and their work in the past financial year. We would also like to thank our customers and shareholders for their trust and support.

Nassau/Munich, 30 March 2016
The Supervisory Board

Helmut Zahn
Chairman

Corporate governance report

At Leifheit, the term corporate governance stands for responsible corporate management and control geared towards creating sustainable value creation.

To us, trusting cooperation between the Board of Management and the Supervisory Board, efficient internal and external control mechanisms, and a high level of transparency in corporate communications are matters of central importance. This way, we hope to secure the confidence of investors, customers, employees and the public at large in our company in the long term.

We give corporate governance a high priority and are guided by the recommendations of the German corporate governance code (DCGK). The code represents key statutory regulations for the management and monitoring of German listed companies and contains internationally and nationally recognised standards for good and responsible corporate governance.

Leifheit AG is a publicly listed stock corporation with registered offices in Germany. The German law, the regulations of stock corporations and financial markets as well as the articles of incorporation of Leifheit AG in particular besides the DCGK provide the framework for structuring corporate governance.

In the following section, the Board of Management reports – also on behalf of the Supervisory Board – on corporate governance at Leifheit in accordance with item 3.10 of the DCGK.

Large parts of the code recommendations implemented

In the reporting period, the Board of Management and the Supervisory Board vigorously discussed the recommendations of the German corporate governance code in the version of 5 May 2015 and updated the declaration of conformity in accordance with section 161 para. 1 German stock corporation act (AktG) in December 2015 on the basis of these discussions. Leifheit AG currently applies most of the government commission's recommendations. The declarations of conformity are publicly accessible on the company's website.

Shareholders and the Annual General Meeting

The shareholders of Leifheit AG exercise their rights at the Annual General Meeting of the company, which, according to the articles of incorporation, is chaired by the Chairman of the Supervisory Board. The Annual General Meeting is held once a year. Each share represents one voting right.

Shareholders can either exercise their voting rights at the Annual General Meeting themselves, via a proxy of their choice or via a proxy of the company who is bound by instructions. Voting instructions to the company's proxy can be issued before and during the Annual General Meeting until the end of the general debate. Shareholders also have the option of casting their votes – without authorising a representative – in writing by postal ballot. All documents and information on the Annual General Meeting are available to shareholders at an early stage on our website. The invitation to the Annual General Meeting with the forthcoming agenda and an explanation of the conditions for participation are published in accordance with the legal regulations and the articles of incorporation. Immediately after the Annual General Meeting, we publish attendance figures and the results of voting on the website.

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Cooperation between the Board of Management and the Supervisory Board

As a German stock corporation, Leifheit AG has three organs: the Board of Management, the Supervisory Board and the Annual General Meeting. Their responsibilities and powers result specifically from the stock corporation act and the articles of incorporation of Leifheit AG.

The German stock corporation act provides for a clear separation between the persons staffing the management and supervisory organs. The management organ is the Board of Management, which is supervised and counselled by the Supervisory Board with regard to the management of the company.

The Board of Management and the Supervisory Board of Leifheit AG communicate openly with each other in a spirit of close cooperation. Transactions and decisions that are of fundamental meaning for the company are processed in close consultation between the Board of Management and the Supervisory Board. Reservations of approval in favour of the Supervisory Board are regulated by the articles of incorporation of Leifheit AG.

By virtue of a systematic internal control and risk management, risks are recognised early, likewise assessed and monitored. The Board of Management reports existing risks and their development to the Supervisory Board at regular intervals.

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The work method of the Board of Management and the Supervisory Board as well as the composition and work methods of their committees are described in detail in the statements regarding the company management and are publicly accessible on our website.

Leifheit has effected a directors and officers liability insurance (D&O insurance) with an appropriate deductible for the members of the Board of Management in accordance with section 93 para. 2 sentence 3 AktG. D&O insurance, however without a deductible, is also provided for the members of the Supervisory Board.

Remuneration of the Supervisory Board and the Board of Management

Remuneration report
see page 61 f.

The outlines of the remuneration system for the Board of Management as well as the components of the Supervisory Board's remuneration are described in detail in the remuneration report It is part of the audited management report for both the Group and Leifheit AG.

Compliance

Compliance as a group-wide action to ensure compliance with statutory provisions and internal guidelines forms an essential management and monitoring task at Leifheit AG.

With the Leifheit Code of Conduct, we have formulated fundamental rules that are intended to ensure compliance at all times with these provisions and guidelines. The Code of Conduct is intended to assist all Leifheit employees in their day-to-day tasks, thereby serving as a guide when addressing legal and ethical challenges. The management is fully committed to compliance and carries the corporate responsibility to adhere to statutory provisions and internal guidelines.

Appropriate control and risk management

Dealing with risks in a responsible manner is part of corporate governance at Leifheit. A fundamental requirement of professional corporate governance is the continuous and systematic management of business risks. By means of this process, it is possible to identify risks at an early stage, when they can be assessed and controlled by taking appropriate measures. The Board of Management reports regularly to the Supervisory Board on current developments regarding significant risks. The Audit Committee regularly deals with monitoring of the accounting process as well as the effectiveness of the internal control and risk management and effectiveness of the internal audit system. The committee also deals with the annual audit and the independence of the auditors.

Conflicts of interest

There were no conflicts of interest among the members of either the Board of Management or the Supervisory Board that would have required immediate disclosure to the Supervisory Board.

No consultancy agreements or other agreements for contractual performance existed between members of the Supervisory Board and the company in the reporting period. The memberships of Board of Management and Supervisory Board members in statutory supervisory boards or similar German and non-German control committees of enterprises can be found in the section "Organs" of the annual financial report.

No member of the Board of Management currently holds mandates in supervisory boards at listed companies that are not part of the Group. In the period under review, there were no reportable relationships or transactions with related companies or persons.

Objectives of the Supervisory Board in terms of its composition

The Supervisory Board agreed at its meeting in December 2015 to adjust the objectives most recently set in December 2012 for its composition. In detail, the following specific objectives were resolved:

1. Each member of the Supervisory Board must immediately disclose any potential conflicts of interest.

2. The Supervisory Board should have at least two independent members within the meaning of no. 5.4.2 DCGK.

3. The Supervisory Board must have at least one independent member with specialist knowledge in the areas of accounting or audits of financial statements (section 100 para. 5 AktG).

4. The Supervisory Board must have at least one member with specialist knowledge of law.

5. The Supervisory Board must have at least one member with specialist knowledge of the consumer goods industry or branded companies in an international environment.

6. The Supervisory Board must have at least one member with specialist knowledge in the area of business administration.

organs
see page 104

7. In order to represent the largest possible range of life experience, the difference in age between the youngest and oldest member of the Supervisory Board should be at least ten years. No member of the Supervisory Board should be older than 70 years of age.

8. Membership on the Supervisory Board should be limited to 25 years.

All objectives are met at the present time.

Transparency in favour of shareholders and the public

In order to ensure the greatest possible degree of transparency and equal opportunities, we have made it our goal to inform all our target groups comprehensively, equally and in a timely manner. For this purpose, interested parties can find key recurring dates in our financial calendar, which is published in our annual financial report, quarterly financial reports and on the Leifheit website.

stakeholder dialog
see page 44

We release information on the strategy, the situation of the Group, all major business changes, the development of the company and the financial position and results of operations of our company regularly and in a timely manner in the quarterly financial reports and in detail in the annual financial report. These reports are also published on our website.

Leifheit share
see page 9

The Board of Management and Investor Relations department are in regular contact with private and institutional investors as part of our investor relations work e.g. capital market conferences. More information about our capital market activities can be found in the Section "The Leifheit share" of our annual financial report.

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Furthermore, we publish all press and ad-hoc announcements presentations about press and analyst conferences as well as regarding the Annual General Meeting on our website.

Directors' dealings and shareholdings of the Board of Management and the Supervisory Board

In accordance with section 15a of the German securities trading act (WpHG), the members of the Board of Management and Supervisory Board or their related parties are legally required to disclose all transactions involving the purchase or sale of Leifheit AG shares or related financial instruments where such transactions total or exceed € 5,000 in a calendar year. The notifications received by Leifheit AG for the 2015 financial year have been published on our website.

The total number of shares in Leifheit AG held by all members of the Board of Management was 37,290 as at 31 December 2015. The members of the Supervisory Board directly and indirectly held a total of 4,197 no-par-value bearer shares in Leifheit AG as at 31 December 2015.

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Accounting and auditing

The basis for the consolidated financial statements and the consolidated management report as well as the half-year financial report and the quarterly financial reports is the International Financial Reporting Standards (IFRS) as applicable in the European Union. The legally required separate financial statements of Leifheit AG, which are the deciding factor for the payment of the dividend, are prepared in accordance with the provisions of the German commercial code (HGB).

It was agreed with the auditors that the Chairman of the Supervisory Board will be informed immediately of any grounds for disqualification or partiality arising during the audit, unless such grounds are eliminated immediately.

The auditor must also report without delay on all findings and events that arise during the performance of the audit that have a direct bearing on the work of the Supervisory Board. In addition, the auditor must inform the Supervisory Board or note in its audit report any facts ascertained during the performance of the audit that are inconsistent with the declaration of conformity in accordance with section 161 of the German stock corporation Act (AktG) regarding the German corporate governance code, which is issued by the Board of Management and the Supervisory Board.

The Annual General Meeting on 21 May 2015 accepted the proposal of the Supervisory Board in line with the recommendations of the Audit Committee and selected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, as the auditor for the financial year 2015. Ernst & Young has been the group auditor of Leifheit AG since the financial year 2002. The signatory auditors are Rembert Knappe (since the financial year 2009) and Holger Vöhl (since the financial year 2009). The statutory provisions and rotation obligations under sections 319 and 319a of the German commercial code (HGB) have been complied with.

Declaration of corporate management

The declaration of corporate management in accordance with section 289a German commercial code (HGB) is publicly accessible on our website. It includes the declaration of conformity in accordance with section 161 German stock corporation act (AktG), relevant information about corporate management practices, and a description of the work methods of the Board of Management and the Supervisory Board, as well as the composition and work methods of their committees and the declaration on the defined targets according to the German law on the equal participation of women and men in management positions.

The Leifheit share

Strong fluctuations characterised the development of share prices on the stock market in 2015. In this environment, the price of the Leifheit share developed very positively, increasing by 6.7% over the year. The Board of Management and the Supervisory Board will propose to the Annual General Meeting a dividend of € 2.00 and furthermore a special dividend of € 0.75 per share for the financial year 2015.

Exceptionally volatile trading year

The development of the financial markets in 2015 was influenced by many factors – positive as well as negative. They include the Greek crisis, flagging economic growth in China, the plunge in oil prices as well as the monetary policy decisions of the central banks in Europe and the USA. They have led to price fluctuations on the stock markets on a scale rarely seen before. The DAX – Germany's leading index featuring the shares of the 30 largest listed companies – reached an all-time high in April of 12,390 points. By autumn, the index had lost around 25%, triggered in part by price slumps on the stock markets in China, which had been overheated until that point. The index hit its low for the year in September at 9,325 points. On the whole, the DAX rose from 9,764 to 10,727 points over the course of the year. This amounts to an increase of approximately 10%.

The benchmark index for the Leifheit share, the SDAX, which is Deutsche Börse's share index for smaller companies, showed very positive development over the course of the year and beat the DAX in terms of performance. Starting from a low for the year at 7,128 points in early January, the SDAX reached a high of 9,156 points in August and closed with 9,098 points on 30 December 2015. As a result, the SDAX rose by almost 26% for the year.

Another positive performance by the Leifheit share

The price development of the Leifheit share (ISIN DE0006464506) was also characterised by volatility during the reporting period. During the first several months of the year, the share price rose substantially and reached a new record high of € 59.66 on 21 April 2015. In connection with the secondary offering of the company shares of the former anchor shareholder Home Beteiligungen GmbH in late April, as well as the general uncertainty on the stock markets during the summer, the share price dropped from the record level it had achieved and stabilised initially at prices comparable to those from mid-2014. After reaching an annual low of € 39.05 on 29 September 2015, the share staged a substantial recovery in the fourth quarter. On 30 December 2015, trading closed at € 49.50 – an increase of 6.7% since the beginning of the year.

+ 6.7 %
rise in Leifheit share price

As a result, market capitalisation for Leifheit AG as based on all issued shares was approximately € 248 million at the end of 2015, an increase of € 16 million as compared with the end of the previous year (30 December 2014: € 232 million). Adjusted for treasury shares, the market capitalisation amounted to € 235 million.

Performance of the Leifheit share price in 2015
compared to the SDAX in % (indexed to 100)

Considerable rise in trading volume

The trading volume for Leifheit shares in Xetra, Deutsche Börse's electronic trading system, averaged 5,714 shares per day in the trading year 2015, which is significantly higher than the trading volume in the previous year (2014: 1,933 shares per day).

Return on an investment in Leifheit shares

1 year	6.7% p.a.
3 years	19.4% p.a.
5 years	23.9% p.a.
10 years	7.8% p.a.

Historic annual return as at the end of 2015 without reinvestment of distributed dividend. Calculated with the assistance of the dividend calculator on the Leifheit AG website (www.leifheit-group.com).

Key figures for the Leifheit share in € per share

	2011	2012	2013	2014	**2015**
Net result for the period	2.55	1.97	2.16	2.97	3.02
Free cash flow	1.63	–0.28	4.11	3.88	2.96
Dividend	1.30	1.50	1.65	1.80	2.00 [2]
Special dividend	–	–	–	–	0.75 [2]
Own funds [3]	19.55	17.98	18.30	18.16	20.45
High [4]	26.90	30.56	35.30	46.40	59.66
Low [4]	16.52	20.45	26.00	32.22	39.05
Year-end closing price [4]	20.50	29.00	30.93	46.40	49.50
Number of shares (in thousands) [1]	4,742	4,760	4,749	4,750	4,752
Year-end market capitalisation (in €m) [5]	103	145	155	232	248

[1] number of outstanding shares as at 31 December (excluding treasury shares)
[2] dividend proposal to the Annual General Meeting
[3] excluding the distribution of the proposed dividends and the share in the profits of the minority shareholders
[4] closing prices on Xetra.
[5] based on all shares issued

€ 2.00 [2]
Dividend per share

Increase in dividend plus special dividend

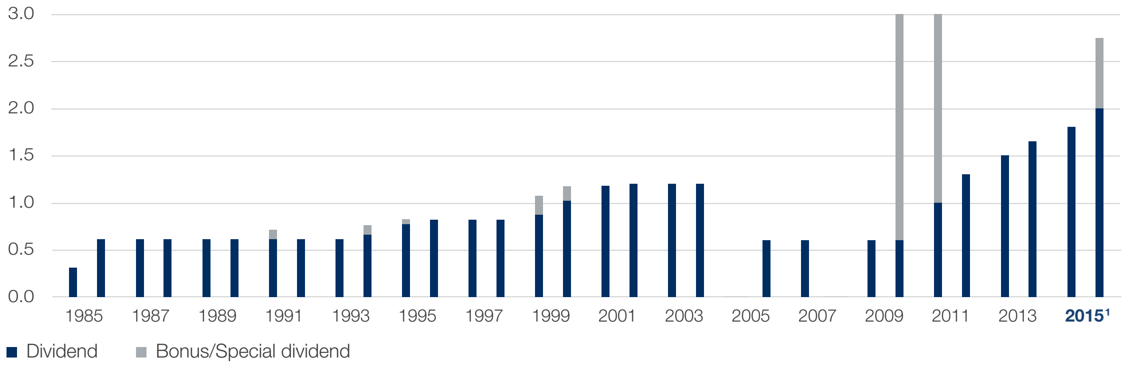
43.3% of the share capital was represented at the last Annual General Meeting on 21 May 2015 in Nassau (2014: 74.0%).

The Board of Management and Supervisory Board of Leifheit AG will be proposing to the Annual General Meeting on 25 May 2016 the payment of a dividend of € 2.00 per share for the financial year 2015 (2014: € 1.80). The proposed increase of € 0.20 is the sixth consecutive dividend increase. Due to our good level of liquidity the Board of Management and the Supervisory Board will furthermore propose a special dividend of € 0.75 per share. If approved by the Annual General Meeting, the dividend will be paid out from 26 May 2016. The amount to be distributed will be € 13.1 million (2014: € 8.6 million).

€ 0.75 [2]
special dividend

The Board of Management and Supervisory Board of Leifheit AG aim to enable all shareholders to partake appropriately in the company's success again with the proposed dividend and the special dividend. In principle, our results-oriented dividend policy furthermore provides for distributing around 75% of the net result for the period or the free cash flow of a financial year to the shareholders as ordinary dividends. Provided that Group liquidity at year-end will exceed our expected liquidity requirements for potential M&A activities and seasonal working capital fluctuations in the total amount of about € 55 million as well as for the dividend payments, Management and Supervisory Board will consider to propose the distribution of special dividends to our shareholders also in the future.

Historical dividend development
Dividend per share in €



[1] dividend proposal to the Annual General Meeting

Treasury shares

The authorisation to purchase and to use treasury shares granted to the company in 2010 by the Annual General Meeting lapsed in the reporting period. On 21 May 2015, the Annual General Meeting once again granted authorisation to the company to purchase treasury shares until 20 May 2020 in the amount of up to 10% of the existing share capital of € 15 million.

No treasury shares were purchased in 2015. Leifheit used 1,605 treasury shares for the issuance of shares as part of an employee participation programme.

As at the end of 2015, Leifheit AG held 247,067 treasury shares (corresponding to 4.94% of the share capital). An amount of k€ 7,493 was expended in previous periods for their purchase. Including ancillary costs, this corresponds to an average of € 30.33 per share.

Significant change to the shareholder structure

A significant change was made to the ownership structure of the company over the course of the financial year 2015. Home Beteiligungen GmbH, Munich, which recently held a 50.49% stake in the share capital of Leifheit AG, sold its block of shares in late April 2015 to institutional investors.

This sale led to a considerable increase in the portion of Leifheit shares that are in free float, amounting to 76.7% as at 31 December 2015. The calculation is performed in accordance with the definition set by Deutsche Börse for share indices, according to which blocks of shares below a threshold of 5% are considered to be part of free float. Shares of funds and investment companies with short-term investment strategies are also 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 (4.94%), as well as employee shares subject to a vesting period (0.07%).

Treasury shares
see page 97

Pursuant to the information and voting rights notifications available to Leifheit AG, the company's shareholder structure was as follows as at 31 December 2015:

Shareholder structure of Leifheit AG

MKV Verwaltungs GmbH, Grünwald (D)	10.03 %
Joachim Loh, Haiger (D)	8.26 %
Capital Income Builder, Los Angeles (USA)	5.60 %
Carmignac Gestion S.A., Paris (F)	5.49 %
MainFirst SICAV, Sennigerberg (LUX)	5.04 %
Union Investment Privatfonds GmbH, Frankfurt (D)	4.00 %
Invesco Limited, Hamilton (BMU)	3.30 %
Farringdon, Luxembourg (LUX)	3.26 %
Leifheit AG, Nassau (D) – treasury shares	4.94 %
Shareholdings below the disclosure threshold of 3%	50.08 %

Master data for the Leifheit share

ISIN/WKN	DE0006464506 / 646450
Ticker symbol	LEI (ordinary share)
Reuters ticker symbol	LEIG.DE
Bloomberg ticker symbol	LEI:GR
Trading segment	Prime Standard
Industry	Consumer
Class	No-par-value bearer shares
Stock exchanges	All German stock exchanges
Designated sponsor	Oddo Seydler Bank AG
Date of admission to trading	3 October 1984

Analysts recommendation: “holding” or “buying”

During the financial year 2015, analysts from a number of banks and research providers tracked Leifheit AG’s business development and strategy from the standpoint of the capital markets. Investment recommendations were published by Berenberg Bank, Bankhaus Lampe, Oddo Seydler Bank and GSC Research. The analysts recommended investors to “buy” or to “hold” the company’s shares, with target prices ranging between € 48.00 and € 60.00. More detailed information is available on the Leifheit AG website at analysts.leifheit-group.com.

analysts.leifheit-group.com

Annual financial report 2014 receives the Fox Finance Award

The Leifheit annual financial report 2014 received a silver Fox Finance Award, providing confirmation of the report’s outstanding impact. We are delighted with this achievement and see it as both an incentive and an obligation to continually enhance the service we provide to our shareholders and our communications directed at interested members of the public.

Dialogue with shareholders and the capital market

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Leifheit AG regards itself as a sound growth equity on the capital market with a long-term focus. Open communication with our shareholders and potential investors is a matter of course for us. We aim to provide information about all relevant developments and events at our company in a comprehensive, prompt and transparent manner.

In light of this, we once again sought out dialogue with analysts and investors during the past year at a variety of roadshows, conferences and in a range of one-on-one discussions. Many Leifheit AG shareholders took advantage of the opportunity to receive comprehensive information on business development from the Board of Management and the Supervisory Board in the course of the Annual General Meeting.

In February 2015, Leifheit took part in the Ambiente 2015 international consumer goods trade fair. We used the opportunity to unveil our strategy and new products as part of a press conference attended by members of the trade and business media.In March, our investor relations activities focused on the annual analysts’ conference that we held in Frankfurt/Main in conjunction with the press conference announcing our balance sheet results. In November, Leifheit AG once again presented itself to analysts and investors at the German Equity Forum (Deutsches Eigenkapitalforum). Roadshows in major European financial centres provided analysts and investors with additional opportunities to have direct contact with our Board of Management.

Our website also offers a variety of options for getting to know the Leifheit Group and its brands and products. In the Investor Relations section, we promptly provide our shareholders, the capital market and other interested parties with all key information related to our share, the strategy and the key figures of the Leifheit Group, the financial calendar as well as all financial reports, news and presentations. The relevant contact details are also available there.

If you have questions or comments, you can contact us as follows:

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Investor Relations
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56371 Nassau/Lahn
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Fax: +49 2604 977-121218
email: ir@leifheit.com

B

Consolidated management report

14

Foundations of the Group

14 Activities and areas of business
14 Segments
15 Markets and market position
16 Change in Group structure
16 Organisation, corporate structure and management responsibility
17 Group strategy and objectives
17 Financing strategy
17 Control system principles

18

Economic environment

18 Macroeconomic situation
19 Industry development

20

Net assets, financial position and results of operations

20 Comparison of actual performance with projected business performance
21 Business performance
24 Development of results of operations
27 Development of the financial situation
30 Development of net assets
32 Overall assessment of management in regard to the economic situation

34

Non-financial performance indicators

34 Employees
37 Development and innovation
39 Procurement, logistics and production
40 Marketing and distribution

43

Environment and society

43 Environment and resources
44 Social responsibility
44 Product responsibility
44 Dialogue with our stakeholders
45 Social commitment

46

Opportunities and risks report

46 Opportunities
49 Risks
50 Internal control and risk management system in the accounting process
56 Overall assessment of opportunities and risks

56

Report on events after the balance sheet date

57

Forecast

60

Legal information

60 Information under takeover law and explanatory report
61 Declaration of corporate management
61 Report of the Board of Management regarding relationships with related parties
61 Remuneration report

Foundations of the Group

The Leifheit Group is one of the leading European brand suppliers of household items. The company offers high-quality and innovative products and solutions that make everyday life at home easy and more convenient.

Activities and areas of business

The Leifheit Group divides its operating business into two divisions: Brand Business and Volume Business. In the Brand Business, which is by far the larger segment, we distribute our products under the two well-known brands Leifheit and Soehnle. These products are characterised by high-quality workmanship in combination with a high degree of consumer benefit and are offered in the medium to upper price sector. The Volume Business includes the French subsidiaries Birambeau and Herby, as well as our Project Business. Here, we offer product ranges in the mid-price category, plus customer-specific developments and their production. Until the fourth quarter of 2015, we also offered contract manufacturing for third parties. In both segments, we focus on our core areas of expertise in the product categories of cleaning, laundry care, kitchen goods and wellbeing.

We primarily develop our products for the European market using our own in-house development departments. This is especially beneficial for Brand Business, which is driven by innovation. Production takes place at our own production plants in Germany, the Czech Republic and France, as well as at the facilities of suppliers located in various countries in Europe and Asia.

Segments

LEIFHEIT GROUP

BRAND BUSINESS

- High-quality brand products with a high degree of consumer benefit in the medium to upper price segment
- Consistent brand management
- Systematic processes for innovation and market launch
- Distribution in international markets
- Product categories: cleaning, laundry care, kitchen goods and wellbeing

LEIFHEIT SOEHNLE

VOLUME BUSINESS

- Products in mid-price ranges
- Customer-specific product developments
- Strong service components
- Distribution in international markets
- Product categories: cleaning, laundry care, kitchen goods and wellbeing

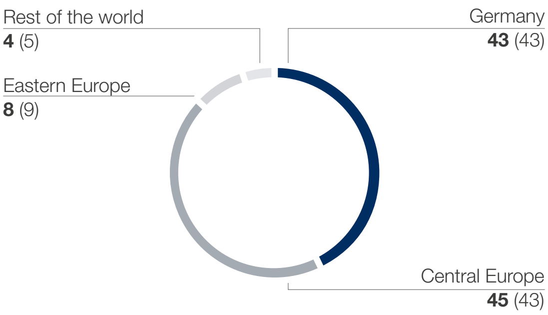
birambeau herby Project Business

Markets and market position

The Leifheit Group sells its products in more than 80 countries around the world. The focus sales markets, each acounting for a share of more than 40% of turnover, are our domestic market of Germany and the countries of Central Europe. The sales and distribution region of Central Europe includes the Netherlands, France and Austria, for example. We currently generate over 8% of our turnover in Eastern European markets, such as the Czech Republic, Russia and Poland.

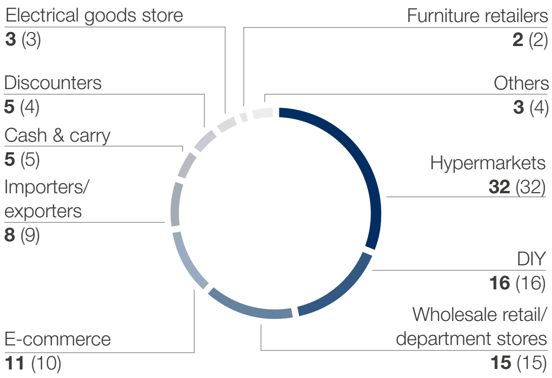
We focus our sales and marketing activities on European target markets. We also draw on growth opportunities outside of Europe, such as in the USA, the Middle East and the Far East. Here, we distribute our products mainly through distributors and conduct spot business in order to tap into any market opportunities that present themselves. Non-European markets currently account for more than 4% of Group turnover.

Sales markets
Proportion of turnover in % (previous year's figures)



We sell our products where consumers want to buy them and have a presence in all the relevant sales channels. Department stores and hypermarkets, which account for a share of just over 30% of turnover, are the Leifheit Group's most important sales channel. We generate some 15% respectively in DIY stores and in traditional wholesale and retail. The proportion of modern home-shopping (e-commerce) has risen continuously in recent years and amounted to roughly 11% in 2015.

Distribution channels
Proportion of turnover in % (previous year's figures)



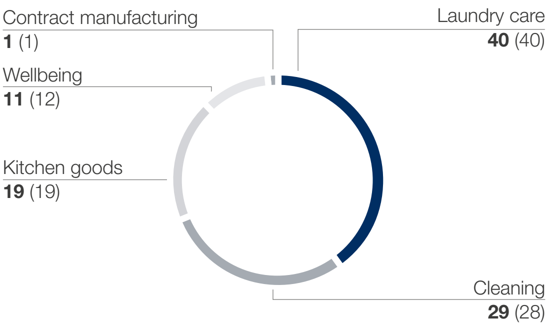
For more information about distribution channels, see page 41

We focus on the product categories of cleaning, laundry care, kitchen goods and wellbeing. In Germany and many European markets, Leifheit is among the leading providers of cleaning appliances, especially flat mop systems. Laundry care products, accounting for around 40% of turnover, are the largest product category. We generate some 30% of Group turnover with cleaning products; around 20% of Group turnover comes from kitchen goods. The wellbeing category includes Soehnle brand products and accounts for around 10% of turnover. Soehnle is the market leader for bathroom and kitchen scales in Germany. Here, we hold a market share of 36.4% for kitchen scales and 24.2% for bathroom scales with Soehnle products. Soehnle is also among the leading providers in other European countries. We are also active in the aroma diffuser market through the Soehnle brand. According to a 2014 study by the GfK market research institute, Soehnle is the market leader in the air treatment and humidifier segment in Germany, with a market share of around 28%.

For more information about regions, see page 21 f.

Developments and the results of our business activities are also influenced by external factors, including macroeconomic developments, the economic conditions in our key markets, the consumer climate, the development of the US dollar against the euro and the weather conditions in seasonal business with rotary dryers.

Group turnover by product categories
in % (previous year)



Change in Group structure

There were no major changes in the scope of consolidation or major changes in the organisational structure or business model in the financial year 2015. Soehnle GmbH, with its registered office in Nassau, was founded in July 2015. Soehnle GmbH did not commence business operations in the financial year 2015.

Organisation, corporate structure and management responsibility

Leifheit AG has been a listed stock corporation under German law since 1984. The shares of Leifheit AG are listed on the Frankfurt Stock Exchange Prime Standard and are traded on all German stock exchanges (ISIN DE0006464506). As at 31 December 2015, the market capitalisation amounted to approximately € 248 million. The company has been entered in the Commercial Register of Montabaur Local Court under HRB 2857, and its headquarters and administration offices continue to be based at its founding location in Nassau/Lahn, Germany. The main locations of Leifheit AG are Nassau (administration and production) and Zuzenhausen (logistics). There are also branches outside of Germany which are not legally independent – particularly distribution offices – in Brescia, Italy (established in 1982), in Aartselaar, Belgium (established in 1987), and in Wiener Neudorf, Austria (established in 1995).

Leifheit AG has 12 direct or indirect subsidiaries. Leifheit AG's main (partly indirect) interests are Leifheit s.r.o. in the Czech Republic (production), Birambeau S.A.S. in France (logistics and distribution) and Herby Industrie S.A.S. in France (production, logistics and distribution).

Leifheit AG's Board of Management has two members. It defines the strategy of the Leifheit Group and is responsible for Group-wide central functions and steers the Group's business divisions. Each Member of the Board of Management is responsible for multiple functions within the Leifheit Group. The rules of procedure for the Board of Management regulate the responsibilities of individual board members. Their personal knowledge of products and markets, customer- and country-specific features and their expertise in central Group functions ensure the efficient and professional management of the Leifheit Group. The Leifheit AG Board of Management is supported by 16 sector directors and department heads.

Group strategy and objectives

The financial year 2015 was the first one to be guided by the new “Leifheit 2020” Group strategy, which outlines our vision and the ten strategic principles for a successful future.

Consumers are our most important target group. With their buying decisions, they determine our economic success. It is therefore crucial to understand their needs and to satisfy them through our products in the most optimal way possible. As a result, our aspiration is: “We are your leading experts for solutions that make your everyday life at home more easy and convenient.”

Based on our vision, ten strategic principles answer the question as to where and how further growth potential can be leveraged and opportunities seized in a fast-changing world. With regard to “where”, significant points are a stronger focus on consumers and retail customers, clear brand positioning and clear positioning of the categories and products that are to contribute to our success, as well as a deep understanding of the relevant sales markets and the right way to access them.

The question of “how” defines various areas in which we want to bundle our efforts and resources in future. Above all, the consistent focus will be on the needs of the consumer. In addition, we want to continue to expand on our abilities and implement innovative solutions – both with regard to consumers and with regard to retail customers and dealers. In doing so, we will continue to offer exceptional product quality. A streamlined, flexible value chain helps us to do this. The basis for our success remains our employees and their dedication to providing extraordinary commitment every day.

“Leifheit 2020” is the foundation for the Group’s stronger organic growth going forward. At the same time, Leifheit will review opportunities for external growth if and when they materialise. With a solid, financial debt-free balance sheet, we are well positioned for potential acquisitions to support our growth.

Financing strategy

The primary objective of our financing strategy is to maintain a healthy capital structure. Here, we place particular value in a sufficient equity ratio of at least 30% to ensure the confidence of investors, banks, suppliers, customers and our employees. We focus on maintaining a capital structure that allows coverage of our future potential financing requirements on reasonable terms in financial markets. We want to maintain a high level of independence, security and financial flexibility.

“Leifheit 2020”

Control system principles

The Leifheit Group is managed centrally from a strategy point of view, while also providing for remote operations. Maintaining only a few divisions and levels of hierarchy allows us to ensure fast and efficient collaboration within the Group. Our organisation is designed so that we provide optimal support to both our customers and brand management to advance our Group’s strategy. For this purpose, Brand Business and Volume Business are managed as separate segments. The organisational structure and the process organisation are structured in such a way that they enable us to achieve our strategic business alignment targets in the best possible way.

We ensure that corporate management is focused on ongoing increases in company value. We therefore apply a value-oriented management system. The major performance indicators of the Group are turnover, earnings before interest and taxes (EBIT) and free cash flow. The key measures of both business segments are turnover and earnings before interest and taxes (EBIT). Turnover is also measured at Group level by region. In addition, the key performance indicator return on capital employed (ROCE) is calculated annually, which measures the profitability of the capital employed. Gross margin and the contribution margin are also measured in the divisions. No significant changes were made to the control system in the financial year 2015.

Economic environment

Bolstered by low commodities prices and private consumption, the global economy achieved growth of 3.1% in 2015. The upturn in the Eurozone continued, with a 1.5% increase in gross domestic product. The German economy grew by 1.7%. Thanks to low inflation, rises in income directly benefited purchasing power, encouraging higher demand and pushing retail sales.

Macroeconomic situation

The global economy performed inconsistently in 2015. In particular, development in emerging economies was weaker than expected. In China, the economy is undergoing a process of transformation. Falling prices for oil as a result of production-related oversupply on the global market and lower prices for other raw materials had a negative impact on economic development in commodity-exporting countries such as Russia and Brazil. Industrial countries, by contrast, posted rather stable growth. The International Monetary Fund (IMF) estimates global economic growth in 2015 at 3.1% (2014: 3.4%).

+1.5 %
GDP growth
in the Eurozone

The economic recovery in the Eurozone continued in 2015. The IMF estimates growth in the common currency area at 1.5% (2014: 0.9%). In its autumn 2015 forecast, the European Commission anticipates gross domestic product (GDP) growth of 1.9% in the European Union as a whole. Economic development was impacted negatively by uncertainty regarding the outlook for the Chinese economy and the associated turbulence on the financial markets.

France and Italy made a below-average contribution to growth in the Eurozone. The IMF expects growth in France to have totalled 1.1% in 2015 (2014: 0.2%). Following a decline in GDP in the previous year, the IMF is now forecasting growth of 0.8% (2014: –0.4%) in Italy. By contrast, economic growth increased significantly in Spain, where the IMF is anticipating a rise in GDP of 3.2% (2014: 1.4%) year on year.

The strong devaluation of the euro against the US dollar and the falling prices for petroleum products had a positive effect on growth in the Eurozone. Growth was boosted by private consumption in particular.

The German economy continued to grow in 2015. Adjusted for price, GDP grew by 1.7% (2014: 1.6%) in 2015, according to initial calculations by the German Federal Statistical Office. The IMF believes that growth was slightly lower at 1.5% (2014: 1.6%). Favourable development on the labour market, private consumption, the significant decline in the oil price, low interest rates and – with a view to exports – the favourable euro exchange rate supported the rise in economic growth.

The drop in prices for oil and other raw materials played a major role in the deterioration of the economic situation in Russia, as did the impact of the economic sanctions resulting from the annexation of Crimea and the Ukraine conflict. Against this backdrop, GDP declined by 3.7% (2014: +0.6%) in 2015, according to IMF data. In Eastern European EU countries, the economy picked up steam over the course of 2015. The region benefited from developments in the Eurozone. Polish exports were most affected by the recession in Russia.

In the USA, the modest economic upturn continued in 2015. The American economy grew by 2.5% (2014: 2.4%), according to IMF estimates. For structural reasons, the Chinese economy's growth momentum has been losing steam for several years. Exports and imports declined more sharply than expected. According to IMF data, the Chinese economy grew in 2015 by 6.9% (2014: 7.3%).

Currency development

The European Central Bank (ECB) continued to push ahead with its policy of low interest rates in 2015. The ECB's monetary policy had a tangible impact on the euro's value against the US dollar. The ECB reference rate for the US dollar against the euro stood at 1.09 (2014: 1.21) as at 31 December 2015.

Industry development

According to data from Eurostat, the European Union's statistical office, retail sales volume in the Eurozone increased noticeably in 2015 (+1.4% year on year until November). Consumer confidence in the Eurozone (the European Commission's Consumer Confidence Index) also rose over the course of the year. The value of –5.7 points in December 2015 was slightly above the annual average. At –6.1 points, the annual average was significantly higher than the long-term mean of –12.8 points. The Business Climate Indicator for the economy in the Eurozone also posted positive development over the course of 2015, according to information from the European Commission, reaching a value of 0.41 points in December (2014: 0.08 points).

In Germany, the positive development on the labour market played a pivotal role in economic performance. The unemployment rate fell by 0.3 percentage points over the course of the year to 6.4%. Rising employment and higher incomes boosted consumption as the cornerstone of economic performance. According to estimates by the Federal Statistical Office, retail turnover rose by 2.8 to 3.1% in Germany in 2015. Turnover of furnishings and household appliances grew by 2.4% (at constant prices) or 2.3% (at the respective prices).

Private consumption is responsible for over 50% of GDP in Germany and was the main driving force behind the German economy in 2015, according to information from the Federal Statistical Office. With an inflation rate of just 0.3%, growth in income benefited purchasing power nearly entirely. Adjusted for price, consumption expenditure was up 1.9% year on year.

Towards the end of 2015, consumer sentiment deteriorated in Germany. Based on its regular surveys, the GfK market research institute calculated a consumer confidence index of 9.3 points for December. The index therefore remains high (2014: 8.7 points) after peaking at 10.2 points at mid-year.

The economic climate index published by the ifo institute, Munich, also declined slightly at the end of the reporting period after having increased constantly (with slight fluctuations) from the start of the year until November. Whereas the index value for the manufacturing sector increased once again in December 2015, it fell slightly for retail. However, the index values for the climate, situation and expectations in the industrial sector in Germany are all still some three points higher than they were at the end of 2014.

Regulatory environment

The regulatory environment for the Leifheit Group's business model and products remained largely unchanged in the financial year 2015.

Net assets, financial position and results of operations

Group turnover rose by 5.0% to € 231.8 million. With an increase of 4.3%, Brand Business continued to develop very positively. At the same time, non-current turnover development was stabilised in Volume Business. Earnings before interest and taxes were € 21.7 million. Adjusted by the foreign currency earnings, the EBIT rose by € 2.8 million to € 19.2 million.

Comparison of actual performance with projected business performance

Expectations for the business in 2015 were achieved, and in part significantly exceeded. Turnover in the Leifheit Group rose by 5.0% to € 231.8 million. The original plan envisaged an increase of 2 to 3%. This was due, above all, to the positive trend in Brand Business, with greater demand for Leifheit cleaning and laundry care products. Compared to the planned growth of 3 to 4%, turnover actually increased in Brand Business by 4.3%, to € 188.1 million. In our Volume Business, we had anticipated constant turnover development. We were also able to increase turnover in this area by 8.6% to € 43.7 million, thanks to a newly acquired retail partner.

Earnings before interest and taxes were € 21.7 million. The forecast had been € 16.4 million. The causes for this significant increase are higher contribution margins from the accelerated increase in turnover, and also a foreign currency result of € 2.5 million. Compared with the forecast the return on capital employed rose to 18.1% (12.7% expected) and the free cash flow to € 14.1 million (expected: € 0.0 million). This is attributable to the significantly higher result as well as lower receivables and higher liabilities as at balance sheet date. An additional contributing factor was lower-than-expected investments (in part due to postponement of planned measures).

The forecasts contained in the financial report for the 2014 year for business performance in the subsequent year were continuously reviewed by Leifheit. Where necessary, they were adjusted to the specific current development as the year proceeded. Ad-hoc announcements, the quarterly financial reporting and the equity forum were used for this purpose.

The result (EBIT) achieved for the first quarter of 2015 was significantly higher than forecast. The cause was the significantly higher foreign currency result due to movements in the US dollar exchange rate in this period. As a result, the earnings forecast for the 2015 financial year was raised from € 19.0 to € 20.0 million in April (ad-hoc announcement). We had previously anticipated a Group result at the level of the adjusted previous year's result of € 16.4 million. At that time, the turnover forecast remained unchanged. At the end of the third quarter, we adjusted our expectations for the full year result to a good € 20 million in view of the further business development.

At Group level, we had originally expected turnover growth of 2 to 3% in the 2015 financial year. In our Brand Business we reckoned with an increase in turnover of 3 to 4%; in Volume Business, in contrast, we expected constant turnover. With publication of the half-yearly financial report, the turnover forecast was adjusted. Due to the positive development in Brand Business we raised the growth forecast in the segment from 3 to 4% to 4 to 5%. At Group level, we now expected an increase of 3 to 4%. After nine months, we further clarified the forecasts: the strong development of Brand Business continued, and as a result of the initial stocking of a French retail partner with Birambeau kitchen products, turnover in Volume Business also increased strongly in the third quarter. For this reason we raised the forecast for turnover growth in the Group to approx. 4%, and in Brand Business we assumed an increase of around 5%.

The total investments planned for 2015 in the amount of € 9.0 million were reduced to € 7.5 million in November 2015. At that time we also expected a free cash flow of more than € 8.0 million (originally € 0.0 million).

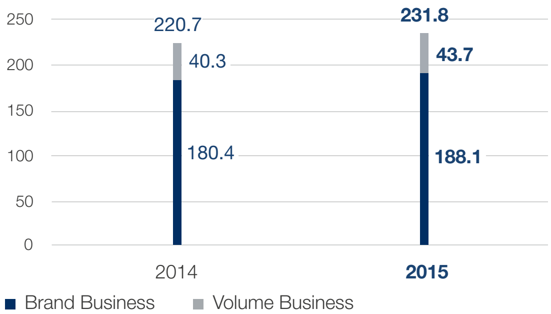
Adjustments to forecasts	Actual 31 Dec 2014	Forecast 2015	April 2015	August 2015	November 2015	**Actual 31 Dec 2015**
Turnover Group	€ 220.7 m	+2 to 3%		+3 to 4%	approx. +4%	€ 231.8 m +5.0%
Turnover Brand Business	€ 180.4 m	+3 to 4%		+4 to 5%	around +5%	€ 188.1 m +4.3%
Turnover Volume Business	€ 40.3 m	constant turnover development				€ 43.7 m +8.6%
EBIT Group	€ 21.5 m	€ 16.4 m	€ 19.0 – 20.0 m		about € 20 m	€ 21.7 m
EBIT share Brand Business	75%	around 75%				71%
EBIT share Volume Business	25%	around 25%				29%
Investments	€ 6.2 m	€ 9.0 m			€ 7.5 m	€ 7.1 m
Free cash flow	€ 18.4 m	€ 0.0 m			> € 8.0 m	14.1 m
ROCE	20.3%	12.7%				18.1%

Business performance

Group turnover significantly higher than the previous year

In the 2015 financial year, the Leifheit Group achieved turnover in the amount of € 231.8 million (2014: € 220.7 million) representing a significant growth of 5.0% in comparison with the previous year. The growth achieved is thus above market developments in our core target regions, not only in relation to sales performance in the countries of the Eurozone, but also in relation to retail in Germany. 57.4% of turnover was realised in foreign markets (2014: 56.9%).

Group turnover by segment
in € m



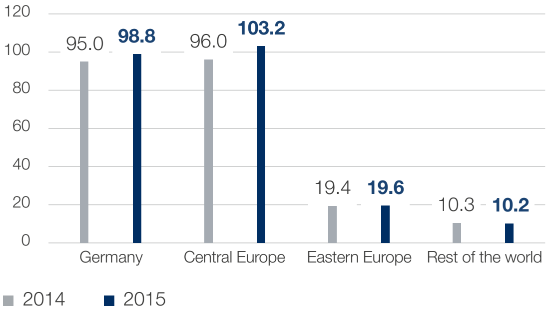
The healthy growth in our Brand Business contributed to this, in particular with Leifheit brand products, and the dynamic development of the cleaning product category. At the same time we managed to achieve significant growth in our Volume Business. In this respect we benefitted from the development of specific sectors in the segment, above all in the third and fourth quarters of the reporting period. We furthermore achieved above-average growth in a number of Central European markets. The very satisfactory development of our e-commerce distribution channel also once again made a contribution. In this area turnover increased by almost 18% to € 25.3 million (2014: € 21.5 million).

€ 231.8 m
Turnover Group

Sustained growth in Germany

In Germany the Leifheit Group achieved turnover in the amount of € 98.8 million in the 2015 financial year (2014: € 95.0 million), representing an increase of 3.9%. In the previous year the growth rate had been 2.1%. 42.6% of Group turnover in the reporting period was hence made in our domestic market (2014: 43.1%). We were able to realise particular gains in the product categories of cleaning and laundry care as well as in the DIY, e-commerce, discounters and hypermarkets distribution channels.

Group turnover by region
in € m



57.4%
Foreign share

Above-average turnover development in Central European markets

We achieved total growth of 7.7% in our Central European foreign markets. Turnover in the reporting period reached a peak of € 103.2 million (2014: € 96.0 million). The target region of Central Europe generated a share of 44.5% of Group turnover in the 2015 financial year (2014: 43.5%). This proportion was higher than that of our domestic market. This development underscores our efforts to continually expand our business internationally.

Eastern European markets with stable turnover

Despite the recession in Russia and the continuing crisis in the Ukraine, we achieved a slight increase in turnover in the Eastern European region. At € 19.6 million, it was 0.8% higher in the reporting period than in the comparable preceding period (2014: € 19.4 million). Declining turnover in Russia, the Ukraine, and Slovakia was counterbalanced by strong growth in the Czech Republic and Poland. Turnover in Eastern Europe continued to be generated exclusively in Brand Business. This growth was achieved in the product categories cleaning and laundry care. The share of turnover of the target region of Eastern Europe amounted to 8.4% in the reporting period (2014: 8.8%).

Constant development outside Europe

In the non-European markets we took a first step in the reporting period towards our goal of once more making greater use of sales opportunities in these regions. In these markets we achieved turnover of € 10.2 million, representing a decline of only 0.9% on the previous year (2014: € 10.3 million). While we were able to achieve pleasing growth rates in the Middle East and in the Far East, we also experienced a drop in turnover in the USA due to weaker Project Business.

Stable development of Group turnover in the quarters

Group turnover largely developed uniformly in the reporting period. In part, seasonal influences were apparent in the course of the financial year. The second quarter of 2015, for example, was marked by the later onset of spring business with rotary dryers due to a cold spell in Germany in the first few months of the year. The clear increase in growth in the third quarter of 2015 was due to the development of our Volume Business. In this area we were able to generate unusually high level of additional turnover through the initial supply of a new retail partner. In the fourth quarter, the effect was mainly due to a special sales campaign in the previous year, which could not be repeated in the reporting period.

Group turnover development by quarter

€ m	2014	**2015**
Q1	55.9	58.1 (+3.9%)
Q2	52.4	55.1 (+5.2%)
Q3	53.5	60.0 (+12.3%)
Q4	58.9	58.6 (–0.6%)
	220.7	**231.8 (+5.0%)**

Brand Business with continuous growth

Brand Business lies at the heart of our strategy for increased growth in Group turnover and income.

We succeeded in increasing turnover in our strategically significant Brand Business in the reporting period by 4.3% to € 188.1 million (2014: € 180.4 million). It is our goal to continue to expand our business with high-quality products from the Leifheit and Soehnle brands. The growth of Brand Business in the reporting period was crucially sustained by the cleaning and laundry care product categories; the key driver of growth was above all the dynamic turnover development of Leifheit cleaning products. Brand Business achieved a share of 81.1% in Group turnover (2014: 81.8%).

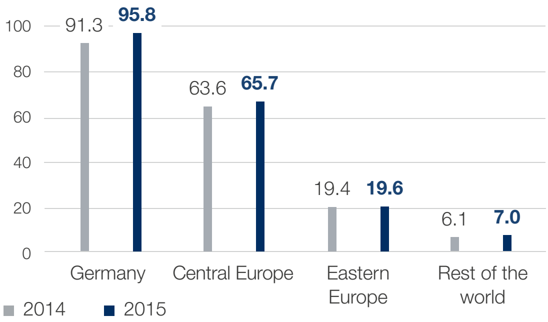
In Germany we were able to increase our turnover in Brand Business in the reporting period by 4.8% to € 95.8 million (2014: € 91.3 million). This growth was made possible by new products in the cleaning and laundry care categories, extensive support of retail at the point of sale (POS) and sustained positive consumer sentiment during the course of 2015.

In our Central European markets we achieved turnover in Brand Business in the amount of € 65.7 million – an increase of 3.5% over the previous year (2014: € 63.6 million). We achieved strong growth rates, for example in Austria, Italy, Belgium and Luxembourg; turnover in the Netherlands remained stable at a high level, while declining slightly in France.

Turnover from our brands in the Eastern European target markets was € 19.6 million. At 0.8%, this was slightly over the previous year's figure (2014: € 19.4 million). Pronounced growth in the Czech Republic and Poland enabled us to compensate for crisis-driven downturns in Russia and the Ukraine.

In the non-European sales regions, turnover in the 2015 financial year totalled € 7.0 million. Compared to the previous year this represents an increase of 13.9% (2014: € 6.1 million). The individual target markets developed in very different ways. While turnover in the USA declined significantly, in the Middle East and the Far East we achieved healthy turnover growth.

Brand Business turnover by region
in € m



+4.3%
Turnover growth in Brand Business

Volume Business above expectations

The intention with our Volume Business is to support our brands, and we manage this segment with a strong focus on profitability. Volume Business is strong in European markets, and Project Business is focused on the product categories Kitchen and Laundry Care.

In the 2015 financial year, we achieved turnover in our Volume Business in the amount of € 43.7 million (2014: € 40.3 million). This corresponds to an increase of 8.6% over the previous year. Hence Volume Business represents a share of 18.9% of turnover in the Leifheit Group.

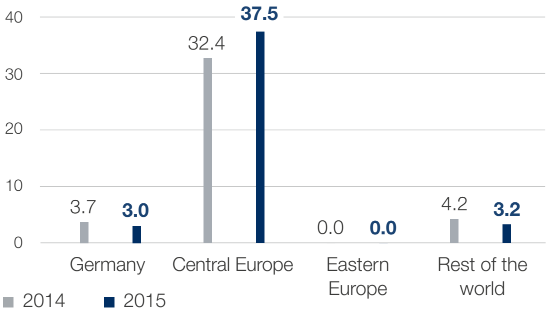
+8.6%
Turnover growth in Volume Business

This pleasing development was primarily attributable to the Birambeau business in France. We profited there in the third quarter from the initial supply of a new retail partner with kitchen products. Our French subsidiary Herby generated the major share of turnover in Volume Business in the laundry care category. In 2015 we also achieved significant growth in this area, which is substantially based on two clients who were also newly acquired. Thanks to this, turnover in our Central Europe region rose in Volume Business by 15.8% to € 37.5 million (2014: € 32.4 million).

In Germany we achieved turnover of € 3.0 million (2014: € 3.7 million). The significant decline once again compared with the previous year is to be seen as an after-effect of consolidation in the DIY distribution channel through the withdrawal of one of the large chains. The category of laundry care was particularly affected by the decline.

In the Eastern European markets, we are not currently active in the Volume Business segment. Outside Europe, we generated turnover in the amount of € 3.2 million in the 2015 financial year (2014: € 4.2 million), predominantly in the USA.

Volume Business: turnover by region
in € m



€ 14.3 m
Net result for the period

Development of results of operations

Earnings before interest and taxes slightly above previous year's level

€ 21.7 m
Group EBIT

The Leifheit Group generated earnings before interest and taxes (EBIT) of € 21.7 million in the 2015 financial year despite reduced foreign currency gains (2014: € 21.5 million). At € 2.5 million, the foreign currency result in the reporting period was considerably lower than in the previous year (2014: € 5.1 million). The foreign currency result includes changes in the fair values of forward foreign exchange transactions for which no hedging relationship exists, foreign currency valuations and foreign currency gains and losses realised. The foreign currency result, which was once again very positive, resulted chiefly from the forward foreign exchange transactions concluded and the performance of the US dollar.

Earnings before the foreign currency result were € 19.2 million in the reporting period (2014: € 16.4 million). This corresponds to an increase of € 2.8 million or 16.8% over the previous year. This was primarily attributable to contribution margins from the increased turnover.

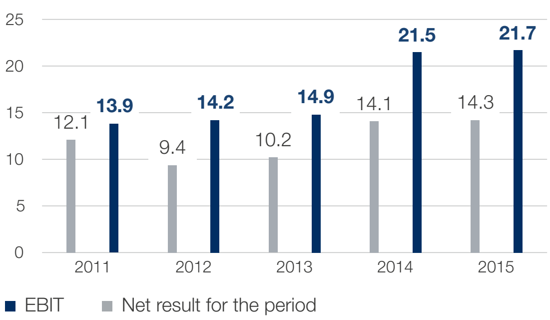
Due to reduced foreign currency gains compared with the previous year, the EBIT margin fell by 0.5 percentage points to 9.3% (2014: 9.8%). It is defined as earnings before interest and taxes in relation to turnover. In contrast, adjusted for the foreign currency result, the EBIT margin rose by 0.9 percentage points to 8.3% (2014: 7.4%).

Earnings before taxes (EBT) were € 20.2 million in the reporting period (2014: € 19.8 million). The financial result included therein improved, at € –1.4 million compared with the previous year (2014: € –1.7 million). After deduction of taxes, the Leifheit Group ultimately achieved a net result for the period of € 14.3 million (2014 € 14.1 million).

In the 2015 financial year, comprehensive income after taxes for the Leifheit Group was € 20.4 million (2014: € 7.9 million). It includes the net result for the period and, in addition, other comprehensive income. The other comprehensive income also includes components that are recorded not under the net result for the period, but under equity as other reserves. This relates to the currency effects from the conversion of financial statements in foreign currencies, value changes from hedging transactions, currency effects of equity-replacing loans from Group companies and, in particular, actuarial gains and losses from pension obligations. Other comprehensive income rose by € 12.3 million to € 6.0 million (2014: € –6.3 million). The increase is essentially due to actuarial gains from pension obligations. While losses of € 12.2 million accrued in the previous year due to the drop in the discount rate, gains of € 2.5 million resulted due to the slight rise in the interest rate in the reporting period.

Leifheit measures profitability of the capital employed using the indicator return on capital employed (ROCE). This ratio is derived from the sum of EBIT and actual taxes in relation to the capital employed, i.e. the sum of receivables, inventories and assets less trade payables. In 2015, ROCE fell by 2.2 percentage points to 18.1% (2014: 20.3%). This was primarily attributable to the increase in actual taxes and the increase in working capital due to the expanded volume of business. Adjusted for the foreign currency result, ROCE rose by 0.9 percentage points to 15.5% (2014: 14.6%).

Group result
in €m



Further significant increase in gross profit

In the reporting year, gross profit increased to € 108.3 million (2014: € 105.2 million). The increase of € 3.1 million in comparison with the previous year was mainly a result of the contribution margins of the increased turnover. While turnover rose by € 11.1 million, the gross margin fell by 1.0 percentage points to 46.7% (2014: 47.7%).

The gross margin is defined as gross profit in relation to turnover. The main cause for the drop in gross margin in the reporting period was the drastic decline in value of the US dollar and of the HK dollar against the euro.

Due to currency movements, this resulted in significantly higher purchasing prices for goods purchased in US dollars and HK dollars, particularly in the Far East. Currency hedging by means of forward foreign exchange transactions in hedge accounting, which is included in the margin, was unable to fully compensate for this. This contrasts with foreign currency gains from foreign exchange transactions which are not reported in hedge accounting and were recorded in the foreign currency result. Adjusted for the currency effect, the gross margin rose in the reporting period by 1.1 percentage points (2014: 2.8 percentage points). The continued consistent focus on high-margin products and business and optimisations in purchasing contributed to this.

18.1%
ROCE

Research and development expenses

Expenditure in research and development rose by € 1.0 million to € 4.8 million (2014: € 3.8 million). These costs mainly include personnel costs, costs for services and patent fees.

The increase is due to our new innovation strategy ("Innovation Factory") and the associated personnel recruitment as well as an increase in external services. Personnel costs increased by € 0.5 million, and services by € 0.8 million.

Best-in-class user focus

Distribution costs

Distribution costs in the reporting period amounted to € 70.2 million (2014: € 69.4 million). Distribution costs included advertising costs, commissions, marketing costs, freight out, delivery charges and the costs incurred by the internal and external teams.

46.7%
Gross margin

Turnover-dependent costs such as freight out, commissions and packaging materials and services for demonstration and promotional staff rose with the increased turnover. This contrasts with a decline in advertising costs of € 1.1 million. In 2014, costs for market research and advertising had increased strongly by € 3.3 million.

Administrative costs

Our administrative costs in the reporting period fell by € 1.5 million to € 15.3 million (2014: € 16.8 million). First and foremost, these costs include personnel costs and services to support our financial and administrative functions.

Personnel costs fell by € 1.6 million, in particular due to the decrease in long-term board remuneration. Costs for services fell by € 0.4 million, after an increase of € 0.2 million in the previous year in connection with the revision of our strategy. Maintenance costs in our technical production plant rose by € 0.3 million.

Other operating income and expenses

Other operating income rose in the reporting period by € 0.4 million to € 1.5 million (2014: € 1.1 million). This mainly includes fees and licensing royalties. In the reporting period, additional income of € 0.1 million was realised from disposals of assets. Other operating expenses totalled to € 0.2 million (2014: € 0.0 million).

€ 2.5 m
Foreign currency result

Foreign currency result

In the reporting year, the foreign currency result was € 2.5 million (2014: € 5.1 million).

29.1%
Tax ratio

The foreign currency gains predominantly resulted from the further appreciation of the US dollar and the HK dollar in the course of the reporting period. The valuation of forward foreign exchange transactions which are not reported in hedge accounting resulted in unrealised foreign currency gains of € 0.7 million (2014: € 3.1 million). Unrealised gains from foreign currency valuations primarily related to the valuation as at balance sheet date of receivables and liabilities in foreign currencies. The foreign currency gains realised were gains from forward foreign exchange transactions due in the reporting period, foreign currency gains from realised receivables and liabilities, and from the valuation of cash in the amount of € 2.2 million (2014: € 1.4 million).

Income statement (short version)

€m	2014	**2015**
Turnover	220.7	231.8
Earnings before foreign currency result, interest and taxes	**16.4**	**19.2**
Foreign currency result	5.1	2.5
Earnings before interest and taxes (EBIT)	**21.5**	**21.7**
Interest and financial result	–1.7	–1.5
EBT	**19.8**	**20.2**
Income taxes	–5.7	–5.9
Net result for the period	**14.1**	**14.3**
Other comprehensive income	–6.2	6.1
Comprehensive income after taxes	**7.9**	**20.4**

Interest and financial result

Our interest and financial result rose by € 0.3 million to € –1.4 million (2014: € –1.7 million). Interest income fell due to the further drop in the interest rate level from € 0.4 million in the previous year to € 0.1 million in the reporting period. Interest expenses likewise fell by € 0.6 million to € 1.5 million. Of the interest expenses, € 1.4 million were due to the compounding of pension obligations (2014: € 1.9 million) and € 0.1 million to other compounding of liabilities (2014: € 0.3 million).

Taxes

In 2015, income taxes from income and earnings amounted to € 5.9 million (2014: € 5.7 million). This included income taxes in Germany in the amount of € 2.8 million (2014: € 1.6 million), foreign income taxes in the amount of € 2.0 million (2014: € 1.7 million), deferred taxes in the amount of € 1.1 million (2014: € 2.4 million). The tax ratio was therefore 29.1% (2014: 28.7%). This ratio is the relationship of taxes on income to earnings before taxes. The increase in the ratio is essentially a result of the increased tax rate of Leifheit AG due to the increased collection rate of trade tax at the headquarters in Nassau. Deferred taxes include deferred tax expenses arising from the use of carry-forwards by Leifheit AG to the amount of € 1.1 million (2014: € 2.0 million).

Deferred taxes fell because the corporation taxes loss carry-forwards of Leifheit AG in the 2014 financial year were fully utilised, and in 2015 only trade taxes loss carry-forwards were available. Conversely, the corporation taxes of Leifheit AG rose by € 1.1 million.

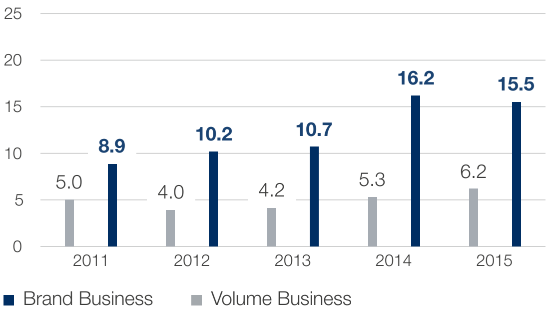
Segment results

In Brand Business, the Leifheit Group achieved an EBIT in the amount of € 15.5 million in the 2015 financial year (2014: € 16.2 million). The decline was solely the result of the lower year on year foreign currency result of € 0.9 million (2014: € 4.0 million). On the other hand, the EBIT adjusted for the foreign currency result was € 14.6 million (2014: € 12.2.million) – an increase of € 2.4 million. The gross margin fell slightly by 0.8 percentage points to 49.3% (2014: 50.1%). The main cause was the increased cost of purchasing goods due to the further appreciation of the US dollar and the HK dollar over the course of the year. However, the contribution margin in Brand Business increased by € 0.9 million to € 77.3 million (2014: € 76.4 million). The negative currency effect was overcompensated by additional contribution margins from the higher turnover. The EBIT also profited from a drop in costs in Brand Business.

This means that in the 2015 financial year Brand Business accounted for around 71% of the Group result (2014: around 75%). Adjusted for the foreign currency result, the share was 76% (2014: around 74%) – in line with our strategic focus on higher-margin business.

In Volume Business the EBIT was € 6.2 million in the reporting period (2014: € 5.3 million). Adjusted for the foreign currency result, EBIT amounted to € 4.6 million, which was € 0.4 million higher than the previous year (2014: € 4.2 million). As was also the case for Brand Business, the gross margin fell by 1.5 percentage points due to currency movements to 35.4% (2014: 36.9%). Due to additional contribution margins from the increased turnover, the contribution margin rose in Volume Business by € 0.2 million to € 13.7 million (2014: € 13.5 million).

EBIT by segment
in €m



€ 15.5 m
EBIT Brand Business

Development of the financial situation

Financial management

Leifheit maintains a centralised financial management for liquidity and currency management. An important goal of our financial management strategy is to ensure a minimum Group liquidity in order to meet our payment obligations at all times. Therefore, most Group companies have been integrated by Leifheit into central cash management operations. Cash and cash equivalents are pooled throughout the Group, monitored and invested according to uniform principles. High levels of liquid assets improve our financial flexibility and secure our solvency and independence across the Group. Additional lines of credit available at short notice enable us to draw on further liquidity reserves if necessary.

The Group liquidity and lines of credit available mean that we are always in a position to be able to meet our payment obligations. There are no restrictions regarding the availability of cash.

€ 6.2 m
EBIT Volume Business

We also control our currency exchange risks on a Group-wide basis. We guarantee this through the use of selected derivatives. The use of derivatives is exclusively for the purpose of hedging our underlying business. They are not used for speculative purposes. We have clear rules in place in the area of financial risk management, which also cover the use of derivative financial instruments.

44.9%
Equity ratio

Our system for compliance with the requirements arising from section 20 para. 1 of the German securities trading act (WpHG) was examined by an auditor for the period from 1 April 2014 to 31 December 2014 (EMIR audit) and issued with an unqualified certificate.

Liquidity management

Our operating activity is the primary source of building up and expanding cash, cash equivalents, other investments and short-term securities. In the past, we have largely used cash and cash equivalents for our business activities and the resulting investments, for the acquisition of companies or parts of companies, the payment of dividends and the repurchase of own shares. In the future, we aim to generate sufficient liquidity to ensure a distribution of annual dividends in the context of a continuous dividend policy.

As at 31 December 2015, we held cash, cash equivalents, other investments and current financial assets primarily in euros, US dollars, Czech korunas and Polish zloty. We pursue a prudent investment policy. As a result, we generally only invest in financial assets of issuers that have a minimum credit rating of BBB.

Management of capital structure

Our primary objective in the management of capital structure is maintaining a strong financial profile. As a result, we focus on maintaining sufficient levels of equity. We do this in order to boost the trust that investors, banks, customers, suppliers and employees have in our company. We focus the management of our capital structure on ensuring that we can meet our future potential financing requirements on reasonable terms in the capital market.

Capital structure

The equity ratio at the end of the 2015 financial year was 44.9% (2014: 42.5%). It is calculated from the proportion of equity to the total of equity and liabilities.

As at 31 December 2015, our debt level compared to the previous year's balance sheet date decreased by 2.4 percentage points to 55.1% (2014: 57.5 %). This key figure is the result of the ratio of current and non-current debt to the sum of equity and liabilities. The decrease in the debt equity ratio is primarily a result of the increase in equity. At the same time, liabilities also increased at the balance sheet date. Higher liabilities from trade payables and other liabilities as well as higher deferred taxes were the main causes of the increase by € 2.7 million.

As at 31 December 2015, liabilities mainly consisted of pension obligations in the amount of € 66.4 million (2014: € 69.0 million), trade payables and other liabilities of € 50.8 million (2014: € 47.8 million), provisions with a value of € 8.6 million (2014: € 8.0 million) and deferred tax liabilities of € 4.3 million (2014: € 2.5 million). As in the previous year, Leifheit had no liabilities to banks at the end of the financial year 2015.

	31 Dec 2014		**31 Dec 2015**	
	€m	Share in %	**€m**	**Share in %**
Equity	94.8	42.5	106.7	44.9
Current liabilities	54.8		58.3	
Non-current liabilities	73.7		72.9	
Liabilities	128.5	57.5	131.2	55.1
Equity and liabilities	**223.3**	**100.0**	**237.9**	**100.0**

Analysis of Group liquidity

Group liquidity was € 68.2 million as at 31 December 2015 (2014: € 62.8 million). Group liquidity includes cash and cash equivalents, as well as current financial assets. Cash and cash equivalents in the amount of € 64.2 million (2014: € 58.8 million) included demand deposits and fixed deposits which may be terminated within three months. Current financial assets in the amount of € 4.0 million (2014: € 4.0 million) included a registered bond with a term to maturity until March 2017, but which may also be terminated before reaching maturity with a period of three months' notice. As at balance sheet date, Group liquidity primarily consisted of amounts in euros to the value of € 59.8 million (2014: € 56.4 million), US dollars in the amountof € 4.2 million (2014: € 0.9 million), Czech korunas in the amount of € 1.6 million (2014: € 0.6 million) and Polish zloty in the amount of € 1.9 million (2014: € 0.4 million).

The increase of € 5.4 million in Group liquidity as at 31 December 2015 to € 68.2 million is primarily attributable to the cash flow from operating activities in the amount of € 20.8 million (2014: € 24.5 million). This was offset by the dividends of € 8.6 million paid in the reporting period (2014: € 7.8 million) and investments of € 7.1million (2014: € 6.2 million).

€m	Change	31 Dec 2014	**31 Dec 2015**
Credit balances at banks	5.4	58.8	64.2
Current financial assets	–	4.0	4.0
Group liquidity	**5.4**	**62.8**	**68.2**
Financial liabilities	–	–	–
Net liquidity	**5.4**	**62.8**	**68.2**

€ 68.2 m
Group liquidity

Analysis of the Group statement of cash flow

In 2015, the cash flow from operating activities fell by € 3.7 million to € 20.8 million (2014: € 24.5 million). The primary reasons were the net result for the period in the amount of € 14.3 million (2014: € 14.1 million), depreciation of € 5.8 million (2014: € 6.3 million), a decrease in trade receivables of € 2.6 million (2014: increase of € 2.0 million), an increase in inventories of € 7.5 million (2014: increase of € 1.8 million), and the increase in trade payables and other liabilities of € 3.0 million (2014: increase of € 8.5 million).

€ 20.8 m
Cash flow from operating activities

Cash flow from investment activities in the 2015 financial year came to € 6.7 million (2014: € 9.1 million). Payments for the purchase of tangible and intangible assets contributed € 7.1 million (2014: € 6.2 million) to this figure. In the reporting period there was no change in the financial assets (2014: payments of € 3.0 million). The disposal of fixed assets realised € 0.5 million (2014: € 0.1 million). This mainly related to the disposal of a warehouse at the headquarters of Leifheit AG.

Group liquidity
in €m

The cash flow from financing activities was € 8.5 million (2014: € 7.8 million). It essentially consisted of the payment of dividends in the amount of € 8.6 million (2014: € 7.8 million).

€m	Change	2014	2015
Cash flow from operating activities	−3.7	24.5	20.8
Cash flow from investment activities	2.4	−9.1	−6.7
Cash flow from financing activities	−0.7	−7.8	−8.5

Free cash flow

€ 14.1 m
Free cash flow

Free cash flow fell in the 2015 financial year to € 14.1 million (2014: € 18.4 million). 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. The primary reason for the decrease was the turnover-driven increase in working capital.

€m	Change	2014	2015
Cash flow from operating activities	−3.7	24.5	20.8
Cash flow from investment activities adjusted*	−0.6	−6.1	−6.7
Free cash flow	−4.3	18.4	14.1

* Adjusted for financial assets and liquidation of divisions.

Lines of credit

In the 2015 financial year, we had short-term revolving credit lines of € 11.5 million (2014: € 11.5 million). On 31 December 2015, € 0.5 million was utilised in the form of guarantees and letters of credit (2014: € 0.5 million).

Development of net assets

Balance sheet structure

The balance sheet total of the Leifheit Group increased as at 31 December 2015 by € 14.6 million, compared to the previous year's balance sheet date, to € 237.9 million (2014: € 223.3 million). This increase was largely due to higher current assets. At the balance sheet date, current assets amounted to € 167.6 million, € 12.9 million more than as at 31 December 2014. One reason for this was the increase in cash, inventories and derivative financial instruments. Cash increased by € 5.4 million to € 64.2 million by the end of the reporting period (2014: € 58.8 million). As in the previous year, financial assets included registered bonds in the amount of € 4.0 million. Trade receivables fell by € 2.5 million to € 46.1 million (2014: € 48.6 million), primarily due to the lower turnover in December 2015 compared with December 2014. Inventories rose by € 7.6 million to € 43.0 million. (2014: € 35.4 million). The increase in inventories was mainly a result of stockpiling for a listing with a newly acquired retail partner in France. Short-term derivative financial instrument asset increased by € 2.3 million to € 5.6 million (2014: € 3.3 million). They included not only the appreciation of forward foreign exchange transactions newly concluded in 2015, but also the further appreciation of transactions existing since 2014.

Our non-current net assets rose by € 1.8 million to € 70.4 million as at 31 December 2015 (2014: € 68.6 million). This was primarily attributable to the increase of € 2.8 million in derivative financial instrument assets to € 4.8 million (2014: € 2.0 million), which, like the current derivative financing instruments, include the appreciation of new and existing forward foreign exchange transactions. Assets also increased by € 1.3 million due to the increase in investments of € 0.9 million, with a decrease in depreciation of € 0.5 million. The decrease in deferred tax assets of € 1.6 million to € 9.8 million (2014: € 11.4 million) was essentially due to the utilisation of the remaining loss carry-forwards of Leifheit AG. By contrast, non-current income tax receivables decreased by € 0.7 million to € 0.8 million as at the balance sheet date (2014: € 1.5 million).

Current liabilities, i.e those with maturities of less than one year, include trade payables and other liabilities, derivative financial instruments, liabilities from income taxes and provisions. As at 31 December 2015, they increased to € 58.3 million, € 3.5 million more than the end of the previous year (2014: € 54.8 million). The increase is primarily due to higher trade payables and other liabilities, which increased by € 3.0 million to € 50.8 million (2014: € 47.8 million). This mainly involved trade payables, with an increase of € 5.1 million. In contrast, current derivative financial instrument liabilities decreased by € 0.7 million (2014: € 0.7 million).

Non-current liabilities fell by € 0.8 million to € 72.9 million at the end of the 2015 financial year (2014: € 73.7 million). Non-current liabilities chiefly include pension obligations in the amount of € 66.4 million (2014: € 69.0 million). The decrease of € 2.6 million in pension obligations primarily resulted from actuarial gains of € 2.5 million (2014: losses of € 12.2 million). This was mainly all due to the increase in actuarial interest rates for the pension obligations from 2.2 to 2.3%.

Equity amounted to € 106.7 million as at 31 December 2015 (2014: € 94.8 million). Significant factors in the development of equity were the net result for the period in the amount of € 14.3 million (2014: € 14.1 million), the positive result of other comprehensive income at € 6.0 million (2014: € –6.3 million) and dividend payment amounting to € 8.6 million (2014: € 7.8 million). The equity ratio, that is the proportion of equity capital to total assets, was hence 44.9% as at the end of the financial year 2015 (2014: 42.5%).

44.9%
Equity ratio

Investments

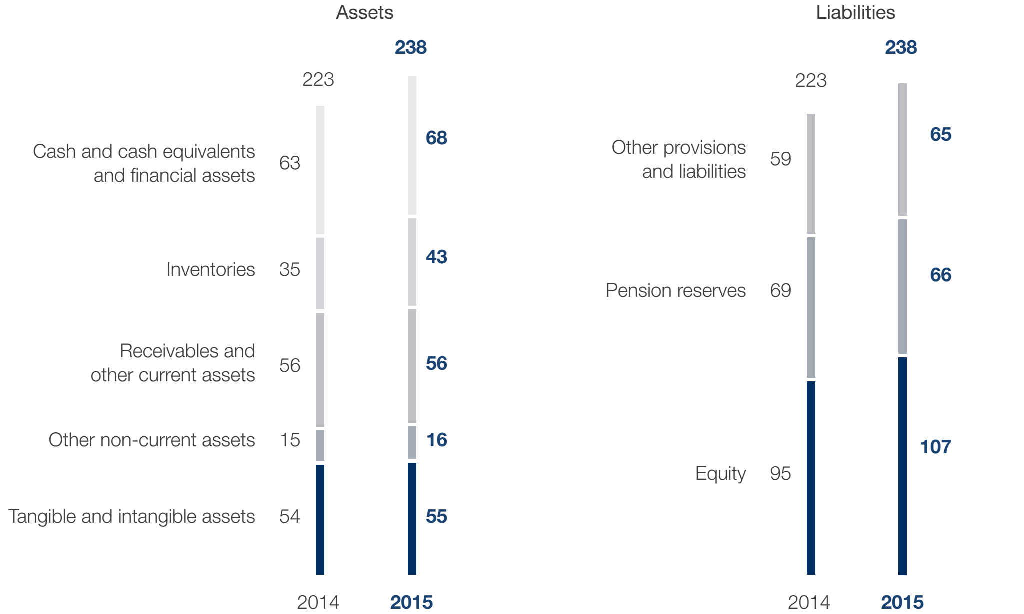
We invested a total of € 7.1 million in the financial year 2015 (2014: € 6.2 million). This includes investments in the expansion of our Czech production location in the form of a warehouse for the Eastern Europe logistics centre in the amount of € 1.9 million. Completion of this distribution centre is planned for mid-2016. All other major investments in the 2015 financial year were largely completed at year's end.

Value-chain efficiency

€ 7.1 m
Investments

At headquarters in Nassau, a warehouse that was surplus to requirements was sold. The proceeds were € 0.3 million. There were no further significant disposals of assets in the reporting period.

Balance sheet ratios
in €m



Additions to tangible assets in the 2015 financial year totalled € 6.1 million (2014: € 5.1 million). These mainly involved tools for new products, machines, streamlining investments for production plants, operating and business equipment and also investments in the Eastern Europe logistics centre in the Czech Republic. In addition, we invested € 1.0 million in intangible assets (2014: € 1.0 million). This mainly concerned the purchase of software. A new warehouse management system was introduced in our German logistics centre in the 2015 financial year.

4.1%
Investment ratio

The investment ratio – additions to assets related to the historic procurement and production costs – amounted to 4.1% in the 2015 financial year (2014: 3.6%). We invested € 6.4 million in Brand Business (2014: € 5.5 million), and in Volume Business investments totalled € 0.7 million (2014: € 0.7 million). Investments were offset by depreciation on tangible assets in the amount of € 5.0 million (2014: € 5.4 million) and amortisation on intangible assets of € 0.8 million (2014: € 0.9 million).

As at 31 December 2015, there were contractual obligations to acquire items of tangible assets – mainly for software, tools, fire protection systems, assembly systems and operating and office equipment – in the amount of € 1.2 million (2014: € 1.7 million). These will be financed by 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, to a far lesser extent Leifheit also used assets which cannot be recorded in the balance sheet. This largely concerns leased goods.

In the 2015 financial year, as in previous years, we did not use any off-balance-sheet financing instruments.

Overall assessment of management in regard to the economic situation

The 2015 financial year was a very pleasing one for Leifheit. We were able to achieve our performance targets, and in some instances even to outdo them. The consistent implementation of our strategy "Leifheit 2020" began to show positive results. With a turnover increase of 5% in the Group to € 231.8 million, we have embarked on our desired growth trajectory, even if we have a long way ahead of us. The growth rate in the reporting period is certainly at the level we aspire to.

The growth we achieved in 2015 exceeded market developments in our core target regions, not only in relation to sales performance in the countries of the Eurozone, but also in relation to retail in Germany. We see this as a sign that we are on the right path to improve our market position with innovative and consumer-oriented products. We also achieved a slight growth in our foreign share. Over 57% of Group turnover was realised in international markets. The new logistics centre in the Czech Republic is increasing our efficiency and flexibility in supplying goods to our Eastern European growth markets.

We increased our turnover in our strategically significant Brand Business to € 188.1 million. With this increase of 4.2%, we were largely able to continue the development of the previous year. The growth in Brand Business is supported in particular by Leifheit brand products and the dynamic development of the cleaning product category. This is in line with our strategic focus on the Clean & Care product area. In the Soehnle range, we have launched new products and initiatives onto the market, from which we expect success in the future.

In Volume Business we were able to stabilise non-current turnover. We had planned with steady turnover for the financial year. However we succeeded in acquiring a new French retail partner. Thanks to the initial supply of its markets with Birambeau kitchen products, turnover in Volume Business grew vigorously. Overall we achieved turnover of € 43.7 million in Volume Business – an increase of 8.6%.

Through the significant growth of Group turnover in the reporting period we achieved a result (EBIT) of € 21.7 million – despite lower foreign currency gains. This approximately corresponds to the previous year's result, even though foreign currency gains were only half as high. The result adjusted for foreign currency gains rose by € 2.8 million to € 19.2 million, and the adjusted margin by around 1 percentage point to 8.3%. Hence we believe we are also on the right track to increase profitability.

At the end of the financial year our liquidity in the Group increased to € 68.2 million due to the cash flow. The high liquidity secures financial flexibility and independence, as well as the option of paying annual adequate dividends. At the same time, Leifheit had no liabilities to credit institutions, as was already the case in the previous year. Our equity ratio improved further to 44.9%. With this sound financial profile, we believe we are well equipped to continue consistently on our growth trajectory for turnover and earnings.

Non-financial performance indicators

In addition to financial performance indicators, non-financial factors also determine our company's success. Pivotal to our success are our employees, our relationships with our customers, the ability to regularly develop new products and solutions and also to guarantee efficient logistics and manufacturing. A further measure of our success is our responsible conduct toward society and the environment.

Employees

A highly qualified and motivated workforce is of great importance to us, in order to be able to achieve our demanding strategic goals. This is why we support our employees to the best of our ability and create a working environment that encourages performance.

1,049
Employees at the end of the year

For reasons of readability, the masculine pronoun is used in this report as applicable. However, both genders are always intended.

HR strategy follows business strategy

Culture and employees

Our "Leifheit 2020" business strategy is the basis of our strategic HR work. It was the basis for the creation of a competency model which depicts our business-specific, interdisciplinary expectations of management personnel and employees. It includes competencies that are essential for collaboration and the achievement of strategic goals and hence for the success of our business. It is intended to provide direction in daily working life. Management personnel and all other employees were familiarised with the competency model in many events, training sessions and workshops.

Diversity as a high priority

For the Leifheit Group as a business that operates internationally, the diversity of our employees with their range of personal qualities, talents and skills is a significant success factor. An appropriate proportion of women to men in the company and also in management positions is very important to us. Today we already have almost balanced numbers. When we search for new employees, however, the qualifications and skills of applicants are always our main focus. We always aim to fill any job vacancy with the best candidate.

In accordance with our statutory obligation as a listed company in the 2015 financial year the targets for the proportion of women on the Board of Management and at the top management level were set at one-third and published in the declaration of corporate management.

Staff numbers almost constant

As at 31 December 2015, the Leifheit Group employed 1,049 people (2014: 1,055 employees). Of these employees, 410 worked in Germany (2014: 405 employees). This corresponded to a proportion of 39.1% (2014: 38.4%) of the total workforce. In the Czech Republic, we employed a total of 397 people at our production and distribution locations (2014: 424 employees). In France 176 employees (2014: 165 employees) worked for Leifheit as at the end of the reporting period.

As at 31 December 2015, 831 employees were part of our Brand Business (2014: 782 employees), a percentage share of 79.2% (2014: 74.1%), making up the vast majority of all employees. Our Volume Business had 218 employees (2014: 273 employees) as at the end of the year. The fluctuations in employee numbers between Brand Business and Volume Business are caused by the ending of contract manufacturing for third parties in Blatná in the fourth quarter of 2015. These employees were taken on in brand product manufacturing.

The average number of employees in the Leifheit Group in the 2015 financial year was 1,054 employees (2014: 1,039 employees).

Workforce of Leifheit Group

	31 Dec 2014	31 Dec 2015
Number of employees	1,055	1,049
of which were female	525	498
of which were male	504	521
of which were trainees	26	30

As at 31 December 2015, 109 employees were working part-time in the Group (2014: 76 employees).

Temporary workers are employed selectively at Leifheit, mostly during peak order times in production and logistics. Compared with the number of permanent staff, this number was negligible in 2015.

Personnel costs

Personnel costs rose by 1.6% to € 45.4 million in the reporting period (2014: € 46.1 million).

Consistently high number of long-term employees

A consistently high number of long-term employees is a testament to the strong loyalty of our employees to the business. In 2015 we were able to honour 55 employees on the occasion of a variety of work anniversaries. The balanced ratio of trainees, skilled recruits and managers and colleagues who have been serving the business for many years is the key to successful knowledge transfer.

Characteristics of the workforce of Leifheit Group

	2014	2015
Average length of service	12.6 years	11.8 years
Age structure of employees		
under 30 years	15.9%	16.9%
30 to 40 years	21.7%	21.4%
40 to 50 years	26.7%	25.5%
50 to 60 years	30.0%	30.1%
over 60 years	5.7%	6.1%

Remuneration, training and qualifications

The remuneration structure of the Leifheit Group was further refined in the 2015 financial year on the basis of the global grading carried out in 2014. This was undertaken in order to fulfil our goal of remunerating the employees in our business in a fair manner in line with the market.

In accordance with our HR strategy, we promote the capabilities and expert knowledge of our employees at all locations. In 2015 we stepped up activities once again. We invested a total of € 374 k (2014: € 311 k) in training. This involved not only Group-wide training, for example on our competency model, but also numerous individual personal development measures as a result of the annual appraisal meetings.

Modern vocational training in the Group

As an employer we also have social responsibility to regions with large locations, and offer young people the opportunity of vocational training. Through these various training courses we find qualified junior staff for Leifheit. At the end of 2015 there was a total of 30 young people training as industrial managers, IT specialists, graphic designers, tool mechanics or industrial mechanics, specialists in warehouse logistics and electronics technicians for industrial systems at our locations in Nassau and Zuzenhausen. We include them in various projects even during their training. Our "junior company" was launched in 2012. Working together with experienced colleagues, our trainees manage the factory outlet stores on their own.

30
Trainees
in Germany

Health – a topic at Leifheit

In view of demographic trends, and in particular with regard to the raising of the retirement age, we take the topic of our employees' health seriously. Designing a suitable work environment is a foregone conclusion for us. Furthermore, we raise our employees' awareness of preventative health issues through various measures. For example, we offer participation in a range of various sports activities. Even beyond everyday routine and office work, Leifheit also supports employee initiatives such as a dragon boat team and participation in company running events. In this way, we strengthen team spirit and support the region in which our staff live and work.

Leadership culture and communication

We value internal communication that is characterised by openness and trust. With regard to the successful implementation of our "Leifheit 2020" strategy, it was necessary on the one hand to explain to every employee the importance of the strategy for the business, and on the other hand to create an understanding of their individual contribution to success. With this goal in mind, extensive information events were held in 2015.

Culture and employees

As a general principle, we offer our employees various forms of information and dialogue. The annual appraisal meeting is very important. It not only offers the opportunity for an in-depth exchange with supervisors, but also constitutes the basis for individual training measures. In addition to our employee newsletter, we also hold quarterly staff meetings. This is an opportunity for the Board of Management to inform the workforce at the locations in Germany about current business developments.

Employee survey

We evaluate the effectiveness of our measures at fixed intervals. The opinions of our employees are very important to us in this process. For this reason, towards the end of 2015 we once again conducted an employee survey at our Nassau and Zuzenhausen locations on general job satisfaction and the leadership quality and culture of our management personnel. The aim of the survey is to obtain a realistic picture of employees' opinions and to develop specific measures for change and improvement on that basis. The results overall show a good general sentiment in the business, and the information culture and communication of our "Leifheit 2020" strategy in particular were rated positively.

Further awards for Leifheit

In 2015, Leifheit once again received coveted certification as Top employer in the German SME sector, which is awarded by the Top Employers Institute (formerly the CFR Institute). This once again independently certified us as a company that offers its employees the ideal environment to develop and utilise their individual strengths. We are very pleased with this recognition. This underscores our efforts with regard to sustainable and professional HR development.

Development and innovation

As a business, we aim to develop products and solutions that make consumers' lives at home easier and more convenient. Based on the "Leifheit 2020" strategy we developed an innovation strategy which we sum up under the motto "Innovation Factory". Its central characteristics are

- integrating consumers more clearly into the innovation process,
- strengthening our design credentials,
- adopting a comprehensive innovative approach,
- establishing a strategic network of innovation partners,
- improving the efficiency of the idea generation, selection and qualification processes and
- guaranteeing consistently high product quality.

The purpose of the new innovation strategy is to support the organic growth of the Group. Having already commenced implementation in 2014, we forged ahead with the task in the reporting period.

Continuously performance

Our development efforts in the 2015 financial year yielded a whole range of further developments and product innovations in the four product categories of the Leifheit Group: cleaning, laundry care, kitchen goods and wellbeing. A representative sample of the many achievements is mentioned here.

In the cleaning category, a focus was development work on the new Dry & Clean model of our successful window vacuum cleaner and on starting to produce the model in our own plant in Blatná in the Czech Republic. Furthermore, we were able to further expand the Click System product family, offering the consumer additional solutions.

In the laundry care category, development work included additional components for the Leifheit Air ironing board system. The products in the Air series offer exceptional ironing results, thanks to the ideal combination of a stable frame, a surface made of a super-light special plastic (EPP) and covers featuring titanium coating. The reflection of steam and heat makes it possible to work up to 33% faster. In the 2015 financial year the new high-quality all-in-one Air Active L Advanced and Air Active L Professional were made ready for the market and introduced.

Best-in-class user focus

In the category of wellbeing, we sell our products under the Soehnle brand. In the 2015 financial year we reviewed a whole series of kitchen and bathroom scales and equipped them with new designs or functions. New introductions on the market were the Genio, Vintage Style and Roma Plus scales, which also address current design trends. What makes the Genio kitchen scale special is the fold-away weighing arm that saves valuable space in the kitchen cupboard. This flexible measuring utensil also adapts to every size of bowl. Other new products available are the Soehnle Multi and Magia bathroom scales.

Investments in the future

Expenditure on research and development means investments in new products and solutions for our customers. Innovation enables us to create the preconditions for the further strengthening of our market position and a continuation of our successful growth. We invested a total of € 4.8 million in research and development activities in the 2015 financial year (2014: € 3.8 million). The R&D ratio, that is the proportion of development expenditure to Group turnover, was 2.1%, slightly over the previous year's level of 1.7%. As at the end of 2015, 31 employees (2014: 28 employees) worked in the areas of development and patents.

€ 4.8 m
Research and development expenses

Innovative and leading solutions for target users

13

Patent and utility model applications

Patents safeguard innovations

New products are the result of ideas and investments. To safeguard their economic value for Leifheit, we register the pertinent industrial property rights before we make new developments public. These rights protect the result of our work from illegal reproduction by third parties.

Whether we secure our competitive advantage by applying for industrial property rights in a certain country depends on the economic value of the innovation. What is decisive here is the turnover to be expected and the respective competitive environment. As a rule, we chiefly assess this in connection with our most important sales markets.

In the reporting period we applied for 13 patents and utility model applications (2014: 20).

Award-winning brands and products

Our Leifheit and Soehnle brands both once again received the honour of being named as “Superbrands” in the reporting year. The eponymous independent organisation is based in London. For more than 20 years it has been been awarding recognition to the strongest product and company brands, now in over 85 countries. The “Superbrands” in Germany were selected for the sixth time by a high-calibre jury. From over 1,250 nominated brands, only 51 received the coveted seal of quality. This award ranks Leifheit and Soehnle among the best brands in Germany.

In addition, many Leifheit and Soehnle brand products also once again received awards for their innovation, user-friendliness and product quality. To name a string of examples: Soehnle Baking Star and Page Meteo Center kitchen scales were voted the “kitchen innovation of the year” by the jury and consumers. The Page Meteo Centre kitchen scale also received a “Plus X Award” for quality, design and ease of use.

Focusses of development in 2016

We are constantly working on new and improved products for our cleaning, laundry care, kitchen and wellbeing product categories. They are designed to strengthen our product portfolio and offer consumers a new level of convenience and user-friendliness. In this work we are strongly guided by our vision: “We are your leading experts for solutions that make your everyday life at home more easy and convenient.”

In the current year we are focussing strongly on further developments in the following areas of application: floor and window cleaning, and also laundry care. We are simultaneously working on new products for the sectors of Soehnle scales and kitchen, which are characterised above all by an aesthetically appealing and user-friendly design. At the same time, as part of our innovation process, we also observe and assess new product groups not represented to date in our range on a regular basis. Along with a possible expansion of our range, the central aim here is to be able to offer the consumer comprehensive solutions.

Procurement, logistics and production

The Leifheit Group has three production locations of its own. They are situated in Nassau (Germany), in Blatná (Czech Republic) and La Loupe (France). The major part of our production is concentrated in Blatná. Apart from production at our own locations, we rely on a network of suppliers, primarily in Eastern Europe and Asia.

In the reporting period we produced about 49% (2014: 49%) of the goods delivered with our own production capacities. We used suppliers for the remainder. On the procurement side, we primarily purchased materials, energy and services, and in part merchandise.

Currency movements shape procurement

The procurement volumes for raw materials, semi-finished and finished goods rose in the 2015 reporting period, amounting to € 91.3 million (2014: € 86.4 million). Strong price fluctuations shaped developments on the commodities market in 2015. The area of primary plastic products in particular was shaped by crude oil prices and the euro exchange rate against the US dollar. In contrast, in the area of metal raw materials, aluminium and steel recorded a decline in price level overall due to over-capacities on the markets.

The decline of the euro against the US dollar, which continued in the reporting period, led to increased price pressure when purchasing primary products and goods from the Asian region. We were able to lessen long-term negative effects not only through currency hedging measures, but also through appropriate supplier management. The politically driven development of wage costs in China also continued upwards. In view of this, we continued in the 2015 financial year to consistently pursue our strategy of lessening our dependency on procurement regions with relevant currency risks and long delivery times and instead focussing on the European procurement market.

In this connection we performed an in-depth analysis of the international procurement market relevant to us in 2015. Our next step will be to qualify potential new suppliers as alternatives to the existing portfolio of Asian suppliers. We are convinced that we will profit in the long term from the further expansion of our range of suppliers in respect of value creation, service and quality. In this way we will secure an effective network of suppliers in order to guarantee the uninterrupted supply of raw materials, primary products and selected products. A prerequisite for a cooperative relationship with suppliers is their consistent acknowledgement of and compliance with Leifheit's Social Code of Conduct, which we use to monitor the working conditions of our suppliers.

Social responsibility
see page 44

Investments in efficient logistics

Our distribution centre in Zuzenhausen is the central logistics hub of the Leifheit Group. In mid-2016 it will be complemented by a logistics satellite in the Czech production location of Blatná. The organisational structure of the distribution centre enables us to react flexibly and efficiently to new challenges from the market and customers. This equips us for further growth, so that we can meet complex logistical requirements, which arise for example from the increasing proportion of e-commerce.

In the reporting period our activities in the logistics area were centred on the following projects:

Value-chain efficiency

The efficiency of logistics processes is one of the central requirements for Leifheit. In order to be able to better satisfy future requirements, existing IT solutions were replaced in mid-May 2015 by the new SAP EWM (Extended Warehouse Management) logistics system. It was possible to use the existing SAP platform in the business for this purpose. As a result of scalable processes, the new system offers all the prerequisites for ongoing further development according to needs.

The project "Leifheit Distribution Center Eastern Europe" (LDE) was also commenced. Through the increased integration of our Czech production location Blatná into the European distribution logistics, it should be possible to supply the growth markets in Eastern Europe even faster and more flexibly in future. At the same time, the plan is to pool all the logistics processes of our subsidiary in Prague for the Czech Republic and Slovakia at a central location. For this purpose a fully functional logistics platform was established in a new factory building in Blatná in the reporting period. The start of the new distribution centre is scheduled for mid-2016.

Production in Czech Republic concentrated

The Leifheit Group has three production locations of its own. In our largest factory in Blatná in the Czech Republic, we employed 387 people at the end of the reporting period (2014: 410 employees). The production area is around 20,000 sqm. Clothes dryers, ironing boards and cleaning appliances in particular are produced in Blatná. Production for third parties was brought to a close at the end of the fourth quarter of 2015. Capacities which had been freed up were used to start producing further Leifheit products in-house that had previously been obtained from suppliers. The manufacture of products with a high turnover share in the categories of cleaning and laundry care had already been centralised in Blatná in the previous year.

around 18 %
Turnover growth e-commerce

At our home location in Nassau, the production of rotary dryers for the laundry care product category is highly automated, with 25 employees (2014: 27 employees). In the reporting period almost 250,000 rotary dryers were produced there. This was a repeat of the excellent result of the previous year. Our experienced production team and the high degree of automation of the production plant facilitate delivery on schedule, even in the event of seasonal and weather-dependent fluctuations in demand. Furthermore, 30 people employed in the departments of injection moulding and maintenance (2014: 34 employees) in Nassau.

Our French subsidiary Herby, located in La Loupe, chiefly produces tower dryers, classic dryer racks and wall dryer racks for Volume Business. As at the end of the reporting period 83 workers were employed at the location (2014: 75 employees).

The integrated manufacturing process in La Loupe includes metal forming, surface finishing and an injection moulding plant. Herby products are sold mainly in France.

Marketing and distribution

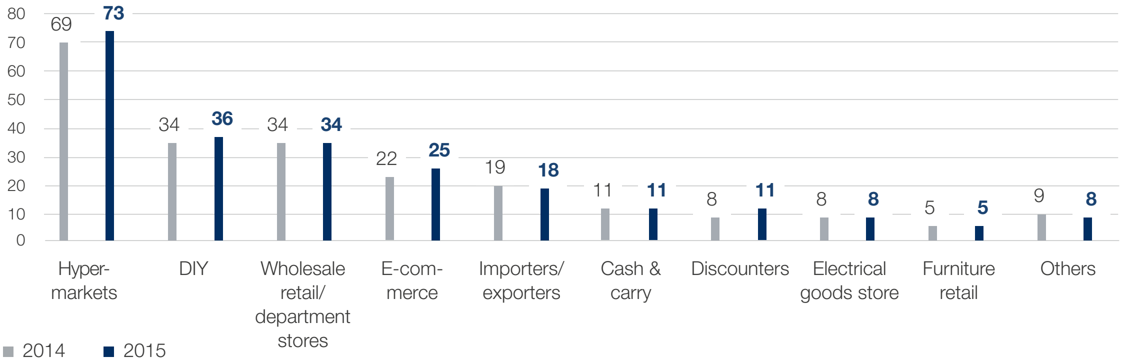
The Leifheit Group distributes its products through all relevant retail distribution channels, from classic brick-and-mortar retail to pure e-commerce. We offer our retail partners a comprehensive range of services and extensive sales support at the point of sale (POS). We address the consumer as the end user of our products through the combination of classic and modern sales, communication and marketing measures.

Merging online and offline channels

New sales channels are continuing to increase their significance for us. Part of this development is that brick-and-mortar retail and e-commerce are increasingly combining to form interactive cross-channel models. This development is being driven by changes in purchasing behaviour by customers who increasingly want a quicker experience, more flexibility and one-to-one advice. This poses new challenges for retailers and manufacturers. Our investments in recent years in this area in expertise, product information systems and flexible logistics processes allowed us to grow once again in 2015 by almost 18% in the e-commerce distribution channel. The share of total turnover represented by e-commerce thus increased to almost 11% (2014: almost 10%).

Brick-and-mortar retailers still continue to be essential partners for us as before, however. Hence self-service warehouses with growth of around 6% compared with the previous year and an unchanged turnover share of 32% remain our most important sales channel. We also increased our turnover in the DIY markets in 2015 by around 4%. The share of this sales channel was around 16% as in the previous year. The turnover share of discounters increased slightly in comparison with 2014 to 5% (2014: 4%). In this area we had success with attractive special offers, primarily with kitchen and steam iron products.

Group turnover by distribution channels
in €m



Support for retail partners

We assist our retail partners in the sale of products with tailored concepts at POS. Some years ago we started our “POS excellence” initiative in this area. The concept basically consists of merchandise components and special presentation solutions adapted to them, for the various distribution channels, not only online, but also in brick-and-mortar retail. For the latter we offer, in particular, shop-in-shop presentations – the so-called brand shops. In the 2015 financial year these brand shops were employed in Germany, the Czech Republic, Austria, Italy and Spain. The retailers involved were able to achieve significant increases in turnover in the remodelled spaces with the individually tailored solutions.

Test stations at the shelves, product presentations and video promotions are all part of the POS excellence concept. In 2015 several hundred machines were in use for video promotions, including in Germany, the Czech Republic, Belgium, Denmark, Austria, Spain and Portugal. In addition, in the 2015 financial year we were able to install so-called palette shops in almost 200 DIY superstores, which resulted in particularly high attention from consumers due to their favourable placement in high-traffic areas.

Marketing focusses in the product categories

Innovative and leading solutions for retail

The marketing activities of 2015 for our cleaning, laundry care, kitchen goods and wellbeing product categories were, as always, devoted to new products and current trends. The focusses in the cleaning category were, for example, assembling and starting the marketing of the premium broom portfolio, Xtra Clean, for indoor and outdoor use. In addition, we dedicated our activities to the Leifheit window vacuum cleaner and the associated Leifheit Click System, where we were able to further expand the market success of the system.

In the laundry care category, the new design of the packaging is particularly noteworthy. It improves consumer orientation, and encourages a faster purchase decision for Leifheit at the POS. Another new introduction to the market was an all-in-one system for pressure steam ironing. Added to this was the introduction of new tower dryers and drying racks at entry price level, as well as the expansion of the range of aluminium dryers.

23
Trade fairs

In the kitchen category, we once again focussed our activities on the end user trend for preserving. We offered an expanded product range with the slogan “Alle lieben MEingemachtes” (“Everyone loves it when it’s homemade”). A new market stall in a natural wood look was developed to appeal more strongly to consumers’ emotions at the POS. Brochures for consumers, give-aways and recipes complete the POS concept.

In the wellbeing category, all activities centred around our innovative Soehnle kitchen and bathroom scales, and also the aroma diffusers. The unique and multi-award-winning Soehnle Genio kitchen scale was one of the main focusses.

Brand communication: aiming for the best

In the reporting period we also carried out a strong communications campaign to support the perception of our Leifheit and Soehnle products in the market. This was based on our award-winning products. Hence the campaign ran with the slogan “Switch to the best brand now!” In store, the campaign was supported by a whole range of placement offers and other measures supporting sales, for example demonstrations, for a consistent brand presence.

Participation in leading consumer goods trade fairs

In the 2015 financial year, Leifheit presented its products and solutions at 23 national and international trade fairs (2014: 33 trade fairs). Important places to meet our customers and retail partners include for example Ambiente in Frankfurt, the IFA (Internationale Funkausstellung, a trade fair for consumer electronics and home appliances) in Berlin, EK LIVE and EK HOME in Bielefeld, the International Houseware Show in Chicago, and Futura in Salzburg.

Attending the international consumer goods fair Ambiente in Germany was most important for us. It is the leading trade fair for our industry, in which in 2015 over 4,800 exhibitors and around 135,000 trade visitors from 152 countries took part. The Leifheit exhibition stand was given a minimalistic new look. We presented our products, innovations and current communications campaigns using the slogan “Time to Meet”. The spotlight was on the Leifheit window vacuum cleaner, including the Click System. and the Xtra-Clean broom range, as well as the Soehnle brand with new kitchen scales, aroma diffusers and the Web Connect Analysis body analysis scale with matching Soehnle fitness app for iOS and Android.

Environment and society

Acting responsibly towards our environment and the society in which our business is active is one of the foundations of long-term success. Ecologically efficient processes reduce the material and energy intensity of products, lower emissions, and increase recyclability and recycling. We hold our employees and suppliers accountable for compliance with ethical and legal principles. We are committed to the region at our locations.

Environment and resources

Leifheit AG takes its responsibility towards the environment and resources seriously and is constantly working to reduce negative impact and increase efficiency. We want to achieve more with less use of resources, and to develop long-lasting, environmentally friendly products of outstanding quality. As a result of increasing scarcity, the efficient use of raw materials and fossil fuels is a must. This allows us to protect the environment and cut costs.

We consider aspects such as energy requirements, climate change, water shortages and other scarce resources as part of every new project in logistics, production and the supply chain. In 2015, we placed a particular focus on environmentally friendly transportation and production designed to conserve resources. Against this backdrop, procurement and transportation processes were adjusted, and production processes were insourced from suppliers to our own plant in the Czech Republic. When it comes to procurement, we continue to focus on transportation by sea freight and the combined transport of containers by rail. In 2015, we transferred additional steps in the production process. As a result, we were able to increase energy efficiency and reduce CO_2 emissions.

Focus on energy consumption

Our household products often have a high share of moulded plastic parts, which are made by what is known as injection moulding – an energy-intensive process on account of the necessary heating of materials and one of the core production processes at Leifheit.

In 2015, we succeed in reducing the amount of energy necessary for heating materials in Nassau and at our plant in the Czech Republic through insulating sleeves. At the same time, comprehensive training was conducted on way to further optimise the settings of machines with a view to energy consumption, allowing us to also increase employees' awareness of the problem.

leifheit-group.com/en/
company/sustainability

We also conducted an energy audit at our headquarters in Nassau and at our central distribution hub in Zuzenhausen in the reporting period. As part of this audit, we identified additional potential for improvement in a variety of areas, such as the insulation of exteriors, more efficient closing mechanisms and protection from potential cold bridges through gate systems or heat regulation at logistics facilities. The measures necessary for avoiding heat loss are being taken on a step-by-step basis and are leading to significantly lower energy consumption for heating purposes.

In addition, the entire outdoor lighting at our distribution centre in Zuzenhausen, including parking spaces and access roads, was replaced with energy-saving LED systems. LED technology successively replaced the previous lighting systems in all logistics facilities. Intelligent control solutions featuring motion detectors and light sensors were also installed. The use of energy-saving lighting and the reduction in the amount of time in which lights are on has made it possible to significantly reduce power consumption in Zuzenhausen.

Recycling rate raised

Product quality

We also put our own paper press into operation in Zuzenhausen in 2015, allowing us to press cardboard scraps into balls for our own marketing purposes. The ball format makes it possible to reduce transport volume when putting together full loads. By doing so, we have been able to significantly increase the paper recycling rate. Since 2015, we have also been sorting items that have been returned by type of plastic, both in Nassau and Zuzenhausen, and re-using them after proper separation in the manufacturing process.

Social responsibility

The ethical and legal principles of business management at the Leifheit Group go beyond statutory requirements in some cases. This is why our employees are bound to the Leifheit Code of Conduct, which regulates behaviour in accordance with applicable laws and standards. Our employees are required to notify their superiors, the works council or a Human Resources officer in cases of infringement.

We also have similarly high expectations towards our suppliers, for whom we have also developed a Social Code of Conduct that stipulates the adherence to consistent work conditions – both within Germany and abroad. By doing this, we want to guarantee that the people who make our products or intermediate products can work in an appropriate and dignified environment, wherever they happen to be. Through on-site inspections, we regularly check compliance with our guidelines.

For more information about trade fairs, see page 42.

Responsibility for our products

Our goal is to make sure, through safe products, that neither people nor the environment are harmed. As a result, we have a comprehensive quality management system in place that covers both product quality and production processes. We stand for products that feature high quality and above-average durability. We naturally dispense with any type of planned product lifetime, a principle that is reflected in the warranty periods of our products. We do not use any permanently fixed batteries and rely, wherever it makes sense to do so, on solar cells.

Dialogue with our stakeholders

As a brand supplier, the brands' reputation and the perception of our products by customers are of the utmost importance. For this reason, we strive for continuous dialogue with consumers and our retail partners.

We offer consumers the option of using our consumer hotline at the Group's headquarters in Nassau, which is closely interlinked with our quality management. In this way, we are able to ensure that comments or criticism are directly communicated to the company. We receive further feedback on our products and brands through market research institutes, plus we are in contact with professional organisations and interest groups, such as the German Brands Association and representatives of the parquet industry. This dialogue promotes understanding of the requirements and needs of all sides.

We attend various exhibitions and trade fairs. One of the most important dates in our diary is the Ambiente trade fair in Frankfurt am Main, Germany, which we attended in 2015 with a representative stand.

As a listed stock corporation, we maintain an active dialogue with the capital market. In financial and corporate communication, we are guided by capital markets law, the transparency standards of the German corporate governance code as well as the even more stringent transparency requirements of the Prime Standard segment on the German stock exchange, where shares in Leifheit AG are traded. We usually answer questions from the business, financial and trade media, as well as the local press, annually at two press conferences and further press events. Our presence in the media boosts public awareness of our Leifheit and Soehnle brands as well as our company's reputation.

Social commitment

We are aware of our social responsibility and feel closely linked to the environment at our locations. As a result, we regularly support social, sports and cultural projects there. We once again supported a range of small and large projects in 2015.

In particular, we expanded our commitment to promoting education and training at our headquarters to include an additional component. Leifheit is a business partner of the private Leifheit-Campus (grammar school) in Nassau, which was founded in 2015. The school is the result of a private-sector initiative and offers young people an excellent education in the region while counteracting the negative impact triggered by the closing of local state schools.

The grammar school is open to all gifted young people, regardless of their parents' income. The school's largest sponsor is the G. und I. Leifheit Stiftung, a foundation that is financed by the legacy of company founder Günter Leifheit. The main pillar of the partnership between Leifheit-Campus and Leifheit AG is financial support through a scholarship programme. In addition, we equip the school with our products and provide work-placement programmes for pupils, career-orientation measures and presentations by our specialists on appropriate subjects.

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We were deeply moved by the situation of refugees in 2015. We therefore decided to support the aid efforts spearheaded by the German chapter of Malteser International by making a donation in kind. The organisation received Leifheit products worth some € 35,000. Our trainees also organised a charity bazaar to benefit a non-profit project for the sixth time in a row. In 2015, the proceeds went to refugees and were donated to a local initiative.

Opportunities and risks report

Identifying opportunities early and consistently seizing them allows the Leifheit Group to continue growing profitably. We therefore keep an eye on trends and market developments at all times. We invest in processes, partnerships and technologies, and thus also in the opportunities of the future. At the same time, we regularly evaluate possible risks in order to identify these early on and to be able to counteract them actively.

Opportunities

An important part of business conduct is recognising opportunities early and making consistent use of them. We take current opportunities into consideration in our short-term and medium-term plans. In the future, they can exceed our expectations and lead to a positive deviation from our prognosis or the objectives that we set for ourselves. The business opportunities presented here are, of course, not the only ones presented to us. In addition, our assessment of individual opportunities may change because our environment, markets, key trends and technologies are all in a state of constant development.

As a result, new opportunities may arise, existing ones may lose their significance or the significance of an individual opportunity may change. The Leifheit Group does not record business opportunities within risk management, but instead considers them in medium-term and budget planning and tracks them in conjunction with periodic reporting. The Board of Management and the management of areas of operation are responsible for the prompt identification, analysis and utilisation of opportunities that present themselves. We regularly consider detailed market and competition analyses, relevant cost parameters and critical success factors, which we then take into account in our strategy. Our overriding objective is to obtain a balanced ratio between opportunities and risks. Risk management at the Leifheit Group remained unchanged as compared with the previous year. In our view, the general situation with regard to opportunities for our company did not change significantly in the reporting period.

Macroeconomic opportunities

Our company is affected by various economic conditions. Accordingly, our financial objectives and medium-term planning are based on the macroeconomic development estimates described in the forecast. If basic conditions and the consumer’s propensity to consume, especially in our important markets in Europe, develop more positively than depicted in the forecast, there might be a chance that we would exceed our turnover and earnings expectation.

Industry-specific opportunities

As a European brand supplier for household products, we can benefit from trends and market developments in relation to these products. In order to meet market and customer demands actively, we put particular emphasis in our product portfolio on the design and development of system solutions that make life easier and more convenient. In our view, the following trends will be of importance to our company in the coming years and have the potential to have a positive effect on our business development.

Consumers are making increasing use of the Internet

Consumers are increasingly taking advantage of the opportunities provided by the Internet, starting with the search for information and continuing through to the buying of goods in online shops and similar services. For Leifheit, this results in numerous opportunities to tap into above-average growth potential.

The expansion of our e-commerce activities is intended to reinforce ties to existing consumers while allowing us to reach new customer groups. To do so, we are taking particular advantage of smart ways to link e-commerce and stationary retail. The Leifheit and Soehnle ranges are well-suited to online retail. While lower-priced items are predominantly sold in traditional retail, we offer many products in the medium-to-high price category for online retail. What is more, consumers increasingly appreciate having the option of having bulky items such as our laundry dryers or cleaning devices delivered to their front doors. Only retail also offers users the opportunity to make purchasing decisions around the clock, almost anywhere in the world, regardless of store locations or opening times. Furthermore, by cooperating with online distributors, we can increase our presence in international markets, which we have not yet fully developed. We are accordingly investing in the expansion of our cooperation with the corresponding providers, especially on the human resources and technical side. All these effects can have a greater or more positive effect than expected on turnover in e-commerce, and thus can also have a greater impact than expected on the financial result.

Quality awareness on the rise

Besides price and functionality, factors such as quality and durability are once again playing a role in purchasing decisions – and the conditions in which the item was made are also growing in importance. This trend, which is particularly prevalent among the younger members of our target group, is likely to continue gaining significance in future. We are a brand supplier with a portfolio of high-quality and long-lasting products that were manufactured in our own production facilities or by our suppliers under controlled conditions in accordance with the Leifheit Social Code of Conduct. This allows us to continue improving our market position and appeal to future generations of shoppers in view of this development.

Customers are looking for easy, convenient solutions

Regardless of the generation, increased work pressure and increased stress at work can both be observed today. We see in this increasingly fast-paced world opportunities for our system solutions and products that make life a little easier and more convenient.

Increasing number of households

According to forecasts, Germany can expect to see an increasing number of households, especially single-person and two-person households. This may lead to higher requirements in terms of household items. For this reason, we assume that this development will have a positive effect on the Leifheit Group in the future, and we see a further growth opportunity in this.

Strategic business opportunities

Leifheit has strategic business opportunities as a result of its position as one of the leaders in the household goods sector in Europe with a focus on system solutions and products that make life easier and more convenient. To take advantage of the opportunities that arise from product innovations and developments, we rely on our own development department and invest in the expansion of internal and external expertise, including through establishing partnerships. It is this that results in our pipeline of medium- and long-term innovation projects. We invest both in new processes and technologies in order to be able to continue to develop new, innovative products that offer consumers added value. At the same time, we are shaping our organisation into one that can react with flexibility when opportunities arise from market trends and customer needs. We will anchor the ability to create additional opportunities from understanding consumers and customers in our organisation and its processes in the form of our "Leifheit 2020" strategy.

"Leifheit 2020"

In addition, we see strategic business opportunities in the expansion of our market presence – both in traditional retail and in e-commerce. To take advantage of the opportunities arising from this, we will invest in the future in various distribution channels and support them with smart communication concepts.

Greater penetration of existing markets and additional regional diversification offer us opportunities. Leifheit focuses its business activities on Europe. We want to secure and expand on our strong positions in the DACH region, as well as in France, Belgium, Luxembourg, the Netherlands and the Czech Republic. We also see interesting growth opportunities in Spain, the Nordic countries, Poland and other Eastern European markets. We will support these in a targeted way in order to strengthen our market presence. Country-specific sales programmes should help us expand our distribution and manage international key customers even more effectively.

In addition, we will draw on opportunities that present themselves outside of Europe, where we have the opportunity to benefit disproportionately from the major and rapidly growing markets, especially in emerging economies, through partnerships with our distributors – and this largely without making our own investments. We are also constantly evaluating the potential development of markets where the Leifheit Group has not yet had a presence. Unexpected positive financial developments in the markets mentioned therefore offer lasting potential for us to surpass our targets.

We constantly monitor our current and future markets in search of opportunities for strategic acquisitions and partnerships. Our company has the good financial situation and liquidity necessary for acquisitions. This puts us in a position to seize acquisition opportunities that would meaningfully enhance our product portfolio, strengthen our market position and ultimately boost our turnover and earnings situation disproportionately and more strongly than forecast.

Economic performance opportunities

There are economic performance opportunities for Leifheit, particularly resulting from business operations, cost management and greater efficiency. Our operating activities offer significant opportunities due to the fact that we can achieve additional success through the successful combination of our product portfolio with innovative sales measures thanks, for example, to integrated consumer-oriented communication, specifically at the point of sale – both online and offline.

Cost management and greater efficiency offer the opportunity to boost the long-term earning power of Leifheit. In addition to reducing non-value-adding costs, we are primarily focused on the efficiency of product development processes, as well as various manufacturing and distribution processes along the entire value chain. As part of our "Leifheit 2020" strategy, this applies especially to the expansion of our production location in Blatná, Czech Republic, and our distribution centre in Zuzenhausen. We regularly check whether products from suppliers can alternatively be manufactured more efficiently at our own facilities. Specific relocation of the production of specific products can boost our flexibility and competitiveness and might even reduce costs.

Other opportunities

Our employees are a source of new product developments and are a cornerstone of the Leifheit Group's successful growth in the long term. We regularly invest in their expertise so that we can take advantage of growth opportunities at all times. With regard to this, we also promote various measures to further boost the commitment and motivation of our employees.

Cooperation with our sales partners provides Leifheit with further opportunities. Traditional retail is relying more heavily on its suppliers' expertise in category management. We are reacting to this development, which enables us to optimally position our product portfolio and seize the opportunity for additional turnover growth, as part of our POS Excellence initiative.

Risks

We are exposed to various risks as part of our business activities. We have therefore set up a risk management system that allows us to identify risks early, analyse them and take suitable countermeasures. We use this system to identify potential incidents that can have major disadvantageous effects on our business, net assets, financial position and results of operations, as well as our reputation, or could even compromise the survival of the company. To ensure the effectiveness of risk management, allow the aggregation of risks and facilitate transparent reporting, we use a company-wide uniform approach to risk management. As a listed stock corporation with headquarters in Germany, the company's Board of Management set up a monitoring system in accordance with section 91 para. 2 of the German stock corporation act to ensure compliance with statutory regulations and the effective management of risks. In addition, the Board of Management is responsible for the effectiveness of the internal control system.

Risk management system

The risk management manual issued by the Board of Management governs the handling of risks within the Leifheit Group and describes a uniform methodology that applies to all company divisions. This manual delineates responsibilities for the execution of risk management tasks as well reporting structures. The effectiveness of the risk management system is monitored via regular internal audit checks. In addition, auditors carry out annual checks as to whether our early risk-detection system is capable of promptly identifying risks that jeopardise the company.

Our risk strategy is based on the global objective of ensuring the continuation of our business activities.

Our risk management organisation consists of a risk manager working right across the Group and risk owners in the individual operational areas. The risk manager is responsible for updating the risk management manual as well as for the uniform implementation of the described methods, for the risk aggregation and standardised risk reporting to the various levels of the company. The Brand Business and Volume Business segments are completely divided into risk areas. The respective risk owner is responsible for risk management within the risk areas. The risk owner's job is to identify and evaluate all risks continuously, notify the company about them, and monitor the implementation of countermeasures. Opportunities are not determined as part of risk management.

The central element of the risk management system is the systematic risk management process that is implemented on a regular basis. It includes the risk identification, risk evaluation, risk aggregation, risk control, risk monitoring and risk reporting phases. This process begins with risk identification, during which all risks, sources of hazards, damage and potential disruptions are systematically documented in uniform risk tables and afterwards analysed every six months. In case of the appearance of new risks that could have a significant effect on the economic results or the further development of the company, the risk owner immediately notifies all responsible offices, in particular, as part of ad hoc reporting.

Identified risks are assessed and categorised according to the extent of their effect and their probability of occurrence. In addition, individual risks are systematically analysed for dependencies and merged into new risks if required. The aggregated form of all individual risk tables that emerge from this is the risk inventory.

This is represented graphically in a risk map and communicated to the Board of Management as well as the Supervisory Board. In risk management, each risk owner defines, documents, actively implements and monitors measures to avoid, reduce or transfer risks in each case using the risk table. The status of each countermeasure is also documented in the risk table by the risk owner.

In risk monitoring, general warning indicators are defined, as are case-by-case indicators for specific individual risks. All indicators are regularly observed in order to better monitor risks and the effectiveness of introduced countermeasures.

No significant changes were made to the risk management system in the financial year 2015 compared to the previous year.

Internal control and risk management system in the accounting process

The internal control system (ICS) is an integral part of the risk management system. Our manual for the ICS defines the creation of the internal control and monitoring system for all major business processes in the company and describes the structural organisation. Our goal is the systematic creation of control measures in the processes in order to comply with laws, standards and directives, avoid financial loss and ensure the functional capability and profitability of business processes. The ICS officer is responsible for designing the content of the system, coordinating ICS tasks and ensuring central documentation. Process officers see to it that there is correct and complete documentation of significant process risks and guarantee the effectiveness, efficiency and execution of adequate and specific controls. Apart from directives and work instructions, risk control matrices are the central element in risk-related processes. They define the significant risks in processes, the risk analysis and the required controls and responsibilities of the control officers. The principles of functional separation and dual control are strictly followed.

With respect to accounting in the ICS and risk management system, our goal is to ensure and uniformly implement the statutory prescriptions, the principles of correct bookkeeping, rules of the International Financial Reporting Standards (IFRS) and the ICS itself. Our internal control and risk management system for accounting is embedded in the Group-wide risk management system. With respect to organisational, control and monitoring structures, we ensure that business matters are recorded, processed and analysed pursuant to the law and entered in annual accounts and annual consolidated financial statements.

In addition, our system includes guidelines, procedures and measures ensuring that our accounting follows laws and regulations. To this end, we analyse new laws, accounting standards and other pronouncements where non-compliance would represent a significant risk for the correctness of our accounting. The Group's Accounting Department presents uniform Group-wide accounting and evaluation methods in the Group's Accounting Manual pursuant to the IFRS. These guidelines, in conjunction with the schedule for the preparation of annual financial statements, constitute the foundation of the annual financial statement preparation process. All Group companies and accounting areas must present their financial statements to the Group Accounting Department using the consolidation software used throughout the Group. Subsidiaries and accounting areas are responsible for compliance with the accounting regulations applicable throughout the Group when preparing their financial statements and are supported and monitored by the Group Accounting Department in this process. They carry out the adjustment of internal assets and liabilities as well as supply and service relationships according to Group guidelines.

Consolidation is carried out globally by the Group Accounting Department. In addition, we use external service providers for the evaluation of pension obligations or long-term incentive pay, for example. Employees in charge of financial reporting are familiar with our internal guidelines and processes and undergo regular training. Our ICS covers the annual and consolidated financial statement process. The risks and controls are defined in the corresponding risk control matrices. This includes IT-supported and manual controls and adjustments, the set-up of functional separation and the dual control principle, rules governing access to the IT system and monitoring.

The purpose of the ICS in accounting and financial reporting is to ensure with adequate security that financial reporting is reliable and that annual and consolidated financial statements present an accurate picture of net assets, financial position and results of operations.

Internal auditing projects include both process- and function-related aspects of ICS.

Risk assessment

Our goal is to determine which risks could have a disadvantageous effect on defined risk areas such as financial position, net assets and results of operations or our image, and what risks are most likely to jeopardise Leifheit. For this purpose, the individual risks are rated as critical, medium or low in terms of their estimated probability of occurrence and their effects on our business objectives. The effects are presented in front of the risk management measures implemented. The scales to measure these two indicators are shown in the tables below.

Probability of occurrence	Description
1 – 20%	very low
21 – 40%	low
41 – 60%	medium
61 – 80%	high
81 – 99%	very high

According to this classification, we define a very small risk as that which occurs only under extraordinary circumstances and a very high risk as that whose occurrence is expected within a specific time period.

Extent of effect	Definition of effect
very low	Low risks that do not have a noticeable effect on business activities, financial position and results of operations, cash flows, company objectives and image (< € 1 million)
low	Medium risks that have a noticeable effect on business activities, financial position and results of operations, cash flows, company objectives and image (€ 1–2 million)
medium	Significant risks that have a strong effect on business activities, financial position and results of operations, cash flows, company objectives and image (€ 2–5 million)
high	Serious risks that have a considerable effect on business activities, financial position and results of operations, cash flows, company objectives and image (€ 5–25 million)
very high	Risks that jeopardise the company's continued existence (> € 25 million)

According to their probability of occurrence and the extent of their effect on our business activities, our financial position and results of operations, our cash flows and our image, we classify risks as critical, medium or low in the form of a risk map.

Probability of occurrence/effect	very low 1 – 20%	low 21 – 40%	medium 41 – 60%	high 61 – 80%	very high 81 – 99%
very low	low	low	low	low	low
low	low	low	low	medium	medium
medium	low	medium	medium	medium	critical
high	medium	medium	critical	critical	critical
very high	critical	critical	critical	critical	critical

Risk factors

We describe below risk factors that we identify and track using our risk management system. They are aggregated more closely in the description below than they are used for internal control. The risk factors generally affect both segments: Brand Business and Volume Business.

Macroeconomic, political, social and regulatory risks

Uncertainty in the global economy, financial markets or in the political sphere could have a negative effect on our business activities, our financial position, results of operations and our cash flow as well as increase pressure on our EBIT. Further terrorist attacks, the escalation of violence in crisis-prone regions or other external shocks may have a major effect on the economy that we might not be able to avoid entirely. Geopolitical instability may also continue to affect our business in Eastern Europe. Unresolved sovereign debt crises in the Eurozone may also reduce our market perspectives in Southern Europe in particular.

Growth in the consumer goods sector is largely dependent on consumer confidence and consumption expenditure. Therefore, declining sales resulting from the general economic situation or social and political factors, especially in regions where we have a strong presence, represent a risk for the development of sales. In addition, changes in the regulatory environment (for example trade policies, tax regulations, product quality and safety standards) can also bring about potential turnover shortfalls and cost increases.

We are monitoring the macroeconomic, political and regulatory situation in our major markets in order to identify potential problem areas early and to be able to adapt our business activity quickly. To avoid macroeconomic, political, social and regulatory risks, we strive to have a balanced distribution of turnover among the important regions and react to current changes in the short term using various activities to cushion possible negative effects.

We consider the probability of occurrence of this risk as medium, and we expect a medium effect on our business activities, financial position, results of operations, and on our cash flow.

Turnover and pricing risks

In order to achieve our turnover and profitability objectives, we must generate sales growth, promote sales at the point of sale and pay attention to our product prices to ensure they are competitive in the respective country. In addition, it is possible that rising product costs might not be compensated for by higher prices on the market. This would have a negative effect on our margins. Furthermore, potentially lower turnover could lead to lower contribution margins.

We counteract these risks using our international sales strategy in the focus countries, country-specific implementation plans, intensification of activities in our POS Excellence initiative as well our e-commerce activities.

We believe that the potential effects of these risks, in conjunction with turnover and pricing, can currently be classified as low, as is the probability of their occurrence.

Dependence risks

Dependence on specific suppliers, customers, products or even markets is fraught with risks. If a large part of our product volume was concentrated on one supplier or if there was great dependence on a specific customer, this would increase vulnerability to delivery and turnover shortfalls or business interruptions. Strong dependence on individual products, product groups or markets could lead to fluctuations in turnover and margin reductions.

To minimise these risks, we rely on a broad supplier network and a balanced customer and product portfolio.

Although we reduce possible dependence through our diversification activities, we remain vulnerable to negative developments in important procurement countries such as China, as well as important sales markets such as Germany, France, Austria and the Netherlands. For this reason, we estimate the potential effects of dependence risks as high and their probability of occurrence as very low.

Risks inherent in product innovation and development

Innovative products with high practical utility, attractive design and high standards in terms of product quality and safety generate high turnover and comfortable margins for us as a brand seller. Bringing new, innovative and high-quality products quickly to the market is a decisive factor. If over the longer term we are incapable of developing innovative products continuously, this could expose us to a considerable decline in turnover and margins. Moreover, poor product quality could lead to turnover shortfalls and higher costs.

To be able to launch our products more quickly, we have thoroughly revised our product development process and our teams. Product management and product development are working in a clearly defined idea generation process in close cooperation with each other and utilise external providers as well in the search for ideas.

Innovation is a significant success factor. Due to our innovative strength, we rate the potential effects of risks inherent in product innovation and development as high and the probability of occurrence as medium.

Product quality risks

The risk of possible product defects could lead to consumer injuries and damage the image of our brands and products. To reduce these risks, we have set up interdisciplinary teams that will deal with product quality across the entire procurement chain. We carry out intensive quality controls in our own laboratories and with external providers and work closely with suppliers. However, we counteract possible damage claims by taking out product liability insurance.

We classify the potential effects of product liability cases and product recalls as medium, but their probability of occurrence as low.

Risks due to increasing procurement costs

Personnel costs and raw materials represent a large proportion of the cost of turnover. Above all, materials such as plastics, aluminium, cotton and steel are subject to the risk of price fluctuations. Increasing wage costs among suppliers, particularly in the Far East, increase the risk of price increases for merchandise. We reduce the financial effects of higher procurement costs on our product mar- gins by concluding long-term delivery agreements and resorting to time and cost-saving procurement measures. We revise our products and respond with price increases. The aim of strategic procurement is to maintain the competitiveness of the procurement chain in the context of increasing acquisition costs.

In light of the measures taken and the current market situation, we consider the effect of potentially increasing procurement costs as a low risk with a low probability of occurrence.

Risks due to extraordinary external incidents

We are exposed to external risks such as natural disasters, fire, accidents and malicious acts. Such events may inflict material damage on buildings, production facilities, warehouses or cause interruptions in business activities both within our company and among suppliers.

We counteract risks caused by extraordinary external incidents in a variety of ways. For example, we cooperate with reliable suppliers and service providers. In addition to insurance cover, we have put preventative measures in place such as fire detection, fire-extinguishing systems in buildings and emergency plans for the prompt restoration of business activities. This should minimise potential effects of external faults.

The occurrence of such risks could have major financial effects. We believe the probability of occurrence is, however, very low.

Risks in the risk and control environment

The failure to identify considerable risks, to counteract them and introduce and maintain adequate internal control systems in the Group could result in inappropriate decisions, higher costs, breaches of compliance, fraud, corruption and damage to the Group's reputation. The danger further exists that employees will breach guidelines and standards.

We reduce these risks in the risk and control environment by introducing directives and guidelines that are available to all employees on the intranet. Furthermore, we use a risk management system consisting of early detection, an internal control system and internal auditing. With guidelines such as the Leifheit Code of Conduct and the Leifheit Anti-trust Code of Compliance, clear rules and principles for the conduct of our employees have been laid down in key areas. Nevertheless, the potential effects of these risks could be wide-ranging. We believe the probability of occurrence is, however, very low.

Legal risks

As an international company, Leifheit is exposed to various legal risks. These include contractual risks, liability risks or the risk that third parties could assert claims or pursue actions due to infringement of trademark, patent or other rights. In order to reduce any such contractual infringements, we monitor compliance with our contractual obligations and consult internal and external legal advisers. We minimise the risk of an infringement of third-party industrial property rights by diligently reviewing constructions, designs and names. Our Legal & IP department optimises our patent portfolio and reviews and analyses third-party patent rights. Allowances for provisions of € 0.4 million for potential exclusivity infringements abroad and of € 0.3 million for litigation costs and legal fees from active cases were made in the annual financial statements. There were no major legal disputes or process risks ongoing beyond this.

Despite recourse to precautionary measures, we consider the potential effects as medium and the probability of occurrence as low.

Default risks

Default risks arise if a customer or another counterparty of a financial instrument does not meet the contractual obligations. Default risks arise due to trade receivables and other contractual obligations of a counterparty such as for deposits and financial investments.

According to our credit guidelines, new customers are reviewed for creditworthiness and caps on receivables are determined. Creditworthiness, caps on receivables and amounts overdue are continually monitored. In order to reduce the risk of default, we selectively use credit insurances such as bank guarantees.

Currency hedging transactions and investments of liquid assets are only performed with banks with a high level of creditworthiness. Group companies are exclusively permitted to cooperate with banks that have a rating of BBB or higher. Cash and cash equivalents are only invested in instruments that are covered by the deposit protection fund. Furthermore, maximum investment amounts are determined for each contracting party. In the financial year 2015, the maximum individual contracting party limit was € 40.0 million.

The potential financial effects of risks of default could be very high. We consider this risk to be critical, but we believe the probability of occurrence is, however, very low.

Financing and liquidity risks

Liquidity risks arise from a possible lack of funds required to satisfy due liabilities in respect of maturity, volume and currency structure. As at 31 December 2015, cash and cash equivalents and financial assets amounted to € 68.2 million. There were no interest-bearing financial liabilities such as bank loans. Short-term lines of credit in the amount of € 11.5 million are available, which, however, are used only in part for bills of guarantee and derivatives. Liquidity is managed across the Group by employees in the treasury department at the headquarters.

Due to our current financing structure, we consider both the probability of occurrence and the potential effect of financing and liquidity risks as very low.

Currency risks

Leifheit is exposed to currency risks, as cash flows accumulate in various currencies. Furthermore, currency effects from the translation of results not denominated in euros, the functional currency of the Group, may affect other comprehensive income. Risks are created in particular due to the fact that our products are procured and sold in different currencies in different amounts on different dates. A large part of our procurement costs are accrued in US dollars and Czech korunas, while most Group turnover is accrued in euros.

Leifheit operates a centralised system for the management of currency risks. We hedge units of the planned currency requirements up to two financial years, exeptionally for three years in advance. According to the treasury principles, hedging instruments such as forward foreign exchange contracts, currency options, currency swaps or combinations of options may be used to safeguard against negative currency fluctuations and, at the same time, offer the potential to benefit from future exchange rate developments on the financial markets. The scope of currency hedging is evaluated on a regular basis.

The following hedging measures existed as at 31 December 2015:

	Value of liability	Foreign currency	Nominal value
Buy USD/€	€ 104.6 m	USD 127.4 m	€ 114.0 m
of which hedge accounting	€ 78.2 m	USD 96.5 m	€ 86.2 m
Sell USD/€	€ 1.2 m	USD 1.6 m	€ 1.2 m
Buy HKD/€	€ 17.9 m	HKD 166.6 m	€ 18.8 m
of which hedge accounting	€ 6.7 m	HKD 60.0 m	€ 6.9 m

For the years 2016 to 2017, we have hedged approximately 95 to 100% of the US dollar requirements through forward foreign exchange contracts. For the year 2018, we have hedged approximately 60 to 70% of the US dollar requirements. Most of our hedging is done through hedge accounting.

According to the requirements of IFRS 7, we have estimated the effects of changes to our key exchange rates (US dollar and Czech koruna) on result and equity and listed them under Note 34 of the financial statements. The effects are primarily due to the change in the fair values of our hedging instruments. The analysis does not recognise effects arising from the translation of the financial statements of our foreign subsidiaries to the reporting currency of the Group. As a result of that sensitivity, a 10% appreciation of the euro against the US dollar as at 31 December 2015 would have led to a reduction in profit of € 2.6 million.

As a result of the development of the US dollar in 2015, we categorise the likelihood of occurrence and the potential financial effects of currency risks as high, especially from 2018.

Interest rate risks

Changes to market interest impact future interest payments for financial investments for variable interest-bearing liabilities. Because the Group does not currently have any bank loans or other interest-bearing liabilities in its financing structure, changes in interest rates do not affect the profitability, liquidity or financial situation of the Group. Changes to the IFRS actuarial interest for discounting pension obligations can affect other comprehensive income. A sensitivity analysis is presented under Note 26. Despite the currently low interest rates, further reductions in interest rates may have a negative impact on the overall result. The risk of potential negative interest rates on credit balances at banks continues to exist.

For this reason, we consider both the probability of occurrence and the potential financial effects of interest risks as medium.

Tax risks

Tax risks arise in particular due to the findings of tax audits. The tax authorities are increasingly reviewing international intercompany transfer prices. VAT regulations in the Europe-wide provision of goods and services are very complex. Adjustments to tax payments have an impact on liquidity and net result for the period. We counteract these risks with the support of international tax consultants.

We consider the potential financial effects of tax risks as medium and the probability of occurrence as low.

Information security risks

Our IT-based business processes are subject to various information security risks. Risks may occur as a result of human error, organisational or technical processes and/or security breaches when processing information. These may all jeopardise the confidentiality, availability and integrity of the information. In partnership with our service providers and outsourcing partners, we minimise these risks by adopting organisational and technical measures, and through professional project management. The IT-security structure is verified regularly and improved where necessary.

We consider the potential effects of information security risks as high and the probability of occurrence as low.

Overall assessment of opportunities and risks

Under consideration of each probability of occurrence and the potential financial effects of the explained risks, as well as in light of the solid balance sheet structure and the current business outlook, the Board of Management does not anticipate any substantial risk to the continuation of the company as a going concern. We continue to be confident that our earning power and balance sheet structure provide a sound basis for our future business development and contain the necessary resources to leverage potential opportunities.

The changes to individual risks compared to the previous year do not have a significant effect on the overall risk profile. We believe this remains unchanged as compared to the previous year.

Report on events after the balance sheet date

No major changes since the balance sheet date

There were no events after the end of the financial year of material importance for assessing the net assets, financial position and results of operations of the Leifheit Group.

Forecast

In 2016, we expect to see modest economic growth in our key sales markets. At the same time, we plan to expand our market position in European countries and attract additional target groups. This is countered by unforeseeable factors, such as the refugee crisis and unresolved geopolitical conflicts. Against this backdrop, we anticipate Group turnover growth of 3 to 4% – along with growth of 4 to 5% in Brand Business – and an increase in the operating result.

Strategic focus of the Group

We will continue to push ahead with our "Leifheit 2020" strategy in the financial year 2016. One major aspect of this is building on our market position in European countries. With a view to our brands and product portfolios, we plan to develop Leifheit and Soehnle in a targeted way and boost their position against the competition. We aim to tap into new price categories and additional target groups with a comprehensive product category approach for our major ranges. Our overarching goals remain to attain high efficiency in the value chain and continually improve our operating result.

Our financial position gives us the strategic option of being able to make use of opportunities for external growth through acquisitions, provided they are financially viable.

Forecasts predict another year of modest economic growth

According to information from the International Monetary Fund (IMF), the global economy grew by 3.1% in 2015 – the lowest growth rate since the 2008/2009 financial and economic crisis. The expectation that global development could benefit from falling oil prices did not materialise. This was compounded by lower growth rates in China and emerging markets. Although the IMF expects growth to continue, it has slightly downgraded its outlook for 2016 and 2017 by 0.2 percentage points per year since its previous forecast in autumn 2015. The forecast now calls for global economic growth of 3.4% in 2016 and 3.6% in 2017.

The IMF believes that the economy in the USA will grow by 2.1% in 2016, down 0.2 percentage points since its last forecast. The IMF's current growth forecast for China remains unchanged at 6.3%. By contrast, a decline of 1.0% (0.4 percentage points lower than the last estimate) is anticipated in Russia. For Eastern Europe, the IMF now expects growth of 3.1% (+0.1 percentage points).

"Leifheit 2020"

According to the European Commission's most recent forecast, the European economy is poised for another year of modest growth. The estimates remain nearly unchanged from the autumn 2015 forecast. In light of the challenges that the global economy faces, the Commission has also identified increasing risks for economic development in the European Union. The Commission sees private consumption as the main driving force behind economic growth in the two years ahead. The forecast calls for a growth rate of 1.7% in 2016 and 1.9% in 2017 (2015: 1.6%) in the Eurozone. Economic growth is forecast to come in at 1.9% in 2016 (2015: 1.9%) and 2.0% in the year after that in the European Union as a whole.

The ifo (Munich), Insee (Paris) and Istat (Rome) economic research institutes published comparable growth forecasts for the Eurozone in the first six months of 2016. However, they stressed the risk resulting from the political tensions in the Middle East. Further escalation there could unsettle consumers, producers and investors and noticeably slow economic growth.

The International Monetary Fund currently expects to see growth of 1.3% in France in 2016 (0.2 percentage points lower than the last forecast). The estimate for economic growth in Italy remained unchanged at 1.3% as well.

The Spanish economy, by contrast, will grow by 2.7% in 2016, the IMF believes – an increase of 0.2 percentage points over the previous forecast. The German federal government's annual forecast, published in January 2016, anticipates gross domestic product (GDP) growth of 1.7% in the current year, representing an unchanged continuation of the economic growth rate seen in Germany in 2015 (2015: 1.7%).

Consumers' propensity to consume remains largely stable

At the start of 2016, sentiment among German consumers had not changed greatly year on year, according to surveys by the GfK market research institute. The organisation forecast consumer confidence index of 9.4 points for February, indicating largely stable consumer sentiment for the past four months. The indicator only fell slightly to 9.3 points in December 2015. Consumer sentiment remains more positive than it was at the start of the previous year. In January 2015, the consumer confidence index stood at 9.3 points. Despite the current climate of terrorist attacks and the refugee crisis, consumers expect the German economy to continue growing. One major cause of the optimism is the good situation on the labour market. Falling petrol and heating-oil prices provide additional financial freedom, and the propensity to save remains low on account of the low interest rates.

GfK also expects private consumption to remain a key supporting factor for economic growth in the current financial year in both Germany and Europe. For Germany, it forecasts a real increase in private consumption expenditure of 2.0%; for the European Union, it expects expenditure to grow by 1.5 to 2.0%. Adjusted for price, consumption expenditure rose by 1.9% in Germany in 2015.

At a European level, consumers' propensity to consume deteriorated in the first two months of the current year. In February, the consumer confidence indicator for the Eurozone fell by 2.5 points to –8.8 points, whereas the indicator for the entire European Union fell by 2.4 points to –6.6 points. However, the indicator remained above the long-term average, as it did in Germany.

Economic sentiment worsens slightly in Germany and Europe

The ifo institute's economic climate index for the industrial sector in Germany declined noticeably in January 2016. It fell from a peak of 109.0 points in November 2015 to 108.6 points in December 2015 and 107.3 points in January 2016 due to more cautious expectations of future events among those surveyed. However, the index is still up on the January 2015 survey (106.7 points). In retail, the economic climate index remained virtually unchanged.

The European Commission's Business Climate Indicator for the Eurozone also lost 0.1 points in January 2016. As a result, economic sentiment at a European level fell from a high of 0.43 points in October 2015 to 0.39 points in December 2015 and 0.29 points in January 2016. At this level, the indicator is still up on the January 2015 survey, when it came in at 0.17 points.

Further appreciation of the US dollar to be expected

The development of the euro and US dollar exchange rate was strongly influenced by central banks' decisions in recent months. Whereas the US Federal Reserve raised the prime rate slightly for the first time in seven years, the European Central Bank (ECB) continued its expansive monetary policy. In anticipation of further loosening by the ECB, the exchange rate amounted to US dollar 1.06 at the end of November 2015. Because the measures resolved by the ECB Governing Council in December turned out to be weaker than the market had expected, the euro regained value within a short space of time. In mid-February 2016, the euro was trading at US dollar 1.12. However, the market expects the ECB to expand its bond-buying programme and lower the deposit rate further in light of the continued low inflation in the Eurozone. At the same time, it is also expected that the US Federal Reserve will resolve a second rate hike in autumn. Against this backdrop, the average forecast of 52 banks surveyed by Reuters in December 2015 is US dollar 1.05 for the end of 2016 and the beginning of 2017.

Group forecast: solid turnover and earnings growth

Our forecast for the financial year 2016 is based on the following assumptions: We expect to see modest economic growth in our largest European sales markets. This is offset by a number of unforeseeable factors, such as the refugee crisis and the conflicts in South-east Europe and the Middle East.

Based on these assumptions, we expect to see a growth in turnover of between 3 and 4% at Group level in 2016. We will increasingly focus on the Brand Business and conduct the Volume Business mainly with profitability in mind. We expect the Brand Business to increase by 4 to 5%. In the Volume Business, we anticipate that turnover will remain on par with the previous year. We will provide further details of our turnover forecast as the year proceeds.

In the financial year 2016, we expect to see earnings before interest and taxes (EBIT) of € 22 million to € 23 million. This is the result of higher contribution margins as a result of an increase in turnover and the positive effect on earnings that our new distribution centre in the Czech Republic will have. We expect the forecast EBIT to contain foreign currency results of around € 1 million. The Brand Business will likely contribute roughly 80% to EBIT, and the Volume Business roughly 20%.

Investments for further growth

In 2016, we plan investments totalling € 8.0 million which are financed from own funds. With a volume of roughly € 2 million, the investments will focus on the completion of the new logistics hub as well as a powder-coating facility at our location in Blatná, Czech Republic. In addition, we will invest primarily in tools, machines and production facilities for new products; merchandising equipment and IT solutions; as well as manufacturing and office equipment. By far, the lion's share of investments will be made in the Brand Business.

In the medium term, we are planning investments of around € 6 million per year, which roughly corresponds to the level of annual depreciation.

Solid financial and liquidity position

We will also maintain our conservative financial policy in the financial year 2016. Free cash flow of € 14.1 million in the financial year 2015 was influenced by the good results of operations, lower receivables and an increase in liabilities to be paid back. We are planning free cash flow of € 14.0 million, on par with the previous year, in 2016.

We additionally expect a return on capital employed (ROCE) of 18%, which will also be about the same as the high level seen in 2015.

Overall statement of prospective development

The Leifheit Group once again expects to see solid turnover and earnings growth in 2016. With our "Leifheit 2020" strategy, we will consistently take advantage of current market opportunities and thereby enhance our market positions. We will use sound judgement in making the necessary investments.

Forecast 2016

	2015	Forecast 2016
Group turnover	€ 231.8 m	+3 to 4%
Group EBIT	€ 21.7 m	€ 22 m to € 23 m

+3 to 4%
Group turnover growth

+4 to 5%
Brand Business turnover growth

€ 22 m to 23 m
EBIT

€ 8.0 m
Investments

Legal information

Information under takeover law and explanatory report

Takeover information required under section 315 para. 4 German commercial code (HGB) as at 31 December 2015 is presented below:

The subscribed capital (share capital) of Leifheit AG as at 31 December 2015 remains unchanged at k€ 15,000 and is divided into 5,000,000 no-par-value bearer shares. Each share grants the same rights and entitles the holder to one vote at the Annual General Meeting.

A lock-up period is established for the shares issued by Leifheit AG in the context of the employee stock programme – and therefore a restriction is set to the transferability of these shares – for at least two years. The lock-up period starts upon the receipt of the acquired shares in the beneficiary's depot and ends at the expiration of 30 June in the year in which 30 June falls in the period when 24 up to 35 full months have passed since the acquired shares were entered to account in the beneficiary's depot. There are no additional restrictions on voting rights or the transfer of shares that the Board of Management is aware of. However, the statutory voting rights limitations apply pursuant to section 28 sentence 1 German securities trading act (WpHG) – (violation of voting rights information duties), section 71b German stock corporation act (AktG) – (no rights from own shares) and section 136 para. 1 AktG (exclusion of voting rights in the presence of certain conflicts of interest).

Direct and indirect equity interests are held in the capital of Leifheit AG exceeding 10% of the voting rights: MKV Verwaltungs GmbH in Grünwald informed us in February 2009 that it holds 10.03% of the voting rights in Leifheit AG.

There are no shares in Leifheit AG with special rights. There are also no employee participation schemes and no controls on voting rights.

Members of the Board of Management of Leifheit AG are appointed and dismissed according to the stipulations of section 84 and section 85 AktG. In addition, section 6, para. 1 of the Articles of Incorporation stipulates that the Board of Management consists of one or several members and section 6, para. 2 stipulates that the Supervisory Board appoints the members of the Board of Management, determines their number, appoints deputy Board of Management members and may appoint a member of the Board of Management as Chairperson of the Board of Management.

Changes to the Articles of Incorporation are resolved by the Annual General Meeting according to section 179 AktG. Unless it is a change of the company purpose (which requires a majority of three-quarters of the share capital represented in the resolution), the resolution by the Annual General Meeting in accordance with the Articles of Incorporation in accordance with section 18, para. 1 therein requires the simple majority of the share capital represented in the resolution. According to section 18, para. 3 of the Articles of Incorporation, the Supervisory Board is authorised to make amendments to the Articles of Incorporation provided these amendments solely relate to the wording of the Articles.

By resolution of the Annual General Meeting 2011, the Board of Management is authorised, subject to the approval of the Supervisory Board, to increase the share capital on one or more occasions by a total of up to k€ 7,500 until 25 May 2016 by issuing new no-par-value bearer shares in exchange for cash and/or non-cash contributions. The Board of Management is also authorised by resolution of the Annual General Meeting 2015 to buy back and appropriate shares amounting to up to 10% of the share capital until 20 May 2020. The terms of both resolutions can be found in the respective agendas of the Annual General Meeting on our website.

There are no substantial agreements which take effect upon a change of control. A loan agreement for a line of credit merely contains an agreement that in the event of a change of control the parties shall conclude a satisfactory agreement with regard to the continuation of the loan agreement.

A Board of Management contract contains a change of control clause, according to which in the case of a change of control causes the loss of the Board position and go along with the early termination of the employment or the resignation of the Board position by the Board member, the fixed remuneration by the regular end of the contract shall be paid unabbreviated as indemnity and the variable remuneration payed on a basis of a regular termination of the employment status.

No additional agreements with members of the Board of Management or employees that take effect upon a change of control existed at the balance sheet date.

Declaration of corporate management

The declaration of corporate management in accordance with section 289a German commercial code (HGB) is accessible on our website. It includes the declaration of conformity regarding the German corporate governance code, information about our relevant corporate management practices, and a description of the work methods of the Board of Management and the Supervisory Board, as well as the composition and work methods of their committees and the declaration on the defined targets according to the German law on the equal participation of women and men in management positions.

corporate.management.
leifheit-group.com

Report of the Board of Management regarding relationships with related parties

In accordance with section 312 AktG, the Board of Management prepared a report on relationships with related parties, which contains the following final declaration:

“Our company has received and will receive appropriate compensation for all legal transactions listed in the report regarding relations with affiliated parties, in accordance with the conditions known at the time when such transactions were exercised. No business transactions subject to reporting requirements that were disadvantageous to the corporation were exercised in the reporting period.”

Remuneration report

The remuneration report was prepared in accordance with the recommendations of the German corporate governance code (DCGK) and contains the statements that are required pursuant to the German commercial code (HGB) and respectively the International Financial Reporting Standards (IFRS). It describes the fundamental characteristics of the remuneration system for the Board of Management as well as the components of the Supervisory Board remuneration.

Remuneration of the Board of Management

After preparation by the Personnel Committee of the Supervisory Board, the plenary session of the Supervisory Board is responsible for establishing the individual remuneration of the Board of Management members. The remuneration structure is based on long-term corporate performance.

At the current time, the members of the Board of Management receive remuneration consisting of a fixed basic annual salary, annual variable remuneration and longer-term variable remuneration.

The fixed basic annual salary is paid monthly and is based on the area of responsibility and individual performance of the respective Board of Management member. It is reviewed at regular intervals to determine if it is appropriate and in line with market standards.

The amount of short-term variable remuneration paid is measured against the earnings of the Leifheit Group before income tax. For both Board of Management contracts, the payment amounts are capped. Payment is made within four weeks of the resolutions on the appropriation of profits by the Annual General Meeting.

The amount of long-term variable remuneration paid is calculated using an EBIT multiplier and a market capitalisation multiplier. The market capitalisation multiplier is 2.5% of the growth in the market capitalisation of Leifheit AG on the basis of average prices on the last 90 trading days prior to the commencement of the contract and the last 90 trading days prior to the expiration of the contract. The EBIT multiplier is based on the average performance in the Group's EBIT reported in the consolidated financial statements in the respective calendar years. Both the EBIT multiplier and the payment amount are capped. The value of granted long-term variable remuneration is calculated within the vesting period each year on the basis of analyses by a third-party expert using Monte Carlo simulations and is transferred to provisions pro rata temporis over the respective vesting period.

The value is calculated using historical data at the end of the vesting period. The payment will be made within four weeks following the adoption of the annual financial statements by the Annual General Meeting of the last contractual year. The Supervisory Board can determine appropriate advance wage payments. The provision recorded on the balance sheet amounted to k€ 2,627, while fair value was k€ 2,560.

The members of the Board of Management do not receive remuneration for their work on the Board of Management, Administrative or Supervisory Board at subsidiaries in addition to the remuneration for their activities as members of the Board of Management of Leifheit AG.

There are no stock option programmes or similar share-based incentive systems. The acting members of the Board of Management have not received any performance-oriented pension commitments (defined benefit obligations in accordance with IFRS).

The company does not provide fringe benefits other than the use of a company car.

The Board of Management contracts do not contain an express commitment to severance payment in the event of early termination. Severance payments can, however, be stipulated in individual termination agreements. A Board of Management contract contains a change of control clause, according to which in the case of a change of control causes the loss of the Board position and go along with the early termination of the employment or the resignation of the Board position by the Board member, the fixed remuneration by the regular end of the contract shall be paid unabbreviated as indemnity and the variable remuneration payed on a basis of a regular termination of the employment status.

	Thomas Radke CEO Joined on 1 January 2014				Dr Claus-O. Zacharias CFO Joined on 1 December 2008			
Granted benefits in k€	2014	**2015**	2015 (min.)	2015 (max.)	2014	**2015**	2015 (min.)	2015 (max.)
Fixed remuneration	330	330	–	–	270	300	–	–
Fringe benefits	24	25	–	–	9	9	–	
Total	**354**	**355**	**–**	**–**	**279**	**309**	**–**	**–**
Single-year variable remuneration	200	210	0	250	250	210	0	250
Multi-year variable remuneration								
LTI 2014-2016	1,050	1,030	0	4,000	–	–	–	–
LTI 2011-2014	–	–	–	–	2,065	–	–	–
LTI 2015-2017	–	–	–	–	–	480	0	4,000
Other	–	–	–	–	300	–	–	–
Total	**1,250**	**1,240**	**–**	**–**	**2,615**	**690**	**–**	**–**
Pension expenses	–	–	–	–	–	–	–	–
Total remuneration	**1,604**	**1,595**	**–**	**–**	**2,894**	**999**	**–**	**–**

	Thomas Radke CEO Joined on 1 January 2014		Dr Claus-O. Zacharias CFO Joined on 1 December 2008	
Cash flow/payment in k€	2014	**2015**	2014	**2015**
Fixed remuneration	330	330	270	300
Fringe benefits	24	25	9	9
Total	**354**	**355**	**279**	**309**
Single-year variable remuneration	0	198	0	250
Multi-year variable remuneration				
LTI 2014-2016	0	0	–	–
LTI 2011-2014	–	–	835	2,749
LTI 2015-2017	–	–	–	–
Other	–	–	300	–
Total	**0**	**198**	**1,135**	**2,999**
Pension expenses	–	–	–	–
Total remuneration	**354**	**553**	**1,414**	**3,308**

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is regulated by the Articles of Incorporation of Leifheit AG. The remuneration accords to the responsibilities and extent of activities of the members of the Supervisory Board.

Besides the compensation of their expenses and the value added tax incurred for the Supervisory Board activity, each member of the Supervisory Board shall receive an allowance for meetings in the amount of € 2,500.00 per Supervisory Board meeting day as well as an annual remuneration in the amount of € 20,000.00, which shall be paid out annually after the expiration of the business year. The chairman shall receive three times this remuneration, while his or her deputy shall receive 1.5 times this amount.

If a member of the Supervisory Board is only a member for a part of a business year, the annual remuneration shall be paid merely on a pro rata basis. For their membership in a committee, each member of the Supervisory Board shall receive an additional meeting allowance in the amount of € 2,500.00 per committee meeting day. The chairman of a committee shall receive twice this amount. If several Supervisory Board and/or committee meetings take place on one day, a member of the Supervisory Board attending several meetings may not demand more than € 2,500.00 in total.

No remuneration was paid to the members of the Supervisory Board for personally performed services.

The remuneration of the Supervisory Board in the financial year 2015 amounted to k€ 280.0 and can be broken down as follows:

k€	**2015**
Helmut Zahn	100.0
Dr Robert Schuler-Voith	57.5
Baldur Groß	30.0
Karsten Schmidt	32.5
Thomas Standke	30.0
Dr Friedrich M. Thomée	30.0

Nassau/Lahn, Germany, 17 March 2016

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke

Dr Claus-O. Zacharias

C

Consolidated financial statements

66
Statement of profit or loss
and statement of comprehensive income

67
Balance sheet

68
Statement of changes in equity

69
Statement of cash flow

70
Notes

70 General accounting and valuation principles
82 Segment reporting
83 Notes to the statement of profit or loss
and statement of comprehensive income
88 Notes to the balance sheet
104 Organs of Leifheit AG

Statement of profit or loss and statement of comprehensive income

k€	Notes	2014	2015
Turnover	1	220,695	231,832
Cost of turnover	2	–115,446	–123,554
Gross profit		**105,249**	**108,278**
Research and development costs	3	–3,763	–4,824
Distribution costs	6	–69,356	–70,221
Administrative costs	7	–16,805	–15,326
Other operating income	8	1,135	1,456
Other operating expenses	9	–20	–169
Foreign currency result	10	5,103	2,457
Earnings before interest and taxes (EBIT)		**21,543**	**21,651**
Interest income	11	402	115
Interest expenses	12	–2,174	–1,527
Net other financial result		36	–1
Earnings before taxes (EBT)		**19,807**	**20,238**
Income taxes	13	–5,694	–5,905
Net result for the period		**14,113**	**14,333**
Contributions that are not reclassified in future periods in the statement of profit or loss			
Actuarial gains/losses on defined benefit pension plans	26	–12,224	2,531
Effect from income taxes		3,600	–640
Contributions that may be reclassified in future periods in the statement of profit or loss			
Currency translation of foreign operations		113	299
Currency translation of net investments in foreign operations		–173	302
Net result of cash flow hedges		3,366	5,147
Effect from income taxes		–932	–1,619
Other comprehensive income		**–6,250**	**6,020**
Comprehensive income after taxes		**7,863**	**20,353**
Earnings per share based on net result for the period (diluted and undiluted)	14	**€ 2.97**	**€ 3.02**
Earnings per share based on comprehensive income after taxes (diluted and undiluted)	14	**€ 1.66**	**€ 4.28**

Balance sheet

k€	Notes	31 Dec 2014	31 Dec 2015
Current assets			
Cash and cash equivalents	15	58,808	64,200
Financial assets	16	4,000	4,000
Trade receivables	17	48,644	46,063
Inventories	18	35,436	42,985
Income tax receivables		951	224
Derivative financial instruments	19	3,276	5,639
Other current assets	20	3,579	4,441
Total current assets		**154,694**	**167,552**
Non-current assets			
Tangible assets	21	35,007	36,086
Intangible assets	22	18,535	18,738
Deferred tax assets	13	11,388	9,837
Income tax receivables	23	1,520	762
Derivative financial instruments	19	1,996	4,773
Other non-current assets		151	156
Total non-current assets		**68,597**	**70,352**
Total assets		**223,291**	**237,904**
Current liabilities			
Trade payables and other liabilities	24	47,820	50,816
Derivative financial instruments	19	661	11
Income tax liabilities		377	947
Provisions	25	5,959	6,540
Total current liabilities		**54,817**	**58,314**
Non-current liabilities			
Provisions	25	2,066	2,075
Employee benefit obligations	26	69,019	66,448
Deferred tax liabilities	13	2,454	4,262
Derivative financial instruments	19	11	3
Other non-current liabilities		100	100
Total non-current liabilities		**73,650**	**72,888**
Equity			
Subscribed capital	27	15,000	15,000
Capital surplus	28	16,956	16,984
Treasury shares	29	–7,542	–7,493
Retained earnings	30	84,755	90,536
Other reserves	31	–14,345	–8,325
Total equity		**94,824**	**106,702**
Total equity and liabilities		**223,291**	**237,904**

Statement of changes in equity

k€	Subscribed capital	Capital surplus	Treasury shares	Retained earnings	Other reserves	**Total**
As at 1 January 2014	**15,000**	**16,934**	**–7,598**	**78,479**	**–8,095**	**94,720**
Issue of treasury shares	–	22	56	–	–	78
Dividends	–	–	–	–7,837	–	–7,837
Comprehensive income after taxes	–	–	–	14,113	–6,250	7,863
of which net result for the period	–	–	–	14,113	–	14,113
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	–8,624	–8,624
of which currency translation of foreign operations	–	–	–	–	113	113
of which currency translation of net investments in foreign operations	–	–	–	–	–141	–141
of which net result of cash flow hedges	–	–	–	–	2,402	2,402
As at 31 December 2014	**15,000**	**16,956**	**–7,542**	**84,755**	**–14,345**	**94,824**
Issue of treasury shares	–	28	49	–	–	77
Dividends	–	–	–	–8,552	–	–8,552
Comprehensive income after taxes	–	–	–	14,333	6,020	20,353
of which net result for the period	–	–	–	14,333	–	14,333
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	1,891	1,891
of which currency translation of foreign operations	–	–	–	–	299	299
of which currency translation of net investments in foreign operations	–	–	–	–	207	207
of which net result of cash flow hedges	–	–	–	–	3,623	3,623
As at 31 December 2015	**15,000**	**16,984**	**–7,493**	**90,536**	**–8,325**	**106,702**

Statement of cash flow

k€	Notes	2014	2015
Net result for the period		14,113	14,333
Adjustments for depreciation and amortisation	4	6,254	5,757
Change in provisions		88	546
Result from disposal of fixed assets and other non-current assets		15	–69
Change in inventories, trade receivables and other assets not classified as investment or financing activities		–3,053	–4,063
Change in trade payables and other liabilities not classified as investment or financing activities		8,133	3,790
Other non-cash income/expenses		–1,050	462
Cash flow from operating activities		**24,500**	**20,756**
Acquisition of tangible and intangible assets	21, 22	–6,150	–7,128
Inflow in financial assets	16	1,001	–
Outflow for financial assets	16	–4,000	–
Proceeds from the sale of tangible assets and other non-current assets		83	455
Cash flow from investment activities		**–9,066**	**–6,673**
Changes in treasury shares	29	78	77
Dividends paid to the shareholders of the parent company		–7,837	–8,552
Cash flow from financing activities		**–7,759**	**–8,475**
Effects of exchange rate differences		**180**	**–216**
Net change in cash and cash equivalents		7,855	5,392
Cash and cash equivalents at the start of the reporting period		50,953	58,808
Cash and cash equivalents at the end of the reporting period	15	**58,808**	**64,200**
Income taxes paid		–2,732	–3,104
Interest paid		–	–3
Interest received		209	49

Notes: General accounting and valuation principles

General information

Leifheit AG, whose registered office is in Leifheitstraße, Nassau/Lahn, Germany, focuses on the development and distribution of high-quality branded products for selected areas of the household. The company has been entered in the Commercial Register of Montabaur Local Court under HRB 2857. The shares of Leifheit AG are traded in the Prime Standard trading segment in the stock markets of Xetra, Frankfurt am Main, Berlin, Düsseldorf, Hamburg, Hanover and Stuttgart under ISIN DE0006464506.

Until the sale of its shares on 27 April 2015, Home Beteiligungen GmbH, Munich, Germany was the parent company of Leifheit AG.

In accordance with section 315a, para. 1 HGB, the consolidated financial statements for 2015 have been prepared according to the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) as applicable in the EU. All of the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretation Committee (IFRIC and SIC) requiring application in financial year 2015 were applied. The figures for the previous year were calculated on the same basis.

The financial statements drawn up in euros were prepared on the basis of the purchase cost principle with the exception of derivatives and instruments that are specifically designated for affecting net income in their attributed fair value. The financial statements provide a true and fair view of the net assets, financial position and results of operations of the Leifheit Group. Unless stated otherwise, all figures are shown in thousands of euros (k€).

The statement of profit or loss was prepared according to the cost of turnover method.

The consolidated financial statements are being submitted to the Supervisory Board for approval on 30 March 2016. They will then be published without further delay.

Consolidation principles

The consolidated financial statements include Leifheit AG and the companies controlled by it. The Group controls a holding company specifically when it possesses all of the following attributes:

- Full control over the holding company (i.e. based on its current rights, the Group is entitled to control any activities by the holding company that may have a significant influence on its returns),
- risk exposure or entitlements to fluctuating returns through its interests in the holding company, and
- the ability to use its control over the holding company in such a way that influences the returns of the holding company.

If the Group does not hold the majority of voting rights or similar rights in a holding company, the Group must consider all facts and circumstances when assessing whether it has full control over the holding company. This includes:

- A contractual agreement with other persons entitled to vote.
- Rights based on other contractual agreements.
- Voting rights and potential voting rights of the Group.

The financial statements of subsidiaries are prepared in application of standardised accounting policies as at the same balance sheet date as the financial statements of the parent company and the Group.

Acquired companies are included in the consolidated financial statements starting when control is obtained (acquisition date). Intragroup balances and transactions and resulting unrealised intragroup profits and losses, as well as dividends are fully eliminated. Deferred taxes are recognised for temporary differences from consolidation as required by IAS 12.

The same consolidation methods were used for the financial statements for 2015 and 2014.

Business combinations before 1 January 2010:

The acquisition method according to IFRS 3 rev. 2004 (Business Combinations) is applied for companies acquired before 1 January 2010. All identifiable assets and liabilities were valued in their attributable fair value at the time of acquisition. Non-controlling interests (minority interests) were therefore carried at their share in the fair value of the assets and liabilities. If the acquisition cost of an interest exceeded the Group's share in the equity of the company concerned, the resulting goodwill had to be capitalised. Previously undisclosed reserves and liabilities are carried, written down or dissolved during subsequent consolidation, depending on the corresponding assets and liabilities. Goodwill is tested at least annually for impairment at the level of the cash-generating units and written down to the recoverable amount as necessary. Difference amounts in liabilities were recognised as affecting net income. Transaction costs directly allocated to the acquisition of the company were a part of cost.

Business combinations after 1 January 2010:

The acquisition method according to IFRS 3 rev. 2008 (Business Combinations) is applied for companies acquired on or after 1 January 2010. All identifiable assets and liabilities are measured at fair value at the time of acquisition. Cost is measured as the total of the consideration transferred (valued at the fair value at the date of acquisition) and the value of the shares without controlling interest. Non-controlling interests therefore continued to be carried at their share in the fair value of the assets and liabilities. If the acquisition cost of an interest exceeds the Group's share in the equity of the company concerned, the resulting goodwill must be capitalised. Previously undisclosed reserves and liabilities are carried, written down or dissolved during subsequent consolidation, depending on the corresponding assets and liabilities. Goodwill is tested at least annually for impairment at the level of the cash-generating units and written down to the recoverable amount as necessary. Negative goodwill is recognised in profit or loss. Transaction costs incurred during the company acquisition are reported as administrative costs affecting net income.

In step acquisitions, the share of equity is remeasured at the date of acquisition and the amount exceeding the book value is recognised in profit or loss. Contingent purchase price liabilities from business combinations that took or take place place after 1 January 2010 are recognised at fair value on the balance sheet date. The adjustments of these liabilities are recognised as affecting net income in the statement of profit or loss. Losses of a subsidiary are attributed to the non-controlling interest even if the value of the shares leads to a negative balance.

Scope of consolidation

The wholly-owned subsidiary Soehnle GmbH with its registered office in Nassau, Germany was founded in Q2 2015. This company has not yet commenced business operations. There were no other changes in the scope of consolidation or major changes in the organisational structure or business model in reporting period.

There were no business combinations in the 2015 reporting period, as in the prior year.

The following companies based both inside and outside Germany were included in the consolidated financial statements in addition to Leifheit AG. Leifheit AG directly or indirectly held the majority of the voting rights in these companies as at 31 December 2015.

	Date of initial consolidation	Interest in equity and voting rights in 2015 in %
Leifheit España S.A., Madrid (E)	1 Jan 1989	100.0
Leifheit s.r.o., Blatná (CZ)	1 Jan 1995	100.0
Leifheit International U.S.A. Inc., Bay Shore, NY (USA)	1 Jan 1997	100.0
Meusch-Wohnen-Bad und Freizeit GmbH, Nassau (D)	1 Jan 1999	100.0
Birambeau S.A.S., Paris (F)*	1 Jan 2001	100.0
Leifheit-Birambeau S.A.S., Paris (F)*	1 Jan 2001	100.0
Leifheit Distribution S.R.L., Bucharest (RO)	18 Dec 2007	100.0
Herby Industrie S.A.S., La Loupe (F)*	1 Jul 2008	100.0
Leifheit France S.A.S., Paris (F)	23 Nov 2009	100.0
Leifheit CZ a.s., Hostivice (CZ)**	1 Dec 2011	71.0
Leifheit Polska Sp. z o.o., Warsaw (PL)	11 Oct 2012	100.0
Soehnle GmbH, Nassau (D)	25 Jun 2015	100.0

* Indirect shareholding through Leifheit France S.A.S.
** According to IFRS 3, reported to 100% on the balance sheet due to the regulations on the acquisition of the outstanding shares (takeover on 1 January 2016)

Foreign currency conversion

Where individual financial statements of consolidated companies are prepared in local currencies, monetary items in foreign currencies (cash and cash equivalents, receivables, liabilities) are measured at the exchange rate as at the end of the balance sheet date, with any differences recognised in profit or loss. Exceptions thereof include conversion differences for monetary items which substantially form part of the net investment in an independent foreign entity (e.g. non-current loans replacing equity).

Currency translation of the financial statements of consolidated companies prepared in foreign currencies is performed on the basis of the functional currency concept using the modified closing rate method in accordance with IAS 21.

As our subsidiaries and branches operate independently in financial, commercial and organisational terms, their functional currency is usually the local currency. For inclusion in the consolidated financial statements, the assets and liabilities of the subsidiaries and branches are translated at the exchange rate as at the end of the balance sheet date and income and expenses are translated at annual average exchange rates. The exchange rate differences arising from currency translation are recognised in other reserves in equity. Exchange rate differences that arise as against the previous year's translation are taken to this translation reserve without affecting net income.

The exchange rates applied to the translation of the relevant currencies are shown in the following table:

Base: € 1	Mid-market rate on the balance sheet date		Annual average rate	
	31 Dec 2014	**31 Dec 2015**	2014	**2015**
CZK	27.74	27.03	27.56	27.35
USD	1.22	1.09	1.34	1.11
PLN	4.29	4.26	4.18	4.20
HKD	9.44	8.44	10.31	8.60

Assessment of fair value

The fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability in the context of an orderly business transaction between market participants on the valuation date. The assessment of the fair value is based on the presumption that the business transaction in the context of which the asset is sold or the liability is transferred occurs in

- either the primary market for the asset resp. liability in question
- or, where no primary market exists, the most advantageous market for the asset or liability in question.

The Group must have access to the primary or most advantageous market.

The fair value of an asset or a liability is determined by reference to the assumptions on which the market participants would base their pricing of the asset or liability. In this regard, it is assumed that the market participants would thereby be acting in their own best economic interests. The assessment of the fair value of a non-financial asset takes account of the market participant's capability to generate economic benefits by opting to use the asset to the greatest and best degree or to sell it to another market participant able to use it to the greatest and best degree. The Group applies valuation techniques which are appropriate in the individual circumstances and for which sufficient data is available to carry out an assessment of the fair value. In this context, relevant and observable input factors are to be applied to the greatest possible extent and the application of non-observable input factors to be kept to a minimum.

All assets and liabilities for which the fair value is determined or reported in the financial statements are classified in accordance with the following fair value hierarchy, based on the input parameter at the lowest level which is of overall significance for the valuation at fair value.

- Level 1: (Unadjusted) prices quoted in active markets for identical assets or liabilities
- Level 2: Assessment procedures pursuant to which the input parameter at the lowest level which is of overall significance for the valuation at fair value can be observed either directly or indirectly in the market
- Level 3: Assessment procedures pursuant to which the input parameter at the lowest level which is of overall significance for the valuation at fair value cannot be observed in the market

In the case of assets or liabilities which are recognised in the financial statements on a recurring basis, the Group will decide whether the levels within the hierarchy have been reached by carrying out a review of the classification (on the basis of the input parameter at the lowest level which is of overall significance for the valuation at fair value) at the end of each reporting period.

Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into a given amount of cash at any time and are subject to an insignificant risk of changes in value. Their remaining term is not more than three months.

Inventories

Inventories are recognised at the lower of cost and net realisable value. Cost is measured on the basis of the weighted average cost method.

The cost of internally manufactured products includes the full production cost based on normal capacity utilisation. In detail, cost includes the direct costs directly attributable to products (e.g. material and labour) and fixed and variable production overheads (e.g. material and production overheads, depreciation and amortisation). In particular, costs incurred by the specific cost centres are taken into account.

The risks in holding inventories due to reduced realisable value are taken into account through appropriate write-downs. These write-downs are calculated on the basis of the future sales plan or actual consumption. Depending on the respective inventory item, individual periods are applied and subsequently reviewed and modified on the basis of objective evaluation criteria. The lower net realisable value at the balance sheet date is taken into account in valuation. If the circumstances which previously caused inventories to be written down no longer apply such that the net realisable value is increased, the resulting increase in value is recognised as a reduction in the cost of materials.

Tangible assets

Tangible assets are carried at cost less cumulative depreciation and impairment. If items of tangible assets are sold or scrapped, the associated costs and cumulative depreciation are charged off; any realised profit or loss from the disposal is reported in the statement of profit or loss.

The cost of an item of tangible assets comprises the purchase price including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing the asset into working condition and to the location for its intended use. Subsequent expenses, such as maintenance and repair costs, which arise after the fixed assets are taken into operation, are recorded as expenses in the period in which they are incurred.

The useful lives and depreciation methods for tangible assets are reviewed periodically to ensure that the method of depreciation and the depreciation period comply with the expected useful life of the items of tangible assets. If a useful life must be changed, this is done prospectively as of the date of reassessment.

Assets under construction are classified as unfinished tangible assets and are carried at cost. Assets under construction are depreciated from the time at which the respective asset is completed and used in operation.

Depreciation is performed on a straight-line basis using the expected useful life:

	Years
Buildings	25–50
Other structures	10–20
Injection-moulding machines	10
Technical equipment and other machinery	5–10
Injection-moulding and stamping tools	3–6
Vehicles	6
Software	3–8
Operating and office equipment	3–13
Display and POS stands	3

Leases

In the case of finance leases where, in essence, all the risks and rewards of ownership of an asset are transferred to Leifheit, the leased asset is capitalised from the date on which the lease is arranged. The asset is recognised at the lower of its fair value and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability over the lease term. Financing expenses are recognised immediately in profit or loss.

If it is not reasonably certain that Leifheit will obtain ownership of the asset at the end of the lease term, the asset is depreciated in full over the shorter of the lease term and its useful life.

Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Patents, licences and software

Expenses for patents and licences are capitalised and subsequently amortised over their expected useful life on a straight-line basis. The estimated useful life of patents and licences varies between three and 15 years. The carrying amount of assets is regularly reviewed for impairment.

The cost of new software and implementation costs are capitalised and treated as an intangible asset unless these costs are not an integral part of the associated hardware.

Brands

Consideration paid for brands is capitalised. Brands are recognised as intangible assets with indefinite useful lives and are not amortised, as no time limit can be set for the period during which the asset generates economic benefits for the company. Brands are assessed annually for possible impairment in accordance with IAS 36 and written down to their fair value as necessary.

Goodwill

The excess of the cost of an acquisition over the company's interest in the fair value of the identifiable assets and liabilities acquired on the acquisition date is known as goodwill and is recognised as an asset. In accordance with IFRS 3 in combination with IAS 36, goodwill is tested for impairment annually and written down to the recoverable amount as necessary.

For the impairment test, the value of the asset at the acquisition date is allocated to the cash-generating units at the lowest level of the company at which the asset is monitored for internal management purposes.

Impairment of tangible assets and intangible assets

Tangible assets and intangible assets are tested for impairment if there is a change in circumstances or there are material grounds for believing that the book value of an asset may not be recoverable (IAS 36). As soon as the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. The recoverable amount is the higher of the asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction (fair value) less the cost of disposal.

Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is identified for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

Research and development costs

Research costs cannot be capitalised in accordance with IAS 38 and are therefore recognised directly as an expense in the statement of profit or loss.

Development costs are capitalised in accordance with IAS 38 if they can be clearly allocated and both the technical feasibility and marketing of the newly developed products are ensured. Development work must also generate probable future economic benefits. Leifheit has smaller research and development projects involving further development of existing products and/or components. They are not recorded in terms of development cost to be capitalised for reasons of materiality. For larger research and development projects, the point at which it is clear whether future benefits will be generated from the potential product is extremely late in the overall project phase, so that the costs allocated to development are immaterial and recognised in profit or loss like the research costs.

Deferred taxes

Deferred taxes are recognised using the balance sheet liability method for all temporary differences between the tax base of an asset or liability and its carrying amount in the consolidated balance sheet (temporary concept). In addition, deferred tax assets from loss carry-forwards are recognised.

The carrying amount of deferrals is the probable tax liability or asset in the following financial year based on the prevailing tax rate at the realisation date.

Deferred tax assets whose realisation is or becomes improbable are not recognised or are adjusted.

Deferred taxes are reported separately on the balance sheet.

Provisions

Under IAS 37, provisions are recognised where there is a current obligation to third parties as a result of a past event which will probably lead to an outflow of resources and which can be reliably estimated.

Provisions for warranty claims are recognised under IAS 37 on a case-by-case basis and based on the present or estimated future outflows for the warranty obligations on the products sold.

Other provisions are recognised under IAS 37 for all identifiable risks and uncertain obligations in the amount that is likely to be required to settle them and are not offset against reimbursement claims.

Provisions which do not lead to an outflow of resources in the following year are recognised at the discounted amount required to settle the obligations at the end of the balance sheet date. The discount rate is based on market interest rates.

Share-based payment

The obligations of share-based payment, which provide for a settlement in cash, are calculated during the vesting period on the basis of analyses using Monte Carlo simulations. The obligations are deferred on a pro rata temporis basis over the respective vesting period.

Employee benefit obligations and pension reserves

The actuarial valuation of the defined benefit obligation arising out of the defined benefit plans is based on the projected unit credit method. Revaluations, including actuarial gains and losses, are directly recorded on the balance sheet and included in other reserves (debit or credit balance) via other comprehensive income in the period in which they accrue. Revaluations may not be reclassified as profit or loss in subsequent periods. Any adjustments to the pension plans are recognised in profit or loss.

Under this method, the post-employment benefits and vested benefits known at the end of the balance sheet date are taken into account along with the expected future increases in salaries and pensions.

Equity

Treasury shares reduce the equity reported in the balance sheet. The acquisition of treasury shares is shown as a change in equity. Any sale, issue or cancellation of treasury shares is recognised without affecting net result. Consideration received is recognised in the financial statements as a change in equity.

Provisions for currency translation are recognised in other reserves for exchange rate differences arising from the consolidation of the financial statements of independent foreign subsidiaries or branches.

Exchange rate differences for monetary items which become a part of the company's net investment in an independent foreign entity, for example long-term loans, are recognised in equity in the consolidated financial statements without affecting net income until disposal or repayment. When the relevant assets are sold, the translation reserves are recognised in other reserves as income or expenses in the same period as the profit or loss from the sale is recognised.

Revaluations, including actuarial gains and losses arising out of the valuation of pension obligations, are recorded in other reserves.

Profits and losses from effective hedging transactions are likewise recorded as not affecting net income in the reserve for hedging cash flows in other reserves, to the extent effectiveness can be proven.

Financial assets and financial liabilities

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, investments held to maturity or investments held for sale within the meaning of IAS 39. Derivatives that are not formally designated as hedging instruments are valued at the fair value pursuant to IAS 39 and classified as financial assets or liabilities.

Financial liabilities within the meaning of IAS 39 are classified as financial liabilities carried at amortised cost.

The Group establishes the classification of its financial assets and liabilities on initial recognition. Reclassifications are carried out at the end of the financial year to the extent that they are permitted and required. Financial assets and liabilities are recognised at fair value on initial recognition on the settlement date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. After initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method less any write-downs. Gains and losses are recognised in the net result for the period if the loans and receivables are derecognised or written down. Loans and receivables include trade receivables as well as cash and cash equivalents and other financial assets held by the Group.

Financial liabilities and interest-bearing loans

Financial liabilities and interest-bearing loans are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss if liabilities are derecognised or in the case of write-downs.

Derivative financial instruments

The Group utilises derivative financial instruments, such as forward exchange contracts, in order to hedge against exchange rate risks.

For accounting purposes, the hedging instruments are differentiated as follows:

- As cash flow hedges to protect against the risk of cash flow fluctuations, which can be attributed to to the currency risk of an asset on the balance sheet, a liability on the balance sheet or a fixed liability not on the balance sheet that is related to a highly probable future transaction. In the process, both the hedging relation as well as the risk management objectives and the strategies of the Group with regard to the hedging are defined formally and documented at the beginning of hedging. The documentation contains the definition of the hedging instrument, the underlying transaction or the hedged transaction, as well as the nature of the hedged risk and a description of how the company assesses the effectiveness of the changes in the attributable fair value of the hedging instrument in the compensation of risks from changes in the attributable fair value or the cash flows of the hedged underlying transaction that are based on the hedged risk. Hedging relations of this kind are assessed to be highly effective with regard to achieving a compensation of risks from changes in the attributable fair value or the cash flows. They are evaluated continuously as to whether they have in fact been highly effective during the entire reporting period for which the hedging relation was defined.

In hedging transactions that fulfil the strict criteria for the recognition of hedging relationships (hedging of cash flows/cash flow hedges), the ineffective part of the profit or loss from the hedging instrument is recorded immediately in the foreign currency result as affecting net income. In contrast, the effective part is recorded as not affecting net income in the reserve for hedging cash flows in other reserves. The amounts included in other comprehensive income are reposted upon the receipt of the hedged goods as a part of the purchase costs. Recognition in terms of the result is performed by way of entering the material consumption to accounts upon the disposal of inventories.

- As cash flow hedges to protect against the risk of cash flow fluctuations, which can be attributed to the currency risk of an asset on the balance sheet or a liability on the balance sheet but that is not related to a highly probable future transaction.

These hedges are assessed at the fair value to be attributed at the time of closing the contract and are revalued in the following periods at the attributable fair value. They are assessed as financial assets if there is a positive attributable fair value and as financial liabilities if their attributable fair value is negative. Gains or losses from changes in the attributable fair value of derivatives are immediately recorded as affecting net income.

Forward foreign exchange transactions were valued in accordance with the fair value method, with the forward rate and the nominal amount having been discounted to the reporting date, taking into account the interest rate (swap curve). The swap curves applied relate solely to market data.

The applied market values are calculated as market averages.

Impairment of financial assets

At each balance sheet date, the Group determines whether there are indications of impairment of a financial asset or if a group of financial assets exists. The objective indication for impairment is if the fair value is consistently and significantly below the book value. If such an asset is impaired, this effect is recognised in profit or loss. A cumulative loss that was previously recognised directly in equity (in the case of available-for-sale financial assets) is recognised in profit or loss. In the case of trade receivables, impairments are recognised in separate adjustment accounts.

Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group loses control of the contractual rights embodying the financial asset. A financial liability is derecognised if the obligation it is based on is fulfilled or cancelled or has expired.

Recognition of income and expenses

Turnover and other operating income are only recognised when the service has been provided or the goods or products delivered and the risk has thus been transferred to the customer. Revenue-dependent sales deductions in the form of customer bonuses or discounts are reflected in turnover.

The cost of turnover includes costs incurred to generate turnover and the cost of merchandise purchased and held for resale. This item also includes the cost of additions to provisions for warranty obligations.

Distribution costs include labour and materials costs and the depreciation and amortisation attributable to selling activities, as well as shipment, advertising, sales promotion, market research and customer service costs, and outbound freight.

Administrative costs include labour and materials costs and the depreciation and amortisation attributable to administration.

Taxes such as real estate tax and vehicle tax are attributed to production, research and development, distribution or administrative costs in accordance with the respective source.

Interest income and interest expenses are recognised on a pro rata basis. In all financial instruments valued at their amortised costs, as well as the interest-bearing financial assets that are classified as available for sale, the interest income and interest expenses are recorded by means of the effective interest rate. This involves the calculatory interest rate, by which the estimated future incoming and outgoing payments are discounted over the expected term of the financial instrument, or, if applicable, over a shorter period, precisely to the net book value of the financial asset or financial liability.

Borrowing costs

All borrowing costs are recognised as an expense affecting net income in the period they are incurred. There are no significant interest expenses that would have to be capitalised in manufacturing costs.

Contingent liabilities and assets

Contingent liabilities are not recognised in the financial statements. They are shown in the Notes, except when the probability of an outflow of resources embodying economic benefits is extremely low. Contingent assets are also not recognised in the financial statements. However, they are disclosed in the Notes if it is likely that an inflow of economic benefits will arise.

Events after the balance sheet date

Events after the end of the balance sheet date that provide additional information on conditions that existed at the end of the balance sheet date (adjusting events) are included in the financial statements. Non-adjusting events after the end of the balance sheet date are shown in the Notes if they are material.

Material exercises of discretion, estimates and assumptions

In certain instances, preparing the annual financial statements requires exercises of discretion and estimates and assumptions about the amounts of receivables, liabilities and provisions (Note 25), depreciation and amortisation periods, deferred taxes, contingent liabilities, impairment tests and recognised income and expenses. The actual figures may differ from these estimates. The most important assumptions and estimates in connection with impairment testing of intangible assets and tangible assets are stated in Note 22, the assumptions and estimates in connection with the recognition of pension liabilities in Note 26 and the assumptions and estimates in connection with the recognition of deferred taxes in Note 13.

Furthermore, in the scope of the accounting and valuation principles, discretion was applied as to the research and development costs in the sense that the costs for smaller projects (less than k€ 100) are recorded directly as expenses and that the time of realisability is determined subjectively for larger projects.

Changes in accounting and valuation principles

New mandatory accounting standards applicable as of 2015

The IASB has published no standards or interpretations relevant to Leifheit that have already been endorsed by the EU in the process of comitology and for which application was first mandatory starting with financial year 2015.

New accounting standards mandatorily applicable in future

EU endorsement obtained

The IASB has published the standards and interpretations listed below that have already been endorsed by the EU in the process of comitology, but were not yet to be mandatorily applied in financial year 2015. These standards and interpretations are not being applied early by the Group.

- **Amendment to IAS 19 – Defined Benefit Plans: Employee Contributions**

  The amendment to IAS 19 was published in November 2013 and is applicable for the first time in the financial year beginning on or after 1 February 2015. The amendment governs the reporting of contributions to the pension plan from employees or third parties as a reduction of service cost, to the extent that these reflect the services provided during the reporting period. The amendment is to be applied retroactively. Application ahead of schedule is permissible.

  The amendment does not have any effects on the consolidated financial statements because contributions from employees are not provided under current pension plans.

- **Amendment to IAS 16 and IAS 38 – Clarification of Permissible Depreciation Methods**

  The amendments clarify the principle contained in IAS 16 and IAS 38 that turnover reflects the operation of a business (to which the asset belongs) and not the consumption of an asset's economic benefit. As a result, a method based on turnover cannot be used for the depreciation of tangible assets but only for the depreciation of intangible assets in very limited cases. The amendments are to be applied prospectively for financial years beginning on or after 1 January 2016. Application ahead of schedule is permissible.

  The amendment has no effects on the consolidated financial statements because turnover is not used for depreciation of tangible assets.

EU endorsement outstanding

The IASB has published the standards and interpretations listed below that were not yet to be mandatorily applied in financial year 2015. These standards and interpretations have not been endorsed by the EU to date and are not applied by the Group.

- **IFRS 9 Financial Instruments**

  In July of 2014 the IASB published the final version of IFRS 9 Financial Instruments replacing IAS 39 Financial Instruments: Recognition and Measurement and all prior versions of IFRS 9. IFRS 9 converges the three project phases for the recognition of financial instruments, "Classification and Measurement", "Impairment" and "Recognition of Hedging Transactions". IFRS 9 applies for the first time to financial years beginning on or after 1 January 2018. Application ahead of schedule is permissible. The standard is to be applied retroactively except for the recognition of hedging transactions, but the disclosure of comparative information is not required. The regulations for the recognition of hedging transactions are to be applied prospectively with few exceptions.

  Leifheit intends to apply the new standard beginning on the prescribed date when it comes into force. We evaluated the effects of all three aspect of IFRS 9 in financial year 2015. This preliminary assessment is based on currently available information and may change due to more detailed analyses or further appropriate and reliable information made available in the future. Overall we do not expect any material effects on the balance sheet and equity except for the impact of applying the impairment rules in IFRS 9. We do not expect significantly higher risk provisioning with a negative impact on equity, and will perform a more detailed evaluation in the future to determine the extent of the effects.

- IFRS 15 Revenue from Contracts with Customers

IFRS 15 was published in May of 2014 and introduces a five-stage model for the recognition of revenue from contracts with customers. According to IFRS 15, revenue is recognised in the amount of consideration expected to be received by a company in return for the transfer of goods or services to a customer (the transaction price in terms of IFRS 15). The new standard for revenue is going to replace all currently existing revenue realisation regulations according to IFRS. Either full retroactive application or modified retroactive application is prescribed for financial years beginning on or after 1 January 2018. Application ahead of schedule is permissible.

We conducted a preliminary evaluation of IFRS 15 in financial year 2015. This may change in the course of further, more detailed analyses. We also take into account the clarifications published by the IASB in an exposure draft in July of 2015 and will monitor further developments.

For virtually all of our contracts with customers, the sale of goods constitutes the sole contractual obligation. Revenue is realised when the power of disposal over the assets passes to the customer. As a result, there will be no material impact on the consolidated financial statements. The only possible changes are in the allocation of advertising cost subsidies to sales deductions or costs. We grant guarantees going beyond the statutory requirements in some cases. Since it is not possible to assign a value to this service, we do not expect any effects on the consolidated financial statements.

- IFRS 16 Leases

The IASB published the new standard on the recognition of leases in January of 2016. For most leases, it requires the lessee to recognise the usage rights to the lease object and a corresponding lease liability. For lessors on the other hand there are only minor changes compared to the classification and recognition of leases under IAS 17. IFRS 16 requires expanded note disclosures for the lessee as well as the lessor. IFRS 16 applies for the first time to financial years beginning on or after 1 January 2019. Application ahead of schedule is permissible subject to the condition that IFRS 15 Revenue from Contracts with Customers is already being applied or is applied together with IFRS 16 at the same time.

We intend to apply the new standard starting on the prescribed date when it comes into force. Applying the new standard is expected to result in a balance sheet extension. However, the precise scope of the effects remains to be determined.

- Amendment of IAS 1 – Disclosure Imitative

The amendments of IAS 1 Presentation of Financial Statements clarify rather than significantly change the existing requirements of the standard. The following is specified more precisely by the amendments:

- The materiality provisions in IAS 1.
- Certain items on the statement of profit or loss, statement of comprehensive income and balance sheet can be broken down.
- Companies are free to choose the sequence of disclosures in the notes.

The share in other results of affiliated companies and joint ventures recognised according to the equity method has to be reported respectively in a single item, subdivided according to whether these items are reclassified to the statement of profit or loss in subsequent periods or not. The amendments also clarify what regulations apply for the presentation of additional subtotals on the balance sheet, statement of profit or loss and in other comprehensive income. These amendments have to be applied for financial years beginning on or after 1 January 2016. Application ahead of schedule is permissible.

The amendments largely consist of conceptual clarifications and are therefore not expected to affect the consolidated financial statements.

Standards or interpretations that do not apply

The new regulations listed in the following are not applicable to the Group and therefore have no effects on the net assets, financial position and results of operations of the Group:

- Amendments of IAS 16 and IAS 41 – Bearer Plants
- Amendments of IFRS 11 – Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
- Amendments of IAS 27 – Equity Method in Separate Financial Statements
- Amendments of IFRS 10, IFRS 12 and IAS 28 – Investment Companies: Applying the Consolidation Exception
- Amendment to IFRS 10 and IAS 28 – Disposal or Contribution of Assets of an Investor to or within an Associated Company or Joint Venture
- Improvements to IFRS (2010-2012)
- Improvements to IFRS (2012-2014)

Segment reporting

The Leifheit Group is divided into divisions for internal management purposes and has two segments which are subject to reporting requirements, the Brand Business and the Volume Business.

Key figures by divisions in 2015		Brand Business	Volume Business	**Total**
Turnover	€m	188.1	43.7	231.8
Gross margin	%	49.3	35.4	46.7
Contribution margin	€m	77.3	13.7	91.0
Segment result (EBIT)	€m	15.5	6.2	21.7
Segment result (EBIT) adjusted [1]	€m	14.6	4.6	19.2
Depreciation and amortisation	€m	4.9	0.9	5.8
Employees on annual average	persons	803	251	1,054

[1] adjusted for foreign currency results

Key figures by divisions in 2014		Brand Business	Volume Business	Total
Turnover	€m	180.4	40.3	220.7
Gross margin	%	50.1	36.9	47.7
Contribution margin	€m	76.4	13.5	89.9
Segment result (EBIT)	€m	16.2	5.3	21.5
Segment result (EBIT) adjusted [1]	€m	12.2	4.2	16.4
Depreciation and amortisation	€m	5.5	0.8	6.3
Employees on annual average	persons	764	275	1,039

[1] adjusted for foreign currency results

The breakdown by segments corresponds to the internal reporting structure and covers the two divisions, Brand Business and Volume Business.

The Brand Business division develops, produces and distributes household goods and appliances under the Leifheit brand, as well as scales and relaxation products under the Soehnle brand.

The Volume Business division comprises the activities of Birambeau and Herby and the Project Business.

There are no unconsolidated transactions between the two segments of Brand Business and Volume Business.

The Board of Management monitors the result generated by the divisions for the purposes of deciding upon the allocation of resources and ascertaining the profitability of the units. The performance of the segments is assessed on the basis of the result generated and evaluated in line with the result as reported in the consolidated financial statements. The financing of the Group (including financial expenses and income) and any income taxes are managed on a uniform Group-wide basis and are not attributed to the individual segments.

The segments' control parameters are turnover, gross margin, contribution margin and EBIT. These are based on IAS/IFRS valuations. Regular reporting does not cover other key figures.

Notes to the statement of profit or loss and statement of comprehensive income

(1) Turnover

k€ (by regions)	2014	2015
Domestic	95,000	98,876
Central Europe	96,019	103,178
Eastern Europe	19,392	19,556
Rest of the world	10,284	10,222
	220,695	**231,832**

The location of the customer's registered offices is decisive for the regional attribution of the turnover.

k€ (by segments)	2014	2015
Brand Business	180,437	188,103
Volume Business	40,258	43,729
	220,695	**231,832**

(2) Cost of turnover

k€	2014	2015
Cost of materials	86,447	91,313
Personnel costs	12,465	12,315
Purchased services	3,904	4,529
Depreciation and amortisation	3,164	2,856
IT costs and other allocations	1,802	1,983
Maintenance	1,335	1,925
Services	999	1,792
Consumables and supplies	1,392	1,655
Customs and services	1,051	1,400
Energy	1,148	1,164
Royalties	251	255
Rent	181	214
Cost of cars, travel and entertainment	159	156
Value adjustments for inventories (net change)	–1,582	99
Other cost of turnover	2,730	1,898
	115,446	**123,554**

(3) Research and development costs

k€	2014	2015
Personnel costs	2,144	2,601
Services	316	1,096
Fees	562	400
IT costs and other allocations	336	266
Maintenance	125	194
Other research and development costs	280	267
	3,763	**4,824**

(4) Depreciation and amortisation

k€	2014	2015
Tangible assets		
Cost of turnover	3,140	2,834
Research and development costs	50	51
Distribution costs	1,061	1,037
Administrative costs	236	210
IT costs and other allocations	842	825
	5,329	**4,957**
Intangible assets		
Cost of turnover	24	22
Research and development costs	12	13
Distribution costs	133	159
Administrative costs	61	54
IT costs and other allocations	695	552
	925	**800**
Total depreciation and amortisation	**6,254**	**5,757**

(5) Personnel costs/employees

k€	2014	2015
Wages and salaries	37,381	36,591
Social security contributions	8,017	7,954
Cost of employment benefits	679	809
	46,077	**45,354**

Employees on annual average	2014	2015
Germany	399	409
Czech Republic	407	407
France	171	171
Other countries	62	67
	1,039	**1,054**

(6) Distribution costs

k€	2014	2015
Personnel costs	18,381	18,322
Advertising costs	16,907	15,827
Freight out	10,921	11,652
Commissions	5,463	6,729
IT costs and other allocations	5,137	5,265
Services	4,090	4,654
Cost of cars, travel and entertainment	1,851	1,612
Packaging materials	1,102	1,429
Depreciation and amortisation	1,194	1,196
Rent	700	670
Payments to customers	465	616
Maintenance	463	491
Insurance	288	374
General operation and administrative costs	230	243
Post and telephone costs	191	172
Office and other overhead costs	228	156
Other distribution costs (less than k€ 100)	1,745	813
	69,356	**70,221**

(7) Administrative costs

k€	2014	2015
Personnel costs	10,511	8,950
Services	2,166	1,771
IT costs and other allocations	795	798
Maintenance	390	646
Year-end costs	522	513
Office and other overhead costs	277	360
Rent	254	325
Cost of cars, travel and entertainment	342	320
Supervisory Board remuneration	275	280
Depreciation and amortisation	297	264
Post and telephone costs	258	224
General operation and administrative costs	142	196
Insurance	103	104
Other administrative costs (less than k€ 100)	473	575
	16,805	**15,326**

(8) Other operating income

k€	2014	2015
Commission income	603	632
Royalty revenue	217	249
Revenue from the sale of assets	–	131
Other operating income (less than k€ 100)	315	444
	1,135	**1,456**

(9) Other operating expenses

k€	2014	2015
Other operating expenses (less than k€ 100)	20	169
	20	**169**

(10) Foreign currency result

k€	2014	2015
Realised foreign currency gains	1,388	2,178
Result from changes in the fair value of forward foreign exchange transactions	3,139	651
Effects of foreign currency valuations	576	–372
	5,103	**2,457**

The result from changes in the fair values of forward foreign exchange transactions concerned forward foreign exchange transactions for which no hedging relations exist.

(11) Interest income

k€	2014	2015
Interest income from compound interest	191	67
Interest income from financial instruments	210	48
Interest income from taxes	1	–
	402	**115**

Interest income from financial instruments related to interest income from credit balances at banks as well as income resulting from investments in the form of registered securities.

(12) Interest expenses

k€	2014	2015
Interest expenses from interest on pension obligations	1,912	1,445
Interest expenses from compound interest and taxes	262	79
Interest expenses from financial instruments	–	3
	2,174	**1,527**

(13) Income taxes

k€	2014	2015
Corporation tax (Germany)	977	2,124
Trade tax (Germany)	595	633
Foreign income taxes	1,732	2,040
Deferred income taxes	2,390	1,108
	5,694	**5,905**

k€	2014	2015
Actual income tax on income from other periods	2	10
Deferred taxes due to temporary differences and tax loss carry-forwards	2,390	1,108
Current tax expense	3,302	4,787
Tax liability	**5,694**	**5,905**

The combined tax rate for Leifheit AG for corporation tax and trade tax in Germany was 29.1% (2014: 28.7%).

Income tax can be reconciled with the theoretical amount applicable in line with the tax rate valid for the country where the company has its headquarters, as follows:

k€	2014	2015
Earnings before taxes	19,807	20,238
Tax expense based on the tax rate applicable to the parent company	**5,685**	**5,889**
Actual income tax on income from other periods	2	10
Different foreign tax rates	63	131
Deferred tax assets on loss carry-forwards	–	–132
Non tax-deductible losses of Group companies	59	27
Non tax-deductible expenses of Group companies	69	112
Adjustment of the deferred tax rate	–152	–111
Others	–32	–21
Tax liability	**5,694**	**5,905**

Deferred taxes are recognised for all material temporary differences between the tax base and the book values in the consolidated statement of financial position. Deferred taxes in the statement of profit or loss are broken down as follows:

k€	2014	2015
Different depreciation or amortisation periods for non-current assets	172	–408
Measurement of inventories	–41	120
Measurement of receivables and other assets	–267	223
Measurement of derivative financial instruments	883	104
Measurement of pensions	–133	–16
Measurement of provisions for partial retirement	3	1
Different recognition rules for other provisions	–204	215
Measurement of liabilities	32	–81
Other temporary differences	–1	–20
Tax loss carry-forwards	1,972	1,055
Foreign currency effects	–26	–85
Deferred taxes	**2,390**	**1,108**

Deferred tax assets are only recognised on loss carry-forwards if their utilisation is expected within a five-year period.

No deferred tax assets were created for corporation tax loss carry-forwards in the amount of k€ 13,025 (2014: k€ 13,337) or trade tax loss carry-forwards of k€ 3,640 (2014: k€ 3,544) as it is not highly probable that Leifheit will be able to utilise these tax loss carry-forwards over the next five years. The tax loss carry-forwards in Germany (k€ 12,391 from corporation tax, as well as k€ 3,640 from trade tax) and Belgium (k€ 116 from corporation tax) have an unlimited utilisation period. The utilisation period in Spain (k€ 363 from corporation tax) is 18 years and five years in the Czech Republic (k€ 155 from corporation tax).

The temporary differences in connection with shares in subsidiaries amount to k€ 122 (2014: k€ 164)

Deferred taxes on the balance sheet are broken down as follows:

	31 Dec 2015	
k€	**Deferred tax assets**	**Deferred tax liabilities**
Different depreciation or amortisation periods for non-current assets	631	3,030
Measurement of inventories	478	110
Measurement of receivables and other assets	83	492
Measurement of derivative financial instruments	4	2,977
Measurement of pensions	10,133	–
Different recognition rules for other provisions	525	5
Measurement of liabilities	166	4
Other temporary differences	82	–
Tax loss carry-forwards	91	–
Gross amount	**12,193**	**6,618**
Offsetting	–2,356	–2,356
Balance sheet amount	**9,837**	**4,262**

	31 Dec 2014	
k€	Deferred tax assets	Deferred tax liabilities
Different depreciation or amortisation periods for non-current assets	493	3,300
Measurement of inventories	491	4
Measurement of receivables and other assets	57	241
Measurement of derivative financial instruments	193	1,538
Measurement of pensions	10,759	3
Measurement of provisions for partial retirement	1	–
Different recognition rules for other provisions	736	–
Measurement of liabilities	81	–
Other temporary differences	63	–
Tax loss carry-forwards	1,146	–
Gross amount	**14,020**	**5,086**
Offsetting	–2,632	–2,632
Balance sheet amount	**11,388**	**2,454**

(14) Earnings per share

Earnings per share are calculated by dividing the portion of the net result attributable to the shareholders of Leifheit AG by the weighted average number of shares outstanding during the financial year. No financing or remuneration instruments were employed which would lead to a dilution of earnings per share.

		2014	**2015**
Shares issued	thousand shares	5,000	5,000
Weighted average number of treasury shares	thousand shares	250	248
Weighted average number of no-par-value bearer shares	thousand shares	**4,750**	**4,752**

		2014	**2015**
Net result for the period allocated to the shareholders of the parent company	k€	14,113	14,333
Weighted average number of no-par-value bearer shares	thousand shares	4,750	4,752
Earnings per share based on net result for the period (diluted and undiluted)	€	**2.97**	**3.02**

		2014	**2015**
Comprehensive income after taxes allocated to the share-holders of the parent company	k€	7,863	20,353
Weighted average number of no-par-value bearer shares	thousand shares	4,750	4,752
Earnings per share based on comprehensive income after taxes (diluted and undiluted)	€	**1.66**	**4.28**

Notes to the balance sheet

(15) Cash and cash equivalents

The credit balances at banks and cash on hand amounting to k€ 64,200 (2014: k€ 58,808) were valued at their respectively attributable fair value. The book value is the fair value.

(16) Financial assets (current)

The current financial assets are an investment in the form of a registered bond to the amount of k€ 4,000 that was carried at amortised cost using the effective interest rate method.

On the basis of their short-term character and interest yields near the market rate, the attributable fair values of the current financial assets are approximately equivalent to their book value.

(17) Trade receivables

k€	31 Dec 2014	31 Dec 2015
Trade receivables	47,662	44,745
Trade bills	982	1,318
	48,644	**46,063**

As at 31 December 2015, k€ 36,296 were secured by credit on goods insurance policies (2014: k€ 35,098). The cost-sharing amount is normally 10%.

The development of the adjustment account for trade receivables is shown below:

k€	2014	2015
As at 1 January	2,330	2,582
Foreign currency differences	74	1
Additions recognised in profit and loss	597	112
Utilisation	175	1,403
Reversal	244	287
As at 31 December	**2,582**	**1,005**

The maturity structure of trade receivables as at 31 December:

k€	2014	2015
Neither overdue nor impaired	**47,151**	**45,238**
Overdue, but not impaired		
1 to 30 days	988	1,113
31 to 60 days	224	14
61 to 90 days	54	–110
91 to 120 days	–45	16
Over 120 days	–402	–540
Overdue in total but not impaired	**819**	**493**
Specific allowances on doubtful accounts (gross)	**3,256**	**1,337**
Value adjustment	**–2,582**	**–1,005**
Trade receivables (net)	**48,644**	**46,063**

Trade receivables that are neither overdue nor impaired also contain trade bills. Insofar as a credit on goods insurance policy is present, overdue receivables are only adjusted by the amount of cost-sharing.

Reference is made to Note 34 (Default/credit risk) with respect to the default/credit risk in relation to trade receivables.

(18) Inventories

k€	31 Dec 2014	31 Dec 2015
Raw materials, consumables and supplies	4,747	5,578
Unfinished products	1,530	1,513
Finished products and goods purchased and held for resale	29,159	35,894
	35,436	**42,985**

k€	31 Dec 2014	31 Dec 2015
Raw materials, consumables and supplies measured at fair value	105	150
Unadjusted raw materials, consumables and supplies	4,642	5,428
Total raw materials, consumables and supplies	**4,747**	**5,578**
Unfinished products measured at fair value	5	4
Unadjusted unfinished products	1,525	1,509
Total unfinished products	**1,530**	**1,513**
Finished products and goods purchased and held for resale measured at fair value	2,316	2,241
Unadjusted finished products and goods purchased and held for resale	26,843	33,653
Total finished products and goods purchased and held for resale	**29,159**	**35,894**

Some of the inventories for which no payments have been made owing to their maturity are subject to retention of title by suppliers.

(19) Derivative financial instruments

Derivative financial instruments include forward foreign exchange contracts and foreign exchange swaps, measured at fair value, for buying and selling US dollars and HK dollars for the financial years 2016, 2017 and 2018.

The following liabilities from foreign exchange transactions were recorded on the balance sheet as at 31 December 2015:

	Value of liability	Foreign currency	Nominal value
Buy USD/€	€ 104.6 m	USD 127.4 m	€ 114.0 m
of which hedge accounting	€ 78.2 m	USD 96.5 m	€ 86.2 m
Sell USD/€	€ 1.2 m	USD 1.6 m	€ 1.2 m
Buy HKD/€	€ 17.9 m	HKD 166.6 m	€ 18.8 m
of which hedge accounting	€ 6.7 m	HKD 60.0 m	€ 6.9 m

In the previous year, the following liabilities from foreign exchange transactions existed:

	Value of liability	Foreign currency	Nominal value
Buy USD/€	€ 105.5 m	USD 136.1 m	€ 110.4 m
of which hedge accounting	€ 70.7 m	USD 91.1 m	€ 73.8 m
Sell USD/€	€ 17.0 m	USD 21.6 m	€ 17.6 m
Buy HKD/€	€ 11.2 m	HKD 110.7 m	€ 11.6 m

There were netting agreements related to derivative financial instruments with various banks. However, these only take effect under certain preconditions, meaning that netting out is not permitted on the balance sheet. At the reporting date, it was therefore only possible theoretically to net k€ 14 (2014: k€ 672) with regard to the recognised market values.

The adjustments for the credit risk relating to counterparties (credit value adjustment) in the amount of k€ 75 and the adjustments for the credit risk relating to the Group itself (debt value adjustment) in the amount of k€ 0 were taken into account.

The maturities of foreign exchange transactions as at 31 December 2015 were as follows:

	less than 1 year	1 to 3 years
Buy USD/€	USD 48.6 m	USD 78.8 m
Sell USD/€	USD 1.6 m	–
Buy HKD/€	HKD 87.1 m	HKD 79.5 m

The maturities of foreign exchange transactions as at 31 December 2014 were as follows:

	less than 1 year	1 to 3 years
Buy USD/€	USD 59.5 m	USD 76.6 m
Sell USD/€	USD 20.0 m	USD 1.6 m
Buy HKD/€	HKD 35.1 m	HKD 75.6 m

Overall changes in value for currency translation of derivative assets and liabilities amounting to k€ 5,147 (2014: k€ 3,366) were recorded in other comprehensive income without affecting profit or loss.

(20) Other current assets

k€	31 Dec 2014	31 Dec 2015
VAT receivables	2,291	3,075
Supplier bonus	332	498
Current prepayments and accrued income	505	329
Other current assets (less than k€ 100)	451	539
	3,579	**4,441**

(21) Tangible assets

k€	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advances paid and assets under construction	**Total**
Acquisition and manufacturing costs as at 1 January 2014	53,651	37,891	41,990	979	134,511
Foreign currency differences	–148	–165	–9	–6	–328
Additions	200	338	2,089	2,517	5,144
Disposals	82	687	873	58	1,700
Reclassifications	238	1,655	136	–2,029	–
As at 31 December 2014	**53,859**	**39,032**	**43,333**	**1,403**	**137,627**
Foreign currency differences	315	386	38	27	766
Additions	223	222	1,822	3,874	6,141
Disposals	883	1,039	3,304	9	5,235
Reclassifications	47	1,624	138	–1,809	–
As at 31 December 2015	**53,561**	**40,225**	**42,027**	**3,486**	**139,299**
Cumulative write-downs as at 1 January 2014	31,089	33,120	34,824	57	99,090
Foreign currency differences	–66	–134	2	–	–198
Additions	1,404	1,840	2,085	–	5,329
Disposals	78	668	798	57	1,601
Reclassifications	–	–	–	–	–
As at 31 December 2014	**32,349**	**34,158**	**36,113**	**–**	**102,620**
Foreign currency differences	151	316	13	–	480
Additions	1,388	1,520	2,049	–	4,957
Disposals	692	985	3,167	–	4,844
Reclassifications	–	–	–	–	–
As at 31 December 2015	**33,196**	**35,009**	**35,008**	**–**	**103,213**
Net book value					
As at 1 January 2014	22,562	4,771	7,166	922	35,421
As at 31 December 2014	21,510	4,874	7,220	1,403	35,007
As at 31 December 2015	**20,365**	**5,216**	**7,019**	**3,486**	**36,086**

The additions to depreciation on tangible assets included extraordinary depreciation on tools and operating and office equipment that are no longer used amounting to k€ 0 (2014: k€ 115).

Of the k€ 36,086 tangible assets as at the balance sheet date (2014: k€ 35,007), k€ 16,600 were located in Germany (2014: k€ 16,784), k€ 13,627 in the Czech Republic (2014: k€ 11,626), k€ 5,255 in France (2014: k€ 5,359) and k€ 604 in other countries (2014: k€ 1,238).

(22) Intangible assets

k€	Brands	Goodwill	Other intangible assets	Advances paid	Total
Acquisition and manufacturing costs as at 1 January 2014	7,224	11,821	17,853	156	37,054
Foreign currency differences	–	–	–7	–	–7
Additions	–	–	198	808	1,006
Disposals	–	–	35	–	35
Reclassifications	–	–	160	–160	–
As at 31 December 2014	**7,224**	**11,821**	**18,169**	**804**	**38,018**
Foreign currency differences	–	–	14	6	20
Additions	–	–	787	200	987
Disposals	–	–	32	–	32
Reclassifications	–	–	811	–811	–
As at 31 December 2015	**7,224**	**11,821**	**19,749**	**199**	**38,993**
Cumulative write-downs as at 1 January 2014	2,420	–	16,176	–	18,596
Foreign currency differences	–	–	–3	–	–3
Additions	–	–	925	–	925
Disposals	–	–	35	–	35
Reclassifications	–	–	–	–	–
As at 31 December 2014	**2,420**	**–**	**17,063**	**–**	**19,483**
Foreign currency differences	–	–	4	–	4
Additions	–	–	800	–	800
Disposals	–	–	32	–	32
Reclassifications	–	–	–	–	–
As at 31 December 2015	**2,420**	**–**	**17,835**	**–**	**20,255**
Net book value					
As at 1 January 2014	4,804	11,821	1,677	156	18,458
As at 31 December 2014	4,804	11,821	1,106	804	18,535
As at 31 December 2015	**4,804**	**11,821**	**1,914**	**199**	**18,738**

The additions to amortisation on intangible assets included extraordinary amortisation on software in the amount of k€ 34 (2014: k€ 77).

Of the intangible assets on the balance sheet date amounting to k€ 18,738 (2014: k€ 18,535), k€ 7,719 were located in Germany (2014: k€ 7,434), k€ 1,104 in the Czech Republic (2014: k€ 1,145), k€ 9,902 in France (2014: k€ 9,946) and k€ 13 in other countries (2014: k€ 10).

The remaining amortisation periods of significant other intangible assets are:

- Leifheit AG warehouse management system 5 years
- Leifheit CZ a.s. customer base 5 years

Impairment testing of intangible assets and tangible assets

Intangible assets including goodwill and brands acquired from business combinations and tangible assets are subjected to annual impairment testing under IAS 36.11. There was no indication for an impairment of these assets that would have required an extraordinary impairment test (IAS 36.12). The corresponding assets were attributed to the following cash-generating units:

- "Leifheit/Soehnle"
- "Birambeau"
- "Herby"

The cash-generating units are based directly on internal management reporting. The Soehnle brand is capitalised within the "Leifheit/Soehnle" division and was acquired as part of the acquisition of the Soehnle Group in 2001. The "pressure steam ironing" business area is also included in the "Leifheit" division and was acquired on 31 December 2008. Additionally, the goodwill of Leifheit CZ a.s. is part of the "Leifheit/Soehnle" division. The goodwill for Birambeau and Herby is included in the respective divisions.

In order to determine the recoverable amount of the cash-generating unit in question, the value in use is determined using cash flow forecasts. Assumptions are made for future trends in turnover and costs on the basis of the 2016 budget, which covers the next two years in the scope of medium-term planning, and were compared to external information. Annual increases in turnover of about 3% were assumed for the "Leifheit/Soehnle" cash-generating unit. Increasing results in line with turnover were predicted for 2016 and 2017. Decreasing results were assumed for 2018 and subsequent years based on the budgeted exchange rates. We expect to see increases in turnover of between 0 and 3% for the "Birambeau" cash-generating unit. A slight decrease in results was planned based on the assumed exchange rates. For the "Herby" cash-generating unit, turnover increases between 3 and 11% with corresponding increases in results were assumed.

The discount rates used in the cash flow forecasts for the purposes of determining the value in use are based on the average costs of capital at the time of the impairment test in the amount of 5.59% after taxes (2014: 5.98%) based on a risk-free interest rate of 1.5% (2014: 2.0%), a market risk premium of 6.5% (2014: 6.0%), a beta factor of 0.65 (2014: 0.69) and borrowing costs of 1.6% (2014: 1.5%). A growth rate of 1.0% (2014: 1.0%) was assumed.

As at 30 September 2015, the recoverable amounts calculated in this way were greater than the book value. The impairment tests did not identify any impairment requirements. Even when applying the following individual sensitivities, there was no need for value adjustment in the "Leifheit/Soehnle", "Birambeau" and "Herby" cash-generating units:

- Cash flow forecast on the basis of the current earnings level with costs and turnover development remaining constant
- Cash flow forecast on the basis of the updated 2016 budget allowing for a 20% discount
- Increase of the discount rate by 2.0 percentage points
- Cash flow forecast on the basis of turnover decreases between 0 and 3% annually with the corresponding decreases in result

Even the combination of the two most significant changes in parameters did not result in any impairment requirements.

As at the balance sheet date, the book values of goodwill and brands were as follows:

	Goodwill		Brands	
k€	31 Dec 2014	**31 Dec 2015**	31 Dec 2014	**31 Dec 2015**
Birambeau	3,299	3,299	–	–
Herby	6,441	6,441	–	–
Leifheit/Soehnle	872	872	–	–
Pressure steam ironing	1,209	1,209	–	–
Soehnle brand	–	–	4,804	4,804
	11,821	**11,821**	**4,804**	**4,804**

(23) Income tax receivables

Non-current income tax receivables related to the non-current portion of a Leifheit AG corporation tax credit in the amount of k€ 762 (2014: k€ 1,520).

(24) Trade payables and other liabilities

k€	31 Dec 2014	31 Dec 2015
Trade payables	15,061	20,148
Employees	12,194	10,599
Customer bonuses	7,449	7,539
Advertising cost subsidies	4,772	3,634
Debtors with credit balances	1,167	1,666
Other taxes (excluding income taxes)	1,688	1,595
Outstanding invoices	1,453	1,465
Social security contributions	739	941
Customer discounts	420	521
Annual financial statement costs	415	460
Severance payments to sales representatives	115	298
Royalties	333	265
Commission obligations	275	234
Purchase commitments	270	210
Tax advice	191	181
Energy costs	147	128
Insurance premiums	53	114
Other liabilities (less than k€ 100)	1,078	818
	47,820	**50,816**

The trade payables and other liabilities had a remaining term of up to one year.

Liabilities to employees related in particular to December wages paid in January, residual holiday and overtime entitlements, as well as severance payments and bonuses.

(25) Provisions

Provisions for warranties are recognised for future repair work, supplies of replacement products and compensation payments deriving from legal or statutory warranties.

Personnel-related provisions are recognised for long-service bonuses, partial retirement obligations and for statutory obligations to staff in Austria.

Provisions for onerous contracts primarily related to purchase commitments.

Other provisions contained mostly obligations from loss compensation, litigation costs and legal fees. The increase in the amount of non-current provisions discounted over time was k€ 8 in the reporting period (2014: k€ 152).

The provisions for warranties, compensation payments and litigation costs of k€ 5,407 reflected uncertainties regarding the amount and/or likelihood of outflows (2014: k€ 5,153). The uncertainty for warranty provisions results from the possible future change in warranty claims. The uncertainty for provisions for compensation payments and litigation costs is due to the unknown outcome of pending proceedings.

The breakdown and the development are shown in the following tables:

	31 Dec 2015		
k€	**Total**	**of which current**	**of which non-current**
Warranties	4,702	3,970	732
Litigation costs and compensation payments	705	705	–
Personnel	1,395	125	1,270
Onerous contracts	118	45	–
Other provisions	1,695	1,695	73
Balance sheet amount	**8,615**	**6,540**	**2,075**

	31 Dec 2014		
k€	Total	of which current	of which non-current
Warranties	4,796	4,064	732
Litigation costs and compensation payments	157	157	–
Personnel	1,478	197	1,281
Onerous contracts	147	147	–
Other provisions	1,447	1,394	53
Balance sheet amount	**8,025**	**5,959**	**2,066**

	Current provisions			
k€	Warranties	Personnel	Onerous contracts	Other current provisions
As at 1 Jan 2015	4,064	197	147	1,551
Foreign currency differences	1	–	–	3
Reclassification	–	–	–	–
Utilisation	4,025	156	147	768
Reversal	–	–	–	387
Addition	3,930	84	45	2,001
As at 31 Dec 2015	**3,970**	**125**	**45**	**2,400**

	Non-current provisions			
k€	Warranties	Personnel	Onerous contracts	Other non-current provisions
As at 1 Jan 2015	732	1,281	–	53
Foreign currency differences	–	–	–	–
Reclassification	–	–	–	–
Utilisation	–	37	–	–
Reversal	–	–	–	–
Addition	–	26	–	20
As at 31 Dec 2015	**732**	**1,270**	**–**	**73**

(26) Employee benefit obligations

The pension obligations within the Leifheit Group comprise defined post-employment benefit commitments and included both obligations from current pensions and vested benefits in pensions to be paid in the future.

The commitments included retirement, disability and survivor benefits. The defined pension obligations are based on post-employment provisions with benefit commitments related to length of service and final salary. In addition, there are post-employment provisions in the form of reinsured direct commitments for management staff under deferred compensation schemes. The entitlement to benefits arises out of an insurance contract in the amount of a one-time payment made upon the commencement of the post-employment benefit commitment.

The pension obligations in France are commensurate with the relevant national statutory provisions.

Plan assets consist solely of reinsurance policies.

The pension obligations are subject to risks relating to changes in inflation rates, interest rates and the life expectancy of the persons entitled to a pension. The plan assets consist of reinsurance policies which are subject to interest rate risks.

The following table shows the changes in pension obligations in the relevant reporting periods:

k€	31 Dec 2014	**31 Dec 2015**
Present value of defined benefit obligations (DBO)	68,990	66,604
Fair value of plan assets	–932	–994
Recognised net liability from pension obligations in Germany	**68,058**	**65,610**
Pension obligations in France	961	838
Employee benefit obligations	**69,019**	**66,448**

The cost of post-employment benefits in Germany recorded with effects on net result can be broken down as follows:

k€	2014	2015
Current service cost	522	652
Interest expense on the obligation	1,912	1,445
Expected income from plan assets	−4	−6
Amount by which the income exceeds/falls short of calculated income	−2	2
Total cost of post-employment benefits	**2,428**	**2,093**

The expenses and income for Germany recorded in other comprehensive income without effects on net result amounted to:

k€	2014	2015
Actuarial gains/losses due to adjustment of the obligation to reflect historical data	−272	−826
Actuarial gains/losses due to changes in actuarial assumptions	12,494	−1,540
Amount by which the actual income from the plan assets in the current financial year falls short of the income calculated on the basis of the discount rate	2	−2
Adjustment effects recognised in other comprehensive income	**12,224**	**−2,368**

The following changes in the net pension liability in Germany were recognised in the balance sheet:

k€	2014	2015
Net liability at start of year	55,526	68,058
Net expense recognised in net result for the period	2,428	2,093
Net expense recognised in other comprehensive income	12,224	−2,368
Payments to beneficiaries	−2,120	−2,173
Recognised net liability at end of year	**68,058**	**65,610**

In addition, contributions of k€ 2,570 were paid to government pension providers (2014: k€ 2,526).

The present value of defined benefit obligations (DBO) for Germany developed as follows:

k€	2014	2015
DBO at start of year	56,409	68,990
Current service cost	522	652
Service cost to be subsequently offset	–	–
Interest expense	1,912	1,445
Benefit payments	−2,120	−2,173
Actuarial gains/losses	−272	−826
Actuarial gains/losses due to changes in actuarial assumptions	12,494	−1,540
Amount by which the actual income from the plan assets in the current financial year falls short of the income calculated on the basis of the discount rate	2	−2
Others	43	58
DBO at end of year	**68,990**	**66,604**

The fair value of plan assets for Germany changed as follows:

k€	2014	2015
Fair value of plan assets at start of year	883	932
Expected income from plan assets	4	6
Amount by which the income exceeds/falls short of calculated income	2	−2
Others	43	58
Fair value of plan assets at end of year	**932**	**994**

The plan assets cover reinsurance policies with German insurance companies.

The actuarial assumptions used as the basis for measuring obligations under post-employment benefit plans of German companies were as follows at 31 December:

k€	31.12.2014	**31.12.2015**
Discount rate	2.2%	2.3%
Future income trend	2.5%	2.5%
Future pension trend	2.0%	2.0%
Mortality tables Prof. Dr K. Heubeck	2005 G	2005 G
Arithmetical final age	RVAG AnpG 2007	RVAG AnpG 2007

The following amounts are likely to be paid out in Germany in the context of these obligations in the next few years:

k€	2014	**2015**
Within the next 12 months (following financial year)	2,217	2,289
Between 2 and 5 years	10,131	10,334
Between 6 and 10 years	14,389	14,506

The following depicts a sensitivity analysis of the most important assumptions as at 31 December 2015:

k€	Basic value	Sensitivity	**Effect on the DBO**
Discount rate	2.3%	−0.25 PP	2,598
Discount rate	2.3%	+0.25 PP	−2,447
Inflation rate/pension trend	2.0%	−0.5 PP	−4,033
Inflation rate/pension trend	2.0%	+0.5 PP	4,429
Future salary increase	2.5%	−0.5 PP	−800
Future salary increase	2.5%	+0.5 PP	841
Life expectancy		+1 year	3,272

The payment-weighted duration of the defined post-employment benefit obligations amounted to 15.9 years (2014: 16.0 years).

(27) Subscribed capital

The subscribed capital of Leifheit AG in the amount of k€ 15,000 (2014: k€ 15,000) is denominated in euros and is divided into 5,000,000 no-par-value bearer shares. All shares accord the same rights. Shareholders receive dividends as declared and have one vote for each share at the Annual General Meeting.

The no-par-value bearer shares are deposited in a permanent global certificate at Clearstream Banking AG, Frankfurt am Main, Germany.

By resolution of the Annual General Meeting on 26 May 2011, the Board of Management is authorised, subject to the approval of the Supervisory Board, to increase the share capital on one or more occasions by a total of up to k€ 7,500 until 25 May 2016 by issuing new no-par-value bearer shares in exchange for cash and/or non-cash contributions. The existing shareholders will be granted subscription rights. However, with the approval of the Supervisory Board, the Board of Management is authorised to exclude shareholders' subscription rights in the following circumstances:

- For the equalisation of fractional amounts,
- insofar as the capital increase serves the purpose of acquiring companies, company shares or participating interests in companies by way of contribution in kind,
- if the shares are issued at a price which is not materially lower than the market price of the company's listed shares at the time when the Board of Management sets the issue price (sections 203, paras. 1 and 2, section 186, para. 3, sentence 4 AktG) and the exclusion of subscription rights only applies to new shares not exceeding 10% of the share capital on the date when the authorisation is entered in the commercial register or, if lower, 10% of the company's share capital (10% threshold) on the issue date of the new shares. For the issue of the utilisation of the 10% threshold, the exclusion of subscription rights due to other authorisations in accordance with section 186, para. 3, sentence 4 AktG must be considered. As such, the determining market price is the average of the closing prices in the Xetra trading system (or a comparable successor system) on the last five trading days before the time the Board of Management sets the issue price.

With the consent of the Supervisory Board, the Board of Management is authorised to determine additional details of the implementation of capital increases from authorised capital.

(28) Capital surplus

The capital surplus in the amount of k€ 16,984 (2014: k€ 16,956) consists of the premium on the capital increase in the autumn of 1989 amounting to k€ 16,934 and the issuance of employee shares in 2014 and 2015 amounting to k€ 50.

(29) Treasury shares

Including the treasury shares acquired and issued in previous years, Leifheit held 247,067 treasury shares on 31 December 2015. 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.

Statement on treasury shares in accordance with section 160, para. 1, no. 2 AktG

The Annual General Meeting on 21 May 2015 revoked the existing authorisation and again authorised the Board of Management to purchase treasury shares of up to 10% of the share capital of k€ 15,000 until 20 May 2020.

No treasury shares were purchased in the reporting period nor in the prior year. Leifheit used 1,605 treasury shares (2014: 1,853 treasury shares) in the form of the issuance of employee shares. This corresponded to 0.03% of the share capital (2014: 0.04%). The corresponding interest in the share capital was k€ 5 (2014: k€ 6).

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

(30) Retained earnings

Retained earnings include the statutory reserve in the amount of k€ 1,023 (2014: k€ 1,023), other retained earnings in the amount of k€ 75,180 (2014: k€ 69,619) and the net result for the period allocated to the shareholders of the parent company in the amount of k€ 14,333 (2014: k€ 14,113). The other retained earnings include the part of consolidated net result earned in past years which was not distributed to shareholders. In the reporting period, the dividend for financial year 2014 was paid in the amount of € 1.80 per share, or a total of k€ 8,552 (2014: k€ 7,837).

(31) Other reserves

k€	2014	**2015**
Actuarial gains/losses on defined benefit pension plans	−25,461	−22,928
Deferred taxes	7,307	6,665
Currency translation of foreign operations	570	869
Currency translation of net investments in foreign operations	1,549	1,851
Deferred taxes	−444	−539
Net result of cash flow hedges	2,993	8,140
Deferred taxes	−859	−2,383
	−14,345	**−8,325**

With regard to the hedging of cash flows, k€ 3,329 (2014: k€ -123) before deferred taxes were shifted from other reserves to net result for the period.

(32) Proposal for the appropriation of the balance sheet profit

The Board of Management propose appropriating the Leifheit AG balance sheet profit of € 13,924,000.00 for financial year 2015 as follows:

Payment of a dividend of € 2.00 per eligible no-par-value bearer share	€ 9,505,866.00
Retained earnings	€ 4,418,134.00

(33) Capital management

The major aim of capital management is to achieve an equity ratio of at least 30%. Leifheit manages its capital structure and makes adjustments to reflect changes in macroeconomic conditions. Maintaining or adjusting the capital structure may lead to changes in dividend payments to shareholders.

(34) Financial instruments

The material financial liabilities in the Group – with the exception of derivatives – comprise trade payables, other liabilities and current and non-current liabilities. The Group has various financial assets, primarily trade receivables, other receivables, cash and cash equivalents and deposits repayable at short notice.

The material risks to the Group arising from these financial instruments are credit, liquidity and foreign currency risks. Management is responsible for determining strategies and methods for managing the individual types of risk, which are described below.

- Currency risk

  The Group is exposed to foreign currency risks from purchases and turnover in currencies other than the functional currency of the relevant Group operating unit.

  Around 11% (2014: 11%) of the Group turnover was earned in foreign currencies, 23% (2014: 19%) of the costs were incurred in foreign currencies.

  The following table shows the sensitivity of consolidated earnings before tax and Group equity regarding the foreign currency valuation on the balance sheet date alongside a change in the exchange rate of the relevant foreign currencies – the US dollar, the HK dollar, the Czech koruna and the Polish zloty – deemed generally possible based on reasonable assumptions. All other respective variables are assumed to be unchanged.

The effects on the earnings before tax and Group equity are as follows:

k€	Currency performance	Effects as at 31 Dec 2014	**Effects as at 31 Dec 2015**
US dollar	+5%	–962	–1,364
	–5%	1,063	1,508
	+10%	–1,837	–2,605
	–10%	2,244	3,183
Czech koruna	+5%	–354	99
	–5%	392	–109
	+10%	–676	189
	–10%	827	–231
HK dollar	+5%	–581	–558
	–5%	642	616
	+10%	–1,109	–1,065
	–10%	1,355	1,301
Polish zloty	+5%	–17	–73
	–5%	19	81
	+10%	–33	–139
	–10%	40	170

In addition to the effects listed in the table above, the following changes to equity not affecting net income would result from potential changes:

k€	Currency performance	Effects as at 31 Dec 2014	**Effects as at 31 Dec 2015**
US dollar	+5%	–3,513	–4,180
	–5%	3,883	4,620
	+10%	–6,707	–7,979
	–10%	8,198	9,752
Czech koruna	+5%	551	411
	–5%	–609	–738
	+10%	1,052	908
	–10%	–1,286	–1,408
HK dollar	+5%	–	–330
	–5%	–	364
	+10%	–	–629
	–10%	–	769
Polish zloty	+5%	–1	–2
	–5%	1	2
	+10%	–2	–3
	–10%	2	4

- Cash flow hedges

The Group holds derivative financial instruments. These include in particular forward exchange contracts as described in more detail under Note 19. The aim of these derivatives is to hedge against currency risk arising from the Group's operations.

As at 31 December 2015, there were forward exchange contracts for future payment obligations in US dollars and HK dollars, which can be attributed to a transaction that is highly likely to materialise in the future. It involved the expected and highly probable future purchases of goods in the months of January 2016 to December 2018 from suppliers in the Far East amounting to kUSD 96,500 and kHKD 60,000.

The hedging transactions concluded in the hedge account are allocated as follows:

k€	2016	2017	2018
Purchase of US dollars	32,500	32,000	32,000
Purchase of HK dollars	–	30,000	30,000

- Liquidity risk

The Group constantly monitors the risk of any short-term liquidity bottlenecks using a liquidity planning tool. This takes into account the maturities of the financial assets (e.g. receivables, other financial assets) and the financial liabilities and expected cash flows from operating activities.

The Group's aim is to strike a balance between continuous cover for its financing requirements and ensuring flexibility through the use of deposits and bank overdrafts.

- Interest rate risk

The interest rate risk of the Leifheit Group primarily relates to changes in the short-term money market rates. There are no long-term interest-bearing bank loans or similar interest-bearing financial liabilities. Accordingly, there is no calculation and presentation of interest sensitivity.

- Default/credit risk

As a general rule, the Group only conducts transactions with creditworthy parties. Credit checks are performed for all major customers wishing to do business with Leifheit. Balances of receivables are continuously monitored.

Some of the company's receivables are covered by credit insurance (see Note 17). There is still a risk of default in the amount of the uninsured share of the receivables.

For other financial assets, such as cash and cash equivalents, the maximum credit risk due to counterparty default is the book value of the instruments.

- Financial assets and 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€ 10,412 (2014: k€ 5,272) as well as derivative financial liabilities in the amount of k€ 14 (2014: k€ 672) were included at their attributable fair value on the balance sheet as at 31 December 2015.

All financial instruments are recorded at far. 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, see page 72). There was no reclassification among the levels in the reporting period. Trade payables in the amount of k€ 20,148 (2014: k€ 15,061) and other financial liabilities in the amount of k€ 17,532 (2014: k€ 18,139) are due within one year. The derivative financial liabilities (designated as hedging transactions) in the amount of k€ 11 are due within one year (2014: k€ 11). Of the derivative financial liabilities (not designated as hedging transactions), k€ 0 (2014: k€ 661) are due within one year and k€ 3 (2014: k€ 0) between one and two years.

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

k€	Valuation category pursuant to IAS 39	Book value 31 Dec 2014	Book value 31 Dec 2015	Fair value 31 Dec 2014	Fair value 31 Dec 2015
Financial assets					
Cash and cash equivalents	a)	58,808	64,200	58,808	64,200
Trade receivables	a)	48,644	46,063	48,644	46,063
Derivative financial assets (not designated as hedging transactions)	d)	2,153	2,182	2,153	2,182
Derivative financial assets (designated as hedging transactions)	c)	3,119	8,230	3,119	8,230
Other financial assets	a)	4,783	5,037	4,783	5,037
Financial liabilities					
Trade payables	b)	15,061	20,148	15,061	20,148
Derivative financial liabilities (not designated as hedging transactions)	d)	661	3	661	3
Derivative financial liabilities (designated as hedging transactions)	c)	11	11	11	11
Other financial liabilities	b)	18,139	17,532	18,139	17,532

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

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 lines of credit in the amount of k€ 11,500 were available on the balance sheet date (2014: k€ 11,500). Thereof k€ 480 was used for bills of guarantee (2014: k€ 490). Unused lines of credit were therefore k€ 11,020 (2014: k€ 11,010).

Net earnings of the financial instruments for the measurement category were:

k€	2014	From subsequent measurement: Interest	Currency translation	Value adjustment	Change in fair value	2015
Cash and cash equivalents	1,462	29	189	–	–	218
Structured money market instruments	19	–	–	–	–	–
Trade receivables	–120	–	315	175	–	490
Derivative financial assets*	3,897	–	5,067	–	–8	5,059
Other financial assets	68	19	–	–	–	19
Trade payables	–451	–	–988	–	–	–988
Derivative financial liabilities*	121	–	–2,400	–	658	–1,742
Other financial liabilities	–	–3	–	–	–	–3

* The net result of the derivative financial assets and liabilities shown as currency translations resulting from realised foreign currency gains and losses as well as from the valuation at fair value

(35) Commitments

As in the previous year, the Group companies did not enter into any commitments.

(36) Contingencies and 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€ 2,159 (2014: k€ 2,319). The future minimum payments on the basis of lease and rental agreements without cancellation option amount to k€ 1,993 up to a term of one year (2014: k€ 1.821), and k€ 166 between one and five years (2014: k€ 498). As in the previous year, there were no corresponding payment obligations with a term of more than five years. The leases constitute operating leases in the definition of IAS 17.

As at 31 December 2015, purchase commitments for raw materials totalled k€ 2,946 (2014: k€ 1,425).

There were contractual obligations to acquire items of tangible assets in the amount of k€ 1,235 (2014: k€ 1,710), relating to tools in particular. Moreover, there were contractual obligations arising out of contracts relating to marketing measures in the amount of k€ 867 (2014: k€ 976) and other agreements in the amount of k€ 860 (2014: k€ 938).

(37) Remuneration of the Board of Management and Supervisory Board according to section 314, para. 1 no. 6a HGB and IFRS 2

The remuneration of the Board of Management amounted to k€ 2,594 (2014: k€ 4,498), of which variable remuneration amounted to k€ 1,930 (2014: k€ 3,865). The total cost of short-term variable remuneration recognised in the reporting period amounted to k€ 420. The total cost of long-term variable remuneration recognised in the reporting period amounted to k€ 1,510. The provision recorded on the balance sheet amounted to k€ 2,627, while fair value was k€ 2,560.

As in the previous year, no remuneration was paid to the Board of Management for the assumption of responsibilities at subsidiaries. The members of the Board of Management who were active during the financial year 2015 do not hold performance-oriented pension entitlements. Therefore, as in the previous year, no addition to the pension commitments (DBO according to IFRS) was made for the active members of the Board of Management in the reporting period.

The remuneration of the Supervisory Board amounted to k€ 280 (2014: k€ 275).

The remuneration system for the Board of Management and Supervisory Board as well as the individual Board of Management remuneration are described in detail in the “Legal Information” section of the management report.

(38) Total remuneration and pension reserves for former members of the Board of Management and/or Supervisory Board in accordance with section 314, para. 1 no. 6b HGB

The total remuneration of the former members of the Board of Management amounted to k€ 714 in the reporting period (2014: k€ 761). Provisions created for the current pensions (DBO according to IFRS) in financial year 2015 amounted to k€ 8,133 (2014: k€ 8,549).

(39) Advances and loans to the Board of Management and/or Supervisory Board in accordance with section 314, para. 1 no. 6c HGB

Neither in the previous year nor in the reporting period have any advances or loans been granted to the aforementioned group of persons.

(40) Related party transactions

Until the sale of its shares on 27 April 2015, Home Beteiligungen GmbH, Munich, was the parent company of Leifheit AG. Dr Schuler-Voith and Helmut Zahn as directors of Home Beteiligungen GmbH were considered related parties until that time. Their pro-rata Supervisory Board remuneration for financial year 2015 was:

k€	2015
Dr Robert Schuler-Voith	19
Helmut Zahn	30

Dividends for financial year 2014 were paid in May of 2015 to the following related parties:

k€	2015
Thomas Radke	26
Dr Claus-O. Zacharias and close family members	45

There were no other relationships or transactions with related parties external to the group in the reporting period.

(41) Existence of an equity interest in accordance with section 160, para. 1, no. 8 AktG

The following notifications were published:

November 2015

"Publication according to section 26, para. 1 WpHG
MainFirst SICAV, Senningerberg, Luxembourg, informed us on 25 November 2015 that its share of the voting rights in Leifheit AG exceeded the 5% threshold on 24 November 2015 and amounted to 5.04% on this date (this corresponds to 252,222 voting rights)."

October 2015

"Publication according to section 26, para. 1 WpHG
CASO Asset Management S.A., Luxembourg informed us on 7 October 2015 that its share of the voting rights in Leifheit AG exceeded the 3% threshold on 28 September 2015 and amounted to 3.26% on this date (this corresponds to 163,128 voting rights).

All of these voting rights are allocated to CASO Asset Management S.A. according to section 22, para. 1, sentence 1, no. 6 WpHG by the following shareholder, from whose shares 3% or more are allocated: Farringdon I - SICAV."

October 2015

"Publication according to section 26, para. 1 WpHG
Farringdon I – SICAV, Luxembourg, informed us on 30 September 2015 that its share of the voting rights in Leifheit AG exceeded the 3% threshold on 28 September 2015 and amounted to 3.26% on this date (this corresponds to 163,128 voting rights)."

July 2015

"Publication according to section 26, para. 1 WpHG

- Farringdon Netherlands BV, Amsterdam, the Netherlands, informed us on 10 July 2015 that its share of the voting rights in Leifheit AG exceeded the 3% threshold on 8 July 2015 and amounted to 3.01% on this date (this corresponds to 150,694 voting rights). All of the voting rights are allocated to Farringdon Netherlands BV according to section 22, para. 1, sentence 1, no. 6 WpHG.
- Bram Cornelisse, the Netherlands informed us on 10 July 2015 that his share of the voting rights in Leifheit AG exceeded the 3% threshold on 8 July 2015 and amounted to 3.01% on this date (this corresponds to 150,694 voting rights). All of the voting rights are allocated to Bram Cornelisse according to section 22, para. 1, sentence 1, no. 6 WpHG in accordance with section 22, para. 1, sentence 2 WpHG."

May 2015

- "Capital Income Builder, Los Angeles, California, USA informed us on 6 May 2015 that its share of the voting rights in Leifheit AG exceeded the 5% threshold on 4 May 2015 and amounted to 5.60% on this date (this corresponds to 280,000 voting rights).
- Capital Research and Management Company, Los Angeles, California, USA informed us on 6 May 2015 that its share of the voting rights in Leifheit AG exceeded the 5% threshold on 4 May 2015 and amounted to 5.60% on this date (this corresponds to 280,000 voting rights). All of the voting rights are allocated to Capital Research and Management Company according to section 22, para. 1, sentence 1, no. 6 WpHG by the following shareholder, of whose shares 3% or more are allocated: Capital Income Builder.
- The Capital Group Companies, Inc., Los Angeles, California, USA informed us on 6 May 2015 that its share of the voting rights in Leifheit AG exceeded the 5% threshold on 4 May 2015 and amounted to 5.60% on this date (this corresponds to 280,000 voting rights). All of the voting rights are allocated to The Capital Group Companies, Inc. according to section 22, para. 1, sentence 1, no. 6 WpHG in accordance with section 22, para. 1, sentence 2 and 3 WpHG by the following shareholder, of whose shares 3% or more are allocated: Capital Income Builder."

May 2015

"Carmignac Gestion S.A., Paris, France informed us on 5 May 2015 that its share of the voting rights in Leifheit AG exceeded the 3% and 5% thresholds on 27 April 2015 and amounted 5.49% on this date (this corresponds to 274,487 voting rights). Of these voting rights, 0.41% (this corresponds to 20,557 voting rights) are allocated to Carmignac Gestion S.A. according to section 22, para. 1, sentence 1, no. 6 WpHG in accordance with section 22, para. 1, sentence 2 WpHG."

April 2015

"Union Investment Privatfonds GmbH, Frankfurt am Main, Germany informed us on 27 April 2015 that its share of the voting rights in Leifheit AG exceeded the 3% threshold on 27 April 2015 and amounted 4.00% on this date (this corresponds to 200,000 voting rights)."

July 2014

"Leifheit Aktiengesellschaft, 56377 Nassau, Germany, informed us in accordance with section 26, para. 1, sentence 2 WpHG that its holding of treasury shares fell short of the threshold of 5% of voting rights on 9 July 2014 and amounted to 4.97% on this date (this corresponds to 248,672 voting rights)."

February 2009

"Manuel Knapp-Voith, Germany informed us on 4 February 2009 in accordance with section 21, para. 1 WpHG that his share of voting rights in our company exceeded the 10% threshold on 23 July 2008 and amounted to 10.03% on this date (this corresponds to 501,432 voting rights). These 10.03% of the voting rights (501,432 voting rights) are attributable to him via MKV Verwaltungs GmbH, Grünwald, in accordance with section 22, para. 1, sentence 1, no. 1 WpHG.

MKV Verwaltungs GmbH, Grünwald, Germany informed us on 4 February 2009 in accordance with section 21, para. 1 WpHG that its share of voting rights in our company exceeded the 10% threshold on 23 July 2008 and amounted to 10.03% on this date (this corresponds to 501,432 voting rights)."

October 2007

"Joachim Loh, Haiger, informed us on 2 October 2007 in accordance with section 41, para. 2 WpHG, that he held more than 5% of the voting rights in our company on 1 April 2002. This related to 331,051 shares, corresponding to a share of the voting rights of 6.964%, which Joachim Loh held directly."

(42) Declaration in accordance with section 161 AktG

In December 2015, the Board of Management and the Supervisory Board issued the declaration required under section 161 AktG stating that the recommendations of the "Government Commission on the German Corporate Governance Code" published by the German Federal Justice Ministry were complied and continue to be complied with, and noting which recommendations had not been or were not currently being applied. The declaration of compliance is permanently available on the company's website at corporate-governance.leifheit-group.com.

(43) Events after the balance sheet date

There were no events after the end of the financial year of material importance for assessing the net assets, financial position and results of operations of the Leifheit Group.

(44) Information under takeover law in accordance with section 315, para. 4 HGB

Please refer to the management report for information on takeovers in accordance with section 315, para. 4 HGB.

(45) Remuneration of the auditor in accordance with section 314, para. 1, no. 9 HGB

The remuneration of the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, recorded as expenses in 2015, amounted to k€ 284 for the audit of the financial statements (2014: k€ 270), k€ 3 for other certification services (2014: k€ 3), k€ 81 for tax consultancy services (2014: k€ 133), and k€ 87 for other services (2014: k€ 67).

Organs of Leifheit AG

Members of the Board of Management

Thomas Radke	Chief Executive Officer of Leifheit AG	Chairman
Dr Claus-O. Zacharias	Chief Financial Officer of Leifheit AG	Member

Members of the Supervisory Board

Ulli Gritzuhn	General Manager of Unilever Deutschland GmbH, Hamburg	Member (since 4 February 2016)	Shareholder representative
Baldur Groß	Energy electronics engineer at Leifheit AG	Member	Employee representative
Karsten Schmidt	Chairman of the Board of Management of Ravensburger AG, Ravensburg	Deputy Chairman (since 13 February 2016)	Shareholder representative
Thomas Standke	Toolmaker at Leifheit AG	Member	Employee representative
Sonja Wärntges	Member of the Board of Management/CFO of DIC Asset AG, Frankfurt am Main	Member (since 4 February 2016)	Shareholder representative
Helmut Zahn	Independent consultant, Starnberg	Chairman	Shareholder representative
Dr jur. Robert Schuler-Voith	Managing Director of Home Beteiligungen GmbH, Munich	Deputy Chairman (until 31 December 2015)	Shareholder representative
Dr rer. pol. Friedrich M. Thomée	Managing Partner of Thomée Vermögensverwaltung GmbH & Co. KG, Wolfsburg	Member (until 31 December 2015)	Shareholder representative

Supervisory Board Committees

Audit Committee

Karsten Schmidt	Member (since 13 February 2016)
Sonja Wärntges	Chairman (since 13 February 2016)
Helmut Zahn	Member
Dr jur. Robert Schuler-Voith	Chairman (until 31 December 2015)
Dr rer. pol. Friedrich M. Thomée	Member (until 31 December 2015)

Personnel Committee

Ulli Gritzuhn	Member (since 13 February 2016)
Karsten Schmidt	Member
Helmut Zahn	Chairman
Dr jur. Robert Schuler-Voith	Member (until 31 December 2015)

External mandates of the organs

Memberships in other Supervisory Boards required by law (according to section 125, para. 1, sentence 5 AktG)

Sonja Wärntges	DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main	Member of the Supervisory Board
Helmut Zahn	Flossbach von Storch AG, Cologne	Deputy Chairman of the Supervisory Board

Memberships in comparable domestic and foreign governing bodies of enterprises (according to section 125, para. 1, sentence 5 AktG)

Thomas Radke	Böck Silosysteme GmbH, Tacherting	Chairman of the Advisory Board
Dr Claus-O. Zacharias	Peacock Capital GmbH, Düsseldorf	Member of the Advisory Board
Helmut Zahn	Maschinenbau Oppenweiler Binder GmbH & Co. KG, Oppenweiler	Member of the Advisory Board

Nassau/Lahn, Germany, 17 March 2016

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke Dr Claus-O. Zacharias

Responsibility statement on the consolidated financial statements and the consolidated management report

We declare that, 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 net assets, financial position and results of operations of the Group, and the consolidated management report presents a true and fair view of the business and situation of the Group, together with the principal risks and opportunities associated with the expected development of the Group.

Nassau/Lahn, Germany, 17 March 2016

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke | Dr Claus-O. Zacharias

Audit opinion

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by Leifheit AG, Nassau/Lahn, comprising the statement of profit or loss as well as the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1st January 2015 to 31 December 2015. 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 Sec. 315a (1) HGB ("Handelsgesetzbuch" – "German commercial code") 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 Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW - Institute of Public Auditors in Germany). 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 the 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 Sec. 315a (1) HGB and full IFRS 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."

Eschborn/Frankfurt am Main, 17 March 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

(Signed) Knappe	(Signed) Vöhl
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Individual financial statement of Leifheit AG

The individual financial statement of Leifheit AG, audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, which did not lead to any reservations in its audit opinion, was prepared in accordance with the provisions of the HGB and the AktG.

Disclaimer

Forward-looking statements

This financial report 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 uncertain or unforeseeable factors occurs or 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 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 financial report and the German version, the German version shall take precedence.

Note on rounding

Minor differences may occur when using rounded amounts and percentages due to commercial rounding.

Financial calendar

12 MAY 2016

QUARTERLY FINANCIAL REPORT
for the period ending 31 March 2016

25 MAY 2016

ANNUAL GENERAL MEETING
10:30 a.m. (CEST),
Deutsche Nationalbibliothek, Frankfurt/Main, Germany

11 AUGUST 2016

FINANCIAL REPORT FOR THE FIRST HALF-YEAR
ending 30 June 2016

10 NOVEMBER 2016

QUARTERLY FINANCIAL REPORT
for the period ending 30 September 2016

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Key figures of the Group

		2011	2012	2013	2014	2015
Turnover						
Group	€m	222.1	224.2	220.9	220.7	231.8
Group adjusted [1]	€m	215.8	217.4	219.5	220.7	231.8
Brand Business [1]	€m	164.2	170.9	172.8	180.4	188.1
Volume Business	€m	51.6	46.5	46.7	40.3	43.7
Foreign share [1]	%	56.5	57.1	57.6	57.0	57.4
Profitability						
Gross margin	%	43.0	43.6	44.9	47.7	46.7
Cash flow from operating activities	€m	12.8	8.2	22.9	24.5	20.8
Free cash flow	€m	7.7	–1.4	19.5	18.4	14.1
EBIT	€m	13.9	14.2	14.9	21.5	21.7
EBIT adjusted [2]	€m	11.4	13.0	16.9	16.4	19.2
EBIT margin	%	5.1	5.8	6.8	9.8	9.3
EBT	€m	12.2	12.2	13.3	19.8	20.2
Net result for the period	€m	12.1	9.4	10.2	14.1	14.3
Net return on sales	%	5.6	4.3	4.6	6.4	6.2
Return on equity [5]	%	12.2	10.1	10.8	14.9	13.4
Return on total capital	%	6.1	4.6	5.0	6.3	6.0
ROCE	%	9.7	10.2	12.6	20.3	18.1
Share						
Net result for the period, per share [3]	€	2.55	1.97	2.16	2.97	3.02
Free cash flow, per share [3]	€	1.63	–0.28	4.11	3.88	2.96
Dividend per share	€	1.30	1.50	1.65	1.80	2.00 [4]
Special dividend per share	€	–	–	–	–	0.75 [4]
Employees at the end of the year						
Group	persons	1,032	1,025	1,026	1,055	1,049
Brand Business	persons	726	741	741	782	831
Volume Business	persons	306	284	285	273	218
Investments in tangible assets	€m	5.4	9.3	3.3	5.1	6.1
Investment ratio	%	4.1	5.8	2.0	3.6	4.1
Depreciation on tangible assets	€m	**5.3**	**5.3**	**5.5**	**5.3**	**5.0**
Balance sheet total [5]	€m	**198.9**	**205.9**	**203.8**	**223.3**	**237.9**
Equity [5]	€m	**98.9**	**92.8**	**94.7**	**94.8**	**106.7**
Equity ratio [5]	%	49.7	45.0	46.5	42.5	44.9

[1] turnover 2011 to 2013 adjusted for discontinued business with Dr Oetker Bakeware
[2] EBIT 2011 adjusted for a one-time extraordinary effect from the acquisition of a controlling interest in Leifheit CZ a.s.
EBIT 2012 adjusted for a one-time extraordinary effect from the sale of assets relating to the termination of a license agreement
EBIT 2013 to 2014 adjusted by foreign currency results
[3] not including repurchased treasury shares
[4] dividend proposal to the Annual General Meeting
[5] from 2012 in accordance with IAS 19 (revised in 2011)

Aktiengesellschaft

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