Quarterly financial report
for the period ending 31 March 2014

CLEVER

ACTIVE
IN >80
COUNTRIES

1,026 Employees

People
& Ideas

innovative

high-
quality
branded
products

INNOVATION
AND QUALITY

Turnover of € 219.5
million in 2013

POS EXCELLENCE

I TRUST IN LEIFHEIT

E-COMMERCE

efficient

Focus on
brand and
margin

FOCUS
MARKETS

DISTRIBUTION
IN INTERNATIONAL
MARKETS

*Consumer-
oriented
Product inno-
vations*

QUALITY

LEIFHEIT
Aktiengesellschaft

AT A GLANCE

- Group turnover remains stable at € 55.9 million
- Brand Business turnover achieves a growth rate of 4.1% to € 47.0 million
- Increase in e-commerce turnover once more in double digits
- EBIT rises to € 4.0 million
- Liquid funds increase to € 53.3 million

KEY FIGURES OF THE GROUP AS AT 31 MARCH

		2013	**2014**	Change
Turnover[1]				
Group	€ million	55.6	55.9	0.6%
Brand Business	€ million	45.2	47.0	4.1%
Volume Business	€ million	10.4	8.9	-14.8%
Foreign share	%	56.6	54.6	-2.0 pps
Profitability				
Gross margin	%	44.1	47.0	2.9 pps
Cash flow from operating activities	€ million	2.9	2.2	-24.0%
Free cash flow	€ million	2.5	1.3	-47.3%
EBIT	€ million	2.8	4.0	44.2%
EBIT margin	%	4.9	7.1	2.2 pps
EBT	€ million	2.4	3.6	50.2%
Net result for the period	€ million	1.8	2.5	39.1%
Employees				
Group	persons	1,029	1,039	1.0%
Investments in tangible assets	€ million	0.5	1.0	>100%

[1] 2013 turnover adjusted for residual sales in the amount of € 0.8 million arising out of the Dr Oetker Bakeware business discontinued at the end of 2012

FOREWORD

To our shareholders

Leifheit started the 2014 financial year with an increase in turnover of 0.6% to € 55.9 million in the first quarter. In line with our strategic planning, the turnover in the Brand Business segment increased significantly at the rate of 4.1% to € 47.0 million. In view of the comparatively low figures due to adverse weather conditions in the first quarter 2013 we do not want to overstate the significance of this positive development at all. However, we were also forced to compensate for the departure from the market of one of our most important customers in the home improvement/DIY sector in the first quarter of 2014. At the same time, the current political situation in Eastern Europe arose, having a tangible adverse effect on our business in this ordinarily growing region and preventing a potentially greater increase in turnover in our Brand Business. In light of the foregoing, we are encouraged by the increased demand for our brand products, above all in Germany and Central Europe, where in particular our window vacuum cleaner, a product innovation launched in the second quarter of 2013, has proved to be a steady growth driver.

In the Volume Business segment, the turnover generated – in line with our objective of managing our Volume Business with a particular emphasis on profitability – in the first quarter of 2014 remained below the level attained in the previous year. Turnover amounted to € 8.9 million and stayed 14.8% below the amount of the first three months of 2013.

Our operating results (EBIT) once more developed favourably, increasing to € 4.0 million at the Group level in the first quarter of 2014. The EBIT margin correspondingly rose to 7.1%, and the earnings before taxes (EBT) similarly reached € 3.6 million, an increase of 50.2%. The exercise of strict cost discipline and the increase in the gross margin to 47.0% (previous year: 44.1%) contributed towards the positive development of the results.

We persisted with the implementation of our strategic measures for the further development of the Leifheit Group in the first quarter of 2014, with renewed double-digit growth in turnover in the e-commerce sector providing impressive evidence of our efforts with regard to this distribution channel. Developments in Germany were particularly positive, with growth of almost one-third as compared to the first three months of 2013.

As part of our brand and communication strategy, we launched our “Winner Types 2014” marketing campaign – which is centred around high-profile advertising of the most successful Leifheit products by consumers themselves – at the most important trade fair for our industry, Ambiente, in February. There, we once again presented our new products for 2014, including enhancements to our top products: our window vacuum cleaner, our CLEAN TWIST click system and our extremely light Air ironing board range. The success of these products is an important indication of Leifheit’s innovative ability and future viability and a motivating factor for our continued efforts to optimise our innovative processes and for greater focus on the consumer.

We are going to restructure our distribution activities in the USA over the coming months, availing ourselves of the know-how of a distributor to bundle our retail and e-commerce businesses. In this manner, we hope to generate positive momentum for the second half of the year.

Notwithstanding the slow recovery of the business environment in Europe, we intend to take a conservative approach in 2014, aimed at securing the stable development of the Leifheit Group. At the Group level, we anticipate turnover at the adjusted 2013 level. Our focus will remain on our Brand Business, while we continue to manage our Volume Business with a particular emphasis on profitability. We thus anticipate an increase in turnover in our Brand Business between 1% and 3% over 2014 as a whole. We anticipate a slight decline in the turnover of the Volume Business. We will provide further details of our turnover forecast as the year proceeds.

We expect our operating results (EBIT) in 2014 to remain at the strong 2013 level (€ 14.9 million) as a result of the expected stable development of our turnover and our present focus on improving margins whilst exercising cost discipline.

Kind regards

Thomas Radke

Dr Claus-O. Zacharias

THE LEIFHEIT SHARE

Financial markets start 2014 on an optimistic footing

In the wake of the positive sentiment prevailing in the financial markets at the end of 2013, the performance of most of the leading share indices in the first quarter of 2014 was considerably more restrained in spite of generally attractive evaluations for many shares and persistently low interest rates. The SDAX – the benchmark index for the Leifheit share – developed laterally at a high level, reaching a high in February with 7,268 points after demonstrating considerable volatility over the first three months of 2014. As at 31 March 2014, it closed somewhat lower at 7,168 points, which represents an increase of approximately 5% as compared to the closing price for 2013.

Leifheit share on the rise

The price of the Leifheit share increased significantly at the beginning of 2014, lying approximately 12% higher on 10 January than the closing price at the end of 2013. After falling briefly at the end of January, the price fluctuated between € 35.00 and € 36.00, rising slightly once again upon the publication of the 2013 annual financial report and the proposed dividend. The Leifheit share reached a first-quarter high of € 36.35 on the penultimate day of trading, closing at € 36.10 on 31 March 2014. This development represents an increase of approximately 17% over the closing price for 2013 and an increase of approximately 12 percentage points over the performance of the SDAX.

Increase in trading volume and unchanged shareholder structure

As compared to the average trading volume in the last quarter of the previous year, the number of traded units increased to an average of 1,984 shares per day in the first quarter of 2014 (Q4 2013: 1,539). The market capitalisation of Leifheit AG at the end of March was approximately € 180 million, which corresponds to a significant increase over the value at the end of the previous year (31 December 2013: € 155 million). There were no changes to the number of outstanding shares or to the shareholder structure in the first quarter of 2014.

Home Beteiligungen GmbH, Munich	50.27%
MKV Verwaltungs GmbH, Grünwald	10.03%
Joachim Loh, Haiger	8.26%
Leifheit AG, Nassau	5.01%
Free float	26.43%

Intense interaction with the capital markets

We presented our business figures for 2013 at an annual results press and analyst conference held on 27 March 2014. Afterwards, we held roadshows in Frankfurt, Brussels and Zurich and attended a number of capital market conferences, using this opportunity to interact closely and personally with analysts and institutional investors.

In the first quarter of 2014, and following the publication of our 2013 annual financial report, a total of four analysts' studies were published on the Leifheit share. Current analyst recommendations are to "buy" or "hold", with target prices ranging between € 38.00 and € 44.00 for the next 12 months.

INTERIM MANAGEMENT REPORT

Foundations of the Group

The Leifheit Group is one of the leading European brand suppliers of household items. The company stands for high-quality and innovative products with great utility and pioneering design. Leifheit is active at 15 locations in over 80 countries.

Our operating business is divided into two segments:

In the Brand Business, we distribute our products under two well-known brands: Leifheit and Soehnle. The products of our Brand Business 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 of the Leifheit Group includes the French subsidiaries Birambeau and Herby as well as the Project Business. Here we offer product assortments in the medium price range plus customer-specific product developments and their manufacture as well as contract manufacturing for third parties.

Across both divisions, we focus on our core competences in the categories of cleaning, laundry care, kitchen goods and wellbeing.

We design our products using our own in-house development departments. This is particularly 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 in the facilities of external suppliers located in various countries in Europe and Asia. Our products are distributed mostly in Germany and Europe – but also in the USA, the Middle East and the Far East. Distribution takes place in brick-and-mortar shops mainly through large retail chains and wholesalers. We also use more modern distribution channels such as home shopping and e-commerce.

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 March 2014, the market capitalisation amounted to approximately € 180 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.

The main locations of Leifheit AG in Germany are Nassau (administration and production) and Zuzenhausen (logistics). In addition, there are three foreign constituent branches with no legal status. Leifheit AG has 11 direct or indirect subsidiaries.

Personnel changes in Group organs

As at 1 January 2014, Thomas Radke was appointed the Chairman of the Board of Management, with additional responsibility for the Marketing, Development and Sales divisions, as well as for HR from 1 April 2014 on.

There were no additional personnel changes in the organs of Leifheit AG in the reporting period.

Economic environment

Further stabilisation of the global economy

The International Monetary Fund (IMF) continues to anticipate that the global economy will experience moderate growth of approximately 4% in the first quarter of 2014. Greater impetus for growth is expected to be generated by the USA, although the IMF is of the view that the growth rate has slowed slightly in the first quarter. The IMF anticipates that the emerging economies and China will experience a slightly lower rate of growth, while in Europe there are signs of further economic recovery, although the economic risks for the countries in Southern Europe persist. In Germany, the sustained stability of domestic consumption, together with the favourable situation on the labour market, remains the main driver for the positive growth rates. The implications for the development of the Russian and European economies of the political unrest in Ukraine are not foreseeable at the present time.

Consumer sentiment in Germany continues to improve

According to the ifo Institute, the business climate index for the industrial sector fell from 111.3 points in February 2014 to 110.7 points in March 2014. Following the four-time recording of improvements in the business climate, companies were for the first time once again somewhat less optimistic with regard to the prospects for the development of their businesses at the end of the first quarter of 2014, one reason put forward for this being the political unrest in Ukraine. Companies nonetheless remained content with their current business positions and, according to the ifo Institute, the business climate in the retail sector, in particular, has even improved slightly.

A solid labour market and rising income expectations on the part of Germans, bolstered by political decisions in favour of a statutory minimum wage, encouraged German consumers' propensity to consume at the beginning of the year. According to the German Association for Consumer Research (GfK), expenditure by private households increased significantly in the first quarter of 2014, while a further drop in individuals' propensity to save was recorded. However, the German Retail Association (HDE) anticipates that the retail sector will experience only moderate growth of 1.5% in the first three months of 2014, given that private households had been making above all larger investments.

Currency developments

In the first quarter of 2014, the development of the euro in relation to the US dollar – as compared to the exchange rate at the end of 2013 – remained stable, with the euro being worth 1.38 US dollars on 31 March 2014, according to the European Central Bank.

Net assets, financial position and results of operations

Business performance

On 31 December 2012 we ended the license agreement for the use of the naming rights to the brand Dr Oetker Bakeware. In the first three months of 2013, as part of the final completion, sales totalling € 0.8 million were made. The turnover figures for the previous year are presented as adjusted in the interests of greater comparability.

Slight growth in Group turnover in the first quarter

In the first quarter of 2014, the Leifheit Group achieved a turnover of € 55.9 million (previous year: € 55.6 million). This represents an increase of 0.6% over the previous year, and is attributable to the solid growth experienced in the Brand Business segment, in particular.

In our domestic market, Germany, turnover increased by 5.3% to € 25.4 million (previous year: € 24.1 million).

In the Central European region (excluding Germany), we achieved turnover of € 24.3 million in the reporting period (previous year: € 24.1 million), a slight increase of 0.6% over the previous year. We benefited above all from the positive business development in the Netherlands, Austria, Spain and Scandinavia, where we recorded double-digit growth rates to some extent.

In Eastern Europe, turnover amounted to € 4.4 million (previous year: € 4.5 million). In the wake of stable growth rates in the past, the development of consumption was affected by the uncertain political situation in the region. One exception was the Czech Republic, where we recorded strong growth of 7.8%.

In the other regions of the world, we achieved cumulated turnover amounting to € 1.8 million (previous year: € 2.9 million). The development is in line with our strategic approach, pursuant to which we are concentrating our distribution activities on focus countries in Europe.

The turnover realised in the first quarter of 2014 can be broken down as follows: Germany accounted for 45.4%, 43.3% was generated in the region of Central Europe, 7.8% in Eastern Europe and 3.5% of turnover was generated in other regions of the world. The foreign share represented at 54.6% (previous year: 56.6%), was thus lower than in the equivalent period of the previous year.

Brand Business on the rise

Turnover in our Brand Business segment increased in the first three months of the current financial year by 4.1% compared to the equivalent period of 2013 and generated in the amount of € 47.0 million (previous year: € 45.2 million). This positive development is to be viewed in light of, on the one hand, the poor performance – as a result of adverse weather conditions – in the first quarter of 2013 and the consequently lower comparative figures and, on the other hand, the fact that we were also forced to deal with the departure from the market of a significant customer in the home improvement/DIY sector in the first quarter of 2014, although we managed to offset the resultant loss of turnover with other trade channels. The growth achieved in this context was mainly due to our increased activities with regard to the product categories of cleaning and laundry care.

The proportion of Group turnover represented by our Brand Business increased significantly by 2.8 percentage points to 84.2% (previous year: 81.4%). In the future, we intend to continue to increase this proportion in line with our strategy – which for 2014 places the focus on our brands and margins – by means of our business involving innovative brand products under the brands Leifheit and Soehnle.

We recorded particularly significant growth in our Brand Business in our domestic market of Germany, with a turnover increase of 8.1% to € 24.4 million (previous year: € 22.6 million). Positive demand for our new products was accompanied by stable domestic demand.

Within the Central European region, we generated an increase of 6.2% and recorded turnover of € 17.3 million (previous year: € 16.3 million). Following a negative performance in 2013, the Netherlands in particular once more experienced a high level of growth in double digits in the first quarter of 2014, with the same being the case for our focus countries, Austria and Scandinavia. Growth was also recorded in Spain where, following initial positive indications in the previous year, turnover increased by more than one-quarter in the first quarter of the current financial year. Our business operations in France, our third-largest sales market in Europe, and Italy developed less favourably, with a fall in turnover being recorded in both countries.

Our turnover in the countries of Eastern Europe for the first quarter of 2014 was also below the comparative figures for the previous year, due to the political developments in Ukraine, which are also currently affecting our plans for expansion in the Eastern European region. In Russia alone, turnover fell by approximately 25% in the reporting period, as compared to the first three months of 2013, with similar developments in Ukraine itself. In contrast, further growth was recorded in the Czech Republic, however, this was insufficient to offset the negative performance of the other countries.

In the other regions of the world, turnover in our Brand Business amounted to € 0.9 million (previous year: € 1.8 million). The greatest declines were recorded with regard to our operations in the Far East and Australia.

Details of the performance of our four product categories in the Brand Business segment are set out below:

In the **cleaning** product category, our turnover increased to € 15.8 million in the first three months of 2014 (previous year: € 13.3 million), an increase of 19.1%. In addition to the continued positive performance of our window vacuum cleaner, a product innovation launched in the second quarter of 2013, the mild weather conditions at the beginning of the year had a positive effect on our turnover. More than one-third of the increase in turnover was realised in our domestic market, Germany: outside of Germany, we realised the greatest turnover in France, the Netherlands and Scandinavia.

Our largest product category, **laundry care**, also recorded an increase in turnover in the first quarter of 2014. The increase to € 20.8 million (previous year: € 20.1 million) is primarily attributable to increased turnover of rotary dryers. In contrast, the performance of our ironing and steam ironing products was somewhat restrained in the first quarter of 2014. However, we have restructured our product range and equipped our Air ironing board range with a special high-quality plastic (EPP, or expanded polypropylene) ironing surface. This new material enables easy assembly and transport of the ironing boards, greater comfort while ironing and time savings. We anticipate that the merits of this new concept will have a positive effect on turnover for ironing and steam ironing products over the course of the second half of the year. The growth recorded in the laundry care product category was realised almost entirely within Germany, while demand in France was considerably more restrained than in the previous year.

Our **kitchen goods** product category decreased slightly by 1.5% to € 4.1 million in the first quarter of 2014 (previous year: € 4.2 million). Domestic growth was counterbalanced by a fall in turnover in countries outside of Europe. In addition to e-commerce sales, the traditional mail order business and the hypermarket distribution channel also contributed to the increase in turnover within Germany.

In the **wellbeing** category, we sell products under the Soehnle brand. We realised turnover in the amount of € 6.3 million in the first quarter of 2014 (previous year: € 7.6 million). The decrease of 16.8% was the result of lower sales of bathroom and kitchen scales and related to virtually all of the distribution channels in Germany. Foreign turnover in this category also fell, in the case of Central Europe due in particular to greater competition. In contrast, our Relax product range remained more or less stable compared to the previous year, while sales of our heating products were adversely affected by the relatively short cold period in the first quarter of 2014.

Decrease in turnover in Volume Business

As a result of our strategic focus on our Brand Business, the turnover of our Volume Business decreased in line with expectations in the first quarter of 2014, amounting to € 8.9 million (previous year: € 10.4 million), a decrease of 14.8%. The proportion of Group turnover represented by our Volume Business thus fell to 15.8% (previous year: 18.6%).

In Germany, we recorded turnover in the amount of € 1.0 million in the first quarter of 2014 (previous year: € 1.5 million). This decrease of approximately one-third is primarily the result of a lack in volume in the laundry care product category.

Developments in Central Europe were also characterised by lower turnover. In this region, our Volume Business realised turnover in the amount of € 7.0 million (previous year: € 7.8 million). Turnover in overseas markets fell at a low level, amounting to € 0.9 million (previous year: € 1.1 million), as a result of the persistent sales-related difficulties of one of our US customers. In Eastern Europe, we are currently not represented with products from this segment.

Details of the performance of the product categories of Volume Business are set out below:

In line with planning, the **cleaning** category did not generate any significant turnover in the first three months of 2014 like in the previous year.

In the first quarter of 2014, the turnover of our **laundry care** product category fell to € 3.0 million (previous year: € 3.3 million). This turnover is primarily generated by our French subsidiary Herby, which recorded an increase of 6.0% to € 2.6 million in the reporting period (previous year: € 2.4 million). Reasons for this positive development were higher volumes at a French hypermarket and a new listing in a leading Dutch trading company. This development was counterbalanced by low turnover from non-branded laundry care products as a result of lower promotional volumes in the domestic market.

Our **kitchen goods** product category also remained below the previous year's level, with turnover of € 5.3 million (previous year: € 6.0 million). The Volume Business's share of total turnover thus still amounts to around two thirds. Within the kitchen goods category, the turnover of our French subsidiary Birambeau fell to € 4.4 million (previous year: € 5.0 million). As experienced in 2013, weak sales on the part of our Project Business in the USA are additionally having an adverse effect on our turnover in this product category.

In the **wellbeing** category, in line with expectations, we did not generate any notable turnover in the first quarter of 2014, due to the non-renewal of a customer loyalty programme implemented in the Netherlands in the previous year (previous year: € 0.4 million).

Contract manufacturing from the plant in Blatná/Czech Republic fell compared with the previous year, booking a turnover of € 0.6 million (previous year: € 0.7 million).

Development of results of operations

In the statement of profit or loss, we allocated the classification of licensing fees from the distribution costs to cost of turnover. The previous year's figures were adjusted accordingly.

Strong earnings upturn

In the first quarter of 2014, we achieved earnings before interest and taxes (EBIT) of € 4.0 million (previous year: € 2.8 million) and thus exceeded the previous year's result by € 1.2 million. One reason for the increase of 44.2% was the higher gross profit, which is calculated from the turnover minus cost of turnover. In addition, strict cost discipline contributed significantly to the increase.

The EBIT margin similarly increased from 4.9% in the equivalent period of the previous year to 7.1% in the first quarter of 2014. This ratio is calculated on the basis of the ratio of earnings before interest and taxes to turnover.

In the first three months of 2014, we achieved earnings before taxes (EBT) of € 3.6 million (previous year: € 2.4 million). The increase of 50.2% as compared to the previous year is primarily attributable to the increased EBIT. After deduction of taxes, this resulted in a net result for the period of € 2.5 million (previous year: € 1.8 million).

Gross profit

Gross profit rose in the first quarter of 2014 by € 1.4 million to € 26.3 million (previous year: € 24.9 million). Also, the gross margin, which is defined as gross profit in relation to turnover, grew from 44.1% to 47.0%. This increase was the result of rationalisation measures, a focus on high-margin business and currency-related improvements in purchase prices for goods denominated in US dollars.

Research and development costs

Our research and development costs, at € 0.9 million, remained at the previous year's level. These costs mainly include personnel costs, costs for services and patent fees.

Distribution costs

Distribution costs in the reporting period amounted to € 17.9 million (previous year: € 18.3 million), a decrease of € 0.4 million compared to the equivalent period of the previous year. Distribution costs also include marketing costs as well as freight-out and shipping charges.

This decrease is primarily attributable to lower expenditure on advertising, services, commissions and travel expenses.

Administrative costs

Our administrative costs decreased by € 0.2 million to € 3.7 million in the first three months of 2014 (previous year: € 3.9 million). First and foremost, these costs include personnel costs and services to support our financial and administrative functions.

The decrease is largely due to lower expenditure for services.

Other operating income and expenses

Other operating income increased in the reporting period by € 0.1 million to € 0.3 million (previous year: € 0.2 million). This primarily comprises commission and licensing income.

Other operating expense decreased in the reporting period by € 0.1 million to € 0.1 million (previous year: € 0.2 million).

Foreign currency result

Our foreign currency result fell by € 0.9 million to € 0.1 million in the first quarter of 2014 (previous year: € 1.0 million). This result included income from changes in the value of currency forwards of € 0.3 million (previous year: € 1.1 million), income from foreign currency valuations of € 0.2 million (previous year: € 0.0 million) and realised losses of € 0.4 million (previous year: € 0.1 million).

Interest result

The interest result amounted to € -0.4 million, as in the previous year.

Taxes

In the first quarter of 2014, income taxes amounted to € 1.1 million (previous year: € 0.6 million). The tax rate correspondingly increased from 24.0% in the previous year to 29.6% in the first quarter of 2014. The figure reflects the ratio of income taxes to earnings before taxes.

In the previous year, the figures included adjustments to the recognition of deferred tax assets from tax loss carry-forwards of Leifheit AG for the last time.

Segment results

In Brand Business, we achieved an EBIT of € 3.4 million in the first three months of 2014 (previous year: € 2.5 million), a significantly higher figure than in the previous year. The gross margin rose by 2.4 percentage points from 46.9% in the previous year to 49.3%. Gross profit amounted to € 23.3 million, representing an increase of € 1.7 million. The contribution margins for the higher turnover and at the same time falling cost of turnover were responsible for this increase. The contribution margin thus amounted to € 19.5 million (previous year: € 17.7 million) and is defined as gross profit minus commissions and freight-out. The increase in EBIT in Brand Business resulted in particular from rationalisation measures, a focus on high-margin business, more favourable US dollar exchange rates, and lower distribution and administrative costs.

In Volume Business, EBIT amounted to € 0.6 million (previous year: € 0.3 million). A lack of contribution margins as a result of the fall in turnover were more than offset by the relative increase in the gross margin, cost savings and lower depreciation. The gross margin rose by 1.8 percentage points from 31.6% in the previous year to 34.4%. Currency effects and shifts in the product mix contributed to this increase. However, gross profit fell in absolute terms by € 0.3 million to € 3.0 million as a result of a lack of contribution margins due to the fall in turnover. The contribution margin thus amounted to € 2.7 million (previous year: € 2.9 million).

Development of the financial situation

Development of cash flow and liquidity position

Group liquidity increased by € 1.3 million in the first quarter of 2014, amounting to € 53.3 million as at 31 March 2014. It comprises cash and cash equivalents in the form of deposits with credit institutions, structured money market instruments and short-term securities.

Analysis of Group liquidity

Our debt largely consisted of employee benefit obligations amounting to € 58.5 million, trade payables and other liabilities amounting to € 43.2 million as well as provisions with a value of € 8.1 million as at 31 March 2014. As in the previous year, we had no liabilities to credit institutions. Employee benefit obligations increased by € 2.2 million, primarily as a result of the ongoing fall in the discount rate in the amount of 0.25 percentage points.

As at 31 March 2014, our debt ratio was 54.5%, 1 percentage point higher compared to 31 December 2013. This key figure is given by the ratio of debt to the sum of equity and liabilities.

We maintained credit balances in the amount of € 53.3 million as at 31 March 2014. These comprise demand deposits, fixed deposits which may be terminated within three months and a structured investment.

The increase in Group liquidity as at 31 March 2014 as compared to 31 December 2013 in the amount of € 1.3 million to € 53.3 million is primarily attributable to cash flow from operating activities in the amount of € 2.2 million. Investments in the amount of € 1.0 million had a countervailing effect in the first quarter of 2014.

Analysis of the Group statement of cash flow

The cash flow from operating activities amounted to € 2.2 million in the first quarter of 2014 (previous year: € 2.9 million). This was largely due to the net result for the period in the amount of € 2.5 million, depreciation in the amount of € 1.5 million, the turnover-related increase in trade receivables in the amount of € 5.7 million and the increase in inventories in the amount of € 2.4 million, the fall in value added tax receivables in the amount of € 1.9 million and the increase in liabilities in the amount of € 3.9 million.

Cash flow from investment activities in 2014 amounted to € 0.1 million (previous year: € 1.4 million). Incoming payments resulting from changes to short-term securities in the amount of € 1.0 million were counterbalanced by outgoing payments for investments in the amount of € 1.0 million. The figures for the previous year included the payment for the remaining purchase price arising out of the termination of the Dr Oetker Bakeware licensing agreement.

Free cash flow

In the first quarter of 2014, free cash flow amounted to € 1.3 million (previous year: € 2.5 million). This key figure indicates how much liquidity was available for the expulsion of debt financing or for the distribution of dividends to shareholders. Free cash flow is the total of the cash flow from operating activities and cash flow from investment activities, adjusted for incoming and outgoing payments in financial assets as well as from sales of divisions. The reason for the decline was mainly the greater reduction in trade receivables and inventories as well as greater investments as compared to the equivalent period of the previous year.

Development of net assets

Balance sheet structure as at 31 March 2014

As compared to 31 December 2013, total assets increased by € 6.6 million to € 210.4 million (31 December 2013: € 203.8 million).

Current assets increased by € 7.2 million in the first quarter of 2014 from € 137.2 million to € 144.4 million. This is largely attributable to the increase in trade receivables in the amount of € 5.7 million to € 52.4 million, the increase in inventories in the amount of € 2.4 million to € 36.1 million and the increase in cash and cash equivalents in the amount of € 2.3 million to € 53.3 million. Counteracting was the decrease in value added tax receivables in the amount of € 1.9 million to € 0.7 million and the repayment of an investment in the form of a bonded loan in the amount of € 1.0 million.

At the end of March, the value of our non-current assets remained, at € 66.0 million, more or less at the level attained as at 31 December 2013.

Current liabilities 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 March 2014, as compared to 31 December 2013, they increased by € 3.5 million to € 51.9 million. The increase is primarily due to higher trade payables and other liabilities, which increased by € 3.9 million to € 43.2 million.

At the balance sheet date, as compared to 31 December 2013, our current assets increased by € 2.2 million to € 62.8 million. Employee benefit obligations increased by € 2.1 million to € 58.5 million, in particular as a result of the ongoing fall in the discount rate by 0.25 percentage points to 3.25%.

As compared to 31 December 2013, equity increased by € 1.0 million to € 95.7 million as at 31 March 2014. The positive net result for the period in the amount of € 2.5 million was counterbalanced by other comprehensive income in a negative amount of € 1.5 million, primarily due to actuarial losses arising out of employee benefit obligations as a result of the fall in the discount rate. The equity ratio, the proportion of equity to total assets, thus fell to 45.5% (31 December 2013: 46.5%).

Investments

Investments in the first three months of 2014 amounted to € 1.0 million (previous year: € 0.5 million) and largely related to tools for new products, machinery, rationalisation investments for production plants, tools and business equipment.

No significant disposals of assets occurred during the reporting period.

The investment ratio – additions to assets related to the historic procurement and production costs – amounted to 0.6%. We invested € 0.8 million in Brand Business and € 0.2 million in Volume Business. Investments were offset by depreciation and amortisation in the amount of € 1.5 million (previous year: € 1.6 million).

As at 31 March 2014, contractual liabilities relating to the purchase of assets – mainly for tools and marketing measures – amounted to € 2.7 million, which will be financed from 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, we also used to a lesser extent assets not capable of being recorded in the balance sheet. This largely concerns leased goods.

As in previous years, no off-balance sheet financing instruments were used.

Overall assessment of management in regards to the economic situation

Overall, the business development of the Leifheit Group in the first quarter of 2014 was in line with our expectations. In the wake of solid domestic demand and the slow recovery of the economic situation in the rest of Europe, our Brand Business experienced growth in line with our projections. The fall in turnover in our Volume Business was the result, on the one hand, of our goal of managing the segment with a particular emphasis on profitability and, on the other hand, of somewhat lower demand for kitchen products in one of our largest sales markets, France. We view the political developments in Ukraine and their implications for the entire region of Eastern Europe with some concern. However, on the upside, our EBIT increased by 44.2% to € 4.0 million in the first quarter of 2014. This corresponds to an EBIT margin of 7.1%. As at 31 March 2014, our financial position remained solid, with our liquid funds amounting to € 53.3 million (31 December 2013: € 52.0 million).

Non-financial performance indicators

Employees

As at 31 March 2014, the Leifheit Group employed an average of 1,039 people (previous year: 1,029), of which 762 employees were in Brand Business and 277 in Volume Business.

Employees by region

Locations	**31 March 2014**	31 March 2013
Germany	396	406
Czech Republic	409	380
France	171	176
Other countries	63	67
Group	**1,039**	**1,029**

Of our total workforce, 38.1% of our employees are located in Germany, 39.4% in the Czech Republic and 16.5% in France. The remaining 6.0% of employees are located in different countries within Europe and the USA.

Development and innovation

Innovation is of central importance for our market position and for achieving our growth and earnings targets. We see expenditures in research and development as investments in the success potential of our company. Leifheit invested € 0.9 million in research and development activities in the reporting period, just as in the previous year. Thus, the R&D ratio, i.e. the ratio of development expenses to Group turnover, which stands at 1.6%, has remained at the level of the previous year.

In the first quarter of 2014, Leifheit had 26 employees in the areas of development and patents. These were mainly engineers, technicians, designers and lawyers.

Opportunities and risks report

For information on the opportunities and risks at Leifheit, please see the detailed description on pages 40 to 47 of the consolidated management report as at 31 December 2013. No material changes to our material opportunities and risks with respect to the remaining months of the financial year occurred in the reporting period, neither with regard to the probable materialisation of such opportunities or risks nor with regard to any possible positive or negative effects thereof. Furthermore, we do not expect any individual or aggregate risks that threaten the company as a going concern.

Report on events after the balance sheet date

Since 31 March 2014, there were no events of special significance that would have a material impact on the net assets, financial position, and results of operations of the Leifheit Group.

Forecast

Strategic focus of the Group

The pillars of our “Leifheit GO!” strategy will continue to dictate our approach in 2014. Our focus is on further expanding our two strong brands, Leifheit and Soehnle, with a view to generating attractive margins, and we intend to encourage organic growth by targeting strategic focus markets – above all in Europe. We furthermore intend to implement further measures in the e-commerce sector, to strengthen our innovative abilities by means of targeted investment in research and development activities with a clear focus on the consumer, and to further reinforce our brand communication. Our solid financial resources also allow us to leverage opportunities for inorganic growth through acquisitions, to the extent that they make economic sense. Extensive information on our “Leifheit GO!” strategy can be found in our 2013 annual financial report.

Slight growth in Europe and Germany

In its most recent forecast, in April, the IMF anticipated growth of 3.6% in the global economy in 2014, a slightly less positive prognosis for the current year than that expressed in the IMF’s earlier publication in January. This is due, among other things, to the 0.5 percentage point lower growth forecast for Russia. The growth forecast for the USA for the current year has remained stable at 2.2%, as has that for the People’s Republic of China, at 7.5%. The IMF in April even viewed the situation in Europe in a slightly more favourable light as compared to the beginning of the year, raising its forecast for economic growth in 2014 by 0.1 percentage points to 1.2%. The IMF also anticipates further improvements in the development of the economy in Germany, raising the expected growth rate for the Federal Republic by 0.2 percentage points to 1.7%.

Private consumption continues to drive domestic demand

According to GfK, spending by private households in Europe is set to increase by between 0.5% and 1.0% in 2014, following a 0.4% decline in the previous year, with the market research institute anticipating an even greater increase of 1.5% in real terms with respect to Germany. Private consumption will therefore continue to drive domestic demand to a considerable extent.

In the brick-and-mortar retail context, GfK anticipates a fall in turnover of 1% as compared to the previous year, while Internet sales are set to rise further, with slight overall growth of 1.2% expected for the retail trade as a whole in 2014. GfK anticipates that in the future there will be an even greater increase in online business than it has been the case in the past, to the detriment of the brick-and-mortar retail trade.

The food and travel sectors are likely to benefit most from the increase in private spending in the retail trade context, with GfK estimating only moderate growth for the rest of the retail trade segment and thus forecasting only a slight increase of 0.6% for non-food trade.

Group forecast: stable turnover and earnings development in 2014

The forecast for the business development of Leifheit AG remains unchanged from that stated in the 2013 annual financial report. We have resolved to pursue the conservative goal of stable development for the Leifheit Group in 2014. At the Group level, we anticipate turnover at the 2013 level, as adjusted. We will continue to increase our focus on our Brand Business and to manage our Volume Business with a particular emphasis on profitability. We thus anticipate an increase in turnover in our Brand Business between 1% and 3% over 2014 as a whole. We anticipate a slight decline in the turnover of the Volume Business. We will further refine our turnover projections over the course of the year.

We expect our operating results (EBIT) in 2014 to remain at the strong 2013 level (€ 14.9 million) as a result of the expected stable development of our turnover and our present focus on improving margins whilst exercising cost discipline.

Overall statement of prospective development

We anticipate stable development on the part of the Leifheit Group in 2014. We intend to exploit existing market opportunities and thus improve our market position in the context of our “Leifheit GO!” strategy. Therefore, we make investments effectively and with a sense of perspective. In the medium term, we will continue to pursue our target of achieving sustainable and profitable turnover growth of 3 to 5% at Group level, while at the same time striving to attain a strong earnings upturn. Specifically, this means that we plan to generate turnover of € 250 million and an EBIT margin of 8% by 2016. We are convinced that our company’s consistent focus on profitable growth together with sustainable margins will enable us to achieve this objective.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

Statement of profit or loss and statement of comprehensive income

k€	**1 January to 31 March 2014**	1 January to 31 March 2013
Turnover	55,861	56,429
Cost of turnover	-29,602	-31,531
Gross profit	**26,259**	**24,898**
Research and development costs	-860	-876
Distribution costs	-17,914	-18,297
Administrative costs	-3,743	-3,917
Other operating income	274	170
Other operating expenses	-105	-231
Foreign currency result	66	1,011
Earnings before interest and taxes (EBIT)	**3,977**	**2,758**
Interest income	78	79
Interest expense	-501	-501
Net other financial result	14	40
Earnings before taxes (EBT)	**3,568**	**2,376**
Income taxes	-1,056	-570
Net result for the period	**2,512**	**1,806**
Contributions that are not reclassified in future periods in the statement of profit or loss		
Actuarial gains/losses on defined benefit pension plans	-2,083	668
Effect from income taxes	583	-187
Contributions that may be reclassified in future periods in the statement of profit or loss		
Currency translation of foreign operations	-6	-92
Currency translation of net investments in foreign operations	-43	-360
Net result of cash flow hedges	3	341
Effect from income taxes	12	6
Other comprehensive income	**-1,534**	**376**
Comprehensive income after taxes	**978**	**2,182**
Net result for the period attributable to		
Minority interests	–	-7
Shareholders of the parent company	2,512	1,813
Net result for the period	**2,512**	**1,806**
Comprehensive income after taxes attributable to		
Minority interests	–	-7
Shareholders of the parent company	978	2,189
Comprehensive income after taxes	**978**	**2,182**
Earnings per share based on net result for the period (diluted and undiluted)	**€ 0.53**	**€ 0.38**
Earnings per share based on comprehensive income after taxes (diluted and undiluted)	**€ 0.21**	**€ 0.46**

Balance sheet

k€	31 March 2014	31 December 2013
Current assets		
Cash and cash equivalents	53,271	50,953
Financial assets	–	1,001
Trade receivables	52,417	46,685
Inventories	36,074	33,630
Income tax receivables	1,140	894
Derivative financial instruments	290	403
Other current assets	1,245	3,668
Total current assets	**144,437**	**137,234**
Non-current assets		
Tangible assets	35,023	35,421
Intangible assets	18,285	18,458
Deferred tax assets	10,332	10,310
Income tax receivables	2,191	2,159
Other non-current assets	152	169
Total non-current assets	**65,983**	**66,517**
Total assets	**210,420**	**203,751**
Current liabilities		
Trade payables and other liabilities	43,221	39,290
Derivative financial instruments	1,470	1,920
Income tax liabilities	968	818
Provisions	6,242	6,452
Total current liabilities	**51,901**	**48,480**
Non-current liabilities		
Provisions	1,898	1,896
Employee benefit obligations	58,548	56,385
Deferred tax liabilities	1,621	1,630
Derivative financial instruments	659	547
Other non-current liabilities	95	93
Total non-current liabilities	**62,821**	**60,551**
Equity		
Subscribed capital	15,000	15,000
Capital surplus	16,934	16,934
Treasury shares	-7,598	-7,598
Retained earnings	80,991	78,479
Other reserves	-9,629	-8,095
Total equity	**95,698**	**94,720**
Total equity and liabilities	**210,420**	**203,751**

Statement of cash flow

k€	**1 January to 31 March 2014**	1 January to 31 March 2013
Net result for the period	2,512	1,806
Adjustments for depreciation and amortisation	1,464	1,622
Change in provisions	-129	42
Result from disposal of fixed assets and other non-current assets	6	1
Change in inventories, trade receivables and other assets not classified as investment or financing activities	-6,013	-651
Change in trade payables and other liabilities not classified as investment or financing activities	4,044	1,528
Other non-cash expenses/income	328	-1,439
Cash flow from operating activities	**2,212**	**2,909**
Acquisition of tangible and intangible assets	-986	-476
Change in financial assets	1,001	–
Proceeds from the sale of tangible assets and other non-current assets	74	1,875
Cash flow from investment activities	**89**	**1,399**
Cash flow from financing activities	**–**	**–**
Effects of exchange rate differences	**17**	**76**
Net change in cash and cash equivalents	2,318	4,384
Cash and cash equivalents at the start of the reporting period	50,953	33,717
Cash and cash equivalents at the end of the reporting period	**53,271**	**38,101**

Statement of changes in equity

The changes in equity attributable to the shareholders of the parent company were as follows:

k€	Subscribed capital	Capital surplus	Treasury shares	Retained earnings	Other reserves	**Total**
As at 1 January 2013	15,000	16,934	-7,598	75,367	-7,004	92,699
Comprehensive income after taxes	–	–	–	1,813	376	2,189
of which net result for the period	–	–	–	1,813	–	1,813
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	481	481
of which currency translation of foreign operations	–	–	–	–	-92	-92
of which currency translation of net investments in foreign operations	–	–	–	–	-259	-259
of which net result of cash flow hedges	–	–	–	–	246	246
As at 31 March 2013	**15,000**	**16,934**	**-7,598**	**77,180**	**-6,628**	**94,888**
As at 1 January 2014	15,000	16,934	-7,598	78,479	-8,095	94,720
Comprehensive income after taxes	–	–	–	2,512	-1,534	978
of which net result for the period	–	–	–	2,512	–	2,512
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	-1,500	-1,500
of which currency translation of foreign operations	–	–	–	–	-6	-6
of which currency translation of net investments in foreign operations	–	–	–	–	-31	-31
of which net result of cash flow hedges	–	–	–	–	3	3
As at 31 March 2014	**15,000**	**16,934**	**-7,598**	**80,991**	**-9,629**	**95,698**

The changes in consolidated equity were as follows:

k€	Shareholders of the parent company	Minority interests	**Total equity**
As at 1 January 2013	92,699	67	92,766
Comprehensive income after taxes	2,189	-7	2,182
of which net result for the period	1,813	-7	1,806
of which actuarial gains/losses on defined benefit pension plans	481	–	481
of which currency translation of foreign operations	-92		-92
of which currency translation of net investments in foreign operations	-259	–	-259
of which net result of cash flow hedges	246	–	246
As at 31 March 2013	**94,888**	**60**	**94,948**
As at 1 January 2014	94,720	–	94,720
Comprehensive income after taxes	978	–	978
of which net result for the period	2,512	–	2,512
of which actuarial gains/losses on defined benefit pension plans	-1,500	–	-1,500
of which currency translation of foreign operations	-6	–	-6
of which currency translation of net investments in foreign operations	-31	–	-31
of which net result of cash flow hedges	3	–	3
As at 31 March 2014	**95,698**	**–**	**95,698**

Selected explanatory notes

Information on the company

Leifheit AG is a publicly listed stock corporation with registered offices in Nassau/Lahn, Germany. These condensed consolidated interim financial statements of Leifheit AG and its subsidiaries relate to the period from 1 January 2014 to 31 March 2014.

Reporting principles

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

These condensed consolidated interim financial statements have been neither audited nor subjected to review by an auditor. In the view of the Board of Management, the financial statements have any necessary adjustments to ensure that they provide an accurate depiction of the actual results of operations on an interim basis. No conclusions as to future results can necessarily be drawn on the basis of the results for the reporting period ended on 31 March 2014.

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

The accounting and valuation principles applied in the condensed interim consolidated financial statements are, with the exception of those accounting standards being applied for the first time, in line with those applied in the most recent consolidated financial statements as at the end of the financial year. A detailed description of the accounting principles followed is published in the notes to the consolidated financial statements included in our 2013 annual financial report.

Leifheit applied the following standards, interpretations and amendments to existing standards for the first time in the 2014 financial year:

- IFRS 10 – Consolidated Financial Statements
- IFRS 12 – Disclosures of Interests in Other Entities
- IAS 28 – Investments in Associates and Joint Ventures (revised 2011)
- Amendment of IAS 32 and IFRS 7 – Offsetting of Financial Assets and Liabilities
- Amendment to IAS 36 – Disclosures regarding the Recoverable Amount of Non-Financial Assets

The application of these standards, interpretations and amendments does not have any effect on the scope of consolidation or on the accounting methods used by the Group, however it does entail further annotation obligations and disclosure requirements.

The Group does not apply new accounting standards published by the IASB and already incorporated into EU law within the scope of the committee procedure which will be mandatory in the future.

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

Cyclical and seasonal factors are described, where essential, in the sections “Economic environment” and “Results of operations”.

Changes were made to the allocation to distribution costs and cost of turnover. The previous year’s values were adjusted accordingly. Licensing fees in the amount of k€ 65 (previous year: k€ 78) were shifted from distribution costs to cost of turnover.

Scope of consolidation

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

Segment reporting

Key figures by divisions as at 31 March 2014		Brand Business	Volume Business	Total
Turnover	€ million	47.0	8.9	55.9
Gross margin	%	49.4	34.4	47.0
Contribution margin	€ million	19.1	2.7	21.8
Segment result (EBIT)	€ million	3.4	0.6	4.0
Depreciation and amortisation	€ million	1.3	0.2	1.5
Employees on annual average	persons	762	277	1,039

Key figures by divisions as at 31 March 2013		Brand Business	Volume Business	Total
Turnover	€ million	46.0	10.4	56.4
Turnover adjusted[1)]	€ million	45.2	10.4	55.6
Gross margin	%	46.9	31.6	44.1
Contribution margin	€ million	17.6	2.9	20.5
Segment result (EBIT)	€ million	2.5	0.3	2.8
Depreciation and amortisation	€ million	1.3	0.3	1.6
Employees on annual average	persons	743	286	1,029

[1)] adjusted for discontinued operations with Dr Oetker Bakeware

Further information on the segments and the management thereof can be found on page 71 of our 2013 annual financial report.

Treasury shares

Neither in the current reporting period nor in the previous year were treasury shares purchased or used.

Including the treasury shares purchased and issued in previous years, Leifheit held 250,525 treasury shares on 31 March 2014. This corresponds to 5.01% of the share capital. The corresponding interest in the share capital was k€ 752. An amount of k€ 7,598 was expended for this.

There are no subscription rights for members of Group organs and employees in accordance with section 160 para. 1 no. 5 of the German stock corporation act (AktG).

Annual General Meeting

The ordinary Annual General Meeting has been convened for 22 May 2014 at the location of the company's registered office in Nassau/Lahn.

Proposal for the appropriation of the balance sheet profit

The dividend distribution of Leifheit AG (ISIN DE0006464506) is based on the balance sheet profit reported in the annual financial statements of Leifheit AG under commercial law. The balance sheet profit of Leifheit AG in the past financial year 2013 amounts to € 17,370,000.00. The Board of Management and Supervisory Board will propose the following resolution to the Annual General Meeting on 22 May 2014:

From the balance sheet profit of the company for financial year 2013 in the amount of € 17,370,000.00, a dividend of € 1.65 per no-par-value bearer share eligible to receive dividends – this is a total of € 7,836,633.75 due to 4,749,475 no-par-value bearer shares – will be distributed to the shareholders. The remaining amount of € 9,533,366.25 will be carried forward to new account.

The dividend will be paid out from 23 May 2014 on.

Commitments

The Group companies have not entered into any commitments.

Financial instruments

A detailed overview of our other financing instruments, financial risk factors and the management of financial risks is provided under note 37 on pages 84 to 86 of our 2013 annual financial report. No material changes in our financial risk profile have occurred since 31 December 2013.

Derivative financial instruments include forward foreign exchange contracts for buying and selling US dollars and Hong Kong dollars for the financial years 2014 and 2015 measured at fair value.

The following liabilities from forward foreign exchange transactions were recorded on the balance sheet as at 31 March 2014:

	Value of liability	Foreign currency	Nominal value
Buy USD/€	k€ 59,878	kUSD 79,880	k€ 57,939
of which hedge accounting	k€ 15,841	kUSD 21,300	k€ 15,453
Sell USD/€	k€ 10,449	kUSD 14,000	k€ 10,159
Buy HKD/€	k€ 6,813	kHKD 71,025	k€ 6,631
Buy CZK/€	k€ 1,979	kCZK 54,000	k€ 1,971

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

Derivative financial assets in the amount of k€ 290 and derivative financial liabilities in the amount of k€ 2,129 were valued at their fair values on the balance sheet as at 31 March 2014.

All financial instruments recorded at fair value are classified into three categories, defined as follows:

Level 1: quoted market prices
Level 2: assessment procedure (input parameters observed on the market)
Level 3: assessment procedure (input parameters not observed on the market)

All financial assets and liabilities to be measured at fair value are assigned to level 2. There was no reclassification among the levels in the reporting period.

As at 31 March 2014, short-term revolving lines of credit in the amount of € 11.5 million (previous year: € 11.5 million) were available. Of this amount, € 1.4 million were used in the form of guarantees as at the balance sheet date (previous year: € 2.1 million). Current account credit lines not drawn down thus amounted to € 10.1 million (previous year: € 9.4 million).

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

		Book value		Fair value	
k€	Valuation category in accordance with IAS 39	**31 Mar 2014**	31 Dec 2013	**31 Mar 2014**	31 Dec 2013
Financial assets					
Cash and cash equivalents	a)	43,276	43,609	43,276	43,609
Structured money market instruments	d)	9,995	7,344	9,995	7,344
Trade receivables	a)	52,417	46,685	52,417	46,685
Derivative financial assets (not designated as hedging transactions)	d)	290	403	290	403
Other financial assets	a)	350	1,846	350	1,846
Financial liabilities					
Trade payables	b)	14,350	13,476	14,350	13,476
Derivative financial liabilities (not designated as hedging transactions)	d)	1,741	2,071	1,741	2,071
Derivative financial liabilities (designated as hedging transactions)	c)	388	396	388	396
Other financial liabilities	b)	16,639	14,829	16,639	14,829

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

In the case of the current assets and liabilities, the book value represents an appropriate approximate value for the fair value. No allocation to levels 1 to 3 in accordance with IFRS 7 was therefore carried out.

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 in the amount of € 2.4 million (previous year: € 2.9 million). The future minimum payments on the basis of lease and rental agreements without cancellation option amount to € 1.9 million up to one year (previous year: € 2.1 million), and € 0.5 million between one and five years (previous year: € 0.8 million). As in the previous year, there were no corresponding payment obligations for more than five years. The leases constitute operating leases in the definition of IAS 17.

As at 31 March 2014, purchase commitments totalled € 1.0 million (previous year: € 1.4 million).

There were contractual obligations to acquire items of tangible assets in the amount of € 2.7 million (previous year: € 1.7 million), relating to tools and marketing measures in particular.

Related party transactions

There were no transactions with related parties outside the Group in the reporting period.

The parent company in whose consolidated financial statements Leifheit AG is included is Home Beteiligungen GmbH, Munich.

Nassau/Lahn, May 2014

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke Dr Claus-O. Zacharias

RESPONSIBILITY STATEMENT

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

Nassau/Lahn, May 2014

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke Dr Claus-O. Zacharias

DISCLAIMER

Forward-looking statements

This quarterly 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 quarterly 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 quarterly financial report and the German version, the German version shall take precedence.

FINANCIAL CALENDAR

22 May 2014	Annual General Meeting, 10.30 a.m. (CEST) Leifheit AG Customer and Administrative Centre, Nassau/Lahn, Germany
13 August 2014	Financial report for the half-year ending 30 June 2014
10 November 2014	Quarterly financial report for the period ending 30 September 2014
24 – 26 November 2014	Presentation at the German Equity Forum, Frankfurt/Main, Germany

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