I trust in Leifheit

Quarterly financial report
for the period ending 31 March 2013

LEIFHEIT
Aktiengesellschaft

At a glance

- Group turnover in the first quarter € 55.6 million down on the previous year
- EBIT of € 2.8 million at previous year's level
- Turnover and earnings forecast confirmed for 2013
- Equity ratio falls to 45.5% due to changes in the accounting principles

Group data as at 31 March

		2012	2012 adjusted*	**2013**	**2013 adjusted***	Change
Turnover						
Group	€ million	59.4	58.0	56.4	55.6	-4.2%*
Brand Business	€ million	49.4	48.0	46.0	45.2	-5.8%*
Volume Business	€ million	10.0		10.4		+3.4%
Foreign share	%	54.8	54.8	55.9	56.6	+1.8 pps*
Profitability						
Gross margin	%	44.6		44.3		-0.3 pps
Cash flow from operating activities	€ million	0.6		2.9		> 100%
EBIT	€ million	2.8		2.8		-1.0%
EBIT margin	%	4.7		4.9		+0.2 pps
Earnings before income taxes (EBT)	€ million	2.3		2.4		+3.0%
Net result for the period	€ million	1.8		1.8		+1.7%
Employees						
Group	persons	1,037		1,029		-0.8%
Investments in tangible assets	€ million	2.6		0.5		-82.3%

* adjusted for discontinued operations with Dr Oetker Bakeware

Foreword

To our shareholders

Aside from the ongoing euro and debt crisis, our business performance in the first three months was affected in particular by the unfavourable weather conditions. The long winter in Europe, with snow in many places, continued until the end of March and had a negative impact on the sales of our products: consumers stayed home and visited important distribution channels for Leifheit, such as DIY stores, less frequently. This meant that purchases of rotary dryers for the garden and spring cleaning equipment were postponed.

This effect is also reflected in our Group turnover. Adjusted for discontinued operations with Dr Oetker Bakeware at € 55.6 million, this stood 4.2% lower in the first three months than in the same period of the previous year. A similar picture emerges at the segment level: with a fall of 5.8%, our Brand Business failed to reach the turnover of the same period of the previous year, amounting to € 45.2 million in the first quarter. Leifheit's second division, Volume Business, slightly counteracted this trend with an increase of 3.4% to € 10.4 million. Despite the decline in turnover at the Group level our EBIT, at € 2.8 million, remained at the good level of the previous year, also due to positive currency effects.

We have great plans for the current financial year. Over the course of 2013 we will launch a number of new products on the market. The presentation of these innovations at the Frankfurt trade fair Ambiente and other international fairs received an extremely positive feedback, which leads us to expect a significant turnover momentum from the middle of the year. In addition, we have put a number of strategic measures for 2013 on the agenda: in particular, the focus is on the reworking of our brand identity at the point of sale under the concept of POS-excellence and on the further development of our e-commerce activities. A 14.7% increase in turnover in this channel to € 3.2 million compared to the first quarter of 2012 is impressive proof that we are on the right track. In addition, we are focusing on expanding the distribution on our growth markets of Eastern Europe and Asia and our efforts to optimise our structures and our strict cost discipline will continue.

Furthermore, we expect significant catch-up effects in the second quarter and thus we can largely compensate for the lack of turnover in the first quarter. Notwithstanding the still uncertain economic environment and the difficult start to the new year, we are therefore being cautiously positive about 2013 and remain committed to the forecast in the 2012 annual financial report.

Unless the general conditions for our business and the impacts on our main sales markets change substantially, we expect a 2 to 4% increase in turnover at Group level for 2012, adjusted for operations with the Dr Oetker Bakeware brand. In terms of earnings, we expect a stable EBIT development at the level of adjusted earnings for 2012.

We are well-placed to secure our long-term growth and profit goals and we are committed to moving forward on our path of growth even in the current challenging economic environment.

The Board of Management

The Leifheit share

Upbeat start to the new year for the financial markets

At the beginning of 2013, the mood on the German equity markets was generally upbeat despite the additional uncertainty in the context of the euro and debt crisis. The SDAX reached its highest level in mid-March and closed at the end of the month slightly weaker at around 5,698 points, representing an increase of nearly 8.5% in the first three months. At the beginning of the second quarter, with higher volatility, the SDAX reached the 5,700 point mark.

Leifheit share outperforms the market

The announcement from two major shareholders (Home Beteiligungen GmbH and MKV Verwaltungs GmbH) of the sale of almost 60% of shares gave the Leifheit share price a significant boost at the end of 2012. This trend continued at the beginning of 2013. At the end of February 2013, the share price reached a high of € 35.00. By the end of March, the share price was able to maintain this level and closed the first quarter at € 33.22. This represents an increase of 15% within the first three months. The Leifheit share once again outperformed the SDAX. At the beginning of the second quarter profit taking led to a consolidation of our share price. The value at the end of April declined slightly, closing at € 30.24.

Compared to the fourth quarter of 2012, the trading volume of the Leifheit share normalised to an average of nearly 4,100 units per trading day (Q4/2012: 6,144 shares per day). As of the end of the first quarter of 2013, Leifheit AG's market capitalisation amounted to approximately € 166 million, an increase of around 14% on the 2012 year-end value of € 145 million.

No changes in the shareholder structure

In the first quarter of 2013 there were no changes in the Leifheit shareholder structure. The following shareholders currently hold more than 5% of the shares in Leifheit AG:

Home Beteiligungen GmbH, Munich	49.64%
MKV Verwaltungs GmbH, Grünwald	10.03%
Joachim Loh, Haiger	6.62%
Leifheit AG, Nassau	5.01%
Free float	28.69%

Interim management report and selected explanatory notes

These unaudited condensed consolidated interim financial statements for the period ending 31 March 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB), in particular in accordance with the provisions of IAS 34. The same accounting and valuation principles were applied as in the consolidated financial statements as at 31 December 2012 in addition to the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRIC and SIC) relevant to Leifheit that are mandatory from the financial year 2013.

On 1 January 2013 the revised standard IAS 19 – Employee Benefits (2011 revision) – was applied for the first time. The actuarial gains and losses for defined benefit plans are recognised in the period in which they are incurred in full in other comprehensive income, immediately adjusted into the other reserves, and not reclassified as profit or loss in subsequent periods. As a result of the adjustment recognised in equity, employee benefits obligations rose by € 13.3 million and deferred tax assets by € 3.7 million, while equity decreased by € 9.6 million as at 1 January 2013.

The application of all other standards and interpretations relevant to Leifheit and mandatory from the financial year 2013 had no material impact. Other new or revised, published but not yet effective standards and interpretations were not applied prematurely.

The condensed consolidated interim financial statements do not include all information and disclosures required for consolidated financial statements at the financial year end, and are therefore to be read in conjunction with the consolidated financial statements as at 31 December 2012. The accounting and valuation principles are described there in detail.

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

Group structure and business activities

The Leifheit Group is one of the leading European brand suppliers of household items. Our operating business is divided into two segments: Brand Business and Volume Business.

In the Brand Business, we distribute our products under two well-known brands: Leifheit and Soehnle. The license for the use of the rights to the name of the Dr Oetker Bakeware brand was terminated in mutual agreement as of 31 December 2012. 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 raised 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.

Leifheit AG has been a stock corporation under German law since 1984. Its domicile and headquarters are still at its place of foundation, Nassau/Lahn, Germany.

Nassau (administration and production) and Zuzenhausen (logistics) are the most important sites of Leifheit AG in Germany. In addition, there are three foreign constituent branches with no legal status. Leifheit AG has 12 direct or indirect subsidiaries.

Scope of consolidation

There were no changes in the scope of consolidation during the reporting period.

Economic environment

Slight stabilisation of the global economy

As before, the euro and debt crisis as well as political decisions negatively affected economic development in the Eurozone. This not only has a direct impact on the economy of the countries concerned, but also on economic dynamism in Europe, which in turn affects the countries with stable economic growth such as the Netherlands or Austria. Nevertheless, the global economy recovered slightly in the spring of 2013, as the feared depression in the Eurozone and the expected decline of the US economy due to the impact of US debt policy has so far failed to materialise. For the first three months of the year, the German Institute for Economic Research (DIW) reported a global economic growth of just above the 3% mark, which, however, continues to be driven by the emerging economies and China. The forecast for economic development in the Eurozone remains pessimistic. The Statistical Office of the European Union forecasts at most a slight growth in the first quarter of 2013. In Europe, especially the number of households that do not have to limit their consumption due to the income situation is decreasing.

German economy on an upward trend

Despite the continuing difficult conditions, the German economy showed positive trends again in the first quarter of 2013. According to the DIW economic activity in Germany grew by 0.5% in the first quarter of 2013 compared to the previous quarter. GDP stood at 0.2%. One reason for this is the persistently strong labour market. Foreign trade is continuing to be the main growth driver in Germany. Exports rose further.

Upward trend in consumer confidence comes to a standstill

The stable employment situation, rising incomes and low inflation in the first quarter of 2013 ensured steady consumer confidence in Germany. Economic expectations rose for the third time in a row. Income expectations and buying propensity showed a slight decline, but are still at a high level. The upward tendency in consumer confidence is, however, at a standstill. The retail sector remained one of the pillars of the German economy in 2013. After a survey of 1,300 companies, the German trade association (HDE) is forecasting turnover growth of 1% in retail for 2013.

Results of operations

At 31 December 2012 we ended the license for the use of the naming rights to the brand Dr Oetker Bakeware. The turnover of Dr Oetker Bakeware amounted to € 1.4 million in the first quarter of 2012. In the first three months of the current financial year, as part of the final completion, sales totalling € 0.8 million were made. For better comparability, in the comments below turnover for this year and last year has been adjusted for the business with Dr Oetker Bakeware.

Weather impacts Group turnover in the first quarter

In the first quarter of 2013 the Leifheit Group turnover decreased by 4.2% to € 55.6 million (previous year: € 58.0 million). Aside from the continuing consumer restraint due to the unsolved euro and debt crisis in many European countries, the adverse weather conditions at the beginning of the year were responsible for the decline in turnover at Group level. The unusually long period of frost resulted in a significantly lower frequency in visits to shops and especially to a reluctance to purchase rotary dryers that are used outdoors. Taken in isolation, in this important area for us we already lost turnover of € 1.1 million. Accordingly, on the German market, turnover declined by 8.0% to € 24.1 million (previous year: € 26.2 million). We expect significant catch-up effects in the months of April and May.

In other European countries, turnover decreased by 1.4% to € 28.5 million (previous year: € 28.9 million). The region of Central Europe was behind this. We suffered significant losses on one of our major European markets, the Netherlands, where, due to reduced purchasing power of households, consumption declined considerably. This had a particular impact on our product categories in the Brand Business. In contrast, we were once again able to grow strongly in the growth markets of Eastern Europe as part of our strategy. Here we achieved an increase in turnover of 11.3% to € 4.5 million (previous year: € 4.0 million). Other regions remained constant at € 3.0 million (previous year: € 2.9 million).

In the reporting period, the breakdown of Group turnover was as follows: Germany accounted for 43.4%, 43.4% was generated in the region of Central Europe, 8.0% in Eastern Europe and 5.2% of turnover was generated in other regions. There was a further increase in the foreign share to 56.6% (previous year: 54.8%).

Turnover decline in the Brand Business

In the first three months of 2013, the Brand Business recorded a decline of 5.8% compared to the same period of the previous year. Our Leifheit and Soehnle brands generated turnover of € 45.2 million (previous year: € 48.0 million). Brand Business' share of Group turnover thus amounted to 81.3% and remained just down on the previous year's figure (previous year: 82.7%).

On our domestic market of Germany, turnover declined by 8.3% to € 22.6 million (previous year: € 24.6 million), primarily due to adverse weather. In the reporting period, within the Central European region mainly the Netherlands but also Italy, Austria and Switzerland showed weaker performance compared to the previous year, while France developed especially positively. Overall, this led to a decline in turnover in Central Europe of 8.2% to € 16.3 million (previous year: € 17.7 million).

In Eastern Europe turnover grew significantly by 11.2% to € 4.5 million (previous year: € 4.0 million). The main growth drivers were the Czech Republic, Slovakia and Poland, where since 2012 we have been present with a wholly owned subsidiary. Overseas business primarily in the Far East and the Middle East developed satisfactorily. Overall, this region generated turnover of € 1.8 million, an increase of 17.8% compared to the previous year.

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

- The **cleaning** category, with turnover of € 13.3 million (previous year: € 13.4 million), was able to maintain the previous year's level. Turnover on the German market showed a slightly positive trend. However, sales suffered in DIY stores under the weather-related delay in the purchasing of cleaning equipment for spring. In contrast, hypermarkets and mail order rose slightly. Falling turnover resulted primarily from declining demand in the Netherlands, Switzerland and Austria.

- The **laundry care** category generated turnover of € 20.1 million from January to March 2013 (previous year: € 22.1 million) – a fall of 6.9%. This was due to the lack of turnover volumes in the domestic distribution channels of DIY stores, cash & carry and discount stores. This also applied to the sectors of drying and ironing. Abroad, we were able to improve in France, Spain and other European countries. However, the growth was overshadowed by significant declines in the Netherlands and Scandinavia.

- In the **kitchen goods** category we realised a turnover of € 4.1 million (previous year: € 4.8 million). The decrease of 14.2% on the previous year was mainly due to clearance sales of obsolete stock in 2012. In addition, lack of sales in the distribution channels of DIY stores and cash & carry led to lower domestic turnover. Furthermore, many Central European countries showed lower demand.

- In the **wellbeing** category with the Soehnle brand we achieved consistent turnover of € 7.6 million in the first quarter of 2013 (previous year: € 7.6 million). Slight falls in turnover in bathroom scales were offset by significant increases in the Relax range. We were particularly successful with our Soehnle products in France and Scandinavia.

Positive development in Volume Business

In the first three months of 2013 turnover in the Volume Business rose by 3.4% to € 10.4 million (previous year: € 10.0 million). This segment's share of Group turnover thus reached 18.4% (previous year: 16.8%).

We primarily achieve our turnover in the Volume Business abroad, mainly in France and the USA. While we were able to achieve an increase of 3.7% in France, business continued to decline in the USA due to market difficulties in the Project Business with a US client. In Germany, turnover was also down in the first three months of the financial year 2013 by 2.7% on the previous year's figure.

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 2013.

- The **laundry care** category recorded an increase in turnover of 5.6% to € 3.3 million (previous year: € 3.1 million). The turnover represents almost a third of turnover in the Volume Business. With € 2.4 million, our French subsidiary Herby contributed significantly to this positive development. Volume increases in the hypermarkets distribution channels and the new listing in a leading Dutch trading company had positive effects here.

- At almost two-thirds, the product category **kitchen goods** still has the largest share of turnover in the Volume Business. However, the turnover declined slightly by 2.1% to € 6.0 million in the first three months of 2013 (previous year: € 6.1 million).

  While our French subsidiary Birambeau was able to achieve growth of 3.3% to € 5.0 million in this category (previous year: € 4.9 million), the Project Business in the USA continued to decline. Weak clearance sales caused high levels of obsolete stock and postponement of repeat business.

- In the **wellbeing** category we generated turnover of € 0.4 million in the first three months of 2013 (previous year: € 0.1 million) beyond our brand names. In the bathroom scale sector a customer loyalty programme in the Netherlands benefited us.

- **Contract manufacturing** from the plant in Blatná/Czech Republic, as in the same period last year, attained a turnover of € 0.7 million. The share of Volume Business thus reached 6.3%.

Development of the Group's gross margin

In the first three months of 2013, the Group's gross margin, at 44.3%, (previous year: 44.6%) remained at a consistently high level.

By consciously avoiding low-margin sales, we achieved a further increase in our gross margin in the Brand Business of 0.5 percentage points to 47.1%. On the other hand, the gross margin declined in the Volume Business from 34.6% in the first quarter of 2012 to 31.6% in the current reporting period.

Group EBIT

Group EBIT remained with € 2.8 million on the level of the previous year in the first three months of 2013, primarily due to positive currency effects (previous year: € 2.8 million).

In line with our strategy and with a view to strict cost discipline we were able once again to slightly increase our EBIT in the Brand Business to € 2.5 million (previous year: € 2.3 million). In the Volume Business we recorded a slight decline in EBIT to € 0.3 million (previous year: € 0.5 million).

Once again, we also posted a positive development in our Group EBT. With an increase of 3.0% this reached € 2.4 million (previous year: € 2.3 million).

The tax rate rose only slightly, from 23.1% to 24.0%. Net result for the period at € 1.8 million was the same as the previous year.

Financial position and net assets

Liquidity

The cash flow from operating activities amounted to € 2.9 million (previous year: € 0.6 million). This was attributable to the net result for the period of € 1.8 million (previous year: € 1.8 million), depreciation and amortisation of € 1.6 million (previous year: € 1.6 million) and the increase in accounts payables and other liabilities of € 1.1 million (previous year: € 5.0 million). The increase in receivables and other assets in the amount of € 1.7 million (previous year: € 7.5 million) counteracted this.

The cash flow from investment activities fell to € 1.4 million (previous year: € 3.9 million). Outflows for investments fell by € 2.1 million to € 0.5 million. This was offset by proceeds from a claim for payment of the remainder of the purchase price from the sale of assets related to the abandonment of the license with Dr Oetker Bakeware, totalling € 1.8 million. In the previous year, the changes in the financial assets of € 6.5 million had a positive effect.

Cash and cash equivalents increased accordingly compared to 31 December 2012 by € 4.4 million to € 38.1 million.

Investments

The additions to tangible assets amounted to € 0.5 million (previous year: € 2.6 million) and related to tools for new products, machinery, rationalisation investments for production plants, display stands as well as tools and equipment. In the previous year expansions at the production plant in the Czech Republic as well as warehouse automation at the logistics centre in Zuzenhausen led to increased investments in tangible assets. During the reporting period, additions to intangible assets as in the previous year were less than € 0.1 million.

The investment ratio amounted to 0.3% of the historic cost of the assets. We invested € 0.4 million in Brand Business and € 0.1 million in Volume Business. Investments were offset by depreciation of tangible assets amounting to € 1.3 million and amortisation of intangible assets amounting to € 0.3 million.

Adjustment to the balance sheet structure as at 1 January 2013

The initial application of the revised IAS 19 – Employee Benefits (2011 revision) – led on 1 January 2013 to a significant adjustment of the balance sheet structure of the Leifheit Group compared with the consolidated financial statements as at 31 December 2012.

Through the application of actuarial losses of € 13.3 million, not recorded at 31 December 2012, on 1 January 2013 employee benefits obligations (pension reserves) were recorded, thus increasing the Group's obligations. The adjustment was made in consideration of deferred taxes recognised directly in equity in the amount of € 3.7 million. This resulted in a decrease in equity of € 9.6 million. The equity ratio as of 1 January 2013 thus amounted to 45.0%.

Balance sheet structure as at 31 March 2013

Total assets increased by € 6.4 million from € 202.2 million on 31 December 2012 to € 208.6 million.

Cash and cash equivalents increased by € 4.4 million to € 38.1 million. Current financial assets amounted to € 3.4 million. This involves an investment in the form of a zero coupon bond, due on 31 May 2013. Trade receivables increased by € 2.6 million to € 54.2 million compared to 31 December 2012, and inventories fell by € 0.9 million to € 38.5 million. Due to completed forward foreign exchange contracts, current derivative financial instruments increased to € 1.2 million. Other current assets decreased by € 2.7 million to € 2.0 million. This was mainly due to a residual purchase price from the sale of assets related to the abandonment of the license with Dr Oetker Bakeware, the decline in VAT receivables and supplier bonuses. The deferred tax assets increased primarily due to the adjustment of the pension obligation by € 3.4 million to € 10.4 million.

Trade payables and other liabilities increased accordingly compared to 31 December 2012 by € 2.4 million to € 47.4 million. Employee benefit obligations increased by € 12.8 million to € 55.7 million, mainly due to the change in the accounting of pension reserves.

Equity decreased by € 7.4 million from € 102.4 million at 31 December 2012 to € 94.9 million at 31 March 2013. The major reason for this, at € 9.6 million, is the previously described change in accounting principles. The net result for the first three months of 2013 amounted to € 1.8 million. The equity ratio at 31 March 2013 was 45.5%.

Compared with the end of 2012, there were no material changes in non-balance-sheet assets (mainly leased and rented goods). In addition no new off-balance-sheet financing instruments were used. No company purchases or sales were made in the reporting period.

Treasury shares

Leifheit used no treasury shares in the first quarter of 2013. In the same period in the previous year 3,646 treasury shares, corresponding to 0.07% of the share capital, were issued in the form of employee shares. The corresponding interest in the share capital was k€ 11.

Neither in the current reporting period nor in the previous year were treasury shares purchased. Including the treasury shares purchased and issued in previous years Leifheit held on 31 March 2013 an amount of k€ 7,598, corresponding to 250,525 treasury shares (5.01% of the share capital). The corresponding interest in the share capital was k€ 752.

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).

Commitments

The Group companies have not entered into any commitments.

Contingencies and other financial liabilities

There are rental and leasing agreements for business premises, IT and telephone equipment, vehicles and similar assets and licensing agreements with an annual expense of about € 5.2 million (previous year: € 5.9 million). The future minimum payments on basis of lease and rental agreements without cancellation option amount to € 2.1 million up to one year (previous year: € 2.1 million), € 3.1 million between one and five years (previous year: € 3.4 million) and € 0.0 million for more than five years (previous year: € 0.4 million). The leases constitute operating leases within the meaning of IAS 17.

As at 31 March 2013, purchase commitments totalled € 1.4 million (previous year: € 1.1 million). There are contractual obligations to acquire items of tangible assets in the amount of € 1.7 million relating to tools in particular. A contingent liability in the amount of € 1.3 million of Leifheit-Birambeau S.A.S. in France exists from a tax audit that is still pending.

Other financial assets and financial liabilities

Financial assets and liabilities measured at fair value as affecting net income

Financial assets and liabilities measured at fair value as affecting net income are those forward exchange contracts and currency swaps that do not qualify as hedges. These financial instruments are used to reduce the foreign currency risk for sales and purchases based on an assessment of the management with regard to the business development.

As at 31 March 2013, the following forward exchange contracts and currency swaps are not accountetd as cash flow hedge instruments:

	Value of liability	Foreign currency	Nominal value
Buy USD/€	€ 18.3 million	USD 24.6 million	€ 19.1 million
Sell USD/€	€ 5.3 million	USD 6.9 million	€ 5.3 million

Hedges – cash flow hedges

As at 31 March 2013, there were forward exchange contracts for future payment obligations in U.S. dollars, which can be attributed to a transaction that is highly probable to materialise in the future. It involved the expected and highly probable future purchases of goods in the months of April 2013 to December 2014 from suppliers in the Far East amounting to USD 26.4 million, classified as highly effective. An unrealised expense of k€ 246 on hedging instruments (of which k€ -95 as the effect from tax on income) was recognised in equity with no impact on net income as at 31 March 2013.

Hierarchy of fair values

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

level 1: quoted market prices

level 2: assessment procedures (input parameters observed on the market)

level 3: assessment procedures (input parameters not observed on the market)

All financial assets and liabilities to be measured at fair value are assigned to level 2. In the period from 1 January 2013 to 31 March 2013 there were no transfers between levels.

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

		Book value		Fair value	
k€	Valuation category in accordance with IAS 39	**31 March 2013**	31 Dec 2012	**31 March 2013**	31 Dec 2012
Financial assets					
Cash and cash equivalents	a)	38,101	21,738	38,101	21,738
Structured money market instruments	d)	–	11,979	–	11,979
Trade receivables	a)	54,169	51,535	54,169	51,535
Derivative financial assets	c)	1,178	12	1,178	12
Other financial assets	a)	1,080	6,593	1,080	6,593
Financial liabilities					
Trade payables	b)	18,084	19,073	18,084	19,073
Derivative financial liabilities	c)	34	389	34	389
Other financial liabilities	b)	16,527	15,664	16,527	15,664

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 income
d) financial assets and liabilities measured at fair value with effects on net income

Overall statement

Measured according to our own objectives for the year 2013, we cannot be satisfied with the business development in the first quarter. We will analyse the decline in demand in important regions such as the Netherlands in detail and respond accordingly. Nevertheless, we are confident that weather-related turnover delays from the first quarter can be offset into the second quarter and our product innovations from the middle of the year will achieve additional turnover momentum.

Our strategic focus on the Brand Business and the conscious avoidance of weak-margin turnover resulted in a further increase in the gross margin in this segment. Overall, we achieved – thanks to positive currency effects – solid operating Group earnings on the same level as the previous year. With cash totalling € 38.1 million and an equity ratio of 45.5% we are soundly positioned to meet the further challenges in 2013.

Employees

In the first three months, the Leifheit Group employed an average of 1,029 people (previous year: 1,037), of which 743 employees were in Brand Business and 286 in Volume Business.

Employees by region

Locations	**1 January to 31 March 2013**	1 January to 31 March 2012
Germany	406	411
Czech Republic	380	383
France	176	180
Other countries	67	63
Group	**1,029**	**1,037**

At 39.5%, the largest portion of our employees work in Germany, followed by 36.9% in the Czech Republic and 17.1% in France. The remaining 6.5% of employees are located in different countries within Europe and the USA.

Personnel changes in Group organs

There were no changes in Group organs in the reporting period 2013.

Opportunities and risks

For information on the opportunities and risks at Leifheit, please see the detailed description in the consolidated management report as at 31 December 2012. There were no material changes in the reporting period. Furthermore, we do not expect any individual or aggregate risks which threaten the company as a going concern.

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.

Events after the end of the reporting period

Since 31 March 2013 there have been 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.

Annual General Meeting

The Annual General Meeting is convened for 6 June 2013 at the company's headquarters in Nassau/Lahn, Germany.

Proposal for the appropriation of the blanace 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 2012 amounts to € 13,590,000.00. The Board of Management and the Supervisory Board will propose the following resolution to the Annual General Meeting on 6 June 2013:

From the balance sheet profit of the company for financial year 2012 in the amount of € 13,590,000.00, a dividend of € 1.50 per no-parvalue bearer share entitled to dividends will be distributed to the shareholders – in total of € 7,124,212.50 for 4,749,475 no-par-value bearer shares. The remaining amount of € 6,465,787.50 will be carried forward to new account.

The dividend will be paid as of 7 June 2013.

Forecast

Global economy remains tense

In 2013, the International Monetary Fund (IMF) expects global economic growth of just 3.3%. Thus, the IMF is lowering its assumptions by 0.2 percentage points compared with the beginning of the year. For emerging economies, the IMF has also slightly lowered its forecast and now forecasts economic growth of 5.3%. China is expected to grow by 8.0%. The forecast for the USA of 1.9% growth is also slightly more pessimistic than at the beginning of the year. For Europe, due to the continued tense economic situation and political uncertainty, a decline in economic growth of 0.3% is forecast. Even for Germany the forecast has been reduced by 0.3% on the last estimate in January. Currently the experts are only forecasting growth of 0.6%.

Consumers and retailers look to the future positively

The outcome of the elections in Italy and the uncertain political future of the third-largest economy in Europe have so far not dissuaded German consumers about their optimism for the economy. According to a study by the market research institute GfK, economic expectations are continuing to rise. However, this is counteracted by the slightly decreasing income expectations.

In addition, two-thirds of retailers are expecting stable or increasing sales for 2013, according to a survey by the Trade Federation. The development of consumption will continue to remain tense in Europe. In the Netherlands, for example, due to the expected impact of the euro and debt crisis and reduced purchasing power, a further decline in consumption is forecast.

Outlook for the current financial year

In 2013, we will continue to pursue our objectives consistently. As part of the "Leifheit GO!" strategy we have developed measures to generate further growth potential. During the year, we are committed to further promoting two initiatives: Under the POS-excellence concept we will further optimise our brand presence in retail. Here, Leifheit offers intelligent solutions for retailers, with whom the increasing brand and quality orientation of consumers are taken into account. For this, the quality of the Leifheit and Soehnle products are presented with eye-catching POS tools, expressive packaging and intelligent search logic on the shelf. Furthermore, as announced, we will expand our activities in e-commerce. To best support this distribution channel, we have implemented organisational measures and process optimisation in the context of a broad-based e-commerce project. After initial successes in 2012, we expect continued turnover growth from these measures. Our POS-excellence initiative and the activities in e-commerce target continued growth in the saturated markets of Central Europe.

In addition, we will expand our distribution into new growth regions such as Eastern Europe, in selected countries in Asia or in Turkey, also to compensate for cyclical declines in Southern Europe.

Forecast for 2013 confirmed

We are confident that weather-related turnover delays can be offset from the first quarter into the second quarter and our product innovation from the middle of the year will achieve additional turnover momentum. Although the economic situation remains volatile, we expect 2013 as a whole to achieve turnover growth of 2 to 4% on the 2012 turnover adjusted for operations with the Dr Oetker Bakeware brand. This is on the premise that the overall economic conditions in our key markets do not significantly change. To this end we maintain that a turnover increase of 3 to 5% in Brand Business remains realistic. In Volume Business, we expect turnover to increase on the previous year's level. On the earnings side, we are expecting stable development with EBIT at the level of the adjusted result of 2012.

In the medium term we continue to pursue our target for a sustainable and profitable growth in turnover in an amount between 3 to 5% at the Group level with a strong earnings upturn. The Leifheit Group is well positioned today to secure these long-term growth and profit targets.

Condensed interim financial statements
Statement of comprehensive income

k€	1 January to 31 March 2013	1 January to 31 March 2012
Turnover	56,429	59,417
Cost of turnover	-31,453	-32,926
Gross profit	**24,976**	**26,491**
Research and development costs	-876	-810
Distribution costs	-18,375	-18,947
Administrative costs	-3,917	-3,433
Other operating income	170	159
Other operating expenses	-231	-495
Foreign currency result	1,011	-179
Earnings before interest and taxes (EBIT)	**2,758**	**2,786**
Interest income	79	114
Interest expense	-501	-592
Net other financial result	40	–
Earnings before income taxes (EBT)	**2,376**	**2,308**
Income taxes	-570	-532
Net result for the period	**1,806**	**1,776**
Components of comprehensive income after taxes taken directly to equity		
Amounts that are not reclassified in future periods in the statement of comprehensive income:		
Actuarial gains/losses on defined benefit pension plans, of which effect on incom taxes: k€ -187 (previous year: k€ 0)	481	–
Amounts that may be reclassified in future periods in the statement of comprehensive income:		
Currency translation of foreign operations	-92	150
Currency translation of net investments in foreign operations, of which effect on income taxes: k€ 101 (previous year: k€ -126)	-259	322
Net result of cash flow hedges, of which effect on income taxes: k€ -95 (previous year: k€ 0)	246	–
Comprehensive income after taxes	**2,182**	**2,248**
Net result for the period attributable to		
Minority interests	-7	-3
Shareholders of the parent company	1,813	1,779
Net result for the period	**1,806**	**1,776**
Comprehensive income attributable to		
Minority interests	-7	-4
Shareholders of the parent company	2,189	2,252
Comprehensive income after taxes	**2,182**	**2,248**
Earnings per share based on net result for the period (diluted and undiluted)	**€ 0.38**	**€ 0.37**
Earnings per share based on comprehensive income after taxes (diluted and undiluted)	**€ 0.46**	**€ 0.47**

Balance sheet

k€	31 March 2013	31 Dec 2012
Current assets		
Cash and cash equivalents	38,101	33,717
Financial assets	3,352	3,334
Trade receivables	54,169	51,535
Inventories	38,470	39,386
Income tax receivables	1,070	1,255
Derivative financial instruments	1,178	12
Other current assets	1,984	4,638
Total current assets	**138,324**	**133,877**
Non-current assets		
Financial assets	5	5
Tangible assets	37,606	38,844
Intangible assets	19,198	19,489
Deferred tax assets	10,382	6,954
Income tax receivables	2,890	2,852
Other non-current assets	196	186
Total non-current assets	**70,277**	**68,330**
Total assets	**208,601**	**202,207**
Current liabilities		
Trade payables and other liabilities	47,374	44,949
Derivative financial instruments	34	389
Income tax liabilities	410	1,338
Provisions	5,590	5,639
Other current liabilities	–	–
Total current liabilities	**53,408**	**52,315**
Non-current liabilities		
Provisions	2,503	2,527
Employee benefit obligations	55,715	42,928
Deferred tax liabilities	1,938	1,976
Other non-current liabilities	89	88
Total non-current liabilities	**60,245**	**47,519**
Equity		
Subscribed capital	15,000	15,000
Capital surplus	16,934	16,934
Treasury shares	-7,598	-7,598
Retained earnings	77,180	75,367
Other reserves	-6,628	2,603
Minority interests	60	67
Total equity	**94,948**	**102,373**
Total equity and liabilities	**208,601**	**202,207**

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 2012	15,000	16,934	-7,813	72,212	2,521	98,854
Issue of treasury shares	–	–	63	–	–	63
Comprehensive income	–	–	–	1,779	473	2,252
of which net result for the period	–	–	–	1,779	–	1,779
of which currency translation of foreign operations	–	–	–	–	151	151
of which currency translation of net investments in foreign operations	–	–	–	–	322	322
As at 31 March 2012	**15,000**	**16,934**	**-7,750**	**73,991**	**2,994**	**101,169**
As at 31 December 2012	15,000	16,934	-7,598	75,367	2,603	102,306
Change in accounting principles in accordance with IAS 19	–	–	–	–	-9,607	-9,607
As at 1 January 2013 (adjusted)	15,000	16,934	-7,598	75,367	-7,004	92,699
Comprehensive income	–	–	–	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**

The changes in consolidated equity were as follows:

k€	Shareholders of the parent company	Minority interests	**Total equity**
As at 1 January 2012	98,854	87	98,941
Issue of treasury shares	63	–	63
Comprehensive income	2,252	-4	2,248
of which net result for the period	1,779	-3	1,776
of which currency translation of foreign operations	151	-1	150
of which currency translation of net investments in foreign operations	322	–	322
As at 31 March 2012	**101,169**	**83**	**101,252**
As at 31 December 2012	102,306	67	102,373
Change in accounting principles in accordance with IAS 19	-9,607	–	-9,607
As at 1 January 2013 (adjusted)	92,699	67	92,766
Comprehensive income	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**

Statement of cash flow

k€	**1 January to 31 March 2013**	1 January to 31 March 2012
Net result for the period	1,806	1,776
Adjustments for depreciation and amortisation	1,622	1,633
Change in provisions	42	-324
Result from disposal of fixed assets and other non-current assets	1	1
Change in inventories, trade receivables and other assets not classified as investment or financing activities	-1,703	-7,455
Change in trade payables and other liabilities not classified as investment or financing activities	1,141	4,978
Cash flow from operating activities	**2,909**	**609**
Acquisition of tangible and intangible assets	-476	-2,587
Change in financial assets	–	6,519
Proceeds from the sale of tangible assets and other non-current assets	1,875	13
Cash flow from investment activities	**1,399**	**3,945**
Change in treasury shares	–	63
Cash flow from financing activities	**–**	**63**
Effects of exchange rate differences	**76**	**321**
Net change in cash and cash equivalents	4,384	4,938
Cash and cash equivalents at the start of the reporting period	33,717	29,511
Cash and cash equivalents at the end of the reporting period	**38,101**	**34,449**

Segment reporting

Key figures by divisions as at 31 March 2013		Brand Business	Volume Business	**Total**
Turnover	€ million	46.0	10.4	56.4
Turnover adjusted*	€ million	45.2	10.4	55.6
Gross profit	€ million	21.7	3.3	25.0
Contribution margin	€ million	17.7	2.9	20.6
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

* adjusted for discontinued operations with Dr Oetker Bakeware

Key figures by divisions as at 31 March 2012		Brand Business	Volume Business	**Total**
Turnover	€ million	49.4	10.0	59.4
Turnover adjusted*	€ million	48.0	10.0	58.0
Gross profit	€ million	23.0	3.5	26.5
Contribution margin	€ million	18.8	3.1	21.9
Segment result (EBIT)	€ million	2.3	0.5	2.8
Depreciation and amortisation	€ million	1.3	0.3	1.6
Employees on annual average	persons	732	305	1,037

* adjusted for discontinued operations with Dr Oetker Bakeware

Report of the Board of Management

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 financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, 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 2013

Leifheit Aktiengesellschaft
The Board of Management

Georg Thaller

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.

Key dates

6 June 2013
Annual General Meeting, 10:30 a.m.,
Leifheit AG Customer and Administrative Centre,
Nassau/Lahn, Germany

13 August 2013
Financial report for the half-year ending 30 June 2013

11 November 2013
Quarterly financial report for the period
ending 30 September 2013

11–13 November 2013
Presentation at the German Equity Forum
Frankfurt/Main, Germany

Aktiengesellschaft

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