Quarterly financial report
for the period ending 30 September 2012

I trust in Leifheit

LEIFHEIT
Aktiengesellschaft

At a glance

- Brand Business growth in line with forecast
- Increased focus on Eastern Europe and e-commerce
- Higher-than-average increase in earnings

Group data

January to September			2012	2011	Change
Turnover	– Group	€ million	**164.0**	164.8	**-0.5%**
	– Brand Business	€ million	**132.0**	129.3	**2.1%**
	– Volume Business	€ million	**32.0**	35.5	**-10.1%**
Foreign share			**56.6%**	56.4%	**0.2 PP**
Gross margin			**44.0%**	42.5%	**1.5 PP**
EBIT		€ million	**7.7**	7.1	**9.4%**
Earnings before income taxes (EBT)		€ million	**6.4**	6.1	**5.4%**
Net result for the period		€ million	**5.2**	6.0	**-13.3%**
Investments in tangible assets		€ million	**6.6**	2.6	**> 100%**
Cash flow from operating activities		€ million	**1.0**	4.5	**< 100%**
Employees (annual average)			**1,018**	1,093	**-6.9%**

Foreword

To our shareholders

The Leifheit Group ended the first nine months of 2012 with a sound earnings figure. However, the difficult economic situation in some of our southern European focus countries caused by the euro crisis had an increasingly negative impact on our business performance. We will actively counter these trends in the context of our "Leifheit Go!" business strategy.

In detail, this means that whilst we will continue to pursue our growth activities in the central and northern European markets as before, we will keep our business in the southern European states at a sound level. In contrast, Leifheit will step up its focus on Eastern Europe as well as selected higher-growth countries in Asia.

In addition to this regional approach, we are also realigning our distribution channels at present. At Leifheit, e-commerce is now a key pillar of our distribution beside the conventional distribution channels. We plan to extend this further in future, but without weakening the established distribution channels.

After the first nine months, Group turnover stood at € 164.0 million, down slightly from € 164.8 million in the previous year. In addition to the poor weather conditions in spring, which negatively impacted on sales of rotary driers, this was chiefly due to the above-mentioned situation in Southern Europe and downturns in the lower-margin Volume Business. The very strong performance in some of our defined focus markets such as the Netherlands and Russia did not fully compensate for this. Even so, we increased our operating result (EBIT) by 9.4% to € 7.7 million (previous year: € 7.1 million) from January to September 2012. We therefore remain on course in terms of our EBIT forecast.

At segment level, our Brand Business generated a sound 2.1% increase in turnover in the first nine months of the year. In contrast, Volume Business posted a decrease of 10.1%. This is due mainly to our Project Business in the US.

In view of the current economic environment, we have a cautiously positive outlook for the fourth quarter of 2012. Unless the general conditions for our business and the impacts on our main sales markets change substantially in the fourth quarter, we expect a slight year-on-year increase in turnover at Group level. This will be driven solely by the high-margin Brand Business. We also forecast a continued, significant increase in earnings (in relation to adjusted EBIT) in the double digits.

The Leifheit share

Difficult situation on the financial markets

Due to the ongoing sovereign debt crisis, weak economic growth in the euro zone and the resultant uncertainty, sentiment on the stock markets remained mixed in the third quarter of 2012. However, in 2012 as a whole, the SDAX performed positively, rising by just under 12% to end the quarter at 5,004 points.

Positive Leifheit share performance continues

The Leifheit share price mirrored market development. Having started at € 23.25 on 2 July 2012, the price reached a third-quarter peak of € 25.25 in mid-September. The share closed on 28 September 2012 at a price of € 24.15. This equates to an increase of 3.9% compared with the start of the quarter.

The share of Leifheit AG thus confirmed its positive price trend in relation to its benchmark index, the SDAX. The Leifheit share price has climbed by almost 18% since the beginning of the year.

Trading volume

Compared with the second quarter of 2012, the trading volume of the Leifheit share fell to an average of 1,817 shares per trading day (Q2/2012: 2,206 shares/day). As of the end of the third quarter, Leifheit AG's market capitalisation amounted to approximately € 120.8 million, almost 18% higher than the comparable figure at the beginning of the year (€ 102.3 million).

Analysts forecast growth

Various analyst valuations were published in the third quarter of 2012. The studies issued hold or buy recommendations with price targets of between € 25.00 and € 30.00 over a time horizon of 12 months.

Only minor changes in the shareholder structure

There were some minor changes in the Leifheit shareholder structure in the third quarter of 2012. Home Beteiligungen GmbH, Munich, currently holds 0.69% more shares than in the second quarter. In contrast, the free float fell by 0.69%.

The following shareholders currently hold more than 5% of the shares in Leifheit AG:

Home Beteiligungen, Munich	49.03%
MKV Verwaltungs GmbH, Munich	10.03%
Joachim Loh, Haiger	6.62%
Leifheit AG, Nassau	5.08%
Free float	29.24%

Interim management report and selected explanatory notes

This quarterly financial report for the period ending 30 September 2012 was 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 methods were applied as in the consolidated financial statements as at 31 December 2011 in addition to the standards and interpretations of the IASB and IFRIC relevant to Leifheit that are mandatory from the financial year 2012. This application had no significant impact.

Taking into account the nature and purpose of interim reporting as an information tool that expands on the consolidated financial statements, we refer to the notes to the consolidated financial statements. The accounting, valuation and consolidation methods applied and the exercising of the options contained in the IFRS are set out in detail there. As at 30 September 2012, Leifheit started using forward foreign exchange contracts as hedging instruments to hedge against the currency risk arising from firm commitments or expected and highly probable transactions (goods purchases in foreign currency). This relates to hedging of cash flow fluctuation risks. On each balance sheet date at the latest, the effectiveness of the hedges is reviewed and expected transactions are examined in order to determine whether they are highly likely to be conducted. The effective part of the gain or loss from the hedging instrument is recognised in net other income (components of comprehensive income after taxes taken directly to equity) in the cash flow hedging reserve, whilst the ineffective part is immediately recognised in income in the foreign currency result. The amounts recognised in net other income are reclassified as part of the acquisition costs on receipt of the hedged goods. Recognition in relation to income is carried out on disposal of inventories by posting the use of materials.

Neither these condensed consolidated interim financial statements nor this interim management report were reviewed by an auditor.

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. Across both divisions, we distribute products in the categories of cleaning, laundry care, kitchen goods and wellbeing.

In Brand Business, we distribute our products under the three well-known brands: Leifheit, Dr Oetker Bakeware and Soehnle. Our brand products are characterised by high-quality workmanship with a high degree of consumer benefit and are offered in the medium to high price sector.

The Volume Business segment of the Leifheit Group includes the French subsidiaries Birambeau and Herby as well as Project Business. Here we offer product ranges in the medium price range plus customer-specific product developments and their manufacture as well as contract manufacturing for third parties.

Leifheit AG has been a stock corporation (Aktiengesellschaft) under German law since 1984. Its headquarters and administrative offices continue to be based at its founding location in Nassau/Lahn. The main locations of Leifheit AG are situated in Nassau (administration and production) and Zuzenhausen (logistics). In addition, there are three foreign constituent branches with no legal status. Leifheit AG has eleven direct or indirect subsidiaries.

Consolidated companies

There were no changes in the consolidated companies during the reporting period.

Economic environment

Sovereign debt crisis curbs economic growth

The ongoing European debt crisis again prevented a global economic recovery in the third quarter of 2012. Uncertainty on the financial markets increased due to the economic instability in the euro zone. Economic growth fell to a minimum. The US, which is already grappling with major structural problems and weaker economic growth itself, is also increasingly affected by the negative impacts of the euro crisis. In contrast, individual markets such as Poland, Turkey and some Asian countries are showing strong growth indicators. In Germany, the economic climate remains positive, but there are some signs that the negative developments of other European countries are taking hold.

According to the German Finance Ministry, the German economy continued to grow in the third quarter of 2012 despite the weakening global economy, with industry being the main source of growth. The German Institute for Economic Research (DIW) expects GDP growth of 0.2% for Germany in the third quarter of 2012.

The inflation rate in the euro zone remained almost constant, and stood at 2.6% in September 2012. In Germany, the inflation rate rose slightly by 0.2 percentage points to 2.1% compared with July this year.

Consumer uncertainty

Consumers have also responded to the stagnant or even deteriorating economic conditions and rising unemployment rates in many European countries. According to the GfK consumer climate study, uncertainty among consumers has increased and their economic expectations have worsened. German exports are also suffering in this environment. The economic weakness of many euro states has caused a marked decline in German exports to other European countries. In particular, exports to Spain, Italy and Greece have fallen significantly.

German consumers now expect the beleaguered global economic situation to affect Germany. However, income expectations and consumer behaviour remain at a high level as a result of the consistently stable German labour market. For this reason, consumers are still tending to invest in larger, high-value acquisitions such as property.

Results of operations

Group turnover down slightly year-on-year

In the first nine months of 2012, Leifheit Group turnover was down slightly year-on-year at € 164.0 million (previous year: € 164.8 million).

In the reporting period, the breakdown of Group turnover was as follows: Germany 43.4%, Europe excluding Germany 50.7% and other regions 5.9%.

As per the development in the first half of the year, Europe excluding Germany posted the highest growth with an increase of 2.0% to € 83.2 million. Turnover in our domestic market, Germany, was slightly weaker than in the previous year, falling by 1.1% to € 71.1 million. The other regions were also down year-on-year at € 9.7 million. The foreign share of turnover thus remained almost constant compared with the previous year at 56.6% (previous year: 56.4%).

Performance in the third quarter was more positive. Our largest segment – Brand Business – grew by a pleasing 3.3% in the third quarter, thus making up for the weak performance in Volume Business. Overall, this led to stable Group turnover of € 53.5 million in the third quarter of 2012 (Q3/2011: € 53.4 million).

Brand Business growth as a result of foreign demand
In the first nine months of 2012, Brand Business generated sound growth of 2.1% year-on-year. The Leifheit, Dr Oetker Bakeware and Soehnle brands achieved combined turnover of € 132.0 million (previous year: € 129.3 million). Accordingly, Brand Business' share of Group turnover rose to 80.5%, up 2.0 percentage points year-on-year (previous year: 78.5%).

This increase was mainly generated from foreign countries, where turnover grew by 5.3% to € 65.7 million (previous year: € 62.4 million). In contrast, our domestic market, Germany, was down slightly on the previous year with a decrease of 0.9% to € 66.3 million (previous year: € 66.9 million).

In the reporting period, the regions outside Germany contrasted significantly in terms of their individual economic situation. In Central Europe, a key region for the Leifheit Group, France, the Netherlands and Switzerland posted high growth rates, making up for the weakness of countries hit hard by consumer restraint such as Italy, Spain and Greece. Overall, the Central European region saw slight growth of 1.0% to € 46.8 million. The Eastern Europe region recorded very pleasing growth of 23.1% to € 12.7 million. The main sales drivers were Russia and Ukraine. In the overseas region, business was particularly pleasing in Asia and Australia. Overall, this region generated an increase of 8.1% to € 6.2 million.

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

- With a 3.3% increase in turnover to € 36.2 million in the first nine months of 2012, the **cleaning** category continued its growth trend. Positive impetus here chiefly came from foreign countries, especially Russia and the Czech Republic. However, at the end of the reporting period, domestic turnover also increased again following the launch of product innovations such as the new Clean Twist system. We also posted increases in the Internet retail.

- The **laundry care** category achieved a slight increase of 0.9% from January to September, generating turnover of € 56.8 million. Here too, growth impetus mainly came from foreign countries. The hypermarket, DIY store and Internet retail performed positively. Within this category, our ironing products showed a significant increase in turnover.

- In **kitchen goods,** we saw a decrease of 4.3% to € 17.4 million. Demand for kitchen goods of the Leifheit brand was much lower in key countries for this category such as Italy and Spain. However, Germany showed a pleasing slight increase. We expect the current repositioning of the kitchen goods category to have a positive impact.

- In the **wellbeing** category with the Soehnle brand, turnover rose by a pleasing 3.7% year-on-year to € 21.0 million. The main increase at Soehnle came from bathroom scales. In particular, demand stemmed from the Middle East region and the Netherlands. The new Soehnle Relax product line also contributed to the positive turnover development.

In the third quarter of 2012, Brand Business posted sound year-on-year growth of 3.3% to € 42.0 million (Q3/2011: € 40.6 million).

Downward trends in Volume Business

In Volume Business, turnover fell by 10.1% to € 32.0 million in the first nine months of 2012 (previous year: € 35.5 million). Accordingly, this segment's share of Group turnover fell from 21.5% in the previous year to the current figure of 19.5%. Turnover in Volume Business is primarily generated in foreign countries, mainly France and the US. Both regions performed less strongly than in the previous year. In domestic business, turnover in the past nine months was also down, falling by 4.0%.

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

- In line with planning, the **cleaning** category did not generate any material turnover in Volume Business in the first nine months of 2012.

- **Laundry care** posted a 6.4% decrease in turnover to € 9.9 million. These revenues represent just under one third of turnover in Volume Business. With turnover of € 7.3 million, the French subsidiary Herby made a major contribution here. The main reason for the decrease is the lack of promotion volume at a key French retail chain as well as the general trend from listing to promotion business. We plan to take targeted countermeasures here.

- At 61.3%, the **kitchen goods** category still has the highest portion of turnover in the Volume Business. In the first nine months of 2012, revenues fell by 13.1% to € 19.6 million. This mainly results from the downturn in Project Business with a US customer. This customer's high inventories at the end of 2011 resulted in a low level of new orders in the first nine months of this year. Furthermore turnover development was burdened by the ongoing weak economic situation with consumer goods, especially in the US. In addition to Project Business, our subsidiary Birambeau saw its turnover fall by 2.8% year-on-year to € 16.4 million in this category. In particular, slow sales of seasonal items due to bad weather in spring of 2012 curbed development there.

- As scheduled, the **wellbeing** category did not generate any notable turnover beyond our brand names in the first nine months of 2012.

- **Contract manufacturing** at the plant in Blatná (Czech Republic) attained a turnover of € 1.7 million (previous year: € 2.1 million). The contract manufacturing share of Volume Business was thus reduced to 5.3%.

After a challenging first half of the year, turnover in Volume Business in the third quarter of 2012 was down 9.6% on the previous year at € 11.5 million (Q3/2011: € 12.7 million).

Development of the Group's gross margin

The earnings situation of the Leifheit Group remained sound in the first nine months of 2012. The gross margin increased by 1.5 percentage points to 44.0% (previous year: 42.5%).

Within the Brand Business segment, price effects, innovations, product range overhauls and the deliberate avoidance of low-margin business led to a 1.5 percentage-point increase in the gross margin to 46.2%. The improvement was countered by currency-related higher purchase prices for goods in USD. The gross margin in Volume Business remained stable at 34.9%.

As part of our “Leifheit Go!” strategy, we generated further rationalisation successes and process optimisations in the first nine months of 2012, to relieve, inter alia, the Group’s cost base. This was offset by higher marketing expenses in the reporting period in order to drive our umbrella brand strategy and intensify our distribution activities.

Group EBIT
Group EBIT rose by 9.4% to € 7.7 million in the first nine months (previous year: € 7.1 million).

A breakdown by division shows an increase in EBIT to € 5.7 million for Brand Business (previous year: € 4.3 million). The effects of our “Leifheit Go!” strategy are particularly clear in this division. Volume Business is a different story. We suffered an EBIT decrease to € 2.0 million (previous year: € 2.8 million) in this area. The reasons for this were the considerable increase in purchase prices as well as the above-mentioned lower turnover in particular.

We also posted a positive development in our Group EBT. This increased by 5.4% to € 6.4 million (previous year: € 6.1 million). The tax rate rose from 2% to 19% due to lower additional capitalisation of deferred tax assets on tax loss carryforwards. The net result for the period therefore fell by € 0.8 million to € 5.2 million (previous year: € 6.0 million).

Financial position and net assets

Liquidity
Cash flow from operating activities amounted to € 1.0 million (previous year: € 4.5 million). This was attributable to the net result for the period of € 5.2 million (previous year: € 6.0 million), depreciation and amortisation totalling € 4.8 million (previous year: € 5.0 million), the decrease in debts and other liabilities of € 3.9 million (previous year: € 6.6 million) and the increase in receivables and other assets of € 4.9 million (previous year: € 0.1 million).

Cash flow from investment activities fell to € 4.0 million (previous year: € 11.7 million). Outflows for investments jumped by € 4.0 million to € 6.7 million. This was in contrast to proceeds of € 4.0 million from a purchase price receivable due to the sale of the Bathroom Furnishings division in 2010 as well as proceeds from financial assets of € 6.7 million (previous year: € 15.0 million), from the sale of promissory note loans of € 10.0 million and the purchase of a bearer bond of € 3.3 million.

Cash flow from financing activities contained mostly the paid dividend and amounted to € -6.1 million (previous year: € -14.4 million).

Investments
Additions to tangible assets amounted to € 6.6 million (previous year: € 2.6 million) and related to expansion of the production plant in the Czech Republic, further warehouse automation in Zuzenhausen, tools for new products, machinery, rationalisation investments for production plants, display stands as well as tools and equipment. As in the previous year, additions to intangible assets amounted to € 0.1 million.

The investment ratio amounted to 4.0% of the historic cost of the assets. We invested € 6.3 million in Brand Business and € 0.4 million in Volume Business. Investments were offset by depreciation of tangible assets amounting to € 3.8 million and amortisation of intangible assets amounting to € 1.0 million.

Balance sheet structure

Total assets decreased by € 4.7 million, from € 198.9 million on 31 December 2011 to € 194.2 million. Cash and cash equivalents fell by € 1.2 million to € 28.3 million, and financial assets decreased by € 6.7 million to € 3.3 million owing to an investment in the form of a bearer bond and inflows from promissory note loans.

Trade receivables climbed by € 1.0 million to € 47.1 million as against 31 December 2011, and inventories increased by € 4.5 million to € 42.9 million due to turnover. Other current assets fell by € 5.2 million to € 2.0 million. This related mainly to the remaining considerations of € 4.0 million from the sale of the Bathroom Furnishings division as well as the decrease in VAT receivables. Trade payables decreased by € 3.7 million to € 43.2 million as against 31 December 2011.

Equity fell from € 98.9 million as at 31 December 2011 to € 98.3 million. This was chiefly attributable to payment of the dividend of € 6.2 million. The net result for the first nine months of 2012 of € 5.2 million offset this figure. The equity ratio was 50.6%.

Compared with the end of 2011, 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

In the period under review, Leifheit used 3,646 treasury shares to issue employee shares. This corresponded to 0.07% of the share capital. The corresponding interest in the share capital was k€ 11. No treasury shares were purchased in the first nine months of 2012. Including the treasury shares purchased and issued in previous years, we held 253,954 shares (5.08% of the share capital) with a value of k€ 7,750 as at 30 September 2012.

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

Other financial liabilities

There are rental and leasing agreements for business premises, IT and telephone equipment, vehicles and similar assets and licensing agreements in the amount of € 3.2 million (previous year: € 3.7 million). The minimum lease payments under uncancellable operating leases amount to € 0.7 million up to one year (previous year: € 0.8 million), € 2.1 million between one and five years (previous year: € 2.4 million) and € 0.4 million for more than five years (previous year: € 0.5 million). The leases constitute operating leases within the meaning of IAS 17.

As at 30 September 2012, there were purchase commitments totalling € 1.2 million (previous year: € 0.9 million).

There are contractual obligations to acquire items of tangible assets amounting to € 2.7 million relating to tools in particular.

In addition, there are payment obligations from forward foreign exchange contracts for currency hedging in USD totalling € 28.6 million offset by contractual payment receivables of USD 36.7 million (nominal value on 30 September 2012: € 28.5 million), as well as payment obligations of USD 18.1 million offset by contractual payment receivables of € 14.3 million (nominal value on 30 September 2012: € 14.0 million). There remain payment obligations from forward foreign exchange contracts for currency hedging in HKD totalling € 0.7 million offset by contractual payment receivables of HKD 7.4 million (nominal value on 30 September 2012: € 0.7 million).

Additionally as at 30 September 2012, there were forward foreign exchange contracts on the purchase of USD designed to hedge expected and highly probable future goods purchases from January to December 2013 from suppliers in the Far East amounting to USD 15.0 million. The hedges were rated as highly effective. An unrealised loss of k€ 80 on hedging instruments (including k€ 31 from deferred taxes) was recognised in equity with no impact on income as at 30 September 2012.

Contingent liabilities
The companies of the Group have not entered into any contingent liabilities.

Overall statement
We look back on the first nine months of 2012 with mixed feelings. Consumption trends of consumers declined further, particularly in Europe excluding Germany. We were not entirely immune to this development. In addition, there were unfavourable conditions due to very changeable weather in the spring – this effect regularly has a tangible impact on our business with rotary driers – and the downturn in Project Business in the US. Overall, these developments were reflected in our slight decrease in turnover. Nevertheless, we did see some positive impetus in the third quarter. For instance, Brand Business again posted a much stronger performance than in the first half of the year. Moreover, we saw a further improvement in key ratios such as EBIT and gross margin. This shows us that we have chosen the right approach.

Employees

In the first nine months, the Leifheit Group employed an average of 1,018 people (previous year: 1,093), consisting of 722 employees in Brand Business and 296 employees in Volume Business.

Locations	1 January to 30 Sept 2012	1 January to 30 Sept 2011
Germany	403	416
Czech Republic	376	417
France	174	182
Other countries	65	78
Group	**1,018**	**1,093**

The 6.9% decrease in staff is mainly due to two effects: the decline in contract manufacturing for third parties at the plant in the Czech Republic and the closing of the production plant in Tunisia in 2011. Both took place as part of our business strategy.

At 39.6%, the largest portion of our employees is in Germany, followed by 36.9% in the Czech Republic and 17.1% in France. The remaining 6.4% are spread out in different European countries and the US.

Personnel changes in Group organs

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

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 2011. There were no material changes in the reporting period. In addition, we do not expect any individual or combined risks to threaten the company's continued existence as a going concern.

Related party transactions

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

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

Events after the end of the reporting period

Since 30 September 2012, there have been no events of particular importance that are expected to have a significant influence on the assets, financial situation and earnings of the Leifheit Group.

Dividend paid

On 25 May 2012, a dividend of € 1.30 per no-par-value bearer share eligible to receive dividends – this is a total of € 6,169,859.80 due to 4,746,046 no-par-value bearer shares – was paid to the shareholders from the balance sheet profit of the company for the financial year 2011.

Forecast

Ongoing recovery on a small scale
For 2012 as a whole, the International Monetary Fund (IMF) revised its forecast downward slightly in October. Global economic output is expected to grow by 3.3%. The IMF has thus revised its assumptions downward by 0.2 percentage points compared with July. For the emerging economies, the Monetary Fund also forecasts a slightly lower growth rate of 5.3%. According to the IMF, this is mainly down to the lower growth and ongoing uncertainty in the industrialised nations. The forecast for the US remains stable at 2.2%. Europe continues to lag behind global development due to the ongoing economic crisis. GDP of the European countries is likely to fall by 0.4% in 2012. The monetary watchdog has a positive view of the ongoing political efforts to overcome the crisis. In relation to the last estimate in July, Germany remains stable with growth of 0.9%.

European consumers are cautious about the future
Consumers in many European countries are pessimistic about the fourth quarter of 2012. They expect further decline in economic output and ongoing unemployment. In the crisis-torn states of Greece, Portugal, Spain and Italy in particular, large sections of the population cannot take any more cuts and have a correspondingly cautious attitude to the future.

Surveys suggest that consumer sentiment in Germany remains strong, even though the majority of people believe that the European economic crisis will increasingly affect Germany in the coming months. The reason for the enduring stability of consumer sentiment is the sound income situation combined with the stable labour market.

Strategic adjustments
Against a background of ongoing uncertainty regarding economic development, particularly in Southern Europe, we will make targeted adjustments to our country focus in the context of our "Leifheit Go!" strategy. In particular, we currently see growth potential in Eastern Europe and in selected Asian countries.

In connection with our distribution strategy, we have successfully intensified our point-of-sale presence, for example in DIY stores and hypermarkets. We will also increasingly expand the e-commerce sales channel in future. With innovative concepts regarding Internet retail, we plan to distribute our products even more effectively in this sales channel. To achieve this, we are particularly using existing partnerships in multi-channel retail and will actively seek out new, international cooperation opportunities.

We also plan to achieve further efficiency enhancements through organisational adjustments and process optimisations, especially in marketing and product development. This means that we are well-placed to meet future requirements in terms of development and marketing of innovative products for the international markets and e-commerce retail.

We are also strengthening our position in the competitive environment through further product innovations. The retail market is already awaiting them. In this respect, we are aiming to secure leading market positions within our product categories.

Leifheit expects significant earnings growth for 2012
For 2012 as a whole, we envisage a slight increase in Group turnover compared with the previous year. This assumes that there will be no material changes to the general situation for our business and the impacts on our main sales markets in the fourth quarter.

As our largest division, Brand Business forms the basis for this development with its sound growth and stable margins. We will reach the targets set for 2012 in full in this segment. Our activities will remain focused on Brand Business in future. In contrast, our Volume Business will fall well short of our expectations compared with the previous year.

We continue to expect positive development of Group EBIT for the year as a whole. As before, we forecast a higher-than-average increase in earnings (in relation to the EBIT figure for 2011 adjusted for the non-recurring positive effect from obtaining a controlling influence in Leifheit CZ a.s.) of at least 10%. Despite challenging market conditions, we are thus confirming our earnings forecast for 2012 as a whole.

We are continuing to work on achieving sustainable growth in turnover and earnings and further increasing our profitability in the long term.

Interim financial statements (summary)
Consolidated statement of comprehensive income

k€	1 July to 30 Sept 2012	1 July to 30 Sept 2011	1 January to 30 Sept 2012	1 January to 30 Sept 2011
Turnover	53,485	53,362	163,950	164,787
Cost of sales	-30,556	-31,289	-91,811	-94,774
Gross profit	**22,929**	**22,073**	**72,139**	**70,013**
Research and development costs	-872	-803	-2,496	-2,600
Distribution costs	-16,153	-14,828	-51,692	-50,202
Administrative costs	-3,757	-3,213	-10,145	-9,618
Other operating income	424	137	939	1,158
Other operating expenses	-36	-463	-841	-891
Foreign currency result	44	769	-188	-805
Earnings before interest and taxes (EBIT)	**2,579**	**3,672**	**7,716**	**7,055**
Net interest result/net other financial result	-433	-123	-1,299	-966
Earnings before income taxes (EBT)	**2,146**	**3,549**	**6,417**	**6,089**
Income taxes	-439	745	-1,234	-109
Net result for the period	**1,707**	**4,294**	**5,183**	**5,980**
Components of comprehensive income after taxes taken directly to equity				
Currency translation of foreign operations	48	-18	118	53
Currency translation of net investments in foreign operations	112	-169	197	169
Net result of cash flow hedges	-80	–	-80	–
Comprehensive income after taxes	**1,787**	**4,107**	**5,418**	**6,202**
Net result for the period attributable to				
Minority interests	1	2	-15	–
Shareholders of the parent company	1,706	4,292	5,198	5,980
Net result for the period	**1,707**	**4,294**	**5,183**	**5,980**
Comprehensive income attributable to				
Minority interests	–	2	-18	–
Shareholders of the parent company	1,787	4,105	5,436	6,202
Comprehensive income after taxes	**1,787**	**4,107**	**5,418**	**6,202**
Earnings per share (diluted and undiluted)	**€ 0.36**	**€ 0.91**	**€ 1.09**	**€ 1.26**

Consolidated balance sheet

k€	30 Sept 2012	31 Dec 2011
Current assets		
Cash and cash equivalents	28,280	29,511
Financial assets	3,265	10,000
Trade receivables	47,052	46,067
Inventories	42,901	38,382
Income tax receivables	1,186	433
Derivative financial instruments	435	46
Other current assets	1,975	7,183
Total current assets	**125,094**	**131,622**
Non-current assets		
Financial assets	5	5
Tangible assets	38,239	35,175
Intangible assets	19,471	20,398
Deferred tax assets	7,597	8,031
Income tax receivables	3,599	3,465
Other non-current assets	185	184
Total non-current assets	**69,096**	**67,258**
Total assets	**194,190**	**198,880**
Current liabilities		
Trade payables and other liabilities	43,201	46,910
Derivative financial instruments	313	585
Income tax liabilities	638	241
Provisions	4,633	5,061
Other current liabilities	–	31
Total current liabilities	**48,785**	**52,828**
Non-current liabilities		
Provisions	2,333	2,524
Employee benefit obligations	42,719	42,274
Deferred tax liabilities	2,014	2,228
Other non-current liabilities	87	85
Total non-current liabilities	**47,153**	**47,111**
Equity		
Subscribed capital	15,000	15,000
Capital surplus	16,934	16,934
Treasury shares	-7,750	-7,813
Appropriated surplus	71,240	72,212
Translation reserve	2,759	2,521
Minority interests	69	87
Total equity	**98,252**	**98,941**
Total equity and liabilities	**194,190**	**198,880**

Changes in Group equity

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

k€	Subscribed capital	Capital surplus	Treasury shares	Appropriated surplus	Translation reserve	Total
As at 1 January 2011	**15,000**	**16,934**	**-7,685**	**74,364**	**2,813**	**101,426**
Purchase of treasury shares	–	–	-128	–	–	-128
Dividends	–	–	–	-14,227	–	-14,227
Comprehensive income	–	–	–	5,980	222	6,202
of which net result for the period	–	–	–	5,980	–	5,980
of which currency translation of foreign operations	–	–	–	–	53	53
of which currency translation of net investments in foreign operations	–	–	–	–	169	169
As at 30 September 2011	**15,000**	**16,934**	**-7,813**	**66,117**	**3,035**	**93,273**
As at 1 January 2012	**15,000**	**16,934**	**-7,813**	**72,212**	**2,521**	**98,854**
Issue of treasury shares	–	–	63	–	–	63
Dividends	–	–	–	-6,170	–	-6,170
Comprehensive income	–	–	–	5,198	238	5,436
of which net result for the period	–	–	–	5,198	–	5,198
of which currency translation of foreign operations	–	–	–	–	121	121
of which currency translation of net investments in foreign operations	–	–	–	–	197	197
of which net result of cash flow hedges	–	–	–	–	-80	-80
As at 30 September 2012	**15,000**	**16,934**	**-7,750**	**71,240**	**2,759**	**98,183**

The changes in Group equity were as follows:

k€	Shareholders of the parent company	Minority interests	Total equity
As at 1 January 2011	**101,426**	**90**	**101,516**
Purchase of treasury shares	-128	–	-128
Dividends	-14,227	–	-14,227
Comprehensive income	6,202	–	6,202
of which net result for the period	5,980	–	5,980
of which currency translation of foreign operations	53	–	53
of which currency translation of net investments in foreign operations	169	–	169
As at 30 September 2011	**93,273**	**90**	**93,363**
As at 1 January 2012	**98,854**	**87**	**98,941**
Issue of treasury shares	63	–	63
Dividends	-6,170	–	-6,170
Comprehensive income	5,436	-18	5,418
of which net result for the period	5,198	-15	5,183
of which currency translation of foreign operations	121	-3	118
of which currency translation of net investments in foreign operations	197	–	197
of which net result of cash flow hedges	-80	–	-80
As at 30 September 2012	**98,183**	**69**	**98,252**

Consolidated statement of cash flow

k€	1 January to 30 Sept 2012	1 January to 30 Sept 2011
Net result for the period	5,183	5,980
Adjustments for depreciation and amortisation	4,831	4,953
Decrease/increase in provisions	-179	222
Profit/loss on disposal of non-current assets	-9	40
Increase in inventories, trade receivables and other assets not classified as investment or financing activities	-4,892	-142
Decrease in trade payables and other liabilities not classified as investment or financing activities	-3,921	-6,592
Cash flow from operating activities	**1,013**	**4,461**
Proceeds from the sale of a division	4,000	–
Acquisition of tangible and intangible assets	-6,719	-2,675
Investments in financial assets	–	-668
Proceeds from financial assets	6,735	15,000
Proceeds from the disposal of non-current assets	29	75
Cash flow from investment activities	**4,045**	**11,732**
Issue/purchase of treasury shares	63	-128
Dividends paid to the shareholders of the parent company	-6,170	-14,227
Cash flow from financing activities	**-6,107**	**-14,355**
Effects of exchange rate differences	**-182**	**8**
Net change in cash and cash equivalents	-1,231	1,846
Current funds at the start of the reporting period	29,511	26,256
Current funds at the end of the reporting period	**28,280**	**28,102**

Group segment reporting

Key figures by division as at 30 September 2012		Brand Business	Volume Business	Total
Turnover	€ million	132.0	32.0	164.0
Gross margin	€ million	61.0	11.1	72.1
Contribution margin	€ million	49.5	9.9	59.4
EBIT	€ million	5.7	2.0	7.7
Depreciation and amortisation	€ million	3.8	1.0	4.8
Employees (annual average)		722	296	1,018

Key figures by division as at 30 September 2011		Brand Business	Volume Business	Total
Turnover	€ million	129.3	35.5	164.8
Gross margin	€ million	57.7	12.3	70.0
Contribution margin	€ million	46.4	11.1	57.5
EBIT	€ million	4.3	2.8	7.1
Depreciation and amortisation	€ million	4.1	0.9	5.0
Employees (annual average)		742	351	1,093

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 assets, earnings and financial position 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, November 2012

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 regarding 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 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

- 13 November 2012
  Presentation at the German Equity Forum, Frankfurt/Main
- 14 February 2013
  Press conference on the Ambiente International Frankfurt Trade Fair, Frankfurt/Main
- 9 April 2013
  Analyst conference, Frankfurt/Main
- 9 April 2013
  Annual financial reports 2012
- 14 May 2013
  Quarterly financial report for the period ending 31 March 2013
- 6 June 2013
  Annual General Meeting, 10:30 a.m., Leifheit AG Customer and Administrative Centre, Nassau/Lahn
- 13 August 2013
  Financial report for the first half year ending 30 June 2013
- 11 November 2013
  Quarterly financial report for the period ending 30 September 2013

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