Financial report for the first half-year
ending 30 June 2014

CLEVER
ACTIVE
IN >80
COUNTRIES
1,026 Employees
People
& Ideas
INNOVATION
AND QUALITY
innovative
high-
quality
branded
products
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 € 108.3 million
- Growth in Brand Business of approximately 2%
- Gross margin improves, rising to 47.4%
- EBIT increases to € 8.1 million
- Overall forecast for the year affirmed

KEY FIGURES OF THE GROUP AS AT 30 JUNE

		2013	**2014**	Change
Turnover[1]				
Group	€ million	108.8	108.3	-0.6%
Brand Business	€ million	88.7	90.4	1.8%
Volume Business	€ million	20.1	17.9	-11.1%
Foreign share	%	55.0	54.2	-0.8 pps
Profitability				
Gross margin	%	43.6	47.4	3.8 pps
Cash flow from operating activities	€ million	11.3	10.6	-6.0%
Free cash flow	€ million	9.7	8.8	-9.3%
EBIT	€ million	5.0	8.1	62.7%
EBIT margin	%	4.5	7.5	3.0 pps
EBT	€ million	4.2	7.4	74.7%
Net result for the period	€ million	3.3	5.2	59.0%
Employees				
Group	persons	1,019	1,035	1.6%
Investments in tangible assets	€ million	1.5	1.8	22.3%

[1] 2013 turnover adjusted for residual sales in the amount of € 1.5 million arising out of the Dr Oetker Bakeware business discontinued at the end of 2012

FOREWORD

To our shareholders

Our company has remained on track throughout the first half of the year. Having generated turnover of € 108.3 million, we remain at the level of the previous year and in line with our forecasts for 2014. Our strategic approach is bearing fruit: in our Brand Business segment, turnover increased by 1.8% to € 90.4 million, bolstered by the favourable weather conditions and mild temperatures during the first half of the year. However, we were forced to find other distribution channels to compensate for the adverse effect on turnover of the departure from the market of one of our most important customers in the home improvement/DIY sector at the end of the last year. The political unrest in Ukraine and its impact on the entire region of Eastern Europe also had a negative effect on our operations, noticeably influencing our expansion efforts in this region.

The turnover generated by our Volume Business segment amounted to € 17.9 million, representing a decline of approximately 11% compared to the equivalent period of the previous year. On the one hand, this was due to partial delisting by a major French retail customer; however, it was also in line with our goal of managing our Volume Business with a particular emphasis on profitability.

In the first six months of the year, we recorded significant growth in our operating results (EBIT), which increased from € 5.0 million to € 8.1 million, resulting in an EBIT margin of 7.5% based on turnover. This reflects our consistent focus on products with strong margins and our exercise of strict cost discipline. Similarly to the development of our EBIT, our earnings before taxes (EBT) increased from € 4.2 million to € 7.4 million. Our focus on margin had a positive effect on the development of our gross margin which, at 47.4% (previous year: 43.6%), was once again higher than in the equivalent period of the previous year.

In the first half of the year, we pressed forward with a number of strategic measures. As part of our "Leifheit GO!" strategy, we review goals and measures for our focus countries at regular intervals and put our country-related strategies to the test. Like this, we respond more quickly and flexibly to changing conditions, and additionally create synergies at the sales level. The gratifying growth rate figures in our Southern European focus countries – particularly in Italy and Spain – incorporate the first results of our efforts in this regard. Our endeavours in the e-commerce context are also bearing fruit. In the first half of the year, we once again recorded an increase in turnover of approximately 29% in this distribution channel, with the top performer being Germany, followed by the Czech Republic and France.

As part of our POS-excellence initiative, we have launched our successful concept in stationary trade beyond of Germany. In the first six months of the year, we installed a total of 35 new shop systems in Europe: primarily in Germany, as well as in Italy and the Czech Republic. We plan to install further units in the second half of the year, particularly in Austria.

Our "Winner Types 2014" marketing campaign was successfully launched in the first half of the year. By the end of June, we had implemented more than 4,000 "Winner Types" secondary placements and a large number of marketing tools in stationary shops, receiving positive resonance from consumers. Moreover, Leifheit presenters performed product shows and product demonstrations on the premises of almost 950 retail partners over the course of more than 2,300 working days. Our goal is to draw attention and to add the emotional charge to the Leifheit brand as well as to communicate the added value of our products to consumers directly on-site at the point of sale.

In spite of our success in the sales context, we are still adhering to our conservative forecasts for 2014 as a whole, given that considerable uncertainty – including in the political context – still prevails. Our goal remains to generate Group turnover at the adjusted 2013 level. We are continuing to focus on our Brand Business, with regard to which we anticipate growth in turnover between 1% and 3%. We will continue to manage our Volume Business with an emphasis on profitability, however we anticipate that turnover will decrease over the course of the entire year. In addition, we expect our operating results (EBIT) throughout 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

Tone on the financial markets remains cautious in the first half of the year

Despite the solid economy, persistently attractive evaluations for numerous shares and a sustained low interest rate level, most of the leading share indices developed in a cautiously positive manner over the course of the first half of the year. The SDAX – the benchmark index for the Leifheit share – hovered around 7,100 points until mid-May. Its progression being characterised by a high degree of volatility. After increasing significantly at the end of May, the index reached its six-month peak of 7,571 points on 9 June 2014. As at 30 June 2014, it again closed somewhat lower at 7,385 points, which represents an increase of just under 9% as compared to the closing price for 2013.

Leifheit share price on the rise

The price of the Leifheit share (ISIN DE0006464506) rose significantly at the beginning of 2014, before shifting to a lateral course – similar to the development of the market – until mid-March, at which point it embarked on a significant upward trend in the wake of the publication of our consolidated financial statements. Following on from the publication of the quarterly figures in mid-May, it reached its six-month peak of € 45.50 on 20 May. The share closed at € 41.70 on 30 June 2014. This corresponds to a rise of just under 35% compared to the closing price for 2013. The Leifheit share thus outperformed the SDAX benchmark index by 26 percentage points in the first half of the year.

The market capitalisation of Leifheit AG at the end of June was approximately € 208 million, which corresponds to an increase of € 28 million over the value at the end of the first quarter (31 March 2014: € 180 million).

Increase in trading volume and changes in shareholder structure

As compared to the average trading volume in the first quarter, the number of traded shares increased to an average of 2,701 shares per day in the second quarter (Q1 2014: 1,984).

Pursuant to our employee share programme launched in 2011, we once again provided our employees with the opportunity to purchase employee shares following this year's Annual General Meeting. These shares were issued from treasury shares and the proportion of treasury share, held by the company fell from 5.01% to 4.97% shortly after the end of the reporting period. We are delighted at our employees' interest in investing in our company and in this manner participating in Leifheit's success.

The current shareholder structure is therefore as follows:

Home Beteiligungen GmbH, Munich	50.27%
MKV Verwaltungs GmbH, Grünwald	10.03%
Joachim Loh, Haiger	8.26%
Leifheit AG, Nassau	4.97%
Free float	26.47%

Intense interaction with the capital markets

During the course of the Annual General Meeting held on 22 May 2014, we presented detailed financial figures for 2013 to our shareholders and took questions from our investors. Furthermore, we held two roadshows in the second quarter of the year and showcased our company at several capital markets conferences. We used these opportunities to interact closely and personally with analysts and institutional investors.

In the second quarter of 2014, a total of four analysts published studies on the Leifheit share. Current analyst recommendations are to "buy" or "hold", with target prices ranging between € 38.00 and € 45.00 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. We are 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 production 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 30 June 2014, the market capitalisation amounted to approximately € 208 million. The company has been entered in the Commercial Register of Montabaur Local Court under HRB 2857, and its headquarters and administration offices are still at their 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 May 2014 on.

The ordinary Annual General Meeting renewed the reelection of the previous members of the Supervisory Board on 22 May 2014:

a) Karsten Schmidt, Penzberg, Germany,
   Chairman of the Board of Management of Ravensburger AG, with headquarters based in Ravensburg, Germany
b) Dr Robert Schuler-Voith, Munich, Germany,
   Managing Director of Home Beteiligungen GmbH, with headquarters based in Munich, Germany
c) Dr Friedrich M. Thomée, Ascona, Switzerland,
   Managing Partner of Thomée Vermögensverwaltung GmbH & Co. KG, with headquarters based in Wolfsburg, Germany
d) Helmut Zahn, Starnberg, Germany,
   Managing Director of Home Beteiligungen GmbH, with headquarters based in Munich, Germany

The employee representatives on the Supervisory Board were elected on 13 May 2014. These are Messrs Baldur Groß, Berg, energy electronics engineer at Leifheit AG, and Thomas Standke, Scheidt, toolmaker at Leifheit AG, who was also a previous member of the Supervisory Board. Mr Dieter Metz, Schweighausen, retired from the Supervisory Board upon the conclusion of the Annual General Meeting on 22 May 2014.

The Supervisory Board reelected Mr Helmut Zahn as its Chairman and Dr Robert Schuler-Voith as its Deputy Chairman.

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

Economic environment

Global economy develops inconsistently

In the first half of 2014, the global economy was impacted by two countervailing developments: on the one hand, the stabilisation of economic performance in the United States and Europe and, on the other hand, the slowing down of growth in many emerging countries – particularly in China. The political unrest in Ukraine resulted in additional uncertainty. However, it is expected that the global economy will have experienced slight growth over the first half of the year as a whole. The IMF has slightly lowered its expectations with regard to the eurozone for the second quarter, while nonetheless continuing to assume that some growth occurred. In the IMF's view, there are clear indications that Russia is facing a recession as a result of the ongoing unrest. In Germany, the stability of domestic consumption, together with the favourable situation on the labour market, remains the main driver for the positive economic environment and further economic growth.

Consumer confidence is stable

According to the ifo Institute, the business climate index for the industrial sector fell slightly to 109.7 points in June (previous month: 110.4 points). A quarterly comparison likewise shows a slight deterioration between the first and second quarters of 2014, one reason for this being the ongoing unrest in Ukraine. Nonetheless, companies continue to view the current economic situation in a positive light. According to the ifo Institute, the business climate, particularly in the retail sector, has noticeably improved and is at its highest level for more than two years.

The consumer climate in Germany appears stable despite a slight fall in expected income, the reasons for this being less propensity to save on the part of consumers as a result of low interest rates and a solid employment market. Private consumption remains an important cornerstone, representing a 60% share of the overall economy.

According to the German Association for Consumer Research (GfK), expenditure by private households increased in the first six months of 2014, due to consumers' perception that the economic outlook is once more improving, despite the existence of uncertainty at the international level. Nevertheless, the German Retail Association (HDE) anticipates that the retail sector will experience only moderate growth of 1.5% over the entire year, given that private households above all are continuing to make larger investments.

Currency developments

In the first half of 2014, the exchange rate for the euro in relation to the US dollar initially rose before stabilising, at the end of the first six months of the year, at the level of the year-end rate for 2013. On 30 June 2014, the rate for one euro was 1.37 US dollars.

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 six months of 2013, as part of the final completion, turnover totalling € 1.5 million was made. The turnover figures for the previous year are presented as adjusted in the interests of greater comparability.

Group turnover remains stable at the previous year's level

The Leifheit Group achieved turnover of € 108.3 million in the first six months of 2014 (previous year: € 108.8 million), remaining at the level of the previous year. Brand Business once more emerged as the primary driver of turnover, while turnover in Volume Business decreased.

The major sales regions developed in a diverse manner in the first half of the year: Turnover in our domestic market of Germany increased by 1.2% to € 49.6 million (previous year: € 49.0 million). In the countries of Central Europe (excluding Germany), turnover remained stable at € 45.5 million (previous year: € 45.5 million). The favourable developments in Italy, Spain and the United Kingdom, with growth rates in double digits in some cases, were counterbalanced by a fall in turnover in Switzerland.

In Eastern Europe, turnover amounted to € 8.4 million (previous year: € 8.8 million) and was thus below the level of the previous year. In this region, the unstable political situation continued to influence our turnover and expansion efforts, with Russia and Ukraine recording the greatest reductions in turnover. Our focus countries, the Czech Republic and Poland, provided positive impetus for the development of turnover.

Turnover in the other regions of the world amounted to € 4.8 million (previous year: € 5.5 million) as a result of, among other things, our strategic decision to concentrate our sales activities on our European focus countries.

The share of turnover by region was divided as follows in the reporting period: 45.8% in our domestic market Germany, 42.0% in Central Europe, 7.7% in Eastern Europe and 4.5% in other regions of the world. At 54.2%, the foreign share was at approximately the level of the previous year's period (55.0%).

In the second quarter, we generated Group turnover in the amount of € 52.4 million (previous year: € 53.3 million) – a decrease of 1.8%.

Solid growth in Brand Business

In Brand Business, the mainstay of our company, we realised a turnover of € 90.4 million in the first six months of the year (previous year: € 88.7 million), 1.8% more than in the equivalent period of 2013. As in the first three months of the year, we still had to deal with the departure from the market of significant customer in the home improvement/DIY sector. However, we were able to compensate for this loss of turnover through other commercial 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 by 1.9 percentage points to 83.5% (previous year: 81.6%). We intend to further increase this in line with our strategy, which in the current year is focused on "Brands and Margins". Therefore, we will stimulating business with the aid of innovative branded products from our Leifheit and Soehnle ranges.

We recorded significant growth in our Brand Business in our domestic market of Germany, with turnover increasing by 3.0% to € 47.8 million (previous year: € 46.4 million), benefiting from stable domestic demand in the first half of the year.

The turnover figures for Central Europe were also very positive, increasing by 4.8% to € 31.1 million (previous year: € 29.7 million). Growth was recorded not only in France and the United Kingdom, but also in Southern European countries such as Spain and Italy.

Our turnover in the countries of Eastern Europe for the first six months of 2014 in the amount of € 8.4 million was below the comparative figures for the previous year (€ 8.8 million). As already mentioned, this was due to the ongoing political unrest in Ukraine, which had a negative impact on our expansion plans in Eastern Europe and led to a fall in turnover in Russia and Ukraine as compared to the previous year. In contrast, significant growth rates were recorded in the Czech Republic and in Poland. However, these were insufficient to counterbalance the fall in turnover in the other Eastern European countries.

In the other regions of the world, turnover in our Brand Business amounted to € 3.1 million (previous year: € 3.8 million), with decreases being recorded above all in the Far East, South America and Australia. In the United States, our turnover results were very satisfactory. There we are working with a new distributor for our branded products since the beginning of this year. We anticipate further positive impetus here in the second half of the year.

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

Turnover in the **cleaning** product category improved by 10.1% to € 29.2 million in the first half of the year (previous year: € 26.5 million). Reasons for this were the prevailing favourable weather conditions and stable demand for our window vacuum cleaner, a product innovation launched in the second quarter of 2013. We generated approximately half of the increase in turnover in our domestic market, Germany. Our intensive sales efforts at points of sale in the home improvement/DIY store and hypermarket distribution channels proved effective and resulted in a gratifying rise in demand. Outside of Germany, the biggest contributions to overall growth came from France, the Netherlands and the United Kingdom.

With a turnover of € 41.4 million (previous year: € 40.2 million), **laundry care** remained the top-selling product category in the first half of the year, recording growth of 3.0%, largely as a result of substantial sales of rotary dryers. In contrast, turnover from ironing and pressurised steam ironing products remained below the previous year's level. However, we have restructured our product line and equipped our Air ironing board range with a special high-quality and a very light weight material 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 pressurised steam ironing products over the course of the second half of the year.

In the first six months of 2014, our **kitchen goods** product category recorded a fall in turnover of 2.4% to € 8.3 million (previous year: € 8.4 million). As was also the case in the first quarter, domestic growth was counterbalanced by a fall in turnover in countries outside of Europe. In addition to the e-commerce channel, the traditional mail order business and the hypermarket distribution channel also contributed to the increase in turnover within Germany.

The turnover generated by the Soehnle brand is consolidated within the **wellbeing** product category and amounted to € 11.5 million in the first six months (previous year: € 13.6 million). Domestic and foreign turnover with regard to kitchen and bathroom scales fell, in the case of Central Europe, due in particular to greater competition. A lack of promotional and one-off campaigns had an adverse effect, particularly outside of Europe, in the context of high-volume contracts involving individual products.

Within the wellbeing product category, our Relax range developed stable. However, our heating products did not perform as expected due to the mild temperatures during the first half of the year.

Development of turnover in Volume Business lags behind that of the previous year

As a result of our strategic focus on our Brand Business and partial phasing-out in the case of a major French customer, the turnover of our Volume Business decreased in line with expectations in the first six months of 2014, amounting to € 17.9 million (previous year: € 20.1 million) and thus 11.1% less than in the equivalent period of the previous year. The proportion of total turnover represented by Volume Business thus decreased to 16.5% (previous year: 18.4%).

In Germany, we recorded turnover in the amount of € 1.8 million in the first six months of 2014 (previous year: € 2.6 million). The departure from the market by a major home improvement/DIY customer and the resultant lack of volume influenced mainly in the laundry care product category. Turnover in Central Europe amounted to € 14.4 million (previous year: € 15.8 million). In overseas markets, turnover was stable at € 1.7 million (previous year: € 1.7 million). Our activities in Eastern Europe do not currently comprise products from this segment.

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

In line with planning and as in the equivalent period of the previous year, the **cleaning** category did not generate any significant turnover in the first half of 2014.

The turnover of our **laundry care** product category amounted to € 5.7 million in the first six months of the year (previous year: € 5.9 million). Our turnover in this product category is primarily generated by our French subsidiary Herby. It recorded an increase of 6.8% to € 4.8 million in the reporting period (previous year: € 4.5 million).

Our **kitchen goods** product category remained below the previous year's level, with turnover of € 11.2 million (previous year: € 12.2 million). This categories' share of the Volume Business thus still amounts to around two-thirds. Our turnover in this category is mainly attributable to our French subsidiary Birambeau, which generated turnover in the amount of € 9.0 million in the reporting period (previous year: € 10.5 million), somewhat less than in the previous year. This is due to partial phasing-out in the case of a French retail customer, for which, to date, we have been unable to compensate.

In the **wellbeing** category, in line with expectations, we did not generate any notable turnover with regard to bathroom and kitchen scales in the first six months of 2014, due to the non-renewal of a sales campaign implemented in the Netherlands in the previous year (previous year: € 0.9 million).

We conduct **contract manufacturing** operations at our plant in Blatná, Czech Republic, with turnover amounting to € 0.9 million in the reporting period (previous year: € 1.1 million).

Development of results of operations

Reclassifications between distribution costs and cost of turnover with regard to customs duties and licensing fees, and between interest result and net other financial result have been undertaken in the statement of profit and loss. We have adjusted the values for the period of the previous year accordingly these changes.

Strong earnings upturn

In the first six months of 2014, we achieved earnings before interest and taxes (EBIT) of € 8.1 million (previous year: € 5.0 million). One major reason for the increase was the higher gross profit. In addition, strict cost discipline contributed to the increase.

The EBIT margin similarly increased from 4.5% in the equivalent period of the previous year to 7.5% in the first six months of 2014. It is calculated on the basis of the ratio of earnings before interest and taxes to turnover.

In the first six months of 2014, we achieved earnings before taxes (EBT) of € 7.4 million (previous year: € 4.2 million). The increase 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 € 5.2 million (previous year: € 3.3 million).

Gross profit

Gross profit rose in the first six months of 2014 by € 3.3 million to € 51.4 million (previous year: € 48.1 million). Gross profit is calculated from the turnover minus cost of turnover.

The gross margin grew from 43.6% to 47.4%. This is defined as gross profit in relation to turnover. This increase was the result, in particular, 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 mainly include personnel costs, costs for services and patent fees. They amounted to

€ 1.8 million, € 0.1 million below the value for the previous year. This slight decrease related to expenditure for services.

Distribution costs
Distribution costs in the reporting period amounted to € 34.3 million (previous year: € 35.1 million), a decrease of € 0.8 million over the equivalent period of the previous year. These also include advertising and marketing costs, as well as freight out and shipping charges. The decrease was the result of, among other things, lower personnel costs, depreciation and amortisation and value adjustments on receivables.

Administrative costs
Due to increased personnel costs, our administrative costs increased by € 0.4 million to € 8.0 million in the first six months of the year (previous year: € 7.6 million). In addition to the personnel costs, administrative costs primarily relate to services supporting our financial and administrative functions.

Other operating income and expenses
Other operating income decreased in the reporting period by € 0.2 million to € 0.5 million (previous year: € 0.7 million). This primarily comprises commission and licensing income. Other operating expenses decreased in the reporting period by € 0.1 million to € 0.2 million (previous year: € 0.3 million).

Foreign currency result
Our foreign currency result fell by € 0.5 million to € 0.5 million in the first six months of 2014 (previous year: € 1.0 million). This result included income from changes in the value of currency forwards of € 0.8 million (previous year: € 1.0 million), income from foreign currency valuations of € 0.2 million (previous year: € 0.0 million) and realised losses of € 0.5 million (previous year: € 0.0 million).

Interest result
The interest result amounted to € -0.8 million, as in the previous year.

Taxes
In the first six months of 2014, income taxes amounted to € 2.2 million (previous year: € 1.0 million). The tax rate correspondingly increased from 22.6% in the previous year to 29.6%. The figure reflects the ratio of income taxes to earnings before taxes. The figures for the previous year 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 € 6.9 million in the first six months of 2014 (previous year: € 4.1 million), a significantly higher figure than in the previous year. Gross margin rose by 4.3 percentage points over the previous year from 45.8% to 50.1%. Gross profit amounted to € 45.3 million, representing an increase of € 4.0 million. This was due to rationalisation measures, our focus on high-margin business and favourable US dollar exchange rates. The contribution margin thus amounted to € 37.4 million (previous year: € 33.2 million). This is defined as gross profit minus commissions and freight outward. The increase in EBIT in our Brand Business was largely due to the increase in gross profit.

In Volume Business, EBIT amounted to € 1.2 million (previous year: € 0.9 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. Gross margin rose by 0.2 percentage points from 33.8% in the previous year to 34.0%. Currency effects and shifts in the product mix contributed to this increase. However, gross profit fell in absolute terms by € 0.7 million to € 6.1 million as a result of a lack of contribution margins due to the fall in turnover. The contribution margin thus amounted to € 5.4 million (previous year: € 6.0 million).

Development of the financial situation
Development of the liquidity position
Group liquidity increased by € 0.9 million in the first six months of 2014, amounting to € 52.9 million as at 30 June 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 € 61.1 million, trade payables and other liabilities amounting to € 41.1 million and provisions with a value of € 7.6 million as at 30 June 2014. As in the previous year, we had no liabilities to credit institutions.

Employee benefit obligations increased by € 4.8 million in the first six months of 2014, primarily as a result of the ongoing fall in the discount rate in the amount of 0.55 percentage points.

As at 30 June 2014, our debt ratio was 56.2%, 2.7 percentage points higher compared to 31 December 2013. This key figure is given by the ratio of debt to the sum of equity and liabilities. The distribution of dividends in the amount of € 7.8 million and the increase in employee benefit obligations in the amount of € 4.8 million contributed significantly thereto.

We maintained credit balances in the amount of € 52.9 million as at 30 June 2014. This comprised demand deposits and fixed deposits which may be terminated within three months.

The increase in our Group liquidity as at 30 June 2014 as compared to 31 December 2013 in the amount of € 0.9 million to € 52.9 million is primarily attributable to cash flow from operating activities in the amount of € 10.6 million in the first half of 2014, payments for investments in the amount of € 1.9 million and for dividends in the amount of € 7.8 million.

Analysis of the Group statement of cash flow

The cash flow from operating activities amounted to € 10.6 million in the first six months of 2014 (previous year: € 11.3 million). This was largely due to the net result for the period in the amount of € 5.2 million, depreciation in the amount of € 2.9 million, the decrease in trade receivables in the amount of € 3.0 million and the increase in inventories in the amount of € 4.0 million, the fall in value added tax receivables in the amount of € 2.1 million and the increase in liabilities in the amount of € 1.8 million.

Cash flow from investment activities in 2014 amounted to € 0.8 million (previous year: € -2.6 million). Incoming payments resulting from changes to short-term securities in the amount of € 1.0 million were counterbalanced by outgoing payments for the acquisition of investments in the amount of € 1.9 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 six months of 2014, free cash flow amounted to € 8.8 million (previous year: € 9.7 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 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 reduction in cash flow from operating activities as well as higher investments as compared to the equivalent period of the previous year.

Development of net assets

Balance sheet structure as at 30 June 2014

As compared to 31 December 2013, total assets decreased by € 1.1 million to € 202.7 million (31 December 2013: € 203.8 million).

Current assets amounted to € 137.0 million in the first half of 2014, thus remaining at approximately the level as at 31 December 2013. The decrease in trade receivables in the amount of € 3.0 million, value added tax receivables in the amount of € 2.1 million and the repayment of an investment in the form of a bonded loan in the amount of € 1.0 million were counterbalanced by an increase in inventories in the amount of € 4.0 million and an increase in cash and cash equivalents in the amount of € 2.0 million.

At the end of June, the value of our non-current assets, at € 65.6 million, was € 0.9 million lower than the value recorded as at 31 December 2013. This was due to the decrease in tangible and intangible assets.

Current liabilities include trade payables and other liabilities, derivative financial instruments, income tax liabilities and provisions. As at 30 June 2014, as compared to 31 December 2013, they had increased slightly by € 0.4 million to € 48.9 million.

At the reporting date, as compared to 31 December 2013, our non-current liabilities had increased by € 4.4 million to € 65.0 million. Employee benefit obligations increased by € 4.8 million to € 61.1 million, in particular as a result of the ongoing fall in the discount rate by 0.55 percentage points to 2.95%.

As compared to 31 December 2013, equity had decreased by € 5.9 million to € 88.8 million as at 30 June 2014. The positive net result for the period in the amount of € 5.2 million was counterbalanced by other comprehensive income in a negative amount of € 3.2 million, primarily due to actuarial losses in the amount of € 3.3 million (after taxes) arising out of employee benefit obligations as a result of the fall in the discount rate from 3.5% to 2.95%. The payment of the dividends resulted in a reduction in equity of € 7.8 million. The equity ratio, the proportion of equity to total assets, thus fell to 43.8% (31 December 2013: 46.5%).

Investments

In the first six months of 2014, investments amounted to € 1.9 million (previous year: € 1.6 million) and largely related to tools for new products, machinery, rationalisation investments for production plants and 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 1.1%. We invested € 1.6 million in Brand Business and € 0.3 million in Volume Business. Investments were offset by depreciation and amortisation in the amount of € 2.9 million (previous year: € 3.4 million).

As at 30 June 2014, there were contractual obligations to purchase assets amounting to € 0.7 million that 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

Against a background of economic stability, the development of the Leifheit Group in the first half of the year was in line with our expectations. Group turnover remained stable at the previous year's level of € 108.3 million. Our Brand Business experienced growth of 1.8%, which was within the projected range of between 1% and 3%. We view the political developments in Ukraine and their implications for the entire region of Eastern Europe with increasing concern. Our Volume Business – our notable smaller segment – recorded a further fall in turnover. On the one hand, this was the result of our goal of managing the segment with a particular emphasis on profitability and focusing on our Brand Business and, on the other hand, of partial phasing-out at a retail customer in France.

Our EBIT continued to develop in a satisfactory manner, increasing significantly to € 8.1 million in the first half of the year (previous year: € 5.0 million). This represents an EBIT margin of 7.5%, based on Group turnover. In spite of the payment of dividends and investment-related expenditure, our liquid funds increased to a total of € 52.9 million as at 30 June 2014 (31 December 2013: € 52.0 million).

Non-financial performance indicators

Employees

In the first six months of 2014, the Leifheit Group employed an average of 1,035 people (previous year: 1,019), of which 757 employees were in Brand Business and 278 in Volume Business.

Employees by region

Locations	1 January to 30 June 2014	1 January to 30 June 2013
Germany	395	406
Czech Republic	405	372
France	172	175
Other countries	63	66
Group	**1,035**	**1,019**

Since the beginning of the second quarter of 2014, we produce our entire range of ironing boards in-house at our plant in Blatná, Czech Republic. The number of our employees in the Czech Republic thus rose to a total of 401 as at the reporting date, 30 June 2014.

Of our total workforce, 38.2% of our employees are located in Germany, 39.1% in the Czech Republic and 16.6% in France. The remaining 6.1% 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 € 1.8 million in the reporting period (previous year: € 1.9 million) in research and development activities. 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 six months of 2014, Leifheit had 27 employees in the departement 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 30 June 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

We intend to continue to implement the following strategic measures in the second half of the year: We are continually expanding our two well-known brands, Leifheit and Soehnle, with the target of strengthening our margins, and we intend to encourage organic growth by targeting strategic focus markets in Europe. Furthermore, we will be implementing further measures in the e-commerce sector, strengthening our innovative abilities by means of targeted investment in research and development activities and further reinforcing our brand communication. We regularly consider possibilities for inorganic growth and seek out economically viable opportunities, while following clear investment criteria which, together with all of the stated measures, form part of our "Leifheit GO!" business strategy. Extensive information on this strategy can be found in our 2013 annual financial report. We will revise and further develop our strategy over the course of the second half of 2014.

Slightly bleak outlook for the global economy

Our evaluation of the economic conditions has not materially changed since the statements contained in our report as at 31 March 2014 were published. The IMF did not revise its expectation for growth in global economic performance in 2014 in the second quarter: this remains at 3.6%. However, it does anticipate a slight downturn in economic growth in the second half of the year and has adjusted its forecasts for the USA accordingly, lowering its growth prognosis for the current year from 2.2% to 1.9%. As a result of the economic slowdown in China, the IMF expects that the People's Republic will also experience negative growth; by way of a reminder, in April it was anticipating growth in the amount of 7.5%. In Europe, expectations for growth in economic performance have to date been around the 1.2% mark, with the ongoing unrest in Ukraine giving rise to the greatest amount of uncertainty in this regard. According to the IMF, that unrest is likely to have a substantially adverse effect on, above all, Russian economic growth. The IMF anticipates that Germany will continue to experience improved economic development: it has raised the expected growth rate to just under 2%.

Private consumption continues to drive domestic demand

The GfK estimates that spending by private households in Europe will increase by between 0.5% and 1.0% in 2014, following a 0.4% decline in the previous year, with the institute anticipating an increase of 1.5% in real terms with respect to Germany. Private consumption will therefore continue to drive domestic demand to a considerable extent. With regard to the second half of the year, the GfK expects the lowering of key interest rates and the introduction of a penalty interest rate for bank deposits to result in a lessening of the propensity to save on the part of German citizens and at the same time in increased consumption, which in turn will lead to a rise in economic expectations in Germany to a three-year high.

The GfK is anticipating that the brick-and-mortar retail trade in Germany should expect a 1% fall in turnover in 2014 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 by the end of 2014. According to GfK data, this trend towards increased online purchases is bolstered by increasing stress awareness combined with lack of time on the part of consumers in the purchasing context. The food and travel sectors are likely to benefit most from the increase in private spending in the retail trade context, with the 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 will also continue to pursue the conservative target of stable development for the Leifheit Group in the second half of 2014. We anticipate Group turnover at the 2013 level, as adjusted. As a result of our focus on our Brand Business, we expect a positive development of turnover in the amount between 1% and 3%. We will manage our Volume Business with a particular emphasis on profitability, however we anticipate that turnover will continue to decrease slightly.

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

Overall statement of prospective development

Following on from the first half of the year, we anticipate that the Leifheit Group will continue to develop in a stable manner throughout 2014. We are optimistic that our efforts will continue to bear fruit in the future as a result of measures implemented pursuant to our "Leifheit GO!" strategy and appropriate investments. 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. We thus plan to generate turnover of € 250 million and an EBIT margin of 8% by 2016. Our company's consistent focus on profitable growth together with sustainable margins will enable us to achieve this target.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Statement of profit or loss and statement of comprehensive income

k€	1 April to 30 June 2014	1 April to 30 June 2013	1 January to 30 June 2014	1 January to 30 June 2013
Turnover	52,390	53,863	108,251	110,292
Cost of turnover	-27,297	-30,685	-56,899	-62,216
Gross profit	**25,093**	**23,178**	**51,352**	**48,076**
Research and development costs	-896	-978	-1,756	-1,854
Distribution costs	-16,397	-16,809	-34,311	-35,106
Administrative costs	-4,222	-3,653	-7,965	-7,570
Other operating income	229	522	503	692
Other operating expenses	-80	-24	-185	-255
Foreign currency result	412	-7	478	1,004
Earnings before interest and taxes (EBIT)	**4,139**	**2,229**	**8,116**	**4,987**
Interest income	143	159	221	238
Interest expense	-503	-535	-1,004	-1,036
Net other financial result	5	-20	19	20
Earnings before taxes (EBT)	**3,784**	**1,833**	**7,352**	**4,209**
Income taxes	-1,120	-383	-2,176	-953
Net result for the period	**2,664**	**1,450**	**5,176**	**3,256**
Contributions that are not reclassified in future periods in the statement of profit or loss				
Actuarial gains/losses on defined benefit pension plans	-2,500	–	-4,583	668
Effect from income taxes	700	–	1,283	-187
Contributions that may be reclassified in future periods in the statement of profit or loss				
Currency translation of foreign operations	4	-51	-2	-143
Currency translation of net investments in foreign operations	-10	-104	-53	-464
Net result of cash flow hedges	176	178	179	519
Effect from income taxes	-49	-21	-37	-15
Other comprehensive income	**-1,679**	**2**	**-3,213**	**378**
Comprehensive income after taxes	**985**	**1,452**	**1,963**	**3,634**
Net result for the period attributable to				
Minority interests	–	-25	–	-32
Shareholders of the parent company	2,664	1,475	5,176	3,288
Net result for the period	**2,664**	**1,450**	**5,176**	**3,256**
Comprehensive income after taxes attributable to				
Minority interests	–	-25	–	-32
Shareholders of the parent company	985	1,477	1,963	3,666
Comprehensive income after taxes	**985**	**1,452**	**1,963**	**3,634**
Earnings per share based on net result for the period (diluted and undiluted)	**€ 0.56**	**€ 0.31**	**€ 1.09**	**€ 0.69**
Earnings per share based on comprehensive income after taxes (diluted and undiluted)	**€ 0.21**	**€ 0.31**	**€ 0.41**	**€ 0.77**

Balance sheet

k€	30 June 2014	31 December 2013
Current assets		
Cash and cash equivalents	52,933	50,953
Financial assets	–	1,001
Trade receivables	43,667	46,685
Inventories	37,673	33,630
Income tax receivables	1,343	894
Derivative financial instruments	141	403
Other current assets	1,292	3,668
Total current assets	**137,049**	**137,234**
Non-current assets		
Tangible assets	34,582	35,421
Intangible assets	18,154	18,458
Deferred tax assets	10,506	10,310
Income tax receivables	2,222	2,159
Other non-current assets	153	169
Total non-current assets	**65,617**	**66,517**
Total assets	**202,666**	**203,751**
Current liabilities		
Trade payables and other liabilities	41,070	39,290
Derivative financial instruments	1,016	1,920
Income tax liabilities	1,061	818
Provisions	5,706	6,452
Total current liabilities	**48,853**	**48,480**
Non-current liabilities		
Provisions	1,896	1,896
Employee benefit obligations	61,137	56,385
Deferred tax liabilities	1,611	1,630
Derivative financial instruments	227	547
Other non-current liabilities	96	93
Total non-current liabilities	**64,967**	**60,551**
Equity		
Subscribed capital	15,000	15,000
Capital surplus	16,934	16,934
Treasury shares	-7,598	-7,598
Retained earnings	75,818	78,479
Other reserves	-11,308	-8,095
Total equity	**88,846**	**94,720**
Total equity and liabilities	**202,666**	**203,751**

Statement of cash flow

k€	**1 January to 30 June 2014**	1 January to 30 June 2013
Net result for the period	5,176	3,256
Adjustments for depreciation and amortisation	2,926	3,366
Change in provisions	-581	-218
Result from disposal of fixed assets and other non-current assets	12	–
Change in inventories, trade receivables and other assets not classified as investment or financing activities	846	10,138
Change in trade payables and other liabilities not classified as investment or financing activities	2,157	-3,786
Other non-cash expenses/income	72	-1,474
Cash flow from operating activities	**10,608**	**11,282**
Acquisition of minority interests	–	-78
Acquisition of tangible and intangible assets	-1,937	-1,584
Change in financial assets	1,001	2,334
Proceeds from the sale of tangible assets and other non-current assets	119	1,908
Cash flow from investment activities	**-817**	**2,580**
Cash flow from financing activities	**-7,837**	**-7,124**
Effects of exchange rate differences	**26**	**430**
Net change in cash and cash equivalents	1,980	7,168
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	**52,933**	**40,885**

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
Dividends	–	–	–	-7,124	–	-7,124
Acquisition of minority interests	–	–	–	-43	–	-43
Comprehensive income after taxes	–	–	–	3,288	378	3,666
of which net result for the period	–	–	–	3,288	–	3,288
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	-143	-143
of which currency translation of foreign operations	–	–	–	–	-334	-334
of which currency translation of net investments in foreign operations	–	–	–	–	374	374
of which net result of cash flow hedges	–	–	–	–	481	481
As at 30 June 2013	**15,000**	**16,934**	**-7,598**	**71,488**	**-6,626**	**89,198**
As at 1 January 2014	15,000	16,934	-7,598	78,479	-8,095	94,720
Dividends	–	–	–	-7,837	–	-7,837
Comprehensive income after taxes	–	–	–	5,176	-3,213	1,963
of which net result for the period	–	–	–	5,176	–	5,176
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	-3,300	-3,300
of which currency translation of foreign operations	–	–	–	–	-2	-2
of which currency translation of net investments in foreign operations	–	–	–	–	-39	-39
of which net result of cash flow hedges	–	–	–	–	128	128
As at 30 June 2014	**15,000**	**16,934**	**-7,598**	**75,818**	**-11,308**	**88,846**

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
Dividends	-7,124	–	-7,124
Acquisition of minority interests	-43	-35	-78
Comprehensive income after taxes	3,666	-32	3,634
of which net result for the period	3,288	-32	3,256
of which actuarial gains/losses on defined benefit pension plans	-143	–	-143
of which currency translation of foreign operations	-334	–	-334
of which currency translation of net investments in foreign operations	374	–	374
of which net result of cash flow hedges	481	–	481
As at 30 June 2013	**89,198**	**–**	**89,198**
As at 1 January 2014	94,720	–	94,720
Dividends	-7,837	–	-7,837
Comprehensive income after taxes	1,963	–	1,963
of which net result for the period	5,176	–	5,176
of which actuarial gains/losses on defined benefit pension plans	-3,300	–	-3,300
of which currency translation of foreign operations	-2	–	-2
of which currency translation of net investments in foreign operations	-39	–	-39
of which net result of cash flow hedges	128	–	128
As at 30 June 2014	**88,846**	**–**	**88,846**

Selected explanatory notes

Information on the company

Leifheit AG is a publicly listed stock corporation with registered offices in Nassau/Lahn, Germany. These condensed interim consolidated interim financial statements of Leifheit AG and its subsidiaries relate to the period from 1 January 2014 to 30 June 2014.

Reporting principles

These condensed interim consolidated financial statements have been prepared for interim reporting purposes pursuant to 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 interim consolidated 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 30 June 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”.

Reclassifications between distribution costs and cost of turnover and between interest result and net other financial result were undertaken, and the values for the previous year adjusted accordingly. Customs duties and licensing fees in the amount of k€ 690 (previous year: k€ 673) were shifted from distribution costs to cost of turnover. k€ 66 from net other financial result (previous year: k€ 101) were reclassified as interest income and k€ 5 (previous year: k€ 32) as interest expense.

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 30 June 2014		Brand Business	Volume Business	Total
Turnover	€ million	90.4	17.9	108.3
Gross margin	%	50.1	34.0	47.4
Contribution margin	€ million	37.4	5.4	42.8
Segment result (EBIT)	€ million	6.9	1.2	8.1
Depreciation and amortisation	€ million	2.5	0.4	2.9
Employees on annual average	persons	757	278	1,035

Key figures by divisions as at 30 June 2013		Brand Business	Volume Business	Total
Turnover	€ million	90.2	20.1	110.3
Turnover adjusted[1)]	€ million	88.7	20.1	108.8
Gross margin	%	45.8	33.8	43.6
Contribution margin	€ million	33.2	6.0	39.2
Segment result (EBIT)	€ million	4.1	0.9	5.0
Depreciation and amortisation	€ million	2.9	0.5	3.4
Employees on annual average	persons	735	284	1,019

[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 30 June 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 AktG.

Dividend paid

On 23 May 2014, a dividend of € 1.65 per no-par-value bearer share eligible to receive dividends was paid to the shareholders from the balance sheet profit of the company for the financial year 2013 – this is a total of € 7,836,633.75 due to 4,749,475 no-par-value bearer shares.

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 30 June 2014:

	Value of liability	Foreign currency	Nominal value
Buy USD/€	k€ 54,189	kUSD 72,600	k€ 53,027
of which hedge accounting	k€ 12,909	kUSD 17,400	k€ 12,703
Sell USD/€	k€ 5,970	kUSD 8,000	k€ 5,841
Buy HKD/€	k€ 7,609	kHKD 80,645	k€ 7,536
Sell HKD/€	k€ 3,888	kHKD 40,820	k€ 3,900
Buy CZK/€	k€ 1,320	kCZK 36,000	k€ 1,312

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€ 141 and derivative financial liabilities in the amount of k€ 1,243 were valued at their fair values on the balance sheet as at 30 June 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 30 June 2014, short-term revolving lines of credit in the amount of k€ 11,500 (previous year: k€ 11,500) were available. Of this amount, k€ 1,207 were used in the form of guarantees as at the balance sheet date (previous year: k€ 1,815). Current account credit lines not drawn down thus amounted to k€ 10,293 (previous year: k€ 9,685).

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

k€	Valuation category pursuant to IAS 39	Book value 30 June 2014	Book value 31 Dec 2013	Fair value 30 June 2014	Fair value 31 Dec 2013
Financial assets					
Cash and cash equivalents	a)	52,933	43,609	52,933	43,609
Structured money market instruments	d)	–	7,344	–	7,344
Trade receivables	a)	43,667	46,685	43,667	46,685
Derivative financial assets (not designated as hedging transactions)	d)	141	403	141	403
Other financial assets	a)	488	1,846	488	1,846
Financial liabilities					
Trade payables	b)	14,350	13,476	14,350	13,476
Derivative financial liabilities (not designated as hedging transactions)	d)	1,037	2,071	1,037	2,071
Derivative financial liabilities (designated as hedging transactions)	c)	206	396	206	396
Other financial liabilities	b)	16,373	14,829	16,373	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 € 1.6 million (previous year: € 1.9 million). The future minimum payments on the basis of lease and rental agreements without cancellation option amount to € 1.3 million up to one year (previous year: € 1.4 million) and € 0.3 million between one and five years (previous year: € 0.5 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 30 June 2014, purchase commitments totalled € 0.6 million (previous year: € 0.9 million).

There were contractual obligations to acquire items of tangible assets in the amount of € 0.7 million (previous year: € 0.6 million), relating to tools in particular. Moreover, there were contractual obligations arising out of contracts relating to marketing measures in the amount of € 0.5 million (previous year: € 0.4 million) and other agreements in the amount of € 0.1 million (previous year: € 0.0 million).

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, Germany, August 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, Germany, August 2014

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke   Dr Claus-O. Zacharias

DISCLAIMER

Forward-looking statements

This half-year 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 half-year 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 half-year financial report and the German version, the German version shall take precedence.

FINANCIAL CALENDAR

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

CONTACTS

Leifheit AG
PO Box 11 65
56371 Nassau/Lahn, Germany

Investor Relations:
Telephone: +49 2604 977-218
Telefax: +49 2604 977-340

Leifheit on the Internet:
www.leifheit-group.com
Email: ir@leifheit.com

Aktiengesellschaft

PO Box 11 65
56371 Nassau/Lahn
Germany
Telephone: +49 2604 977-0
Telefax: +49 2604 977-300
www.leifheit-group.com
ir@leifheit.com