Annual Financial Report 2009
Condensed Version

Creating sustainable value

Economic growth
Unspoiled environment
Social responsibility

50 YEARS
always a better idea!

LEIFHEIT
Aktiengesellschaft

GROUP DATA 2005 TO 2009

			2005 [1]	2006	2007	2008	2009
Turnover	– Group	€ m	285	277	276	280	**273**
	– Household Products	€ m	214	206	202	204	**204**
	– Bathroom Furnishings	€ m	71	71	74	76	**69**
Change		%	-10	-3	0	1	**-3**
Foreign share		%	58	58	58	60	**58**
Key return figures							
Cash flow from operating activities		€ m	8.5	5.1	14.3	1.7	**43.8**
EBIT		€ m	5.1	4.9	2.4	5.2	**8.1**
EBIT margin		%	2.4	1.8	0.9	1.9	**3.0**
Earnings before income taxes (EBT)		€ m	3.1	2.8	0.5	2.6	**5.5**
Net result for the period		€ m	-0.3	4.5	-3.2	0.4	**3.1**
Net return on sales		%	0.3	1.6	-1.2	0.1	**1.1**
Return on equity		%	-0.3	4.2	-3.1	0.4	**3.1**
Return on total capital		%	0.4	2.1	-1.6	0.2	**1.4**
Key figures per share							
Net result for the period [2]		€	-0.07	0.95	-0.67	0.09	**0.66**
Cash flow [2]		€	1.79	1.08	3.00	0.35	**9.23**
Dividend per share		€	0.60	0.60	0.00	0.60	**0.60** [3]
Employees							
Annual average			1,862	1,491	1,404	1,521	**1,468**
At year-end	– Group		1,774	1,433	1,411	1,530	**1,471**
	– Household Products		1,225	1,120	1,093	1,201	**1,159**
	– Bathroom Furnishings		549	313	318	329	**312**
Personnel expenditure per employee		€ 000	35	38	40	37	**40**
Investment in tangible assets		€ m	7	4	7	5	**6**
Investment ratio		%	3.0	2.3	4.5	3.1	**3.5**
Depreciation on tangible assets		€ m	8	7	7	7	**9**
Total assets, equity and liabilities		€ m	227	204	207	221	**223**
Equity		€ m	115	107	99	101	**101**
Equity-balance sheet total ratio		%	51	52	48	45	**45**

1) Turnover and result presentation for 2005 stripped of sold Soehnle Industriewaagen business and after reclassification of pension obligation interest expenditure to the interest result
2) Excluding repurchased treasury shares
3) Proposal to General Meeting

Contents

The Board of Management

GEORG THALLER,
BAD KREUZNACH/GERMANY

Chairman,
Head of Sales, Marketing,
R&D, Purchasing, Patents
(since 2 November 2009)

ERNST KRAFT,
WIL/SWITZERLAND

Head of Bathroom
Furnishings Division

DR. CLAUS-O. ZACHARIAS,
DUESSELDORF/GERMANY

Head of Finance, Controlling,
Human Resources, Business
Processes, Operations

Dear shareholders, dear friends of Leifheit,

A year of great challenges now lies behind us. The economic crisis of 2009 has led to difficult overall economic conditions around the world with dramatic setbacks in some cases. Eastern European markets, which we successfully tapped in recent years, suffered particularly heavy losses due to these developments. However, Leifheit took measures against this at an early stage, allowing us to present you with encouraging results:

At € 8.1 million, our Group EBIT was much higher than the previous year's figure of € 5.2 million, thereby also creating a strong foundation for our business in 2010.

This is good news for our shareholders, since positive business performance means Leifheit will be proposing a dividend distribution of € 0.60 per share for financial year 2009 to the Annual General Meeting.

Positive performance in these times of crisis is the result of greater organisational efficiency and increased turnover and communications activities in our anniversary year:

- We have transferred our core competencies of laundry care, cleaning, kitchen goods and scales into two divisions, Leifheit and Soehnle, which are now independent and therefore much more efficient. Bundling all of our functions pertaining to procurement logistics also enabled substantial cost savings.
- We used the Company's 50th anniversary to strengthen the position of Leifheit's products, especially in the German market, with numerous innovations and an increased communications budget. This turnover growth served to cushion most of the impact of lower turnover in Eastern Europe as a result of the crisis.

Our "Focus – Innovation – Speed" programme launched in 2008 has therefore borne fruit – Leifheit is now solidly positioned and well prepared for future developments.

Our goals for 2010

We will further expand on this success in 2010. In doing so, sustainability will play a larger role than ever before at Leifheit. Our definition of sustainability is comprehensive and means responsible conduct in ecological, economic and social environments – sustainability does not become a truly convincing concept until these three aspects are achieved.

Leifheit is focusing on this topic for two reasons. On the one hand, we are personally convinced of the necessity of sustainable behaviour, as this is the only way that humanity will survive in the long term. On the other hand, values such as quality, sustainability and corporate social responsibility are becoming more and more important in our customers' consumer decisions, with social change making them increasingly critical and quality-aware when shopping. We are already benefiting from this with our strong brands, which enjoy a great deal of consumer confidence. In order to stay ahead in this competitive aspect in the future, we are setting the bar for our sustainability standards extremely high, and this will serve as our foundation for further strategic decisions.

On this basis, we are pursuing two strategic objectives in financial year 2010:

Firstly, we intend to further leverage the high potential of our brands. This means we will create innovations to round out and expand our product portfolio. We have impressively demonstrated our innovative strength with the innovations we presented at the Ambiente trade fair in Frankfurt in spring 2010. For example, we expanded the Soehnle brand with the new Soehnle Relax product line. Soehnle not only embodies quality, safety and trust, but also well-being and a balanced lifestyle: Life in Balance. We want to give this lifestyle greater support with our new heat and massage range. We will again significantly increase our communications budget for our key brands and products in 2010. Strong brands, innovative high-quality products and communication give consumers extra security, especially in uncertain economic times.

Secondly, we will leverage the high growth potential in our foreign markets in 2010. The main focus in European countries will be on expanding our distribution activities, thereby securing and growing market share. In doing so, we intend to put each of our brands into one of the top market positions in each of our key markets in the medium term.

Economic conditions will remain challenging in 2010. Experts predict that the global economy will recover only moderately, while the market research company GfK expects German private consumption to stagnate. We shall remain vigilant and active in combating the continued risk of a further global downturn in consumption. Leifheit will use all of the opportunities available to it to further increase its market position in line with overall economic development. We have set ourselves an ambitious goal in 2010 of further improving the consolidated earnings position achieved in the previous year under these continuing difficult conditions.

Our shares put in an excellent performance in the past year and are now at the same price level as two years ago. We expect our share price to continue to reflect Leifheit's positive long-term development.

Lastly, we would like to thank our employees in particular for their high level of commitment and their loyalty, which have made this great success possible for Leifheit.

We would also like to thank you, our shareholders, for placing your trust in us in the past year and we hope that you will continue to accompany us on the road ahead! We will do everything in our power to allow you to continue to benefit from holding Leifheit shares.

The Board of Management of Leifheit AG

Georg Thaller   Ernst Kraft   Dr. Claus-O. Zacharias

Organisational structure and corporate governance declaration

Organisational structure

The Leifheit Group is a European producer of branded products for selected areas of the household. The Group comprises two divisions, Household Products and Bathroom Furnishings.

The Household Products division includes the Leifheit, Dr. Oetker Bakeware, Soehnle, Birambeau and Herby brands. The Bathroom Furnishings division includes the Kleine Wolke, Spirella and Meusch brands.

The divisions are organised decentrally in order to ensure that the decision-making process remains close to the market and customers. The divisions are largely responsible for their own commercial activities.

Leifheit AG, the parent company, has been a stock corporation under German law since 1984. Its domicile and headquarters are at its place of foundation, Nassau/Lahn. Leifheit AG includes the Group functions as well as parts of the operating business of the Household Products division. The main locations of Leifheit AG are in Nassau (production and management) and Zuzenhausen (logistics). There are also branches which are not legally independent, particularly for distribution outside Germany. Leifheit AG has 19 direct or indirect subsidiaries and equity interests.

Management responsibilities within the Group

The Board of Management of Leifheit AG establishes the strategy for business development, is responsible for the Group-wide central functions and manages the divisions. The rules of procedure for the Board of Management regulate the responsibilities of the individual Board members.

Their personal knowledge of products and markets, customer- and country-specific characteristics and their expertise in central Group functions ensures the efficient and professional management of the Leifheit Group.

Remuneration report

The remuneration report contains the disclosures required under section 315 para. 2 no. 4 of the German Commercial Code (HGB). It is included in the corporate governance report of the Annual Financial Report as well as the Group Management Report.

Information under takeover law

The following section presents the information under takeover law required by section 315 para. 4 HGB as of 31 December 2009.

The subscribed capital (share capital) of Leifheit AG remained unchanged as of 31 December 2009 at € 15,000,000 and is divided into 5,000,000 no-par-value bearer shares. Each share grants the same rights and entitles the holder to one vote at the Annual General Meeting.

There are no restrictions on voting rights or the transfer of shares that the Board of Management is aware of.

There are direct and indirect equity interests in the capital of Leifheit AG exceeding 10% of the voting rights. Home Beteiligungen GmbH in Munich informed Leifheit AG that it holds 47.34% of the voting rights in Leifheit AG as of 31 December 2009. In addition, MKV Verwaltungs GmbH in Munich informed the Company that it holds 10.03% of the voting rights in Leifheit AG.

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

Board of Management members are appointed and dismissed and the Articles of Association are amended in accordance with the provisions of the German Stock Corporation Act (AktG). The Supervisory Board may make amendments to the Articles of Association that relate solely to their wording. There are no further regulations in Leifheit AG's Articles of Associations.

By resolution of the 2006 Annual General Meeting, the Board of Management is authorised, subject to the approval of the Supervisory Board, to increase share capital on one or more occasions by a total of up to € 7,500,000 until 1 May 2011 by issuing new no-par-value bearer shares in exchange for cash and/or non-cash contributions. The Board of Management is also authorised by resolution of the 2009 Annual General Meeting to buy back shares amounting to up to 10% of the share capital by 16 December 2010 for any valid reason subject to statutory restrictions. The terms of both resolutions can be found in the respective agendas of the Annual General Meetings on our website.

There are no agreements or remuneration agreements with the Board of Management or employees pertaining to change of control provisions as a result of a takeover bid and that satisfy the criterion of materiality.

Corporate governance declaration

The corporate governance declaration in accordance with section 289a HGB on our website at http://www.leifheit.de/de/investor-relations/corporate-governance.html.

The economic situation

Recovery from global economic crisis begins

In the first half of 2009, the global economy experienced the worst recession in post-war history: the financial economy and the real economy collapsed dramatically, while prices on the global stock markets saw substantial losses. Companies, investors and analysts were deeply shaken. Focused bailout programmes by governments and central banks turned the trend around in early summer, and confidence and cautious optimism returned to the markets surprisingly quickly. According to the International Monetary Fund (IMF), global gross domestic product for 2009 contracted by 0.8%, but with major regional variations. German industry suffered in particular from the economic collapse, while the service sector and consumption proved to be more resistant to the crisis. According to calculations by the German Federal Statistical Office, GDP for 2009 as a whole was down 5.0% year-on-year (2008: +1.3%). Although private consumer spending rose by 0.4% overall in 2009, German retail suffered its biggest drop in turnover since 1994 (-2.4%).

Business performance in the divisions

Leifheit stable despite drop in global consumption

Leifheit was also significantly affected by the global economic crisis in 2009. However, we successfully countered the difficult global consumer climate and stabilised our turnover at € 273 million, about 3% below the level of the previous year. In Eastern Europe, where Leifheit had significantly increased its turnover activities and generated impressive turnover in 2008, the effects of the crisis were particularly noticeable in the form of declining turnover. Some customers and importers also had difficulty in making payments, thereby impacting Leifheit's business in these countries. In the German-speaking market, Leifheit benefited from the general upturn in the economy, especially in the fourth quarter. In its home market of Germany, the Group boosted its turnover by 4% to € 116 million on a whole-year basis (previous year: € 111 million).

Leifheit is prepared for the future

One of the reasons Leifheit was able to make it through the crisis was the further improvement in its effectiveness in 2009. On the one hand, measures introduced at the beginning of 2009 to optimise working capital took effect, leading to the desired success. Decreasing inventories and optimising receivables management in particular served to sharply increase cash flow and completely eliminate liabilities to banks.

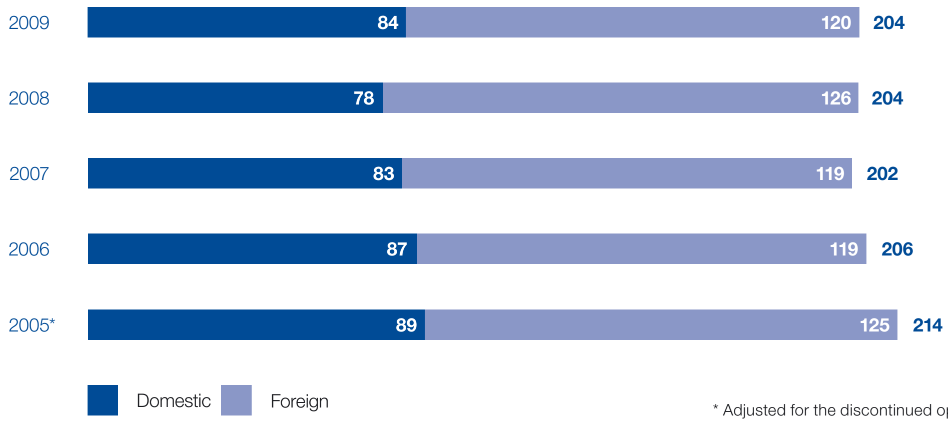
On the other hand, the Company has systematically strengthened its core categories of laundry care, cleaning, kitchen goods and scales since 2008 by taking over Herby, the French market leader for laundry dryers, and Hailo's pressurised steam iron business in 2009 as well as discontinuing its ladders segment.

We supplemented this process in the past year with optimised structures and workflows in the Household Products division with the aim of operating even more efficiently. In line with this, the previously central functions of Marketing, Development and Distribution were allocated directly to either Leifheit (laundry care, cleaning, kitchen goods) or Soehnle (scales). This allows these two divisions to operate independently on the market under their own responsibility.

We also used the occasion of the Company's 50th anniversary in 2009 to launch an innovation and communications campaign in German-speaking countries. A new, modern website, TV and print campaigns for the most important Leifheit products and anniversary campaigns further strengthened the brand in the minds of consumers and expanded turnover in these regions.

Our efforts not only paid off in the form of increased income – some of our products also received awards in 2009 for their excellent design (Power Delta Professional battery sweeper) or functionality (Profi and Twist System floor mops). The Leifheit brand was also crowned a "superbrand", making it one of the 100 top brands in Germany. Independent economic experts assessed criteria such as brand dominance, customer loyalty, goodwill, longevity and overall brand acceptance for each nominated company. These attributes are extremely characteristic of the values of the Leifheit brand and reflect our high level of customer loyalty, which in turn helps us keep our business risk low.

HOUSEHOLD PRODUCTS DIVISION – TURNOVER BY REGION IN € M



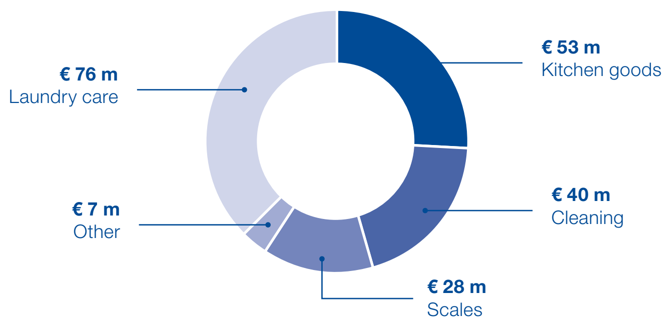
* Adjusted for the discontinued operations of Soehnle Industriewaagen

Household Products division holds up well in weak consumer climate

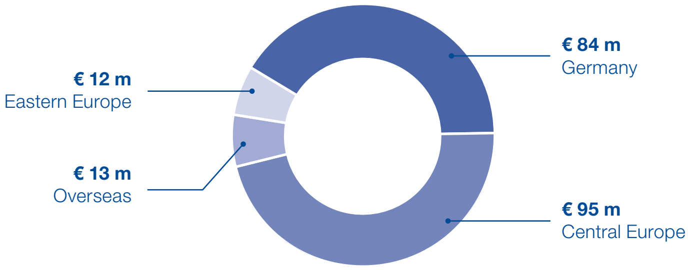
The supporting pillar of the Leifheit Group's economic success in 2009 was the Household Products division, whose Leifheit, Dr. Oetker Bakeware, Soehnle, Birambeau and Herby brands contributed around 75% of Group turnover. Despite the unfavourable consumer climate, turnover stabilised at the previous year's level of € 204 million.

The laundry care product group made a particularly positive contribution to results, recording a significant increase in turnover of 11%. This segment includes the full-year turnover from the French laundry dryer manufacturer Herby in the amount of € 11 million (previous year: € 6 million), as well as the new steam iron systems segment, which contributed around € 4 million to turnover as forecast. Leifheit's laundry dryers and rotary clotheslines in particular are an ecologically sensible alternative to electric laundry dryers for many consumers. The cleaning, kitchen goods and scales product groups also maintained their prior-year levels. Turnover in this area partially include the ladder segment, which has been sold, in the amount of € 6 million (previous year: € 13 million).

HOUSEHOLD PRODUCTS DIVISION – TURNOVER BY PRODUCT GROUP



HOUSEHOLD PRODUCTS DIVISION – TURNOVER BY REGION

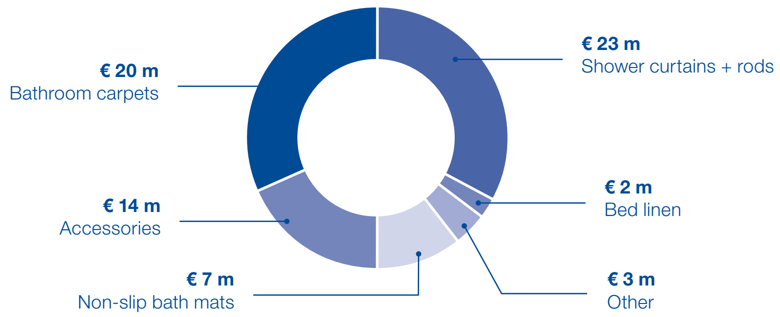


Business varied substantially between the different regions, reflecting the local economic conditions. Turnover in Eastern Europe, which had enjoyed double-digit growth over recent years, fell by 25% as a result of the crisis, mainly in the third and fourth quarters of the year. In addition to the high level of consumer uncertainty, the massive depreciation of the rouble significantly impeded business. Unemployment in Spain reached 18.9%, also causing turnover to slip considerably. In contrast, the French market, which is home to Birambeau and Herby, recorded satisfactory business performance. At € 95 million, overall turnover in Central Europe therefore remained stable at the previous year's level. Despite the recession, US turnover was up slightly year-on-year. The Asian market recovered the fastest from the crisis, with China, for example, reaching its prior-year level as early as the third quarter.

In Germany, turnover rose by 8% to € 84 million (previous year: € 78 million), increasing the domestic share of turnover to 41%. Strong fourth-quarter business in particular partially made up for the losses suffered in Eastern Europe and Spain in the second half of the year. The Twist cleaning system advertised on TV, the Profi (Stiftung Warentest´s floor mop test winner) and, once again, the Linomatic rotary clothesline proved to be the high turnover drivers among Leifheit's products. These products also reflect the spirit of the times by combining practical added value with environmentally-friendly functionality, high quality and durability.

Business performance in the previous year is impressive proof that the structural and organisational changes that we initiated in financial year 2009 under the slogan "Focus – Innovation – Speed" have made a substantial contribution to the success of the Household Products division, even in difficult times. This division has traditionally had stronger turnover, and it is now also the more profitable segment: the Household Products division increased its contribution to consolidated earnings/ EBIT by € 6.4 million year-on-year (previous year: € 1.7 million).

BATHROOM FURNISHINGS DIVISION – TURNOVER BY PRODUCT GROUP

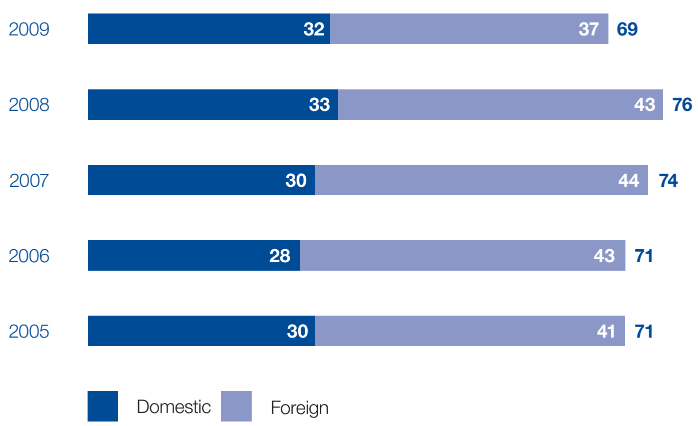


Bathroom Furnishings division: a year of two halves

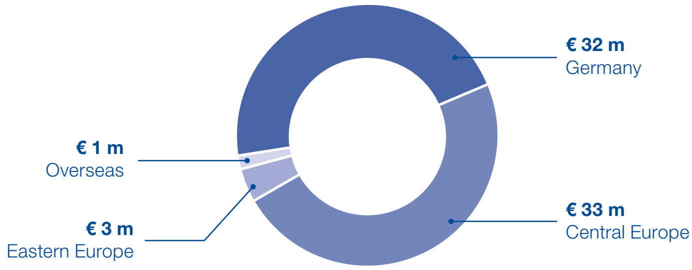
The Bathroom Furnishings division contributed 25% to Group turnover with its three brands Spirella, Kleine Wolke and Meusch. Under difficult economic conditions, these bathroom brands generated 9% lower turnover than the previous year (€ 69 million compared with € 76 million).

In the first half of the year, significant declines were recorded in the key export markets of Eastern Europe, Russia and France in particular. In the second half of the year, the Spirella and Kleine Wolke brands steadily compensated for this decline with innovative marketing concepts. The key distribution markets added market share, especially thanks to Spirella's particularly successful lines of counter and screw-in bathroom accessories and Kleine Wolke's coordinated line of bed linen and towels, Bett & Bad. Particularly noteworthy here are the successes in Switzerland and Austria, which generated growth of 9% and 3% respectively.

BATHROOM FURNISHINGS DIVISION – TURNOVER BY REGION IN € M



BATHROOM FURNISHINGS DIVISION – TURNOVER BY REGION



Spirella increased its turnover in Germany by 3% to € 10 million. Due to shortfalls and postponements in the special offer business, turnover of bathroom furnishings as a whole in Germany amounted to € 32 million, still down 3% year-on-year (€ 33 million). All in all, the proportion of overseas turnover in this segment fell to 54% (previous year: 57%).

The Bathroom Furnishings division reacted to the difficult economic conditions at a very early stage by adjusting its cost structures. Despite the decrease in turnover, the division achieved its earnings target and again made a significant contribution to consolidated earnings/EBIT of € 5.0 million (previous year: € 6.0 million).

Net assets, financial position and results of operations

Net assets, financial position and results of operations

Group EBIT again increased significantly in 2009, thus continuing the positive trend. Our results even slightly exceeded the expectations we had at the beginning of financial year 2009.

Gross profit increases again to 44.1%

Despite the difficult consumer climate around the world, we stabilised Group turnover at € 273 million. The gross margin, which describes the internal earnings power of the Group, again increased to 44.1% (previous year: 41.4%), representing an increase in absolute terms of € 4.5 million.

Commodities prices rose sharply until the second half of 2008 before falling considerably over the course of 2009. The following factors had a positive effect on the gross margin, particularly in Germany: decreased inward freight and, in particular, streamlining the product range in connection with concentrating on our strategic core categories, focussing on high-margin business and increased contribution margins due to the turnover growth. This was offset by currency effects from purchasing in the Far East in US dollars.

Development costs fell by € 0.4 million to € 7.0 million. Selling costs also fell by € 1.8 million to € 85.3 million. Due in particular to measures completed in 2009 with the aim of concentrating all logistics functions at our logistics centre in Zuzenhausen, severance payments, depreciation and amortisation and maintenance costs were higher in the year under review. However, this was more than offset by the decrease in freight costs, commissions and fees and purchased services.

Administrative costs increased by € 0.4 million to € 18.0 million due to higher consulting costs.

Other operating income fell by € 1.1 million to € 1.3 million. The previous year contained one-time effects of € 0.5 million. Gains from the disposal of assets also decreased by € 0.5 million.

Other operating expenses include claims for damages of € 1.2 million and the write-down of a claim for purchase price repayment to a shareholder of a joint venture in the amount of € 1.1 million.

Positive trend in EBIT and net result for the period continues

Earnings before interest and taxes (EBIT) increased significantly by € 2.9 million, from € 5.2 million in 2008 to € 8.1 million in 2009.

The net interest expense of € 2.6 million primarily consisted of the interest expense from pension obligations. Income taxes mainly comprise the income taxes payable by the subsidiaries in France and Switzerland.

Net result for the period amounted to € 3.1 million (previous year: € 0.4 million).

The internal financial control system is based on the two divisions, Household Products and Bathroom Furnishings. Turnover and EBIT are used as the key top-level performance indicators.

Statement of comprehensive income and expense (summary) in € m	2009	2008
Turnover	273	280
Earnings before interest and taxes (EBIT)	**8.1**	**5.2**
Net interest income or expense	-2.6	-2.6
Earnings before taxes (EBT)	**5.5**	**2.6**
Income taxes	-2.4	-2.2
Net result for the period	**3.1**	**0.4**

Turnover in the Household Products division repeated the previous year's level of € 204 million. The EBIT of the Household Products division improved from € 1.7 million in 2008 to € 6.4 million in the year under review.

Due to the difficult economic situation, turnover in the Bathroom Furnishings division fell by € 7 million to € 69 million. However, the division reacted and adjusted its cost structures at a very early stage, thereby again making a significant contribution to consolidated earnings/EBIT (€ 5.0 million as against € 6.0 million in the previous year).

Solid financing

Total assets remained virtually unchanged in financial year 2009 at € 222.8 million (previous year: € 221.4 million). There were no material changes in the maturities of the financing structure as compared with the previous year. The main changes related to the repayment of liabilities to banks in the amount of € 7.7 million, the improvement of net working capital by € 28.0 million and the increase in cash and cash equivalents of € 26.5 million.

Current assets climbed by € 4.9 million to € 146.6 million. Due to intensive measures to improve working capital, optimised receivables and inventory management led to a reduction in trade receivables and inventories of € 13.1 million and € 10.1 million respectively. Despite the fact that liabilities to banks of € 7.7 million were completely paid off, cash and cash equivalents increased by € 26.5 million, totalling € 32.7 million as of the balance sheet date.

Noncurrent assets fell by € 3.4 million to € 76.2 million, mainly a result of the decrease in tangible assets.

Short-term debt climbed by € 2.0 million to € 68.0 million. While liabilities to banks decreased by € 7.7 million, trade account payables increased by € 6.7 million; this was also due in part to the working capital project. Short-term debt included the current portion of the liability for the payment of the purchase price for the additional shares of the Herby Group.

Long-term debt decreased by € 0.9 million to € 54.0 million.

Equity climbed by € 0.4 million to € 100.9 million. This includes the net result for the period and changes in equity not recognised in profit or loss totalling € 3.3 million. A dividend of € 2.9 million was distributed in financial year 2009. The equity ratio remained stable at a high level of 45.3%.

Off-balance-sheet assets and financing instruments

In addition to the assets reported in the balance sheet, the Group uses off-balance-sheet assets to a limited degree. These primarily consist of leased or rented goods (operating leases). Off-balance-sheet financing instruments are not used.

Strong cash flow thanks to working capital project

Net cash from operating activities amounted to € 43.8 million. Contributing factors included the optimisation of working capital – especially the decrease in inventories and improved receivables management – of € 28.0 million, the € 11 million in depreciation and amortisation and the net result for the period.

Net cash used in investing activities amounted to € 6.8 million, with cash investments in tangible assets and intangible assets increasing by € 0.9 million to € 7.5 million.

Net cash used in financing activities amounted to € 10.5 million and contained the dividend of € 2.9 million paid in 2009 and the repayment of liabilities to banks of € 7.7 million.

Cash flow statement (summary) in € m	2009	2008
Cash flow from operating activities	43.8	1.7
Cash flow from investment activities	-6.8	-13.6
Cash flow from financing activities	-10.5	7.0
Effects of exchange rate differences	0.1	1.0
Change in cash and cash equivalents	26.5	-3.9
Cash and cash equivalents at the end of the year	32.7	6.2

Employees

Employees are the driver of our success

Leifheit considers itself as a part of society, meaning that we see our employees not only as employees, but also stakeholders: they are the driver of our success, and this is not the only reason that it is important to us that every Leifheit employee feels that he or she is treated well. Our HR policy places great importance on social responsibility, because we know that committed and motivated employees who strongly identify with our Company also make a significant contribution to achieving our high quality standards.

As such, we know that our employees in all areas were subject to strong demands in the past year. We would like to take this opportunity to express our sincere gratitude to them for their highly motivated work and their great loyalty and creativity. This also applies to the works councils, who have contributed to the positive development of our Company with their fair and constructive cooperation.

Focus on the change management process

The special focus of our HR work in 2009 was on supporting the change management processes, which involved the realignment of the Household Products area to reflect the Leifheit and Soehnle divisions. By using suitable activities and management methods, we promoted the acceptance of the realignment and thus ensured the success of the change management process.

Optimisation of the variable remuneration system

We restructured the variable remuneration system in 2009 for specialists and managers not covered by the collective wage agreement. This promotes the Company's efficiency – ambitious targets are agreed with individual employees and support them in thinking and acting in a business-minded way. The special incentive in the new remuneration system is that our employees participate in the Company's economic success in an appropriate manner while allowing their individual performance to be assessed even more precisely and therefore better recognised.

Measures to increase productivity

At the Nassau location, we worked together with employee representatives to implement the 40-hour week with no wage adjustment as well as reducing the annual holiday entitlement from 30 days to 28 days. Even though this decision means a cut back for our employees, it is important in securing the long-term competitiveness of our Company, as well as safeguarding jobs.

Decrease in number of employees

Locations	31 Dec 2009	31 Dec 2008
Germany	592	607
Czech Republic	428	432
France	199	202
Switzerland	141	151
Other countries	111	138
Group	**1,471**	**1,530**

At the end of 2009, the Leifheit Group employed 1,471 staff, 59 fewer than the year before. This represented a 4% decrease in the number of employees. 1,159 people were employed in the Household Products division and 312 in the Bathroom Furnishings division.

Average Group staff numbers declined from 1,521 to 1,468. Personnel costs in financial year 2009 totalled € 58 million (previous year: € 57 million).

In the year under review, 93 employees celebrated their 10th, 25th, 30th or 40th anniversaries with the Company. The large number of long-service employees is proof of the strong ties between our staff and the Company, particularly in an age of growing challenges from increased international competition. Leifheit benefits from a good balance between employees with many years of experience and new employees, because experience and fresh ideas create many benefits when they come together – an exchange of knowledge which pays off when jointly tackling tasks and projects.

Excellent training

Our training concept also bore fruit again. 2009 marked the sixth time in a row that Leifheit was recognised by the Chamber of Industry and Commerce (IHK) in Koblenz for its high-quality training. In the past financial year, 20 of our apprentices completed their apprenticeships, most of them with excellent examination results. We are happy to report that all trainees who passed their exams were hired in positions that were initially time-limited.

The trainee programme we launched in 2006 is also proving its worth, not only making Leifheit more attractive as an employer, but also helping us to find and retain talented junior staff for the Company. We believe in this form of training and have added two more trainees in Marketing and Controlling in the past year.

Our employees are the central foundation for the business success of the Leifheit Group. We depend on their abilities, commitment, enthusiasm and performance. As a result, we continued our systematic approach to training and qualification for our staff in all areas in 2009.

Investments

Total additions to noncurrent assets in the Leifheit Group amounted to € 9.8 million in 2009 (previous year: € 6.6 million), of which € 5.9 million was attributable to tangible assets and € 3.9 million to intangible assets. The investment ratio based on the historic cost of tangible assets was therefore 3.5%. This was offset by depreciation of tangible assets in the amount of € 8.5 million and amortisation of intangible assets in the amount of € 2.5 million.

In the Household Products division, we invested € 5.1 million in tangible assets (previous year: € 4.0 million), mainly in tools for new products, a production plant, the logistics infrastructure and software.

Investments in tangible assets in the Bathroom Furnishings division totalled € 0.8 million (previous year: € 1.1 million).

Procurement and logistics

Volatilities in materials prices exploited

Material prices varied greatly into the third quarter of the past financial year before initially stabilising at a low level in the last quarter. Prices for plastics and steel and zinc products then rose again towards the end of the year, mainly due to increased material requirements, artificial shortage of production capacities, recovering oil prices and speculation involving listed metals. Our purchasers used the phase of low prices to achieve longer-term price agreements for strategically important materials. Although price developments and price hedging options are extremely important to the decision-making process in the area of procurement, we have always consciously decided against materials with qualities and sources that cannot meet our sustainability standards.

Diversification of our supplier network

Purchasing high-quality raw materials, semi-finished and finished goods at attractive terms is a decisive factor in our Company's success. External conditions in Leifheit's procurement markets are constantly changing. The Chinese supplier market is still dominant but highly unpredictable, and we are seeking to become more independent from it by broadening our supplier network. This is why Leifheit has continually increased its purchasing activities in Eastern Europe and Turkey since 2008. We also launched several projects in the Indian procurement market in 2009.

Suppliers selected according to sustainability considerations

In addition to quality, speed, flexibility and adherence to delivery dates, we also value the sustainability of our suppliers. With our Leifheit Social Code of Conduct, which has been in place since 2009, we require that our suppliers treat their employees in a socially responsible manner and that they use ecologically sound materials and production processes. We perform our own audit to assess compliance with this Code as well as the quality of the products, visiting sites ourselves to the extent possible. This serves to ensure not only the high quality of our products, but also compliance with ecological and social standards along the entire supply and production chain. This is the only way a product can also remain economically successful in the long term.

Reorganisation of procurement logistics

We have bundled all of the functions relating to procurement logistics in a new Materials Management department. This has allowed us to streamline various processes and therefore reduce inventories and close all external storage facilities due to optimised material flow control.

We expanded our Zuzenhausen location into a pure distribution centre. The employees and production areas previously involved in ladder production were also integrated into logistics. We significantly improved the efficiency of the distribution centre in 2009 by systematically identifying and leveraging cost-cutting potential as well as again significantly increasing the efficiency of numerous processes – including using innovative technologies.

Efficiency increases at the Blatná plant

Our plant in Blatná, Czech Republic, with 428 employees is now the most important production location in the Leifheit Group. The plant significantly improved its results again in 2009. Our employees obtained further qualifications in a broad-based programme, and their commitment played a large role in reducing unit costs once again. Other contributing factors included strict cost management and the systematic continuation of the rationalisation measures introduced in 2008.

Development and innovation

One of the key factors for a modern company in the consumer goods industry is its capacity to innovate. We fulfil the Leifheit slogan of "Always a better idea" by making this topic a high priority in order to offer our customers relevant added value combined with superior functionality, long-lasting quality and attractive design. This is why we have strengthened our innovative activities and altered our organisational structure so that the creativity of each and every employee can develop to an even greater extent while at the same time greatly accelerating the process from the idea to the product phase. After all, any innovation is only as valuable as the competitive advantage it provides.

Success in innovation thanks to optimised organisational structure

Innovations that are successful in the long term are mainly created by teams who understand the needs of the retail sector as well as customers. That is why we have combined the areas of marketing, development and distribution for each of the Leifheit and Soehnle brands to create cross-sector, non-hierarchical innovation teams. This has enabled closer and faster cooperation, leading not only to an increased speed of innovation, but also to greater customer orientation. Clever ideas offer perfect solutions, and their advantages can be communicated effectively and provided to all relevant points of sale.

We have further accelerated the process to market launch by optimising the interface between development and production with the new Operations division, allowing a newly conceived product to be brought to the market even more quickly than before. We significantly reduced the lead time for new products with new planning tools.

Innovation campaign in all categories

Our development team continued to create a large number of innovations in 2009. Leifheit now offers all of the cleaning products needed in and around the house from a single source. We have fully developed a new range of sophisticated cloths, sponges and gloves. New attachments were created for our intelligent Click System – one handle for several cleaning systems – thereby creating the basis for innovative cleaning products. For the new EcoPerfect cleaning system, we put our cleaning expertise to good use by employing only recycled and renewable materials, thereby creating a thoroughly environmentally-friendly product range at attractive prices. The sophisticated functionality of all our cleaning products reduces the need for cleaning agents, therefore protecting both the environment and your pocket.

The Leifheit kitchen category has created several innovations. In particular, the rotational principle of the Twist System used in Leifheit's cleaning products was applied to a mechanical multi-functional device for chopping and stirring food (Twist Cut). Perfect Roll is a unique kitchen aid that makes it possible to turn the widest range of ingredients into rolls of any size easily, quickly and cleanly (such as sushi rolls or minced beef rolls).

We leveraged the rationalisation potential in the laundry care category to keep our prices attractive. New functions and colours were added to our Pegasus family of dryers. The new product area of pressurised steam irons was integrated into our portfolio and the Airbase active ironing board was optimised by means of technology transfer.

In addition to basic models, we also added high-quality analysis scales to the Soehnle family of bathroom scales – such as the Body Balance Comfort Select, which calculates body composition figures such as fat, water, muscle and calories, which can then be transferred via USB cable to a computer for processing. The new solar scale (Solar Sense) operates completely on solar energy and is a prime example of how modern technology can be used to save energy. Soehnle's Style Collection scales also added highlights to individual bathroom design.

The best-selling kitchen scale in Germany is our extra-thin Page with patented touch key technology, which we have now expanded with new designs and shapes as well as a premium model with an extra-large capacity of 15 kg (Page Profi). Soehnle now offers high-quality wellness products with its heat and massage products in the new Relax comfort series. This brand expansion means Soehnle is building on its existing expertise, systematically developing it further and securing long-term growth by means of diversification.

In the Bathroom Furnishings division, design and colour in particular must always capture the changing spirit of the times and the changing tastes of the consumer. For this reason, new closed themes and colours are constantly being developed for the Spirella, Kleine Wolke and Meusch collections with a highly individual, multi-faceted and varied look.

We again created collections under the Spirella brand that offer a unique variety of styles, trendy designs, innovative materials and fascinating worlds of colours. In addition to fashionable colours, Kleine Wolke and Meusch primarily focused on developing new carpet pile looks and further expanding the range of wellness products.

Sustainability and the environment are trends that Kleine Wolke is meeting with simple designs, natural colours, and high-quality, environmentally-friendly materials. The Kleine Wolke concept Bett & Bad also offers new opportunities to coordinate items in multiple rooms.

The Leifheit Group further expanded its patent portfolio by submitting 97 new domestic and foreign patent applications in 2009. In 2009, the Group had 49 employees in the areas of development, patents and product management. These employees primarily consist of graduates in business management and marketing, engineering and design. We spent a total of € 7.0 million on product management and development.

Environmental protection

Protecting the environment and ensuring sustainable operations are important objectives for Leifheit AG and are implemented in all processes at all Group locations. We realise environmental protection on an end-to-end, integrated basis. Environmental awareness is taken into account at every stage, from environmentally-friendly materials and production to green recycling and disposal, as well as from development to distribution. Our Leifheit Social Code of Conduct ensures that our suppliers also operate in an environmentally aware manner. Our products satisfy the requirements of environmentally-friendly production as well as functionality.

The improvement in the quality of our business processes in all areas results in the systematic avoidance of a negative impact on the environment. By continuously improving our products, we can extend their life cycle in particular, thereby helping to ensure that our customers have less waste to dispose of.

Waste plastics are sorted by type, allowing us to recycle a majority of this material and also save energy and CO_2, as this waste does not then need to be incinerated.

Report on events after the balance sheet date

Events after the end of financial year 2009

There were no events after the end of financial year 2009 of material importance for assessing the net assets, financial position and results of operations of the Leifheit Group.

Group turnover above prior-year level

In the first two months of financial year 2010, we exceeded the prior-year level of € 46 million by generating turnover of € 47 million, of which € 23 million related to business in Germany (previous year: € 20 million). With turnover of € 24 million outside Germany (previous year: € 26 million), the export ratio of turnover was generated by 51% (previous year: 57%).

As in the previous year, the Household Products division generated 34% of the Group's turnover, € 17 million of which related to business in Germany (previous year: € 15 million),

Turnover in the Bathroom Furnishings division totalled € 13 million (previous year: € 12 million), of which € 7 million was attributable to Germany (previous year: € 5 million).

Opportunities and risks

Leifheit's extensive range of activities means that it is subject to a wide range of developments on different national and international markets. The business performance described in this report together with the consideration of potential opportunities and risks have resulted in the following forecasts:

Opportunities

We intend to continue to leverage the future opportunities that open up to us in the different areas we operate in. Evaluating additional potential opportunities takes place on an ongoing basis across all departments. The opportunities presented by positive development are accompanied by various risks, especially financial ones.

The current economic crisis has prompted consumers to rethink and change their established values. Sound values are becoming more and more important for Germans. On the one hand, this is reflected in a stronger focus on moving activities and social contact to one's own home, a process known as "homing". On the other hand, the growing trend towards responsible consumption is notable: quality before quantity, with sustainability and social responsibility on the part of companies also playing an increasing role. This shift in values opens new doors for us as a responsible company and for our brands, which enjoy a high level of consumer confidence.

Our potential opportunities are supported by an extremely high level of recognition – 89% for Leifheit and 82% for Soehnle in Germany – coupled with extraordinarily high satisfaction rates of over 90% of those who buy our products. We will again significantly increase our communications budget in 2010, as the efficient use of marketing and communications measures makes a significant contribution to success, especially in light of the current crisis.

Consumer interest in products that fulfil their purpose using the physical forces of nature alone and with no other energy source is also steadily increasing. In this respect, Leifheit has access to particularly substantial opportunities in many areas of its product range.

Two central factors are decisive in the extent to which these potential opportunities can be realised. Internally, the individual elements each play a part; for example, the new category organisation ensures greater market proximity and increased speed for developing new products and launching them on the market. Further cost optimisation will increase profitability.

Externally, stronger market penetration and tapping into new markets help to leverage potential. Leifheit has both of these objectives in its sights. Factors contributing to this include the intensification of its foreign markets – particularly in Eastern Europe as well as France, Spain and Italy – and the acquisition of new target customers.

Risk management

Effective risk management is extremely important at times when the economic environment and the state of the industry are changing particularly rapidly.

We regard efficient risk management as a way of protecting present and future potential success. With its global activities, Leifheit is inevitably exposed to risks which affect its commercial decisions. The function of our risk management system is to identify and evaluate these risks in a timely manner, thereby enabling us to take prompt countermeasures as necessary.

The risk management system comprises the elements of risk strategy, an early warning system, risk identification, classification and management, controlling, and the monitoring and control system. As part of our medium-term planning, we analyse the outlook for the markets, consumer behaviour, our trade partners and competitors and the procurement markets.

The core of the risk management system is the risk inventory. This involves drawing up risk tables for all divisions listing the relevant risks, the probability of their occurrence and their impact on the Company. The main risks are then reported and discussed at departmental, divisional, Board of Management and Supervisory Board meetings. Other elements of our risk management system include our planning processes, controlling and internal audit.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft examined the Leifheit Group's risk management system in the course of their audit of the annual financial statements and found no grounds for any reservations.

The following sections describe the risk areas known to us at present that could affect the development of the Leifheit Group.

General economic risks and industry risks

The aforementioned crisis on the financial markets, which has long since become a global economic crisis, is the central risk factor among the general economic risks. Although experts assume the crisis has already bottomed out, it cannot be predicted at present how fast and to what extent an economic recovery will shape 2010. The main factor will be the performance of the labour market, as this has a key influence on people's consumer behaviour. Other general economic risks include the cyclicality of individual markets in Germany and foreign country and the ultimately almost unpredictable nature of currency exchange rates, which is not unimportant for a global company like Leifheit. Sector-specific risks should also not be overlooked. These primarily arise during further trade development.

Corporate strategy risks

Corporate strategy risks can be broken down into three categories. The overall development of Leifheit's target markets is ultimately unpredictable and is shaped by factors that fall outside the influence of an individual company. The direct impact of new corporate decisions falls into the second category. This includes the risks of buying, selling and restructuring as well as decisions to expand international business. Lastly, there is also the potential risk that Leifheit may become dependent on individual customers and products. While a company merely has the option of responding quickly and efficiently to general economic developments, pending decisions relating to corporate strategy may offer the possibility of excluding possible risks in advance. To minimise risks in its corporate strategy, Leifheit AG's Board of Management works closely with the Supervisory Board in making all relevant decisions following an in-depth and comprehensive analysis of the potential risks relating to such decisions.

Financial risks

- Liquidity risk
  Liquidity risk, i.e. the risk of not being able to fulfil current or future payment obligations due to a lack of available cash and cash equivalents, is centrally managed. Cash and cash equivalents and credit facilities are held to ensure the liquidity necessary to fulfil all planned payment obligations in the Group at their respective due dates.
  Liquidity is mostly held in the form of overnight money and time deposits. In addition, the Company has unused short-term credit facilities in the amount of € 19.7 million.

- Currency risk
  Currency fluctuations can be a major influence on results, since a large portion of our business is conducted outside the eurozone. Currency risk is particularly relevant for the US dollar and the Czech koruna. Currency risks are recorded centrally. Forward foreign exchange contracts are the main instrument used to hedge against exchange rate fluctuations. The scope of hedging is reviewed on a regular basis. Translation risks arising from the conversion of foreign-currency items are generally not hedged.

- Interest rate risk
  Interest rate exists for liquidity investments only and is not relevant at the current interest rate level. There are currently no financial liabilities.

- Credit risk
  The carrying amount of receivables and other financial assets can be limited if transaction partners do not fulfil their payment or other fulfilment obligations. We have established a risk management process to effectively manage this. Exposures are subjected to credit analyses and credit limits are established for all major customers. Some of the Company's receivables are covered by credit insurance. Transactions are only conducted within set limits and with banks with excellent credit ratings in order to further minimise credit risks.

- Other price risks (particularly commodities price risk)
  Purchase prices for commodities, resale products and energy can vary greatly according to the market situation. As in the past, there may be times when we cannot pass on increased purchase prices to customers or can only do so with a time delay. We are partially reducing price risk with longer supply agreements. We do not use financial derivatives.

Additional risks

- Production and procurement risks
  Production and logistics capacities at some of our production locations could be limited for reasons such as technical failure, natural disaster, fire, or supply disruptions from suppliers. The same applies to our suppliers of resale products. We may experience declines in turnover if, in these cases, we are unable to move production to other locations or find alternative suppliers. We reduce the probability of failure at our locations by means of continual and preventative maintenance, fire protection and other precautionary measures. Insurance policies have been taken out across the Group for major incidents and interruptions of operations. We reduce the risk of supplier loss by selecting certified high-performance suppliers who represent reliability, quality and innovation.

- Product quality risks
  We are exposed to the risk of possible product defects that could lead to consumer injury or tarnish the reputation of our products. To reduce such risks, we conduct intense quality controls at our locations as well as our suppliers' facilities. Product liability insurance serves to minimise the financial risk.

- IT risks
  Our Company's business processes and internal and external communications are increasingly based on information technology. A major malfunction or even a failure of the decentralised systems could lead to loss of data and have an adverse effect on business processes. New ERP (Enterprise Resource Planning) software will be installed at the Nassau location in financial year 2010, which may disrupt operational processes. We are working with our IT service providers and implementation partners to limit these risks by means of organisational and technical preventive measures as well as professional project management.

- Legal risks
  We are exposed to the risk that third parties may assert claims of infringement on their trademark rights, patent rights or other rights. In order to minimise this risk, new products, designs and names are reviewed carefully to identify and avoid possible conflicts with third parties.

Overall assessment of risks and opportunities

In our estimation, Leifheit has a risk and opportunity profile that is typical for our Company and inseparable from entrepreneurial activity.

In light of the risks mentioned above and their probability of occurrence, we do not expect any individual or combined risks to threaten the Company's continued existence as a going concern.

However, due to the current volatile financial markets and exchange rates as well as the uncertain effects on private consumption, we believe that our risk situation has increased slightly overall.

Internal control system

As Leifheit AG is a capital market-oriented corporation within the meaning of section 264d HGB, the main characteristics of the internal control and management system with regard to the Group financial reporting process, which also includes the financial reporting processes of the companies included in the consolidated financial statements, must be described in accordance with section 315 para. 2 no. 5 HGB.

The internal control and risk management system with regard to the Group financial reporting process is not defined by law. We understand the internal control and risk management system as a complete system and refer to the definition of the Institut der Wirtschaftsprüfer in Deutschland e. V., Dusseldorf, Germany, for the accounting-related internal control system and the risk management system. Under this definition, an internal control system is understood as the principles, processes and measures introduced at a company by its management with the aim of the organisational implementation of management decisions aimed at ensuring:

- the efficiency and cost-effectiveness of business activities (including protecting assets and preventing and exposing damage to assets),
- the propriety and reliability of internal and external accounting, and
- observance of the legal regulations to which the Company is subject.

The risk management system contains all organisational regulations and measures aimed at identifying risks as well as the business activities aimed at dealing with these risks.

The following structures and processes have been implemented with regard to the Group financial reporting process:

The Board of Management bears full responsibility for the internal control and risk management system with regard to the Group financial reporting process. All companies and divisions included in the consolidated financial statements are also included in a clearly defined management and reporting organisation.

The principles, structural organisation, process organisation as well as the processes of the internal control and risk management system with regard to the Group financial reporting process are established for the entire Group in manuals that are adjusted at regular intervals to reflect current external and internal developments.

Factors in the internal control and risk management system that can significantly influence Group accounting and the overall presentation of the consolidated financial statements, including the Group management report, are material with regard to the Group financial reporting process. This includes the following elements in particular:

- identifying the key risk areas and control areas relevant to the Group financial reporting process;
- monitoring controls for monitoring the Group financial reporting process and its results at the level of the Board of Management, the divisions and the companies included in the consolidated financial statements;

- preventive control measures in Group financing and accounting, in financing and accounting at the companies and divisions included in the consolidated financial statements and in operating, performance-related processes that generate key information for the preparation of the consolidated financial statements, including the Group management report and including a separation of functions and of predefined approval processes in relevant areas;
- measures to ensure the proper IT-based processing of content and data relating to the Group financial reporting process;
- measures to monitor the internal control and risk management system relating to the Group financial reporting process, especially by means of internal audit.

Forecast

Economic recovery will be slow

Although the global economy bottomed out in 2009, experts believe the economy will stabilise at a low level in 2010 rather than experiencing a sharp upswing. The recovery process will vary across regions with growth rates depending heavily on different baseline conditions and political actions. Although the economy is still susceptible to temporary setbacks, the International Monetary Fund (IMF) expects global gross domestic product (GDP) to grow 3.9% in 2010. IMF economists expect Germany to grow by 1.5%, faster than the eurozone as a whole (+1.0%). As an export nation, Germany could benefit in particular from the fact that demand from industrialised and emerging countries (e.g. in Asia) is rising again. Despite upwardly revising its forecast since the autumn, the IMF still sees great risks: one key challenge will be the end of loose fiscal policy and the economic programmes that kept the recession at bay.

The biggest threat to stable German consumer spending remains the expected increase in unemployment over the course of the year. The extent to which government relief programmes can counteract this development remains to be seen. For this reason, the GfK Group expects private consumption to stagnate in 2010, with declines expected in the second half of the year in particular.

Growth through concentration and internationalisation

The economic crisis has also caused consumers to rethink their established values. This is reflected in moving social contact to one’s own home, a process referred to as “homing”, as well as a growing trend towards conscious consumption.

This rethinking is opening up new opportunities for responsible companies and for brands in which consumers have a great deal of confidence. Strong brands, innovative high-quality products and communication give consumers extra security, especially in uncertain times. The Leifheit Group has these strong brands, and we have impressively demonstrated our innovative strength with the new developments we presented at the Ambiente trade fair in Frankfurt in spring of 2010. In addition, we will significantly increase our communications budget once again in 2010.

We have made it our goal to expand our growth path in a sustainable manner over the coming years. The focus will remain on strengthening our brands; in the Household Products division, we will also continue to concentrate on the core categories of laundry care, cleaning, kitchen goods and scales. In addition, we will invest more in foreign markets with untapped attractive growth potential. We are striving to obtain top market positions for all our brands in the markets of Southern and Eastern Europe in particular.

We intend to achieve this goal by solidifying the good relations with our customers and optimising the conditions for acquiring new customers: with a large number of top-quality innovative products at attractive prices, with optimal communication to our target groups and with our own Internet shop.

At the same time, we will be taking further important steps towards increasing the long-term profitability of our Company with additional projects aimed at cost optimisation and cutting structural costs. Based on all of these targeted measures, the Board of Management is confident that the Company will generate further earnings growth in 2010 and 2011.

Consolidated statement of comprehensive income

€ 000	Notes	2009	2008
Turnover	1	272,516	279,781
Cost of sales	2	-152,276	-164,002
Gross profit		**120,240**	**115,779**
Research and development costs	5	-6,981	-7,414
Distribution costs	6	-85,323	-87,145
Administrative costs	7	-18,004	-17,628
Other operating income	8	1,328	2,394
Other operating expenses	9	-2,893	-744
Foreign currency losses / gains	10	-286	209
Profit before result from joint ventures and investments		**8,081**	**5,451**
Result from joint ventures recognised at equity	20	–	-234
Earnings before interest and taxes (EBIT)		**8,081**	**5,217**
Net interest income or expense	11	-2,592	-2,555
Earnings before income taxes (EBT)		**5,489**	**2,662**
Income taxes	12	-2,382	-2,218
Net result for the period		**3,107**	**444**
Components of comprehensive income after taxes taken directly to equity			
Currency translation of foreign operations	13	83	1,053
Currency translation of net investments in foreign operations	13	38	587
Comprehensive income after taxes		**3,228**	**2,084**
Net result for the period attributable to			
Minority interests	14	-12	25
Shareholders of the parent company		3,119	419
Net result for the period		**3,107**	**444**
Comprehensive income attributable to			
Minority interests	14	-12	25
Shareholders of the parent company		3,240	2,059
Comprehensive income after taxes		**3,228**	**2,084**
Earnings per share (diluted and undiluted)	15	**€ 0.66**	**€ 0.09**

Consolidated balance sheet

€ 000	Notes	31 Dec 2009	31 Dec 2008
ASSETS			
Current assets			
Cash and cash equivalents	16	32,730	6,208
Trade receivables	17	56,953	70,077
Inventories	18	51,231	61,300
Income tax receivables		624	760
Other current assets	19	5,093	3,373
Total current assets		**146,631**	**141,718**
Noncurrent assets			
Financial assets	20	601	599
Shares in joint ventures recognised at equity	21	–	908
Tangible assets	22	44,265	47,767
Intangible assets	23	21,717	20,026
Deferred tax assets	12	4,773	4,959
Income tax receivables	24	4,597	5,133
Other noncurrent assets		260	255
Total noncurrent assets		**76,213**	**79,647**
Total ASSETS		**222,844**	**221,365**
EQUITY AND LIABILITIES			
Short-term debt			
Trade accounts payable and other liabilities	25	58,777	52,093
Derivative financial instruments		95	532
Income tax liabilities		385	777
Provisions	26	5,002	4,839
Short-term borrowing		–	7,672
Other short-term debt	27	3,694	–
Total short-term debt		**67,953**	**65,913**
Long-term debt			
Provisions	26	3,805	3,482
Employee benefit obligations	28	44,077	43,141
Deferred tax liabilities	12	2,476	3,113
Other long-term debt	29	3,604	5,166
Total long-term debt		**53,962**	**54,902**
Equity			
Subscribed capital	30	15,000	15,000
Capital surplus	31	16,934	16,934
Treasury shares	43	-7,685	-7,686
Appropriated surplus	32	73,193	72,996
Translation reserve	32	3,404	3,211
Minority interests	33	83	95
Total equity		**100,929**	**100,550**
Total EQUITY AND LIABILITIES		**222,844**	**221,365**

Changes in Group equity

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

€ 000	Subscribed capital	Capital reserve	Treasury shares	Appropri-ated surplus	Translation reserve	Total
As at 1 Jan. 2008	**15,000**	**16,934**	**-7,618**	**72,577**	**1,571**	**98,464**
Purchase/issue of treasury shares	–	–	-68	–	–	-68
Comprehensive income	–	–	–	419	1,640	2,059
of which net result for the period	–	–	–	419	–	419
of which currency translation of foreign operations	–	–	–	–	1,053	1,053
of which currency translation of net investments in foreign operations	–	–	–	–	587	587
As at 31 Dec. 2008	**15,000**	**16,934**	**-7,686**	**72,996**	**3,211**	**100,455**
Dividends	–	–	–	-2,850	–	-2,850
Purchase/issue of treasury shares	–	–	1	–	–	1
Reclassification	–	–	–	-72	72	–
Comprehensive income	–	–	–	3,119	121	3,240
of which net result for the period	–	–	–	3,119	–	3,119
of which currency translation of foreign operations	–	–	–	–	83	83
of which currency translation of net investments in foreign operations	–	–	–	–	38	38
As at 31 Dec. 2009	**15,000**	**16,934**	**-7,685**	**73,193**	**3,404**	**100,846**

The changes in Group equity were as follows:

€ 000	Shareholders of the parent Company	Minority interests	Total equity
As at 1 Jan. 2008	**98,464**	**70**	**98,534**
Purchase/issue of treasury shares	-68	–	-68
Comprehensive income	2,059	25	2,084
of which net result for the period	419	25	444
of which currency translation of foreign operations	1,053	–	1,053
of which currency translation of net investments in foreign operations	587	–	587
As at 31 Dec. 2008	**100,455**	**95**	**100,550**
Dividends	-2,850	–	-2,850
Purchase/issue of treasury shares	1	–	1
Reclassification	–	–	–
Comprehensive income	3,240	-12	3,228
of which net result for the period	3,119	-12	3,107
of which currency translation of foreign operations	83	–	83
of which currency translation of net investments in foreign operations	38	–	38
As at 31 Dec. 2009	**100,846**	**83**	**100,929**

Group segment reporting

The key figures by division in 2009 were as follows:

Key figures by division in 2009		Household Products	Bathroom Furnishings	Non-allocable	Elimina-tions	Total
Turnover	€ m	204	69	–	–	273
EBIT	€ m	6.4	5.0	-3.3	–	8.1
Assets	€ m	176	46	11	-10	223
Liabilities	€ m	115	32	3	-28	122
Investments	€ m	8.8	1.0	–	–	9.8
Depreciation and amortisation	€ m	9.1	1.9	–	–	11.0
Result from joint ventures	€ m	–	–	–	–	–
Book value of joint venture investments	€ m	–	–	–	–	–
Employees (annual average)		1,147	321	–	–	1,468

The key figures by region in 2009 were as follows:

Key figures by region in 2009 in € m	Germany	Europe (excl. Germany)	Rest of the world	Non-allocable	Elimina-tions	Total
Turnover	116	143	14	–	–	273
Assets	138	81	3	11	-10	223
Investments	6.4	3.4	–	–	–	9.8
Depreciation and amortisation	7.0	4.0	–	–	–	11.0
Result from joint ventures	–	–	–	–	–	–
Book value of joint venture investments	–	–	–	–	–	–

These figures were as follows in the previous year:

Key figures by division in 2008		Household Products	Bathroom Furnishings	Non-allocable	Elimina-tions	Total
Turnover	€ m	204	76	–	–	280
EBIT	€ m	1.7	6.0	-2.5	–	5.2
Assets	€ m	178	55	12	-24	221
Liabilities	€ m	114	41	3	-38	120
Investments	€ m	17.3	1.1	–	–	18.4
Depreciation and amortisation	€ m	6.6	1.3	–	–	7.9
Result from joint ventures	€ m	-0.2	–	–	–	-0.2
Book value of joint venture investments	€ m	0.9	–	–	–	0.9
Employees (annual average)		1,195	326	–	–	1,521

Key figures by region in 2008 in € m	Germany	Europe (excl. Germany)	Rest of the world	Non-allocable	Elimina-tions	Total
Turnover	111	154	15	–	–	280
Assets	138	91	4	12	-24	221
Investments	4.4	13.5	0.5	–	–	18.4
Depreciation and amortisation	5.0	2.4	0.5	–	–	7.9
Result from joint ventures	–	-0.2	–	–	–	-0.2
Book value of joint venture investments	_	0.9	–	–	–	0.9

Further information on segment reporting is contained in Note 36, while Note 21 contains information on joint ventures.

Consolidated statement of cash flow

€ 000	Notes	2009	2008
Net result for the period		3,107	444
Adjustments for			
expense for the issue of employee shares		1	2
depreciation and amortisation	22	10,992	7,928
net change in shares in joint ventures	21	908	–
Increase in provisions	26 / 28	1,422	1,115
Loss on disposal of noncurrent assets		2	17
Decrease/increase in inventories, trade receivables and other assets not classified as investment or financing activities	17 / 18	22,326	-2,452
Increase/decrease in trade payables and other liabilities not classified as investment or financing activities	25	5,062	-5,397
Cash flow from operating activities		**43,820**	**1,657**
Acquisition of consolidated companies and divisions less cash and cash equivalents acquired		–	-6,511
Acquisition of joint ventures		–	-1,142
Acquisition of tangible and intangible assets	22 / 23	-7,488	-6,646
Investments in financial assets	20	-2	–
Proceeds from the disposal of noncurrent assets	22	644	648
Cash flow from investment activities		**-6,846**	**-13,651**
Dividends paid to the shareholders of the parent Company	32	-2,850	–
Repayments of bank borrowings		-7,672	–
Bank borrowings		–	7,099
Purchase of treasury shares		–	-70
Cash flow from financing activities		**-10,522**	**7,029**
Effects of exchange rate differences	13 / 22	**70**	**1,035**
Net change in cash and cash equivalents	16	26,522	-3,930
Current funds at the start of the period under review		6,208	10,138
Current funds at the end of the period under review		**32,730**	**6,208**
Income taxes paid		-2,707	-1,798
Interest paid		-108	-457
Interest received		99	187

Notes
General accounting and valuation principles

General information

Leifheit AG, whose registered office is in Nassau, focuses on the development and distribution of high quality branded products for selected areas of the home.

In accordance with section 315a Para. 1 HGB, the consolidated financial statements for 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) as applicable in the EU. All of the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretation Committee – previously the Standing Interpretations Committee (SIC) – requiring application in financial year 2009 were applied. The figures for 2008 were calculated on the same basis.

The financial statements denominated in euro provide a fair presentation of the net assets, financial position and results of operations of the Leifheit Group. Unless otherwise stated, all figures are in thousands of euro (€ thou.).

The statement of comprehensive income was prepared in accordance with the cost of sales method.

The consolidated financial statements will be presented to the Supervisory Board on 13 April 2010. They will then be published without further delay.

Consolidation principles

The consolidated financial statements include Leifheit AG and the companies controlled by it. Control exists if the Group directly or indirectly holds the majority of voting rights in a company and/or can determine the financial and operating policies of a company so as to profit from its activities. Minority interests and their share in net result for the period are shown separately in the balance sheet under equity and in the statement of comprehensive income below the net profitline.

The financial statements of subsidiaries are prepared using uniform accounting and valuation methods and the same balance sheet date as the financial statements of the parent company and the Group.

Acquisitions are accounted for using the acquisition method in accordance with IFRS 3 (business combinations). All identifiable assets and liabilities are measured at fair value at the time of acquisition. Minority interests are recognised at their share in the fair value of the assets and liabilities. If the acquisition cost of an interest exceeds the Group’s share in the equity of the company concerned, the resulting goodwill must be capitalised. Previously undisclosed reserves and charges are carried, amortised or reversed during subsequent consolidation, depending on the corresponding assets and liabilities. Goodwill is tested at least annually for impairment at the level of the cash-generating units and written down to the recoverable value as necessary. Negative goodwill is recognised in profit or loss.

Acquired enterprises are included in the consolidated financial statements from the acquisition date. Intragroup balances and transactions and resulting unrealised intragroup profits and losses are eliminated in full. Deferred taxes are recognised for temporary differences from consolidation as required by IAS 12. The same consolidation methods were used for the financial statements for 2008 and 2009.

Consolidated companies

The following companies based both inside and outside Germany were included in the consolidated financial statements in addition to Leifheit AG. Leifheit AG directly or indirectly held the majority of the voting rights in these companies as of 31 December 2009.

Name of company	Date of initial consolidation	Interest in equity and voting rights in 2009 in %
BTF Textilwerke GmbH, Bremen (D)	1 Jan 1989	100.0
Kleine Wolke AG, Berikon (CH)	1 Jan 1989	100.0
Kleine Wolke Textilgesellschaft mbH & Co. KG, Bremen (D)	1 Jan 1989	100.0
Leifheit Espana S.A., Madrid (E)	1 Jan 1989	100.0
Spirella S.A., Embrach (CH)	1 Jan 1989	100.0
Spirella France s.a.r.l., Toulouse (F)	1 Jan 1989	100.0
Spirella GmbH, Nassau (D)	1 Jan 1989	100.0
Leifheit s.r.o., Blatná (CZ)	1 Jan 1995	100.0
Leifheit International U.S.A. Inc., Melville, NY (USA)	1 Jan 1997	100.0
Meusch-Wohnen-Bad und Freizeit GmbH, Bremen (D)	1 Sep 1999	100.0
Birambeau S.A.S., Paris (F)	1 Jan 2001	100.0
Leifheit-Birambeau S.A.S., Paris (F)	1 Jan 2001	100.0
Leifheit Distribution S.R.L., Bucharest (RO)	18 Dec 2007	51.0
Herby Industrie S.A.S., La Loupe (F)	1 Jul 2008	60.0
Herby Tunisie S.A.R.L., Sousse (TN)	1 Jul 2008	60.0
Leifheit France S.A.S., Paris (F)	23 Nov 2009	100.0

Leifheit France S.A.S. was formed and Soehnle Italia S.r.l. was liquidated in financial year 2009.

Based on the regulations set out in the purchase agreement for the Herby Industrie S.A.S. shares acquired on 1 July 2008, the remaining shares are to be accounted for under IFRS 3 in financial years 2008 and 2009 as if 100% of the shares had been transferred to Leifheit AG on acquisition.

Foreign currency translation

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

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

As our subsidiaries and branches operate independently in financial, commercial and organisational terms, their functional currency is usually the local currency. For inclusion in the consolidated financial statements, the assets and liabilities of the subsidiaries and branches are translated at the exchange rate at the balance sheet date and income and expenses are translated at annual average exchange rates. The exchange rate differences arising from currency translation are recognised in a separate reserve in equity. Exchange rate differences compared with the previous year's translation are taken to this translation reserve.

The exchange rates applied in currency translation are shown in the following table:

Exchange rate (per euro)	Mid-market rate on balance sheet date		Average rate for the year	
	31 Dec 2009	31 Dec 2008	2009	2008
Pound sterling	0.89	0.96	0.89	0.96
Swiss franc	1.49	1.49	1.51	1.58
Czech koruna	26.41	26.59	26.51	25.01
US dollar	1.43	1.40	1.39	1.48
Japanese yen	132.59	126.40	129.84	153.76
New Romanian leu	4.24	4.00	4.21	3.66
Tunisian dinar	1.89	1.84	1.84	1.81

Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into a given amount of cash at any time and are subject to an insignificant risk of changes in value.

Inventories

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

The cost of internally manufactured products encompasses the full production cost based on normal capacity utilisation. In detail, cost includes the direct costs directly attributable to products (e.g. material and labour) and fixed and variable production overheads (e.g. material and production overheads). In particular, costs incurred by the specific cost centres are taken into account. Borrowing costs are not capitalised as part of purchase or production costs but are expensed in the period in which they are incurred (IAS 23).

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

Tangible assets

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

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

The useful lives and depreciation methods for tangible assets are reviewed periodically to ensure that the method of depreciation and the depreciation period comply with the expected useful life of the tangible assets.

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

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

	Years
Buildings	25 – 50
Other structures	10 – 20
Injection moulding machines	10
Technical equipment and other machinery	5 – 10
Injection moulding and stamping tools	3 – 6
Vehicles	6
IT equipment	3 – 5
Software	4 – 8
Operating and office equipment	3 – 13
Display and POS stands	3

Leasing

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

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

Operating lease payments are expensed in the statement of comprehensive income on a straight line basis over the term of the lease.

Intangible assets

- Patents, licences and software

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

The cost of new software and implementation costs are capitalised and treated as an intangible asset unless these costs are an integral part of the associated hardware. Software is amortised over a period of four to eight years on a straight-line basis.

- Brands

Consideration paid for brands is capitalised. Brands are recognised under IAS 38 as intangible assets with indefinite useful lives and are not amortised, as no time limit can be set for the period during which the asset generates economic benefits for the company. Brands are assessed annually for possible impairment in accordance with IAS 36 and written down to their fair value as necessary.

- Goodwill

The excess of the cost of an acquisition over the Company's interest in the fair value of the identifiable assets and liabilities acquired on the acquisition date is known as goodwill and is recognised as an asset.

In accordance with IFRS 3 in combination with IAS 36, goodwill is tested for impairment annually and written down to the recoverable amount as necessary.

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

Impairment of tangible and intangible assets

Tangible assets and intangible assets are tested for impairment if there is a change in circumstances or there are material grounds for believing that the carrying amount of an asset may not be recoverable (IAS 36). As soon as the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement. The recoverable amount is the higher of the asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the cost of disposal. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is identified for each asset individually or, if this is not possible, for the cash-generating unit to which the asset belongs.

Research and development costs

Development costs for newly developed products are capitalised in accordance with IAS 38 if they are clearly attributable and both technical feasibility and the marketing of the newly developed products are ensured. Development work must also generate probable future economic benefits. As not all of these requirements are met in the Leifheit Group, development costs are not capitalised.

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

Deferred taxes

Deferred taxes are recognised using the balance sheet liability method for all temporary differences between the tax base of an asset or liability and its carrying amount in the consolidated balance sheet. In addition, deferred tax assets from loss carryforwards must be recognised.

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

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

Deferred taxes are reported separately in the balance sheet.

Provisions

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

Provisions for warranty claims are recognised under IAS 37 on the basis of the previous or estimated future outflows for the warranty obligations on the products sold.

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

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

Employee benefit obligations and pension reserves

The actuarial valuation of the defined benefit obligation is based on the projected unit credit method prescribed by IAS 19 for post-employment benefit obligations. Under this method, the post-employment benefits and vested benefits known at the balance sheet date are taken into account along with the expected future increases in salaries and pensions. Actuarial gains and losses are recognised in the income statement if the balance of cumulative unrecognised actuarial gains and losses for each individual plan at the end of the preceding reporting period exceeds the higher of 10% of the defined benefit obligation or 10% of the fair value of the plan assets. These gains and losses are realised over the expected average remaining service of the employees covered by the plan.

Equity

Treasury shares reduce the equity recognised in the balance sheet. Acquisition of treasury shares is shown as a change in equity. No gain or loss is recognised in the statement of comprehensive income for the sale, issue or cancellation of treasury shares. Consideration received is recognised in the financial statements as a change in equity.

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

Exchange rate differences for monetary items which substantially form part of the net investment by the Company in an independent foreign entity, e.g. long-term loans, are recognised in equity in the consolidated financial statements until disposal or repayment. When the relevant assets are sold, the translation reserves are recognised as an income or expense in the same period as the profit or loss from the sale is recognised.

Financial assets and liabilities

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, investments held to maturity or investments held for sale within the meaning of IAS 39. Due to a lack of formal designation as a hedging instrument under IAS 39, derivatives are classified as financial assets or liabilities held for trading.

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

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

Financial assets and liabilities are recognised at fair value on initial recognition.

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

Investments held for sale are non-derivative financial assets that are classified as being held for sale and not allocated to any other category. After initial recognition, investments held for sale are carried at fair value, with gains or losses after deduction of income tax effects reported in a separate item in equity. When an investment is derecognised or determined to be permanently impaired, the cumulative gain or loss previously recognised in equity is taken to the income statement. The fair value of investments traded on organised markets is calculated by reference to the bid price listed on the market at the balance sheet date. The fair value of investments for which there is no active market is estimated using valuation methods. If there is no active market and the fair value cannot be reliably assessed, the amortised cost method is used. This applies to equity interests and other financial assets which are carried at amortised cost.

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

Derivative financial instruments

Derivative financial instruments are carried at fair value when the relevant agreement is entered into as well as in subsequent periods. Derivative financial instruments are reported as assets if their fair value is positive and as liabilities if their value is negative.

Forward foreign exchange contracts are the main derivative financial instrument employed by the Group. The fair value is calculated at the relevant balance sheet date.

Impairment of financial assets

On each balance sheet date, the Group determines whether there are indications of impairment of a financial asset or a group of financial assets not recognised at fair value in the income statement. In the case of investments held for sale, the objective indications for impairment are if the fair value is consistently and significantly below the carrying amount. If one of these assets is impaired, the cumulative loss previously recognised directly in equity is taken to the income statement.

Derecognition of financial assets and financial liabilities

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

Recognition of income and expenses

Revenue from turnover and other operating income is only recognised when the service has been provided or the goods or products delivered, i.e. the risk has been transferred to the customer.

Income from assets for which there is a buy-back agreement with a subsidiary is only recognised when the assets finally leave the Group. Until this date, such assets are recognised in inventories.

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

Distribution costs include personnel and material costs and the depreciation and amortisation attributable to turnover activities, as well as shipment, freight, advertising, sales promotion promotion, market research and customer service costs.

General administrative costs include personnel and material costs and the depreciation and amortisation attributable to administration.

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

Contingent liabilities and assets

Contingent liabilities are not recognised in the financial statements. They are shown in the notes except when the probability of an outflow of resources embodying economic benefits is extremely low. Contingent assets are not recognised in the financial statements; however, they are shown in the notes if the inflow of economic benefits is probable.

Events after the balance sheet date

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

Material exercises of discretion, estimates and assumptions

In certain instances, preparing the annual financial statements requires exercises of discretion and estimates and assumptions about the amounts of receivables, liabilities and provisions, deferred taxes, contingent liabilities, impairment tests and recognised income and expenses. The actual figures may differ from these estimates. The most important assumptions and estimates in connection with goodwill impairment testing are stated in Note 23, the assumptions and estimates in connection with the recognition of pension liabilities in Note 28 and the assumptions and estimates in connection with the recognition of deferred taxes in Note 12.

New mandatory accounting standards applicable from 2009

In financial year 2009, Leifheit applied the following new IFRS standards that are relevant to the Group's business. The application of these standards did not affect the Group's net assets, financial position and results of operations, but did lead to additional disclosures and changes in presentation.

IAS 1R Presentation of Financial Statements

This standard requires that an entity report all changes in equity from transactions with owners in their capacity as owners separately from other changes in equity. The other changes in equity are reported in the statement of comprehensive income for the period in either one or two statements, namely an income statement and a statement of comprehensive income. Under the previous standard, these changes in equity were reported in the statement of changes in equity. The revised standard also requires the disclosure of the income tax effects of the individual components of comprehensive income. The standard also requires that an entity present in its financial statements a balance sheet as of the beginning of the earliest comparable period if it applies an accounting policy retroactively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

We have decided to present our comprehensive income for the period in one account by means of a statement of changes in comprehensive income. Information on the individual components of comprehensive income can be found in the notes.

New accounting standards whose application will be mandatory in future

The IASB and IFRIC have published the following standards and interpretations that are relevant to Leifheit and have already been adopted by the EU but that are not yet mandatory for financial year 2009. We have not applied these standards and interpretations early.

IAS 27 Consolidated and Separate Financial Statements

The revised IAS 27 was published in January 2008 and is to be applied for the first time in financial years beginning on or after 1 July 2009. The standard stipulates that changes in a parent's ownership interest in a subsidiary that do not result in loss of control must be accounted for as a transaction with owners in their capacity as owners. Accordingly, such a transaction cannot result in goodwill or profit and loss. In the event of loss of control of a subsidiary, the remaining holding must be remeasured at fair value and included in the determination of the profit or loss on disposal. Losses incurred by the subsidiary must be divided among the owners of the parent company and the shares with a non-controlling interest (previously referred to as minority shares) even if this means that the non-controlling shares have a negative overall result. The transitional arrangements do not stipulate retrospective application of the amendments. Accordingly, there will be no change in assets and liabilities deriving from such transactions prior to the first-time application of the new standard. The application of this standard will not affect the consolidated financial statements since neither the aforementioned transactions nor a negative result attributable to minority shares is expected in the reporting period in which the Group applies the standard for the first time.

IFRS 3 Business Combinations

The revised IAS 3 was published in January 2008 and is to be applied for the first time in financial years beginning on or after 1 July 2009. The standard was thoroughly revised as part of a convergence project by the IASB and FASB. The main changes in particular relate to the introduction of an option for measuring shares with a non-controlling interest (previously referred to as minority shares) either at fair value or at the proportionate share of the identifiable net assets of the acquiree. The following changes must also be noted: the remeasurement in profit and loss of previously held shares at the time initial control is obtained (step acquisition), the required consideration at acquisition linked to the occurrence of future events and the recognition of transaction costs in profit and loss. The new standard will impact the recognition of goodwill, the net result for the period in which the combination took place as well as future profits. The transitional arrangements allow the prospective application of the new standard. There will be no changes in assets and liabilities deriving from business combinations prior to the first-time application of the new standard. Changes will only affect the carrying amount of the goodwill of an acquisition as well as future results. In particular, the application of the full goodwill method may lead to higher goodwill amounts.

Amendment to IFRS as part of 2008 Annual Improvements to IFRSs

The 2008 improvements to the International Financial Reporting Standards were published in May 2008 and are applicable to financial years beginning on or after 1 January 2009 with the exception of IFRS 5, which applies from 1 July 2009. The amendment to IFRS 5 ensures that, if the planned disposal of a subsidiary results in the loss of control, all of the subsidiary's assets and liabilities are classified as held for sale even if the entity retains a non-controlling interest in its former subsidiary after the sale.

The IASB and the IFRIC have also published the following standards and interpretations that are relevant to the Company but that are not yet mandatory in financial year 2009. These standards and interpretations have not been recognised by the EU to date and have not been applied by us.

Amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions

The amendment to IFRS 2 was published in June 2009 and is to be applied for the first time in financial years beginning on or after 1 January 2010. The amendment to IFRS 2 changed the definitions of share-based payment transactions and the scope of application of IFRS 2 and introduced additional guidelines for the accounting of share-based payment transactions within a group. The standard stipulates that goods or services acquired by an entity are to be settled in the form of equity instruments under the provisions for share-based payments if the entity's own equity instruments are provided as consideration or if the entity has no obligation to settle the share-based payment arrangement. In all other cases, the agreement is recorded as a cash-settled share-based payment. These principles apply regardless of any repayment agreements within the group. In line with this change, the provisions in IFRIC 8 Scope of IFRS 2 and IFRIC 11 Group and Treasury Share Transactions were included in IFRS 2 and both interpretations were withdrawn. This standard has no effect on Leifheit at the current time under its present agreements.

IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 9 was published in November 2009 and is to be applied for the first time in financial years beginning on or after 1 January 2013. This standard was developed as the first part of the IASB's project to thoroughly revise the accounting of financial instruments and includes new provisions on the classification and measurement of financial instruments. This standard stipulates that financial assets must be reported at amortised cost or at fair value through profit and loss depending on their respective characteristics and taking into account the business model(s). Equity instruments are always measured at fair value, but changes in the value of equity instruments may be reported in other comprehensive income as an instrument-specific option exercisable on initial recognition. In this case, only certain dividend income is recognised in profit or loss for the equity instruments. For this reason, the effects of the application of this standard cannot be reliably assessed at the current time.

IAS 24 – Related Party Disclosures

The revised IAS 24 was published in November 2009 and is to be applied for the first time in financial years beginning on or after 1 January 2011. It changes the definition of related parties and also releases state-controlled entities from the disclosure requirement on business transactions with the state and other state-controlled entities. The standard may be applied retrospectively. The effects of its application cannot be reliably estimated at the current time.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 was published in November 2009 and is to be applied for the first time in financial years beginning on or after 1 July 2010. This interpretation ensures that an equity instrument is treated as consideration for the payment of a liability if equity instruments are issued to creditors for the purpose of extinguishing a financial liability. The equity instruments are measured either at their fair value or at the fair value of the extinguished liability, depending on which can be determined more reliably. Any difference between the carrying amount of the extinguished liability and the fair value of the equity instruments issued is recognised directly in profit or loss for the period. The effects of the application of this interpretation cannot be reliably estimated at the current time.

Improvements to IFRS 2009

Improvements to IFRS 2009 is a collective standard published in April 2009 and relates to changes in various IFRSs. The application date and transitional provisions are issued for each standard. Unless otherwise stated, individual provisions must be applied for financial years beginning on or after 1 January 2010. We have not yet applied the following relevant amendments:

- IFRS 2 Share-based Payment:
  It is clarified that involving a division in the formation of a joint venture and business combinations under common control does not fall within the scope of IFRS 2. This takes effect for financial years beginning on or after 1 July 2009.
- IFRS 5 Noncurrent Assets Held For Sale And Discontinued Operations:
  It is clarified that only the disclosure requirements of IFRS 5 are relevant for noncurrent assets and groups of assets that are classified as held for sale and for discontinued operations. Disclosure requirements in other IFRSs must be observed only if the respective standards or interpretations demand these disclosures specifically for assets in accordance with IFRS 5 and for discontinued operations.
- IFRS 8 Operating Segments:
  It is clarified that segment assets and liabilities must be reported only if these assets and liabilities are regularly reported to the responsible entity.
- IAS 1 Presentation of Financial Statements:
  Assets and liabilities classified as held for trading under IAS 39 Financial Instruments: Recognition and Measurement must not be automatically classified as current in the balance sheet.

- IAS 7 Statement of Cash Flows:
  It was determined that only expenses that lead to the reporting of an asset can be categorised as cash flows from investing activities.
- IAS 17 Leases:
  The special guidelines for categorising leases for land have been withdrawn. The general guidelines apply going forward.
- IAS 18 Revenue:
  The Board has drawn up additional guidelines to clarify whether an entity is acting as a principal or as an agent. No application date is provided for this change in the appendix to IAS 18, which is not part of the standard, meaning that it became effective at the time of publication.
- IAS 36 Impairment of Assets:
  It is clarified that a cash-generating unit allocated to goodwill acquired as part of a business combination cannot be larger that a business segment within the meaning of IFRS 8 before aggregation under the criteria stated therein.
- IAS 38 Intangible Assets:
  If an intangible asset acquired in a business combination is identifiable only in combination with another intangible asset, the acquiring entity can report this group of intangible assets as a single asset if the individual assets in the group have the same useful life. It was also established that the methods set out in the standard for calculating the fair value of intangible assets acquired during a business combination are only examples and that the entity is free to use other methods as well. These amendments are to be applied for the first time in financial years beginning on or after 1 July 2009.
- IFRIC 9 Reassessment of Embedded Derivatives:
  IFRIC 9 excludes the possible reassessment of contracts with embedded derivatives acquired in combinations of entities or business units under common control or in the formation of a joint venture. This amendment is to be applied for the first time in financial years beginning on or after 1 July 2009.

We believe that the amendments resulting from the improvement project will not have any significant impact on the financial statements.

Business combinations

No business combinations took place in the year under review.

On 1 July 2008, Leifheit AG acquired 60% of the voting shares in the unlisted company Herby Industrie S.A.S., La Loupe, France, which has a wholly-owned subsidiary, Herby Tunisie S.A., based in Sousse, Tunisia. Due to the provisions agreed with the seller for the purchase of the remaining shares in Herby Industrie S.A.S., the purchase was accounted for in accordance with IFRS 3 as if 100% of the shares had been acquired on the purchase date. The Herby Group generated turnover of k€ 10,460 and EBIT of k€ 415 in financial year 2008, of which turnover of k€ 6,369 and EBIT of k€ 453 were generated after acquisition.

In addition, Leifheit AG took over Hailo’s pressurised steam iron business in exchange for Leifheit’s household ladders segment with effect from 31 December 2008. According to the seller, the steam iron business generated around € 7 million in 2008. EBIT figures on an IFRS 3 basis are not available for 2008.

Shares in joint ventures

No shares in joint ventures were acquired in the year under review.

In the previous year, Leifheit AG acquired 51% of the voting shares in the unlisted company Leifheit CZ a.s., Prague, Czech Republic, with effect from 1 October 2008. Due to the consent arrangements which have been agreed individually with the minority shareholder and which are regulated in the Articles of Association, Leifheit cannot determine the company's financial and operating policies on its own. Neither of the parties can exercise a controlling interest. The joint venture was accounted for using the equity method.

Notes to the consolidated statement of comprehensive income

1 Turnover

Turnover by region in € 000	2009	2008
Germany	115,279	111,306
Europe (excl. Germany)	142,864	153,182
Rest of the world	14,373	15,293
	272,516	**279,781**

In segment reporting, consolidated turnover is broken down between the Household Products and Bathroom Furnishings divisions.

2 Cost of sales

€ 000	2009	2008
Cost of materials	115,225	120,889
Personnel costs	16,348	17,203
Purchased services	5,916	10,147
Depreciation and amortisation	4,759	4,098
Energy	1,776	2,191
Maintenance	1,552	1,756
Consumables and supplies	962	1,102
Rent	723	922
Write-downs of inventories (net change)	-53	986
Other cost of sales	5,068	4,708
	152,276	**164,002**

Depreciation and amortisation

3

€ 000	2009	2008
Tangible assets		
Cost of sales	4,484	3,898
Research and development costs	142	171
Distribution costs	2,711	1,938
Administrative costs	1,149	476
	8,486	**6,483**
Intangible assets		
Cost of sales	275	200
Research and development costs	245	72
Distribution costs	1,654	922
Administrative costs	332	251
	2,506	**1,445**
Total depreciation and amortisation	**10,992**	**7,928**

Personnel costs/employees

4

€ 000	2009	2008
Wages and salaries	46,895	45,918
Social security contributions	10,447	10,298
Cost of post-employment benefits	982	991
	58,324	**57,207**

Average number of employees for the year	2009	2008
Germany	603	618
Czech Republic	394	424
France	201	202
Switzerland	146	152
Other countries	124	125
	1,468	**1,521**

5 Research and development costs

€ 000	2009	2008
Personnel costs	3,963	4,279
Cost of materials	262	248
Depreciation and amortisation	387	243
Other research and development costs	2,369	2,644
	6,981	**7,414**

6 Distribution costs

€ 000	2009	2008
Personnel costs	27,990	25,391
Advertising costs	15,773	16,930
Outgoing freight	14,034	16,143
Commissions	6,618	7,589
Depreciation and amortisation	4,365	2,860
Fees and purchased services	3,182	4,199
Cost of cars, travel and entertainment	2,592	2,764
Rent	2,151	2,498
Office and other overheads	1,935	1,966
Allowances on receivables	1,211	1,333
Maintenance	1,150	754
General operating and administrative costs	633	649
Post and telephone costs	520	530
Insurance	450	434
Royalties	339	340
Payments to customers	197	662
Other selling costs	2,183	2,103
	85,323	**87,145**

Administrative costs 7

€ 000	2009	2008
Personnel costs	10,023	10,334
Fees and purchased services	3,238	2,670
Depreciation and amortisation	1,481	727
Cost of cars, travel and entertainment	462	570
Rent	629	563
Maintenance	453	454
Post and telephone costs	329	392
Office and other overheads	152	246
Insurance	150	158
General operating and administrative costs	108	133
Other administrative costs	979	1,381
	18,004	**17,628**

Other operating income 8

€ 000	2009	2008
Royalties	267	213
Gains from the disposal of assets	55	531
Customs refund	14	221
Dissolution of Spirella S.A. provident fund	–	303
Other operating income (less than k€ 100)	992	1,126
	1,328	**2,394**

Other operating expenses 9

€ 000	2009	2008
Compensation claims	1,230	–
Allowances on other receivables	1,058	–
Cost of payment transactions	172	171
Losses from the disposal of assets	57	115
Spirella S.A. anniversary celebrations	–	203
Cost for relocation of shipment operations	–	-270
Other operating income (less than k€ 100)	376	525
	2,893	**744**

10 Foreign currency losses/gains

€ 000	2009	2008
Changes in the fair value of forward foreign exchange transactions	413	81
Gains due to foreign currency measurement	1,007	801
Losses due to foreign currency measurement	-1,560	-677
Realised exchange rate gains	3,838	4,449
Realised exchange rate losses	-3,984	-4,445
	-286	**209**

11 Net interest income or expense

Interest income (€ 000)	2009	2008
Interest income from interest on receivables	256	125
Interest income from financial instruments	92	83
Interest income from plan assets	499	473
	847	**681**

Interest expense (€ 000)	2009	2008
Interest expense from interest on pension obligations	-3,079	-2,727
Interest expense from financial instruments and interest on liabilities	-360	-509
	-3,439	**-3,236**

Interest income from financial instruments relates to interest income on deposits with credit institutions, while interest expense on financial instruments relates to interest expense on bank overdrafts.

12 Income taxes

€ 000	2009	2008
Corporation tax (Germany)	11	7
Trade tax (Germany)	1	55
Foreign income taxes	-2,887	-2,429
Deferred income taxes	493	149
	-2,382	**-2,218**

€ 000	2009	2008
Prior-period income taxes	12	99
Deferred taxes due to temporary differences and tax loss carryforwards	493	149
Current tax expense	-2,887	-2,466
Tax liability	**-2,382**	**-2,218**

As in the previous year, the combined tax rate for Leifheit AG for corporation tax and trade tax in Germany was 28.0%.

The theoretical income tax liability that would result from applying the tax rate applicable in the parent company's country of domicile is as follows:

€ 000	2009	2008
Earnings before taxes	5,489	2,662
Taxes assuming the tax rate applicable to the parent company	**-1,537**	**-745**
Prior-period taxes	12	99
Different foreign tax rates	-10	-32
Adjustment of rate for deferred tax assets from prior periods	-148	-441
Non tax-deductible losses of Group companies	-687	-1,274
Revaluation of deferred taxes due to changes in tax rate	–	259
Others	-12	-84
Tax liability	**-2,382**	**-2,218**

Deferred taxes are recognised for all material temporary differences between the tax base and the carrying amounts in the consolidated balance sheet. Deferred taxes are broken down as follows:

€ 000	31 Dec 2009		31 Dec 2008	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Different depreciation or amortisation periods for noncurrent assets	586	3,945	129	3,305
Measurement of inventories	406	557	413	1,822
Measurement of receivables and other assets	145	99	124	819
Measurement of pensions	2,710	–	2,838	–
Measurement of provisions for partial retirement	235	–	157	–
Different recognition rules for other provisions	469	198	334	–
Measurement of liabilities	509	13	434	–
Other temporary differences	156	–	131	118
Tax loss carryforwards	1,460	–	1,938	–
Gross amount	**6,676**	**4,812**	**6,498**	**6,064**
Offsetting	-2,380	-2,380	-2,312	-2,312
Consolidation	477	44	773	-639
Balance sheet amount	**4,773**	**2,476**	**4,959**	**3,113**

Deferred tax assets are only recognised if their realisation is expected within a five-year period. No deferred tax assets were recognised on corporation tax loss carryforwards of k€ 30,177 (previous year: k€ 29,197) and on trade tax loss carryforwards of k€ 33,240 (previous year: k€ 32,096) as it is not sufficiently probable that Leifheit will be able to utilise these tax loss carryforwards over the next five years.

13 Components of comprehensive income after taxes taken directly to equity

The components of comprehensive income taken directly to equity consist of the conversion of the financial statements of subsidiaries and branches into the Group currency, which amounts to k€ 83 (previous year: k€ 1,053), and exchange rate differences after taxes from capital-replacing loans in foreign currencies to subsidiaries in the amount of k€ 38 (previous year: k€ 587).

14 Minority interests

As in the previous year, minority interests relate solely to the interests held in Leifheit Distribution S.R.L. by a minority shareholder.

15 Earnings per share

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

		2009	2008
Shares issued	Shares 000	5,000	5,000
Weighted average number of treasury shares	Shares 000	250	240
Weighted average number of no-par value shares	**Shares 000**	**4,750**	**4,760**

		2009	2008
Net result for the period attributable to the shareholders of the parent Company	€ 000	3,119	419
Weighted average number of no-par value shares	Shares 000	4,750	4,760
Earnings per share (diluted and undiluted)	**€**	**0.66**	**0.09**

Notes to the consolidated balance sheet

Cash and cash equivalents 16

As of 31 December 2009, cash and cash equivalents consisted exclusively of bank deposits and cash in hand in the amount of k€ 32,730 (previous year: k€ 6,208). The carrying amount is the fair value.

Trade receivables 17

€ 000	31 Dec 2009	31 Dec 2008
Trade receivables	52,834	65,717
Trade bills	4,119	4,360
	56,953	**70,077**

As of 31 December 2009, receivables totalling k€ 29,300 were insured via credit insurance or export credit guarantees from the German Federal Government (previous year: k€ 27,852) and trade receivables amounting to k€ 5,269 (previous year: k€ 4,514) were impaired.

The changes in impairment are shown below:

€ 000	
As at 1 Jan 2008	**3,570**
Exchange rate differences	12
Additions recognised in profit and loss	3,108
Utilisation	1,750
Reversal	426
As at 31 Dec 2008	**4,514**
Exchange rate differences	–
Additions recognised in profit and loss	3,881
Utilisation	1,509
Reversal	1,617
As at 31 Dec 2009	**5,269**

The additions relate in part to unexplained deductions from invoices, which serve to reduce the Group's turnover.

The maturity structure of trade receivables as of 31 December 2009 is as follows:

€ 000	
Neither overdue nor impaired	59,972
Overdue but not impaired	
1 to 30 days	7,287
31 to 60 days	1,542
61 to 90 days	395
91 to 120 days	271
Over 120 days	610
As at 31 Dec 2008	**70,077**
Neither overdue nor impaired	46,913
Overdue but not impaired	
1 to 30 days	7,333
31 to 60 days	1,278
61 to 90 days	533
91 to 120 days	181
Over 120 days	715
As at 31 Dec 2009	**56,953**

Trade receivables that are neither overdue nor impaired also contain trade bills.

Inventories

18

€ 000	31 Dec 2009	31 Dec 2008
Raw materials, consumables and supplies	7,607	8,322
Unfinished products and services	1,937	2,381
Finished products and goods purchased and held for resale	41,229	48,766
Advance payments	458	1,831
	51,231	**61,300**

€ 000	31 Dec 2009	31 Dec 2008
Raw materials, consumables and supplies measured at fair value	443	543
Raw materials, consumables and supplies not written down	7,165	7,779
Total raw materials, consumables and supplies	**7,607**	**8,322**
Work in progress measured at fair value	47	345
Work in progress not written down	1,890	2,036
Total work in progress	**1,937**	**2,381**
Finished products and goods purchased and held for resale measured at fair value	9,124	9,855
Finished products and goods purchased and held for resale not written down	32,104	38,911
Total finished products and goods purchased and held for resale	**41,229**	**48,766**

Other current assets

19

€ 000	31 Dec 2009	31 Dec 2008
VAT receivables	2,777	1,557
Current prepayments and accured income	1,403	667
Creditors with debit balances	347	546
Receivables from other costs passed on	74	188
Receivables from royalties	–	15
Other current assets (less than k€ 100)	492	400
	5,093	**3,373**

20 Financial assets

€ 000	Equity interests	Other financial assets	Total
Cost as at 1 Jan 2008	1,249	431	1,680
Additions	–	–	–
Disposals	–	7	7
As at 31 Dec 2008	**1,249**	**424**	**1,673**
Additions	–	2	2
Disposals	–	–	–
As at 31 Dec 2009	**1,249**	**426**	**1,675**
Cumulative write-downs as at 1 Jan 2008	1,074	–	1,074
Additions	–	–	–
Disposals	–	–	–
As at 31 Dec 2008	**1,074**	**–**	**1,074**
Additions	–	–	–
Disposals	–	–	–
As at 31 Dec 2009	**1,074**	**–**	**1,074**

€ 000	Equity interests	Other financial assets	Total
Net book value as at 31 Dec 2008	175	424	599
Net book value as at 31 Dec 2009	**175**	**426**	**601**

Shares in joint ventures

21

€ 000	Total
Cost as at 1 Jan 2008	–
Additions	1,142
Disposals	234
As at 31 Dec 2008	**908**
Additions	–
Disposals	908
As at 31 Dec 2009	**–**

The acquisition cost of the Leifheit CZ a.s. joint venture was reduced to zero due to subsequent purchase price agreements.

Unrecognised proportionate losses amounted to k€ 344 in the year under review (previous year: k€ 0).

With total assets of k€ 5,278 (previous year: k€ 5,068), of which k€ 994 (previous year: k€ 1,258) were noncurrent, and total liabilities of k€ 5,196 (previous year: k€ 4,307), of which k€ 5,007 (previous year: k€ 4,046) were current, the net assets of Leifheit CZ a.s. totalled k€ 82 (previous year: k€ 761). In 2009, the Company generated k€ 5,884 (previous year: k€ 2,985) in turnover and a net loss of k€ 675 (previous year: k€ 408).

22 Tangible assets

€ 000	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost as at 1 Jan 2008	62,854	46,079	53,627	1,226	163,786
Foreign currency differences	974	533	524	–	2,031
Additions	232	378	2,667	1,757	5,034
Additions from initial consolidation	2,958	2,814	166	4	5,942
Disposals	17	4,979	4,072	52	9,120
Reclassification	321	491	616	-1,744	-316
As at 31 Dec 2008	**67,322**	**45,316**	**53,528**	**1,191**	**167,357**
Foreign currency differences	49	32	-10	3	74
Additions	391	398	2,575	2,566	5,930
Disposals	679	2,446	3,246	209	6,580
Reclassification	101	2,256	294	-3,014	-363
As at 31 Dec 2009	**67,184**	**45,556**	**53,141**	**537**	**166,418**
Cumulative depreciation as at 1 Jan 2008	31,549	40,694	45,107	32	117,382
Foreign currency differences	514	471	389	–	1,374
Additions	1,734	1,572	3,197	-20	6,483
Additions from initial consolidation	855	2,066	127	–	3,048
Disposals	17	4,879	3,789	12	8,697
Reclassification	–	–	–	–	–
As at 31 Dec 2008	**34,635**	**39,924**	**45,031**	**–**	**119,590**
Foreign currency differences	11	17	-6	–	22
Additions	3,001	2,233	3,252	–	8,486
Disposals	330	2,420	3,195	–	5,945
Reclassification	–	–	–	–	–
As at 31 Dec 2009	**37,317**	**39,754**	**45,082**	**–**	**122,153**

€ 000	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Net book value as at 31 Dec 2008	32,687	5,392	8,497	1,191	47,767
Net book value as at 31 Dec 2009	**29,867**	**5,802**	**8,059**	**537**	**44,265**

Additions to depreciation included write-downs for tools and equipment in the Household Products division that are no longer used in the amount of k€ 1,390 (previous year: k€ 0) and a property in the Bathroom Furnishings division amounting to k€ 590 (previous year: k€ 0).

Intangible assets

23

€ 000	Brands	Goodwill	Other intangible assets	Advance payments	Total
Cost as at 1 Jan 2008	7,210	3,299	14,370	–	24,879
Foreign currency differences	–	–	105	–	105
Additions	–	1,209	403	–	1,612
Additions from initial consolidation	41	4,953	2,839	–	7,833
Disposals	–	–	792	–	792
Reclassification	–	–	316	–	316
As at 31 Dec 2008	**7,251**	**9,461**	**17,241**	**–**	**33,953**
Foreign currency differences	–	–	-2	–	-2
Additions	–	2,288	644	914	3,846
Disposals	–	–	982	–	982
Reclassification	–	–	363	–	363
As at 31 Dec 2009	**7,251**	**11,749**	**17,264**	**914**	**37,178**
Cumulative amortisation as at 1 Jan 2008	2,407	–	10,635	–	13,042
Foreign currency differences	–	–	89	–	89
Additions	1	–	1,444	–	1,445
Additions from initial consolidation	34	–	108	–	142
Disposals	–	–	791	–	791
Reclassification	–	–	–	–	–
As at 31 Dec 2008	**2,442**	**–**	**11,485**	**–**	**13,927**
Foreign currency differences	–	–	-1	–	-1
Additions	3	–	2,503	–	2,506
Disposals	–	–	971	–	971
Reclassification	–	–	–	–	–
As at 31 Dec 2009	**2,445**	**–**	**13,016**	**–**	**15,461**

€ 000	Brands	Goodwill	Other intangible assets	Advance payments	Total
Net book value as at 31 Dec 2008	4,809	9,461	5,756	–	20,026
Net book value as at 31 Dec 2009	**4,806**	**11,749**	**4,248**	**914**	**21,717**

Additions to goodwill in 2009 resulted from the adjustment of the expected purchase price liability for the remaining shares of the Herby Group. Additions to amortisation include write-downs for software to be replaced in the Household Products division in the amount of k€ 717 (previous year: k€ 0).

Impairment testing of tangible assets and intangible assets

In accordance with IAS 36.12 (d), assets must be tested for impairment if the carrying amount of the net asset is greater than the market capitalisation or there are other indications of impairment. For this reason, intangible assets including goodwill and brands acquired from business combinations as well as tangible assets are subjected to impairment testing. The assets were allocated to following cash-generating units:

- “Leifheit/Dr. Oetker/Soehnle”
- “Birambeau“
- “Herby“
- “Spirella“
- “Kleine Wolke/Meusch“

The cash-generating units are based directly on internal management reporting. The Soehnle brand is capitalised within the “Leifheit/Dr. Oetker/Soehnle” division and was acquired as part of the acquisition of the Soehnle Group in 2001. The steam iron business acquired on 31 December 2008 is also included in the “Leifheit/Dr. Oetker/Soehnle” division. The goodwill for Birambeau and Herby is included in the respective divisions.

The recoverable amount for each cash-generating unit is determined on the basis of the higher of value in use and fair value less cost to sell based on cash flow forecasts. Assumptions are made for future trends in turnover and costs on the basis of the 2010 budget, which covers the next five years, and compared with external information. A constant pattern of turnover and costs was assumed for all cash-generating units.

The discount rates used for the cash flow forecasts to determine the value in use and the fair value less costs to sell vary due to the differing capital structure and tax position of each segment. They are based on average capital costs of 7.7% (previous year: 6.8%) at the date of the impairment test, a risk-free interest rate of 4.25% (previous year: 4.8%), a market risk premium of 5.0% (previous year: 5.0%) and a beta factor of 1.0 (previous year: 1.0), borrowing costs of 5.5% (previous year: 4.1%) and a discount rate for the pension obligations of 6.0% (previous year: 6.0%). A growth rate of 1.0% (previous year: 1.0%) was assumed.

As of 30 September 2009, the recoverable amounts calculated in this way were greater than the carrying amounts. The impairment tests therefore did not identify the need to recognise impairment losses. Even a growth rate of zero would not result in any need for impairment.

At the balance sheet date, the book value of goodwill and brands were as follows:

	Goodwill		Brands	
Book value at balance sheet date	**2009**	**2008**	**2009**	**2008**
Birambeau	3,299	3,299	–	–
Herby	7,241	4,953	–	–
Pressurised steam iron business	1,209	1,209	–	–
Soehnle brand	–	–	4,803	4,803
Other brands	–	–	3	6
	11,749	**9,461**	**4,806**	**4,809**

Income tax receivables 24

Noncurrent income tax receivables include the noncurrent portion of a Leifheit AG corporation tax credit in the amount of k€ 4,597 (previous year: k€ 5,133).

25 Trade accounts payable and other liabilities

Remaining term up to 1 year in € 000	31 Dec 2009	31 Dec 2008
Trade accounts payable	22,118	17,264
Employees	9,680	10,023
Customer bonuses	8,410	8,372
Advertising cost subsidies	4,771	4,215
Other taxes (excluding income taxes)	2,667	1,851
Outstanding invoices	2,443	2,214
Debitors with credit balances	1,440	1,052
Customer discounts	1,061	962
Social security contributions	1,028	1,151
Commission obligations	405	458
Severance payments to sales representatives	404	300
Purchase obligations	395	350
External annual financial statement costs	336	366
Tax advice	199	179
Insurance premiums	106	175
Other liabilities (less than k€ 100)	3,314	3,161
	58,777	**52,093**

Payables to employees relate in particular to December wages paid in January and bonuses and severance payments.

26 Provisions

€ 000	31 Dec 2009			31 Dec 2008		
	Total	of which current	of which noncurrent	Total	of which current	of which noncurrent
Warranties	4,446	3,331	1,115	4,060	3,139	921
Personnel-related	2,690	–	2,690	2,417	–	2,417
Onerous contracts	20	20	–	413	413	–
Other provisions	1,651	1,651	–	1,431	1,287	144
	8,807	**5,002**	**3,805**	**8,321**	**4,839**	**3,482**

€ 000	1 Jan 2009	Exchange rate difference	Utilisation	Reversal	Addition	31 Dec 2009
Current provisions						
Warranties	3,139	–	2,891	9	3,092	3,331
Onerous contracts	413	–	398	–	5	20
Other current provisions	1,287	–	952	217	1,533	1,651
	4,839	**–**	**4,241**	**226**	**4,630**	**5,002**
Noncurrent provisions						
Warranties	921	–	10	–	204	1,115
Personnel-related	2,417	–	500	–	773	2,690
Other noncurrent provisions	144	–	145	–	1	–
	3,482	**–**	**655**	**–**	**978**	**3,805**

Provisions for warranties are recognised for future repair work, supplies of replacement products and compensation payments deriving from legal or statutory warranties. Personnel-related provisions are recognised for long-service bonuses, partial retirement obligations and for statutory obligations to staff in Austria. Provisions for onerous contracts relate primarily to purchase commitments. Other provisions mainly contain liabilities for legal fees as well as other liabilities relating to the disposal of noncurrent assets.

Other short-term debt 27

Other short-term debt mainly include the current portion of the liability for the payment of the purchase price for the shares of the Herby Group in the amount of k€ 3,650 (previous year: k€ 0).

Employee benefit obligations 28

There are various defined benefit pension plans in the Leifheit Group. Provisions for pension obligations have been recognised for future obligations to pay retirement and survivor benefits. In line with normal practice in Germany, the pension plans at Leifheit AG and Kleine Wolke Textilgesellschaft mbH & Co. KG are not backed by pension funds or financed from plan assets, with the exception of the deferred compensation plans. The pension plans at Spirella s.a. in Switzerland are financed entirely by plan assets.

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

€ 000	31 Dec. 2009	31 Dec. 2008
Present value of defined benefit obligations (DBO)	61,007	57,564
Fair value of plan assets	-15,713	-14,353
Actuarial losses not yet recognised	-1,789	-557
Recognised net debt from pension obligations in Germany and Switzerland	**43,505**	**42,654**
Pension obligations in France	572	487
Employee benefit obligations	**44,077**	**43,141**

The cost of post-employment benefits in Germany and Switzerland can be broken down as follows:

€ 000	31 Dec. 2009	31 Dec. 2008
Current service cost	1,440	1,539
Interest expense on the obligation	3,079	2,727
Recognised net actuarial losses/gains	29	-3
Expected income from plan assets	-499	-473
Employee contributions	-482	-495
Past service cost	–	–
Total cost of post-employment benefits	**3,567**	**3,295**

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

€ 000	2009	2008
Net debt at start of year	42,654	41,806
Currency effects	10	152
Net expense reported in the statement of comprehensive income	3,567	3,295
Contributions	-776	-788
Payments to beneficiaries	-1,950	-1,811
Net debt at end of year	**43,505**	**42,654**

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

€ 000	2009	2008
DBO at start of year	57,564	55,421
Currency effects	-29	1,432
Current service cost	1,440	1,539
Interest expense	3,079	2,727
Benefit payments	-3,693	-2,983
Actuarial gains/losses	1,875	-887
Other contributions	771	315
DBO at end of year	**61,007**	**57,564**

The fair value of plan assets changed as follows:

€ 000	2009	2008
Fair value of plan assets at start of year	14,353	12,164
Currency effects	-24	1,280
Expected income from plan assets	499	473
Gains/losses from plan assets	-1	213
Transfers to plan assets	110	63
Employee contributions	482	495
Employer contributions	664	725
Other contributions	770	315
Benefits paid	-1,743	-1,172
Actuarial gains/losses	833	-203
Others	-230	–
Fair value of plan assets at end of year	**15,713**	**14,353**

The plan assets relate to reinsurance policies from German insurance companies and BVG collective pension fund schemes from Swiss life insurance companies.

Over the past five years, the present value of defined benefit obligations (DBO) and the fair value of income from the plan have changed as follows:

€ 000	2009	2008	2007	2006	2005
DBO at balance sheet date	61,007	57,564	55,421	47,395	48,182
Plan assets at balance sheet date	15,713	14,353	12,164	815	815
Deficit in the plan	45,294	43,211	43,257	46,580	47,367
Adjustment of plan liabilities to reflect historical data	-754	-1,026	482	-406	5,182
Adjustment of plan assets to reflect historical data	835	-418	-14	–	–

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

German companies in %	2009	2008
Discount rate	5.9	6.0
Expected income from plan assets	4.5	4.0
Future income trend	2.5	2.5
Future pension trend	2.0	2.0
Rate of staff turnover	3.0	3.0
Basis of calculation: Prof. K. Heubeck actuarial tables	2005 G	2005 G
Arithmetial final age	RVAGAnpG 2007	RVAGAnpG 2007

Swiss companies in %	2009	2008
Discount rate	3.5	4.0
Long-term interest rate on plan assets	3.5	3.5
Future income trend	2.0	2.0
Future pension trend	0.5	0.5
Rate of staff turnover	BVG 2005	BVG 2005

Other long-term debt 29

Other long-term debt include the noncurrent portion of the purchase price liability for the remaining shares of the Herby Group (due within one to five years) in the amount of k€ 3,139 (previous year: k€ 4,568). Only the interest portion of the liability was adjusted. Other long-term debt also include liabilities from payments received for purchase and delivery commitments in the amount of k€ 465 (previous year: k€ 598), of which k€ 169 (previous year: k€ 267) is expected to be recognised through profit or loss within the next one to five years and the remaining k€ 191 (previous year: k€ 169) within five to ten years.

Subscribed capital 30

The subscribed capital of Leifheit AG amounts to € 15 million (previous year: € 15 million) denominated in euro and divided into 5,000,000 no-par-value bearer shares.

The shares are deposited in a permanent global certificate at Clearstream Banking AG, Frankfurt am Main, Germany.

By resolution of the Annual General Meeting on 24 May 2006, the Board of Management was authorised, with the approval of the Supervisory Board, to increase the share capital by a total of up to k€ 7,500 by 1 May 2011 through one or more issues of new no-par-value bearer shares in exchange for cash and/or non-cash contributions. The existing shareholders will be granted subscription rights. However, with the approval of the Supervisory Board, the Board of Management is authorised to disapply shareholders' subscription rights in the following circumstances:

- to eliminate fractional amounts;
- if the capital increase is for the purpose of acquiring enterprises, parts of enterprises or interests in enterprises by means of non-cash contributions;
- if the shares are issued at a price which is not materially lower than the market price of the Company's listed shares at the time the Board of Management sets the issue price and the disapplication of subscription rights only applies to new shares not exceeding 10% of the share capital at the date on which the authorisation is entered in the commercial register or, if lower, 10% of the share capital at the issue date of the new shares.

Capital surplus 31

The capital surplus of k€ 16,934 (previous year: k€ 16,934) represents the premium on the capital increase in autumn 1989.

32 Appropriated surplus/translation reserve

The appropriated surplus includes the statutory reserve of k€ 1,023 (previous year: k€ 1,023), the other appropriated surplus in the amount of k€ 69,051 (previous year: k€ 71,554) and the net result for the year attributable to the shareholders of the parent company in the amount of k€ 3,119 (previous year: k€ 419). The other appropriated surplus contains the portion of consolidated net result earned in past years which was not distributed to shareholders. In the year under review, the dividend paid for 2008 amounted to k€ 2,850 (previous year: k€ 0).

The translation reserve contains the exchange rate differences arising from the consolidation of equity, exchange rate differences from the conversion on the balance sheet date of financial statements not prepared in the Group's reporting currency that are included in the consolidated financial statements, as well as exchange rate differences from foreign-currency loans granted to foreign subsidiaries to replace the capital markets.

33 Minority interests

The outstanding minority interests relate to Leifheit Distribution S.R.L., Romania, in which minority interests of 49% are held.

34 Proposal for the appropriation of earnings

Dividends distributed by Leifheit AG (ISIN DE 0006464506) are based on the balance sheet profit for the year in accordance with the seperate financial statements of Leifheit AG prepared in accordance with the German Commercial Code.

Leifheit AG recorded a balance sheet profit of € 17,461,004.13 in financial year 2009. Leifheit currently holds 250,124 of its own treasury shares, which are not eligible to receive dividends. The number of eligible shares may change by the date of the Annual General Meeting. In this case, the total dividend payout (profit allocation) proposed to the Annual General Meeting will be adjusted accordingly, while the per-share payout (€ 0.60 per no-par-value share eligible to receive dividends) will remain unchanged.

The Board of Management and Supervisory Board will propose the following resolution to the Annual General Meeting:

A dividend of € 0.60 per no-par-value share eligible to receive dividends shall be paid out from the Company's reported balance sheet profit for financial year 2009 (€ 17,461,004.13). Based on a total of 4,749,876 no-par-value shares outstanding, the dividend distribution to investors shall total € 2,849,925.60. The remaining amount of € 14,611,078.53 shall be carried forward to new account.

Financial instruments, objectives and methods of financial risk management

35

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

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

■ Currency risk

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

Around 21% (previous year: 24%) of Group turnover were generated in foreign currencies, while 33% (previous year: 36%) of costs were incurred in foreign currencies.

The following table shows the sensitivity of consolidated net result before taxes and consolidated equity to possible changes in the exchange rate of the US dollar, Swiss franc and Czech koruna based on reasonable assumptions. All other variables are assumed to be unchanged.

	Currency performance as of 31 Dec 2009	Impact on net profit before taxes and equity in € 000
USD	+ 5%	-327
	- 5%	361
	+ 10%	-625
	- 10%	763
CHF	+ 5%	2
	- 5%	-2
	+ 10%	3
	- 10%	-4
CZK	+ 5%	-270
	- 5%	299
	+ 10%	-516
	- 10%	631

Cash flow hedges

The Group also holds derivatives that primarily consist of forward foreign exchange contracts. The aim of these derivatives is to hedge against currency risk arising from the Group's operations.

In accordance with internal guidelines, there was no trading in derivatives in 2009 and 2008, nor will there be in future. As of 31 December 2009, the Group had forward foreign exchange contracts with a nominal value of USD 12.5 million (previous year: USD 26.0 million) and CZK 135.0 million (previous year: CZK 0.0 million).

Liquidity risk

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

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

Interest rate risk

The interest rate risk of the Leifheit Group primarily relates to changes in the short-term money market rates of bank overdrafts.

There are no long-term interest-bearing bank loans or similar interest-bearing financial liabilities.

Default/credit risk

As a general rule, the Group only conducts transactions with creditworthy parties. Credit checks are performed for all major customers wishing to do business with Leifheit. Balances of receivables are continuously monitored. Some of the Company's receivables are covered by credit insurance. There is still a risk of default in the amount of the uninsured portion of the receivables.

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

Financial assets and liabilities

The carrying amounts of the derivative financial liabilities correspond to their fair values. The other carrying amounts all correspond to amortised cost.

Capital management

The main aim of capital management is to achieve an equity ratio of over 35%. Leifheit manages its capital structure and makes adjustments to reflect changes in macroeconomic conditions.

Maintaining or adjusting the capital structure may lead to changes in dividend payments to shareholders.

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

€ 000	IAS 39 category	Book value 31 Dec 2009	Book value 31 Dec 2008	Fair value 31 Dec 2009	Fair value 31 Dec 2008
Financial assets					
Cash and cash equivalents	a)	32,730	6,208	32,730	6,208
Trade receivables	a)	56,953	70,077	56,593	70,077
Other financial assets	a)	913	1,149	913	1,149
Financial liabilities					
Current account credits	b)	–	7,672	–	7,672
Trade accounts payable	b)	22,118	17,264	22,118	17,264
Derivative financial liabilities	c)	95	532	95	532
Other financial liabilities	b)	23,284	22,270	23,284	22,270

a) Loans and receivables
b) Financial liabilities carried at amortised cost
c) Financial liabilities held for trading

Short-term current account credits totalling € 21.2 million (previous year: € 15.0 million) are available as of the balance sheet date. Of this amount, € 1.5 million (previous year: € 1.5 million) was used in the form of guarantees. Unutilised current account credits therefore amounted to € 19.7 million (previous year: € 6.0 million).

Segment reporting 36

The breakdown by segment corresponds to the internal reporting structure and covers the two divisions, Household Products and Bathroom Furnishings. The Household Products division develops, produces and markets household goods and appliances under the Leifheit, Dr. Oetker Bakeware, Birambeau and Herby brands as well as scales under the Soehnle brand. The Bathroom Furnishings division bundles the activities under the Spirella, Kleine Wolke and Meusch brands (bathroom mats, textiles and accessories).

Segment data is calculated as follows:

- The geographical regions relevant for Leifheit are Germany, Europe excluding Germany and the rest of the world.
- The unallocable portion includes the EBIT of Group functions. The assets and liabilities of this area include current tax assets and liabilities as well as the deferred tax assets and liabilities of the Household Products and Bathroom Furnishings segments.
- All equity interests and tax assets are deducted from segment assets. Receivables and interest-bearing loans between the segments are eliminated.
- Liabilities include provisions, liabilities and deferred and accrued items; intra-segment liabilities and income tax payables are offset.
- Depreciation, amortisation and investments relate to intangible assets and tangible assets including company acquisitions.
- Employee figures are annual averages.

37 Contingent liabilities

As in the previous year, Group companies did not enter into any contingent liabilities.

38 Other financial liabilities

There are rental and leasing agreements for business premises, IT and telephone equipment, vehicles and similar assets and licensing agreements with annual expense of around € 2.5 million (previous year: € 3.0 million). The obligations under these agreements total approximately € 5.1 million during the non-cancellable remaining terms until 2014 (previous year: € 4.7 million). As of 31 December 2009, there were purchase commitments totalling € 1.9 million (previous year: € 0.8 million). The leasing agreements constitute operating leases within the meaning of IAS 17.

There are obligations under agreements for the purchase of tangible assets totalling € 1.2 million (previous year: € 1.1 million) for tools and vehicles, as well as other financial obligations in the amount of € 0.5 million (previous year: € 0.0 million).

In addition, there were payment obligations from forward foreign exchange contracts for currency hedging totalling € 8.7 million (previous year: € 19.1 million) offset by contractual payment receivables of USD 12.5 million (previous year: USD 26.0 million), the nominal value of which was € 8.7 million at the balance sheet date (previous year: € 18.6 million), as well as payment obligations from forward foreign exchange contracts for currency hedging totalling € 5.2 million (previous year: € 0.0 million) offset by contractual payment receivables of CZK 135.0 million (previous year: CZK 0.0 million), the nominal value of which was € 5.1 million at the balance sheet date (previous year: € 0.0 million).

Remuneration of the Board of Management and the Supervisory Board in accordance with section 314 para. 1 no. 6a HGB and IFRS 2 39

The remuneration of the Board of Management for activities at subsidiaries in the year under review amounted to k€ 381 (previous year: k€ 331).

The remuneration of the Board of Management totalled k€ 879 (previous year: k€ 1,233), of which k€ 260 was attributable to variable remuneration (previous year: k€ 251). Transfers to pension provisions (DBO under IFRS) for members of the Board of Management amounted to k€ 11 (previous year: k€ 218).

The remuneration of the Supervisory Board totalled k€ 142 (previous year: k€ 140).

Total remuneration and pension reserves for former members of the Board of Management and/or Supervisory Board in accordance with section 314 para. 1 no. 6b HGB 40

In the year under review, total remuneration for former members of the Board of Management amounted to k€ 17 (previous year: k€ 100), while pension provisions for current pensions (DBO under IFRS) totalled k€ 5,815 (previous year: k€ 5,498)

Advances and loans to the Board of Management and/or Supervisory Board in accordance with section 314 para. 1 no. 6b HGB 41

There were no advances or loans to members of the Board of Management in the previous year or in the year under review.

Related party transactions 42

Turnover of k€ 3,516 (previous year: k€ 1,806) were generated with the joint venture Leifheit CZ a.s. in financial year 2009. Receivables from this company as of 31 December 2009 amounted to k€ 2,015 (previous year: k€ 1,851).

There were no other transactions with related persons or related companies outside the Group in the year under review.

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

The Annual General Meeting on 17 June 2009 reauthorised the Board of Management, while cancelling the existing authorisation, to acquire treasury shares of up to 10% of the current share capital of k€ 15,000. Treasury shares purchased may be utilised for any purpose permitted by law. This allows the Company to offer treasury shares directly or indirectly as consideration in business combinations or in connection with the acquisition of enterprises, parts of enterprises or equity interests in enterprises. International competition and the globalisation of the economy have led to a situation whereby shares are frequently required as payment in such transactions. This authorisation gives the Company the necessary freedom of action to take advantage of opportunities to acquire enterprises, parts of enterprises or equity interests in enterprises quickly and flexibly in both national and international markets.

30 shares were issued to employees in the form of long-service bonuses in the year under review. This corresponds to 0.0006% of the share capital. The corresponding interest in the share capital was k€ 0.1

Including the treasury shares acquired and issued in previous years, Leifheit therefore holds 250,124 treasury shares as of 31 December 2009, corresponding to 5.002% of the share capital or an interest in the share capital of k€ 750. The expenditure for acquiring these treasury shares totalled k€ 7,685.

In 2008, Leifheit acquired 10,000 treasury shares in order to allow it to offer these shares to third parties along with the treasury shares acquired in previous years in the event of appropriate opportunities arising in future for the acquisition of companies, parts of companies or equity interests in companies or as consideration for contributions in the form of companies, parts of companies and equity interests in companies, including increases in existing equity interests in Leifheit, as well as in the event of business combinations. This corresponds to 0.2% of the share capital or an interest in the share capital of k€ 30.

In addition, 60 shares were issued in the form of long-service bonuses in the previous year. This corresponded to 0.0012% of share capital or an interest in the share capital of k€ 0.2.

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

44 Existence of an equity interest in accordance with section 160 para. 1 no. 8 AktG

At the balance sheet date, shareholders to disclose their voting rights in accordance with the German Securities Trading Act (WpHG) were Home Beteiligungen GmbH, Munich, MKV Verwaltungs GmbH, Munich, Mr. Joachim Loh, Haiger, Fackelmann GmbH & Co. KG, Hersbruck, and Leifheit AG, Nassau.

The following notifications were published:

February 2009

"In accordance with section 21 para. 1 WpHG, Mr. Manual Knapp-Voith, Germany, informed us on 4 February 2009 that his share of the voting rights in our Company exceeded the 10% threshold as of 23 July 2008 and amounted to 10.03% on this date (this corresponds to 501,432 voting rights).
These 10.03% of the voting rights (501,432 voting rights) are attributable to him via MKV Verwaltungs GmbH, Grünwald, in accordance with section 22 para. 1 sentence 1 no. 1 WpHG.
In accordance with section 21 para. 1 WpHG, MKV Vermögensverwaltungs GmbH, Grünwald, informed us on 4 February 2009 that its share of the voting rights in our Company exceeded the 10% threshold as of 23 July 2008 and amounted to 10.03% on this date (this corresponds to 501,432 voting rights)."

December 2008

"Leifheit AG, 56377 Nassau, Germany, ISIN DE0006464506 exceeded the 5% threshold of its own shares on 15 December 2008 and held 5.0009% of the share capital on this date (corresponding to 250,045 shares)."

April 2008

"On 28 March 2008, we were sent the following voting rights disclosure from Vermögensverwaltung Schuler-Voith GbR, 80333 Munich, Germany:
Voting rights disclosure in accordance with sections 21, 22 para. 1 sentence 1 no. 1 WpHG
We hereby inform you in accordance with section 21 para. 1 WpHG that our share of the voting rights in Leifheit AG, Leifheitstraße 1, 56377 Nassau, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25% and 30% as of 14 February 2006 and amounted to 46.85% (2,342,750 voting rights) on this date.
All of the aforementioned voting rights, which are directly held by Home Beteiligungen GmbH, 80333 Munich, are attributable to us in accordance with section 22 para. 1 sentence 1, no. 1 WpHG."

October 2007

"Mr. Joachim Loh, Haiger, informed us on 2 October 2007 in accordance with section 41 para. 2 WpHG that he held more than 5% of the voting rights in our Company as of 1 April 2002. This related to 331,051 shares, corresponding to a share of the voting rights of 6.964%, which Mr. Joachim Loh held directly."

September 2005

"Fackelmann GmbH & Co. KG, Werner-von-Siemens-Straße 6, 91217 Hersbruck, informed us that its share of the voting rights in Leifheit AG, Leifheitstraße, 56377 Nassau, fell below the 5% threshold on 3 August 2005 and amounted to 4.79%. The number of Leifheit shares held amounted to 3.25% as of 9 August."

45 Declaration on the German Corporate Governance Code in accordance with section 161 AktG

In December 2009, the Board of Management and Supervisory Board issued the declaration required under section 161 AktG stating that Leifheit had complied and continued to comply with the recommendations of the Government Commission on the German Corporate Governance Code published by the German Federal Justice Ministry and noting which recommendations had not been or were not currently being applied. The declaration of compliance is permanently available on the Company's website at www.leifheit.de/de/investor-relations/corporate-governance.html.

46 Events after the balance sheet date

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

47 Information on takeovers in accordance with section 315 para. 4 HGB

Please refer to the management report for information on takeovers in accordance with section 315 para. 4 HGB.

48 Exemption of German companies from specific accounting requirements under section 264 para. 3 no. 3 HGB or section 264b no. 3 HGB

As a result of their inclusion in the consolidated financial statements, the following fully consolidated German associated companies are exempt from the audit and disclosure obligations for annual financial statements under section 264b HGB or section 264 para. 3 HGB:

- Wolke Textilgesellschaft mbH & Co. KG, Bremen
- BTF Textilwerke GmbH, Bremen
- Spirella GmbH, Nassau

49 Remuneration of the auditor in accordance with section 314 para. 1 no. 9 HGB

The amount expensed in 2009 for the fees of the Group auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, amounted to k€ 284 (previous year: k€ 288) for the audit of the financial statements, k€ 13 (previous year: k€ 13) for other audit services, k€ 213 (previous year: k€ 127) for tax advisory services and k€ 27 (previous year: k€ 66) for other services.

Organs of Leifheit AG

Members of the Board of Management	
Chairman	**Georg Thaller (since 2 November 2009)**
	Denis Schrey (Chairman until 30 September 2009)
	Ernst Kraft
	Dr. Claus-O. Zacharias

Members of the Supervisory Board		
Chairman	**Helmut Zahn**	Managing Director of Schuler-Beteiligungen GmbH
Deputy Chairman	**Dr. jur. Robert Schuler-Voith**	Chairman of the Supervisory Board of Schuler AG
	Joachim Barnert* (until 17 June 2009)	Toolmaker
	Dieter Metz* (since 17 June 2009)	Head of Returns
	Karsten Schmidt	Speaker of the Board of Management of Ravensburger AG
	Thomas Standke*	Toolmaker
	Dr. rer. pol. Friedrich M. Thomée	Managing Partner of Thomée Vermögensverwaltung GmbH & Co. KG

* Employee representatives

Supervisory Board committees		
Audit Committee	**Dr. jur. Robert Schuler-Voith**	Chairman
	Dr. rer. pol. Friedrich M. Thomée	
	Helmut Zahn	
Personnel Committee	**Helmut Zahn**	Chairman
	Karsten Schmidt	
	Dr. jur. Robert Schuler-Voith	

In addition to individual supervisory functions at affiliated companies, the members of the Board of Management and Supervisory Board listed below hold the following positions in the supervisory boards and similar executive bodies of other companies:

Karsten Schmidt	Ravensburger Spieleland AG, Ravensburg	Member of the Supervisory Board
Dr. jur. Robert Schuler-Voith	Schuler AG, Göppingen	Chairman of the Supervisory Board
Helmut Zahn	Schuler AG, Göppingen	Member of the Supervisory Board
	Flossbach & von Storch Vermögensmanagement AG, Cologne	Member of the Supervisory Board (until 17 November 2009) Deputy Chairman of the Supervisory Board (since 17 November 2009)
	Müller Weingarten AG,Weingarten	Chairman of the Supervisory Board

Nassau/Lahn, 19 March 2010

Leifheit Aktiengesellschaft
The Board of Management

Georg Thaller   Ernst Kraft   Dr. Claus-O. Zacharias

Report of the Board of Management on the consolidated financial statements and the Group management report

The Board of Management of Leifheit AG is responsible for ensuring that the consolidated financial statements present a true and fair view of the Group's net assets, financial position and results of operations and that the Group management report presents a true and fair view of the business and situation of the Group. In preparing the consolidated financial statements, the International Financial Reporting Standards (IFRS) were applied in accordance with Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002 and appropriate estimates were made where necessary. The Group management report includes an analysis of the Group's net assets, financial position and results of operations and other information required by the provisions of the HGB.

There is an effective internal management and control system to ensure the reliability of the data for the preparation of the consolidated financial statements (including the Group management report) and for internal reporting. This includes uniform accounting guidelines for the Group and risk management in accordance with the German Control and Transparency in Companies Act (KonTraG). This enables the Board of Management to identify material risks and initiate countermeasures in good time.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, was appointed as the auditor for financial year 2009 by the Supervisory Board in accordance with the resolution of the Annual General Meeting of Leifheit AG. It has audited the consolidated financial statements and issued the audit opinion below.

The consolidated financial statements, the Group management report, the audit report, the report of the Board of Management on the mandatory information under section 315 Para. 4 HGB and risk management were discussed in detail with the auditor by the Audit Committee of the Supervisory Board and by the full Supervisory Board at its financial statements meeting.

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

Nassau/Lahn, 13 April 2010

Leifheit Aktiengesellschaft
The Board of Management

Georg Thaller | Ernst Kraft | Dr. Claus-O. Zacharias

Audit opinion

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by Leifheit AG, Nassau, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1st January to 31 December 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch" - "German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW - Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and full IFRS and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Eschborn/Frankfurt am Main, 19 March 2010
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

(Signed) Knappe	(Signed) Vöhl
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Individual financial statement of Leifheit AG

The individual financial statement of Leifheit AG, audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, and given an unqualified audit opinion, were prepared in accordance with the provisions of the HGB and the AktG. They are published on the Company's website (www.leifheit.com) and in the electronic Bundesanzeiger (Federal Gazette). They can also be obtained from Leifheit AG, Investor Relations, P. O. Box 1165, 56371 Nassau/Lahn, Germany (ir@leifheit.com).

Disclaimer

Forward-looking statements

This financial report contains forward-looking statements which are based on the management's current estimates with regard to future developments. Such statements are subject to risks and uncertainties which are beyond Leifheit's ability to control or estimate precisely, such as statements on the future market environment and economic conditions, the behaviour of other market participants and government measures. If one of these uncertain or unforeseeable factors occurs or the assumptions on which these statements are based prove inaccurate, actual results could differ materially from the results cited explicitly or contained implicitly in these statements. Leifheit neither intends to, nor does it accept any specific obligation to, update forward-looking statements to reflect events or developments after the date of this report.

Discrepancies due to technical factors

Technical factors (e. g. conversion of electronic formats) may lead to discrepancies between the financial statements contained in this financial report and those submitted to the electronic Bundesanzeiger. In this case, the version submitted to the electronic Bundesanzeiger is binding.

In the event of any discrepancies between this English translation of the financial report and the German version, the German version shall take precedence.

Contacts and key dates

Contacts

■ Postal address:
Leifheit AG
P.O. Box 11 65
56371 Nassau/Lahn
Germany

■ Investor Relations:
Tel.: + 49 (0) 26 04/977-218
Fax: + 49 (0) 26 04/977-340

■ Leifheit on the Internet:
http://www.leifheit.com
E-mail: ir@leifheit.com

Key dates

■ 11 May 2010
Quarterly financial report for the period ending 31 March 2010

■ 9 June 2010
Annual General Meeting
10:30 a.m., Leifheit AG Customer and Administrative Centre, Nassau/Lahn, Germany

■ 12 August 2010
Financial report for the half-year ending 30 June 2010

■ 11 November 2010
Quarterly financial report for the period ending 30 September 2010

LEGAL NOTICE

Published by
Leifheit Aktiengesellschaft
P.O. Box 11 65
56371 Nassau/Lahn

Concept, design and production
DigitalAgentur mpm, Mainz, Germany
www.digitalagentur-mpm.de

LEIFHEIT

Aktiengesellschaft

P.O. Box 11 65

D-56371 Nassau/Lahn

Germany

Telephone: +49 2604 977-0

Telefax: +49 2604 977-300

Internet: www.leifheit.com

E-mail: ir@leifheit.com