
2014
Annual Financial Report
Condensed Version
EASY.
CONVENIENT.
AT HOME.
LEIFHEIT

INVESTMENT HIGHLIGHTS

1

STRONG BRANDS

- Well-known brands with high consumer confidence
- Leading market positions in Germany and many other European countries
- Quality supplier in the medium and high price segments

2

STABLE BUSINESS MODEL

- Non-cyclical business: our everyday products are always in demand
- Well positioned to exploit e-commerce potential
- Intelligent combination of external and internal manufacturing

3

SOLID SET UP

- Efficient cost structure and sustained margin development
- Strong cash position and high cash flows
- High equity ratio and no financial debt

4

ATTRACTIVE DIVIDEND POLICY

- Continual dividend increases
- Positive dividend growth based on profitability and solid cash flows
- Annual distribution of around 75% of the free cash flow or net result for the period

5

SIGNIFICANT GROWTH POTENTIAL

- Leifheit 2020 strategy will significantly accelerate turnover and margin growth:
  - Organically: focus on core categories, consumers, innovation, digitalisation and efficiency
  - Externally: M&A activities with a focus on core categories

FINANCIAL INDICATORS FOR 2014

Group turnover **€ 220.7 m**	Gross margin **47.7%**
EBIT **€ 21.5 m**	EBIT margin **9.8%**
EBIT adjusted*) **€ 16.4 m**	EBIT margin adjusted[1)] **7.4%**
ROCE **20.3%**	Investments **€ 6.2 m**
Free cash flow **€ 18.4 m**	Employees **1,055**

*) EBIT adjusted for foreign currency results

The table of key figures can be found inside the back cover.

EASY. CONVENIENT. AT HOME.

Our products are part of people's everyday lives. They help to make life easier and more convenient so that day-to-day challenges can be solved quickly and effortlessly, leaving more time for the important things.

It is our aim to make every single one of our products easy to use, conveniently and effortlessly. One such product is our Air ironing board, which can be set up in next to no time and provides exceptional ironing results – with one-third less effort involved. Or our Click system – a solution for cleaning with a diverse range of applications. This makes housework easier, and saves time and space. This is how we offer our customers real added value. At the same time, our products are present where our customers want to buy them – in traditional retail, but also online, from the comfort of their own homes.

CONTENTS

Link to the website

LB Reference to the management report

AH Reference to the notes

NH Sustainability

GROUP PROFILE

The Leifheit Group is one of the leading European suppliers of household items in the cleaning, laundry care, kitchen and wellbeing sectors. Under the Leifheit and Soehnle brands – two of Germany's best-known brands – the Group offers high-quality, innovative products with great utility and pioneering design.

With the exception of its Brand Business, the Group operates with French subsidiaries Birambeau and Herby in its service-oriented Volume Business, where products are sold at mid-range prices.

LEIFHEIT GROUP

BRAND BUSINESS		VOLUME BUSINESS		
LEIFHEIT	SOEHNLE	birambeau	herby	Project Business

LOCATIONS

PRODUCT WORLD

CLEANING

LEIFHEIT


Window Vacuum Cleaner Dry&Clean


Xtra Clean Broom


CLEAN TWIST System

Clean home – superior solutions for every demand Leifheit has an easy and convenient solution for every challenge. Our cleaning products feature smart designs so that many can be combined in a flexible way. For sensitive surfaces and particular requirements, we offer special systems for gentle and effective cleaning. The different products make cleaning a smoother process – without bending down, without effort and without dirty hands.

LAUNDRY CARE

LEIFHEIT


Rotary Dryer Linomatic


Air Ironing Board


Laundry Dryer Pegasus

Fresh laundry – easy laundry care Whether it's laundry drying racks for the house or rotary dryers for the garden, an ironing board or a complete steam ironing system – Leifheit ensures fresh, clean and well-kept laundry. Our stable and durable laundry care products are easy to put up and to take down. They can be stored easily and are reliable. With innovative materials and various features, they offer a convenient solution for every household and every requirement.

KITCHEN GOODS

LEIFHEIT


Kitchen Roll Holder Parat


Cherry Pitter Cherrymat


Isolating Jug Columbus

Smart kitchen – always better conceived Whether it's for opening, cooking, cutting or storing – Leifheit's kitchen accessories simplify work and keep hands and kitchens clean. Our kitchen accessories are smooth-running and safe – each offers a clever, well-conceived solution in itself. With their attractive design, our products suit both modern and classic kitchens.

WELLBEING

SOEHNLE


Bathroom Scale Web Connect


Aroma Diffuser Milano


Kitchen Scale Page

Wellbeing – for a balanced life Under the Soehnle brand, we offer a multitude of products that make life easier. From innovative to classic – our scales always cut a fine figure in the kitchen and the bathroom. Modern heating products and design-oriented diffusers and air humidifiers create a sense of wellbeing in the home.

HIGHLIGHTS 2014

NEW TRADE FAIR PRESENCE AT IFA

The Leifheit and Soehnle brands were represented at IFA Berlin, the leading international trade fair for consumer electronics and home appliances, with a new trade fair concept.

Recruitment video project for trainees

Our trainees produced their own recruitment video in 2014. Entitled "Ausbildung bei Leifheit" [A Traineeship with Leifheit], they directed and reported on their experiences during their traineeships.

Azubi-Film.leifheit-group.com

top ARBEITGEBER
MITTELSTAND DEUTSCHLAND 2014
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Top Employer Germany

Leifheit once again received the coveted "Top employer midsized Germany" certification from the Top Employer Institute. Our company has therefore been heralded as a frontrunner in pioneering business strategies with regard to our staff, the ongoing optimisation of the work environment and continuous investments in staff development.

Initiative LifeCare
KüchenInnovation des Jahres® 2014
Leifheit
Lieblingsmarke
Platin
vom Verbraucher gewählt

Consumers' favourite brand

The "Favourite brand - the consumer's choice" is the highest accolade that a company can be accorded within the "Kitchen Innovation of the Year" consumer awards. Brands are only eligible if at least four of their products have received the title "Kitchen Innovation of the Year" between 2012 and 2014.

AMBIENTE LEADING INTERNATIONAL TRADE FAIR

With over 4,500 exhibitors from all over the world, the Ambiente in Frankfurt is one of the most important consumer goods fairs in the world. Our company once again presented one of the most impressive stands at the Ambiente fair in 2014.

Ambiente-Film.leifheit-group.com

AWARD-WINNING **WINDOW VACUUM CLEANER**

ELETTO PRODOTTO DELL'ANNO
I Consumatori Premiano l'Innovazione
2014

The Leifheit window vacuum cleaner, which has already won multiple awards in Germany, has also now received the Italian "2014 Product of the Year" award.

VICTORIA
Entrepreneurs Quality Award

WIKTORIA · Znak Jakości Przedsiębiorców ·

We received the Victoria Entrepreneurs Quality Award in 2014 in recognition of our work in Poland. The accolade is awarded by the Warsaw entrepreneurs' association for exceptional standards, quality and reliability, and for unrivalled leadership in the industry.

55 years of Leifheit – 30 years on the stock exchange
Leifheit was founded in Nassau an der Lahn in 1959 and the company was listed on the stock exchange in 1984.

LEIFHEIT 2020

With our revised strategy, we're putting the consumer even more clearly in the center of our activities.

AWARDED Superbrands® GERMANY 2014/2015

SUPERBRANDS
The Leifheit Group received the "Superbrand Germany 2014/2015" award for both of its Leifheit and Soehnle brands. The coveted award is given to brands that the panel scores exceptionally well on brand dominance and acceptance, customer loyalty, goodwill and durability. This means that Leifheit and Soehnle are among the top 100 brands in Germany.

reddot award 2014 winner

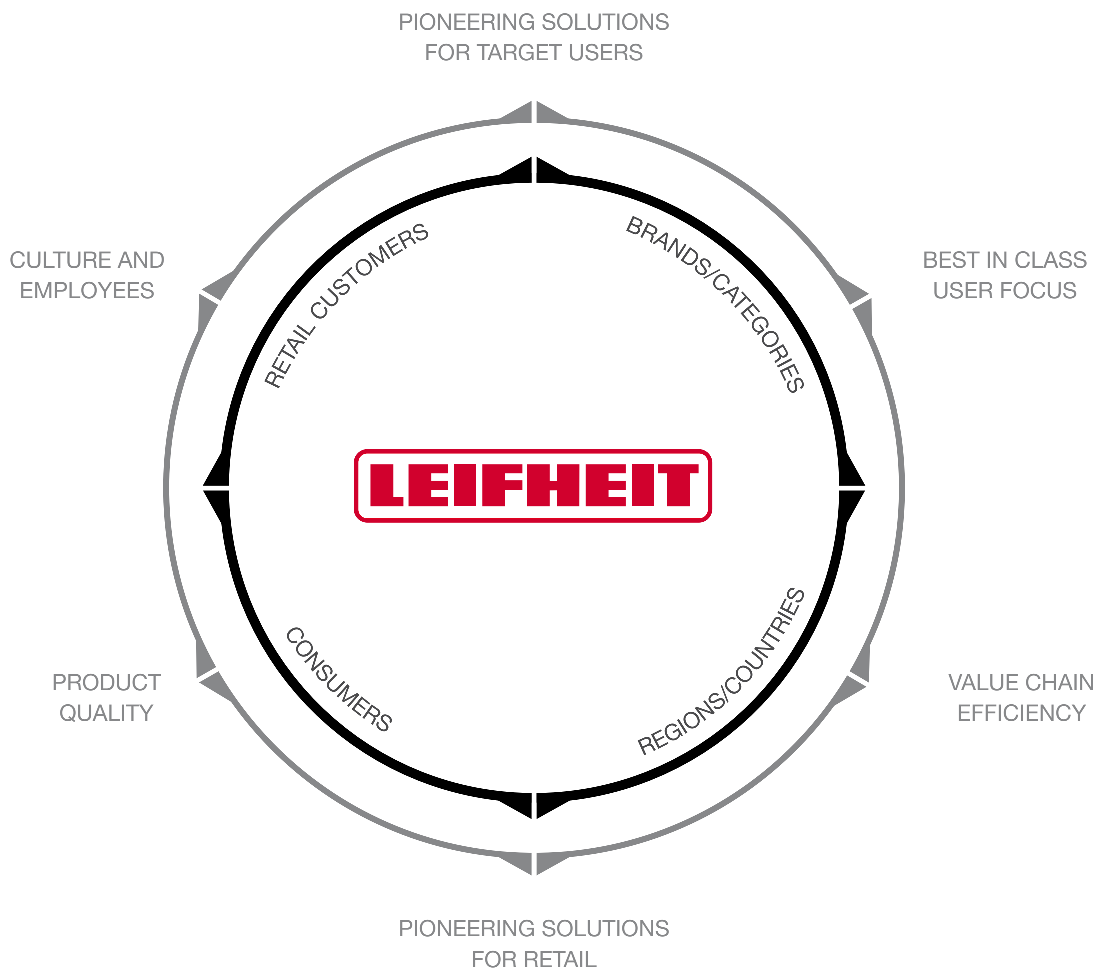
iF product design award 2014

DESIGN PRIZES FOR SOLAR FIT
The Solar Fit bathroom scales won two high-profile design prizes in 2014: the "red dot award" and the "iF product design award".

OUR STRATEGIC GUIDELINES

LEIFHEIT 2020

Where and how we will win.



We are your leading expert for solutions that make your everyday life at home more easy and convenient.

Successful corporate growth requires a comprehensive strategy as well as the knowledge of where and how further growth potential can be leveraged and opportunities seized in a fast-changing world. Aiming towards sustainable, profitable corporate growth, our revised Leifheit 2020 strategy with its ten strategic principles leads the way.

With regard to “where”, significant points are a stronger focus on consumers and retail customers, clear brand positioning and clear positioning of the categories and products that are to contribute to our success, as well as a deep understanding of the relevant sales markets and the right way to access them.

The question of “how” defines various areas in which we want to bundle our efforts and resources in future. Above all, the consistent focus will be on the needs and buying behaviour of the consumer. In addition, we want to continue to expand on our abilities and implement innovative solutions – both with regard to consumers and with regard to retail customers and dealers. In doing so, we will continue to offer exceptional product quality. A streamlined, flexible value chain helps us to do this. The basis for our success remains our employees and their dedication to provide extraordinary commitment every day.

We strive to make life more easy and convenient for people with our solutions. We want to be the leading expert in this. A vision for tomorrow that we are already putting into practice today.

Thomas Radke (CEO), left
Dr Claus-O. Zacharias (CFO), right

INTERVIEW

with members of the Board of Management, Thomas Radke and Dr Claus-O. Zacharias

Mr Radke, how do you evaluate your first full financial year as CEO of Leifheit AG?

THOMAS RADKE It was a very tough year – especially when I look at developments abroad. The economies in individual European states developed in completely different directions and this was reflected in the sales figures. We registered high growth in Eastern Europe, particularly in Poland, the Czech Republic and Slovakia. However, we also registered significant setbacks in Ukraine and Russia as a result of the political situation there. Spain and Italy showed positive impulses, while the economy in France was weaker. We are still doing well in Germany. With this overall situation in mind, achieving growth in turnover was not a given.

How did the individual Group segments develop?

THOMAS RADKE As planned, we experienced significant growth in Brand Business, which is of great importance to us. Our aim was "putting the focus on brand and margin", and this was rolled out consistently. Our POS communication, e-commerce business, product innovations and the more intensive sales work at the individual country level were the major growth drivers. Volume Business was managed with a strict focus on profitability, which led to lower turnover as expected. This was also affected by the partial discontinuation of a major French client, which was visible in this much smaller business segment. In the meantime, we now have another major client on board, so that we should have made up for this loss of turnover by 2016 at the latest.

How was the year for you personally?

THOMAS RADKE I gained a lot of positive impressions of our company this year, and got to know many of our dedicated employees. It's nice to be here. However, the Group and its brands have much more potential than is currently being tapped and that's why it was important that we worked intensively on the Group's strategic approach.

Dr Zacharias, the Group registered turnover of around € 221 million and an operating result of over € 21 million. Are you statisfied with the figures for the financial year 2014?

DR CLAUS-O. ZACHARIAS Yes, we are. We achieved our forecast from the start of 2014 with turnover growth of 0.5%, and even clearly exceeded it in terms of the operating result. Although around € 5 million of the € 21.5 million EBIT is attributable to positive currency effects as a result of the strong US dollar, even when this is taken into account, we are still very happy with the result. In the medium term, our growth course is headed for an EBIT margin of 8%, and we are on the right path with this. In addition, no major changes occurred in the general accounting in 2014. With no bank liabilities, Leifheit has a solid financial basis and its increased liquidity affords the company great strategic room for manoeuvre, including for potential acquisitions.

You touch on the idea that Leifheit has been searching for an acquisition target for some time now.

DR CLAUS-O. ZACHARIAS Correct, and we stand by the statement that we also want to grow externally. We are actively sounding out the European market in particular, and there are many companies that we have already taken a close look at. But we have a clear idea of what we want, and no particular time pressure. As a result, we don't want to speculate on when we will be able to report our success here.

The Group outlook for 2015 is based on a light growth in turnover. Does this mean that the Group has no major growth potential in its current configuration and without any acquisitions being made?

THOMAS RADKE Just because we are expecting to see a light increase in turnover over the current financial year doesn't mean that Leifheit has no further potential to grow based on its own strength. Quite the opposite, in fact. In our strategy, "Leifheit 2020", we have established precisely where we want to grow in the future and how we want to achieve this. This is clear evidence of the fact that there is still a lot of potential behind the Leifheit and Soehnle brands, which we now want to exploit. As a result, we are assuming solid growth for 2015 of between 3% and 4% for our Brand Business.

> “There is still plenty of potential in the Leifheit and Soehnle brands. We want to exploit this potential.”

Thomas Radke (CEO)

What exactly is “Leifheit 2020”?

THOMAS RADKE “Leifheit 2020” is our medium-term Group strategy. It clearly defines what we want to do to boost turnover across all areas of the Group. The central tenet is to align our product range and value chain more consistently than ever before with customer requirements. We want to analyse these requirements even more effectively in future and use the results to develop our product range in a targeted way. In practice, this means strengthening research and development, user-oriented product communication, regional sales measures, providing always a high quality level but various price categories, and boosting our presence at the point of sale – whether it’s online or in stationary trade. Because what makes a brand product really stand out is quality, recognisability and ubiquity – i.e. complete availability. This is how we can enable the strong Leifheit and Soehnle brands to develop their full potential and also win over new target groups.

Will the Group need to be restructured to do this?

THOMAS RADKE There are no concrete changes to the Group structure at the moment, but we will completely revise the business model in the kitchen goods category. Plans haven’t been finalised yet, but we’re thinking about acquisitions, strategic partnerships or even developing our own brand for this category. The Soehnle brand will in future be more closely aligned with the brand essence. As such, the topics of recognisability, connectivity and precise weighing and measuring are the key focus. As a major step, we will unite the categories of cleaning and laundry care under a new, comprehensive approach. This means that we’re thinking more in terms of system solutions, but will also tap into new product areas and price categories in order to appeal to additional target groups. We will also be further strengthening our focused activities at the point of sale, both for stationary trade and for e-commerce. We’re putting a stronger focus on the end consumer, but without losing sight of our most important partner – retailers.

"We stand by the statement that we also want to grow externally. We are actively sounding the European market in particular."

Dr Claus-O. Zacharias (CFO)

DR CLAUS-O. ZACHARIAS You can also see from the number of our employees that we have created additional capacities, in particular at our Czech facility in Blatná. This means that the manufacture of major products, such as the window vacuum cleaner, is now carried out completely internally. For 2015, we are also planning to link our distribution logistics to our Czech facility in order to ensure flexible and efficient supply lines to our growth markets in Eastern Europe. With regard to efficiency, we are also taking a look at product development processes and the order-to-cash process, i.e. the route from order generation to order processing.

What can shareholders, retail partners and consumers expect of Leifheit in 2015?

DR CLAUS-O. ZACHARIAS At Group level we expect a growth in sales of 2% to 3%, and our aim in Brand Business is still to achieve growth of between 3% and 4%. Volume Business will continue to be managed with profitability in mind. The operating result will likely be about the same as the adjusted level of the previous year, and we then want to achieve an EBIT margin of 8% in 2016. We are already well on the way to this with the adjusted EBIT for 2014.

We also want our shareholders to participate in this growth and will be proposing to the Annual General Meeting a dividend of € 1.80 per no-par-value share bearing dividend rights. This corresponds to an increase of about 9% as compared with the previous year, marking a new level for our ongoing performance-related distribution policy.

THOMAS RADKE The year will be shaped by our work to establish the "Leifheit 2020" strategy. In short, this means that we are your leading expert for solutions that make your everyday life at home more easy and convenient. That's our vision for the future and we intend to take a consistent approach on our path towards this goal: with the Leifheit brand, we are positioned as an expert for easy, convenient cleaning and laundry care at home. The Soehnle brand will be strengthened and we will continue to roll out the measures to improve profitability and brand performance that proved successful in the past. All I would say is this: visit a stationary retailer or have a look at the retailers online and get to know our products in more detail! It's worth it.

CORPORATE GOVERNANCE REPORT

At Leifheit, the term corporate governance stands for responsible corporate management and control geared towards creating sustainable value creation. To us, trusting cooperation between the Board of Management and the Supervisory Board, efficient internal and external control mechanisms, and a high level of transparency in corporate communications are matters of central importance. This way, we hope to secure the confidence of investors, customers, employees and the public at large in our company in the long term. We give corporate governance a high priority and are guided by the recommendations of the German corporate governance code (DCGK). The code represents key statutory regulations for the management and monitoring of German listed companies and contains internationally and nationally recognised standards for good and responsible corporate governance.

Leifheit AG is a publicly listed stock corporation with registered offices in Germany. The German law, the regulations of stock corporations and financial markets as well as the articles of incorporation of Leifheit AG in particular besides the DCGK provide the framework for structuring corporate governance.

In the following section, the Board of Management reports – also on behalf of the Supervisory Board – on corporate governance at Leifheit in accordance with item 3.10 of the DCGK.

Large parts of the code recommendations implemented

In the reporting period, the Board of Management and the Supervisory Board vigorously discussed the recommendations of the German corporate governance code in the version of 24 June 2014. Leifheit AG currently applies most of the government commission's recommendations.

On the basis of these discussions, the Board of Management and the Supervisory Board have once more updated the declaration of conformity in accordance with section 161 para. 1 German stock corporation act (AktG) in December 2014. The declarations of conformity are publicly accessible on the company's website.

Shareholders and the Annual General Meeting

The shareholders of Leifheit AG exercise their rights at the Annual General Meeting of the company, which is chaired by the Chairman of the Supervisory Board. The Annual General Meeting is held once a year. Each share represents one voting right.

Shareholders can either exercise their voting rights at the Annual General Meeting themselves, via a proxy of their choice or via a proxy of the company who is bound by instructions. Voting instructions to the company's proxy can be issued before and during the Annual General Meeting until the end of the general debate. Shareholders also have the option of casting their votes – without authorising a representative – in writing by postal ballot. All documents and information on the Annual General Meeting are available to shareholders at an early stage on our website. The invitation to the Annual General Meeting with the forthcoming agenda and an explanation of the conditions for participation are published in accordance with the legal regulations and the articles of incorporation. Immediately after the Annual General Meeting, we publish attendance figures and the results of voting on the website.

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Cooperation between the Board of Management and the Supervisory Board

As a German stock corporation, Leifheit AG has three organs: the Board of Management, the Supervisory Board and the Annual General Meeting. Their responsibilities and powers result specifically from the stock corporation act and the articles of incorporation of Leifheit AG.

The German stock corporation act provides for a clear separation between the persons staffing the management and supervisory organs. The management organ is the Board of Management, which is supervised and counselled by the Supervisory Board with regard to the management of the company. The Board of Management and the Supervisory Board of Leifheit AG communicate openly with each other in a spirit of close cooperation. Transactions and decisions that are of fundamental meaning for the company are processed in close consultation between the Board of Management and the Supervisory Board. Reservations of approval in favour of the Supervisory Board are regulated by the articles of incorporation of Leifheit AG.

By virtue of a systematic internal controlling and risk management, risks are recognised early, likewise assessed and monitored. The Board of Management reports existing risks and their development to the Supervisory Board at regular intervals.

The work method of the Board of Management and the Supervisory Board as well as the composition and work methods of their committees are described in detail in the statements regarding the company management, and are publicly accessible on our website.

Leifheit has effected an directors and officers liability insurance (D&O insurance) with an appropriate deductible for the members of the Board of Management in accordance with section 93 para. 2 sentence 3 AktG. D&O insurance, however without a deductible, is also provided for the members of the Supervisory Board.

Remuneration of the Supervisory Board and the Board of Management

The outlines of the remuneration system for the Board of Management as well as the components of the Supervisory Board's remuneration are described in detail in the remuneration report. It is part of the audited management report for both the Group and Leifheit AG.

Compliance

Compliance as a group-wide action to ensure compliance with statutory provisions and internal guidelines forms an essential management and monitoring task at Leifheit AG.

With the Leifheit Code of Conduct, we have formulated fundamental rules that are intended to ensure compliance at all times with these provisions and guidelines. The Code of Conduct is intended to assist all Leifheit employees in their day-to-day tasks, thereby serving as a guide when addressing legal and ethical challenges. The management is fully committed to compliance and carries the corporate responsibility to adhere to statutory provisions and internal guidelines.

Appropriate control and risk management

Dealing with risks in a responsible manner is part of corporate governance at Leifheit. A fundamental requirement of professional corporate governance is the continuous and systematic management of business risks. By means of this process, it is possible to identify risks at an early stage, when they can be assessed and controlled by taking appropriate measures. The Board of Management reports regularly to the Supervisory Board on current developments regarding significant risks. The Audit Committee regularly deals with monitoring of the accounting process as well as the effectiveness of the internal control and risk management and effectiveness of the internal audit system. The Committee also deals with the financial statements and the independence of the auditors.

Conflicts of interest

There were no conflicts of interest among the members of either the Board of Management or the Supervisory Board that would have required immediate disclosure to the Supervisory Board.

No consultancy agreements or other agreements for contractual performance existed between members of the Supervisory Board and the company in the reporting period. The memberships of Board of Management and Supervisory Board members in statutory supervisory boards or similar German and non-German control committees of enterprises can be found in the section "Organs" of the annual financial report. No member of the Board of Management currently holds mandates in supervisory boards at listed companies that are not part of the Group. In the period under review, there were no reportable relationships or transactions with related companies or persons.

AH
for organs, see page 106

Objectives of the Supervisory Board in terms of its composition

The Supervisory Board set the specific objectives in December 2012 for its composition.

- Each member of the Supervisory Board must immediately disclose any potential conflicts of interest.
- The Supervisory Board must have at least one independent member with specialist knowledge in the areas of accounting or audits of financial statements (section 100 para. 5 AktG).
- The Supervisory Board must have at least one member with specialist knowledge of law.
- The Supervisory Board must have at least one member with specialist knowledge of the consumer goods industry or branded companies in an international environment.
- The Supervisory Board must have at least one member with specialist knowledge in the area of business administration.
- In order to represent the largest possible range of life experience, the difference in age between the youngest and oldest member of the Supervisory Board should be at least ten years. No member of the Supervisory Board should be older than 70 years of age.
- There should be at least one woman on the Supervisory Board of Leifheit AG.

With the exception of the quota of women on the Supervisory Board, all objectives are met.

Transparency in favour of shareholders and the public

In order to ensure the greatest possible degree of transparency and equal opportunities, we have made it our goal to inform all our target groups comprehensively, equally and in a timely manner. For this purpose, interested parties can find key recurring dates in our financial calendar, which is published in our annual financial report, quarterly financial reports and on the Leifheit website.

We release information on the strategy, the situation of the Group, all major business changes, the development of the company and the financial position and results of operations of our company regularly and in a timely manner in the quarterly reports and in detail in the annual financial report. These reports are also published in German and English on our website.

The Board of Management and Investor Relations department are in regular contact with private and institutional investors as part of our investor relations work. More information about our capital market activities can be found in the Section "Leifheit Shares" of the German annual financial report.

Furthermore, we publish all press and ad-hoc announcements, presentations about press and analyst conferences as well as regarding the Annual General Meeting on our website.

Directors' dealings and shareholdings of the Board of Management and the Supervisory Board

In accordance with section 15a of the German securities trading act (WpHG), the members of the Board of Management and Supervisory Board or their related parties are legally required to disclose all transactions involving the purchase or sale of Leifheit AG shares or related financial instruments where such transactions total or exceed € 5,000 in a calendar year. The notifications received by Leifheit AG for the 2014 financial year have been published on its website.

The total number of shares in Leifheit AG held by all members of the Board of Management was 37,260 as at 31 December 2014. The members of the Supervisory Board directly and indirectly held a total of 2,545,280 no-par-value bearer shares in Leifheit AG as at 31 December 2014, of which 2,524,504 no-par-value bearer shares were allocated to Dr Robert Schuler-Voith.

Accounting and auditing

The basis for the consolidated financial statements and the consolidated management report as well as the half-year financial report and the quarterly financial reports is the International Financial Reporting Standards (IFRS) as applicable in the European Union. The legally required separate financial statements of Leifheit AG, which are the deciding factor for the payment of the dividend, are prepared in accordance with the provisions of the German commercial code (HGB).

NH
stakeholder dialog, see page 50

It was agreed with the auditors of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main that the Chairman of the Supervisory Board will be informed immediately of any grounds for disqualification or partiality arising during the audit, unless such grounds are eliminated immediately.

The auditor must also report without delay on all findings and events that arise during the performance of the audit that have a direct bearing on the work of the Supervisory Board. In addition, the auditor must inform the Supervisory Board or note in its audit report any facts ascertained during the performance of the audit that are inconsistent with the declaration of conformity in accordance with section 161 AktG regarding the German corporate governance code, which is issued by the Board of Management and the Supervisory Board.

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Declaration of corporate management

The declaration of corporate management in accordance with section 289a German commercial code (HGB) is publicly accessible on our website. It includes the declaration of conformity in accordance with section 161 German stock corporation act (AktG), relevant information about corporate management practices and a description of the work methods of the Board of Management and the Supervisory Board, as well as the composition and work methods of their committees.

THE LEIFHEIT SHARE

In 2014, the financial markets were characterised by ongoing geopolitical insecurity and high volatility. In this market environment, the price of the Leifheit share developed very positively, increasing by around 50% over the year. The management will propose to the Annual General Meeting to further increase dividends to € 1.80 for the financial year 2014.

Restrained growth on the financial markets

While the financial market environment was still dominated by a generally positive mood in the first half of 2014, the second half of the year was defined by increasing insecurity. Overall, the 2014 trading year was therefore characterised by strong fluctuations in international leading share indices. Some of the reasons for this were the geopolitical crises in Syria, Iraq and Ukraine, as well as the weaker economic outlook. However, some of this was countered by the policies of the central banks and the continuing low interest rates for fixed interest investment alternatives on the financial markets.

Germany's leading index, the DAX, suffered significant losses from the middle of the year before once again recording gains during the second half of the year. Over the course of the trading year, it recorded a plus of 2.7%. As the benchmark index for the Leifheit share, the SDAX, which is the German share index for smaller companies, showed a similar trend. It reached a high of 7,571 points on 9 June before sinking to a low of 6,181 points on 16 October. However, the SDAX closed higher, finishing the year at 7,186 points on 30 December 2014, with an overall rise of 5.9% over the course of the year.

Excellent performance by the Leifheit share

The price of the Leifheit share (ISIN DE0006464506) developed significantly more positively than the SDAX. The share opened the reporting year at € 31.20 and significantly increased in value until mid-January. After the publication of the 2013 figures and results for the first quarter 2014, the share reached its high in the first half of the year, with € 45.50 recorded in mid-May. The Leifheit share then consolidated until early August, also influenced by general market developments. There then followed a recovery that lasted until the end of the year, albeit with a brief interruption in October. The share closed the year at € 46.40 on 30 December 2014, which was also the high for 2014. The Leifheit share thus recorded gains of around 50% for the year and exceeded the SDAX trend by around 44 percentage points. Over a five-year period, the price of the Leifheit share increased more than threefold, while the SDAX increased only twice as much.

+50%
Leifheit share price increase

Market capitalisation for Leifheit AG was approximately € 232 million on 30 December 2014, increasing significantly by € 77 million as compared with the end of the 2013 financial year (30 December 2013: € 155 million). Adjusted for treasury shares, the market capitalisation amounted to just under € 220 million.

Key figures for the Leifheit share in € per share

	2014	2013	2012	2011	2010
Number of shares (in thousands)[1]	4,751	4,749	4,760	4,742	4,750
High[2]	46.40	35.30	30.56	26.90	19.49
Low[2]	32.22	26.00	20.45	16.52	14.00
Year-end closing price[2]	46.40	30.93	29.00	20.50	18.00
Net result for the period[1]	2.97	2.16	1.97	2.55	1.15
Dividend	1.80[3]	1.65	1.50	1.30	1.00
Special dividend[4]	–	–	–	–	2.00
Free cash flow[1]	3.88	4.11	-0.28	1.63	1.20
Own funds[5]	18.16	18.30	17.98	19.55	18.36

[1] not including repurchased treasury shares
[2] Xetra closing prices
[3] proposal to the Annual General Meeting
[4] shareholders' share of the proceeds of sale of the Bathroom Furnishing division
[5] excluding the distribution of the proposed dividends and the share in the profits of the minority shareholders

The trading volume for the Leifheit share in Xetra trading averaged 1,933 shares per day and was thus lower than the trading volume in the previous year (2013: 3,471 shares).

Dividend increase to € 1.80 per share

74.0% of the share capital was represented at the Annual General Meeting on 22 May 2014 in Nassau. In 2013, this figure was 70.8%. All points on the agenda were approved by a high majority.

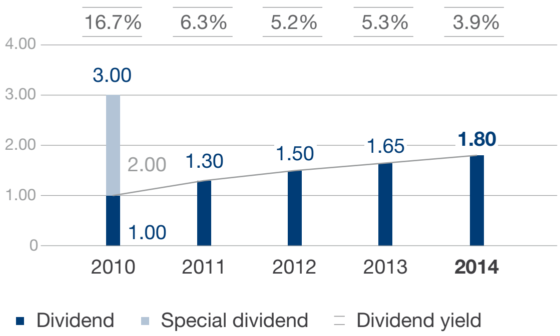
The Board of Management and the Supervisory Board of Leifheit AG will be proposing to the Annual General Meeting on 21 May 2015 the payment of a dividend of € 1.80 per share for the financial year 2014 (2013: € 1.65). Assuming the Annual General Meeting approves the dividend proposal, it will be paid out from 22 May 2015 on.

Based on the market price of the Leifheit share as at 30 December 2014, the dividend yield amounts to approximately 3.9%. The total amount of the distribution will be € 8.6 million (2013: € 7.8 million), which corresponds to a dividend payout ratio of 76.8% of Leifheit AG's net income for the year (2013: 71.9%).

The Board of Management and Supervisory Board of Leifheit AG aim to enable the company's shareholders to participate appropriately in the success of the company once again with the planned dividend. In implementing this 9.1% increase in our dividend, we are taking our reliable and results-oriented dividend policy to a new level.

Dividend development

€ per share



€ 1.80
Dividend per share

No repurchase of treasury shares

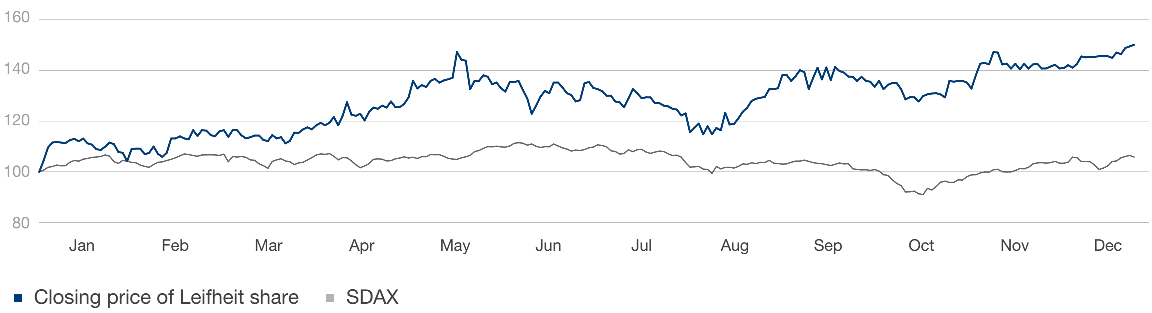
The Annual General Meeting on 9 June 2010 authorised the Board of Management to purchase treasury shares of up to 10% of the share capital of € 15 million until 8 June 2015. No treasury shares were purchased in 2014. Leifheit used 1,853 treasury shares for issuance as employee shares.

As at the end of 2014, Leifheit AG held 248,672 treasury shares (corresponding to 4.97% of the share capital). An amount of k€ 7,542 was expended for this. Including ancillary costs, this corresponds to an average of € 30.33 per share.

AH
Treasury shares, see page 99

Performance of the Leifheit share in 2014

in % (based on the price of the Leifheit share) (indexed to 100)



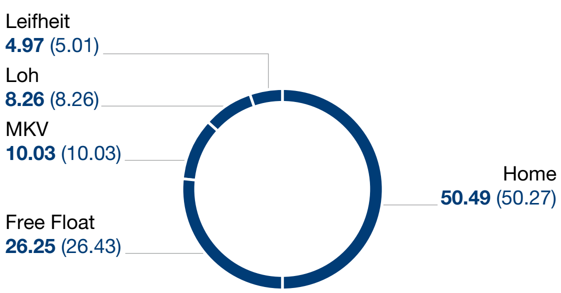
Master data for the Leifheit share	
ISIN/WKN	DE0006464506 / 646450
Ticker symbol	LEI (ordinary share)
Trading segment	Prime Standard
Industry	Consumer
Class	No-par-value bearer shares
Stock exchanges	All German stock exchanges
Designated sponsor	Oddo Seydler Bank AG
Date of admission to trading	3 October 1984

Changes to the shareholder structure

In the reporting period, there were changes in the Leifheit shareholder structure due to the acquisition of additional shares by Home Beteiligungen GmbH of 0.22%. The following shareholders currently hold more than 5% of the shares in Leifheit AG:

Shareholder structure

in % (previous year's figures)



Analysts' recommendations to "buy" or "hold"

Once again in 2014, the analysts did not give a single recommendation to sell Leifheit shares. In 2014 and at the beginning of 2015, analysts recommended investors to "buy" or "hold" the company's shares, with target prices ranging between € 36.00 and € 55.00.

18/02/2015	Buy	€ 55.00	Bankhaus Lampe Research	↗
02/02/2015	Hold	€ 48.00	Oddo Seydler Bank AG	→
13/11/2014	Buy	€ 50.00	Berenberg Bank	↗
12/11/2014	Hold	€ 48.00	Close Brothers Seydler Research	→
10/11/2014	Buy	€ 50.00	Bankhaus Lampe Research	↗
27/10/2014	Buy	€ 50.00	Bankhaus Lampe Research	↗
27/10/2014	Buy	€ 48.00	Close Brothers Seydler Research	↗
19/08/2014	Buy	€ 50.00	Bankhaus Lampe Research	↗
13/08/2014	Buy	€ 44.00	Berenberg Bank	↗
13/08/2014	Buy	€ 42.00	Close Brothers Seydler Research	↗
14/05/2014	Buy	€ 45.00	Close Brothers Seydler Research	↗
08/04/2014	Hold	€ 41.58	Solventis Wertpapierhandelsbank	→
07/04/2014	Buy	€ 44.00	Berenberg Bank	↗
01/04/2014	Hold	€ 38.00	Bankhaus Lampe Research	→
31/03/2014	Hold	€ 38.00	Close Brothers Seydler Research	→
11/02/2014	Buy	€ 36.00	Close Brothers Seydler Research	↗

Annual Financial Report 2013 receives the LACP Award

In 2014, our Annual Financial Report 2013 received the "Vision Award" Bronze from the US League of American Communications Professionals (LACP). It was praised in particular for its creativity and the excellent clarity of its communication. Almost 1,000 companies from 25 countries took part in the competition, making the award one of the most high-profile accolades in the category of financial reporting. We are delighted with this achievement and see it as both an incentive and an obligation to improve the service we provide to our shareholders and all interested parties in the future.

Our dialogue with the capital market

We see our open dialogue with the capital market as one of our most important tasks. We want to provide all interested parties with comprehensive and relevant information about our company in a timely and transparent manner. As a result, this year we once again attended a variety of roadshows and conferences, and sought out dialogue in a range of one-on-one discussions with investors and analysts.

In February, we attended the 2014 Ambiente international consumer goods trade fair in Frankfurt/Main. We used the opportunity to unveil our strategy and product innovations as part of a press conference attended by the trade and business media.

Our investor relations activities in March were centred around our annual analysts' conference, which was held in Frankfurt/Main in conjunction with a press conference announcing our balance sheet results. In May 2014, many of our shareholders exercised their right to receive comprehensive information on the latest business developments from the Board of Management and the Supervisory Board in the context of our Annual General Meeting.

In November, Leifheit once again presented itself at an investors' and analysts' conference at the German Equity Forum (Deutsches Eigenkapitalforum) 2014 in Frankfurt/Main. A number of one-on-one meetings were also held with institutional investors. Various roadshow presentations in major European financial centres throughout 2014 offered investors and financial analysts the opportunity to speak directly with our Board of Management.

We also maintain a regular dialogue with investors and analysts outside of events and roadshows. To do this, our shareholders take advantage of the opportunity to obtain information on our current business development by telephone or via email. Furthermore, we make all material information relating to our share, our business strategy and key figures for the Leifheit Group, as well as our financial calendar and all presentations and news, available for downloading on our website as soon as it becomes available. Our home page also provides numerous possibilities for experiencing the Leifheit Group and its brands and products.

If you have any questions or comments about the Leifheit share, or if you have any queries about our company, you can contact us as follows:

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CONSOLIDATED MANAGEMENT REPORT 2014

FOUNDATIONS OF THE GROUP

The Leifheit Group is one of the leading European brand suppliers of household items. The company offers high-quality and innovative products with great utility and pioneering design in the sectors of cleaning, laundry care, kitchen goods and wellbeing.

Activities and areas of business

The Leifheit Group divides its operating business into two segments: Brand Business and Volume Business.

In the Brand Business – which is by far the larger segment – we distribute our products under two well-known brands: Leifheit and Soehnle. A license for the use of rights to the name of the Dr Oetker Bakeware brand was terminated as of 31 December 2012. The products of our Brand Business are characterised by high-quality workmanship in combination with a high degree of consumer benefit and are offered in the medium-to-upper price sector.

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

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

We design our products using our own in-house development departments. This is especially beneficial for Brand Business, which is driven by innovation. Production takes place at our own production plants in Germany, the Czech Republic and France, as well as at the facilities of external suppliers located in various countries in Europe and Asia. We primarily develop our products for the European market, but we also draw on growth opportunities outside of Europe, such as in the US, the Middle East and the Far East. Distribution takes place via traditional retail, mainly through large retail chains and wholesalers. We are also increasingly using more modern distribution channels such as home shopping and e-commerce.

Segments

Leifheit Group

Brand Business

- High-quality brand products with a high degree of consumer benefit in the medium to upper price segment
- Consistent brand management
- Systematic processes for innovation and market launch
- Distribution in international markets
- Product categories: cleaning, laundry care, kitchen goods and wellbeing

Volume Business

- Products in mid-price ranges
- Customer-specific product developments
- Strong service components
- Distribution in international markets
- Product categories: cleaning, laundry care, kitchen goods and wellbeing

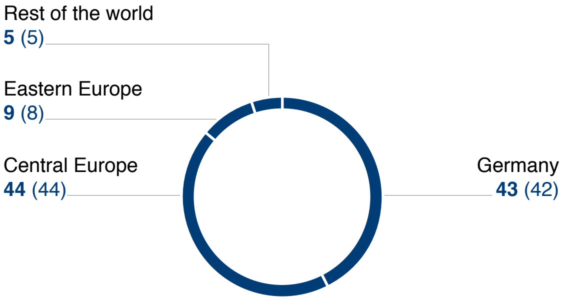
Project Business

Markets and market position

We sell our products in more than 80 countries and operate over 15 of our own locations, including area offices and subsidiaries. Our main sales markets are located in the regions of Germany, Central Europe and Eastern Europe. Therefore, we primarily focus our sales and marketing activities on European markets. Outside of Europe, we distribute our products mainly with support from distributors. In 2014, we were able to defend our sales positions for the most part – especially in Europe – despite the challenging market environment.

Group turnover by region

in % (previous year's figures)



Germany remained the largest individual market for Leifheit once again in the reporting year. Adjusted for business from Dr Oetker Bakeware (see Note on page 26), we achieved 43.0% of our turnover here (2013: 42.4%).

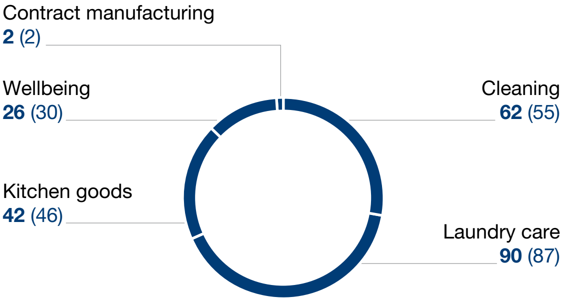
For the financial year 2014, Central Europe (excluding Germany) achieved 43.5% of the company's turnover (2013: 44.3%), making it the most important sales region for Leifheit. Within Central Europe, our highest sales figures were recorded in France, the Netherlands and Austria, albeit with different development trends. Although we once again increased sales in Spain and Italy in addition to the Netherlands and Austria, the Central Europe region as a whole declined slightly due to lower demand in France.

Turnover for the Eastern European markets represented 8.8% of Group turnover (2013: 8.2%). Despite the Ukraine conflict, which also significantly affected developments in Russia as a result of the international sanctions, we continued to register positive growth in the rest of the Eastern European region – particularly in Poland, the Czech Republic and Slovakia.

The smallest proportion of our turnover came from outside of Europe with 4.7% (2013: 5.1%). This decrease is due to our strategic focus on Europe as our major sales market. Outside of Europe, we largely conduct spot business in order to tap into any market opportunities that present themselves. As a result, we registered declines in turnover in all regions except for the Middle East.

Group turnover by product categories

in % (previous years's figures)



LB
Additional information
Regions,
from page 26

In terms of product categories, we increased turnover in particular in the laundry care category in 2014. We are among the leading providers in this category in Germany and in many European countries – particularly for flat mop systems.

The wellbeing category includes Soehnle brand products. Soehnle is the market leader for bathroom and kitchen scales in Germany. It is also ranked among the top providers in other European countries. In Germany, we hold a market share of 32.8% for kitchen scales and 30.4% for bathroom scales with Soehnle products. Soehnle is also active in the aroma diffuser market. According to 2014 surveys by the GfK market research institute in the relevant market for small appliances, Soehnle is the market leader in the air treatment and humidifier segment in Germany, with a market share of around 28%.

The main external factors affecting our business activity are macroeconomic developments and conditions in our key regions, the consumer climate, the development of the US dollar, the weather conditions in seasonal business with rotary dryers and the ability to quickly bring innovative and consumer-relevant products to market.

Change in Group structure

There were no changes in the scope of consolidation or major changes in the organisational structure or business model in the financial year 2014.

Organisation, corporate structure and management responsibility

Leifheit AG has been a listed stock corporation under German law since 1984. The shares of Leifheit AG are listed on the Frankfurt Stock Exchange Prime Standard and are traded on all German stock exchanges (ISIN DE0006464506). As at 31 December 2014, the market capitalisation amounted to approximately € 232 million. The company has been entered in the Commercial Register of Montabaur Local Court under HRB 2857, and its headquarters and administration offices continue to be based at its founding location in Nassau/Lahn, Germany. The main locations of Leifheit AG are Nassau (administration and production) and Zuzenhausen (logistics). There are also branches outside of Germany which are not legally independent – particularly distribution offices – in Brescia, Italy (established in 1982), in Aartselaar, Belgium (established in 1987), and in Wiener Neudorf, Austria (established in 1995).

Leifheit AG has 11 direct or indirect subsidiaries. Leifheit AG's main (partly indirect) interests are Leifheit s.r.o. in the Czech Republic (production), Birambeau S.A.S. in France (logistics and distribution) and Herby Industrie S.A.S. in France (production, logistics and distribution).

Leifheit AG's Board of Management has two members. It defines the strategy of the Leifheit Group and is responsible for Group-wide central functions and steers the Group's business divisions. Each Member of the Board of Management is responsible for multiple functions within the Leifheit Group. The rules of procedure for the Board of Management regulate the responsibilities of individual board members. Their personal knowledge of products and markets, customer- and country-specific features and their expertise in central Group functions ensure the efficient and professional management of the Leifheit Group. The Leifheit AG Board of Management is supported by 13 sector directors and department heads.

Group strategy and objectives

"Leifheit 2020" strategy

In 2014, we revised our company vision and developed ten strategic principles for Leifheit AG. We summarise these under the term "Leifheit 2020".

Our vision describes a concrete idea of a motivating, shared and realistic future for Leifheit. It shapes our aspiration:

"We are your leading experts for solutions that make your everyday life at home more easy and convenient."

We see our vision as the distillation of all that we aim for absolute proximity to our consumers. They are our most important target group because they determine our future every single day with their buying decisions. Everything we offer should make life a little easier and more convenient because we believe that this will be a major competitive advantage in our increasingly fast-paced world.

Based on our vision, we have defined ten strategic principles to guide our future business. They create the framework for strengthening our competitiveness, enabling growth and leading the Group into a successful future. The first four principles define the areas of action we want to take and answer the question as to where Leifheit wants to grow in future. Principles five to ten show how we want to be successful in the future and what we are going to do to achieve this success.

1. Consumers
In future, we will appeal to our main target group in a more specific way. Our main target group is women and men who use or buy household products for indoor or outdoor use. On the one hand, we will focus on users who are happy to invest more in innovative branded products, but on the other hand appeal to more price-sensitive consumers, for whom a well-known brand is not essential, with other offers.

2. Brands and categories
For the Leifheit brand, we aim to increase our focus on Clean & Care categories. These areas will be managed under a comprehensive category approach in future and we will tap into new product areas and price segments – including the targeted use of other brands. The business model for the kitchen goods category will be revised. The Soehnle brand will in future be more closely aligned with the brand essence and strengthened significantly.

3. Regions and countries
We will predominantly focus on our core European markets. We are present in this region with our own offices in many countries. As a result, product development and product design for European consumers will be the focus of our future development activities. At the same time, we will also leverage any growth opportunities that we perceive outside of Europe. We work with high-profile distributors there, who support us in the local market – both in traditional retail and in e-commerce.

4. Retail customers
We aim to make our products available wherever our target groups expect to be able to buy them. This goes for both the type of sales channel as well as the regional coverage. Our stationary network is very well developed and we will work on developing these retail partnerships. In addition, we want to increase our focus on e-commerce, enabling further growth in this area.

5. Product quality
As a brand manufacturer, the quality of our products is a major purchase criterion for our consumers. As a result, we will continue to ensure that all our products fulfil our high standards as a brand manufacturer and that this quality is permanently available.

6. Committed to consumer focus
Increasing the utility of our products for the consumer and making life easier and more convenient is always the focus of what we do when it comes to developing innovations. In future, we will be guided more closely by consumer requirements and behaviour – both in terms of functionality and when it comes to a consistent visual language. We bundle our activities in this area into our Design Factory. In addition, we will also actively search for new product areas where we have not yet established a presence.

7. Innovative and pioneering solutions for our target users
We want to continue to be a pioneering innovator in the future, offering our consumers pioneering solutions that make life at home a little easier and more convenient. We will continue to invest in this in future. For example, we want to develop more product systems based on our top products that complement each other perfectly. These will be characterised by brand-specific product design with high degree of recognition.

LB
Additional information Development and innovation starting on page 41

8. Innovative and pioneering solutions for our retail customers
With our appealing POS excellence concept, we actively support our retail customers and enable them to differentiate themselves at the point of sale (POS) – both online and offline – with tailored solutions. It is our aim to become a vital partner for retailers, offering them a comprehensive category approach for our top-performing ranges.

LB
Additional information Distribution and marketing starting on page 46

9. Optimising the value chain
   We will continue to work on streamlining our product design, supply chain and production/administrative processes. A major area of focus here will be on reducing non-value-adding costs.

10. Employees and culture
    Our employees are the basis for our ongoing success. We will push ahead with the development of their skills, challenging them but also supporting them. In addition, we will also continue to develop our corporate culture so that our employees will continue to put their dedication and commitment into working for Leifheit.

We will continue to pursue the specific measures and activities that we have started rolling out in recent years with these ten principles. This includes the possibility of external growth. With liquidity and financial assets amounting to € 62.8 million as well as a solid, financial debt-free balance sheet, we are well positioned for potential acquisitions to support our growth.

Financing strategy

The primary objective of our financing strategy is to maintain a strong financial profile. Here, we focus on a sufficient equity ratio of at least 30% to ensure the confidence of investors, banks, suppliers, customers and our employees. We focus on maintaining a capital structure that allows coverage of our future potential financing requirements on reasonable terms in financial markets. We want to maintain a high level of independence, security and financial flexibility.

Control system principles

The Leifheit Group is managed centrally from a strategy point of view, while also providing for remote operations. Maintaining only a few divisions and levels of hierarchy ensures fast and efficient collaboration within the Group. Our organisation is designed so that we provide optimal support to both our customers and brand management to advance our Group's strategy. For this purpose, Brand Business and Volume Business are managed as separate segments. The organisational structure and the process organisation are structured in such a way that they enable us to achieve our strategic business alignment targets efficiently.

We ensure that corporate management is focused on ongoing increases in company value. We therefore apply a value-oriented management system. The major performance indicators of the Group are turnover, earnings before interest and taxes (EBIT) and free cash flow. The key measures of both business segments are turnover, gross margin, contribution margin and earnings before interest and taxes (EBIT). Turnover is also measured in line with the product categories of cleaning, laundry care, kitchen goods and wellbeing.

The key performance indicator return on capital employed (ROCE), which measures the annual profitability of the capital employed, was used for the first time in the control system at Group level in the financial year 2014. There were no further significant changes to the control system.

ECONOMIC ENVIRONMENT

While the global economy once again showed significant growth of 3.3% in 2014, the Eurozone continued to lag behind with a growth rate of 0.8%. This development was particularly marked in France and Italy. Germany benefited from stable domestic demand, however, the German economy grew by 1.5% over the past year.

Macroeconomic situation

The dynamism of the growth in global economy remained the same in 2014. The International Monetary Fund (IMF) recorded a growth rate of 3.3% (2013: 3.3%). However, the individual regions developed in completely different directions. The industrialised countries achieved an increase in growth to 1.8% (2013: 1.3%), while emerging economies experienced a slight decrease to 4.4% (2013: 4.7%). The major reasons for this included the political crises in Syria, Iraq and Ukraine, as well as sharply decreasing oil price and the resulting uncertainty.

The economy in the Eurozone was slightly stronger than the previous year, with a growth rate of 0.8% (2013: -0.5%). When compared with the other major economies in the Eurozone, the German economy performed strongest with growth of 1.5% (2013: 0.2%). Germany benefited from stable domestic demand as a result of high wage and employment levels, as well as strong exports. The export situation was bolstered in the second half of 2014 by a weaker euro and the decreasing oil price. As the second largest economy in Europe, France experienced a growth rate of 0.4%, which was relatively stable compared to 2013 (2013: 0.3%), but continues to battle its high national debt and unemployment. The Spanish economy experienced a significant upswing with a growth rate of 1.4% (2013: -1.2%), while Italy's economy was still declining at -0.4% (2013: -1.9%) but was much more stable than in the previous year.

In Russia, the ongoing economic sanctions by the West and the associated fall in export income, coupled with the severely decreased oil price, led to a drop in economic growth to 0.6% (2013: 1.3%).

According to the IMF, the USA achieved growth of 2.4% in the past year (2013: 2.2%). This was largely due to increased domestic demand, which accounted with two-thirds for the largest proportion of GDP. The significantly lower oil price and a strong dollar had a positive effect on US economic performance.

In China, economic growth continued to decline as compared with the previous year, but still reached an amount of 7.4% (2013: 7.8%). This was partly due to lower investments made by the government to support the domestic economy.

0.8%
Increase in economic growth in Europe

The value of the US dollar to the euro at the beginning of the year stood at 1.36 USD per euro. In the first half of the year, the euro fluctuated in value but in a relatively stable sideways shift between 1.34 USD and 1.39 USD. At the start of the second half, despite the announcement of a tighter monetary policy by the Federal Reserve, the US dollar continued to strengthen. On 31 December 2014, one euro was worth around 1.22 USD.

Industry development

The improvement of economic conditions in Europe had a positive impact on the general development of consumption. The development of consumer demand is the key factor for success for the consumer goods industry, and therefore also for Leifheit.

According to the European Commission, consumer mood continued to brighten in 2014 as compared with the previous year, but remained generally pessimistic overall. As a result, the consumer confidence index in Europe was -10.9 points in December (2013: -13.5 points). The index measures, among other areas, expectations of consumers in regard to their personal financial situation over the next 12 months, as well as consumer savings and consumer purchasing inclinations.

The picture was very different in Germany. Here, the association for consumer research (GfK) published a consumer confidence index of 7.7 points in January 2014, which rose to 8.7 points in December 2014. At the same time, the ifo institute's economic climate index decreased from 110.6 points in January 2014 to 105.5 points in December 2014, although it remained at a relatively high level overall. The index is seen as an early indicator of economic development in Germany. The main cause for this was the geopolitical tensions described above. Despite this, the positive development of Q4 2014 continued, primarily as a result of the lower oil price and weaker euro, registering growth of 2.1 percentage points. Both indicators showed a slight positive trend for domestic demand at the end of 2014.

This positive development in consumption was also reflected in retail. According to calculations by the German Federal Statistics Office, retail revenues for 2014 were 1.4% higher than in the previous year, adjusted for price. The driving force behind this development was the increase in online retail.

Stable regulatory environment

The regulatory environment remained largely unchanged for Leifheit in the financial year 2014.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

In its key Brand Business segment, Leifheit registered very positive growth with an increase in turnover of 4.4%. This was countered by a decline in Volume Business. Overall, the company achieved Group turnover of € 220.7 million and earnings before interest and taxes of € 21.5 million.

Comparison of actual performance with projected business performance

For the most part, we achieved or even exceeded our aims for 2014. With growth of 0.5%, our Group turnover corresponds to forecasts of stable development for the Group. In addition, earnings (EBIT) developed much more positively than planned, reaching € 21.5 million. The reasons for this were the focus on high-margin business and the associated positive development of the gross margin, along with positive foreign currency effects resulting from the development of the euro and US dollar. The positive effects from the foreign currency result included in the EBIT for 2014 amount to € 5.1 million.

We have adjusted our forecast slightly and also revised it after the end of the reporting period. At the time of publication of the 2013 annual financial report, we expected a stable development in turnover as compared with the adjusted turnover for 2013 (adjusted for discontinued operations with Dr Oetker Bakeware). On the earnings side, we forecast an EBIT at the level of the result for 2013 (€ 14.9 million).

Via ad hoc announcements in October 2014 and January 2015, we stated that we expected to see a significant increase in EBIT for the financial year 2014 on the basis of the strong increase in foreign currency result.

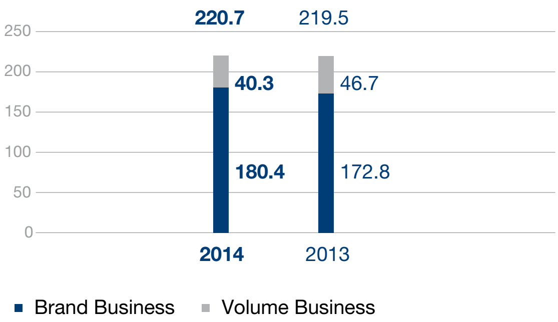
	2013	Forecast March 2014	Forecast October 2014	**2014**
Turnover[1] Group	€ 219.5 m	Turnover on adjusted previous year's level	Turnover on adjusted previous year's level	€ 220.7 m +0.5%
Turnover[1] Brand Business	€ 172.8 m	+1 to 3%		€ 180.4 m +4.4%
Turnover Volume Business	€ 46.7 m	Slight decrease in turnover		€ 40.3 m -13.8%
EBIT Group	€ 14.9 m	EBIT on previous year's level	EBIT increase to € 18 m to € 19 m	€ 21.5 m +44.3%
EBIT Group adjusted[2]	€ 16.9 m	EBIT on previous year's level		€ 16.4 m -2.6%
EBIT share Brand Business	72%	Around 70%		76%
EBIT share Volume Business	28%	Around 30%		24%
Free cash flow	€ 19.5 m	€ 8.0 m		€ 18.4 m
Investments	€ 3.6 m	€ 6.0 m		€ 6.2 m

[1] 2013 turnover adjusted for business with Dr Oetker Bakeware
[2] EBIT adjusted for foreign currency results

Business performance

In terms of comparability, turnover from the financial year 2013 is represented as adjusted in the following commentary. This adjustment is due to the termination of the license agreement for the use of the brand name rights Dr Oetker Bakeware with effect as at 31 December 2012. In 2013, turnover with the brand Dr Oetker Bakeware amounted to € 1.4 million within the framework of management of remaining business.

Group turnover by segment
in € million



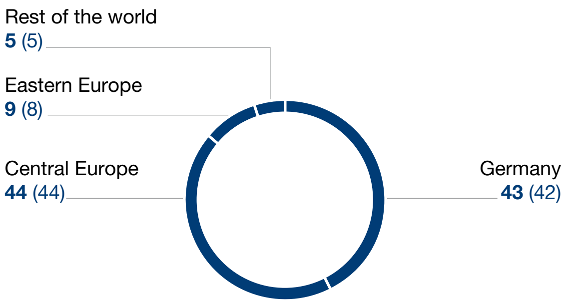
Group turnover slightly higher than the previous year

Leifheit generated turnover in the reporting period at the Group level of € 220.7 million (2013: € 219.5 million). This is equivalent to an increase of 0.5%. After a positive start into the reporting year, turnover for the Group were more restrained in the second and third quarters, before our year-end activities once again had a positive impact on Group turnover. Our business development continued to be dominated by the ongoing challenging environment, including the political conflicts in the east and south of Europe, along with a general lack of consumer confidence in France, one of our key markets.

Increased turnover in Germany and Eastern Europe

Our domestic market of Germany continued to grow with an increase in turnover of 2.1% as compared with the previous year, achieving turnover of € 95.0 million (2013: € 93.1 million).

Group turnover by region
in % (previous year's figures)



While turnover elsewhere in Europe remained stable at € 115.4 million (2013: € 115.3 million), demand developed differently in the various regions. Turnover in the Central Europe region decreased by 1.3% to € 96.0 million (2013: € 97.3 million). This decrease is primarily due to lower demand in France as a result of the weaker domestic economy there. This trend was countered by strong increases in turnover in Italy and Spain, albeit at a low level. Both countries are still battling the impact of the financial crisis, but have developed clearly positive trends.

The Eastern Europe region showed significant growth in the reporting year. Turnover there increased significantly by 7.7% to € 19.4 million (2013: € 18.0 million). This increase is largely due to developments in Poland, the Czech Republic and Slovakia. We have been active in Poland with the operation of our subsidiary there for around two years now, and are optimistic that our efforts to tap into the attractive growth region of Eastern Europe will continue to bear fruit. However, the ongoing conflict in Ukraine in 2014 depressed our turnover because it hindered the market development in Russia, for example. Turnover in Eastern Europe was made exclusively in Brand Business.

€ 220.7 m
Group turnover

In the other regions of the world, we achieved turnover amounting to € 10.3 million (2013: € 11.1 million), 7.2% less than in the previous year. Growth in the Middle East did not manage to offset the decreases in turnover in other regions. In future, we want to make better use of the sales opportunities available in other regions.

+2.1%
Turnover growth
in Germany

Turnover was distributed as follows during the reporting period: 43.0% in our domestic market of Germany, 43.5% in Central Europe, 8.8% in Eastern Europe and 4.7% in other regions of the world. The foreign share remained stable at 57.0% (2013: 57.6%).

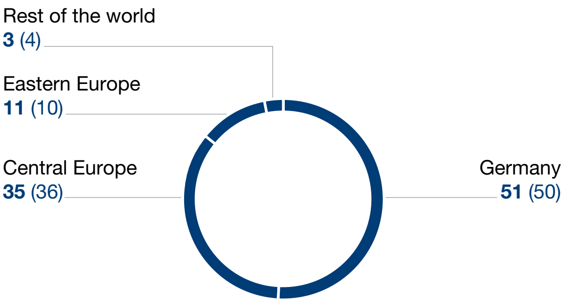
In Q4 2014, we achieved Group turnover of € 59.0 million (2013: € 57.1 million). The increase of 3.5% as compared with the previous year was largely due to the e-commerce sales channel.

Brand Business shows a significant increase

For the reporting period, turnover in Brand Business amounted to € 180.4 million (2013: € 172.8 million). The increase of 4.4% is primarily due to the strong development of our cleaning and laundry care product categories. The exit of a significant DIY superstore client from the market at the end of 2013 led to a loss of turnover in the reporting year, but we were able to compensate for this. Brand Business' share of Group turnover continued to increase at 81.8% (2013: 78.8%). The ongoing increase of the Brand Business share in total turnover occurred in line with our strategy. We will continue to boost our business with innovative and high-quality branded products under our Leifheit and Soehnle brands in future, too.

Brand Business: turnover by region

in % (previous year's figures)



In Germany, turnover increased by 5.3% to € 91.3 million (2013: € 86.7 million). In addition to consistently high domestic demand, Leifheit also benefited from the launch of new products.

57.0%
Foreign share

In Central Europe, we achieved a further increase in turnover of 3.9% to € 63.6 million (2013: € 61.3 million). Spain, Italy and the Scandinavian countries achieved a particularly pleasing result. However, this was countered by decreases in turnover, particularly in France.

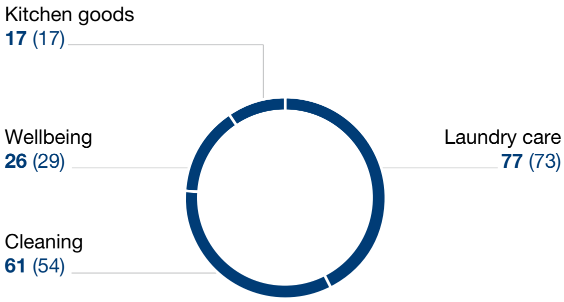
In Eastern Europe, Brand Business turnover increased sharply, reaching € 19.4 million (2013: € 18.0 million), corresponding to 7.6% more than in the previous year. The countries of Poland, the Czech Republic and Slovakia developed particularly well, while turnover in Russia and Ukraine was significantly below that of the previous year.

+4.4%
Turnover growth in Brand Business

Outside of Europe, turnover amounted to € 6.1 million (2013: € 6.8 million), a decline of 10.5% compared with the previous year.

Brand Business: turnover by product category

in € million (previous year's figures)



The product categories in Brand Business developed in detail as follows:

Cleaning

The cleaning category achieved particularly strong growth of 12.7% in 2014, increasing to € 61.2 million (2013: € 54.3 million). Especially, our innovative window vacuum cleaner, launched in Q2 2013, enjoyed consistently high demand. We achieved around two-thirds of our increase in turnover in the cleaning category in our domestic market. Here, our intensive sales efforts at the point of sale, particularly in the home improvement/DIY sales channel, proved effective and resulted in a gratifying rise in demand. In addition, we also achieved further growth in discount and online retail sales channels. Outside of Germany, the Netherlands, the Czech Republic and Scandinavian markets contributed to growth in turnover.

Laundry care

With an increase in turnover of 5.5% to € 76.9 million (2013: € 73.0 million), our laundry care product category continued to be the greatest contributor to Group turnover. This increase is also due to the good weather conditions at the start of the year, which had a positive effect on our rotary dryer business, particularly in Germany. Our ironing products enjoyed increasing popularity in the second half in particular, when our new Air ironing boards featuring high-quality, super-light EPP coatings were well accepted in the market. In autumn 2014, we launched an extensive advertising campaign, which had a positive effect on turnover from ironing products.

Kitchen goods

In 2014, our kitchen goods product category reported an increase in turnover of 2.1%, reaching € 16.8 million (2013: € 16.5 million). This enabled us to buck the ongoing downward trend in turnover from kitchen products that has been with us since 2010. The increase primarily resulted from higher demand for products from our preserving range, which we expanded further in 2014. The increased turnover from our kitchen goods is largely down to online retail, specialist retail and department stores.

Wellbeing

The wellbeing product category includes the turnover achieved under the Soehnle brand. In 2014, this amounted to € 25.5 million (2013: € 29.0 million). The decrease in turnover is partly due to a general reticence to purchase bathroom and kitchen scales, as well as increased competition from unbranded products that are sold in particular via online channels. The lack of promotions and spot business was particularly evident abroad. We will actively attempt to counteract this trend with the market launch of innovative products and further sales and advertising measures in 2015.

+12.7%
Turnover growth
Cleaning

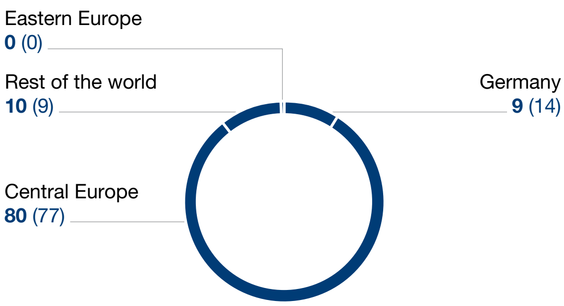
Volume Business lower than the previous year

The Volume Business segment was influenced by two factors in particular in the reporting year. As part of our “Brand and margin” aim, we focused our strategy on the development of high-margin Brand Business and managed our Volume Business with a strict focus on profitability. In addition, our subsidiary Birambeau was partially discontinued by a major French client. Both of these factors led to weaker development for the Volume Business in 2014. Turnover amounted to € 40.3 million (2013: € 46.7 million), thus 13.8% lower than in 2013. As a result, the proportion of total turnover accounted by Volume Business decreased to 18.2% (2013: 21.3%).

+5.5%
Turnover growth
Laundry care

Volume Business: turnover by region

in % (previous year's figures)

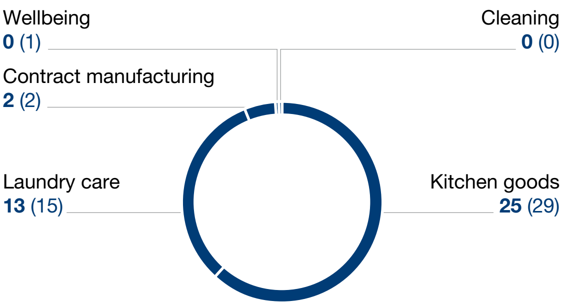


In Germany, we recorded turnover of € 3.7 million in 2014 (2013: € 6.4 million). Here, the market consolidation in the home improvement/DIY sales channel and the associated decrease in sales volume were particularly noticeable in the laundry care product category.

Turnover in Central Europe amounted to € 32.4 million (2013: € 36.0 million). Our activities in Eastern Europe do not currently comprise products from the Volume Business segment. In overseas markets, turnover remained stable at € 4.2 million (2013: € 4.3 million) as compared with the previous year.

Volume Business: turnover by product category

in € million (previous year's figures)



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

Cleaning

In the category of cleaning, we achieved no significant turnover, as planned, in 2014.

Laundry care

In our laundry care product category, turnover amounted to € 12.8 million in the reporting period (2013: € 14.6 million). This decrease is due to several factors: in Germany, the market consolidation in the home improvement/DIY distribution channel had an effect. In France, the effects of the weaker economy and the associated drop in consumer confidence made themselves known. Our turnover in this product category is primarily generated by our French subsidiary Herby. During the reporting year, its turnover remained at the same level as the previous year. Herby was able to compensate for the decrease in turnover in France thanks to a new listing with a well-known Dutch retail chain.

Kitchen goods

The kitchen goods product category contributes around two-thirds to turnover in Volume Business. As compared with the previous year, turnover decreased by 12.4% to € 25.3 million (2013: € 28.8 million). It was predominantly achieved by our French subsidiary Birambeau. In the reporting period, Birambeau turnover was 13.6% lower than the previous year. A major reason for this was the partial delisting by a major French retail customer. However, Birambeau was able to achieve a new listing with a well-known French retail chain, which will have a positive effect on turnover for 2015.

Wellbeing

The wellbeing category did not contribute any significant turnover in the financial year 2014 (2013: € 1.0 million) to Volume Business.

Contract manufacturing

On behalf of third parties, we operate third-party manufacturing operations at our plant in Blatná, Czech Republic. Compared to the same period last year, turnover from this business decreased to € 1.7 million (2013: € 2.2 million).

Development of results of operations

Increased earnings due to foreign currency gains

€ 21.5 m
Group EBIT

In 2014, we achieved earnings before interest and taxes (EBIT) of € 21.5 million (2013: € 14.9 million). The increase of € 6.6 million as compared with the previous year was largely due to the improved foreign currency result. This amounted to € 5.1 million in the reporting period (2013: € -2.0 million) and includes changes in fair value of forward foreign exchange transactions, foreign currency valuations and realised foreign currency gains/losses. The foreign currency result increased in comparison to the previous year by € 7.1 million, primarily as a result of the forward foreign exchange transactions concluded and the performance of the US dollar in particular. Adjusted for the foreign currency result, EBIT amounted to € 16.4 million (2013: € 16.9 million). Other major factors influencing EBIT included the gross profit in the financial year 2014, which was € 6.1 million higher than the previous year, the higher administrative costs, which had increased by € 3.2 million, and the higher distribution costs, which had increased by € 3.9 million.

The EBIT margin increased to 9.8% in the reporting period (2013: 6.8%). It is defined as earnings before interest and taxes in relation to turnover. Adjusted for the foreign currency result, the EBIT margin was 7.4% (2013: 7.6%).

In the reporting period, we achieved earnings before taxes (EBT) of € 19.8 million (2013: € 13.3 million). This includes the financial result, which was around the same level as the previous year at € -1.7 million (2013: € -1.6 million).

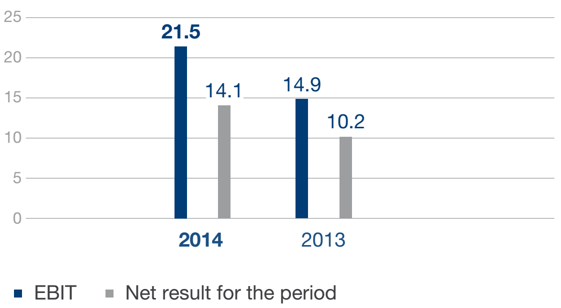
After deduction of taxes, this resulted in a net result for the period of € 14.1 million (2013: € 10.2 million).

The income after taxes came to € 7.9 million in the reporting year (2013: € 9.2 million). It includes the net result for the period in addition to other comprehensive income. The other comprehensive income also includes components which are not recognised under the net result for the period, but under equity as other reserves. This affects the currency effects from the conversion of foreign currencies, value changes from hedging transactions, currency effects of equity-replacing loans from Group companies and, in particular, actuarial gains and losses from pension obligations. The other comprehensive income amounted to € -6.3 million (2013: € -1.1 million). As a result of lower actuarial interest of 2.2% at 31 December 2014 (2013: 3.5%), the actuarial gains and losses from pension obligations ascribed to other comprehensive income amounted to € 12.2 million in the reporting year. In the previous year, profits of € 0.1 million were generated here.

We measure profitability of the capital employed using the indicator return on capital employed (ROCE). This ratio is derived from the sum of EBIT and actual taxes in relation to the capital employed, i.e. the sum of receivables, inventories and assets less trade payables.

In 2014, ROCE rose by 7.7 percentage points to 20.3% (2013: 12.6%). The increase in EBIT was the prime cause of this.

Group result
in € million



Significant increase in gross profit

In the reporting year, gross profit increased to € 105.2 million (2013: € 99.2 million). Our efforts to increase profitability are particularly evident in the development of the gross margin, which increased by 2.8 percentage points to 47.7% (2013: 44.9%). The gross margin is defined as gross profit in relation to turnover. We have been improving this ratio for years: up by 5.3 percentage points from 42.4% in 2010 to 47.7% in the reporting year. The gross margin increased particularly as a result of the consistent strategy to focus on high-margin products and business, as well as optimisations in purchasing. As a result, cost of turnover decreased by € 6.3 million with stable turnover, predominantly as a result of lower cost of material, depreciation and incoming freight.

€ 14.1 m
Net result for the period

47.7%
Gross margin

Research and development costs

Our research and development costs remained at € 3.8 million (2013: € 3.9 million), which was around the level of the previous year. These costs mainly include personnel costs, costs for services and patent fees.

Our personnel recruitment in research and development led to an increase in personnel costs of € 0.2 million. This was more than compensated by a decrease in services received of € 0.3 million, particularly for external developments.

Distribution costs

Distribution costs in the reporting period amounted to € 69.4 million (2013: € 65.4 million). They included advertising costs, commissions, marketing costs, outgoing freight, delivery charges and the costs incurred by the internal and external sales teams.

20.3%
ROCE

Personnel costs increased by € 0.5 million, particularly as a result of higher severance payments. We also invested € 3.3 million more in market research and advertising.

Administrative costs

Our administrative costs in the reporting period increased by € 3.2 million to € 16.8 million (2013: € 13.6 million). First and foremost, these costs include the personnel costs and services to support our financial and administrative functions.

Personnel costs increased by € 2.9 million as a result of higher severance payments and bonuses. Expenses for services increased by € 0.2 million. This primarily affected consultancy services in connection with the realignment of our strategy.

Other operating income and expenses

Other operating income remained stable in the reporting period at € 1.1 million. This mainly includes fees and licensing royalties.

In 2014, other operating expenses amounted to € 0.0 million (2013: € 0.5 million). The previous year's figures included expenses for the planned closure of a sales location amounting to € 0.2 million. However, since the sales location is still in operation, this provision was reversed in 2014.

Foreign currency result

Our foreign currency result amounted to € 5.1 million in the reporting period (2013: € -2.0 million). This included gains from changes in the fair value of forward foreign exchange transactions to the amount of € 3.1 million (2013: € -1.4 million), gains from foreign currency valuations of receivables and liabilities of € 0.6 million (2013: € -0.4 million) and realised foreign currency gains of € 1.4 million (2013: € -0.1 million).

The foreign currency gains predominantly resulted from the appreciation of the US dollar in the second half of 2014. The valuation of forward foreign exchange transactions resulted in unrealised foreign currency gains of € 3.1 million (2013: € -1.4 million). Unrealised gains from foreign currency valuations primarily affected the valuation on the balance sheet date of receivables and liabilities existing in foreign currencies. Realised foreign currency gains affected gains from forward foreign exchange transactions due in the reporting period amounting to € 0.7 million (2013: € -0.1 million), foreign currency gains from realised receivables and liabilities, and from the valuation of cash.

Income statement (short version)

€ million	2014	2013
Turnover	220.7	219.5
Earnings before foreign currency result, interest and taxes	**16.4**	**16.9**
Foreign currency result	5.1	-2.0
Earnings before interest and taxes (EBIT)	**21.5**	**14.9**
Interest and financial result	-1.7	-1.6
Earnings before taxes (EBT)	**19.8**	**13.3**
Income taxes	-5.7	-3.1
Net result for the period	**14.1**	**10.2**
Other comprehensive income	-6.2	-1.0
Income after taxes	**7.9**	**9.2**

Interest and financial result

The interest and financial result remained relatively stable as compared with the previous year at € -1.7 million (2013: € -1.6 million). While interest income remained at around the same level as the previous year with € 0.4 million, interest expenses increased by € 0.1 million to € 2.2 million. Of the interest expenses, € 1.9 million were due to the compounding of pension obligations (2013: € 1.9 million) and € 0.3 million were due to other interest on liabilities (2013: € 0.2 million).

Taxes

In 2014, income taxes amounted to € 5.7 million (2013: € 3.1 million). This included income taxes in Germany amounting to € 1.6 million (2013: € 1.0 million), foreign income tax of € 1.7 million (2013: € 1.8 million) and deferred taxes of € 2.4 million (2013: € 0.3 million).

€ 5.1 m
Foreign currency result

The tax ratio amounted to 28.7% (2013: 23.1%). This ratio is the relationship of taxes on income and the earnings before taxes.

28.7%
Tax ratio

Deferred taxes include deferred tax expenses arising from the use of carry-forwards by Leifheit AG to the amount of € 2.0 million (2013: € 2.0 million). For the last time, the figures of the previous year included adjustments to the recognition of deferred tax assets from tax loss carry-forwards of Leifheit AG to the amount of € 0.9 million, thus reducing the tax ratio.

Segment results

In Brand Business, we achieved an EBIT in 2014 of € 16.2 million (2013: € 10.7 million). This means that Brand Business accounted for around 76% of the Group result (2013: around 72%). This high percentage highlights our strategy to make Brand Business the focus of our activities to generate reasonable margins. Adjusted for the foreign currency result, EBIT reached € 12.2 million, which was around the same level as the previous year (2013: € 12.4 million). As a result of higher turnover with simultaneous decreases in cost of turnover, the gross margin in this segment increased by 2.3 percentage points in 2014 to 50.1% (2013: 47.8%). In line with this, the contribution margin thus reached € 76.4 million (2013: € 69.5 million). The increase in contribution margin by € 6.9 million as a result of the consistent focus on high-margin business was overcompensated for by higher costs of € 7.1 million, primarily due to advertising, severance payments and bonuses.

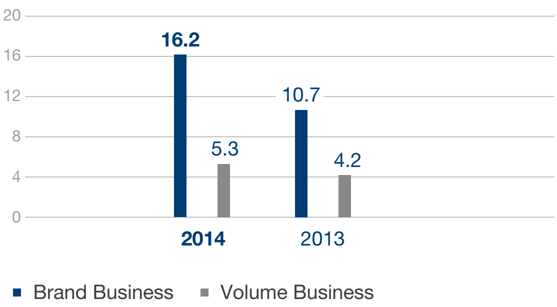
€ 16.2 m
EBIT in Brand Business

In Volume Business, EBIT amounted to € 5.3 million (2013: € 4.2 million). Adjusted for the foreign currency result, EBIT reached € 4.2 million, which was € 0.3 million lower

€ 5.3 m
EBIT in Volume Business

than the previous year (2013: € 4.5 million). This decrease was primarily due to the € 6.5 million decrease in turnover from the volatile Volume Business segment. By contrast, the gross margin increased by 2.8 percentage points to 36.9% (2013: 34.1%). Shifts in the product mix were major contributors to this. The contribution margin decreased by € 1.0 million to € 13.5 million (2013: € 14.5 million), which could not be offset by lower costs of € 0.7 million.

EBIT by segments
in € million



Development of the financial situation

Financial management
We maintain a centralised financial management for liquidity and currency management. An important goal of our financial management strategy is to ensure a minimum Group liquidity in order to meet our payment obligations at all times. Therefore, most Group companies have been integrated into central cash management operations by Leifheit. Cash and cash equivalents are bundled throughout the Group, monitored and invested according to uniform principles. High levels of liquid assets improve our financial flexibility and secure our solvency and independence across the Group. Additional credit lines available at short notice enable us to draw on further liquidity reserves if necessary.

We also control our currency exchange risks on a Group-wide basis. We guarantee this through the use of selected derivatives. The use of derivatives is exclusively for the purpose of hedging our underlying business. They are not used for speculative purposes. We have clear rules with regard to the use of derivative financial instruments and to financial risk management.

The Group liquidity and lines of credit available mean that we are always in a position to be able to meet our payment obligations.

There are no restrictions regarding the availability of cash.

Liquidity management
Our operating activity is the primary source of building up and expanding cash, cash equivalents, other investments and short-term securities. In the past, we have largely used the cash and cashequivalents for our business activities and the resulting investments, for the acquisition of companies or parts of companies, the payment of dividends and the repurchase of own shares.

In the future, we aim to generate sufficient liquidity to ensure a distribution of annual dividends in the context of a continuous dividend policy.

As at 31 December 2014, we held cash, cash equivalents, other investments and current financial assets primarily in euros and US dollars. We pursue a prudent investment policy. As a result, we generally only invest in financial assets of issuers that have a minimum credit rating of BBB.

Management of capital structure
Our primary objective in the management of capital structure is maintaining a strong financial profile. As a result, we focus on maintaining sufficient levels of equity. We do this in order to boost the trust that investors, banks, customers, suppliers and employees have in our company. We focus the management of our capital structure on ensuring that we can meet our future potential financing on reasonable terms in the capital market.

Capital structure
As at 31 December 2014, our debt level compared to the balance sheet date in the previous year date increased by 4.0 percentage points to 57.5%. This key figure is the result of the ratio of current and non-current debt to the sum of equity and liabilities. The € 19.4 million increase of our debts was largely due to

higher trade payables of € 1.8 million on the balance sheet date, liabilities from bonus agreements and advertising allowances of € 3.7 million, and to actuarial losses from pension obligations of € 12.2 million.

As at 31 December 2014, our debt largely consisted of pension obligations amounting to € 69.0 million (2013: € 56.4 million), trade payables and other liabilities amounting to € 47.8 million (2013: € 39.3 million), as well as provisions with a value of € 8.0 million (2013: € 8.3 million). As in the previous year, Leifheit had no liabilities to banks at the end of the financial year 2014.

	31 Dec 2014		31 Dec 2013	
	€ million	**Share in %**	€ million	Share in %
Equity	94.8	42.5	94.7	46.5
Current liabilities	54.8		48.5	
Non-current liabilities	73.7		60.6	
Liabilities	128.5	57.5	109.1	53.5
Equity and liabilities	**223.3**	**100.0**	**203.8**	**100.0**

Analysis of Group liquidity

The Group's liquidity amounted to € 62.8 million as at 31 December 2014 (2013: € 52.0 million). This includes cash and cash equivalents as well as current financial assets.

Cash and cash equivalents amounting to € 58.8 million (2013: € 51.0 million) include demand deposits and fixed deposits which may be terminated within three months. In the previous year, money market instruments included an investment in US dollars with special features with regard to interest, maturity and/or repayment term.

Current financial assets in the amount of € 4.0 million (2013: € 1.0 million) included a registered bond with a term to maturity until March 2017, but which may also be terminated before reaching maturity with a period of three months' notice.

At the balance sheet date, Group liquidity primarily comprised amounts in euros to the value of € 56.4 million (2013: € 38.6 million) and US dollars to the value of € 0.9 million (2013: € 11.3 million).

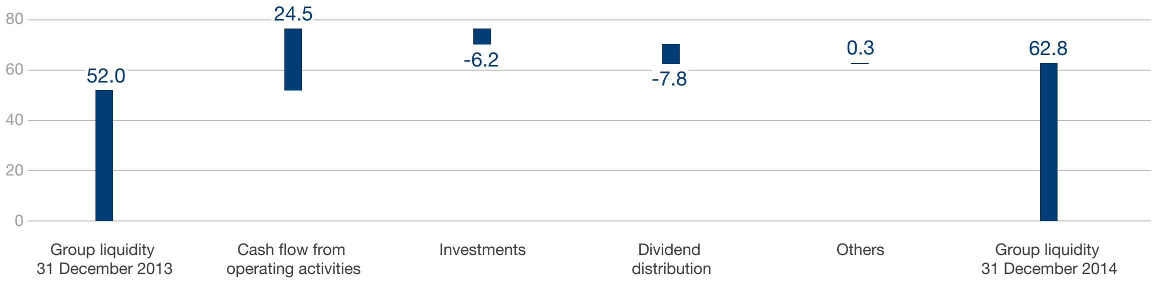
As at 31 December 2014, the increase in Group liquidity by € 10.8 million to € 62.8 million is primarily attributable to the cash flow from operating activities which amounted to € 24.5 million. This was countered by the dividend payment in the reporting year of € 7.8 million and investments of € 6.2 million.

€ million	**31 Dec 2014**	31 Dec 2013	Change
Credit balances at banks	58.8	43.6	15.2
Money market instruments	–	7.4	-7.4
Current financial assets	4.0	1.0	3.0
Group liquidity	**62.8**	**52.0**	**10.8**
Financial liabilities	–	–	–
Net liquidity	**62.8**	**52.0**	**10.8**

€ 62.8 m
Group liquidity

Group liquidity

in € million



Analysis of the Group statement of cash flow

In 2014, the cash flow from operating activities rose by € 1.6 million to € 24.5 million (2013: € 22.9 million). This is primarily due to the net result for the period of € 14.1 million (2013: € 10.2 million), depreciation of € 6.3 million (2013: € 6.8 million), the increase in trade receivables of € 2.0 million (2013: decrease of € 4.9 million), the increase in inventories of € 1.8 million (2013: decrease of € 5.8 million) and the increase in trade payables and other liabilities of € 8.5 million (2013: decrease of € 5.7 million). The sharp increase in liabilities is largely due to the higher trade payables of € 1.8 million on the balance sheet date, higher liabilities from bonus agreements and advertising allowances of € 3.7 million, and the increase in liabilities from severance payments of € 1.0 million and bonuses of € 2.8 million.

Cash flow from investment activities in 2014 amounted to € -9.1 million (2013: € 0.5 million). Payments for the purchase of tangible and intangible assets contributed € 6.2 million (2013: € 3.6 million). Payments resulting from the change in financial assets amounted to € 3.0 million (2013: inflow of € 2.3 million). In the previous year, this also included the remaining purchase price relating to the termination of the licensing agreement for the use of the Dr Oetker Bakeware brand amounting to € 1.7 million.

Cash flow from financing activities amounted to € -7.8 million (2013: € -7.2 million) and primarily included the payment of dividends amounting to € 7.8 million (2013: € 7.1 million).

€ million	2014	2013	Change
Cash flow from operating activities	24.5	22.9	1.6
Cash flow from investment activities	-9.1	0.5	-9.6
Cash flow from financing activities	-7.8	-7.2	-0.6

Free cash flow

In the financial year 2014, free cash flow decreased to € 18.4 million (2013: € 19.5 million). This key figure indicates how much liquidity was available for the expulsion of debt financing or for the distribution of dividends to shareholders. Free cash flow is the total of cash flow from operating activities and cash flow from investment activities, adjusted for incoming and outgoing payments in financial assets as well as from the divestiture of business divisions. The reason for the decrease is mainly due to the increase in investments, which once again reached an average level in the reporting year after the decrease in 2013.

€ 24.5 m
Cash flow from operating activities

€ 18.4 m
Free cash flow

€ million	2014	2013	Change
Cash flow from operating activities	24.5	22.9	1.6
Cash flow from investment activities*	-6.1	-3.4	-2.7
Free cash flow	18.4	19.5	-1.1

* Adjusted for financial assets and liquidation of divisions

Lines of credit

In the financial year 2014, we had short-term revolving lines of credit of € 11.5 million (2013: € 11.5 million), € 0.5 million of which were utilised in the form of guarantees and letters of credit as at 31 December 2014 (2013: € 1.5 million).

Development of net assets

Balance sheet structure

As compared with the balance sheet date in the previous year, our total assets increased by € 19.5 million to € 223.3 million as at 31 December 2014 (2013: € 203.8 million).

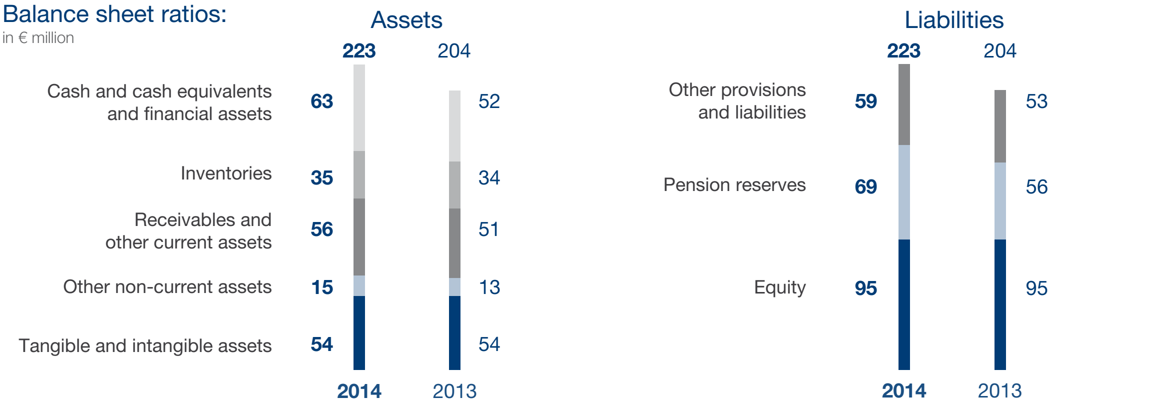
This increase was largely due to higher current assets. At the balance sheet date, current assets amounted to € 154.7 million, € 17.5 million higher than as at 31 December 2013. One reason for this was the increase in cash, financial assets, receivables, inventories and derivative financial instruments. Cash increased by € 7.9 million to € 58.8 million by the end of the financial year. Financial assets included registered securities, which increased by € 3.0 million to € 4.0 million. Trade receivables experienced a disproportionately small increase of € 2.0 million to € 48.6 million as a result of the € 2.8 million increase in turnover in December 2014 as compared with the previous year. Inventories rose by € 1.8 million to € 35.4 million. Short-term active derivative financial instruments increased by € 2.9 million to € 3.3 million. This included the appreciation of forward foreign exchange transactions.

As at 31 December 2014, our non-current assets increased by € 2.1 million to € 68.6 million. This was firstly due to an increase in the active long-term derivative financial instruments to € 2.0 million. Secondly, deferred tax assets increased by € 1.1 million to € 11.4 million, largely due to actuarial losses in pension obligations. By contrast, non-current income tax receivables decreased by € 0.6 million to € 1.5 million as at the balance sheet date.

Short-term liabilities with maturities of less than one year include trade payables and other liabilities, derivative financial instruments, liabilities from income taxes and provisions. As at 31 December 2014, they increased to € 54.8 million, € 6.3 million higher than on the balance sheet date the previous year (2013: € 48.5 million). The increase is primarily due to higher trade payables and other liabilities, which increased by € 8.5 million to € 47.8 million. This primarily affected the trade payables with an increase of € 1.8 million, liabilities from bonus agreements and advertising allowances of € 3.7 million, and liabilities from severance payments of € 1.0 million and bonuses of € 2.8 million. In contrast, short-term passive derivative financial instruments decreased by € 1.3 million to € 0.7 million.

Non-current liabilities increased by € 13.1 million to € 73.7 million at the end of the financial year 2014. Non-current liabilities primarily include pension liabilities in the amount of € 69.0 million (2013: € 56.4 million). The sharp increase of € 12.6 million in pension obligations primarily resulted from actuarial losses of € 12.2 million. This was mainly all due to the decrease in actuarial interest rates for the pension obligations from 3.5% to 2.2%.

Balance sheet ratios:
in € million



As of 31 December 2014, equity amounted to € 94.8 million (2013: € 94.7 million). One major influencing factor on equity was the net result for the period of € 14.1 million, which was almost completely compensated for by other comprehensive income of € 6.3 million and the dividend payment amounting to € 7.8 million. The equity ratio, the proportion of equity capital to total assets, amounts to 42.5% as at the end of the financial year 2014 (2013: 46.5%). This decrease was primarily due to higher total assets.

Investments

We invested a total of € 6.2 million in the financial year 2014 (2013: € 3.6 million). As a result of higher investments in 2012 of € 9.8 million, we only made investments of € 3.6 million in 2013.

No significant disposals of assets occurred during the reporting period. Major investments in the financial year 2014 have all largely been completed.

In the financial year 2014, additions to tangible assets amounted to € 5.1 million (2013: € 3.3 million) and concerned primarily tools for new products, machines, streamlining investment for production equipment, and operating and business equipment.

We invested € 1.0 million in intangible assets (2013: € 0.3 million). This mainly concerned the purchase of software.

The investment ratio – additions to assets related to the historic procurement and production costs – amounted to 3.6% in the financial year 2014 (2013: 2.0%). We invested a total of € 5.5 million in Brand Business (2013: € 3.1 million) and € 0.7 million in Volume Business (2013: € 0.5 million). Investments were offset by depreciation on tangible assets in the amount of € 5.4 million (2013: € 5.5 million) and amortisation on intangible assets of € 0.9 million (2013: € 1.3 million).

As at 31 December 2014, there were contractual obligations to acquire items of tangible assets – mainly for software, tools, fire protection systems, assembly systems and operating and office equipment – amounting to € 1.7 million (2013: € 1.2 million). They will be financed by cash and cash equivalents.

Off-balance sheet assets and off-balance sheet financing instruments

In addition to the assets reported in the consolidated balance sheet, we also used to a much lesser extent assets which are not capable of being accounted. This largely concerns leased goods.

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

3.6%
Investment ratio

42.5%
Equity ratio

€ 6.2 m
Investments

Overall assessment of management in regard to the economic situation

We have been able to achieve, and sometimes even exceed, most of the targets we had set ourselves in the 2013 financial report – despite the ongoing economic difficulties in some of our European sales markets and geopolitical crises around the world. As a result, we are generally satisfied with the company's performance in the financial year 2014.

We are particularly pleased with the positive growth in the Brand Business segment. An increase in turnover of 4.4% to € 180.4 million amounts to significant growth, which exceeds the target of 1% to 3% announced in the 2013 financial report.

This is a clear signal that our efforts to develop our brands and put the focus of our Group strategy on strengthening Brand Business are bearing fruit. At the same time, the growth in turnover is also proof that the strategic measures implemented as part of our "Leifheit GO!" strategy have taken effect. Our revised "Leifheit 2020" strategy will tie in with this.

The results in our second segment, Volume Business, were unsatisfactory, however, and we did not achieve the development in turnover that we hoped for. As a result, we will continue to implement further activities as part of our "Leifheit 2020" strategy in order to achieve our medium-term goals and drive forwards with the growth of the Group over the long term.

In terms of results, we achieved positive effects by improving our gross profit to € 105.2 million (2013: € 99.2 million). The exchange rate between the US dollar and euro had a stronger effect than anticipated. After the double adjustment of our earnings forecast, we achieved EBIT of € 21.5 million in the financial year 2014 (2013: € 14.9 million). This included effects from the foreign currency result amounting to € 5.1 million (2013: € -2.0 million). The net result for the period amounted to € 14.1 million (2013: € 10.2 million).

As a result of the solid growth experienced over the past financial year, we registered cash and financial assets of € 62.8 million as at 31 December 2014 (2013: € 52.0 million) and an equity ratio of 42.5% (2013: 46.5%). All in all, this means an improved financial position for the Leifheit Group as at the end of the financial year 2014. Thus, we are well positioned to implement our revised strategy and have a positive outlook on the Group's future development.

NON-FINANCIAL PERFORMANCE INDICATORS

In addition to financial performance indicators, non-financial factors also determine our company's success. They primarily include the relationship between our employees and customers, but also the ongoing ability to be able to develop innovations, guarantee efficient logistics and manufacturing, and to act with the environment and society in mind.

Employees

A highly qualified and motivated workforce is the basis for Leifheit's success. This is what enables the ongoing development of the Group. As a result, we support our employees and create a working environment that supports exceptional performance.

For reasons of readability, the masculine pronoun is used in this report as applicable. However, both genders are always intended.

HR strategy

Our HR strategy is closely linked to the Group's corporate strategy. The revision of our "Leifheit 2020" vision and strategy during the reporting year was accompanied and influenced by a variety of workshops. It was our aim to integrate a broad section of the workforce into the process from an early stage. Comments and criticisms were discussed in depth, incorporated into the definite strategy formation process and then adopted into the update of our competency model.

Diversity

As an internationally acting company, we appreciate the diversity that our employees bring from their personal qualities, talents and abilities, thus bringing us forward as a company. This diversity plays a major role in the viability of the company in the future. It is a driver of innovation. An appropriate proportion of women and men in the company and in management positions is very important to us. The distribution of men and women in the Group is already very balanced: 51% of our workforce are female and 49% of Leifheit employees are male. In the search for new employees, the qualifications and the skills of each individual candidate are always the focus for Leifheit. This is a result of our aim to fill any open vacancy with the best candidate.

R&D and marketing the focus of recruitment

In 2014, our Nassau headquarters concentrated its focus on research and development and marketing. We set great store by strengthening these units through highly qualified staff. The vacancies were almost all filled by the best-qualified candidates. At the same time, we were also able to increase the proportion of women working in research and development by hiring some exceptionally talented developers.

Slight increase in staff numbers

As at 31 December 2014, the Leifheit Group employed 1,055 people (2013: 1,026 employees). 405 employees worked in Germany (2013: 406 employees). This corresponds to a proportion of the total workforce of 38.4% (2013: 39.6%). In the Czech Republic, we employed a total of 424 people on our production and sales locations (2013: 382 employees). In France, a total of 165 employees (2013: 177 employees) were employed at Leifheit as at the end of the year.

1,055
Employees at the end of the year

At 782 employees (2013: 741 employees), Leifheit employed most of its staff in the Brand Business segment as at 31 December 2014. This corresponds to a percentage share of 74.1% (2013: 72.2%) of the total number of employees in the Group and also reflects the Group's strategic approach. In Volume Business, 273 people were employed as at the end of the year (2013: 285 employees). The average number of employees in the Group was 1,039 (2013: 1,018 employees).

Number	**31 Dec 2014**	31 Dec 2013
Employees	1,055	1,026
of which were female	525	520
of which were male	504	481
of which were trainees	26	25

As at 31 December 2014, 76 employees were working part-time (2013: 107 employees).

Temporary workers are employed selectively at Leifheit, mostly during peak order times in production and logistics. Measured in relation to the number of permanent staff, this number was negligible in 2014.

Personnel costs

Personnel costs rose by 9.3% to € 46.1 million in the reporting period (2013: € 42.2 million).

	2014	2013
Personnel costs	€ 46.1 m	€ 42.2 m
Average length of service	12.6 years	12.7 years
Age structure of employees		
under 30 years	15.9%	14.2%
30 to 40 years	21.7%	22.9%
40 to 50 years	26.7%	28.7%
50 to 60 years	30.0%	29.0%
over 60 years	5.7%	5.2%

Remuneration concepts

In 2014, we carried out a global grading process with the help of external advisers. Global grading is a classic job levelling process that serves to systematise and evaluate individual positions in the context of the company structure. A benchmarking was carried out on the basis of the results in order to be able to guarantee the appropriate and market-oriented remuneration of our skilled employees and management staff.

Consistently high number of long-term employees

In 2014, we honoured 34 employees on the occasion of various anniversaries. A consistently high number of long-time employees is a testament to the strong loyalty of our employees to the company. The balanced ratio of trainees, skilled recruits and managers, to long-serving colleagues is the key to successful knowledge transfer and is supported by our long-term company success.

Training and qualifications

We promote and expand the qualifications and technical knowledge of Leifheit staff at all sites. We also intensified our training measures once again in 2014, investing a total of k€ 311 (2013: k€ 246) in training in Germany, Austria and the Czech Republic. We focused in particular on the continuation of our management training, whose focus in 2014 was on the management of change processes. Furthermore, Leifheit focused on a variety of individual personnel development measures on the basis of the results of our employee meetings and various workshops in 2014. We also offer personal coaching in this context. The basis for this is a competency model for employees and management that was revised as part of the strategy development process in 2014.

Modern vocational training in the Leifheit Group

We are committed to our social responsibilities towards the region as a training company. The number of trainee positions offered by Leifheit actually exceeds the company's requirements. In doing so, we gain qualified junior staff for our company from the various training courses offered. At the end of 2014, at the Nassau location, we employed 21 trainees in the following professions: industrial management, IT management, media design, and tool and industrial mechanics. At our logistics centre in Zuzenhausen, we are training five apprentices as specialists for warehouse logistics. In the course of the reporting period, six industrial managers, one IT specialist and two specialists in warehouse logistics successfully completed the training and were offered employment. For all trainees to whom we do not offer full-time employment upon successful completion of training, we make an offer of employment for a period of one half-year upon successful conclusion of the training programme.

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Trainees at
the Nassau site

Trainees at Leifheit not only receive theoretical and practical training, but they also have the opportunity to take responsibility in the company at an early stage of their careers. We involve young people in various projects throughout their training. Furthermore, our junior company was launched in 2012. In cooperation with experienced colleagues, our trainees manage the outlet stores on their own. In this way, they experience at first hand the challenges of our business and have the opportunity to try out their creative ideas at the same time.

Topic of health at Leifheit

In terms of demographic trends, and in particular with regard to the raising of the retirement age, we take the topic of health particularly serious. That's why we clearly promote a healthy work environment. In addition, we also raise the awareness of our workforce for maintaining good health with various activities. This includes flu vaccines that can be administered during working hours or exercises that can be carried out at the workplace with the support of external trainers. In addition, we offer various activities, such as a varied sports programme. Even beyond the everyday routine and office work, Leifheit supports employee initiatives such as a dragon boat team and participation in company running events. In this way, we strengthen team spirit and support the region in which our staff live and work.

Leadership culture and communication

It is important that internal communication is characterised by openness and trust. Leifheit implemented a number of change processes in the recent past. This mainly concerns effective internal communication, so that all employees understand the motives and the opportunities of change and transformation. We offer different avenues for exchange and communication throughout our workforce. The annual appraisal interview is a fixed date in the calendar of each Leifheit employee as part of which the opportunity exists to provide an intensive exchange with supervisors. Business-relevant content as well as workplace-specific issues are also addressed during this appraisal meeting. These talks are also the basis for individual measures for the training and development of the employee.

In addition to our staff newsletter, we also have quarterly staff meetings where the Board of Management informs the workforce at German sites about the latest business situation. We have also developed a further format in this regard: the dialogue event. This event gives a broader circle of specialists and middle management the opportunity to exchange ideas directly with the Board of Management and management team. In this way, they receive information at first hand.

Employee survey

We evaluate the effectiveness of our measures at fixed intervals. The opinions of our employees are very important to us. For this reason, we once again conducted an employee survey at the end of 2013 at our Nassau and Zuzenhausen locations with regard to general job satisfaction and the leadership quality and culture of our senior executives. The results of this survey were published in early 2014 and showed that staff felt there had been a slight improvement in general job satisfaction. This makes us optimistic that the measures implemented after the last survey in 2011 are bearing fruit. At the same time, further measures for improving employee satisfaction were implemented where necessary in order to guarantee ongoing development in this field within the Group.

Leifheit received several awards

The Leifheit Group once again received coveted certification as Top Employer Midsize Germany from the Top Employers Institute (formerly the CFR Institute) in 2014. This once again independently certified us as a company that offers its employees the ideal environment to develop and utilise their individual strengths. We are very pleased with this recognition. This underscores our efforts with regard to sustainable and professional HR development.

With the Victoria Entrepreneurs Quality Award, Leifheit also won an award for its sales office in Poland in 2014. This is a major success for the staff, who are enjoying such a fantastic high profile among consumers and professional organisations after just under two years. The Victoria Entrepreneurs Quality Award is presented annually by the Warsaw-based entrepreneurs' association for exceptional performance in terms of standards, quality, reliability and undisputed leadership in the industry.

top ARBEITGEBER MITTELSTAND DEUTSCHLAND 2014 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Development and innovation

We aim to develop solutions that make consumers' lives easier and more convenient. For this reason, we set great store by innovation processes that put the consumer at the centre of what we do. As a result, we developed an innovation strategy called Design Factory at the same time as revising our corporate strategy.

The key points of the Design Factory are:

1. integrating consumers more clearly into the innovation process
2. strengthening our design credentials
3. adopting a comprehensive innovative approach
4. establishing a strategic network of innovation partners
5. improving the efficiency of the idea generation, selection and qualification processes
6. guaranteeing consistently high product quality

We started implementing these six innovation factors in 2014 and will push ahead with this consistently in 2015. As such, we invested in structures and organisations, as well as in the necessary skills areas, in the reporting year.

Investments in the future

We see expenditures in research and development (R&D) as investments in the success potential of our company, enabling us to strengthen our market position and achieve our growth and earnings targets. In 2014, we invested € 3.8 million (2013: € 3.9 million) in R&D activities. Thus, the R&D ratio, i.e. development expenses as a percentage of Group turnover, was 1.7% and has remained at around the level of the previous year (1.8%). Of this total expenditure, around 33% was accounted for by the cleaning product category, around 36% by laundry care and around 15% each for kitchen goods and wellbeing. As at the end of 2014, 28 employees were employed in the areas of development and patents (2013: 27 employees).

Changes in the R&D process

In 2013, we completely revised the development process for our products. One of the aims was to bring our products to market more quickly. In the reporting year, the idea generation, selection and qualification process was also redefined. This was done with the aim of being able to offer significant innovations with high customer relevance more frequently in future and to create promising market potential as a result.

The basis for this is the in-depth understanding of consumers' requirements. We want to draw on innovation opportunities more consistently as a result of a more intensive partnership. In addition, we started to draw on additional sources of ideas, such as strategic partners or Web platforms, via the use of an open innovation approach. The idea generation process itself will also be made more efficient with new methods.

This also includes increasing the understanding and interpretation of trends in the fields of technology and society in order to integrate the changing needs and demands of consumers into the innovation process earlier on in future. We are working together closely with a future management institute in this regard.

Product quality is created first and foremost in the development phase via a suitable construction, which guarantees that the product fulfils all the relevant requirements in terms of function, safety and durability. To achieve this, we use computer simulations in the development of new products. We strengthened our internal expertise in this area in 2014 but also work together with external partners in order to use our internal capacities as efficiently as possible.

€ 3.8 m
Research and development expenses

Design skills strengthened

For Leifheit, the advantageous function of its products is always the focus of their considerations. In addition, a consistent design and visual language are some of the major success factors in product development. Our design philosophy is “form follows function”, i.e. that the design always supports the function of a product in the most efficient way possible and communicates this so that the user can enjoy its intuitive, simple use.

We are working on expanding our design expertise and have hired additional personnel in this area. The central management of these activities will in future be taken on by a design expert, who will work in all departments internally and will also coordinate our cooperation with external partners.

Award-winning brands and products

Our Leifheit and Soehnle brands were both hailed as “Superbrands” in the reporting year. The eponymous organisation of the same name, based in London, has been awarding accolades to the world’s best and strongest product and company brands for over 20 years now. This award ranks Leifheit and Soehnle among the top 100 brands in Germany.

In addition, our products also received various awards for their innovation, user-friendliness and product quality in 2014. The following examples are just some of the awards we received.

Our Leifheit window vacuum cleaner, which has been the recipient of multiple awards in the past, was also named “2014 Product of the Year” in Italy in the cleaning category. With ratings of good to very good, our AirActive M, AirBoard Premium M Plus and Linomatic 500 Deluxe products did very well in tests by ETM Testmagazin and the magazine Haus&Garten Test in the laundry care category. In the kitchen goods category, we received the honours of “Award-Winning Product” and the “Best of the Best” from the panel awarding the “Kitchen Innovation of the Year” innovation prize. We are also delighted with the test result “very good” from ETM Testmagazin for our Soehnle products Page Profi and Travel. In addition, we also received the “red dot design award” and “iF product design award 2014” for our Solar Fit kitchen scale.

Continuously performance

The result of our development activities in 2014 was a range of innovations in our four product categories of cleaning, laundry care, kitchen goods and wellbeing.

For our cleaning products, the development focus was on expanding the assortment competency. In this context, we further expanded the product family associated with our successful window vacuum cleaner in 2014. The new Dry & Clean model, which will be launched onto the market in summer 2015, will tie in with this success with improved functions and additional accessories. It already received the “PLUS X Award 2015” for its exceptional userfriendliness and functionality at the start of the current financial year.

We have also expanded our portfolio in terms of floor maintenance. For example, existing systems have been supplemented with mop/cloth attachments and trolleys. In addition, we developed an innovative range of brooms for indoor and outdoor cleaning, which will come onto the market in early 2015. The innovative Leifheit Xtra Clean features closely packed, slit X-bristles in the centre of the broom, which ensure faster, more thorough cleaning.

In the reporting period, the development work in the laundry care category was focused on the launch of our Air ironing board system. The products in the Air series offer exceptional ironing results thanks to the ideal combination of a stable frame, a surface made of a super-light special plastic (EPP) and covers that feature a titanium coating. This reflects the steam and heat of the iron, speeding up ironing by up to 33%. In addition to their innovative functions, the Air product range also boasts low weight, which makes them easy to transport, put up and take down. For people who use steam ironing units, the Air ironing board enables the ideal distribution of steam for easy and convenient ironing. The new, high-quality AirActive L Advanced and Professional all-round systems will complete the Air range as of summer 2015.

In addition to our ironing range, we also unveiled two new laundry drying racks in the reporting period. Our Pegasus now features improved mobility as a result of the integrated castors. We aim to appeal to international markets in particular with the development of the Siena drying rack and a range of hanging, tower and universal drying racks in the entry-level price segment.

In the kitchen goods category, we are focusing our activities on the trend of preserving. Consumers are more aware than ever about the nutritional content of the food they eat. Leifheit is drawing on this trend with an extensive range of preserving accessories, which was further expanded in 2014. In addition, salad preparation is also a major topic for 2015. The new range now features salad spinners and dressing dispensers. With the Comfort&-Clean chopper, we also launched a product for precise, faster chopping in 2014. It features an innovative twist mechanism and specially designed blades.

In the category of wellbeing, we sell our products under the Soehnle brand. In 2014, we developed a number of kitchen and bathroom scales and equipped them with new designs or functions. One example is the Page Meteo Center, which won the Kitchen Innovation Prize in early 2015: in addition to precise weighing results in the kitchen, it also scored highly as a result of its extensive extra features, such as the integrated weather station, radio-controlled clock, timer and alarm. The Web Connect Analysis body analysis scale has also been further optimised with mobile Internet connection via an app. The successful aroma diffuser line has also been expanded with the Milano Plus model. Its special feature is that it enables convenient, easy control of the harmonious display of LED colours as well as the appealing indoor scent via remote control. New heating products featuring rechargeable batteries and trendy Home Style heating cushions round off the Soehnle portfolio.

Industrial property rights secure competitive advantages

Before making our innovations public, we make an application to maintain corresponding property rights to protect our innovations against unlawful copying. In this way, we protect technical innovations and thereby secure competitive advantages. A decisive criterion for the registration of rights within a country is economic viability. To do this, we take the expected turnover of the product concerned into account as well as the corresponding competitive environment. Usually, to this end, Leifheit seeks to evaluate the competitive environment in the focus countries first. We registered 20 patent and utility model applications in 2014 (2013: 35 patent and utility model applications).

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Patent and utility model applications

Selected focus of development in 2015

Our aim for 2015 is to strengthen the established Leifheit product ranges with further innovations that offer the consumer a new level of convenience and user-friendliness. Two areas that we are focusing on in particular in our development work include active ironing boards and the Soehnle scales. Another area of focus is tapping into new areas of application for existing product platforms, such as with our very successful window vacuum cleaner.

my.soehnle.com

In addition, we are also looking at completely new product groups. These should complement the range on the one hand, while also offering consumers complete solutions.

Procurement, logistics and production

Leifheit operated three manufacturing facilities in the financial year 2014. They are located in Nassau (Germany), in Blatná (Czech Republic) and La Loupe (France). The majority of our own manufacturing is done at our production facilities in Blatná and our headquarters in Nassau. We rely, apart from our own production capability, on a network of suppliers, primarily in Eastern Europe and Asia. In 2014, Leifheit produced about 49% of delivered goods using its own production capacities (2013: 47%) and resorted to external suppliers for about 51% (2013: 53%).

Procurement

The procurement volumes for raw materials, semi-finished and finished goods dipped slightly in the 2014 reporting period and came to € 86.4 million (2013: € 89.9 million). We primarily purchase materials, energy and services, but also merchandise as well.

As was the case in 2013, the 2014 reporting year was also dominated by significant fluctuations in commodity prices. For Leifheit, this was particularly evident in its major raw materials of plastic and metal. The price development of commodities and merchandise that we predominantly source from the Far East was influenced in particular by the economic situation in China. Here, we once again saw significant salary increases in 2014 as a result of the partial lack of staff in developed economic regions. We would like to further reduce our dependency on this region in future. As such, we are investing in specific sourcing activities as part of our strategic supplier management.

Strategic supplier management

We are cultivating an effective network of suppliers in order to ensure the continuous supply of production materials on the one hand, and to develop selected products, especially in the Far East, on the other. The prerequisite for a cooperative relationship with suppliers is their consistent recognition and compliance with Leifheit's Social Code of Conduct, which we use to monitor the working conditions of our suppliers.

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For more information, see page 49 onwards.

We constantly strive towards improving the instruments of our supplier management. In 2014, we optimised the cost and value analysis of our products that we source from South East Asia and established this within our unit in China.

The cementing of supplier relationships that was initiated in recent years was also continued in the financial year 2014. By establishing a high-performance panel of suppliers that classifies them by performance, we are in a position to be able to further optimise manufacturing speed, product quality and risk protection. Suppliers with high manufacturing and process expertise also make a contribution to efficient, quick product development.

Thanks to the transparent partnership with our suppliers, we were able to identify cost drivers in 2014 and then develop a range of optimisation processes within manufacturing facilities. This counteracts increasing cost pressure, for example as a result of raw materials. In future, we are also planning to increase our reliance on potential cooperation partners in Europe in addition to our suppliers from the Far East.

Logistics

Our German distribution centre in Zuzenhausen, with its logistics satellite in the Blatná production location in the Czech Republic, carries out the worldwide distribution of our products. From this central logistics hub, we supply all our major markets. Its organisational structure allows us to consider to new market and customer requirements flexibly and efficiently – for example in terms of the increasing popularity of e-commerce. This prepares us for further growth in the context of our business strategy and allows us to successfully meet complex logistical challenges.

Further optimisation of logistical processes

After the optimisation measures carried out in 2013 in terms of automatised solutions and new equipment, we successfully implemented the following logistics projects in the 2014 reporting year:

- We integrated our manufacturing facility in Blatná (Czech Republic) even more closely into our European distribution logistics network. This enables us to make deliveries to our growth markets in Eastern Europe in particular more quickly and flexibly. At the same time, we have also reorganised our logistics processes at the Czech sales location in Prague, thus also improving the cost structure.

- At our facility in Zuzenhausen, we invested in an automatic pallet conveyor system for picking pallets. This system features automatic labelling, enabling direct loading in goods dispatch, which speeds up processing.

- As part of the optimisation of our global supply chain, we revised the order and capacity processes, particularly for container deliveries from Asia, and further simplified the flow of goods. The result is a significantly improved inventory management process.

- In partnership with our retail partners, we were in a position to be able to optimise the supply of goods. The aim was to increase supply performance and customer satisfaction. The use of customer order analyses to present all processes along the value chain in a transparent, efficient and measurable way helped us in this.

- We also started the roll-out of a new SAP-based logistics system in the reporting period, which should be finalised by mid-2015. The new system, called Extended Warehouse Management (EWM), is based on our existing SAP platform and creates the necessary framework for ongoing development on the basis of up-to-date integrated processes.

Manufacturing

Focusing on the manufacturing facility in the Czech Republic

In 2014, our facility in Blatná in the Czech Republic employed around 400 people. The factory's production floor covers an area of around 20,000 m^2. This is where we focus in particular on the manufacturing of laundry dryers, ironing boards and cleaning appliances. We achieved 33% of our turnover from products manufactured here in the reporting year, with a utilization level of around 88%.

In the reporting period, we further centralised the manufacturing of cleaning and laundry care products representing a high proportion of our turnover at Blatná, thus increasing the efficiency of the space available here. This in particular affects the manufacture of tower dryers, which were previously manufactured by a supplier. In addition, our Blatná facility also manufactures semi-finished components for ironing boards, which were also previously sourced from third parties. This led to an increase in the proportion of internal manufacturing in the laundry care category to 71% (2013: 66%).

As of early 2015, our successful window vacuum cleaner is also manufactured at our Czech facility. Therefore, we invested in tools for the processing of semi-finished plastic components and an automated assembly and test facility in the reporting year. In total, the proportion of internal manufacturing in the cleaning category is 62% (2013: 71%).

As part of these changes, more than 40 new employees were hired to work at the Blatná facility. All new employees have to complete specific training measures in manufacturing in order to guarantee the high quality of our products.

We are planning a further expansion at this location for 2015. With the construction of a new building, we want to expand the space available for logistics. This should enable the facility to serve our growth markets in the region even more quickly and flexibly as the central logistics hub in Eastern Europe.

Specialised manufacturing in Nassau

At our Nassau location, the production of rotary dryers for the laundry care product category is highly automated. With 27 employees, the factory can achieve a maximum annual production volume of up to 360,000 items. With more than a quarter of a million rotary dryers sold in the reporting year, we therefore achieved capacity utilisation of around 70%. Our experienced production team and the high degree of automation of processes facilitate delivery on schedule, even in the event of seasonal and weather-dependent fluctuations in demand.

Production in La Loupe in France

At our French plant in La Loupe, where we employ around 75 employees, our subsidiary Herby mainly produces tower, standing and wall-mounted drying racks for the volume market. The integrated manufacturing process includes metal forming, surface finishing and injection moulding. In 2014, we achieved an annual utilization level of up to one million dryers. Herby products are sold mainly in France.

Distribution and marketing

Leifheit sells its products via all relevant distribution channels: traditional retail, cross-channel retail and Internet retail. In partnership with our retail partners, Leifheit is characterised by its full-service approach and POS Excellence initiative. We address our consumers through a combination of classic and modern sales, communication and marketing measures.

Merging online and offline channels

New sales channels are continuing to increase their significance for us. Part of this development is that stationary retail and e-commerce are increasingly combining to form interactive cross-channel models. This development is being driven by changes in consumption and purchasing behaviour by customers who increasingly want a quicker experience, more flexibility and one-to-one advice when making a purchase. This poses new challenges for retailers and manufacturers.

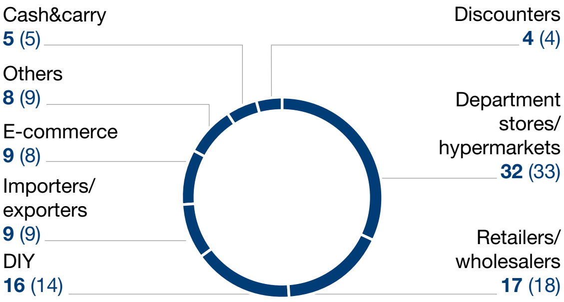
In order to prepare Leifheit for the challenges of e-commerce, we have invested in staff expertise, modern product information systems and flexible logistics processes in recent years. As such, we were able to grow by over 20% once again in 2014 in our e-commerce sales channel. The share of total turnover represented by e-commerce thus increased to 9% (2013: 8%).

20%
Turnover growth in e-commerce

Stationary retailers remain very important to us. With a proportion of 32% (2013: 33%), department stores remained our biggest sales channel. In DIY stores, we were able to increase our turnover by around 11% in 2014, despite the departure of a major DIY store client from the market. The share of total turnover represented by this sales channel was around 16% (2013: 14%).

Turnover per distribution channel

in % (previous year's figures)



POS Excellence initiative rolled out internationally

We support our retail partners with tailored solutions at the point of sale via our POS Excellence initiative. At its core, the concept consists of modular elements for the various sales channels and the relevant tailored presentation options that are based on the consumer's search behaviour, and creates the impulse to buy.

In terms of stationary retail, our presentations for concessions are particularly effective. Since the start of our initiative in 2013, we have installed around 90 brand shops (2013: 50 shops) of varying sizes. In the reporting year, we set up shops in Germany, the Czech Republic, Austria and Italy. The participating retailers are seeing their turnover on the remodelled space increase by up to 50% thanks to individually customised shop solutions.

The success of our POS Excellence concept is based on qualitative analyses and the fact that it provides the consumer with an additional orientation aid and stimulates the impulse to make a purchase. Various test stations in the store, product presentations by expert staff and video advertising round off the concept. In 2014, we implemented over 400 video placements (2013: around 200) in stationary retail, around one-third of these in conjunction with a well-known German DIY store. Around 15% of video placements were installed in the Czech Republic, Spain and Portugal. In addition, it was also possible to install appealing pallet shops for around 90 of our customers (2013: 125). This type of product placement enjoys an exceptionally high profile as a result of its strategic positioning on the market. We have also been working on permanent displays since mid-2014, which are particularly suitable for compact product presentations. In the reporting year, we set up around 500 of these displays in Germany alone. In addition, we will also start using this format elsewhere in Europe. In 2015, we will boost our Soehnle brand's presence in the market with modern permanent displays.

We will also be rolling out our POS Excellence initiative to include other channels, too, in order to ensure appropriate target group appeal for our customers, including in cross-channel retail and online retail. It is our aim to link our online and offline strengths in an intelligent manner.

Marketing in all product categories

In the reporting year, our marketing activities were primarily influenced by our "Siegertypen" (Winner Types) campaign and the launch of our Air ironing boards. This was implemented with a wide-reaching TV and print campaign in Germany, accompanied by a comprehensive online communication campaign. For our innovative Leifheit Xtra Clean range of brooms, we developed an overall marketing concept and can ensure a self-contained POS design. To do this, Leifheit uses both shelf space, large areas and promotional presentation systems for shelf placement and secondary placements. In the laundry care product category, we rolled out a packaging relaunch for our laundry dryers and ironing boards in order to aid consumer orientation and enable a faster purchasing decision at the POS.

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New brand shops

The marketing measures for our kitchen goods are focused primarily on the area of preserving. Here, we rounded off our range with new products and will be present in the preserving season with a modern market stand as a secondary placement at the POS. Through our partnership with a well-known sugar producer, we will also be boosting our profile among consumers. Leifheit will also continue its concept online and has developed an appropriate website for this.

For Soehnle, the focus is on fitness. Thanks to the co-operation with a well-known fitness magazine, we will be marketing a select range of scales as part of a co-branding exercise. In addition, iPhone users will also be able to benefit from a new app for our Web-based bathroom scales, WebConnect. This enables the direct transfer of data into the familiar Apple Health Kit. It also ties in with the my.soehnle.com fitness website, which offers consumers their own website for weight and health management.

Attended major fairs for consumer goods

We attended 33 national and international trade fairs in 2014 (2013: 30 trade fairs). Attending the international consumer goods fair Ambiente in Frankfurt on Main, Germany, was most important for us. With around 4,700 exhibitors and over 140,000 trade visitors from 161 countries, it is the leading trade fair in our industry. We presented the innovations from our brands on an area measuring around 800 m^2 in February 2014. The highlights in 2014 were a 300 m^2 POS store and our future lab, where we displayed product concepts for the future.

At the international consumer electronics fair IFA in Berlin, the focus was on the campaign for our Air ironing boards, the new Soehnle aroma diffusers and our popular window vacuum cleaner. Leifheit was also represented for the first time with its new trade fair concept in a minimalist and modern Bauhaus style.

We will also be present at a range of national and international trade fairs in 2015. In addition to our product innovations, the focus will also be on the presentation of our marketing concepts, the “Change now” campaign and our “Superbrands” accolades.

“Change now to the best”

In 2015, we will be launching an extensive campaign called “Change now to the best”. This is derived from the fact that our Leifheit and Soehnle brands have won awards as “Superbrands”. We will be advertising them as part of a 360° advertising campaign with high-profile POS placements for a comprehensive brand appearance. The focus will be on the communication of product benefits to the consumer. Product presentations at the POS will strengthen this. We will also support the campaign via media channels with TV ads that effectively showcase our hero products.

my.soehnle.com

33
Trade fairs

ambiente-film.
leifheit-group.com

SUSTAINABILITY

For us, sustainability is the basis for long-term business success. As a result, we strive to anchor sustainability in all of our business processes. In 2014, we focused on the environmentally friendly transportation of our products and opportunities for centralising manufacturing. In addition, we are in constant dialogue with various stakeholders of our company and are happy to take on social responsibility.

Environmental protection at Leifheit

Responsible business processes are a key element of how we see our company. In short, this means that we want to achieve more with less use of resources, and to develop long-lasting, environmentally friendly products of outstanding quality. As a result, we tailor all our activities so that we can maintain our standards in this area.

We also have to do this against the backdrop of increasingly scarce resources, the progression of climate change and increased cost pressure. As a result, we focus on three areas in particular when it comes to the environment: the efficient use of manufacturing materials, raw materials and supplies, saving energy and minimising our emissions.

In the reporting year, we achieved further progress primarily in terms of minimising emissions, but we also adopted new structures in the field of protecting resources.

Low-emissions transportation

By conducting comprehensive tests on our procurement processes, we not only adapted the production cycle and delivery cycles in 2014 but also introduced new standards for global freight transport with regard to the efficient choice of the means of transport and efficient route planning.

With the aim of ensuring environmentally friendly transportation, we try to avoid airfreight wherever possible. Instead, we prefer to transport our products via sea to their destination. In this context, we also encourage our logistics partners to ensure the optimal use of their freight capacity. We also use a similar approach for the domestic distribution of our products. This relieves the pressure on road traffic while also reducing CO_2 emissions from transportation.

We also managed to further reduce transport emissions via the centralisation of our manufacturing facilities: our ironing boards and tower dryers have been manufactured in our own facility in the Czech Republic since early 2014. For 2015, we are planning to transfer more items to this location, thus helping us to further our progress in terms of reducing CO_2 emissions.

Reducing waste, increasing recycling

As a developer and producer of household appliances, we are also a company that relies upon the use of fossil-based raw materials. As a result, recycling is very important to us. In our efforts to reduce waste and increase recycling, we draw on a partnership with social enterprises for people with disabilities in the region, who help us to dismantle products that have been returned, which is a prerequisite for efficient recycling. Raw materials obtained in this way can then be reused in the manufacturing process.

Social responsibility

Our work is based on ethical and legal principles of business management, some of which even go beyond statutory requirements. This is why we provide our employees with the Leifheit Code of Conduct, which regulates behaviour in accordance with applicable laws and standards. Our employees are required to notify their superiors, the works council or a Human Resources officer if they observe cases of infringement.

We also have similarly high expectations towards our suppliers, for whom we have developed a Social Code of Conduct. This stipulates the adherence to consistent work conditions – both within Germany and abroad. By doing this, we want to guarantee that the people who make our products can work in an appropriate and dignified environment. We regularly check compliance with our prescribed guidelines by our suppliers through on-site inspections and take action in the event of any infringements.

Product responsibility

It is our goal to make products safe so that neither people nor the environment is harmed. This is why we have a comprehensive quality management policy. It covers both product quality and our production processes.

Our products stand out because of their high quality and above-average longevity. We naturally dispense with any type of planned product lifetime, a principle that is likewise reflected in the warranty periods of our products. We do not use any permanently fixed batteries and rely, wherever possible, on solar cells. We are delighted that some of our products have been certified with the Blue Angel ecolabel in recognition of this.

In dialogue with our stakeholders

For a brand-name manufacturer like us, brand reputation and perception of products by our customers are absolutely vital. For this reason, we are in continuous dialogue with consumers and our retail clients. Part of this is our attendance of various trade fairs. One of the most important dates in our diary is the Ambiente trade fair in Frankfurt on Main, Germany, which we attended in 2014 with our own trade fair stand measuring around 800 m^2. In addition, our attendance at IFA Berlin enabled a lively dialogue with our customers and consumers. Our consumers also have the option of using our consumer hotline, which is based in Nassau. This is closely interlinked with our quality management system. In this way, we are able to ensure that comments or criticism find directly their way within our company. Moreover, we receive further feedback through a series of customer surveys conducted by external market research institutes.

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For more information about trade fairs, see page 48.

We communicate not only with the trade and consumers but also with professional organisations and interest groups such as the trademark association Markenverband, the German Association for Covered Tables, Furniture and Home Decor (GPK) or the parquet industry. In addition, we actively seek out dialogue with government representatives, local authorities and NGOs in regions where we have offices. This dialogue promotes understanding of the requirements and needs of all sides on the one hand and has a positive influence on the further development of our company and our product portfolio on the other.

We also nurture an active dialogue with the capital market. Our relationships with shareholders, banks and the media are strengthened via regular attendance of investor conferences, one-on-one conversations at roadshows within Europe, as well as within our Annual General Meeting. In general, we hold three press conferences per year, as well as further press events in order to answer questions from the media. The target groups are representatives of the business, financial and trade media as well as the local press. Our media presence boosts public awareness of our brands and our reputation in society. In financial and corporate communication, we are guided by the transparency standards of the German corporate governance code as well as the even more stringent transparency requirements of the Prime Standard on the German stock exchange, where shares in Leifheit AG are listed. As a result, we feel it is our duty to treat all market participants equally.

Social commitment

We are a company that is aware of its social responsibility and feel closely linked to the regions where we have offices. As a result, we support various regional events and promote social, sports and cultural projects there.

We once again supported a range of small and large projects in the reporting period. For example, we were the main sponsor of the "NachtAktiv" circus festival. The centre of Nassau was the stage for various artists from the region and further afield. The event, which was free of charge for visitors, enjoyed great feedback from the locals.

For us, sports are also a great way of promoting teamwork. As a result, we once again supported various sports activities in 2014, including the local cycling club, to whom we made a donation to help them buy new jerseys. In addition, we also make regular smaller donations to club events in the form of both cash and kind.

ir.leifheit-group.com

We supported a local school programme for mediation so that children learn the correct way of dealing with conflicts while they are still young. In conjunction with communications experts and social workers, children and young people develop social skills at an early age that will also benefit them later in their professional life.

In 2014, our trainees at our Nassau office organised our fifth charity bazaar for a local organisation. The proceeds were donated to an institution that helps disabled people, providing them with outpatient services. These are tailored to the individual's requirements and offer the person in question exciting projects, group or leisure activities and holidays. Apart from that it enables relatives to have some time off from what can be a very demanding task.

OPPORTUNITIES AND RISKS REPORT

Using the opportunities available enables Leifheit to keep growing profitably. As a result, we keep an eye on industry trends that are relevant to us. At the same time, we invest in processes, partnerships and technologies, and thus also in the opportunities of the future. The company also regularly evaluates possible risks in order to identify these early on and to be able to counteract them actively.

Opportunities

An important part of business conduct is the early recognition and consistent use of opportunities. We take opportunities into consideration in the formation of our short-term and medium-term plans. In the future they can exceed our estimates and lead to a positive deviation from our prognosis or the objectives that we set for ourselves. The opportunities presented here are, of course, not the only ones presented to us. Furthermore, our assessment of individual opportunities may change at regular intervals because our environment, markets, key trends and technologies are all in a state of continual development. In addition, new opportunities may arise, existing ones may lose their significance or the significance of an individual opportunity may change.

Leifheit does not record business opportunities within risk management but considers them in medium-term budget planning and tracks them during the course of periodic reporting. The Board of Management and the management of areas of operation are responsible for the prompt identification, analysis and utilisation of opportunities that present themselves. We regularly consider detailed market and competition analyses, relevant cost parameters and critical success factors, which are then taken into account in our strategy. Our overriding objective is to obtain a balanced opportunity-risk-iratio. The risk management of the Leifheit Group has not changed as compared with the previous year.

In our view, the general situation with regard to opportunities for the Leifheit Group has not changed in the reporting period as compared with the previous year.

Macroeconomic opportunities

Our company is affected by various economic conditions. In particular, the consumer's propensity to consume has an effect on the results of our operational business activities. Our financial objectives and medium-term planning are therefore based on the macroeconomic development estimates described in the forecast. If basic conditions and the consumer's propensity to consume, especially in our important markets in Europe, develop more positively than depicted in the forecast, there might be a chance that we would exceed our turnover and earnings expectation. Please refer to the forecast for additional information about the expected development of basic economic conditions.

Industry-specific opportunities

As a European brand supplier for selected household areas, we can benefit from trends and market developments in the household sector. In order to meet market and customer demands actively, we offer a broad product portfolio and put particular emphasis on our work in the design and development of trendsetting and innovative products and solutions that make life easier and more convenient. In our opinion, the following trends will be relevant to us in the coming years and have the potential to have a positive effect on our business development.

Increasing online affinity of consumers

Consumers are increasingly taking advantage of the opportunities provided by the Internet. This covers everything from researching products to buying them. For Leifheit, this results in numerous opportunities to tap into above-average growth potential. The expansion of our e-commerce activities should reinforce ties to existing consumers and simultaneously allows the exploitation of new customer groups, especially through smart interlocking of e-commerce and stationary retail. The Leifheit and Soehnle ranges are well-suited to online retail: while lower-priced items are predominantly sold in traditional retail, we offer plenty of products in the medium-to-high price category for online retail. In addition, consumers are increasingly impressed by having the option of having bulky items such as our laundry dryers or cleaning devices delivered to their homes. In cooperation with renowned online distributors, we can increase our presence in international markets, which we have not yet fully developed. We are investing in the expansion of our cooperation with online distributors, especially on the human resources and technical side. Finally, online retail creates the opportunity for users to make purchasing decisions around the clock, almost anywhere in the world, regardless of shop locations or opening times. All these effects can have a greater or more positive effect than expected on turnover in e-commerce, and thus can also have a greater impact than expected on the financial result.

Fundamental change towards increased quality awareness and greater demand for sustainably manufactured products

Besides price and functionality, factors such as quality and durability are most likely to determine a purchase decision, but the conditions in which the item was made are also growing in importance. This is a welcome development and one that will continue to increase in significance in the future. It is a trend that can predominantly be observed among the younger members of our target group. As a brand supplier with a portfolio of high-quality and long-lasting products that were manufactured in our own production facilities or by our suppliers under controlled conditions in accordance with the Leifheit Social Code of Conduct, we have the opportunity to continue improving our market position as a result of these qualities and to use them to appeal to future generations of shoppers.

The desire for easy, convenient solutions

Regardless of people’s generation, increased work pressure and increased stress at work can both be observed. This results in the desire for products that make life at home a easier and more convenient. This is where we see an opportunity for our product categories, because simple, convenient solutions are of increasing importance for our target group in these fast-paced times.

Increasing number of households

Germany can expect to see an increasing number of households, especially single-person and two-person households. This may lead to higher requirements in terms of household items because establishing a household is often when people decide to buy long-lasting household products. For this reason, we assume that this development will have a positive effect on the Leifheit Group in the future and we see a further growth opportunity in this.

Strategic business opportunities

Leifheit has strategic business opportunities as a result of its position as one of the leaders in the household goods sector in Europe with a focus on innovative, simple and convenient solutions that make life easier and more convenient. To take advantage of the opportunities that arise from product innovations and developments, we rely on our own development department and invest in the expansion of internal and external expertise, including through establishing partnerships. It is this that results in our pipeline to medium-term and long-term innovation projects. We invest in new processes and technologies in order to be able to continue to develop new, innovative products that offer our consumers added value. At the same time, we are shaping our organisation into one that can react with flexibility when opportunities arise from market trends and customer needs. We want to anchor this ability to create additional opportunities from understanding our consumers and customers in our organisation and its processes in the form of our “Leifheit 2020” strategy.

In addition, we see strategic business opportunities in the expansion of our market presence – both in traditional retail and in distance selling in the form of e-commerce. To take advantage of the opportunities arising from this, we will invest in the future in various distribution channels and support them with smart communication concepts.

Greater penetration of existing markets and further regional diversification offer us opportunities. Leifheit focuses its business activities on Europe. We want to secure and expand on our strong positions in the DACH region, as well as in France, Belgium, Luxembourg, the Netherlands, the Czech Republic and Lithuania. We also see interesting growth opportunities in Spain, the Nordic countries, Poland and other Eastern European markets. We will support these in a targeted way in order to strengthen our market presence. Country-specific sales programmes should help us expand our distribution and manage international key customers even more effectively. In addition, we will also draw on opportunities that present themselves outside of Europe. There is an opportunity for us to earn disproportionate profits here from the major and rapidly growing markets, especially in emerging economies, through close and trusting partnerships with our distributors – and this without using our own investment capital. We are also constantly evaluating the potential development of markets where Leifheit still has no presence. Unexpected positive financial developments in the markets mentioned offer permanent potential for us to surpass our targets as a result of our frequently regionally specific and highly responsive local market cultivation.

We regularly monitor our current and future markets in search of opportunities for strategic acquisitions and partnerships. As a result of our business strategy measures in the past, Leifheit holds a very strong position for future acquisitions in terms of finance and liquidity. In this way, we are able to identify M&A opportunities that would enhance our product portfolio, strengthen our market position and also boost our turnover and earnings situation disproportionately and more strongly than forecast.

Economic performance opportunities

There are economic performance opportunities for Leifheit, particularly in terms of business operations, cost management and greater efficiency.

For our operating activities, there are also significant opportunities in the fact that we can achieve additional success through the successful combination of our product portfolio with innovative sales measures thanks to integrated consumer-oriented communication, specifically at the point of sale – whether it is online or offline.

In terms of cost management and greater efficiency, there is the opportunity to boost the long-term earning power of Leifheit through the improvement of operations and reduction of expenditures. In addition to reducing non-value-adding costs, we are primarily focused on the efficiency of product development processes, as well as various manufacturing and distribution processes along the entire value chain. As part of our “Leifheit GO!” strategy, which was pursued until the end of 2014, we implemented a range of optimisations in the past upon the success of which our revised “Leifheit 2020” strategy is able to build. This applies especially to our purchasing operations, the production location in Blatná and the expansion of our distribution centre in Zuzenhausen. We regularly check whether products from suppliers can be manufactured more efficiently at our own facilities. Specific relocation of the production of specific products can boost our flexibility and competitiveness and might even reduce costs.

Other opportunities

Our employees are the creative directors of our innovations and the mainspring of long-term growth for the company. We regularly invest in our staff’s expertise so that we can take advantage of growth opportunities. To this end, we promote various activities to boost the commitment and motivation of our employees.

Cooperation with our sales partners provide us with further opportunities. In traditional retail, our distributors are relying more heavily on our expertise in category management. The cooperation allows us to position products ideally in the context of the POS Excellence initiative in order to minimise search times and thus increase lead times.

Risks

We are exposed to various risks as part of our business activities. We have therefore set up a risk management system that allows us to identify risks early, analyse them and take suitable countermeasures. We use this system to identify potential incidents that can have major disadvantageous effects on our business, net assets, financial position and results of operations, as well as our reputation, or could even compromise the survival of the company. To ensure the effectiveness of risk management, allow the aggregation of risks and facilitate transparent reporting, we use a company-wide uniform approach to risk management. As a listed stock corporation with headquarters in Germany, the company's Board of Management set up a monitoring system in accordance with section 91 para. 2 of the German stock corporation act to ensure compliance with statutory regulations and the effective management of risks. In addition, the Board of Management is responsible for the effectiveness of the internal control system.

Risk management system

The risk management manual issued by the Board of Management governs the handling of risks within the Leifheit Group and describes a uniform methodology that applies to all company divisions. This manual delineates responsibilities for the execution of risk management tasks as well reporting structures. The effectiveness of the risk management system is monitored via regular internal audit checks. In addition, auditors carry out annual checks as to whether our early risk-detection system is capable of promptly identifying risks that jeopardise the company.

Our risk strategy is based on the global objective of ensuring the continuation of our business activities.

Our risk management organisation consists of a risk manager working right across the Group and risk owners in the individual operational areas. The risk manager is responsible for updating the risk management manual as well as for the uniform implementation of the described methods, for the risk aggregation and standardised risk reporting to the various levels of the company. The Brand Business and Volume Business segments are completely divided into risk areas. The respective risk owner is responsible for risk management within the risk areas. It is the job of the risk owner to identify and evaluate all risks continuously, notify the company about them, and monitor the implementation of countermeasures. Opportunities are not determined as part of risk management.

The central element of the risk management system is the systematic risk management process that is implemented on a regular basis. It includes the risk identification, risk evaluation, risk aggregation, risk control, risk monitoring and risk reporting phases. This process begins with risk identification, during which all risks, sources of hazards, damage and potential disruptions are systematically documented in uniform risk tables and afterwards analysed every six months. In case of the appearance of new risks that could have a significant effect on the economic results or the further development of the company, the risk owner immediately notifies all responsible offices, in particular, as part of ad hoc reporting.

Identified risks are assessed and categorised according to the extent of their effect and their probability of occurrence. In addition, individual risks are systematically analysed for dependencies and merged into new risks if required. The aggregated form of all individual risk tables that emerge from this is the risk inventory.

This is represented graphically in a risk map and communicated to the Board of Management as well as the Supervisory Board. In risk management, each risk owner defines, documents, actively implements and monitors measures to avoid, reduce or transfer risks in each case using the risk table. The status of each countermeasure is also documented in the risk table by the risk owner.

In risk monitoring, general warning indicators are defined, as are case-by-case indicators for specific individual risks. All indicators are regularly observed in order to better monitor risks and the effectiveness of introduced countermeasures.

No significant changes were made to the risk management system in the financial year 2014 compared to the previous year.

Internal control and risk management system in the accounting process

The internal control system (ICS) is an integral part of the risk management system. Our manual for the ICS defines the creation of the internal control and monitoring system for all major business processes in the company and describes the structural organisation. Our goal is the systematic creation of control measures in the processes in order to comply with laws, standards and directives, avoid financial loss and ensure the functional capability and profitability of business processes. The ICS officer is responsible for designing the content of the system, coordinating ICS tasks and ensuring central documentation. Process officers see to it that there is correct and complete documentation of significant process risks and guarantee the effectiveness, efficiency and execution of adequate and specific controls. Apart from directives and work instructions, risk control matrices are the central element in risk-related processes. They define the significant risks in processes, the risk analysis and the required controls and responsibilities of the control officers. The principles of functional separation and dual control are strictly followed.

With respect to accounting in the ICS and risk management system, our goal is to ensure and uniformly implement the statutory prescriptions, the principles of correct bookkeeping, rules of the International Financial Reporting Standards (IFRS) and the ICS itself. Our internal control and risk management system for accounting is embedded in the Group-wide risk management system. With respect to organisational, control and monitoring structures, we ensure that business matters are recorded, processed and analysed pursuant to the law and entered in annual accounts and annual consolidated financial statements.

In addition, our system includes guidelines, procedures and measures ensuring that our accounting follows laws and regulations. To this end, we analyse new laws, accounting standards and other pronouncements where non-compliance would represent a significant risk for the correctness of our accounting. The Group's Accounting Department presents uniform Group-wide accounting and evaluation methods in the Group's Accounting Manual pursuant to the IFRS. These guidelines, in conjunction with the schedule for the preparation of annual financial statements, constitute the foundation of the annual financial statement preparation process. All Group companies and accounting areas must present their financial statements to the Group Accounting Department using the consolidation software used throughout the Group. Subsidiaries and accounting areas are responsible for compliance with the accounting regulations applicable throughout the Group when preparing their financial statements and are supported and monitored by the Group Accounting Department in this process. They carry out the adjustment of internal assets and liabilities as well as supply and service relationships according to Group guidelines.

Consolidation is carried out globally by the Group Accounting Department. In addition, we use external service providers for the evaluation of pension obligations or long-term incentive pay, for example. Employees in charge of financial reporting are familiar with our internal guidelines and processes and undergo regular training. Our ICS covers the annual and consolidated financial statement process. The risks and controls are defined in the corresponding risk control matrices. This includes IT-supported and manual controls and adjustments, the set-up of functional separation and the dual control principle, rules governing access to the IT system and monitoring.

The purpose of the ICS in accounting and financial reporting is to ensure with adequate security that financial reporting is reliable and that annual and consolidated financial statements present an accurate picture of net assets, financial position and results of operations.

Internal auditing projects include both process- and function-related aspects of ICS.

Risk assessment

Our goal is to determine which risks could have a disadvantageous effect on defined risk areas such as financial position, net assets and results of operations or our image, and what risks are most likely to jeopardise Leifheit. For this purpose, the individual risks are rated as critical, medium or low in terms of their estimated probability of occurrence and their effects on our business objectives. The effects are presented in front of the risk management measures implemented. The scales to measure these two indicators are shown in the tables below.

Probability of occurrence	Description
1% – 20%	very low
21% – 40%	low
41% – 60%	medium
61% – 80%	high
81% – 99%	very high

According to this classification, we define a very small risk as that which occurs only under extraordinary circumstances and a very high risk as that whose occurrence is expected within a specific time period.

Extent of effect	Definition of effect
very low	Low risks that do not have a noticeable effect on business activities, financial position and results of operations, cash flows, company objectives and image (< € 1 million)
low	Medium risks that have a noticeable effect on business activities, financial position and results of operations, cash flows, company objectives and image (€ 1–2 million)
medium	Significant risks that have a strong effect on business activities, financial position and results of operations, cash flows, company objectives and image (€ 2–5 million)
high	Serious risks that have a considerable effect on business activities, financial position and results of operations, cash flows, company objectives and image (€ 5–25 million)
very high	Risks that jeopardise the company's continued existence (> € 25 million)

According to their probability of occurrence and the extent of their effect on our business activities, our financial position and results of operations, our cash flows and our image, we classify risks as critical, medium or low in the form of a risk map.

Probability of occurrence/ effect	1% to 20%	21% to 40%	41% to 60%	61% to 80%	81% to 99%
very low	low	low	low	low	low
low	low	low	low	medium	medium
medium	low	medium	medium	medium	critical
high	medium	medium	critical	critical	critical
very high	critical	critical	critical	critical	critical

Risk factors

We describe below risk factors that we identify and track using our risk management system. They are aggregated more closely in the description below than they are used for internal control. The risk factors generally affect both segments: Brand Business and Volume Business.

Macroeconomic, political, social and regulatory risks

Uncertainty in the global economy, financial markets or in the political sphere could have a negative effect on our business activities, our financial position, results of operations and our cash flow as well as increase pressure on our EBIT. The escalation of violence in crisis-prone regions or other external shocks may have a major effect on the economy that we might not be able to avoid entirely. Geopolitical instability, primarily resulting from the crisis in Ukraine, may also continue to affect our business in Eastern Europe. Unresolved sovereign debt crises in the Eurozone may also reduce our market perspectives in Southern Europe in particular.

Growth in the consumer goods sector is largely dependent on consumer confidence and consumption expenditure. Therefore, declining sales resulting from the general economic situation or social and political factors, especially in regions where we have a strong presence, represent a critical risk for the development of sales. In addition, changes in the regulatory environment (for example trade policies, tax regulations, product quality and safety standards) can also bring about potential turnover shortfalls and cost increases.

We are monitoring the macroeconomic, political and regulatory situation in our major markets in order to identify potential problem areas early and to be able to adapt our business activity quickly. To avoid macroeconomic, political, social and regulatory risks, we strive to have a balanced distribution of turnover among the important regions and react to current changes in the short term using various activities to cushion possible negative effects.

We consider the probability of occurrence of this risk as very high and we expect a medium effect on our business activities, financial position, results of operations, and on our cash flow.

Turnover and pricing risks

In order to achieve our turnover and profitability objectives, we must generate sales growth, promote sales at the point of sale and pay attention to our product prices to ensure they are competitive in the respective country. In addition, it is possible that rising product costs might not be compensated for by higher prices on the market. This would have a negative effect on our margins. Furthermore, potentially lower turnover could lead to lower contribution margins.

We counteract these risks using our international sales strategy in the focus countries, country-specific implementation plans, intensification of activities in our POS Excellence initiative as well our e-commerce activities.

We believe that the potential effects of these risks, in conjunction with turnover and pricing, can be classified as medium, as is the probability of their occurrence.

Dependence risks

Dependence on specific suppliers, customers, products or even markets is fraught with risks. If a large part of our product volume is concentrated on one supplier or if there is great dependence on a specific customer, this would increase vulnerability to delivery and turnover shortfalls or business interruptions. Strong dependence on individual products, product groups or markets could lead to fluctuations in turnover and margin reductions.

To minimise these risks, we rely on a broad supplier network and a balanced customer and product portfolio.

Although we reduce possible dependence through our diversification activities, we remain vulnerable to negative developments in important procurement countries such as China, as well as important sales markets such as Germany, France, Austria and the Netherlands. For this reason, we estimate the potential effects of dependence risks as high and their probability of occurrence as very low.

Risks inherent in product innovation and development

Innovative products with high practical utility, attractive design and high standards in terms of product quality and safety generate high turnover and comfortable margins for us as a brand seller. Bringing new, innovative and high-quality products quickly to the market is a decisive factor. If over the longer term we are incapable of developing innovative products continuously, this could expose us to a considerable decline in turnover and margins. Moreover, poor product quality could lead to turnover shortfalls and higher costs.

To be able to launch our products more quickly, we have thoroughly revised our product development process and our teams. Product management and product development are working in a clearly defined idea generation process in close cooperation with each other and utilise external providers as well in the search for ideas.

Innovation is a significant success factor. Due to our innovative strength, we rate the potential effects and probability of occurrence of risks inherent in product innovation and development as medium.

Product quality risks

The risk of possible product defects could lead to consumer injuries and damage the image of our brands and products. To reduce these risks, we have set up interdisciplinary teams that will deal with product quality across the entire procurement chain. We carry out intensive quality controls in our own laboratories and with external providers and work closely with suppliers. We counteract possible damage claims by taking out product liability insurance.

We classify the potential effects of product liability cases and product recalls as high, but their probability of occurrence as very low.

Risks due to increasing procurement costs

Personnel costs and raw materials represent a large proportion of the cost of turnover. Above all, materials such as plastics, aluminium, cotton and steel are subject to the risk of price fluctuations. Increasing wage costs among suppliers, particularly in the Far East, increase the risk of price increases for merchandise. We reduce the financial effects of higher procurement costs on our product margins by concluding long-term delivery agreements and resorting to time and cost-saving procurement measures. We revise our products and respond with price increases. The aim of strategic procurement is to maintain the competitiveness of the procurement chain in the context of increasing acquisition costs.

In light of the measures taken, we consider the effect of potentially increasing procurement costs as a low risk with a medium probability of occurrence.

Risks due to extraordinary external incidents

We are exposed to external risks such as natural disasters, fire, accidents and malicious acts. Such events may inflict material damage on buildings, production facilities, warehouses or cause interruptions in business activities both within our company and among suppliers.

We counteract risks caused by extraordinary external incidents in a variety of ways. For example, we cooperate with reliable suppliers and service providers. In addition to insurance cover, we have put preventative measures in place such as fire detection, fire-extinguishing systems in buildings and emergency plans for the prompt restoration of business activities. This should minimise potential effects of external faults.

The occurrence of such risks could have major financial effects. We believe the probability of occurrence is, however, very low.

Risks in the risk and control environment

The failure to identify considerable risks, to counteract them and introduce and maintain adequate internal control systems in the Group could result in inappropriate decisions, higher costs, breaches of compliance, fraud, corruption and damage to the Group's reputation. The danger further exists that employees will breach guidelines and standards.

We reduce these risks in the risk and control environment by introducing directives and guidelines that are available to all employees on the intranet. Furthermore, we use a risk management system consisting of early detection, an internal control system and internal auditing. With guidelines such as the Leifheit Code of Conduct and the Leifheit Anti-trust Code of Compliance, clear rules and principles for the conduct of our employees have been laid down in key areas. Nevertheless, the potential effects of these risks could be wide-ranging. We believe the probability of occurrence is, however, very low.

Legal risks

As an international company, Leifheit is exposed to various legal risks. These include contractual risks, liability risks or the risk that third parties could assert claims or pursue actions due to infringement of trademark, patent or other rights. In order to reduce any such contractual infringements, we monitor compliance with our contractual obligations and consult internal and external legal advisers. We minimise the risk of an infringement of third-party industrial property rights by diligently reviewing constructions, designs and names. Our Legal & IP department optimises our patent portfolio and reviews and analyses third-party patent rights. As at the balance sheet date, there were no major legal disputes or process risks ongoing.

Despite recourse to precautionary measures, we consider the potential effects as medium and the probability of occurrence as low.

Default risks

Default risks arise if a customer or another counterparty of a financial instrument does not meet the contractual obligations. Default risks arise due to trade receivables and other contractual obligations of a counterparty such as for deposits and financial investments.

According to our credit guidelines, new customers are reviewed for creditworthiness and caps on receivables are determined. Creditworthiness, caps on receivables and amounts overdue are continually monitored. In order to reduce the risk of default, we selectively use credit insurances such as bank guarantees.

Currency hedging transactions and investments of liquid assets are only performed with banks with a high level of creditworthiness. Group companies are exclusively permitted to cooperate with banks that have a rating of BBB or higher. Cash and cash equivalents are only invested in instruments that are covered by the deposit protection fund. Furthermore, maximum investment amounts are determined for each contracting party. In the financial year 2014, the maximum individual contracting party limit was € 40 million.

The potential financial effects of risks of default could be very high. We consider this risk to be critical, but we believe the probability of occurrence is, however, very low.

Financing and liquidity risks

Liquidity risks arise from a possible lack of funds required to satisfy due liabilities in respect of maturity, volume and currency structure. As at 31 December 2014, cash and cash equivalents and financial assets amounted to € 62.8 million. There were no interest-bearing financial liabilities such as bank loans. Short-term lines of credit in the amount of € 11.5 million are available, which, however, are used only in part for bills of guarantee and derivatives. Liquidity is managed across the Group by employees in the Treasury department at the headquarters.

Due to our current financing structure, we consider both the probability of occurrence and the potential effect of financing and liquidity risks as very low.

Currency risks

Leifheit is exposed to currency risks, as cash flows accumulate in various currencies. Furthermore, currency effects from the translation of results not denominated in euros, the functional currency of the Group, may affect other comprehensive income. Risks are created in particular due to the fact that our products are procured and sold in different currencies in different amounts on different dates. A large part of our procurement costs are accrued in US dollars and Czech korunas, while most Group turnover is accrued in euros.

Leifheit operates a centralised system for the management of currency risks. We hedge units of the planned currency requirements up to three financial years in advance. According to the Treasury principles, hedging instruments such as forward foreign exchange contracts, currency options, currency swaps or combinations of options may be used to safeguard against negative currency fluctuations and, at the same time, offer the potential to benefit from future exchange rate developments on the financial markets. The scope of currency hedging is evaluated on a regular basis.

The following hedging measures existed as at 31 December 2014:

	Value of liability	Foreign currency	Nominal value
Buy USD/€	€ 105.5 m	USD 136.1 m	€ 110.4 m
of which hedge accounting	€ 70.7 m	USD 91.1 m	€ 73.8 m
Sell USD/€	€ 17.0 m	USD 21.6 m	€ 17.6 m
Buy HKD/€	€ 11.2 m	HKD 110.7 m	€ 11.6 m

For the years 2015 to 2017, we have hedged approximately 90% to 95% of the US dollar requirements through forward foreign exchange contracts. Most of our hedging is done through hedge accounting.

According to the requirements of IFRS 7, we have estimated the effects of changes to our key exchange rates (US dollar and Czech koruna) on result and equity and listed them under Note 34 of the financial statements. The effects are primarily due to the change in the fair values of our hedging instruments. The analysis does not recognise effects arising from the translation of the financial statements of our foreign subsidiaries to the reporting currency of the Group. As a result of that sensitivity, a 10% appreciation of the euro against the US dollar as at 31 December 2014 would have led to a reduction in profit of € 1.8 million.

As a result of the development of the US dollar in recent months, we categorise the likelihood of occurrence and the potential financial effects of currency risks as high.

Interest rate risks

Changes to market interest impact future interest payments for financial investments for variable interest-bearing liabilities. Because the Group does not currently have any bank loans or other interest-bearing liabilities in its financing structure, changes in interest rates do not affect the profitability, liquidity or financial situation of the Group. Changes to the IFRS actuarial interest for discounting pension obligations can affect other comprehensive income. A sensitivity analysis is presented under Note 26. Despite the currently low interest rates, further reductions in interest rates may have a negative impact on the overall result.

For this reason, we consider both the probability of occurrence and the potential financial effects of interest risks as medium.

Tax risks

Tax risks arise in particular due to the findings of tax audits. The tax authorities are increasingly reviewing international intercompany transfer prices. VAT regulations in the Europe-wide provision of goods and services are very complex. Adjustments to tax payments have an impact on liquidity and net result for the period. We counteract these risks with the support of international tax consultants.

We consider the potential financial effects of tax risks as medium and the probability of occurrence as low.

Information security risks

Our IT-based business processes are subject to various information security risks. Risks may occur as a result of human error, organisational or technical processes and/or security breaches when processing information. These may all jeopardise the confidentiality, availability and integrity of the information. In partnership with our service providers and outsourcing partners, we minimise these risks by adopting organisational and technical measures, and through professional project management. The IT-security structure is verified regularly and improved where necessary.

We consider the potential effects of information security risks as high and the probability of occurrence as very low.

Overall assessment of opportunities and risks

Under consideration of each probability of occurrence and the potential financial effects of the explained risks, as well as in light of the solid balance sheet structure and the current business outlook, the Board of Management does not anticipate any substantial risk to the continuation of the company as a going concern. We continue to be confident that our earning power and balance sheet structure provide a sound basis for our future business development and contain the necessary resources to leverage potential opportunities.

The changes to individual risks compared to the previous year do not have a significant effect on the overall risk profile. We believe this remains unchanged as compared to the previous year.

REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

At this point, Leifheit reports on events that occurred after the end of the financial year.

No major changes since 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.

FORECAST

On the one hand, we expect to see further improvement in economic conditions in some of our core markets in Europe in 2015, but on the other, ongoing instability in Southern Europe and risks as a result of the geopolitical crisis in Eastern Europe. Against this backdrop, we expect to see an increase in Group turnover of 2% to 3% for 2015, growth in Brand Business of 3% to 4%, and earnings at about the same level as the adjusted result for the financial year 2014.

Strategic focus of the Group

We will push ahead with our "Leifheit 2020" strategy in the financial year 2015. One major aspect of this is building on our innovative prowess. In addition, we will focus on building up market leadership in several European countries and also on developing our activities in major growth regions – specifically, Northern and Eastern Europe. We also want to make sure we consistently leverage market opportunities outside of Europe. With a view to our markets and their product spectrum, we plan to develop Leifheit and Soehnle in a targeted way and boost their position against the competition. We aim to tap into new price categories and target groups with a comprehensive product category approach for our major ranges. Our overarching goals remain to attain high efficiency in the value chain and continually improve operating margins.

Our financial position gives us the strategic option of being able to make use of opportunities for external growth through acquisitions, provided they are financially viable.

Global economy set to grow slightly

According to the International Monetary Fund (IMF), the global economy is set to grow by 3.5% in 2015. This would be an increase of 0.2 percentage points on the previous year. The economic upturn will likely be further supported by the expansive monetary policy of the US Federal Reserve and the European Central Bank, along with improved outlooks in some industrialised countries.

Economies in Eurozone countries also look set to grow further in 2015. The IMF forecasts an increase in economic power of 1.2% (2014: 0.8%). The IMF estimates the biggest source of uncertainty in achieving this to be lower inflation rates and geopolitical risks. Economically, Germany is expected to grow by 1.3% (2014: 1.5%). In addition, the IMF sees significant growth of 2.0% (2014: 1.4%) in Spain. The economy in France is also set to grow slightly by 0.9% in 2015 (2014: 0.4%). There are also positive signs for Italy, with predictions of a slight growth of 0.4% (2014: -0.4%).

1.3%
Growth in Germany

According to the IMF, Russia will find itself in a recession in 2015. As a result, it will see a decrease in economic growth of 3.0% (2014: 0.6%).

The IMF expects to see the USA lead the way in terms of growth this year, with a forecasted increase in gross domestic product (GDP) of 3.6% (2014: 2.4%). This will be supported in particular by a continuing increase in domestic demand, coupled with lower oil prices.

According to the IMF, a growth rate of 4.3% is forecast for the emerging economies (2014: 4.4%). China's GDP is expected to grow by 6.8% (2014: 7.4%). The growth rate in Asia's largest country would thereby decrease slightly as compared with the previous year.

Industry in Germany looks ahead with confidence to 2015

The signs are positive for German industry. The economic climate index published by the ifo institute in Munich increased in January 2015 for the third time in a row. Confidence is also increasing with regard to developments in the coming months: as a result of the ongoing depreciation of the euro against the US dollar in the second half of 2014, we expect to see stronger growth in German exports. Retail perspectives are similar: forecasts for the current year increased significantly once again in early 2015.

German consumers remain positive

In addition to retail, consumers are also much more optimistic again according to a consumer climate study of GfK from January 2015. Assuming that the German economy will continue to develop positively in the coming months, the economic situation and income expectation improved at the same time as the consumer climate. Significant reductions in energy prices, which boost consumers' purchasing behaviour, also had a positive effect. At the same time, the propensity to save hit an all-time low.

According to the study, it can be assumed that the German domestic economy will continue to make an important contribution to the overall economic development in 2015. This was also the case in the financial year 2014.

Further appreciation of the US dollar against the euro expected

Further appreciation of the US dollar against the euro is expected in the course of 2015. It is assumed that the American currency will reach a level of around USD 1.10 per euro by the end of 2015. The expansive monetary policy of the European Central Bank is an indicator for the developments we can expect to see in the current financial year.

Group forecast: slight growth

Our forecast is based on the following assumptions: for the financial year 2015, we are expecting to see slight improvements in economic conditions in our major European sales markets as a result of positive economic forecasts. However, there remain a range of factors contributing to instability, such as the ongoing development of the situation in Greece and the geopolitical conflicts in Eastern Europe.

Based on these assumptions, we expect to see a growth in turnover of between 2% and 3% as compared with 2014. We will increasingly focus on the Brand Business and conduct the Volume Business mainly with profitability in mind. As a result, we expect the Brand Business to increase by 3 to 4% in 2015. We anticipate a constant development in the Volume Business. We will provide further details of our turnover forecast as the year proceeds.

+3 to 4%
Brand Business turnover growth

In 2015, we expect an operating result (EBIT) at the level of 2014 adjusted for the foreign currency result (€ 16.4 million). This is the result of higher contribution margins as a result of an increase in turnover with rising distribution costs. We anticipate that the Brand Business will contribute roughly 75% to EBIT and the Volume Business roughly 25%.

EBIT
on adjusted level from previous year

Investments for further growth

In 2015, we plan investments totalling € 9.0 million which are financed from own funds (2014: € 6.2 million). The focus of our investments in 2015 will be on connecting the entire distribution logistics for Eastern Europe to our Czech manufacturing facility in Blatná. We plan to make investments of around € 3 million in order to ensure the faster and more flexible supply of goods to our growth markets in Eastern Europe. In addition, we will invest in tools, machines and production facilities for new products, as well as merchandising equipment, manufacturing and office equipment. In the medium term, we are planning investments of around € 6.0 million per year, which roughly corresponds to the level of our depreciation.

Solid financial and liquidity position

We will also maintain our conservative financial policy in the current financial year. Free cash flow in 2014 of € 18.4 million was influenced by an exceptional increase in liabilities to be paid back in 2015. We are therefore planning on free cash flow of € 0.0 million for 2015. Higher amounts for severance payments and bonuses, customer bonuses, additional advertising costs and higher investments will contribute to this.

We continue to expect a return on capital employed (ROCE) of 12.7% (2014: 20.3%), which will be about the same as the positive level of 2013. The key figure for the financial year 2014 was influenced by the exceptionally positive foreign currency result and the increase in liabilities.

€ 9.0 m
Investments

12.7%
ROCE

Overall statement of prospective development

Leifheit expects a slight growth in 2015. With our revised "Leifheit 2020" strategy, we will consistently take advantage of current market opportunities and thereby enhance our market position. We will make the necessary investments guided by a sense of proportion.

Forecast 2015

	2014	Adjustment[1]	2014 adjusted[1]	**Forecast 2015**
Group turnover	€ 220.7 m	–	€ 220.7 m	Turnover +2% to 3%
Group EBIT	€ 21.5 m	€ 5.1 m	€ 16.4 m	EBIT on adjusted previous year's level

[1] EBIT adjusted for foreign currency results

LEGAL INFORMATION

Information under takeover law

Takeover information required under section 315 para. 4 HGB (German commercial code) as at 31 December 2014 is presented below:

The subscribed capital (share capital) of Leifheit AG as at 31 December 2014 remains unchanged at k€ 15,000 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.

A lock-up period is established for the shares issued by Leifheit AG in the context of the employee stock programme – and therefore a restriction is set to the transferability of these shares – for at least two years. The lock-up period starts upon the receipt of the acquired shares in the beneficiary's depot and ends at the expiration of 30 June in the year in which 30 June falls in the period when 24 up to 35 full months have passed since the acquired shares were entered to account in the beneficiary's depot. There are no additional restrictions on voting rights or the transfer of shares that the Board of Management is aware of. However, the statutory voting rights limitations apply pursuant to section 28 sentence 1 WpHG (German securities trading act) (violation of voting rights information duties), section 71b AktG (German stock corporation act) (no rights from own shares) and section 136 para. 1 AktG (exclusion of voting rights in the presence of certain conflicts of interest).

Direct and indirect equity interests are held in the capital of Leifheit AG exceeding 10% of the voting rights: Home Beteiligungen GmbH in Munich informed Leifheit AG that it holds 50.49% of the voting rights in Leifheit AG as at 31 December 2014. In addition, MKV Verwaltungs GmbH in Grünwald informed us in February 2009 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 no controls on voting rights.

Members of the Board of Management of Leifheit AG are appointed and dismissed according to the stipulations of section 84 and section 85 AktG. In addition, section 6, para. 1 of the Articles of Incorporation stipulates that the Board of Management consists of one or several members and section 6, para. 2 stipulates that the Supervisory Board appoints the members of the Board of Management, determines their number, appoints acting Board of Management members and may appoint a member of the Board of Management as Chairperson of the Board of Management. Changes to the Articles of Incorporation are resolved by the Annual General Meeting according to section 179 AktG. Unless it is a change of the company purpose (which requires a majority of three-quarters of the share capital represented in the resolution), the resolution by the Annual General Meeting in accordance with the Articles of Incorporation in accordance with section 18, para. 1 therein requires the simple majority of the share capital represented in the resolution. According to section 18, para. 3 of the Articles of Incorporation, the Supervisory Board is authorised to make amendments to the Articles of Incorporation provided these amendments solely relate to the wording of the Articles.

By resolution of the Annual General Meeting 2011, the Board of Management is authorised, subject to the approval of the Supervisory Board, to increase the share capital on one or more occasions by a total of up to k€ 7,500 until 25 May 2016 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 Annual General Meeting 2010 to buy back shares amounting to up to 10% of the share capital until 8 June 2015. The terms of both resolutions can be found in the respective agendas of the Annual General Meeting on our website.

There are no substantial agreements which take effect upon a change of control. A loan agreement for a line of credit merely contains an agreement that in the event of a change of control the parties shall conclude a satisfactory agreement with regard to the continuation of the loan agreement.

A Board of Management contract contains the provision that in the event of a termination of the employment contract initiated by the corporation owing to a change of control, the fixed and variable remuneration shall be paid until the end of the original term of the contract.

No additional agreements with members of the Board of Management or employees that take effect upon a change of control existed at the balance sheet date.

Declaration of corporate management

The declaration of corporate management in accordance with section 289a HGB (German commercial code), the German corporate governance code, the statements regarding our relevant corporate practices, the description of the work methods of the Board of Management and the Supervisory Board, as well as the composition and work methods of their committees, can be found on our German website at corporate-management.leifheit-group.com.

corporate-management.
leifheit-group.com

Report of the Board of Management regarding relationships with related parties

In accordance with section 312 AktG, the Board of Management prepared a report on relationships with related parties, which contains the following final declaration:

"Our company has received and will receive appropriate compensation for all legal transactions listed in the report regarding relations with affiliated parties, in accordance with the conditions known at the time when such transactions were exercised. No business transactions subject to reporting requirements that were disadvantageous to the corporation were exercised in the reporting period."

Remuneration report

The remuneration report was prepared in accordance with the recommendations of the German corporate governance code (DCGK) and contains the statements that are required pursuant to the German commercial code (HGB) and respectively the International Financial Reporting Standards (IFRS). It describes the fundamental characteristics of the remuneration system for the Board of Management as well as the components of the Supervisory Board remuneration.

Remuneration of the Board of Management

After preparation by the Personnel Committee of the Supervisory Board, the plenary session of the Supervisory Board is responsible for establishing the individual remuneration of the Board of Management members. The remuneration structure is based on long-term corporate performance.

At the current time, the members of the Board of Management receive remuneration consisting of a fixed basic annual salary, annual variable remuneration and longer-term variable remuneration.

The fixed basic annual salary is paid monthly and is based on the area of responsibility and individual performance of the respective Board of Management member. It is reviewed at regular intervals to determine if it is appropriate and in line with market standards.

The corporation granted the members of the Board of Management a remuneration component for short-term and long-term variable remuneration in the financial year 2014.

For one Board of Management contract, the amount paid for short-term variable remuneration is calculated using an EBT multiplier and a market value multiplier. The EBT multiplier is based on the earnings of the Leifheit Group before income tax. The market value multiplier is measured according to the growth in the market capitalisation of Leifheit AG achieved in the calendar year as against the respective prior calendar year. For the other Board of Management contract, the short-term variable remuneration is measured according to the earnings of the Leifheit Group before income tax. Payments are capped for both Board of Management contracts. Payment will be paid within four weeks of the resolutions on the appropriation of profits by the Annual General Meeting. The total cost of the short-term variable remuneration recognised in the reporting period amounted to k€ 450.

The amount of long-term variable remuneration paid under both Board of Management contracts is calculated using an EBIT multiplier and a market value multiplier. The market value multiplier is 2.5% of the growth in the market value of Leifheit AG on the basis of average stock market prices in the last 90 trading days before the beginning of the contract and on the last 90 trading days before the end of the contract. The EBIT multiplier is based on the average performance of the Group's reported EBIT in the relevant contractual years. Both the EBIT multiplier and the payment amount are capped. The value of granted long-term variable remuneration is calculated during the vesting period each year on the basis of analyses by a third-party expert using Monte Carlo simulations and is transferred to provisions pro rata temporis over the respective vesting period. The value is calculated using historical data at the end of the vesting period. The payment will be made within four weeks following the adoption of the annual financial statements by the Annual General Meeting of the last contractual year. The Supervisory Board can determine appropriate advance wage payments. The total cost of long-term variable remuneration recognised in the reporting period amounted to k€ 3,115. The provision recorded on the balance sheet amounted to k€ 3,820, while fair value was calculated at k€ 6,885.

The members of the Board of Management do not receive remuneration for their work on the Board of Management, Administrative or Supervisory Board at subsidiaries in addition to the remuneration for their activities as members of the Board of Management of Leifheit AG.

There are no stock option programmes or similar share-based incentive systems. The acting members of the Board of Management have not received any performance-oriented pension commitments (defined benefit obligations in accordance with IFRS).

The company does not provide fringe benefits other than the use of a company car and reimbursement for travel expenses.

The Board of Management contracts do not contain an express commitment to severance payment in the event of early termination. Severance payments can, however, be stipulated in individual termination agreements. A Board of Management contract contains a change of control clause, according to which the fixed and variable remuneration shall be paid until the end of the original term of the contract in the event of a termination of the employment contract that is initiated by the corporation as a result of a change of control.

The Annual General Meeting of Leifheit AG resolved on 26 May 2011 to dispense with the publication of the personal remuneration of the Board of Management members for the next five years, beginning with the financial year 2011.

The remuneration of the active members of the Board of Management amounted in total to k€ 4,498 in the reporting period. Of this amount, k€ 3,865 was allocated to variable payments.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is regulated by the Articles of Incorporation of Leifheit AG. The remuneration accords to the responsibilities and extent of activities of the members of the Supervisory Board.

Besides the compensation of their expenses and the value added tax incurred for the Supervisory Board activity, each member of the Supervisory Board shall receive an allowance for meetings in the amount of € 2,500.00 per Supervisory Board meeting day as well as an annual remuneration in the amount of € 20,000.00, which shall be paid out annually after the expiration of the business year. The chairman shall receive three times this remuneration, while his or her deputy shall receive 1.5 times this amount.

If a member of the Supervisory Board is only a member for a part of a business year, the annual remuneration shall be paid merely on a pro rata basis. For their membership in a committee, each member of the Supervisory Board shall receive an additional meeting allowance in the amount of € 2,500.00 per committee meeting day. The chairman of a committee shall receive twice this amount. If several Supervisory Board and/or committee meetings take place on one day, a member of the Supervisory Board attending several meetings may not demand more than € 2,500.00 in total.

No remuneration was paid to the members of the Supervisory Board for personally performed services.

The remuneration of the Supervisory Board in the financial year 2014 amounted to k€ 275.1 and can be broken down as follows:

k€	
Helmut Zahn	95.0
Dr Robert Schuler-Voith	55.0
Baldur Groß	19.8
Dieter Metz	12.8
Karsten Schmidt	30.0
Thomas Standke	30.0
Dr Friedrich M. Thomée	32.5

Nassau/Lahn, Germany, 17 March 2015

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke Dr Claus-O. Zacharias

CONSOLIDATED FINANCIAL STATEMENTS 2014

STATEMENT OF PROFIT OR LOSS AND STATEMENT OF COMPREHENSIVE INCOME

k€	Notes	**2014**	2013
Turnover	1	220,695	220,903
Cost of turnover	2	-115,446	-121,707
Gross profit		**105,249**	**99,196**
Research and development costs	3	-3,763	-3,886
Distribution costs	6	-69,356	-65,434
Administrative costs	7	-16,805	-13,580
Other operating income	8	1,135	1,102
Other operating expenses	9	-20	-515
Foreign currency result	10	5,103	-1,950
Earnings before interest and taxes (EBIT)		**21,543**	**14,933**
Interest income	11	402	450
Interest expenses	12	-2,174	-2,066
Net other financial result		36	1
Earnings before taxes (EBT)		**19,807**	**13,318**
Income taxes	13	-5,694	-3,071
Net result for the period		**14,113**	**10,247**
Contributions that are not reclassified in future periods in the statement of profit or loss			
Actuarial gains/losses on defined benefit pension plans	26	-12,224	108
Effect from income taxes		3,600	-31
Contributions that may be reclassified in future periods in the statement of profit or loss			
Currency translation of foreign operations		113	-440
Currency translation of net investments in foreign operations		-173	-995
Net result of cash flow hedges		3,366	-17
Effect from income taxes		-932	284
Other comprehensive income		**-6,250**	**-1,091**
Comprehensive income after taxes		**7,863**	**9,156**
Net result for the period attributable to			
Minority interests		–	-32
Shareholders of the parent company		14,113	10,279
Net result for the period		**14,113**	**10,247**
Comprehensive income after taxes attributable to			
Minority interests		–	-32
Shareholders of the parent company		7,863	9,188
Comprehensive income after taxes		**7,863**	**9,156**
Earnings per share based on net result for the period (diluted and undiluted)	14	**€ 2.97**	**€ 2.16**
Earnings per share based on comprehensive income after taxes (diluted and undiluted)	14	**€ 1.66**	**€ 1.93**

BALANCE SHEET

k€	Notes	31 Dec 2014	31 Dec 2013
Current assets			
Cash and cash equivalents	15	58,808	50,953
Financial assets	16	4,000	1,001
Trade receivables	17	48,644	46,685
Inventories	18	35,436	33,630
Income tax receivables		951	894
Derivative financial instruments	19	3,276	403
Other current assets	20	3,579	3,668
Total current assets		**154,694**	**137,234**
Non-current assets			
Tangible assets	21	35,007	35,421
Intangible assets	22	18,535	18,458
Deferred tax assets	13	11,388	10,310
Income tax receivables	23	1,520	2,159
Derivative financial instruments	19	1,996	–
Other non-current assets		151	169
Total non-current assets		**68,597**	**66,517**
Total assets		**223,291**	**203,751**
Current liabilities			
Trade payables and other liabilities	24	47,820	39,290
Derivative financial instruments	19	661	1,920
Income tax liabilities		377	818
Provisions	25	5,959	6,452
Total current liabilities		**54,817**	**48,480**
Non-current liabilities			
Provisions	25	2,066	1,896
Employee benefit obligations	26	69,019	56,385
Deferred tax liabilities	13	2,454	1,630
Derivative financial instruments	19	11	547
Other non-current liabilities		100	93
Total non-current liabilities		**73,650**	**60,551**
Equity			
Subscribed capital	27	15,000	15,000
Capital surplus	28	16,956	16,934
Treasury shares	29	-7,542	-7,598
Retained earnings	30	84,755	78,479
Other reserves	31	-14,345	-8,095
Total equity		**94,824**	**94,720**
Total equity and liabilities		**223,291**	**203,751**

STATEMENT OF CHANGES IN EQUITY

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

k€	Subscribed capital	Capital surplus	Treasury shares	Retained earnings	Other reserves	**Total**
As at 31 December 2012	**15,000**	**16,934**	**-7,598**	**75,367**	**-7,004**	**92,699**
Dividends	–	–	–	-7,124	–	-7,124
Acquisition of minority interests	–	–	–	-43	–	-43
Comprehensive income after taxes	–	–	–	10,279	-1,091	9,188
of which net result for the period	–	–	–	10,279	–	10,279
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	77	77
of which currency translation of foreign operations	–	–	–	–	-440	-440
of which currency translation of net investments in foreign operations	–	–	–	–	-716	-716
of which net result of cash flow hedges	–	–	–	–	-12	-12
As at 31 December 2013	**15,000**	**16,934**	**-7,598**	**78,479**	**-8,095**	**94,720**
Issue of treasury shares	–	22	56	–	–	78
Dividends	–	–	–	-7,837	–	-7,837
Comprehensive income after taxes	–	–	–	14,113	-6,250	7,863
of which net result for the period	–	–	–	14,113	–	14,113
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	-8,624	-8,624
of which currency translation of foreign operations	–	–	–	–	113	113
of which currency translation of net investments in foreign operations	–	–	–	–	-141	-141
of which net result of cash flow hedges	–	–	–	–	2,402	2,402
As at 31 December 2014	**15,000**	**16,956**	**-7,542**	**84,755**	**-14,345**	**94,824**

The changes in consolidated equity were as follows:

k€	Shareholders of the parent company	Minority interests	**Total equity**
As at 31 December 2012	**92,699**	**67**	**92,766**
Dividends	-7,124	–	-7,124
Acquisition of minority interests	-43	-35	-78
Comprehensive income after taxes	9,188	-32	9,156
of which net result for the period	10,279	-32	10,247
of which actuarial gains/losses on defined benefit pension plans	77	–	77
of which currency translation of foreign operations	-440	–	-440
of which currency translation of net investments in foreign operations	-716	–	-716
of which net result of cash flow hedges	-12	–	-12
As at 31 December 2013	**94,720**	**–**	**94,720**
Issue of treasury shares	78	–	78
Dividends	-7,837	–	-7,837
Comprehensive income after taxes	7,863	–	7,863
of which net result for the period	14,113	–	14,113
of which actuarial gains/losses on defined benefit pension plans	-8,624	–	-8,624
of which currency translation of foreign operations	113	–	113
of which currency translation of net investments in foreign operations	-141	–	-141
of which net result of cash flow hedges	2,402	–	2,402
As at 31 December 2014	**94,824**	**–**	**94,824**

STATEMENT OF CASH FLOW

k€	Notes	2014	2013
Net result for the period		14,113	10,247
Adjustments for depreciation and amortisation	4	6,254	6,816
Change in provisions		88	420
Result from disposal of fixed assets and other non-current assets		15	24
Change in inventories, trade receivables and other assets not classified as investment or financing activities		-3,053	11,137
Change in trade payables and other liabilities not classified as investment or financing activities		8,133	-7,397
Other non-cash income/expenses		-1,050	1,686
Cash flow from operating activities		**24,500**	**22,933**
Acquisition of tangible and intangible assets	21, 22	-6,150	-3,572
Inflow in financial assets	16	1,001	3,333
Outflow for financial assets	16	-4,000	-1,000
Proceeds from the sale of tangible assets and other non-current assets		83	1,716
Cash flow from investment activities		**-9,066**	**477**
Changes in treasury shares	29	78	–
Dividends paid to the shareholders of the parent company		-7,837	-7,124
Acquisition of minority interests		–	-78
Cash flow from financing activities		**-7,759**	**-7,202**
Effects of exchange rate differences		**180**	**1,028**
Net change in cash and cash equivalents		7,855	17,236
Cash and cash equivalents at the start of the reporting period		50,953	33,717
Cash and cash equivalents at the end of the reporting period	15	**58,808**	**50,953**
Income taxes paid		-2,732	-2,315
Interest paid		–	–
Interest received		209	284

NOTES: GENERAL ACCOUNTING AND VALUATION PRINCIPLES

General information

Leifheit AG, whose registered office is in Leifheitstraße, Nassau/Lahn, Germany, focuses on the development and distribution of high-quality branded products for selected areas of the household. The company has been entered in the Commercial Register of Montabaur Local Court under HRB 2857. The shares of Leifheit AG are traded in the Prime Standard trading segment in the stock markets of Xetra, Frankfurt am Main, Berlin, Düsseldorf, Hamburg, Hanover and Stuttgart under ISIN DE0006464506. The parent company of Leifheit AG is Home Beteiligungen GmbH, Munich.

In accordance with section 315a, para. 1 HGB, the consolidated financial statements for 2014 have been prepared according to 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 IFRS Interpretation Committee (IFRIC and SIC) requiring application in financial year 2014 were applied. The figures for the previous year were calculated on the same basis.

The financial statements drawn up in euros were prepared on the basis of the purchase cost principle with the exception of derivatives and instruments that are specifically designated for affecting net income in their attributed fair value. The financial statements provide a true and fair view of the net assets, financial position and results of operations of the Leifheit Group. Unless stated otherwise, all figures are shown in thousands of euros (k€).

The statement of profit or loss was prepared according to the cost of turnover method.

The consolidated financial statements will be presented to the Supervisory Board on 25 March 2015. They will then be published without further delay.

Consolidation principles

The consolidated financial statements include Leifheit AG and the companies controlled by it. The Group controls a holding company specifically when it possesses all of the following attributes:

- Full control over the holding company (i.e. based on its current rights, the Group is entitled to control any activities by the holding company that may have a significant influence on its returns)
- Risk exposure or entitlements to fluctuating returns through its interests in the holding company
- The ability to use its control over the holding company in such a way that influences the returns of the holding company.

If the Group does not hold the majority of voting rights or similar rights in a holding company, the Group must consider all facts and circumstances when assessing whether it has full control over the holding company. This includes:

- A contractual agreement with other persons entitled to vote
- Rights resulting from other contractual agreements
- Voting rights and potential voting rights of the Group.

Non-controlling interests (minority interests) and their share in the profit/loss for the period are reported separately on the balance sheet, under equity and in the statement of profit or loss as an appropriation of the net result for the period.

The financial statements of subsidiaries are prepared in application of standardised accounting policies as at the same balance sheet date as the financial statements of the parent company and the Group.

Acquired enterprises are included in the consolidated financial statements from the date control was acquired (acquisition date). Intragroup balances and transactions and resulting unrealised intragroup profits and losses, as well as dividends, are fully eliminated. 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 2014 and 2013.

Business combinations before 1 January 2010:

Acquisitions before 1 January 2010 are accounted for using the purchase method in accordance with IFRS 3 (Business Combinations), 2004 revision. All identifiable assets and liabilities were valued in their attributable fair value at the time of acquisition. Non-controlling interests (minority interests) were therefore carried at their share in the fair value of the assets and liabilities. If the acquisition cost of an interest exceeded the Group's share in the equity of the company concerned, the resulting goodwill had to be capitalised. Previously undisclosed reserves and liabilities are carried, written down or dissolved 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 amount as necessary. Difference amounts in liabilities were recognised as affecting net income. Transaction costs directly allocated to the acquisition of the company were a part of cost.

Contingent purchase price liabilities from business combinations that took place before 1 January 2010 are recognised at fair value as at the end of the balance sheet date. Adjustments to these liabilities are continuing to be offset against goodwill without affecting net income. Losses of a subsidiary were attributed to the non-controlling interests (minority interests) only to the extent that the value of the shares did not lead to a negative balance. Loss exceeding this was allocated to the parent company. Retrospective adjustments to the regulations for business combinations in line with IFRS 3, 2008 revision (see below) are not made. However, future losses from shares without controlling interests are treated in line with IFRS 3, 2008 revision, and can thus lead to a negative value of these shares. In acquiring shares without controlling interests (minority interests), the difference between the purchase price and the book value of the prorated acquired net assets is recorded as goodwill.

Business combinations as of 1 January 2010:

The purchase method according to IFRS 3 (Business Combinations), 2008 revision, is applied to company acquisitions as of 1 January 2010. All identifiable assets and liabilities are measured at fair value at the time of acquisition. Cost is now measured as the total of the consideration transferred (valued at the fair value at the date of acquisition) and the value of the shares without controlling interest (minority shares). Non-controlling interests (minority interests) therefore continued to be carried 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 liabilities are carried, written down or dissolved 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 amount as necessary. Negative goodwill is recognised in profit or loss. Transaction costs incurred during the company acquisition are reported as administrative costs affecting net income.

In step acquisitions, the share of equity is remeasured at the date of acquisition and the amount exceeding the book value is recognised in profit or loss. Contingent purchase price liabilities from business combinations that took place after 1 January 2010 are recognised at fair value as at the end of the balance sheet date. The adjustments of these liabilities are recognised as affecting net income in the statement of profit or loss. Losses of a subsidiary are attributed to the non-controlling interest (minority interests) even if the value of the shares leads to a negative balance.

Scope of consolidation

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

As in the previous year, no mergers took place in the reporting period 2014.

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 at 31 December 2014.

	Date of initial consolidation	Interest in equity and voting rights in 2014 in %
Leifheit España S.A., Madrid (E)	1 Jan 1989	100.0
Leifheit s.r.o., Blatná (CZ)	1 Jan 1995	100.0
Leifheit International U.S.A. Inc., Bay Shore, NY (USA)	1 Jan 1997	100.0
Meusch-Wohnen-Bad und Freizeit GmbH, Nassau (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	100.0
Herby Industrie S.A.S., La Loupe (F)*	1 Jul 2008	100.0
Leifheit France S.A.S., Paris (F)	23 Nov 2009	100.0
Leifheit CZ a.s., Hostivice (CZ)**	1 Dec 2011	71.0
Leifheit Polska Sp. z o.o., Warsaw (PL)	11 Oct 2012	100.0

* indirect shareholding through Leifheit France S.A.S.
** according to IFRS 3, reported to 100% on the balance sheet due to the regulations on the acquisition of the outstanding shares

Foreign currency conversion

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

Currency 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 as at the end of 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 that arise as against the previous year's translation are taken to this translation reserve without affecting net income.

The exchange rates applied to the translation of the relevant currencies are shown in the following table:

Per € 1	Mid-market rate on the balance sheet date		Annual average rate	
	31 Dec 2014	31 Dec 2013	**2014**	2013
CZK	27.74	27.40	27.56	25.82
USD	1.22	1.38	1.34	1.33

Assessment of fair value

The fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability in the context of an orderly business transaction between market participants on the measurement date. The assessment of the fair value is based on the presumption that the business transaction in the context of which the asset is sold or the liability is transferred occurs in

- either the primary market for the asset resp. liability in question
- or, where no primary market exists, the most advantageous market for the asset or liability in question.

The Group must have access to the primary or most advantageous market.

The fair value of an asset or a liability is determined by reference to the assumptions on which the market participants would base their pricing of the asset or liability. In this regard, it is assumed that the market participants would thereby be acting in their own best economic interests. The assessment of the fair value of a non-financial asset takes account of the market participant's capability to generate economic benefit by opting to use the asset to the greatest and best degree or to sell it to another market participant able to use it to the greatest and best degree. The Group applies valuation techniques which are appropriate in the individual circumstances and for which sufficient data is available for the carrying out of an assessment of the fair value. In this context, relevant and observable input factors are to be applied to the greatest possible extent and the application of non-observable input factors to be kept to a minimum.

All assets and liabilities for which the fair value is determined or reported in the financial statements are classified in accordance with the following fair value hierarchy, based on the input parameter at the lowest level which is of overall significance for the valuation at fair value.

- Level 1: (Unadjusted) prices quoted in active markets for identical assets or liabilities
- Level 2: Assessment procedures pursuant to which the input parameter at the lowest level which is of overall significance for the valuation at fair value can be observed either directly or indirectly in the market
- Level 3: Assessment procedures pursuant to which the input parameter at the lowest level which is of overall significance for the valuation at fair value cannot be observed in the market

In the case of assets or liabilities which are recognised in the financial statements on a recurring basis, the Group will decide whether the levels within the hierarchy have been reached by carrying out a review of the classification (on the basis of the input parameter at the lowest level which is of overall significance for the valuation at fair value) at the end of each reporting period.

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. Their remaining term is not more than three months. Structured money market instruments are valued on the basis of embedded derivatives according to IAS 39.11A at the attributable fair 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 includes 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, depreciation and amortisation). In particular, costs incurred by the specific cost centres are taken into account.

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. The lower net realisable value at 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 carried at cost less cumulative depreciation and impairment. If items of tangible assets are sold or scrapped, the associated costs and cumulative depreciation are charged off; any realised profit or loss from the disposal is reported in the statement of profit or loss.

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, which arise after the fixed assets are taken into operation, are recorded as expenses 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 items of tangible assets. If a useful life must be changed, this is done in advance as of the date of reassessment.

Assets under construction are classified as unfinished 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
Software	3–8
Operating and office equipment	3–13
Display and POS stands	3

Leases

In the case of finance leases where, in essence, all the risks and rewards of ownership of an asset are transferred to Leifheit, the leased asset is capitalised 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. Lease 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 in 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 in full over the shorter of the lease term and its useful life.

Operating lease payments are recognised as an expense in the statement of profit or loss 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 three and 15 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 not an integral part of the associated hardware.

Brands

Consideration paid for brands is capitalised. Brands are recognised 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 assets 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 book value of an asset may not be recoverable (IAS 36). As soon as the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. 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 (fair value) 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

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

Development costs are capitalised in accordance with IAS 38 if they can be clearly allocated and both the technical feasibility and marketing of the newly developed products are ensured. Development work must also generate probable future economic benefits. Leifheit has smaller research and development products involving further development of existing products and/or components. They are not recorded in terms of development cost to be capitalised for reasons of materiality. For larger research and development products, the point at which it is clear whether future benefits will be generated from the potential product is extremely late in the overall project phase, so that the development of associated costs are immaterial and recognised in profit or loss like the research costs.

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 statement of financial position (temporary concept). In addition, deferred tax assets from loss carry-forwards are 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 adjusted.

Deferred taxes are reported separately on 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 a case-by-case basis and based on the present 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 end of the balance sheet date. The discount rate is based on market interest rates.

Share-based payment

The obligations of share-based payment, which provide for a settlement in cash, are calculated during the vesting period on the basis of analyses using Monte Carlo simulations. The obligations are provided on a pro rata temporis basis over the respective vesting period.

Employee benefit obligations and pension reserves

The actuarial valuation of the defined benefit obligation arising out of the defined benefit plans is based on the projected unit credit method. Revaluations, including actuarial gains and losses, are directly recorded on the balance sheet and included in other reserves (debit or credit balance) via other comprehensive income in the period in which they accrue. Revaluations may not be reclassified as profit or loss in subsequent periods. Any adjustments to the pension plans are recognised in profit or loss.

Under this method, the post-employment benefits and vested benefits known at the end of the balance sheet date are taken into account along with the expected future increases in salaries and pensions.

Equity

Treasury shares reduce the equity reported in the balance sheet. The acquisition of treasury shares is shown as a change in equity. Any sale, issue or cancellation of treasury shares is recognised without affecting net result. Consideration received is recognised in the financial statements as a change in equity.

Provisions for currency translation are recognised in other reserves 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 become a part of the company's net investment in an independent foreign entity, for example long-term loans, are recognised in equity in the consolidated financial statements without affecting net income until disposal or repayment. When the relevant assets are sold, the translation reserves are recognised in other reserves as income or expenses in the same period as the profit or loss from the sale is recognised.

Revaluations, including actuarial gains and losses arising out of the valuation of pension obligations, are recorded in other reserves.

Profits and losses from effective hedging transactions are likewise recorded as not affecting net income in the reserve for hedging cash flows in other reserves, to the extent effectiveness can be proven.

Financial assets and financial 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. Derivatives that are not formally designated as hedging instruments are valued at the fair value pursuant to IAS 39 and classified as financial assets or liabilities.

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 on the settlement date.

Loans and receivables

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 the 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 and other financial assets held by the Group.

Financial investments available for sale

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 written off or determined to be permanently impaired, the cumulative gain or loss previously recognised in equity is taken to the consolidated statement of profit or loss affecting net income. The fair value of investments traded on organised markets is calculated by reference to the bid price quoted on the market at the end of 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

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

Derivative financial instruments

The Group utilises derivative financial instruments, such as currency forward contracts, in order to hedge against exchange rate risks.

For accounting purposes, the hedging instruments are differentiated as follows:

- As hedging of cash flows if the hedging of fluctuation risks in the cash flow is concerned, which can be attributed to an asset on balance, a liability on balance or to the currency risk of a fixed liability not on balance that is related to a highly probable future transaction (cash flow hedges).

  In the process, both the hedging relation as well as the risk management objectives and the strategies of the Group with regard to the hedging are defined formally and documented in the beginning of the hedging. The documentation contains the definition of the hedging instrument, the underlying transaction or the hedged transaction, as well as the nature of the hedged risk and a description of how the company assesses the effectiveness of the changes in the attributable fair value of the hedging instrument in the compensation of risks from changes in the attributable fair value or the cash flows of the hedged underlying transaction that are based on the hedged risk. Hedging relations of this kind are assessed to be highly effective with regard to achieving a compensation of risks from changes in the attributable fair value or the cash flows. They are evaluated continuously as to whether they have in fact been highly effective during the entire reporting period for which the hedging relation was defined.

  In hedging transactions that fulfil the strict criteria for the balancing of hedging relations (hedging of cash flows/cash flow hedges), the ineffective part of the profit or loss from the hedging instrument is recorded immediately in the foreign currency result as affecting net income. In contrast, the effective part is recorded as not affecting net income in the reserve for hedging cash flows in other reserves. The amounts included in other comprehensive income are reposted upon the receipt of the hedged goods as a part of the purchase costs. A recognition in terms of the result is made by way of entering the material consumption to accounts upon the disposal of inventories.

- As hedging of cash flows if the hedging of risks of fluctuations in cash flows is concerned, which may indeed be attributed to an asset on balance or a currency risk related to a liability on balance, not however to a highly probable future transaction.

  These hedges are assessed at the fair value to be attributed at the time of the close of contract and are revalued in the following periods in the attributable fair value. If there is a positive attributable fair value, they are assessed as financial assets and as financial liabilities if their attributable fair value is negative. Profits or losses from changes of the attributable fair value of derivatives are immediately recorded as affecting net income.

Forward foreign exchange transactions and structured foreign exchange and money market products were valued in accordance with the fair value method, with the forward rate and the nominal amount having been discounted to the reporting date, taking into account the interest rate (swap curve). The swap curves applied relate solely to market data.

Furthermore, structured foreign exchange and money market products are valued using the Garman Kohlhagen standard model. Once again, solely market parameters are used in this context.

The applied market values are calculated as market averages.

Impairment of financial assets

At each balance sheet date, the Group determines whether there are indications of impairment of a financial asset or if a group of financial assets exists. The objective indication for impairment is if the fair value is consistently and significantly below the book value. If an asset is impaired, this effect is recognised in profit or loss. A cumulative loss that was previously recognised directly in equity (in the case of available-for-sale financial assets) is recognised in profit or loss. In the case of trade receivables, impairments are recognised in separate adjustment accounts.

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

Turnover and other operating income are only recognised when the service has been provided or the goods or products delivered and the risk has thus been transferred to the customer. Revenue-dependent sales deductions in the form of customer bonuses or discounts are reflected in turnover.

The cost of turnover 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 labour and materials costs and the depreciation and amortisation attributable to selling activities, as well as shipment, advertising, sales promotion, market research and customer service costs, as well as outbound freight.

General administrative costs include labour and materials costs and the depreciation and amortisation attributable to administration.

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

Interest income and interest expenses are recognised on a pro rata basis.

In all financial instruments assessed at their amortised costs, as well as the interest-bearing financial assets that are classified as available for sale, the interest income and interest expenses are recorded by means of the effective interest rate. This involves the calculatory interest rate, by which the estimated future incoming and outgoing payments are discounted by interest over the expected duration of the financial instrument, or, if applicable, over a shorter period, precisely to the net book value of the financial asset or financial liability.

Borrowing costs

All borrowing costs are recognised as an expense affecting net income in the period they are incurred. There are no significant interest expenses that would have to be capitalised in manufacturing costs.

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 also not recognised in the financial statements. However, they are disclosed in the Notes if it is likely that an inflow of economic benefits will arise.

Events after the end of the balance sheet date

Events after the end of the balance sheet date that provide additional information on conditions that existed at the end of the balance sheet date (adjusting events) are included in the financial statements. Non-adjusting events after the end of 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, depreciation and amortisation periods, 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 impairment testing of immaterial assets and tangible assets are stated in Note 22, the assumptions and estimates in connection with the recognition of pension liabilities in Note 26 and the assumptions and estimates in connection with the recognition of deferred taxes in Note 13.

Furthermore, in the scope of the accounting and valuation principles, discretion was applied as to the research and development costs in the sense that the costs for smaller projects (less than k€ 100) are recorded directly as expenses and that the time of realisability is determined subjectively for larger projects.

Changes in accounting and valuation principles

New mandatory accounting standards applicable as of 2014

In the financial year, Leifheit applied the following new IFRS that are relevant to the Group's business. The adoption of these standards had no significant effects on the net assets, financial position and results of operations of the Group.

- IFRS 10 Consolidated Financial Statements
  The new standard replaces the provisions of the previous IAS 27 consolidated and separate financial statements and SIC-12 Consolidation – Special-Purpose Entities. IFRS 10 establishes a uniform control concept that applies to all companies, including special-purpose entities. In June 2012, the revised transition guidelines for IFRS 10-12, which are to simplify the initial application of the new standards, were also published.

  Compared with the previous legal situation, the amendments introduced with IFRS 10 require significant judgement by the management in assessing the issue of which Group entities are under Group control and if they must therefore be included in the consolidated financial statements by way of full consolidation.

- IFRS 12 Disclosures of Interests in Other Entities
  The standard provides a uniform regulation on the disclosure obligations in consolidated accounts and consolidates the disclosures for subsidiaries, which were previously regulated in IAS 27, and the disclosures for jointly managed and associated companies, which were previously in IAS 31 and IAS 28, as well as disclosures for structured companies.

- IAS 28 Investments in Associates and Joint Ventures (revised 2011)
  The adoption of IFRS 11 and IFRS 12 also resulted in the extension of the scope of IAS 28 and the application of the equity method to joint ventures as well as associates.

- Amendment of IAS 32 and IFRS 7 – Offsetting of Financial Assets and Liabilities
  The amendment aims to eliminate existing inconsistencies by means of supplementing the guidelines. However, the existing basic requirements regarding offsetting financial instruments remain in place. The amendment also defined supplemental disclosures.

- Amendment to IAS 36 – Disclosures regarding the Recoverable Amount of Non-Financial Assets
  The amendment is intended to remove undesirable effects on the disclosure obligations resulting from the introduction of IFRS 13. Furthermore, the amendment requires disclosure of the recoverable amount for assets or cash-generating units with respect to which a value adjustment was recorded or reversed during the reporting period. The amendment is to be applied retroactively. The amendment was applied ahead of schedule in the previous year and led solely to changes or supplements to disclosures and had no effect on the net assets, financial position and results of operations of the Group.

New accounting standards mandatorily applicable in future

EU endorsement obtained

The IASB has published no standards or interpretations relevant to Leifheit that, while having already been endorsed by the EU in the process of comitology, were not yet to be mandatorily applied in the financial year 2014.

EU endorsement outstanding

The IASB has published the standards and interpretations listed below that were not yet to be mandatorily applied in the financial year 2014. These standards and interpretations have not to date been endorsed by the EU and are not applied by the Group.

- IFRS 9 Financial Instruments

  On 24 July 2014, the IASB published the final standard IFRS 9 Financial Instruments (IFRS 9, 2014), which contains the results of all phases of the IFRS 9 project and replaces both IAS 39 Financial Instruments: Recognition and Measurement and all earlier versions of IFRS 9 Financial Instruments. IFRS 9 is to be applied for the first time in the financial year beginning on or after 1 January 2018. The final standard (IFRS 9, 2014) may be applied ahead of schedule at any time. The standard must be applied retroactively. The company also has the option of applying ahead of schedule only those provisions concerning the statement of changes in value attributable to the company's own credit risk, without having to apply the remaining provisions of IFRS 9 (2014) at the same time. The standard contains new provisions on classification and recognition, measurement and hedge accounting.

  The provisions regarding classification and measurement will have no significant effects on the classification and measurement of the Group's financial assets. The changes in provisions relating to impairment will not have any material effect on the net assets, financial position and results of operations of the Group. The provisions relating to hedge accounting will significantly simplify the designation of hedging relations and evidence of effectiveness.

IFRS 15 Revenue from Contracts with Customers IFRS 15 was published in May 2014 and is to be applied for the first time in the financial year beginning on or after 1 January 2017. An application of the amendment ahead of schedule is permissible. The standard must be applied retroactively. The standard introduces a new model of revenue recognition with five stages of analysis, which is to be applied to all revenue from contracts with customers. The core principle of the standard is that a company must register revenue at the time of the transfer of goods or services to the customer at the amount of the consideration that the company can expect to receive in exchange for the transfer of these goods or services. The principles in IFRS 15 offer a structured approach to measuring and recording revenue. The standard's scope of application covers all kinds of industries and companies and therefore replaces all existing provisions affecting the area of revenue recognition (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenues: Exchange of Advertising Services).

The application of the new standard requires more estimates and exercises of discretion than the current standard for revenue recognition because the amount of revenue to be recorded is determined by the amount of the consideration that the company can expect to receive in exchange for the transfer of goods and/or services. This may pose a particular challenge where the consideration is variable. Leifheit has started analysing income flow in line with IFRS 15. However, it is not yet possible to make a definitive statement as to its effects.

- Amendment to IFRS 10 and IAS 28 – Disposal or Contribution of Assets of an Investor to or within an Associated Company or Joint Venture

  The amendment to IRFS 10 and IAS 28 was published in September 2014 and is applicable for the first time for transactions occurring in the financial year beginning on or after 1 January 2016. It is concerned with removing inconsistencies between the provisions of IFRS 10 and IAS 28 in connection with the loss of control over a subsidiary contributed to an associated company or joint venture. The amendment clarifies that an investor must record the full profit or loss resulting from the disposal or contribution of assets to or within an associated company or joint venture, provided that the assets represent a business operation under IFRS 3 Business Combinations. If, after loss of control, a company retains a share in a former subsidiary that does not operate a business operation under IFRS 3, the profit or loss from the revaluation of the remaining share at fair value is only recorded in accordance with the shares held by other independent shareholders. The amendment is to be applied ahead of schedule. An application of the amendment ahead of schedule is permissible.

The amendment solely reduces conceptual differences between IFRS 10 and IAS 28 and has no material effect on the net assets, financial position and results of operations of the Group.

- Amendment to IAS 16 and IAS 38 – Clarification of Permissible Depreciation Methods

  The amendment to IAS 16 and IAS 38 was published in May 2014 and is applicable for the first time in the financial year beginning on or after 1 January 2016. The amendments clarify the principle contained in IAS 16 and IAS 38 that the revenue reflects the economic benefit that is generated by the operation of a business (to which the asset belongs). By contrast, revenue does not represent the economic benefit that is consumed by the use of the asset. As a result, the ratio between the turnover achieved and the anticipated future total turnover cannot be used for the depreciation of tangible assets but only for the depreciation of intangible assets in very limited cases. The amendment is to be applied ahead of schedule. An application of the amendment ahead of schedule is permissible.

  The amendment has no effects on the Group because revenue is not used for depreciation of tangible assets.

- Amendment to IAS 19 – Contributions from Employees

  The amendment to IAS 19 was published in November 2013 and is applicable for the first time in the financial year beginning on or after 1 July 2014. The amendment governs the reporting of contributions to the pension plan from employees or third parties as a reduction of service cost, to the extent that these reflect the services provided during the reporting period. The amendment is to be applied retroactively. An application of the amendment ahead of schedule is permissible.

  The amendment does not have any effects on the Group because contributions from employees are not provided under current pension plans.

- Amendment to IAS 1 – Presentation of Financial Statements

  As part of the overarching Disclosure Initiative project to assess and improve presentation and disclosure requirements, the IASB has published the first amendments to IAS 1 Presentation of Financial Statements. These include limited amendments that aim to encourage companies to exercise more discretion in the disclosure and presentation of information. This affects, for example, the clarification that materiality applies to the financial statements as a whole and the disclosure of immaterial information may limit the usefulness of financial information. Furthermore, more discretion should be exercised with regard to the position in the financial statements and the order in which information is presented. The application of this amendment is mandatory for financial years starting on or after 1 January 2016. An application of the amendment ahead of schedule is permissible.

Standards or interpretations that do not apply

The new regulations listed in the following are not applicable to the Group and therefore have no effects on the net assets, financial position and results of operations of the Group:

- Amendment to IFRS 10, IFRS 12 and IAS 28 – Investment Companies: Exemptions from the Consolidation Requirement
- Amendment to IFRS 11 – Acquisition of Shares in a Jointly Controlled Entity
- IFRS 14 – Accounting for Regulatory Accruals and Deferrals
- Improvements to IFRS (2010–2012)
- Improvements to IFRS (2011–2013)
- Improvements to IFRS (2012–2014)
- Amendment to IAS 16 and IAS 41 – Bearer Plants
- Amendment to IAS 27 – Equity Methods in Individual Financial Statements
- IFRIC 21 Levies

SEGMENT REPORTING

The Leifheit Group is divided into divisions for internal management purposes and has two segments which are subject to reporting requirements, the Brand Business and the Volume Business.

Key figures by divisions in 2014		Brand Business	Volume Business	**Total**
Turnover	€ m	180.4	40.3	220.7
Gross margin	%	50.1	36.9	47.7
Contribution margin	€ m	76.4	13.5	89.9
Segment result (EBIT)	€ m	16.2	5.3	21.5
Segment result (EBIT) adjusted[1]	€ m	12.2	4.2	16.4
Depreciation and amortisation	€ m	5.5	0.8	6.3
Employees on annual average	persons	764	275	1,039

[1] adjusted for foreign currency results

Key figures by divisions in 2013		Brand Business	Volume Business	Total
Turnover	€ m	174.2	46.7	220.9
Turnover adjusted[1]	€ m	172.8	46.7	219.5
Gross margin	%	47.8	34.1	44.9
Contribution margin	€ m	69.5	14.5	84.0
Segment result (EBIT)	€ m	10.7	4.2	14.9
Segment result (EBIT) adjusted[2]	€ m	12.4	4.5	16.9
Depreciation and amortisation	€ m	5.7	1.1	6.8
Employees on annual average	persons	735	283	1,018

[1] adjusted for discontinued operations with Dr Oetker Bakeware
[2] adjusted for foreign currency results

The breakdown by segments corresponds to the internal reporting structure and covers the two divisions, Brand Business and Volume Business.

The Brand Business division develops, produces and distributes household goods and appliances under the Leifheit brand, as well as scales and relaxation products under the Soehnle brand.

The Volume Business division comprises the activities of Birambeau and Herby and the Project Business.

There are no unconsolidated transactions between the two segments of Brand Business and Volume Business.

The Board of Management monitors the result generated by the divisions for the purposes of deciding upon the allocation of resources and ascertaining the profitability of the units. The performance of the segments is assessed on the basis of the result generated and evaluated in line with the result as reported in the consolidated financial statements. The financing of the Group (including financial expenses and income) and any income taxes are managed on a uniform Group-wide basis and are not attributed to the individual segments.

The segments' control parameters are turnover, gross margin, contribution margin and EBIT. These are based on IAS/IFRS valuations. Regular reporting does not cover other key figures.

NOTES TO THE STATEMENT OF PROFIT OR LOSS AND STATEMENT OF COMPREHENSIVE INCOME

(1) Turnover

k€ (by regions)	2014	2013
Domestic	95,000	94,231
Central Europe	96,019	97,410
Eastern Europe	19,392	17,992
Rest of the world	10,284	11,270
	220,695	**220,903**

The location of the customer's registered offices is decisive for the regional attribution of the turnover.

k€ (by divisions)	2014	2013
Brand Business	180,437	174,175
Volume Business	40,258	46,728
	220,695	**220,903**

(2) Cost of turnover

k€	2014	2013
Cost of materials	86,447	89,879
Personnel costs	12,465	12,260
Purchased services	3,904	4,639
Depreciation and amortisation	3,164	3,411
IT costs and other allocations	1,802	1,767
Consumables and supplies	1,392	1,166
Maintenance	1,335	1,538
Energy	1,148	1,379
Customs duties	1,051	1,025
Services	999	1,699
Royalties	251	676
Warranty obligations	230	814
Rent	181	162
Cost of cars, travel and entertainment	159	182
Value adjustments for inventories (net change)	-1,582	-984
Other cost of turnover	2,500	2,094
	115,446	**121,707**

(3) Research and development costs

k€	2014	2013
Personnel costs	2,144	1,953
Fees	562	694
IT costs and other allocations	336	314
Services	316	474
Other research and development costs	405	451
	3,763	**3,886**

(4) Depreciation and amortisation

k€	2014	2013
Tangible assets		
Cost of turnover	3,140	3,387
Research and development costs	50	44
Distribution costs	1,061	991
Administrative costs	236	224
IT costs and other allocations	842	878
	5,329	**5,524**
Intangible assets		
Cost of turnover	24	24
Research and development costs	12	86
Distribution costs	133	383
Administrative costs	61	59
IT costs and other allocations	695	740
	925	**1,292**
Total depreciation and amortisation	**6,254**	**6,816**

(5) Personnel costs/employees

k€	2014	2013
Wages and salaries	37,381	33,504
Social security contributions	8,017	8,192
Cost of post-employment benefits	679	475
	46,077	**42,171**

Employees on annual average	2014	2013
Germany	399	406
Czech Republic	407	375
France	171	175
Other countries	62	62
	1,039	**1,018**

(6) Distribution costs

k€	2014	2013
Personnel costs	18,381	17,904
Advertising costs	16,907	14,004
Outgoing freight	10,921	10,626
Commissions	5,463	5,487
IT costs and other allocations	5,137	4,986
Services	4,090	3,711
Cost of cars, travel and entertainment	1,851	2,111
Depreciation and amortisation	1,194	1,374
Packaging materials	1,102	1,078
Rent	700	809
Payments to customers	465	345
Maintenance	463	412
Insurance	288	401
General operating and administrative costs	230	221
Office and other overhead costs	228	117
Post and telephone costs	191	192
Other distribution costs	1,745	1,656
	69,356	**65,434**

(7) Administrative costs

k€	2014	2013
Personnel costs	10,511	7,581
Services	2,742	2,577
IT costs and other allocations	795	712
Maintenance	390	373
Cost of cars, travel and entertainment	342	282
Depreciation and amortisation	297	283
Office and other overhead costs	277	283
Post and telephone costs	258	276
Rent	254	270
General operating and administrative costs	142	148
Insurance	103	86
Other administrative costs	694	709
	16,805	**13,580**

(8) Other operating income

k€	2014	2013
Commission income	603	631
Royalty revenue	217	113
Other operating income (less than k€ 100)	315	358
	1,135	**1,102**

(9) Other operating expenses

k€	2014	2013
Other operating expenses (less than k€ 100)	20	515
	20	**515**

(10) Foreign currency result

k€	2014	2013
Result from changes in the fair value of forward foreign exchange transactions	3,139	-1,380
Effects of foreign currency valuations	576	-445
Realised foreign currency gains/losses	1,388	-125
	5,103	**-1,950**

The result from changes in the fair values of forward foreign exchange transactions concerned forward foreign exchange transactions for which no hedging relations exist.

(11) Interest income

k€	2014	2013
Interest income from financial instruments	210	252
Interest income from compound interest	191	164
Interest income from taxes	1	34
	402	**450**

Interest income from financial instruments related to interest income from credit balances at banks as well as income resulting from investments in the form of registered securities.

(12) Interest expenses

k€	2014	2013
Interest expenses from interest on pension obligations	1,912	1,912
Interest expenses from compound interest and taxes	262	154
	2,174	**2,066**

(13) Income taxes

k€	2014	2013
Corporation tax (Germany)	977	546
Trade tax (Germany)	595	439
Foreign income taxes	1,732	1,815
Deferred income taxes	2,390	271
	5,694	**3,071**

k€	2014	2013
Actual income tax income from other periods	2	-132
Deferred taxes due to temporary differences and tax loss carry-forwards	2,390	271
Current tax expense	3,302	2,932
Tax liability	**5,694**	**3,071**

The combined tax rate for Leifheit AG for corporation tax and trade tax in Germany was 28.7% (2013: 28.0%).

The income tax can be reconciled with the theoretical amount applicable in line with the tax rate valid for the country where the company has its headquarters as follows:

k€	2014	2013
Earnings before taxes	19,807	13,318
Tax expense based on the tax rate applicable to the parent company	**5,685**	**3,729**
Actual income tax income from other periods	2	-132
Different foreign tax rates	63	173
Deferred tax assets on loss carry-forwards	–	-937
Non tax-deductible losses of Group companies	59	254
Non tax-deductible expenses of Group companies	69	42
Adjustment of the deferred tax rate	-152	–
Other	-32	-58
Tax liability	**5,694**	**3,071**

Deferred taxes are recognised for all material temporary differences between the tax base and the book values in the consolidated statement of financial position. Deferred taxes in the statement of profit or loss are broken down as follows:

k€	2014	2013
Different depreciation or amortisation periods for non-current assets	172	-64
Measurement of inventories	-41	-66
Measurement of receivables and other assets	-267	-51
Measurement of derivative financial instruments	883	-396
Measurement of pensions	-133	41
Measurement of provisions for partial retirement	3	7
Different recognition rules for other provisions	-204	-99
Measurement of liabilities	32	-12
Other temporary differences	-1	-11
Tax loss carry-forwards	1,972	937
Foreign currency effects	-26	-15
Deferred taxes	**2,390**	**271**

Deferred tax assets are only recognised on loss carry-forwards if their utilisation is expected within a five-year period.

No deferred tax assets were created for corporation tax loss carry-forwards in the amount of k€ 13,337 (2013: k€ 14,255) or trade tax loss carry-forwards of k€ 3,544 (2013: k€ 3,411) as it is not highly probable that Leifheit will be able to utilise these tax loss carry-forwards over the next five years. The tax loss carry-forwards in Germany (k€ 12,305 from corporation tax, as well as k€ 3,544 from trade tax) and Belgium (k€ 191 from corporation tax) have an unlimited utilisation period. The utilisation period in Spain (k€ 534 from corporation tax) is 18 years and five years in the Czech Republic (k€ 307 from corporation tax).

The temporary differences in connection with shares in subsidiaries for which no deferred taxes are recognised amount to k€ 183 (2013: k€ 147).

Deferred taxes on the balance sheet are broken down as follows:

k€	31 Dec 2014 Deferred tax assets	31 Dec 2014 Deferred tax liabilities
Different depreciation or amortisation periods for non-current assets	493	3,300
Measurement of inventories	491	4
Measurement of receivables and other assets	57	241
Measurement of derivative financial instruments	193	1,538
Measurement of pensions	10,759	3
Measurement of provisions for partial retirement	1	–
Different recognition rules for other provisions	736	–
Measurement of liabilities	81	–
Other temporary differences	63	–
Tax loss carry-forwards	1,146	–
Gross amount	**14,020**	**5,086**
Offsetting	2,632	2,632
Balance sheet amount	**11,388**	**2,454**

k€	31 Dec 2013 Deferred tax assets	31 Dec 2013 Deferred tax liabilities
Different depreciation or amortisation periods for non-current assets	385	3,020
Measurement of inventories	451	5
Measurement of receivables and other assets	54	537
Measurement of derivative financial instruments	615	113
Measurement of pensions	7,022	–
Measurement of provisions for partial retirement	5	–
Different recognition rules for other provisions	531	–
Measurement of liabilities	86	-27
Other temporary differences	61	–
Tax loss carry-forwards	3,118	–
Gross amount	**12,328**	**3,648**
Offsetting	2,018	2,018
Balance sheet amount	**10,310**	**1,630**

(14) 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 outstanding during the financial year. No financing or remuneration instruments were employed which would lead to a dilution of earnings per share.

		2014	2013
Shares issued	thousand shares	5,000	5,000
Weighted average number of treasury shares	thousand shares	250	251
Weighted average number of no-par-value bearer shares	thousand shares	**4,750**	**4,749**

		2014	2013
Net result for the period allocated to the shareholders of the parent company	k€	14,113	10,279
Weighted average number of no-par-value bearer shares	thousand shares	4,750	4,749
Earnings per share based on net result for the period (diluted and undiluted)	€	**2.97**	**2.16**

		2014	2013
Comprehensive income after taxes allocated to the shareholders of the parent company	k€	7,863	9,188
Weighted average number of no-par-value bearer shares	thousand shares	4,750	4,749
Earnings per share based on comprehensive income after taxes (diluted and undiluted)	€	**1.66**	**1.93**

NOTES TO THE BALANCE SHEET

(15) Cash and cash equivalents

k€	31 Dec 2014	31 Dec 2013
Credit balances at banks and cash on hand	58,808	43,609
Structured money market instruments	–	7,344
	58,808	**50,953**

The credit balances at banks and cash on hand were valued at their respectively attributable fair value. The book value is the fair value.

The reporting in the previous year of the structured money market instruments included a time deposit investment in a nominal amount of kUSD 10,000. It was repaid on 28 February 2014.

(16) Financial assets (current)

The current financial assets are an investment in the form of a registered bond to the amount of k€ 4,000. In the previous year, this item included a bonded loan in the amount of k€ 1,001. Both items were carried at amortised cost using the effective interest rate method.

On the basis of their short-term character and interest yields near the market rate, the attributable fair values of the current financial assets are approximately equivalent to their book value.

(17) Trade receivables

k€	31 Dec 2014	31 Dec 2013
Trade receivables	47,662	44,250
Trade bills	982	2,435
	48,644	**46,685**

As at 31 December 2014, k€ 35,098 were secured by credit on goods insurance policies (2013: k€ 33,212). The cost-sharing amount is normally 10%.

The development of the adjustment account for trade receivables is shown below:

k€	2014	2013
As at 1 January	2,330	1,546
Currency differences	74	149
Additions recognised in profit and loss	597	1,001
Utilisation	175	29
Reversal	244	337
As at 31 December	2,582	**2,330**

The maturity structure of trade receivables as at 31 December:

k€	2014	2013
Neither overdue nor impaired	**47,151**	**44,689**
Overdue but not impaired		
1 to 30 days	988	1,445
31 to 60 days	224	232
61 to 90 days	54	21
91 to 120 days	-45	79
Over 120 days	-402	-494
Overdue in total but not impaired	**819**	**1,283**
Specific allowances on doubtful accounts (gross)	**3,256**	**3,043**
Value adjustment	**-2,582**	**-2,330**
Trade receivables (net)	**48,644**	**46,685**

Trade receivables that are neither overdue nor impaired also contain trade bills. Insofar as a credit on goods insurance policy is present, overdue receivables are only adjusted by the amount of cost-sharing.

Reference is made to Note 34 (Default/credit risk) with respect to the default/credit risk in relation to trade receivables.

(18) Inventories

k€	**31 Dec 2014**	31 Dec 2013
Raw materials, consumables and supplies	4,747	4,524
Unfinished products	1,530	1,394
Finished products and goods purchased and held for resale	29,159	27,712
	35,436	**33,630**

k€	**31 Dec 2014**	31 Dec 2013
Raw materials, consumables and supplies measured at fair value	105	242
Unadjusted raw materials, consumables and supplies	4,642	4,282
Total raw materials, consumables and supplies	**4,747**	**4,524**
Unfinished products measured at fair value	5	21
Unadjusted unfinished products	1,525	1,373
Total unfinished products	**1,530**	**1,394**
Finished products and goods purchased and held for resale measured at fair value	2,316	2,518
Unadjusted finished products and goods purchased and held for resale	26,843	25,194
Total finished products and goods purchased and held for resale	**29,159**	**27,712**

Some of the inventories for which no payments have been made owing to their maturity are subject to retention of title by suppliers.

(19) Derivative financial instruments

Derivative financial instruments include forward foreign exchange contracts and foreign exchange swaps, measured at fair value, for buying and selling US dollars and Hong Kong dollars for the financial years 2015, 2016 and 2017.

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

	Value of liability	**Foreign currency**	**Nominal value**
Buy USD/€	€ 105.5 m	USD 136.1 m	€ 110.4 m
of which hedge accounting	€ 70.7 m	USD 91.1 m	€ 73.8 m
Sell USD/€	€ 17.0 m	USD 21.6 m	€ 17.6 m
Buy HKD/€	€ 11.2 m	HKD 110.7 m	€ 11.6 m

In the previous year, the following liabilities from foreign exchange transactions existed:

	Value of liability	Foreign currency	Nominal value
Buy USD/€	€ 63.9 m	USD 85.0 m	€ 61.7 m
of which hedge accounting	€ 11.3 m	USD 15.0 m	€ 10.9 m
Sell USD/€	€ 14.9 m	USD 20.0 m	€ 14.5 m
Buy HKD/€	€ 4.7 m	HKD 49.0 m	€ 4.5 m

There were netting agreements related to derivative financial instruments with various banks. However, these only take effect under certain preconditions, meaning that netting out is not permitted on the balance sheet. At the balance sheet date, it was therefore only possible to net k€ 672 (2013: k€ 403) with regard to the recognised market values.

The adjustments for the credit risk relating to counterparties (credit value adjustment) in the amount of k€ 5 and the adjustments for the credit risk relating to the Group itself (debt value adjustment) in the amount of k€ 2 were omitted on grounds of insignificance.

The maturities of foreign exchange transactions as at 31 December 2014 were as follows:

	less than 1 year	**1 to 3 years**
Buy USD/€	USD 59.5 m	USD 76.6 m
Sell USD/€	USD 20.0 m	USD 1.6 m
Buy HKD/€	HKD 35.1 m	HKD 75.6 m

The maturities of foreign exchange transactions as at 31 December 2013 were as follows:

	less than 1 year	1 to 3 years
Buy USD/€	USD 64.4 m	USD 20.6 m
Sell USD/€	USD 20.0 m	–
Buy HKD/€	HKD 43.0 m	HKD 6.0 m

(20) Other current assets

k€	**31 Dec 2014**	31 Dec 2013
VAT receivables	2,291	2,598
Current prepayments and accrued income	505	225
Supplier bonuses	332	233
Creditors with debit balances	139	262
Other current assets (less than k€ 100)	312	350
	3,579	**3,668**

(21) Tangible assets

k€	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advances paid and assets under construction	Total
Costs					
as at 1 January 2013	54,634	38,365	44,002	878	137,879
Foreign currency differences	-1,092	-1,151	-133	-36	-2,412
Additions	51	251	1,438	1,539	3,279
Disposals	5	650	3,490	90	4,235
Reclassifications	63	1,076	173	-1,312	–
As at 31 December 2013	**53,651**	**37,891**	**41,990**	**979**	**134,511**
Foreign currency differences	-148	-165	-9	-6	-328
Additions	200	338	2,089	2,517	5,144
Disposals	82	687	873	58	1,700
Reclassifications	238	1,655	136	-2,029	–
As at 31 December 2014	**53,859**	**39,032**	**43,333**	**1,403**	**137,627**
Cumulative write-downs					
as at 1 January 2013	30,120	32,665	36,198	52	99,035
Foreign currency differences	-454	-898	-44	–	-1,396
Additions	1,428	1,994	2,097	5	5,524
Disposals	5	641	3,427	–	4,073
Reclassifications	–	–	–	–	–
As at 31 December 2013	**31,089**	**33,120**	**34,824**	**57**	**99,090**
Foreign currency differences	-66	-134	2	–	-198
Additions	1,404	1,840	2,085	–	5,329
Disposals	78	668	798	57	1,601
Reclassifications	–	–	–	–	–
As at 31 December 2014	**32,349**	**34,158**	**36,113**	**–**	**102,620**
Net book value					
As at 1 January 2013	24,514	5,700	7,804	826	38,844
As at 31 December 2013	22,562	4,771	7,166	922	35,421
As at 31 December 2014	**21,510**	**4,874**	**7,220**	**1,403**	**35,007**

The additions to depreciation on tangible assets included extraordinary depreciation on tools and operating and office equipment that are no longer used amounting to k€ 115 (2013: k€ 71).

Of the k€ 35,007 tangible assets as at the balance sheet date (2013: k€ 35,421), k€ 16,784 were located in Germany (2013: k€ 16,992), k€ 11,626 in the Czech Republic (2013: k€ 11,712), k€ 5,359 in France (2013: k€ 5,480) and k€ 1,238 in other countries (2013: k€ 1,237).

(22) Intangible assets

k€	Brands	Enterprise or company value (goodwill)	Other intangible assets	Advances paid	**Total**
Costs					
as at 1 January 2013	7,251	11,821	17,792	104	36,968
Foreign currency differences	–	–	-49	–	-49
Additions	–	–	148	145	293
Disposals	27	–	131	–	158
Reclassifications	–	–	93	-93	–
As at 31 December 2013	**7,224**	**11,821**	**17,853**	**156**	**37,054**
Foreign currency differences	–	–	-7	–	-7
Additions	–	–	198	808	1,006
Disposals	–	–	35	–	35
Reclassifications	–	–	160	-160	–
As at 31 December 2014	**7,224**	**11,821**	**18,169**	**804**	**38,018**
Cumulative write-downs					
as at 1 January 2013	2,447	–	15,032	–	17,479
Foreign currency differences	–	–	-17	–	-17
Additions	–	–	1,292	–	1,292
Disposals	27	–	131	–	158
Reclassifications	–	–	–	–	–
As at 31 December 2013	**2,420**	**–**	**16,176**	**–**	**18,596**
Foreign currency differences	–	–	-3	–	-3
Additions	–	–	925	–	925
Disposals	–	–	35	–	35
Reclassifications	–	–	–	–	–
As at 31 December 2014	**2,420**	**–**	**17,063**	**–**	**19,483**
Net book value					
As at 1 January 2013	4,804	11,821	2,760	104	19,489
As at 31 December 2013	4,804	11,821	1,677	156	18,458
As at 31 December 2014	**4,804**	**11,821**	**1,106**	**804**	**18,535**

The additions to depreciation on intangible assets included extraordinary depreciation on software in the amount of k€ 77 (2013: k€ 76).

Of the intangible assets in the amount of k€ 18,535 as at the balance sheet date (2013: k€ 18,458), k€ 7,434 were located in Germany (2013: k€ 7,253), k€ 1,145 in the Czech Republic (2013: k€ 1,197), k€ 9,946 in France (2013: k€ 10,000) and k€ 10 in other countries (2013: k€ 8).

The remaining amortisation period of significant other intangible assets are:

- ERP software of Leifheit AG 0.5 years
- Customer base of Leifheit CZ a.s. 6 years

Impairment testing of intangible assets and tangible assets

Intangible assets including goodwill and brands acquired from business combinations and tangible assets are subjected to annual impairment testing under IAS 36.11. There was no indication for an impairment of these assets that would have required an extraordinary impairment test (IAS 36.12). The assets were attributed to the following cash-generating units:

- “Leifheit/Soehnle”
- “Birambeau”
- “Herby”

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

In order to determine the recoverable amount of the cash-generating unit in question, the value in use is determined using cash flow forecasts. Assumptions are made for future trends in turnover and costs on the basis of the 2015 budget, which covers the next two years in the scope of medium-term planning, and were compared to external information. Increases in turnover of between 3% and 6% were assumed for the “Leifheit/Soehnle” cash-generating unit. For 2015, we expect to see a result similar to that of the previous year, adjusted for foreign currency effects. For subsequent years, we expect to see improvements in margin and efficiency reflecting increasing results as a result of increases in turnover. We expect to see increases in turnover of between 0 and 3% with constant results for the “Birambeau” cash-generating unit. We expect to see increases in turnover of between 2 and 14% with constant results for the “Herby” cash-generating unit.

As a result of the change in the forecast for 2015 as a result of this management report, the impairment tests were reviewed.

The discount rate used for the cash flow forecasts for the purposes of the determination of the value in use are based on the average costs of capital at the time of the impairment test in the amount of 5.98% after taxes (2013: 6.57%) based on a risk-free interest rate of 2.0% (2013: 2.75%), a market risk prime of 6.0% (2013: 6.0%), a beta factor of 0.69 (2013: 0.67) and borrowing costs of 1.5% (2013: 3.29%). A growth rate of 1.0% (2013: 1.0%) was assumed.

As at 30 September 2014, the recoverable amounts calculated in this way were greater than the book value. The impairment tests therefore did not identify any impairment requirements. Even when applying the following individual sensitivities, there was no need for value adjustment in the “Leifheit/Soehnle”, “Birambeau” and “Herby” cash-generating units:

- Cash flow forecast on the basis of the current earnings level with costs and turnover development remaining constant
- Cash flow forecast on the basis of the updated 2015 budget allowing for a 20% discount
- Increase of the discount rate by 2.0 percentage points
- Cash flow forecast on the basis of turnover decreases of between 0 and 3% annually with the corresponding decreases in result

Even the combination of the two most significant changes in parameters did not result in any impairment requirements.

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

	Goodwill		Brands	
k€	**31 Dec 2014**	31 Dec 2013	**31 Dec 2014**	31 Dec 2013
Birambeau	3,299	3,299	–	–
Herby	6,441	6,441	–	–
Leifheit/ Soehnle	872	872	–	–
Pressure steam ironing	1,209	1,209	–	–
Soehnle brand	–	–	4,804	4,804
	11,821	**11,821**	**4,804**	**4,804**

(23) Income tax receivables

Non-current income tax receivables related to the non-current portion of a Leifheit AG corporation tax credit in the amount of k€ 1,520 (2013: k€ 2,159).

(24) Trade payables and other liabilities

k€	31 Dec 2014	31 Dec 2013
Trade payables	15,061	13,476
Employees	12,194	8,522
Customer bonuses	7,449	5,146
Advertising cost subsidies	4,772	3,351
Other taxes (excluding income taxes)	1,688	1,551
Outstanding invoices	1,453	1,144
Debtors with credit balances	1,167	1,400
Social security contributions	739	911
Customer discounts	420	386
Annual financial statement costs	415	431
Royalties	333	333
Commission obligations	275	510
Purchase commitments	270	281
Tax advice	191	320
Energy costs	147	155
Rental and lease expenses	122	11
Severance payments to sales representatives	115	147
Other liabilities (less than k€ 100)	1,009	1,215
	47,820	**39,290**

The trade payables and other liabilities had a remaining term of up to one year.

Liabilities to employees related in particular to December wages paid in January, residual holiday and overtime entitlements, as well as severance payments and bonuses.

(25) Provisions

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 primarily related to purchase commitments.

Other provisions contained mostly obligations from loss compensation, litigation costs and legal fees. The increase in the reporting period due to the increase in the amount discounted over time of the non-current provisions was k€ 152 (2013: k€ 57).

The provisions for warranties, compensation payments and litigation costs of k€ 5,153 (2013: k€ 4,637) reflected uncertainties regarding the amount and/or likelihood of outflows. The uncertainty for warranty provisions results from the possible future change in warranty claims. The uncertainty for provisions for compensation payments and litigation costs is due to the unknown outcome of pending proceedings.

The breakdown and the development are shown in the following tables:

	31 Dec 2014		
k€	Total	of which current	of which non-current
Warranties	4,796	4,064	732
Personnel	1,478	197	1,281
Onerous contracts	147	147	–
Other provisions	1,604	1,551	53
Balance sheet amount	**8,025**	**5,959**	**2,066**

	31 Dec 2013		
k€	Total	of which current	of which non-current
Warranties	4,290	3,558	732
Personnel	1,443	279	1,164
Onerous contracts	70	70	–
Other provisions	2,545	2,545	–
Balance sheet amount	**8,348**	**6,452**	**1,896**

	Current provisions			
k€	Warranties	Personnel	Onerous contracts	Other current provisions
As at 1 Jan 2014	3,558	279	70	2,545
Foreign currency differences	-1	–	–	-1
Reclassification	–	-52	–	–
Utilisation	3,518	81	70	1,209
Reversal	–	–	–	811
Addition	4,025	51	147	1,027
As at 31 Dec 2014	**4,064**	**197**	**147**	**1,551**

	Non-current provisions			
k€	Warranties	Personnel	Onerous contracts	Other non-current provisions
As at 1 Jan 2014	732	1,164	–	–
Foreign currency differences	–	–	–	–
Reclassification	–	52	–	–
Utilisation	–	131	–	–
Reversal	–	–	–	–
Addition	–	196	–	53
As at 31 Dec 2014	**732**	**1,281**	**–**	**53**

(26) Employee benefit obligations

The pension obligations within the Leifheit Group comprise defined post-employment benefit commitments and included both obligations from current pensions and vested benefits in pensions to be paid in the future.

The commitments included retirement, disability and survivor benefits. The defined pension obligations are based on post-employment provisions with benefit commitments related to length of service and final salary. In addition, there are post-employment provisions in the form of reinsured direct commitments for management staff under deferred compensation schemes. The entitlement to benefits arises out of an insurance contract in the amount of a one-time payment made upon the commencement of the post-employment benefit commitment.

The pension obligations in France are commensurate with the relevant national statutory provisions.

Plan assets consist solely of reinsurance policies.

The pension obligations are subject to risks relating to changes in inflation rates, interest rates and the life expectancy of the persons entitled to a pension. The plan assets consist of reinsurance policies which are subject to interest rate risks.

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

k€	**31 Dec 2014**	31 Dec 2013
Present value of defined benefit obligations (DBO)	68,990	56,409
Fair value of plan assets	-932	-883
Recognised net liability from pension obligations in Germany	**68,058**	**55,526**
Pension obligations in France	961	859
Employee benefit obligations	**69,019**	**56,385**

The cost of post-employment benefits in Germany recorded with effects on net result can be broken down as follows:

k€	**2014**	2013
Current service cost	522	555
Service cost to be subsequently offset	–	-262
Interest expense on the obligation	1,912	1,912
Expected income from plan assets	-4	-7
Amount by which the income exceeds/falls short of calculated income	-2	–
Total cost of post-employment benefits	**2,428**	**2,198**

The expenses and income recorded in other comprehensive income without effects on net result amounted to:

k€	**2014**	2013
Actuarial gains/losses due to adjustment of the obligation to reflect historical data	-272	-108
Actuarial gains/losses due to changes in actuarial assumptions	12,494	–
Amount by which the actual income from the plan assets in the current financial year falls short of the income calculated on the basis of the discount rate	2	–
Adjustment effects recognised in other comprehensive income	**12,224**	**-108**

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

k€	**2014**	2013
Net liability at start of year	55,526	55,497
Net expense recognised in net result for the period	2,428	2,198
Net expense recognised in other comprehensive income	12,224	-108
Payments to beneficiaries	-2,120	-2,061
Recognised net liability at end of year	**68,058**	**55,526**

In addition, contributions of k€ 2,526 were paid to government pension providers (2013: k€ 2,423).

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

k€	**2014**	2013
DBO at start of year	56,409	56,335
Current service cost	522	555
Service cost to be subsequently offset	–	-262
Interest expense	1,912	1,912
Benefit payments	-2,120	-2,061
Actuarial gains/losses	-272	-108
Actuarial gains/losses due to changes in actuarial assumptions	12,494	–
Amount by which the actual income from the plan assets in the current financial year falls short of the income calculated on the basis of the discount rate	2	–
Others	43	38
DBO at end of year	**68,990**	**56,409**

The fair value of plan assets changed as follows during the financial year:

k€	**2014**	2013
Fair value of plan assets at start of year	883	838
Expected income from plan assets	4	7
Amount by which the income exceeds/ falls short of calculated income	2	–
Others	43	38
Fair value of plan assets at end of year	**932**	**883**

The plan assets cover reinsurance policies with German insurance companies.

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

	31 Dec 2014	31 Dec 2013
Discount rate	2.2%	3.5%
Future income trend	2.5%	2.5%
Future pension trend	2.0%	2.0%
Mortality tables Prof. Dr K. Heubeck	2005 G	2005 G
Arithmetical final age	RVAG AnpG 2007	RVAG AnpG 2007

The following amounts are likely to be paid out in the context of these obligations in the next few years:

k€	**2014**	2013
Within the next 12 months (following financial year)	2,217	2,142
Between 2 and 5 years	10,131	9,690
Between 6 and 10 years	14,389	14,244

The following depicts a sensitivity analysis of the most important assumptions as at 31 December 2014:

k€	Basic value	Sensitivity	**Effect on the DBO**
Discount rate	2.2%	-0.25 pps	2,788
Discount rate	2.2%	+0.25 pps	-2,625
Inflation rate/pension trend	2.0%	-0.5 pps	-4,252
Inflation rate/pension trend	2.0%	+0.5 pps	4,577
Future salary increase	2.5%	-0.5 pps	-904
Future salary increase	2.5%	+0.5 pps	954
Life expectancy		+1 year	3,427

The payment-weighted duration of the defined post-employment benefit obligations amounted to 16.0 years (2013: 15.2 years).

(27) Subscribed capital

The subscribed capital of Leifheit AG in the amount of k€ 15,000 (2013: k€ 15,000) is denominated in euros and is divided into 5,000,000 no-par-value bearer shares. All shares accord the same rights. Shareholders receive dividends as declared and have one vote for each share at the Annual General Meeting.

The no-par-value bearer shares are deposited in a permanent global certificate at Clearstream Banking AG, Frankfurt am Main, Germany.

By resolution of the Annual General Meeting on 26 May 2011, the Board of Management is authorised, subject to the approval of the Supervisory Board, to increase the share capital on one or more occasions by a total of up to k€ 7,500 until 25 May 2016 by issuing 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 exclude shareholders' subscription rights in the following circumstances:

- For the equalisation of fractional amounts,
- insofar as the capital increase serves the purpose of acquiring companies, company shares or participating interests in companies by way of contribution in kind,
- 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 when the Board of Management sets the issue price (sections 203, paras. 1 and 2, section 186, para. 3, sentence 4 AktG) and the exclusion of subscription rights only applies to new shares not exceeding 10% of the share capital on the date when the authorisation is entered in the commercial register or, if lower, 10% of the share capital (10% threshold) on the issue date of the new shares. For the issue of the utilisation of the 10% threshold, the exclusion of subscription rights due to other authorisations in accordance with section 186, para. 3, sentence 4 AktG must be considered. As such, the determining market price is the average of the closing prices in the Xetra trading system (or a comparable successor system) on the last five trading days before the time the Board of Management sets the issue price.

With the consent of the Supervisory Board, the Board of Management is authorised to determine additional details of the implementation of capital increases from authorised capital.

(28) Capital surplus

The capital surplus in the amount of k€ 16,956 (2013: k€ 16,934) represents the premium on the capital increase in autumn 1989 to the amount of k€ 16,934 and the issuance of employee shares in July 2014 to the amount of k€ 22.

(29) Treasury shares

Including the treasury shares acquired and issued in previous years, Leifheit held 248,672 treasury shares on 31 December 2014. This corresponds to 4.97% of the share capital. The amount of share capital attributable was k€ 746. An amount of k€ 7,542 was expended for this.

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

The Annual General Meeting on 9 June 2010 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 until 8 June 2015. 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 scope 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.

As in the previous year, no treasury shares were acquired in the reporting period.

Leifheit used 1,853 treasury shares in the form of the issuance of employee shares in the previous year. This corresponded to 0.04% of the share capital. The corresponding interest in the share capital was k€ 6. In the previous year, no treasury shares were used.

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

(30) Retained earnings

The retained earnings include the statutory reserve in the amount of k€ 1,023 (2013: k€ 1,023), other retained earnings in the amount of k€ 69,619 (2013: k€ 67,177) and the net result for the period allocated to the shareholders of the parent company in the amount of k€ 14,113 (2013: k€ 10,279). The other retained earnings include the part of consolidated net result earned in past years which was not distributed to shareholders. In the reporting period, the dividend for the financial year 2013 was paid in the amount of € 1.65 per share, or a total of k€ 7,837 (2013: k€ 7,124).

(31) Other reserves

k€	2014	2013
Actuarial gains/losses on defined benefit pension plans	-25,461	-13,235
Deferred taxes	7,307	3,705
Currency translation of foreign operations	570	457
Currency translation of net investments in foreign operations	1,549	1,722
Deferred taxes	-444	-476
Net result of cash flow hedges	2,993	-373
Deferred taxes	-859	105
	-14,345	**-8,095**

With regard to the hedging of cash flows, k€ 137 (2013: k€ -23) before deferred taxes were shifted from other reserves to net result for the period. k€ –69 (2013: k€ 19) were reclassified as costs of inventories.

(32) Proposal for the appropriation of the balance sheet profit

The Board of Management and Supervisory Board propose appropriating the Leifheit AG balance sheet profit of € 20,673,000.00 for the financial year 2014 as follows:

Payment of a dividend of € 1.80 per no-par-value bearer share:	€ 8,552,390.40
Retained earnings:	€ 12,120,609.60

The proposal for the appropriation of the balance sheet profit makes allowance for 248,672 Leifheit AG treasury shares that were held by the Group at the time of the convocation and that are not eligible to receive dividends. Should the number of no-par-value bearer shares which are eligible to receive dividends for the financial year 2014 change in the period up to the Annual General Meeting, a correspondingly adapted draft resolution will be put to the vote, with the same dividend amount of € 1.80 per no-par-value bearer share, and a correspondingly adjusted total amount for distribution and retained earnings.

(33) Capital management

The major aim of capital management is to achieve an equity ratio of at least 30%. 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.

(34) Financial instruments

The material financial liabilities in the Group – with the exception of derivatives – comprise trade payables, other liabilities and current and non-current 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 24% (2013: 23%) of the Group turnover was earned in foreign currencies, 40% (2013: 39%) of the costs were incurred in foreign currencies.

  The following table shows the sensitivity of consolidated earnings before tax and Group equity regarding the foreign currency valuation on the balance sheet date alongside a change in the exchange rate of the relevant foreign currencies – the US dollar, the Hong Kong dollar and the Czech koruna – deemed generally possible based on reasonable assumptions. All other variables are assumed to be unchanged.

The effects on the earnings before tax and Group equity are as follows:

	Currency perform-ance	**Effects as at 31 Dec 2014**	Effects as at 31 Dec 2013
US dollar	+5%	962	3,638
	-5%	-1,063	-4,021
	+10%	1,837	6,945
	-10%	-2,244	-8,488
Czech koruna	+5%	354	269
	-5%	-392	-298
	+10%	676	514
	-10%	-827	-628
Hong Kong dollar	+5%	581	215
	-5%	-642	-238
	+10%	1,109	411
	-10%	-1,355	-502

In addition to the effects listed in the table above, the following changes to equity not affecting net income would result from potential changes:

	Currency perform-ance	**Effects as at 31 Dec 2014**	Effects as at 31 Dec 2013
US dollar	+5%	3,513	518
	-5%	-3,883	-572
	+10%	6,707	989
	-10%	8,198	-1,208
Czech koruna	+5%	551	474
	-5%	-609	-523
	+10%	1,052	904
	-10%	-1,286	-1,105

- Cash flow hedges

The Group also has derivative financial instruments. Among these are foremost currency forward contracts as described in more detail on page 81 of the General Accounting and Valuation Principles. The aim of these derivatives is to hedge against currency risk arising from the Group's operations.

As at 31 December 2014, there were forward exchange contracts for future payment obligations in US dollars, which can be attributed to a transaction that is highly likely to materialise in the future. It involved the expected and highly probable future purchases of goods in the months of January 2015 to December 2017 from suppliers in the Far East amounting to kUSD 92,700. An unrealised expense of k€ 3,366 on hedging instruments and an effect from income tax thereon of k€ –964 was recognised in equity with no impact on net result for the period as at 31 December 2014.

Further information can be found in Note 19.

- 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. There are no long-term interest-bearing bank loans or similar interest-bearing financial liabilities. Accordingly, there is no calculation and presentation of interest sensitivity.

- 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 (see Note 17). There is still a risk of default in the amount of the uninsured share of the receivables.

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

- Financial assets and liabilities

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

Derivative financial assets in the amount of k€ 5,272 (2013: k€ 403) as well as derivative financial liabilities in the amount of k€ 672 (2013: k€ 2,467) were included at their attributable fair value on the balance sheet as at 31 December 2014.

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

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

All financial assets and liabilities to be measured at fair value must be assigned to level 2. There was no reclassification among the levels in the reporting period. Trade payables in the amount of k€ 15,061 (2013: k€ 13,476) and other financial liabilities in the amount of k€ 18,139 (2013: k€ 14,829) are due within one year. The derivative financial liabilities (designated as hedging transactions) in the amount of k€ 11 are due within one and two years; in the previous year, k€ 396 was due within one year. Of the derivative financial liabilities (not designated as hedging transactions), k€ 661 (2013: k€ 1,524) are due within one year and k€ 0 (2013: k€ 547) are due in between one and two years.

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

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

Furthermore, the currency translation expense for derivative assets and liabilities recognised in other comprehensive income amounted to k€ 3,336 (2013: k€ -17).

As at the balance sheet date, short-term revolving lines of credit in the amount of k€ 11,500 (2013: k€ 11,500) were available. Of this amount, k€ 490 were used in the form of guarantees as at the balance sheet date (2013: k€ 1,530). Current account credit lines not drawn down thus amounted to k€ 11,010 (2013: k€ 9,970).

		Book value		Fair value	
k€	Valuation category pursuant to IAS 39	**31 Dec 2014**	31 Dec 2013	**31 Dec 2014**	31 Dec 2013
Financial assets					
Cash and cash equivalents	a)	58,808	43,609	58,808	43,609
Structured money market instruments	d)	–	7,344	–	7,344
Trade receivables	a)	48,644	46,685	48,644	46,685
Derivative financial assets (not designated as hedging transactions)	d)	2,153	403	2,153	403
Derivative financial assets (designated as hedging transactions)	c)	3,119	–	3,119	–
Other financial assets	a)	4,783	1,846	4,783	1,846
Financial liabilities					
Trade payables	b)	15,061	13,476	15,061	13,476
Derivative financial liabilities (not designated as hedging transactions)	d)	661	2,071	661	2,071
Derivative financial liabilities (designated as hedging transactions)	c)	11	396	11	396
Other financial liabilities	b)	18,139	14,829	18,139	14,829

a) loans and receivables not quoted on an active market
b) financial liabilities carried at amortised cost
c) financial assets and liabilities measured at fair value without effects on net result for the period
d) financial assets and liabilities measured at fair value with effects on net result for the period

Net earnings of the financial instruments for the measurement category were:

	From subsequent measurement					
k€	Interest	Currency translation	Value adjustment	Change in fair value	**2014**	2013
Cash and cash equivalents	142	1,320	–	–	1,462	15
Structured money market instruments	–	–	–	19	19	1
Trade receivables	–	233	-353	–	-120	-942
Derivative financial assets*	–	1,878	–	2,019	3,897	1,016
Other financial assets	68	–	–	–	68	39
Trade payables	–	-451	–	–	-451	-2
Derivative financial liabilities*	–	-1,016	–	1,137	121	-2,488

* the net result of the derivative financial assets and liabilities shown as currency translations resulting from realised foreign currency gains and losses as well as from the valuation at fair value

(35) Commitments

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

(36) Contingencies and other financial liabilities

There were rental and leasing agreements for business premises, IT and telephone equipment, vehicles and similar assets, and licensing agreements with an annual expense of k€ 2,319 (2013: k€ 3,246). The future minimum payments on the basis of lease and rental agreements without cancellation option amount to k€ 1,821 up to a term of one year (2013: k€ 2,598), and k€ 498 between one and five years (2013: k€ 648). As in the previous year, there were no corresponding payment obligations with a term of more than five years. The leases constitute operating leases in the definition of IAS 17.

As at 31 December 2014, purchase commitments for raw materials totalled k€ 1,425 (2013: k€ 1,185).

There were contractual obligations to acquire items of tangible assets in the amount of k€ 1,710 (2013: k€ 1,172), relating to tools in particular. Moreover, there were contractual obligations arising out of contracts relating to marketing measures in the amount of k€ 976 (2013: k€ 724) and other agreements in the amount of k€ 938 (2013: k€ 219).

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

The remuneration of the Board of Management amounted to k€ 4,498 (2013: k€ 923), of which variable remuneration amounted to k€ 3,865 (2013: k€ 514). As in the previous year, no remuneration was paid to the Board of Management for the assumption of responsibilities at subsidiaries. The members of the Board of Management who were active during the financial year 2014 do not hold performance-oriented pension entitlements. Therefore, as in the previous year, no addition to the pension commitments (DBO according to IFRS) was made for the active members of the Board of Management in the reporting period.

At the current time, the members of the Board of Management receive remuneration consisting of a fixed basic annual salary, annual variable remuneration and longer-term variable remuneration.

The fixed basic annual salary is paid monthly and is based on the area of responsibility and individual performance of the respective Board of Management member. It is reviewed at regular intervals to determine if it is appropriate and in line with market standards.

In the financial year 2014, the company granted its board members a remuneration component for short- and long-term variable remuneration.

For one Board of Management contract, the amount paid for short-term variable remuneration is calculated using an EBT multiplier and a market value multiplier. The EBT multiplier is based on the earnings of the Leifheit Group before income tax. The market value multiplier is measured according to the growth in the market capitalisation of Leifheit AG achieved in the calendar year as against the respective prior calendar year. For the other Board of Management contract, the short-term variable remuneration is measured against the earnings of the Leifheit Group before income tax. For both Board of Management contracts, the payment amounts are capped. Payment is made within four weeks of the resolutions on the appropriation of profits by the Annual General Meeting. The total cost of short-term variable remuneration recognised in the reporting period amounted to k€ 450.

The amount of long-term variable remuneration paid for both Board of Management contracts is calculated using an EBIT multiplier and a market value multiplier. The market capitalisation multiplier is 2.5% of the growth in the market capitalisation of Leifheit AG on the basis of average prices on the last 90 trading days prior to the commencement of the contract and the last 90 trading days prior to the expiration of the contract. The EBIT multiplier is based on the average performance in the Group's EBIT reported in the consolidated financial statements in the respective calendar years. Both the EBIT multiplier and the payment amount are capped. The value of granted long-term variable remuneration is calculated within the vesting period each year on the basis of analyses by a third-party expert using Monte Carlo simulations and is transferred to provisions pro rata temporis over the respective vesting period. The value is calculated using historical data at the end of the vesting period. The payment will be made within four weeks following the adoption of the annual financial statements by the Annual General Meeting of the last contractual year. The Supervisory Board can determine appropriate advance wage payments. The total cost of long-term variable remuneration recognised in the reporting period amounted to k€ 3,115. The provision recorded on the balance sheet amounted to k€ 3,820, while fair value was k€ 6,885.

The Annual General Meeting on 26 May 2011 resolved in accordance with section 314, para. 1 no. 6a sentences 5 to 8 HGB to dispense with the personalised disclosure of information demanded under section 314, para. 2, sentence 2 HGB with regard to the remuneration of the Board of Management.

The remuneration of the Supervisory Board amounted to k€ 275 (2013: k€ 300).

(38) 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

The total remuneration of the former members of the Board of Management amounted to k€ 761 in the reporting period (2013: k€ 605). Provisions created for the current pensions (DBO according to IFRS) in the financial year 2014 amounted to k€ 8,549 (2013: k€ 7,439).

(39) Advances and loans to the Board of Management and/or Supervisory Board in accordance with section 314, para. 1 no. 6c HGB

Neither in the previous year nor in the reporting period have any advances or loans been granted to the aforementioned group of persons.

(40) Related party transactions

Except the following, there were no transactions with related parties external of the Group in the reporting period.

The dividends for the financial year 2013 paid to related parties in 2014 were as follows:

k€	2014
Home Beteiligungen GmbH	4,147
Helmut Zahn	5
Thomas Radke	23
Dr Claus-O. Zacharias and close family members	41

Supervisory Board remuneration for the financial year 2014 for related parties was as follows:

k€	2014
Dr Robert Schuler-Voith	55
Helmut Zahn	95

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

(41) Existence of an equity interest in accordance with section 160, para. 1, no. 8 AktG

Shareholders who have disclosed their voting rights in accordance with the German securities trading act (WpHG) were Home Beteiligungen GmbH, Munich, MKV Verwaltungs GmbH, Grünwald, Mr Joachim Loh, Haiger, and Leifheit AG, Nassau.

The following notifications were published:

July 2014

"Leifheit Aktiengesellschaft, 56377 Nassau, Germany, informed us in accordance with section 26, para. 1, sentence 2 WpHG that its holding of treasury shares fell short of the threshold of 5% of voting rights on 9 July 2014 and amounted to 4.97% on this date (this corresponds to 248,672 voting rights)."

July 2013

"1. Home Beteiligungen GmbH, Munich, Germany, informed us on 22 July 2013 in accordance with section 21, para. 1 WpHG that its share of the voting rights in Leifheit AG, Nassau, Germany, exceeded the threshold of 50% of the voting rights on 19 July 2013 and amounted to 55.28% on this date (this corresponds to 2,763,884 voting rights).

5.01% of the voting rights (this corresponds to 250,525 voting rights) are attributable to Home Beteiligungen GmbH in accordance with section 22, para. 1, sentence 1, no. 1 WpHG via the following company, which is controlled by Home Beteiligungen GmbH and whose share of the voting rights in Leifheit AG amounts to 3% or more: Leifheit AG, Nassau, Germany.

2. Vermögensverwaltung Schuler-Voith GbR, Munich, Germany, informed us on 22 July 2013 in accordance with section 21, para. 1 WpHG that its share of the voting rights in Leifheit AG, Nassau, Germany, exceeded the threshold of 50% of the voting rights on 19 July 2013 and amounted to 55.28% on this date (this corresponds to 2,763,884 voting rights).

All of the aforementioned voting rights are attributable to Vermögensverwaltung Schuler-Voith GbR in accordance with section 22, para. 1, sentence 1, no. 1 WpHG via the following companies, which are controlled by Vermögensverwaltung Schuler-Voith GbR and whose share of the voting rights in Leifheit AG amounts to 3% or more: Leifheit AG, Nassau, Germany, and Home Beteiligungen GmbH, Munich, Germany.

3. Dr Robert Schuler-Voith, Germany, informed us on 22 July 2013 in accordance with section 21, para. 1 WpHG that his share of the voting rights in Leifheit AG, Nassau, Germany, exceeded the threshold of 50% of the voting rights on 19 July 2013 and amounted to 55.28% on this date (this corresponds to 2,763,884 voting rights).

All of the aforementioned voting rights are attributable to Dr Schuler-Voith in accordance with section 22, para. 1, sentence 1, no. 1 WpHG via the following companies, which are controlled by Dr Schuler-Voith and whose share of the voting rights in Leifheit AG in each case amounts to 3% or more: Leifheit AG, Nassau, Germany, Home Beteiligungen GmbH, Munich, Germany, and Vermögensverwaltung Schuler-Voith GbR, Munich, Germany."

February 2009

"In accordance with section 21, para. 1 WpHG, Mr Manuel Knapp-Voith, Germany, informed us on 4 February 2009 that his share of the voting rights in our company exceeded the 10% threshold on 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, Germany, informed us on 4 February 2009 that its share of the voting rights in our company exceeded the 10% threshold as at 23 July 2008 and amounted to 10.03% on this date (this corresponds to 501,432 voting rights)."

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 on 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."

(42) Declaration in accordance with section 161 AktG (German Corporate Governance Code)

In December 2014, the Board of Management and the 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 corporate-governance.leifheit-group.com.

(43) 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.

(44) Information under takeover law 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.

(45) Remuneration of the auditor in accordance with section 314, para. 1, no. 9 HGB

The remuneration of the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, recorded as expenses in 2014, amounted to k€ 270 for the audit of the financial statements (2013: k€ 270), k€ 3 for other certification services (2013: k€ 3), k€ 133 for tax consultancy services (2013: k€ 197), and k€ 67 for other services (2013: k€ 91).

ORGANS OF LEIFHEIT AG

Members of the Board of Management

	Thomas Radke	Chairman of the Board of Management of Leifheit AG
	Dr Claus-O. Zacharias	Chief Financial Officer and Chief Operating Officer of the Board of Management of Leifheit AG

Members of the Supervisory Board

Chairman	**Helmut Zahn**	Managing Director of Home Beteiligungen GmbH, Munich
Deputy Chairman	**Dr jur. Robert Schuler-Voith**	Managing Director of Home Beteiligungen GmbH, Munich
	Baldur Groß*	Energy electronics engineer at Leifheit AG (since 22 May 2014)
	Dieter Metz*	Chairman of the Works Council at Leifheit AG (until 22 May 2014)
	Karsten Schmidt	Chairman of the Board of Management of Ravensburger AG, Ravensburg
	Thomas Standke*	Toolmaker at Leifheit AG
	Dr rer. pol. Friedrich M. Thomée	Managing Partner of Thomée Vermögensverwaltung GmbH & Co. KG, Wolfsburg

* employee representative

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	

Directorships

In addition to individual controlling functions in holding companies, the following members of the Board of Management and Supervisory Board also hold the following directorships of Supervisory Boards and similar control committees of enterprises:

Thomas Radke	Böck Silosysteme GmbH, Tacherting	Chairman of the Advisory Board
Dr Claus-O. Zacharias	Peacock Capital GmbH, Düsseldorf	Member of the Advisory Board
Helmut Zahn	Flossbach von Storch AG, Cologne	Deputy Chairman of the Supervisory Board
	Maschinenbau Oppenweiler Binder GmbH & Co. KG, Oppenweiler	Member of the Advisory Board
	Finanzchef24 GmbH, Munich	Member of the Advisory Board
	Emerging Markets Online Food Delivery Holding S.a.r.l., Luxembourg	Member of the Advisory Board

Nassau/Lahn, 17 March 2015

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke

Dr Claus-O. Zacharias

REPORT OF THE BOARD OF MANAGEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

We declare that, to the best of our 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 consolidated 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, 17 March 2015

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke

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 profit or loss as well as the statement of comprehensive income, the statement of financial position, 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 2014 to 31 December 2014. 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.

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, 18 March 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

(Signed) Knappe
Wirtschaftsprüfer
(German Public Auditor)

(Signed) Vöhl
Wirtschaftsprüfer
(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, which did not lead to any reservations in its audit opinion, was prepared in accordance with the provisions of the HGB and the AktG.

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 Federal Gazette (Bundesanzeiger). In this case, the version submitted to the Federal Gazette is binding.

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

LEGAL NOTICE

Published by

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Note on financial report
The financial report is also available in German. In case of discrepancies, the German version shall take precedence.
You can find the online edition of our financial report at: financial-reports.leifheit-group.com.

Note on rounding
Minor differences may occur when using rounded amounts and percentages due to commercial rounding.

FINANCIAL CALENDAR

12 May 2015	Quarterly financial report for the period ending 31 March 2015
21 May 2015	Annual General Meeting, 10:30 a.m. (CEST) Leifheit AG Customer and Administrative Centre, Nassau/Lahn, Germany
12 August 2015	Financial report for the half-year ending 30 June 2015
11 November 2015	Quarterly financial report for the period ending 30 September 2015

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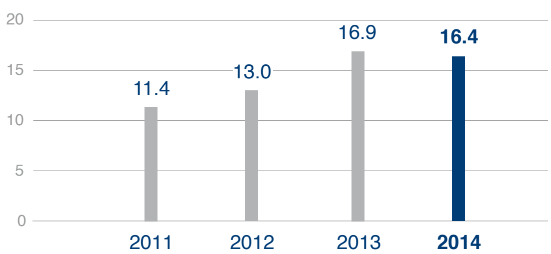
KEY FIGURES OF THE GROUP

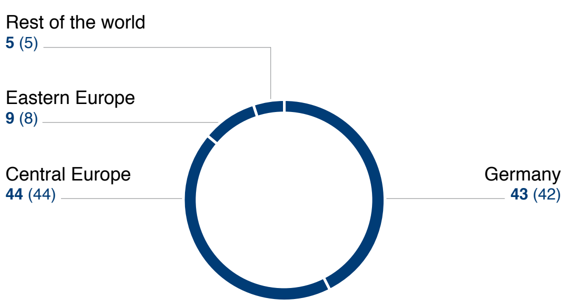
		2011	2012	2013	2014	Change
Turnover						
Group	€ m	222.1	224.2	220.9	220.7	-0.2%
Group adjusted[1]	€ m	215.8	217.4	219.5	220.7	+0.5%
Brand Business[1]	€ m	164.2	170.9	172.8	180.4	+4.4%
Volume Business	€ m	51.6	46.5	46.7	40.3	-13.8%
Foreign share	%	56.5	57.1	57.6	57.0	-0.6 pps
Profitability						
Gross margin	%	43.0	43.6	44.9	47.7	+2.8 pps
Cash flow from operating activities	€ m	12.8	8.2	22.9	24.5	+6.8%
Free cash flow	€ m	7.7	-1.4	19.5	18.4	-5.5%
EBIT	€ m	13.9	14.2	14.9	21.5	+44.3%
EBIT adjusted[2]	€ m	11.4	13.0	16.9	16.4	-2.6%
EBIT margin	%	5.1	5.8	6.8	9.8	+3.0 pps
EBT	€ m	12.2	12.2	13.3	19.8	+48.7%
Net result for the period	€ m	12.1	9.4	10.2	14.1	+37.7%
Net return on sales	%	5.6	4.3	4.6	6.4	+1.7 pps
Return on equity[5]	%	12.2	10.1	10.8	14.9	+4.1 pps
Return on total capital	%	6.1	4.6	5.0	6.3	+1.3 pps
ROCE	%	9.7	10.2	12.6	20.3	+7.7 pps
Share						
Net result for the period, per share[3]	€	2.55	1.97	2.16	2.97	+37.5%
Free cash flow, per share[3]	€	1.63	-0.28	4.11	3.88	-5.6%
Dividend per share	€	1.30	1.50	1.65	1.80[4]	+9.1%
Employees at the end of the year						
Group	persons	1,032	1,025	1,026	1,055	+2.8%
Brand Business	persons	726	741	741	782	+5.5%
Volume Business	persons	306	284	285	273	-4.2%
Investment in tangible assets	€ m	5.4	9.3	3.3	5.1	+56.9%
Investment ratio	%	4.1	5.8	2.0	3.6	+1.6 pps
Depreciation on tangible assets	€ m	5.3	5.3	5.5	5.3	-3.5%
Balance sheet total[5]	€ m	198.9	205.9	203.8	223.3	+9.6%
Equity[5]	€ m	98.9	92.8	94.7	94.8	+0.1%
Equity ratio[5]	%	49.7	45.0	46.5	42.5	-4.0 pps

[1] turnover adjusted for discontinued business with Dr Oetker Bakeware
[2] EBIT 2011 adjusted for a one-time extraordinary effect from the acquisition of a controlling interest in Leifheit CZ a.s.,
EBIT 2012 adjusted for a one-time extraordinary effect from the sale of assets relating to the termination of a license agreement
EBIT 2013 and 2014 adjustet by foreign currency results
[3] not including repurchased treasury shares
[4] proposal to the Annual General Meeting
[5] from 2012 in accordance with IAS 19 (revised in 2011)

Development of the operative result (EBIT)[2]
in € million



Group turnover by region
in % (previous year's figures)



Aktiengesellschaft

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