Quarterly financial report
for the period ending 31 March 2010

Creating sustainable value

Economic growth
Unspoiled environment
Social responsibility

LEIFHEIT
Aktiengesellschaft

To our shareholders,

In this report we will inform you of the development of business at Leifheit in the first three months of the 2010 financial year.

This financial report for the quarter ended 31 March 2010 was prepared in accordance with the International Financial Standards (IFRS) formulated by the International Accounting Standards Board (IASB), in particular in accordance with the provisions of IAS 34.

The same accounting methods were applied as in the consolidated financial statements as at 31 December 2009 in addition to the standards and interpretations of the IASB and IFRIC relevant to Leifheit that are mandatory from financial year 2010. This application had no significant impact.

Neither the condensed financial statements not the interim management report were reviewed by an auditor.

Group data

January to March			2010	2009
Turnover	- Group	€ m	**75**	70
	- Household Products	€ m	**55**	53
	- Bathroom Furnishings	€ m	**20**	17
Foreign share			**53.2%**	55.5%
Gross profit			**44.1%**	41.8%
EBIT		€ m	**4.7**	2.6
Earnings before income taxes (EBT)		€ m	**4.1**	2.0
Net result for the period		€ m	**3.1**	1.4
Investment in tangible assets		€ m	**0.9**	1.2
Cash flow from operating activities		€ m	**-7.0**	8.7
Annual average of employees			**1,471**	1,473

Interim financial statements (summary)
Consolidated statement of comprehensive income

€ 000	1 January to 31 March 2010	1 January to 31 March 2009
Turnover	75,176	70,337
Cost of sales	-42,034	-40,936
Gross profit	**33,142**	**29,401**
Research and development costs	-1,639	-1,681
Distribution costs	-22,993	-21,452
Administrative costs	-4,591	-4,735
Other operating income	365	345
Other operating expenses	-240	-427
Foreign currency gains	688	1,180
Profit before result from joint ventures and investments	**4,732**	**2,631**
Result from joint ventures recognised at equity	–	3
Earnings before interest and taxes (EBIT)	**4,732**	**2,634**
Net interest income or expense	-613	-614
Earnings before income taxes (EBT)	**4,119**	**2,020**
Income taxes	-1,045	-573
Net result for the period	**3,074**	**1,447**
Components of comprehensive income after taxes taken directly to equity		
Currency translation of foreign operations	813	-294
Currency translation of net investments in foreign operations	341	-516
Comprehensive income after taxes	**4,228**	**637**
Net result for the period attributable to		
Minority interests	1	-11
Shareholders of the parent company	3,073	1,458
Net result for the period	**3,074**	**1,447**
Comprehensive income attributable to		
Minority interests	1	-11
Shareholders of the parent company	4,227	648
Comprehensive income after taxes	**4,228**	**637**
Earnings per share (diluted and undiluted)	**0.65 €**	**0.31 €**

Consolidated balance sheet

€ 000	31 March 2010	31 Dec 2009
Current Assets		
Cash and cash equivalents	25,054	32,730
Trade receivables	68,426	56,953
Inventories	49,688	51,231
Income tax receivables	575	624
Derivative financial instruments	532	–
Other current assets	4,823	5,093
Total current assets	**149,098**	**146,631**
Noncurrent assets		
Financial assets	802	601
Tangible assets	44,052	44,265
Intangible assets	21,195	21,717
Deferred tax assets	4,021	4,773
Income tax receivables	4,669	4,597
Other noncurrent assets	260	260
Total noncurrent assets	**74,999**	**76,213**
Total assets	**224,097**	**222,844**
Short-term debt		
Trade accounts payable and other liabilities	55,850	58,777
Derivative financial instruments	–	95
Income tax liabilities	630	385
Provisions	4,924	5,002
Other short-term debt	3,682	3,694
Total short-term debt	**65,086**	**67,953**
Long-term debt		
Provisions	3,785	3,805
Employee benefit obligations	44,313	44,077
Deferred tax liabilities	2,114	2,476
Other long-term debt	3,642	3,604
Total long-term debt	**53,854**	**53,962**
Equity		
Subscribed capital	15,000	15,000
Capital surplus	16,934	16,934
Treasury shares	-7,685	-7,685
Appropriated surplus	76,266	73,193
Translation reserve	4,558	3,404
Minority interests	84	83
Total equity	**105,157**	**100,929**
Total equity and liabilities	**224,097**	**222,844**

Changes in Group equity

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

€ 000	Subscribed capital	Capital reserve	Treasury shares	Appropri-ated surplus	Translation reserve	Total
As at 1 January 2009	**15,000**	**16,934**	**-7,686**	**72,996**	**3,211**	**100,455**
Comprehensive income	–	–	–	1,458	-810	648
of which net result for the period	–	–	–	1,458	–	1,458
of which currency translation of foreign operations	–	–	–	–	-294	-294
of which currency translation of net investments in foreign operations	–	–	–	–	-516	-516
As at 31 March 2009	**15,000**	**16,934**	**-7,686**	**74,454**	**2,401**	**101,103**
As at 1 January 2010	**15,000**	**16,934**	**-7,685**	**73,193**	**3,404**	**100,846**
Comprehensive income	–	–	–	3,073	1,154	4,227
of which net result for the period	–	–	–	3,073	–	3,073
of which currency translation of foreign operations	–	–	–	–	813	813
of which currency translation of net investments in foreign operations	–	–	–	–	341	341
As at 31 March 2010	**15,000**	**16,934**	**-7,685**	**76,266**	**4,558**	**105,073**

The changes in Group equity were as follows:

€ 000	Shareholders of the parent Company	Minority interests	Total equity
As at 1 January 2009	**100.455**	**95**	**100.550**
Comprehensive income	648	-11	637
of which net result for the period	1.458	-11	1.447
of which currency translation of foreign operations	-294	–	-294
of which currency translation of net investments in foreign operations	-516	–	-516
As at 31 March 2009	**101.103**	**84**	**101.187**
As at 1 January 2010	**100.846**	**83**	**100.929**
Comprehensive income	4.227	1	4.228
of which net result for the period	3.073	1	3.074
of which currency translation of foreign operations	813	–	813
of which currency translation of net investments in foreign operations	341	–	341
As at 31 March 2010	**105.073**	**84**	**105.157**

Group segment reporting

The key figures by division in the reporting period were as follows:

Key figures by division as at 31 March 2010		Household Products	Bathroom Furnishings	Non-allocable	Eliminations	Total
Turnover	€ m	55	20	–	–	75
EBIT	€ m	3.7	1.8	-0.8	–	4.7
Investments	€ m	0.9	0.1	–	–	1.0
Depreciation and amortisation	€ m	2.1	0.3	–	–	2.4
Employees (annual averange)		1,164	307	–	–	1,471

The figures for the same period of the previous year were as follows:

Key figures by division as at 31 March 2009		Household Products	Bathroom Furnishings	Non-allocable	Eliminations	Total
Turnover	€ m	53	17	–	–	70
EBIT	€ m	2.3	1.3	-1.0	–	2.6
Investments	€ m	0.9	0.3	–	–	1.2
Depreciation and amortisation	€ m	1.7	0.3	–	–	2.0
Employees (annual averange)		1,142	331	–	–	1,473

Consolidated statement of cash flow

€ 000	1 January to 31 March 2010	1 January to 31 March 2009
Net result for the period	3,074	1,447
Adjustments for		
depreciation and amortisation	2,397	2,003
Increase/decrease in provisions	138	-875
Loss on disposal of noncurrent assets	3	4
Increase/decrease in inventories, trade receivables and other assets not classified as investment or financing activities	-9,463	9,901
Decrease in trade payables and other liabilities not classified as investment or financing activities	-3,113	-3,807
Cash flow from operating activities	**-6,964**	**8,673**
Acquisition of tangible and intangible assets	-1,051	-1,240
Investments in financial assets	-201	-2
Proceeds from the disposal of noncurrent assets	86	22
Cash flow from investment activities	**-1,166**	**-1,220**
Cash flow from financing activities	**–**	**-2,573**
Effects of exchange rate differences	**454**	**-351**
Net change in cash and cash equivalents	-7,676	4,529
Current funds at the start of the period under review	32,730	6,208
Current funds at the end of the period under review	**25,054**	**10,737**

Interim management report and selected explanatory notes

Economic recovery continues

Despite continuing regional differences, the world economy is recovering from the effects of the economic crisis faster than expected. In most cases, the IMF is predicting growth again and not decline for 2010: global growth is expected to increase by 4.2%. The forecast growth rate for the German economy is 1.2%, topping the euro zone average economic output forecast of 1.0%. The strongest growth impetus is expected from the Asian markets, in contrast to key countries in Eastern Europe where the general recovery will take longer. Increasing signs of recovery in the German economy have since also had a generally positive influence on consumer sentiment also, even though consumer spending is still restrained.

Strongest quarterly results in eight years

Leifheit started 2010 with a strong first quarter. Despite the weak consumer climate in Europe, Leifheit further improved its performance and is reporting its best quarterly figures in terms of earnings performance since 2002.

Group turnover jumped another 7% in the first quarter of 2010 to approximately € 75 million (Q1/2009: € 70 million). The domestic share of turnover increased year-on-year to 47%.

Reliable growth in the Household Products division

Our Household products division has been strong traditionally and again played a significant role in the Group's success in the year under review. Turnover of the Leifheit, Dr. Oetker Bakeware, Soehnle, Birambeau and Herby brands increased by 4% to approximately € 55 million (Q1/2009: € 53 million). This growth was generated primarily in Germany, where turnover reached € 25 million (Q1/2009: € 23 million). However, business in Belgium, Austria, and the US was also very pleasing.

Our core category of laundry care made an especially positive contribution, thus proving the success of the focussing strategy. The markets in Eastern Europe have not taken part in this growth yet due to their economic situation.

The restructuring measures completed last year have significantly increased the contribution of the Household Products division to Group EBIT to € 3.7 million (Q1/2009: € 2.3 million).

Bathroom Furnishings division on growth path again

The three brands of the Bathroom Furnishings division Spirella, Kleine Wolke and Meusch grew considerably in the first quarter. Turnover rose to € 20 million (Q1/2009: € 17 million) and therefore contributed 27% to Group turnover. The domestic share of turnover increased significantly from the previous year to 52% (Q1/2009: 47%). Austria, Belgium, Spain and Russia also generated double-digit growth. With an increase of 30% due to promotional business, the bathroom brand Kleine Wolke performed especially well.

Accordingly, the Bathroom Furnishings division increased its contribution to Group EBIT to € 1.8 million (Q1/2009: € 1.3 million).

Leifheit continues focus

At the heart of our strategy is the focus on our four core business areas of cleaning, laundry care, kitchen goods and scales, with which our Company has had the greatest success to date and which also promise us an extremely bright future. This strategy also includes spinning off business areas that are not our core business areas if good opportunities arise. Last year we sold our ladder division for just this reason.

At the same time, we want to make strategic additions to strengthen and grow our core business further. Implementing this strategy will give the Leifheit brands a sharper profile, which ultimately will lead to greater attention from our customers and therefore also contribute to higher turnover in our core business.

Notes to the statement of comprehensive income

EBIT rose by € 2.1 million year-on-year to € 4.7 million in the first quarter of 2010. Contribution margins from the higher turnover as well as the qualitative improvement of the gross margin contributed were key factors here.

Earnings before taxes (EBT) also increased by € 2.1 million to € 4.1 million, while the net result for the period amounted to € 3.1 million (previous year: € 1.4 million).

Notes to the balance sheet

Total assets increased by € 1.3 million as compared with 31 December 2009 to € 224.1 million.

Trade receivables climbed by € 11.5 million to € 68.4 million due to strong first quarter turnover. Inventories were reduced by a further € 1.5 million to € 49.7 million. In contrast to this, cash and cash equivalents fell by € 7.7 million.

Trade payables declined by € 2.9 million.

Due to positive comprehensive income, equity increased by € 4.2 million to € 105.2 million. The equity ratio was therefore 46.9%.

Cash flow from operating activities amounted to € -7.0 million, primarily due to the fact that trade receivables were higher for seasonal reasons and due to the decline in trade payables.

Employees

The average number of employees in the Group fell slightly to 1,471 (previous year: 1,473). 1,471 employees were employed at the Leifheit Group as at 31 December 2009.

Investments

Total additions to noncurrent assets amounted to € 1.1 million in the reporting period (previous year: € 1.2 million), of which € 0.9 million was attributable to tangible assets and € 0.2 million to intangible assets. The investment ratio based on the historic cost of tangible assets was therefore 0.5%. This was offset by depreciation of tangible assets in the amount of € 1.6 million and amortisation of intangible assets in the amount of € 0.8 million.

In the Household Products division, we invested € 0.7 million in tangible assets (previous year: € 0.9 million), primarily in tools, operating equipment and office equipment.

Investments in tangible assets in the Bathroom Furnishings division totalled € 0.2 million (previous year: € 0.3 million).

Events after the end of the reporting period

There were no events after the end of the reporting period ended 31 March 2010 of particular importance for assessing the assets, financial situation and earnings of the Leifheit Group.

Opportunities and risks

For information on the opportunities and risks at Leifheit, please see the detailed description in the consolidated management report as at 31 December 2009. There were no material changes in the reporting period. In addition, we do not expect any individual or combined risks to threaten the Company's continued existence as a going concern.

Forecast:
Recovery process on shaky ground

The global economy has begun to recover but has not yet stabilised – it is still vulnerable. Policy makers must continue to stimulate the economy with fiscal policy in 2010 in order to create strong, long-term growth, but in the process not forget the consolidation of government budgets. According to the OECD, global growth is more likely to stagnate than increase over the rest of the year since the fact that the stimulus programmes are ending and the labour markets in many areas remain strained is negatively impacting private consumption – with regional exceptions. There are increasing indications in Germany that consumer spending will increase slightly this year: the labour market is expected to remain stable, incoming orders and consumer sentiment indices are improving and companies are again becoming more optimistic. But there is no cause for euphoria: risks such as tensions in the euro zone can also dash these hopes again.

Leifheit continues on growth path

Consumers have a great deal of trust in Leifheit and its brands. This is a good basis for continuing to exploit the growth potential of our Company further and setting new accents. The Leifheit Group now has a good organisational and business positioning. Now we can concentrate on growth from within: we are further expanding our core competencies and strengthening our brands with numerous first-class innovations. We are optimising and intensifying our communication with our target group to solidify our good relations with our customers and tap new buyer segments.

And lastly, we intend to continue expanding in foreign growth markets such as France, Spain, and Italy, but also Eastern Europe. We intend to use this packet of measures to achieve improved results in 2010, especially in our core business areas, which will substantiate our growth path.

Change in consolidated companies

There were no changes in consolidated companies in the first quarter of 2010.

Proposal for the appropriation of earnings

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

Leifheit AG recorded a balance sheet profit of € 17,461,004.13 in financial year 2009.

The Board of Management and Supervisory Board will propose the following resolution to the Annual General Meeting on 9 June 2010:

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

Annual General Meeting

The Annual General Meeting has been convened for 9 June 2010 at the Company's headquarters in Nassau/Lahn.

Treasury shares

Leifheit did not purchase or utilise any treasury shares in the reporting period. Including the treasury shares acquired and issued in previous years, we therefore held 250,124 shares (5.0% of the share capital) with a value of k€ 7,685 as at 31 March 2010. There are no subscription rights for members of the executive bodies and employees in accordance with Section 160 para. 1 No. 5 AktG.

Related party transactions

There were no related party transactions or changes to related party transactions in the reporting period.

Contingent liabilities

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

Other financial liabilities

There are lease agreements for business premises, IT and telephone equipment, vehicles and similar assets and licensing agreements with a remaining expense for 2010 of around € 1.9 million. These obligations total approximately € 4.5 million during the non-cancellable remaining terms until 2014. As at 31 March 2010, there were purchase commitments totalling € 1.8 million. The lease agreements constitute operating leases as defined by IAS 17.

There are obligations under agreements for the purchase of tangible assets totalling € 1.3 million, especially for tools, as well as other financial obligations in the amount of € 0.5 million.

In addition, there were payment obligations from forward foreign exchange contracts for currency hedging totalling € 6.5 million offset by contractual payment receivables of USD 9.4 million (the nominal value of which was € 7.0 million as at 31 March 2010), as well as payment obligations of € 5.3 million offset by contractual payment receivables of CZK 136.0 million (the nominal value of which was € 5.3 million as at 31 March 2010).

Personnel changes in Group organs

There were no personnel changes in Group organs in the first quarter of 2010.

Report of the Board of Management

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

Nassau/Lahn, May 2010

Leifheit Aktiengesellschaft
The Board of Management

Georg Thaller Ernst Kraft Dr. Claus-O. Zacharias

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

Disclaimer

Forward-looking statements

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

Discrepancies due to technical factors

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

In the event of any discrepancies between this English translation of the quarterly financial report and the German version, the German version takes priority over the English translation.

Key dates 2010

- 9 June 2010
  Annual General Meeting, 10:30 a.m.,
  Leifheit AG Customer and Administrative Centre,
  Nassau/Lahn, Germany
- 12 August 2010
  Financial report for the half-year ending 30 June 2010
- 11 November 2010
  Quarterly financial report for the period ending
  30 September 2010

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