



Einhell Germany AG

FINANCIAL REPORT

30. JUNE 2015



Dear shareholder,

The financial report of the Einhell Group as at 30 June 2015 meets the requirements under the Securities Trading Act (WpHG) for preparing interim reports. It includes abbreviated Group interim statements, a condensed Group management report and a statement of responsibility by the legal representatives. The financial statements are consistent with the International Financial Reporting Standards (IFRS) and their interpretations, as published by the International Accounting Standards Board (IASB) and applicable in the European Union.

There may be minor deviations in this report and in other reports due to rounding of totals and the calculation of percentage figures.

Key data for January to June 2015

| Revenue | | | |
|--|---------|--|--------|
| 06.2015 | 228.735 | | +7,4% |
| 06.2014 | 212.929 | | |
| Profit before income taxes (before PPA)* | | | |
| 06.2015 | 9.718 | | +33,7% |
| 06.2014 | 7.269 | | |
| Profit before income taxes (after PPA)* | | | |
| 06.2015 | 8.738 | | +65,8% |
| 06.2014 | 5.270 | | |
| Equity ratio | | | |
| 06.2015 | 52,7% | | -2,9% |
| 06.2014 | 54,3% | | |
| Net debt | | | |
| 06.2015 | 23.964 | | +11,4% |
| 06.2014 | 21.520 | | |
| Staff | | | |
| 06.2015 | 1.309 | | -0,2% |
| 06.2014 | 1.311 | | |

* PPA = Purchase Price Allocation

Condensed Group Management Report of Einhell Germany AG

Overview of January - June 2015

The Einhell Group was able to significantly increase its business volume in the first half of financial year 2015 and generated revenue of EUR 228.7 million.

Operating earnings before PPA effects amount to EUR 9.7 million. This is equivalent to a return on revenue of about 4.2%. Purchase price allocation (PPA) squeezes earnings by EUR 1.0 million. Adjusted for PPA effects, operating earnings amount to EUR 8.7 million and the pre-tax margin is roughly 3.8%.

General economic conditions

The Organisation for Economic Co-operation and Development (OECD)'s leading indicator CLI (Composite Leading Indicator) indicated in June 2015 that growth in the eurozone is consolidating. The indicator remained stable at 100.7 points as in the three preceding months.

The Ifo business climate index for the German industrial sector decreased to 107.4 points in June 2015, compared to 108.5 points in the previous month of May. The expectations concerning the future business development deteriorated for the third time in a row and also the assessment of the future business environment is less optimistic than before.

The German economy is still posting positive growth in the second quarter 2015. The gross domestic product adjusted for price, seasonal and calendar effects was 0.4% up on the previous quarter in Q2 2015. The balance of visible and invisible exports provided the main positive impulses. Exports grew much more strongly than imports on the back of the weak euro. GDP also increased compared to the previous year's period. The price-adjusted GDP grew by 1.6% in the second quarter of 2015.

The gross domestic product in the European Union climbed 0.3% in Q2 2015 compared to the previous quarter. Compared to the previous year, economic performance in the euro zone increased 1.2%. The GDP of the European Union also showed an improvement. Compared to the previous quarter, it grew by 0.4% and, compared to the previous year's period, by 1.6%.

Industrial production in the eurozone fell again in June 2015. Production of industrial companies was down 0.4% compared to the previous month, according to the European statistical authority Eurostat. Economic experts had forecast a decline, but only by 0.1%.

According to the Federal Statistical Office, the order intake of the German industry (manufacturing) adjusted for price, seasonal and calendar effects climbed by 2.0% compared to the previous month in June 2015. The volume of major orders was above average. Orders from abroad posted a 4.8% increase. Domestic orders have not been able to reach the previous month's level to date (-2.0%).

In June 2015, Germany exported goods worth EUR 105.9 billion and imported goods in the amount of EUR 81.9 billion. According to the Federal Statistical Office, German exports were thus 13.7% and imports 6.4% higher in June 2015 than in the previous year. Adjusted for calendar and seasonal effects, exports dropped by 1.0% and imports decreased by 0.5% compared to the previous month.

The foreign trade balance, i.e. the balance of exports to imports, adjusted for calendar and seasonal effects closed with a surplus of EUR 22.0 billion in June 2015.

In June 2015, unemployment in Germany fell to the lowest level in nearly 24 years, while the number of unemployed persons in Germany dropped by 51,000 to 2,711,000 in June compared to the month of May. Compared to the prior-year period, the number of unemployed thus decreased by 122,000. The unemployment rate was 6.2% in June.

As expected, the unemployment rate in the eurozone did not change in June. It remained at the level of 11.1% seen in the previous month. According to estimates by the European statistical authority Eurostat, 17.756 million people in the eurozone were unemployed in June. The unemployment rate for the entire European Union remained unchanged, amounting to 9.6% in June 2015. All in all, 23.296 million people were without employment. This is 32,000 less than in May and 1.448 million less than in June 2014.

The lowest unemployment rates among the member states were reported by Germany (4.7%), Malta (5.5%) and Luxembourg (5.7%). Rates continue to be the highest in Greece (25.6%), Spain (22.5%) and Cyprus (16.2%).

Inflation rate in Germany decreased more strongly than anticipated in June. The Federal Statistical Office reports that consumer prices grew by only 0.3% compared to June 2014. In May 2015, the inflation rate had still amounted to 0.7%.

The annual inflation rate in the eurozone rose in June 2015 for the second month in a row. Compared to the previous month, the price level rose by 0.2%. In May the annual inflation rate had still amounted to 0.3%.

As such, the inflation rate is still clearly below the target value for price stability issued by the European Central Bank (ECB). The target value is just under 2% in the medium term.

The harmonised index of consumer prices (HICP) for Germany, which is calculated for European purposes, was 0.1% higher in June 2015 than in June 2014. Compared to the previous month of May, the index dropped by 0.2%.

The German DIY trade suffered a revenue decline of 4.2% in Q1 2015 compared to the previous year. Total gross revenue amounted to EUR 3.86 billion. On a like-for-like basis, the revenue decline was 6.3%. The result is due in particular to the extraordinarily strong first quarter 2014 (owed to the ideal weather conditions) and the closing sales of the Praktiker and Max Bahr DIY group before they dropped out of the market in March 2014. In addition, earnings in Q1 2015 were negatively affected by the unfavourable weather conditions in March 2015. However, the sector association and the industry are still optimistic regarding the further course of the financial year. The German association of DIY retailers (BHB) confirmed its forecast for the year, expecting like-for-like revenue growth of 1.5% to 2.5%.

Performance report

Einhell Group revenue

From January to June 2015, the Einhell Group generated revenue of EUR 228.7 million (previous year: EUR 212.9 million). Revenue is thus considerably above the prior-year level.

Almost all of the regions contributed to revenue growth.

In the D/A/CH region (Germany, Austria, Switzerland), revenue increased to EUR 98.2 million (previous year: EUR 89.9 million). The share in consolidated revenue amounts to 42.9% (previous year: 42.2%).

Revenue in the rest of Europe rose to EUR 72.9 million (previous year: EUR 69.4 million). Italy, the UK and Turkey are among the largest sales markets in this area.

In Asia, revenue amounts to EUR 3.4 million (previous year: EUR 9.1 million).

The other countries and South America improved their revenue figures compared to the prior-year period with a EUR 9.7 million increase to EUR 54.2 million (previous year: EUR 44.5 million).

Segment development

In the Tools segment, revenue amounted to EUR 126.1 million in the first six months of the 2015 financial year (previous year: EUR 119.2 million). The most significant sales in this segment were generated by products in the electric power tools, compressed air technology and wood processing ranges. kwb tools products are reported in the Tools segment.

In the Garden & Leisure segment, revenue came out to EUR 102.6 million (previous year: EUR 93.7 million). High revenues were mainly generated with lawn and garden care products. Lawn mowers, lawn scarifiers, products from the tree and shrub care ranges as well as products related to water technology sold particularly well.

Earnings development

From January to June 2015, Einhell Group generated operating earnings of EUR 8.7 million (previous year: EUR 5.3 million). The pre-tax margin is 3.8% (previous year: 2.5%).

Purchase price allocation (PPA) effects took earnings down by EUR -1.0 million. Without PPA effects, operating earnings would have amounted to EUR 9.7 million and the pre-tax margin to 4.2%.

The earnings situation has thus improved considerably compared to the prior-year period.

Consolidated net profit after minority interest amounts to EUR 6.2 million in the period under review (previous year: EUR 3.4 million). Earnings per share amount to EUR 1.6 (previous year: EUR 0.9 per share).

The high quality of the products had a positive effect on the gross profit margin. This also shows divers awards which Einhell products received in the past.

Compared to the prior-year period, personnel expenses increased moderately, now amounting to EUR 29.2 million (previous year: EUR 27.8 million).

Other expenses of EUR 33.2 million slightly exceed the prior-year level (previous year: EUR 32.3 million) because of the increase in revenue.

Financial result of EUR -1.7 million (previous year: EUR -1.9 million) are slightly lower than in the previ-

ous year. This includes financial income with an amount of EUR 7,5 million as well as financial expenses of EUR 9,2 million.

Personnel and HR services

On 30 June 2015, the Einhell Group had 1,309 employees worldwide (previous year: 1,311).

The Board of Directors would like to take this opportunity to thank all employees for their personal commitment and excellent work.

Financial performance and net assets

The key items in the statement of financial position as at 30 June 2015 and 30 June 2014 are as follows:

| | 06/2015 | 06/2014 |
|--|----------------|----------------|
| | in EUR million | in EUR million |
| Non-current assets incl. deferred tax assets | 52.3 | 52.9 |
| Inventories | 129.1 | 105.4 |
| Receivables and other assets | 113.8 | 100.3 |
| Cash and cash equivalents | 19.6 | 28.8 |
| Equity | 166.0 | 156.0 |
| Liabilities to banks | 43.5 | 50.4 |

Investments

In the reporting period, the Einhell Group made investments amounting to EUR 2.8 million (previous year: EUR 1.1 million). Most investments refer to intangible assets and property, plant and equipment.

Current assets

Goods inventories increased as against the prior-year period to EUR 129.1 million (previous year: EUR 105.4 million). Strong unit sales in the previous months prompted the Group to increase inventories.

Trade receivables are shown after deduction of impairment for bad debts. Mainly driven by the revenue increase, trade receivables climbed by EUR 2.1 million year-on-year to EUR 80.0 million in the period under review (previous year: EUR 77.9 million).

Other current assets increased to EUR 33.9 million, up from EUR 22.4 million in the prior-year period. This is mainly owed to the positive fair values of currency derivatives as well as higher VAT receivables due to a high level of product purchases.

Cash and cash equivalents amount to EUR 19.6 million on the reporting date (previous year: EUR 28.8 million). Compared to the previous year, liabilities to banks decreased from EUR 50.4 million to EUR 43.5 million.

Group structure

Einhell Germany AG increased its shares in Anxall Hellas A.E. in the period under review and Einhell Germany AG therefore now owns 98.08% of the shares in this company.

Investor Relations

On 4 May 2015 Einhell Germany AG took part in the German Association for Financial Analysis and Asset Management (DVFA) Spring Conference in order to talk to analysts and investors. The presentation addressed the figures as at 31 December 2014 and gave an outlook for the planned development of the Group.

Financing

The financial requirements of the Einhell Group are driven in particular by the level of inventories and trade receivables. Stock turnover rates of inventories and the maturities of trade receivables play a major role here and have a significant impact on the financial requirements.

The Einhell Group utilised the favourable interest level in financial year 2013 for refinancing. The Group concluded long-term bilateral loan agreements totalling EUR 30.0 million with several banks, securing long-term financing until 2018 at extremely favourable conditions.

In the shorter term, the Group also has access to sufficient credit facilities to finance further revenue growth.

Note to the financial report

The financial report was subjected to neither a review pursuant to Section 317 of the German Commercial Code (HGB) nor an audit.

Corporate Governance Code

The current Declaration of the Board of Directors and the Supervisory Board of Einhell Germany AG on the German Corporate Governance Code pursuant to section 161 of the Stock Corporation Act (AktG) is permanently available on the Company's website at www.einhell.com.

Risk report

As part of its international operations, Einhell is subject to numerous risks that are inherent in all entrepreneurial activities.

The risk management process in the Einhell Group is split into two stages. The first stage is the decentralised recognition of risks in subsidiaries and the various departments of Einhell Germany AG by the risk officers appointed by the Board of Directors.

They are responsible for risk identification and evaluation. The critical aspect here for the Einhell Group is identification, since no risk planning can be undertaken for risks that have not yet been identified.

The internal control system comprises integrated process controls and internal control systems.

The domestic controlling, investment controlling, finance, Group accounting and legal departments constitute the internal management system of the Einhell Group.

The Einhell Group companies make a forecast in the relevant financial year to budget the following financial year. Based on differentiated revenue planning, the corresponding costs of sales and other costs are budgeted. These projected figures are collated for the Group into a budgetary statement of income.

The actual figures from the individual companies are processed on a monthly basis. As a result, a complete consolidated statement of income is devised that compares the budgeted and actual figures and allows for their analysis. The development of order intake, margins etc. is also reported for all companies on a monthly basis. The comparison is discussed with the members of the Board of Directors and with the managers of the separate divisions and companies. The analysis of the budgeted and actual figures permits relevant measures to be developed and implemented.

The internal monitoring system is comprised of measures that are integrated into the processes and measures that are independent of the processes.

In addition to automated IT process controls, manual controls also form an important part of integrated process measures which are, for example, also carried out by the internal audit department. The Supervisory Board, the Group auditors and other audit bodies are involved in carrying out process-independent controls within the Einhell Group.

The audit of the consolidated financial statements by the Group auditors in particular is the main process-

independent control measure with respect to Group accounting processes.

The Einhell Group operates internationally and is thus exposed to market risks from changes to interest rates and exchange rates.

The Group uses derivative financial instruments to manage these risks. The guidelines used for managing the associated risks are implemented with the approval of the Board of Directors by a central treasury department working in close cooperation with the Group companies.

In conclusion, there are no risks that endanger the future of the Group as a going concern according to the Board of Directors' assessment.

Forecast

Global economic development

World Bank expects the global economy to grow by 3.0% in 2015. Falling raw material prices and low interest rates will have a positive impact on global economic growth in the current year. World Bank forecasts 4.8% growth for the developing countries.

Despite slight global economic growth, global unemployment will continue to increase. The International Labour Office (ILO) expects unemployment figures to rise by three million people in 2015.

Development in Europe

According to the forecasts, the economy in the euro countries will grow more strongly than previously expected in the current year. The EU Commission expects economic growth of 1.3% in the euro states in 2015. The more optimistic forecast is apparently due to the fall in oil prices and the weakness of the euro.

This trend will also have a positive effect on the labour markets. The unemployment rate is expected to fall slightly to 11.2%.

Forecasts by the International Monetary Fund (IMF) state that the inflation rate in the eurozone is still falling. The European Union expects the eurozone to slide into deflation in the current year. The EU Commission expects consumer prices to fall by 0.1% in the eurozone.

Development in Germany

The German federal government forecasts the German economy to grow by 1.5% in 2015.

This is driven by lower oil prices, benefiting both consumers and the corporate sector, as well as the weaker euro, driving export and investment activities due to lower interest rates. Consumer spending and exports are expected to grow even more rapidly than in the previous year.

The forecast for the German labour market is rather restrained, despite the improvement in economic outlook. While employment figures will continue to grow in 2015, growth will be slower than in the previous year. Moreover, the past has frequently shown that an increase in employment levels does not necessarily reflect positively in the unemployment figures.

Outlook

The forecasts for the 2015 financial year are characterised by the different trends on the markets that are relevant for Einhell.

The domestic market of Germany performed well in the first half of 2015. This refers to stationary retail as well as online trading. In the second half of 2015, the strong USD and CNY will lead to a general increase in prices. The effects on the distribution of products until year-end are not yet entirely foreseeable. Given the launch of the new and universal Power X-Change System, however, the Einhell Group expects the business to remain stable in the second half of the year.

On the important Australian market, the Einhell Group is also doing well thanks to its Ozito Industries Pty Ltd subsidiary acquired in July 2013. Here, the Einhell Group expects the positive trend to continue in the next few months.

Revenue in Southern and Eastern Europe stabilised and even showed another slight increase on the previous year. In connection with the consolidation measures initiated in the previous years, the earnings contribution in this region was considerable. The various companies of the Einhell Group in Western Europe also made a pleasing positive contribution to earnings. Group management expects that the business performance in the European economic region will remain stable until the end of the year.

The Einhell Group positioned itself strategically in South America in recent years by establishing new subsidiaries. Although the subsidiaries generated substantial revenue, the companies were not yet able to achieve a positive result overall. The subsidiaries in South America are still burdened by start-up costs and some of them face difficult structural challenges. This situation will continue in financial year 2015.

The Board of Directors' assumptions and forecasts are based on the information currently available. The future business development depends on numerous factors, especially on the crisis regions and the trends on the currency markets.

Considering the current market conditions and given the positive trends in some of the markets in combination with strong sales efforts and the launch of new products such as, for instance, Power X-Change, the Einhell Group increased its sales forecast slightly for 2015. We expect slight increased revenue of about EUR 425-430 million and forecasts a pre-tax margin of 2.0% to 2.5%.

Landau a. d. Isar, 27 August 2015

Einhell Germany AG
The Board of Directors

Andreas Kroiss
Jan Teichert
Dr Markus Thannhuber

Consolidated statement of financial position (IFRS) as at 30 June 2015 (abbreviated)

| Assets | 30.06.2015 €k | 30.06.2014 €k |
|-------------------------------|------------------|------------------|
| NON-CURRENT ASSETS | | |
| Intangible assets | 23,321 | 26,772 |
| Property, plant and equipment | 19,869 | 17,725 |
| Financial assets | 375 | 367 |
| Other non-current assets | 2,050 | 2,235 |
| Deferred tax assets | 6,636 | 5,805 |
| | <u>52,251</u> | <u>52,904</u> |
| CURRENT ASSETS | | |
| Inventories | 129,097 | 105,424 |
| Trade receivables | 79,991 | 77,918 |
| Other assets | 33,852 | 22,389 |
| Cash and cash equivalents | 19,572 | 28,842 |
| | <u>262,512</u> | <u>234,573</u> |
| | <u>314,763</u> | <u>287,477</u> |

| Equity and liabilities | 30.06.2015 €k | 30.06.2014 €k |
|--|------------------|------------------|
| EQUITY | | |
| Subscribed capital | 9,662 | 9,662 |
| Capital reserve | 26,677 | 26,677 |
| Retained earnings | 126,303 | 124,984 |
| Other reserves | 1,545 | -7,791 |
| | <u>164,187</u> | <u>153,532</u> |
| Equity of shareholders of Einhell Germany AG | 1,772 | 2,515 |
| Non-controlling interest | | |
| | <u>165,959</u> | <u>156,047</u> |
| NON-CURRENT LIABILITIES | | |
| Provisions | 3,331 | 2,617 |
| Liabilities from debt capital | 30,000 | 30,000 |
| Deferred tax liabilities | 5,096 | 3,571 |
| Other liabilities | 8,023 | 11,638 |
| | <u>46,450</u> | <u>47,826</u> |
| CURRENT LIABILITIES | | |
| Trade payables | 50,306 | 31,803 |
| Provisions | 17,815 | 11,352 |
| Liabilities from debt capital | 13,536 | 20,362 |
| Other liabilities | 20,697 | 20,087 |
| | <u>102,354</u> | <u>83,604</u> |
| | <u>314,763</u> | <u>287,477</u> |

Consolidated statement of comprehensive income (IFRS) for the period from 1 January to 30 June 2015

| | 1 January - 30 June 2015 | 1 January - 30 June 2014 |
|--|-----------------------------|-----------------------------|
| | €k | €k |
| Revenue | 228,735 | 212,929 |
| Other operating income | 2,827 | 4,447 |
| Cost of materials | -156,356 | -147,788 |
| Personnel expenses | -29,205 | -27,759 |
| Depreciation | -2,374 | -2,414 |
| Other operating expenses | -33,201 | -32,284 |
| Financial result | -1,688 | -1,861 |
| Profit before income taxes | 8,738 | 5,270 |
| Income taxes | -2,412 | -1,893 |
| Consolidated net profit | 6,326 | 3,377 |
| Thereof share of minority shareholders in consolidated net profit/loss | 148 | -12 |
| Thereof share of shareholders of Einhell Germany AG in consolidated net profit/loss | 6,178 | 3,389 |

Consolidated statement of cash flows (IFRS) for the period from 1 January to 30 June 2015

| in € thousand | 1 January - 30 June 2015 | 1 January - 30 June 2014 |
|--|--------------------------------|--------------------------------|
| Cash flows from/used in operating activities | | |
| Profit before taxes | 8,738 | 5,270 |
| + Depreciation and amortisation of intangible assets and property, plant and equipment | 2,374 | 2,414 |
| - Interest income | -104 | -90 |
| + Interest expenses | 960 | 1,059 |
| +/- Other non-cash expenses and income | 876 | 2,873 |
| Operating profit before changes in net working capital | 12,844 | 11,526 |
| +/- Decrease/increase in trade receivables | -17,219 | -13,760 |
| +/- Decrease/increase in inventories | -17,494 | 666 |
| +/- Decrease/increase in other assets | -1,317 | -668 |
| +/- Increase/decrease in non-current liabilities | 130 | -321 |
| +/- Increase/decrease in current liabilities | 5,162 | 148 |
| +/- Increase/decrease in trade payables | -7,868 | -20,876 |
| Net cash from/used in operating activities | -25,762 | -23,285 |
| - Taxes paid | -2,147 | -2,472 |
| + Interest received | 87 | 84 |
| - Interest paid | -765 | -773 |
| Net cash from/used in operating activities | -28,587 | -26,446 |
| Cash flows from/used in investing activities | | |
| - Payments to acquire assets | -2,535 | -1,148 |
| - Payments for acquisition of consolidated companies | 0 | 0 |
| + Proceeds from disposal of assets | 88 | 48 |
| +/- Increase/decrease in goodwill | 0 | 0 |
| + Proceeds from disposal of consolidated companies | 0 | 0 |
| - Cash-outflow from changes to companies included in the consolidation | 0 | 0 |
| Net cash from/used in investing activities | -2,447 | -1,100 |
| Cash flows from/used in financing activities | | |
| +/- Increase/decrease in financial liabilities | 13,319 | -1,090 |
| - Payments for acquisition of equity investments | -100 | -96 |
| + Proceeds from non-controlling interest | 0 | 20 |
| - Dividend payments to shareholders of Einhell Germany AG | -1,384 | -1,384 |
| - Dividend payments to non-controlling interest | 0 | 0 |
| - Payments for liabilities for finance leases | 0 | -2 |
| Net cash used in financing activities | 11,835 | -2,552 |
| Changes to cash and cash equivalents due to currency exchange | 2,517 | -66 |
| Net decrease/increase in cash and cash equivalents | -16,682 | -30,164 |
| Cash and cash equivalents at beginning of reporting period | 36,254 | 59,006 |
| Cash and cash equivalents at end of reporting period | 19,572 | 28,842 |

Selected IFRS consolidated notes of Einhell Germany AG, Landau/Isar, for the period from 1 January to 30 June 2015

1. Principles and methods used in preparing the consolidated financial statements

1.1 Basis of consolidation

The consolidated financial statements comprise Einhell Germany AG and the companies it controls. IAS 27 defines control as the power to govern the financial and operating policies so as to obtain benefits from a company's activities. If the Group holds more than 50% of the voting rights of a company, either directly or indirectly, it is deemed to control such company, unless such assumption is refuted. Companies that are acquired or sold during the course of a financial year are included in the consolidated financial statements as from the date of acquisition until the date of sale.

Einhell Germany AG increased its shares in Anxall Hellas A.E. in the period under review and Einhell Germany AG therefore now owns 98.08% of the shares in this company.

1.2 Accounting and valuation principles

The report as at 30 June 2015 applies the same accounting and valuation principles as were used in the annual financial statements 2014.

2. Notes to statement of financial position

2.1 Non-current assets

Intangible assets and property, plant and equipment are valued at acquisition or manufacturing cost and are recognised in the statement of financial position less accumulated depreciation.

Intangible assets amount to EUR 23.3 million as at 30 June 2015, while property, plant and equipment amount to EUR 19.9 million.

2.2 Inventories

| | June 2015 | June 2014 |
|--|----------------|----------------|
| | €k | €k |
| Raw materials and supplies (at acquisition cost) | 291 | 296 |
| Finished goods | 124,487 | 103,875 |
| Prepayments | 4,319 | 1,253 |
| Total | 129,097 | 105,424 |

Inventories are valued at the lower of acquisition or manufacturing cost or net realisable value.

2.3 Cash and cash equivalents

Cash and cash equivalents include bank balances, cheques and cash in hand.

2.4 Provisions

Provisions total EUR 21,146 thousand. This includes non-current provisions of EUR 3,331 thousand. Provisions refer in particular to provisions for warranty.

2.5 Liabilities

Upon addition, liabilities are valued at fair value of the consideration received; subsequent valuation is performed at amortised cost. Liabilities in foreign currencies are recognised at the reporting date rate or hedging rate as at the reporting date.

3. Notes to the consolidated statement of income

Other operating expenses

Other operating expenses amount to EUR 33,201 thousand as at 30 June 2015. This pertains primarily to expenses for the transport of goods, warranty, customer service, impairment, advertising and product design.

4. Segment reporting

The identification of reportable operating segments pursuant to IFRS 8 is based on the so-called management approach concept. The division of the Einhell Group into two segments reflects a representation of business areas as well as the Group's internal management and reporting structures. The segments are "Tools" and "Garden & Leisure".

Income and expenses that cannot be directly allocated to the individual segments are shown in the reconciliation item.

4.1 Segment reporting by division

| June 2015 in € thousand | Tools | Garden & Leisure | Total segments | Reconciliation | Group |
|---------------------------------------|---------|------------------|----------------|----------------|---------|
| Segment revenue | 126,102 | 102,633 | 228,735 | 0 | 228,735 |
| Profit from ordinary activities (POA) | 3,115 | 5,623 | 8,738 | 0 | 8,738 |
| Financial result | -1,327 | -361 | -1,688 | 0 | -1,688 |
| Interest income | 44 | 60 | 104 | 0 | 104 |
| Interest expenses | -623 | -337 | -960 | 0 | -960 |
| Scheduled depreciation | 1,456 | 918 | 2,374 | 0 | 2,374 |
| Non-cash income | -49 | -39 | -88 | 0 | -88 |
| Non-cash expenses | 604 | 360 | 964 | 0 | 964 |
| Inventories | 79,859 | 49,238 | 129,097 | 0 | 129,097 |
| Depreciation of inventories | 878 | 764 | 1,642 | 0 | 1,642 |

| June 2014 in € thousand | Tools | Garden & Leisure | Total segments | Reconciliation | Group |
|---------------------------------------|---------|------------------|----------------|----------------|---------|
| Segment revenue | 119,202 | 93,727 | 212,929 | 0 | 212,929 |
| Profit from ordinary activities (POA) | 1,061 | 4,209 | 5,270 | 0 | 5,270 |
| Financial result | -1,680 | -181 | -1,861 | 0 | -1,861 |
| Interest income | 35 | 55 | 90 | 0 | 90 |
| Interest expenses | -682 | -376 | -1,058 | 0 | -1,058 |
| Scheduled depreciation | 1,459 | 955 | 2,414 | 0 | 2,414 |
| Non-cash income | -197 | -148 | -345 | 0 | -345 |
| Non-cash expenses | 2,312 | 906 | 3,218 | 0 | 3,218 |
| Inventories | 69,448 | 35,976 | 105,424 | 0 | 105,424 |
| Depreciation of inventories | 630 | 665 | 1,295 | 0 | 1,295 |

The Tools segment includes electronic hand tools and stationary tools as well as hand-held tools and general electronic tools accessories. Garden & Leisure comprises garden and water technology as well as cooling and heating technology.

4.2 Segment reporting by region

The geographic allocation of revenue is based on the registered office of the invoice recipient. The decisive factor is the market where the revenue is generated. The following table shows segment reporting by region:

| June 2015 in € thousand | D/A/CH region | Other Europe | Asia | South America | Other countries | Group |
|----------------------------|---------------|--------------|-------|---------------|-----------------|---------|
| External revenue | 98,169 | 72,969 | 3,403 | 11,129 | 43,065 | 228,735 |
| Non-current assets | 16,331 | 12,434 | 604 | 1,145 | 15,101 | 45,615 |

| June 2014 in € thousand | D/A/CH region | Other Europe | Asia | South America | Other countries | Group |
|----------------------------|---------------|--------------|-------|---------------|-----------------|---------|
| External revenue | 89,871 | 69,385 | 9,065 | 10,115 | 34,493 | 212,929 |
| Non-current assets | 14,887 | 13,746 | 522 | 892 | 17,052 | 47,099 |

5. Statement of responsibility

To the best of our knowledge, we assure that the interim consolidated financial statements give a true and fair view of financial position and performance as well as the earnings situation of the Group and that the interim Group management report accurately reflects the actual development and performance of the business and the position of the Group and describes the principal risks and opportunities associated with the Group's expected development in the remaining months of the financial year.

Landau a. d. Isar, 27 August 2015

Einhell Germany AG
The Board of Directors

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