

Dear shareholder,

Due to unfavourable global conditions, the Einhell Group continued to battle difficult market circumstances in the first three months of the financial year 2009.

Nevertheless, it still managed to generate an excellent net profit margin. This shows that the Group can demonstrate consistent and healthy earnings even in extremely difficult economic periods.

Due to its excellent equity base, the Group has a stable and solid financial structure. This is extremely advantageous in the current global financial crisis.

The Financial Report was not subject to audit pursuant to Section 317 of the German Commercial Code (HGB) nor was it subject to review by an auditor.

Condensed Group Management Report of Einhell Germany AG

General economic conditions

Experts anticipate an uncertain year for the global economy in 2009 and that no geographical region will remain untouched by the consequences. However, individual countries have been affected differently by the crisis. At the beginning of the crisis, with the collapse of property markets, the hardest hit were economies where recent growth had been strengthened by growth in the value of real estate and credit-based consumer spending. Other countries, such as Germany, are suffering indirectly from the fall in demand in other industrial countries and emerging market economies.

The German economy is shrinking at an above-average rate due to its heavy dependence on exports.

The export-heavy German economy is suffering a drastic slump in 2009 in the wake of the global recession. In their spring forecasts, leading economic research institutes expect a fall in economic performance in Germany of about 6%. In the first quarter, the economists expect a fall of 6.3%. In the second quarter, they fear a particularly brutal collapse in the economy of minus 8.2% in comparison with the same quarter in the previous year. Investment and exports are expected to drop dramatically.

Furthermore, national debt levels of the Federal Republic of Germany are rising drastically as a result of the financial crisis. Leading economic research institutes forecast a budget deficit of €89 billion for 2009, equivalent to 3.7% of the gross domestic product.

The International Monetary Fund (IMF) expects the euro zone to show a fall of 4.2% in gross domestic product in 2009 and a further fall of 0.4% in 2010.

The consumer price index for Germany rose in March 2009 by 0.5% as against the same month in the previous year. This represents the lowest inflation rate since July 1999 and is apparently due to strongly falling prices for oil products and foodstuffs.

The recession of the German economy is having an increasing effect on employment markets. Employment figures remained stable due to heavy application of short-time working, but this year there was no spring recovery in the figures as is usual. For the first time in many months, in March 2009 the number of people employed was below the previous month's figure.

Due to bad weather at the beginning of the year, with cold weather and low temperatures until well into March, there was a slow start to spring business for building and DIY stores. In the first quarter 2009, there was a fall in revenues of 4.8%. Whilst building market companies suffered in the first two months with some significant falls in revenue, March 2009 saw an increase in revenues of 1.2% as against the same month in the previous year.

Even though the effects of the financial and economic crisis have been felt with respect to lower demand for some product groups, the business for building and DIY stores as a whole is fairly robust in light of the difficult economic conditions.

Business activities

Einhell Group revenue slightly below previous year

In the first three months of the financial year 2009, the Einhell Group earned revenues of €90.8 million, which represents a slight reduction of €6.8 million in comparison with the prior-year quarter.

Revenues in the domestic German market amounted to €36.8 million; in the comparable period in 2008 revenues were €40.1 million. The share of domestic revenues as part of total Group revenues is 40.6%.

In the European Union, revenues fell by €4.0 million to €36.5 million (previous year: €40.5 million). The largest markets were again Italy, Austria and Poland.

Revenues in Asia increased year on year to €6.1 million (previous year €3.1 million).

Other countries were able mostly to almost match revenues of the comparable period in the previous year. Revenues decreased by €2.5 million to €11.4 million. The largest markets were Croatia, Turkey and Switzerland.

The share of total Group revenues provided by other countries in the first quarter 2009 was 59.4%.

Segment growth

In the first three months 2009, the Tools segment earned revenues of €46.6 million (previous year: €50.9 million).

The strongest product sales in this segment were cordless screwdrivers and hammer drills.

In the first quarter, the Garden & Leisure segment was almost able to match the revenues of the prior-year quarter. Revenues in the first three months 2009 amounted to €44.2 million (previous year €46.7 million). The strongest sales in this segment were for the product groups electrical tillers and lawnmowers.

Earnings

In the period January to March 2009, the Einhell Group earned profits from ordinary activities amounting to €4.8 million (previous year €5.7 million). Thus pre-tax yield was 5.3% (previous year 5.8%). This is an astounding result in light of the current global economic situation.

Group net profit after minority interests in the first quarter of the financial year 2009 amounted to €3.7 million (previous year €3.9 million). Earnings per share are calculated at €1.0 per share (previous year €1.0 per share).

Personnel and social security

The continuing international expansion of the Group meant that it was again able to increase its number of worldwide employees in the reporting year. The number of employees at balance sheet date increased to 1,019 (previous year 930).

The Board of Directors would like to take this opportunity to thank all employees, as it is their performance and commitment that have made it possible to achieve the sound returns earned during the financial crisis in this reporting period.

Financial and assets position

The most important items in the balance sheet are as follows at 31 March 2009 and 31 March 2008:

	3/2009	3/2008
	€ millions	€ millions
Non-current assets incl. deferred tax assets	34.5	36.0
Inventories	122.2	106.4
Receivables and other assets	101.7	107.2
Cash and cash equivalents	11.9	6.9
Equity	124.3	114.3
Liabilities to banks	72.4	75.7

Investments

In the reporting period, the Einhell Group made investments amounting to €0.6 million, of which €0.2 million was for intangible assets and €0.4 million was for property, plant and equipment.

Current assets

Goods inventories increased year on year to €122.2 million (previous year €106.4 million). Receivables and other assets decreased in this reporting period in comparison with the previous year to €101.7 million (previous year €107.2 million).

Changes to Group structure

Effective 1 January 2009, all shares of Einhell Export-Import were taken over. This company becomes a fully owned Group company.

Preparations are also currently underway for the establishment of another Group company in Brazil.

Financing

The Einhell Group currently uses a bonded loan and non-current loans for financing purposes. The Board of Directors is currently holding talks with various banks about refinancing of the bonded loan that expires in July 2009. On the basis of current discussions with banks, the Board of Directors is optimistic that it will be able to secure favourable refinancing terms.

Dependency report

Thannhuber AG holds the majority of voting rights in Einhell Germany AG. We confirm that Einhell Germany

AG did not carry out any business transactions with Thannhuber AG in the reporting period and did not undertake or fail to undertake any measures that would have been to the disadvantage of Einhell Germany AG.

Risk report

The risks to which the Einhell Group is exposed are unchanged as against the risks in the 2008 Financial Statements. Significant risks arise for purchasing, sales, financing, expansion and liability. An IT-based risk management information system provides support in the identification and management of risks. The Einhell Group uses various means to manage risk including passing on risk, risk reduction and avoidance. It applies standard market tools for hedging currencies, bad debt loss insurance and hedging of changes in interest rates and variations as well as an appropriate insurance management.

Outlook

Global business development

In the opinion of leading economic research institutes, Germany is in one of the deepest economic crises in the post-war period. The German economy will only improve slightly in 2010, but the institutes then predict a further fall of about 0.5%. The fall is so strong that a recession in 2010 will also be unavoidable.

With poor economic forecasts from major trading partners of Germany, further negative impulses are to be expected from abroad. The experts anticipate a much slower decline in total economic output in the second half of 2009.

Leading research institutes predict a massive increase in national debt levels in Germany for 2009. New government borrowing at federal, state and municipality level amounting to €132 billion is expected in 2010. This would represent 5.5% of the gross domestic product.

Due to the massive impact of the financial crisis and global economic slump, experts anticipate the real gross domestic product across the EU and in the euro zone will recover slightly in 2010 after shrinking by 2% in 2009.

Further expansion

In order to establish a footing in lucrative South American economies, we plan to set up our own company in Brazil in the financial year 2009. This will allow the Group to position itself in one of the strongest sales markets in South America.

In order to continue to improve sales, the Einhell Group also plans partnerships in India and other countries in South America in the near future.

Corporate goals for the financial year 2009

In order to continue to thrive under the current difficult market conditions, the Einhell Group has again set itself ambitious corporate goals.

In order to minimise risks from difficult global economic conditions, the focus in 2009 will be on security and optimal application of funds. This will include cost reductions and optimisation of inventories across the whole Group.

The priorities for 2009 are the establishment of new product lines and an expansion of the RED and BLUE lines.

In order to reduce its dependence on China as a procurement source, in future the Einhell Group will maintain a presence in Vietnam. Realisation of the first projects is planned for the financial year 2009.

Landau a. d. Isar, 29 May 2009

Einhell Germany AG
The Board of Directors

Andreas Kroiss
Jan Teichert
Dr. Markus Thannhuber
York Boeder

Financial Report as of 31 March 2009



Consolidated balance sheet (IFRS) as of 31 March 2009 (condensed version)

Assets	Selected note	31.3.2009 €thousand	31.3.2008 €thousand
NON-CURRENT ASSETS			
Intangible assets	2.1.	10,598	10,690
Property, plant and equipment		14,638	16,357
Non-current financial assets		984	976
Other non-current assets		2,803	2,958
		5,471	4,976
DEFERRED TAX ASSETS			
		34,494	35,957
CURRENT ASSETS			
Inventories	2.2.	122,238	106,400
Receivables and other current assets		101,664	107,162
Cash and bank balances and cheques		11,868	6,860
		235,770	220,422
		<u>270,264</u>	<u>256,379</u>

Equity and liabilities	Selected note	31.3.2009 €thousand	31.3.2008 €thousand
EQUITY			
Subscribed capital		9,662	9,662
Capital reserve		26,677	26,677
Retained earnings		86,372	75,485
Other cumulated equity		379	-1,666
Adjustment charges for foreign currency exchange		-5,148	-4,699
Consolidated net income of shareholders of Einhell Germany AG		3,688	3,932
Consolidated equity of shareholders of Einhell Germany AG		121,630	109,391
Minority interest		2,678	4,893
		124,308	114,284
NON-CURRENT LIABILITIES			
Non-current liabilities to banks			
		2,071	15,250
Bonded loans		0	30,000
Non-current provisions	2.3.	2,175	2,137
Non-current liabilities		3,038	3,171
Deferred taxes		1,490	1,823
		8,774	52,381
CURRENT LIABILITIES			
Current provisions	2.3.	16,922	14,374
Current liabilities to banks		70,340	30,493
Current liabilities from trade payables and other liabilities		49,920	44,847
		137,182	89,714
		<u>270,264</u>	<u>256,379</u>

The balance sheet for 2008 was corrected with respect to current provisions and current liabilities in accordance with IAS 8. Accordingly, provisions for holiday entitlement, employee profit participation and customer credits were shown under other liabilities.

Financial Report as of 31 March 2009



Consolidated income statement (IFRS) for the period from 1 January to 31 March 2009

	Selected note	1.1. - 31.3.2009	1.1. - 31.3.2008
		€thousand	€thousand
Revenues		90,835	97,621
Increase or decrease in finished and unfinished goods		0	-128
Capitalised costs		0	0
Other operating income		1,221	1,860
Cost of materials		-63,664	-69,736
Personnel expenses		-8,697	-9,083
Depreciation and amortisation costs and other write-offs on intangible assets and property, plant and equipment		-669	-907
Other operating expenses	3.1.	-12,508	-12,104
Net finance costs		-1,675	-1,822
Profit from ordinary activities		4,843	5,701
Income taxes		-1,252	-1,488
Consolidated net income		3,591	4,213
Share of other shareholders in consolidated net income		97	-281
Consolidated net income less share of other shareholders		3,688	3,932

Financial Report as of 31 March 2009



Consolidated cash flow statement (IFRS) for the period from 1 January to 31 March 2009

in €thousand	1.1. – 31.3.2009	1.1. - 31.3.2008
Net cash from/used in operating activities		
Profit before taxes	4,843	5,701
+ Depreciation and amortisation of intangible assets and property, plant and equipment	669	907
- Interest income	-232	-165
+ Interest expenses	856	1,040
+/- Other non-cash income and expenses	305	10
Operating profit before changes in net working capital	6,441	7,493
+/- Decrease/increase in trade receivables	-26,099	-28,701
+/- Decrease/increase in inventories	-10,833	-7,466
+/- Decrease/increase in other assets	132	1,870
+/- Increase/decrease in non-current liabilities	90	-73
+/- Increase/decrease in current liabilities	2,130	-392
+/- Increase/decrease in trade payables	-3,899	-4,435
Cash flows from operating activities	-32,038	-31,704
- Taxes paid	-1,307	-2,599
+ Interest received	34	133
- Interest paid	-629	-739
Net cash flows from operating activities	-33,940	-34,909
Cash flows from investing activities		
- Payments to acquire assets	-576	-683
+ Proceeds from disposal of assets	21	11
- Payments for acquisition of equity investments	0	0
+ Increase in goodwill	95	0
Net cash flow from investing activities	-460	-672
Cash flows from financing activities		
+/- Increase/decrease in loan obligations	26,140	27,910
+ Payments received from minority shareholders	0	0
- Payments to shareholders including minority shareholders	0	0
- Payments for liabilities for finance leases	-8	-9
Net cash flows for financing activities	26,132	27,901
Changes to capital funds due to currency exchange	165	-52
Net cash acquired from acquisitions	0	0
Net decrease/increase of cash and cash equivalents	-8,103	-7,732
Cash and cash equivalents at beginning of reporting period	19,971	14,592
Cash and cash equivalents at end of reporting period	11,868	6,860

Selected IFRS consolidated notes of Einhell Germany AG, Landau/Isar, for the period from 1 January to 31 March 2009

1. Principles and methods used in consolidated financial statements

1.1 Basis of consolidation

Effective 1 January 2009, all shares of Einhell Export-Import were taken over. This company becomes a fully owned Group company.

1.2 Accounting and valuation policies

The quarterly report to 31 March 2009 uses the same accounting and valuation policies as were used in the Annual Financial Statements 2008.

2. Notes to balance sheet

2.1 Non-current assets

Intangible assets at 31 March 2009 amounted to €106 million. Property, plant and equipment amounted to €14.6 million.

2.2 Inventories

	March 2009	March 2008
	€thousand	€thousand
Raw materials and supplies (at acquisition cost)	1,470	657
Work in progress	0	91
Finished goods (at cost less impairment)	120,179	104,798
Prepayments	589	854
Total	122,238	106,400

2.3 Provisions

Total provisions amount to €19,097 thousand and include non-current provisions of €2,175 thousand.

Provisions include in particular provisions for guarantees and tax provisions.

3. Notes to income statement

3.1 Other operating expenses

Other operating expenses as at 31 March 2009 amount to €12,508 thousand and include in particular postage of goods, guarantees, customer services, impairment, advertising and product design.

4. Segment reporting

4.1 Segment reporting by segment

March 2009 in €thousand	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenues	46,571	44,264	90,835	0	90,835
Operating segment revenues (EBIT)	2,501	4,017	6,518	0	6,518
Group net profit	1,250	2,438	3,688	0	3,688

March 2008 in €thousand	Tools	Garden & Leisure	Total segments	Reconciliation	Group
Segment revenues	50,864	46,757	97,621	0	97,621
Operating segment revenues (EBIT)	3,643	3,880	7,523	0	7,523
Group net profit	1,856	2,076	3,932	0	3,932

Reconciliation shows income and expenses that are not directly attributable to segments.

The EBIT comprises profits from ordinary activities and the financial result (including currency effects).

4.2 Segment reporting by region

Segment reporting by region is as follows:

March 2009 in € thousand	Germany	EU	Other countries	Asia/Pacific	Reconciliation	Group
External revenues	36,834	36,547	11,372	6,082	0	90,835

March 2008 in € thousand	Germany	EU	Other countries	Asia/Pacific	Reconciliation	Group
External revenues	40,112	40,464	13,918	3,127	0	97,621

Reconciliation shows income and expenses that are not directly attributable to segments.

5. Statement of responsibility

To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the net assets, financial position and earnings of the Group and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Landau, 29 May 2009

Einhell Germany AG
The Board of Directors

Andreas Kroiss
Jan Teichert
Dr. Markus Thannhuber
York Boeder