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ANNUAL REPORT
2013 DEUFOL SE

DEUFOL

Key Figures for the Deufol Group

figures in € million	2013	2012	± (%)
Results of operations			
Revenue (total)	318.7	333.0	(4.3)
Germany	170.5	176.0	(3.2)
Rest of the World	148.2	157.0	(5.6)
International revenue ratio (%)	46.5	47.1	(1.4)
EBITDA	14.8	15.0	(1.4)
EBITA	6.0	6.2	(2.6)
EBIT	6.0	6.2	(2.6)
EBT	2.7	2.8	(3.0)
Income tax income (expenses)	(2.2)	(2.4)	(6.5)
Income (loss) from continuing operations	0.5	0.4	17.7
Income (loss) from discontinued operation	0	(0.3)	n/m
Profit (loss) for the period	0.5	0.1	624.3
of which noncontrolling interests	0.2	0.3	(46.7)
of which shareholders of the parent company	0.3	(0.3)	n/m
Earnings per share (€)	0.007	(0.006)	n/m
Balance sheet			
Noncurrent assets	142.2	144.8	(1.8)
Current assets	70.8	76.1	(7.0)
Balance sheet total	213.0	220.9	(3.6)
Equity	95.5	96.7	(1.2)
Liabilities	117.4	124.2	(5.4)
Equity ratio (%)	44.9	43.8	2.5
Net financial liabilities	50.3	55.0	(8.6)
Cash flow/investments			
Cash flow from operating activities	17.2	16.0	7.4
Cash flow from investing activities	(5.2)	(2.4)	116.2
Cash flow from financing activities	(13.5)	(17.7)	(23.7)
Investments in property, plant and equipment	9.0	8.7	3.1
Employees			
Employees (average)	2,704	2,764	(2.2)
Personnel costs	95.5	98.1	(2.6)

KEY TO SYMBOLS

Basis of Preparation
Scope of Consolidation
Consolidated Income Statement Disclosures
Consolidated Balance Sheet Disclosures
Consolidated Cash Flow Statement Disclosures
Other Disclosures
Segment Information
Supplementary Disclosures

Foreword by the Managing Directors

Fiscal Year 2013: Continued Transformation and Renewal

**Dear shareholders and business partners,
ladies and gentlemen,**

In 2013, Deufol SE continued the process of transformation and renewal already initiated. Further personnel and structural changes were introduced in the past year. The Company's workforce was reinforced at various levels. Many structures and processes were developed, renewed or stabilized. The Company continued a promising investigation into the abusive conduct of some of its executives in previous years. In what was a cautious market environment in overall terms, important customer relationships were stabilized and even expanded.

The sole objective of the measures implemented over the past few years is to prepare the Deufol Group for the future, ensuring our long-term competitiveness and our ability to serve our customers while satisfying the highest and ever more stringent quality demands. We are convinced that our long-term success hinges on the consistent quality and reliability of our services and their ongoing evolution. The development of our business relationships with our two main customers in Germany demonstrates that this commitment is the right course of action and has been rewarded accordingly. We have concluded a three-year outline agreement with one of these customers and are now a preferred supplier, while with the second of these customers we have developed a new quayside location at the strategically important port of Hamburg. While these successes of the past fiscal year are not yet reflected in our figures, we are convinced that they will make themselves felt in future. Our customers outside Germany have also recognized our strong quality and customer focus, especially over the past two years. We have concluded a three-year contract with one of our largest customers, subject to revised conditions, and have thus clearly stabilized our US business overall over the longer term.

In this context, we are continuing to integrate our companies and locations and to develop our "best practice sharing" system while also continuing to pursue the "Operational Excellence" initiative already launched. As before, the objective here is to establish a permanent spirit of innovation and to boost productivity while exploiting advantages of size and diversity. The extensive IT projects launched in the past year are vitally important in this respect. These projects are intended to improve transparency, efficiency and control within the Company but also to ramp up existing customer solutions to the next performance level. These initiatives and projects already under way will continue in the future and require attention from the Company's management. Over the longer term, they will deliver benefits for our customers, our employees and our shareholders.

As in the previous year, 2013 was shaped by our customers' cautious behavior. Exports in the German mechanical engineering sector even fell. In this context, we can be satisfied with the sales trend and the strategic development of the customer relationships outlined above. Due to a series of transformations which include changes to organizational structures, procedural improvements, initial optimization measures for individual locations and IT improvements, even if the German mechanical engineering sector matches last year's trend we can nonetheless expect a positive performance in the current year.

However, this does assume avoidance of exogenous events such as restrictions of trade with Russia or a real estate crisis in China, which might noticeably impair exports for the German mechanical engineering sector. In the Rest of Europe, in the past year we faced challenges associated with the consolidation of our location in Tienen (Belgium) in particular. We successfully completed this process while limiting any damage, and it is not likely to pose any similar difficulties in future. In the USA, we have restructured our Data Packaging business and have established a promising position for our "Automated & Display Packaging" segment.

Having successfully dealt with a number of issues, including the Company's dealings in China in 2011 in particular, Deufol SE now faces the future with confidence. A key requirement in order to resolve current issues and complete the process of our transformation will be for us to become leaner and more efficient without compromising on quality or customer focus. Every one of us will need to contribute to improved cost efficiency. However, besides a focus on quality we must continue to develop our IT expertise and our capacity for innovation, while increasingly exploiting the advantages associated with our international presence.

If we pursue these goals in a balanced fashion and adhere to our strategy of transforming the Company, we will be ideally placed in order to develop our business for the benefit of our customers, our employees and our shareholders. In the coming year, we remain committed to our goal of being "the best" packaging company.

We would therefore like to thank our business partners and our shareholders for the confidence which you have placed in us. We are well aware that this period of transformation has demanded much in the way of patience and stamina of all of us. We should particularly like to thank our employees, who have once again realized enormous achievements in the past year and who ensure Deufol quality every single day.

We look forward to the challenges ahead of us. Let's get to them!

Yours sincerely,

The Managing Directors

Klaus Duttiné, Jens Hof, Dennis Hübner, Detlef W. Hübner,
Olaf Lange, Jürgen Schmid, Manfred Weirich

Report of the Administrative Board

In the following report, the Administrative Board provides notice of its key activities in fiscal year 2013. Deufol SE is managed by its Administrative Board ("one-tier system") which determines the basic profile of its activities and monitors their implementation by the managing directors. The key areas of the Administrative Board's management, supervisory and advisory activities, the activities of the committees, the audit of the annual and consolidated financial statements, relationships with associates and changes to the executive bodies are commented on below.

The Administrative Board has performed the duties assigned to it by law as well as the Articles of Association and the by-laws. It has managed the Company, determined the basic profile of its activities and monitored their implementation by the managing directors. The Administrative Board was directly involved in all decisions of fundamental importance for the Company. This is based in particular on a detailed catalog of transactions requiring the prior approval of the Administrative Board, which is contained in the by-laws for the managing directors.

During the reporting period, the managing directors informed the Administrative Board, both verbally and in writing, of all relevant issues concerning the Company's position and material business transactions. The Administrative Board received a monthly report consisting of a current income statement for the Group and its three divisions as well as overviews of sales and operating results development at the individual subsidiaries together with target/actual comparisons and corresponding prior-period figures. The Administrative Board regularly submitted questions to the managing directors on the basis of these data, which the managing directors then answered accordingly.

The Administrative Board regularly and promptly received the minutes of the meetings of the managing directors as well as up-to-date reports on trends not documented in special minutes. There was frequently a comprehensive exchange of opinions between the Administrative Board and the managing directors on these issues. In addition, the members of the Administrative Board maintain regular verbal and written contact with the managing directors.

Meetings of the Administrative Board

The Administrative Board discussed the reports of the managing directors and other decision papers in a total of six meetings and also in frequent telephone conversations and considered them in detail with the managing directors.

In one case, a resolution was adopted outside meetings. This urgent decision, that could not be delayed until a regular Administrative Board meeting, was preceded by an in-depth exchange of information by e-mail and telephone. With the exception of a single meeting, all Administrative Board members attended all of its meetings; none of its members thus attended less than half of them.

Key Topics of Discussion

In the period under review, the development of Deufol's business in the USA was a strategic focus for the Administrative Board's discussions with the managing directors. Due to the loss of Apple as a customer and the uncertain outlook at the start of the year for business with P&G in the USA, the members of the Administrative Board held extensive discussions regarding the future of the Company's US business. Thanks to the intensive efforts of the Administrative Board and the managing directors, the Company has been able to safeguard its P&G business for the medium term and stabilize its situation in the USA.

In addition, the Administrative Board examined sales and results of operations in the individual business segments, with a clear focus on increased operational efficiency in Industrial Packaging in Germany and on the development of international business activities in the USA, China, Belgium and Italy.

The Administrative Board also intensively discussed the action for damages against the Company's former Executive Board members Andreas Bargende and Tammo Fey as well as other former executives.

The ongoing development of the Company's medium- and long-term financing strategy was another core focus of the Administrative Board's activities.

The members of the Administrative Board noted the economic planning for 2013 at its meeting held on April 8, 2013.

The Administrative Board submitted the declaration of conformity in accordance with section 161 of the German Stock Corporation Act in February 2013.

Committees

Two committees were established. One committee comprised Administrative Board members who do not also serve as managing directors. This committee drew up the employment contracts of the managing directors. A second committee, led by the Chairman of the Administrative Board, considered billing procedures for Administrative Board members who assist Deufol SE in an advisory capacity.

The Company has not established Administrative Board committees since the need for them is directly dependent on the size of the Administrative Board, in consideration of the efficiency with which tasks are handled. Since the Administrative Board currently only has eight members, these members can communicate as necessary, without the reduced efficiency which the additional notification and coordination processes for committees would entail.

Audit Pursuant to Section 107 (3) of the German Stock Corporation Act

Since the Group has opted not to establish an audit committee, the members of the Administrative Board were responsible for performing the checks laid down in section 107 (3) of the German Stock Corporation Act. It is thus responsible for accounting and monitoring of the accounting process, the effectiveness of the internal control system, the risk management system, internal auditing, compliance and auditing, particularly concerning the independence of the auditors and the additional services provided by the auditors. Prior to the start of the audit, the auditors provided a statement confirming their independence. In addition, in fiscal year 2013 the auditors provided additional advisory services for the Company (e.g. due diligence audits) as well as tax consulting services.

Audit of the Single-Entity and Consolidated Financial Statements

In accordance with the resolution passed by the Annual General Meeting on July 2, 2013 and the subsequent audit engagement issued by the Administrative Board, the annual financial statements for the fiscal year from January 1 to December 31, 2013 prepared by the managing directors in accordance with the German Commercial Code, as well as the management report of Deufol SE, were audited by Votum AG, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and issued with an unqualified audit opinion.

The consolidated financial statements of Deufol SE were prepared in accordance with the International Financial Reporting Standards as stipulated by section 315 a of the German Commercial Code. The auditors issued the consolidated financial statements and the Group management report with an unqualified audit opinion.

All documents relating to the annual financial statements, including the management report and Group management report, the managing directors’ proposal for the appropriation of net profit and the audit reports issued by the auditors, were presented to the Administrative Board. The Administrative Board examined these documents and discussed them in the presence of the auditors. The Administrative Board concurred with the results of the audit and, based on the results of its own examination, did not raise any objections. On April 29, 2014, the Administrative Board endorsed the annual financial statements of Deufol SE for 2013 and the consolidated financial statements. The annual financial statements have thus been approved. The Administrative Board also approved the managing directors’ proposal for the appropriation of net profit.

Report on Dependence

The managing directors have also compiled a report regarding the Company's relationships with associates and presented this to the Administrative Board together with the audit report produced by the auditors. The auditors have issued the following audit opinion for the report:

"In accordance with our due audit and assessment, we confirm that
1. the factual information in the report is correct,
2. for the legal transactions stated in the report, the Company's performance was not inappropriately high or disadvantages were balanced out,
3. in respect of the measures stated in the report, there are no factors suggesting an assessment significantly different from that of the managing directors."

Within the framework of its own audits of the report regarding the Company's relationship with associates, the Administrative Board has determined that no objections are applicable and agrees with the auditors' findings.

Administrative Board

Pursuant to the resolution passed by the Annual General Meeting of Deufol SE held on July 2, 2013, Mr. Helmut Olivier, Prof. Dr. Wolfgang König, Mr. Wulf Matthias, Dr. Helmut Görling, Mr. Axel Wöltjen, Mr. Detlef Hübner, Dr. Tillmann Blaschke and Mr. Dennis Hübner were appointed as the shareholder representatives of the Administrative Board of Deufol SE, in accordance with section 9 (3) of the Articles of Association of Deufol SE.

All of the Administrative Board members thus appointed attended its meeting held on July 2, 2013 and appointed Mr. Detlef Hübner the Chairman and Mr. Helmut Olivier the Deputy Chairman of the Administrative Board. They both accepted their appointments. Following the resignation of Dr. Tillmann Blaschke, as of March 1, 2014 he will be replaced by Mr. Marc Hübner.

Hofheim, April 29, 2014

For the Administrative Board
Detlef W. Hübner
Chairman

The Share

Key information for the Deufol share

Security code number	A1R 1EE
International Securities Identification Number (ISIN)	DE000A1R1EE5
Stock exchange code	DE1

Key figures for the share

figures in €	2013	2012
Earnings per share from continuing operations	0.007	0.001
Earnings per share from discontinued operation	—	(0.008)
Equity per share	2.18	2.21
Equity ratio (%)	44.86	43.79
Dividend	n/a	0
Peak price	1.43	1.20
Lowest price	0.66	0.78
Closing price for the year	0.96	1.02
Daily trading volume (Ø. units)	36,089	26,916
Number of shares	43,773,655	43,773,655
Market cap. (€ million)	42.02	44.65

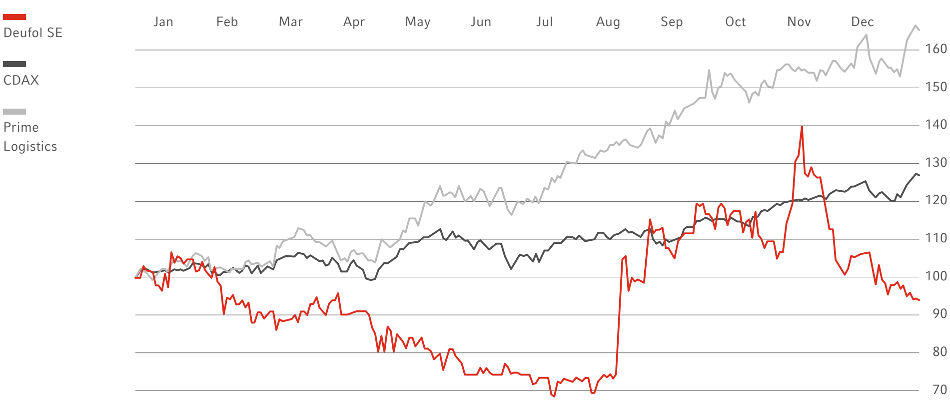
Successful Stock Market Year 2013

The expansionary policies of the world's central banks buoyed the stock markets and delivered clear net price gains on most stock exchanges in the past year. However, the first half of the year was much less successful. Following price gains up to May, the markets lost significant ground up to the end of June following the US central bank's announcement that it would wind down its bond-purchasing activities and thus weaken its supply of liquidity. However, thereafter prices rose continuously up to the end of the year.

The MSCI World Index climbed around 24 % in the past year. On the leading US stock exchange, the representative Standard & Poor's 500 Index was up almost 30 %, while the NASDAQ technology exchange realized even stronger gains of 38 %. In Japan, prices rose by almost 57 %, relative to the NIKKEI 225. European stock markets also gained considerable ground, and the EURO STOXX 50 was up by around 18 %. Measured against the DAX, the German stock market gained more than 25 %. The small caps benefited even more strongly, and the SDAX rose by a good 29 % over the course of the year.

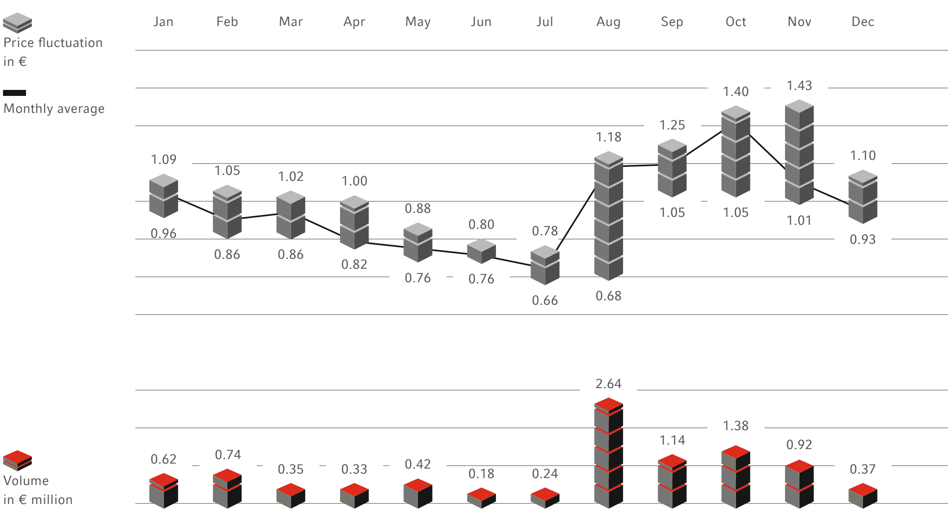
Relative performance of the Deufol share

indexed, as %, January 1 – December 31, 2013



Highs and lows of the Deufol share

figures in €



Deufol Share Suffers Slight Loss of Value

The Deufol share ended the year with a price loss of 5.9 %. Over the course of the year, it fluctuated in a corridor between € 0.66 and € 1.43. The equity reached its lowest closing price in mid-July, at € 0.70. From August, driven by demand from institutional investors, an upward movement began which continued up to early November, with some fluctuations. The share reached its highest closing price on December 1, at € 1.428. In the last two months of the year, its price once again fell and the Deufol share ended the year at a price of € 0.96. The sector index of logistics stocks (DAXsubsector Logistics) quoted in the Prime Standard – which includes Deufol – rose by 65 %.

In Xetra and floor trading on German stock exchanges, approx. 9.1 million Deufol shares were traded in fiscal year 2013 with a value of € 9.3 million. This corresponds to an average daily trading volume of 36,089 shares. The number of shares traded thus increased in the past year by approx. 34 %.

Conversion to Registered Shares – Envisaged Transfer to the Entry Standard

Since February 4, 2013, the Deufol share has been listed as a registered share. The Annual General Meeting (AGM) resolved the conversion of bearer shares to registered shares on July 4, 2012. Registered shares enable enhanced direct communication between a stock corporation and its shareholders.

In the opinion of the Administrative Board and the managing directors, a listing in the Entry Standard of the Frankfurt Stock Exchange is the appropriate market segment for Deufol SE. They have therefore approved its transfer to this stock exchange segment. Efficient trading of the shares of Deufol SE will be guaranteed in the Entry Standard.

The registered share capital remained constant in the past fiscal year and amounts to € 43,773,665. The number of shares admitted to stock market trading remained constant as of December 31, 2013, at 46,292,011 units. An amount of € 20,000,000 was available as Approved Capital as of December 31, 2013 for the issuance of new shares in return for cash contributions or contributions in kind. This capital is available until June 15, 2014.

Shareholder Structure – Administrative Board Member Detlef W. Hübner Has Majority Holding

Deufol SE's ownership structure is crucially determined by the Company's founder and Administrative Board member Detlef W. Hübner. The holdings attributed to him decreased slightly in the past fiscal year, to 53.6 % (previous year: 53.7 %).

A further approx. 11 % of the shares are held by institutional investors while the remainder is divided up among around 17,500 private shareholders.

Earnings per Share

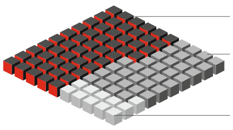
The earnings per share result from dividing the result due to the shareholders of Deufol SE by the weighted average number of shares in circulation. In fiscal year 2013, as in the previous year, an average of 43,773,655 shares were in circulation. The earnings per share on this basis were € 0.007 (previous year: – € 0.006). In 2012, earnings per share comprised € 0.001 from continuing operations and – € 0.008 from the discontinued operation.

Deufol SE Financial Calendar

Annual Financial Statements 2013	April 30, 2014
Interim Report I/2014	May 22, 2014
Annual General Meeting 2014	July 4, 2014
Semi-Annual Financial Report 2014	August 14, 2014
Interim Report III/2014	November 13, 2014

Shareholder structure

figures in %



53,6 %	Detlef W. Hübner
35,5 %	Private shareholders
10,9 %	Institutional investors

1

Promotional & Display Packaging: When you need a compelling presentation of your products at the point of sale, you can depend on the services of Deufol. As a full-service provider, we develop custom-tailored, flexible solutions for your promotions, which we will package for you "on demand". This means the packaging is produced precisely when it is actually needed, allowing you to respond faster to changes in demand and to profit from maximum flexibility. Deufol provides services across the entire process chain for Promotional & Display Packaging – including design, procurement, and distribution. This enables us to convert fixed customer costs for the purchase of packaging materials into variable costs, and bolster the trend toward increased economical and ecological sustainability by reducing the materials required.

011 SUMMARIZED MANAGEMENT REPORT

Automated Packaging: The ability to package large volumes quickly and (cost-)efficiently is the very essence of productivity and defines the success of the packaging of bulk commodities and consumer goods. Deufol has distilled this into a strategy that guarantees our customers a decisive advantage over their competition in a way no other international packaging specialist can. At Deufol, Automated Packaging is an integrated process where the production of the packaging materials, the automated act of packaging itself, and the preparation for secondary packaging go hand in hand. Our exceptional expertise in the adept utilization of high-tech machinery sets us apart from the others, allowing us to set in motion optimum packaging and process engineering for each product based on the customer's requirements and the demands of the product.

Operational Principles of the Group

Organizational Structure and Business Fields

Structure of the Deufol Group

The Deufol Group (together with its key subsidiaries and investments) is a global premium service provider in the field of packaging and related services. Deufol SE is the Group's parent company and is seated in Hofheim (Wallau). It has direct or indirect interests in key Group companies which handle operating business in the individual countries. Overall, on the balance sheet date 32 direct and indirect subsidiaries were included in the consolidated group of Deufol SE. Of these companies, 17 were German companies while 15 were domiciled in other countries. Please see the chapter "Facts & Figures" on page ▶ 114 for a summary of our operationally active investments and their corporate structure.

Organization and Management

Deufol SE operates as a European company (Societas Europaea, SE). Deufol SE has a one-tier management system and its Administrative Board acts as a uniform management body. The Company's managing directors handle its business in accordance with prevailing law, the Articles of Association, the by-laws for the managing directors and the guidance of the Administrative Board, by fulfilling the basic tasks and instructions specified by the Administrative Board.

As a management holding company, Deufol SE does not have any client business and instead mainly handles management and control tasks. These include defining strategic business fields, appointments to management positions and control of the flow of capital within the Group.

The managing directors and site managers are responsible for on-site management of operational processes, with due consideration of regional specifics. Management is in the form of annual budget planning, individual target agreements and regular meetings. In addition, internal corporate governance guidelines specify consent requirements for specific types of transactions, e.g. investment schemes exceeding a specific volume.

As a global premium service provider, in general we offer our services at all of our locations and benefit from extensive international experience. We have divided up our expertise into the following five service areas:

- Export & Industrial Packaging
- Automated Packaging
- Promotional & Display Packaging
- Data Packaging
- Supplementary Services

Export & Industrial Packaging

The Export & Industrial Packaging service group mainly comprises packaging activities for manufacturers in the mechanical and plant engineering sector. This includes computer-based construction of packaging, individual and serial crate production, export packaging logistics, sea freight, air freight and hazardous goods packaging as well as the management of major industrial projects. Our proprietary IT solutions, our high-quality CAD crate design and our software support system for management of separate parts within the scope of the packaging process are key factors in our success. Within the framework of Export & Industrial Packaging, we also provide further industrial services such as disassembly services and spare parts warehousing.

Automated Packaging and Promotional & Display Packaging

Our Automated Packaging and Promotional & Display Packaging services comprise consumer goods packaging services. They include the entire spectrum from fully automated packaging of bulk commodities using high-tech machinery to manual stocking of exceptionally eye-catching displays. We ensure the continuous development of our range of services as integrated services and provide support services for the packaging process such as labeling, repackaging, distribution logistics and transport and document management.

Data Packaging

The Data Packaging service area comprises innovative packaging solutions, particularly for gift cards. Automated packaging of gift cards is supplemented with highly effective data management services and is offered with integrated, seamless data tracking. This area of competence also includes design and personalization of cards, specialty packs (enclosure of promotional articles) and multipacks of up to eight cards.

Supplementary Services

This comprises services such as warehouse planning and management, handling small volumes and samples, commissioning, contract logistics and value-added services.

Business Development and Operational Responsibility

Business Development comprises all activities associated with the development of our existing business operations globally and at all of our locations. Besides operational responsibility for ensuring the smooth handling of day-to-day business, the site managers are responsible for maintaining and developing local customer relationships as well as developing new ones. Each site manager works hand in hand with Business Development.

Core Features of the Group

The Deufol Group is a strong service partner for its customers with finely-honed industry and methodological expertise. Its core features are as follows:

- Intelligent, flexible and innovative provider of solutions related to our core competence of packaging
- An international presence with a global orientation
- Sector-independent service provider with specific know-how, particularly for industrial packaging (mechanical and plant engineering, power station construction) and consumer goods (incl. automobile industry and consumer goods producers)
- Market leader in Germany for industrial export packaging
- Strong in-house IT expertise ensuring intelligent packaging and warehouse logistics

Locations of the Deufol Group

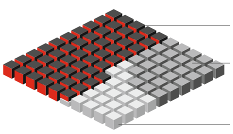
Globally Positioned with Locations in Ten Countries

In connection with the business activities of the Deufol Group, the terms “location” and “sales market” are more or less synonymous. As a service provider, we mainly provide our services on a customer- and project-specific basis; as a rule, sales occur where the service is provided.

In Germany, as of December 31, 2013 we had around 48 locations which account for a total of 53.5 % of Group sales. The Rest of Europe – which accounts for around 26.8 % of business – comprises 15 operational facilities in Belgium, France, Italy, Austria, the Slovak Republic and the Czech Republic.

Sales by region

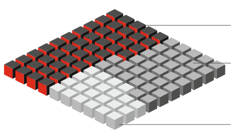
figures in € million



170.5	Germany
85.4	Rest of Europe
62.8	USA/ Rest of the World

Assets by region

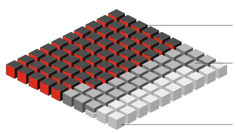
figures in € million



86.9	Germany
67.5	Rest of Europe
43.3	USA/ Rest of the World

Employees by region

Deufol Group

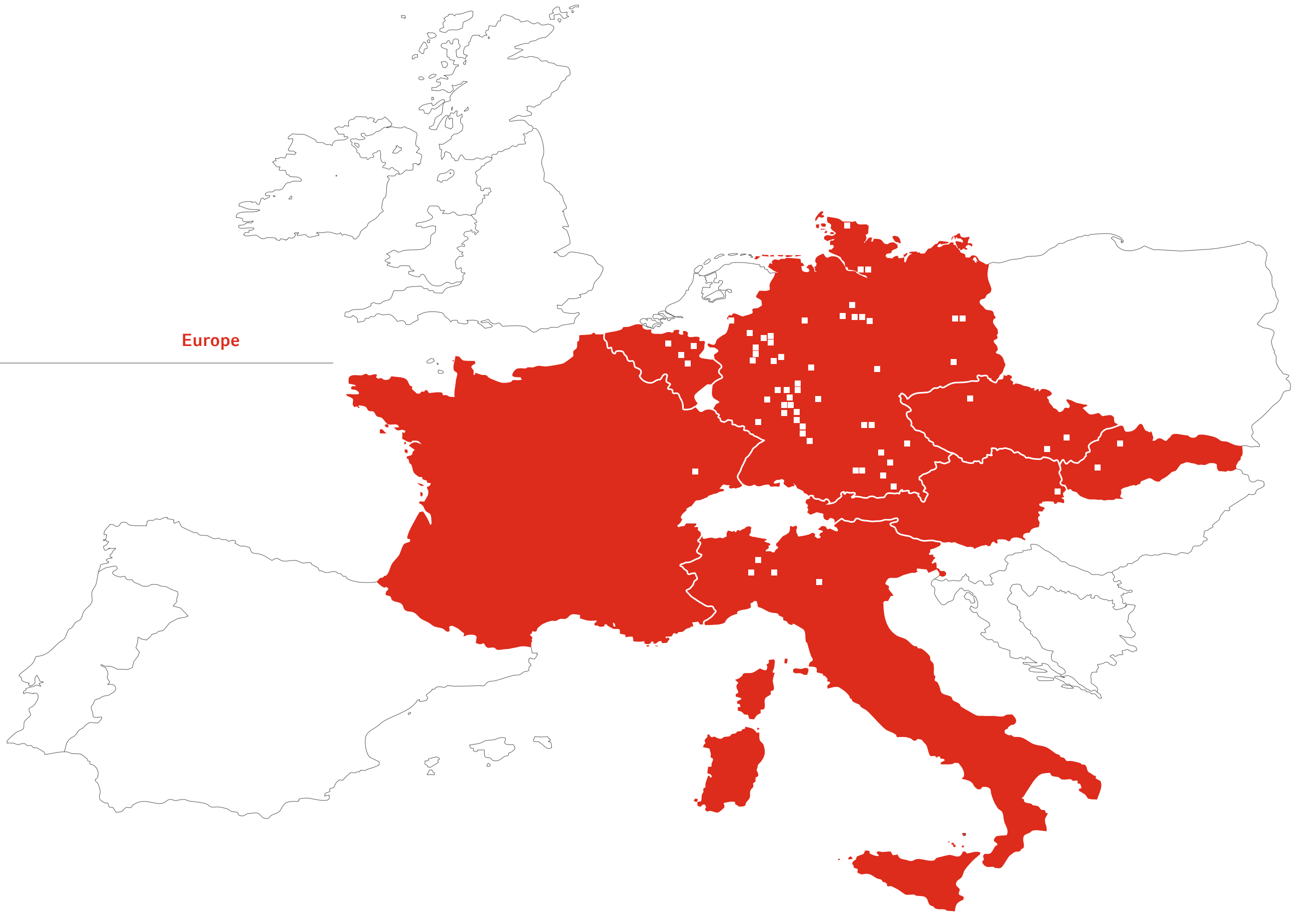


1,434	Germany
581	Rest of Europe
456	USA/ Rest of the World

In the USA/Rest of the World – which contribute approx. 19.7 % of sales – business is handled through our two locations in Charlotte and Sunman. Our locations in Asia are situated in the eastern People's Republic of China, in Suzhou, in the vicinity of Shanghai, and in Singapore.

The Deufol Group's geographical presence is shown in the following diagram.

Europe



Number of locations

Germany	48
Rest of Europe	15
USA/Rest of the World	4

Region-Oriented Segment Structure Notes 41, 42

The management and reporting structure of Deufol SE is based on the following geographical regions which are summarized for management purposes:

- Germany
- Rest of Europe
- USA / Rest of the World

Competition Environment

High Level of Customer Loyalty, Varying Levels of Competition

The Deufol Group provides its services in a range of different competitive scenarios through its presence in various regions. In 2013, Export & Industrial Packaging maintained its strong market position in Germany. This is a fragmented market, and as one of the key players Deufol is able to exploit economies of scale.

The orientation of the Automated Packaging segment is mainly product-specific and in accordance with customer relationships. Due to the frequently strong level of integration with customers, this sector is only subject to limited competition. Competition is stronger in Promotional & Display Packaging due to the high volume of manual work.

Multipack gift cards solutions – a key Data Packaging service – are provided on the basis of many years of know-how in Automated Packaging and strong IT expertise, which yields a competitive advantage over other providers.

For our Supplementary Services – particularly warehouse logistics – the intensity of competition varies since in-house outsourcing divisions are generally subject to a lower degree of competition due to their close relationship with customers. Where warehouse logistics is provided in so-called "multi-user structures", i. e. with multiple customers at a single warehouse, the Deufol Group does business in a highly competitive environment. Successful future performance here hinges on providing customer-specific additional services.

Corporate Management, Goals and Strategy

Internal Control System

The Company's control instruments are intended to support the goal of a long-term increase in enterprise value and are oriented in accordance with profitable sales growth. Deufol SE controls its subsidiaries in accordance with their growth perspectives and individual income situations. For this purpose, a performance-related remuneration system has been introduced at the level of site managers.

This is based on a planning and budgeting process comprising both clear targets (top-down planning) and detailed planning for the individual units (bottom-up planning). The resulting targets are monitored by a monthly reporting system and deviations are rapidly analyzed. Regular meetings between the managing directors of Deufol SE and the management of the subsidiaries support this process and enable a prompt reaction in case of any discrepancies.

Financial Goals

Deufol's key financial goals are constant, profitable sales growth to be achieved both organically and through acquisitions. For the operating business segment, at Group level there is a medium-term EBITA margin (EBITA defined as the result for the period before taxes, financial income, financial expenses, shares of profits of companies accounted for using the equity method and amortization/impairment of goodwill) target of at least 4% (2013: 1.9%).

In the nonoperating segment, the aim is a further improvement in the financial result and optimization of tax expenditure.

In terms of the level of debt, the goal is for the Deufol Group's equity ratio to exceed 40% on a long-term basis (December 31, 2013: 44.9%).

Operational Goals

Our strategic orientation and our associated continuous evolution into a global packaging service provider have a central influence on the Company's operational development. Information technology and data management are increasingly significant here. A close relationship with our customers enables us to rapidly, efficiently and reliably implement these various tasks and processes. We are thus continuously developing our services in line with our customers' requirements. Ongoing optimization of our crate production system is also a key focus.

Both "cross-border learning" and "knowledge sharing" play an important role in the process of communicating to the overall Group the specific know-how of individual locations.

Strategic Focus on Intelligent, Flexible and Innovative Services

Deufol is a global premium service provider in the field of packaging and related services. Our services exceed the narrow scope of packaging. Besides executing projects, we offer our customers solutions which reinforce their strategies. These solutions are not tied to individual locations and undergo continuous development. Through this approach we grow together with our customers and expand beyond national borders.

Research and Development

No Conventional Research Expenditure

A service provider such as the Deufol Group does not have any conventional R&D expenditure. Instead, we constantly develop new products and innovative services while preparing new projects, or through close cooperation with our customers.

A

Corporate Governance

Corporate Governance Statement

Responsible Corporate Management

The term "corporate governance" stands for responsible corporate management and control that is geared towards long-term value creation. It primarily relates to the way in which the management bodies operate, the cooperation between them, and the monitoring of their actions. Key aspects of good corporate governance include respect for shareholder interests, efficient cooperation between the Administrative Board and the managing directors, ensuring that the interests of the Company are given priority in the case of conflicts of interest, and open and transparent corporate communication.

Corporate governance forms an integral part of corporate management at Deufol, which is aimed at increasing enterprise value.

The Company is managed by its Administrative Board ("one-tier system") which determines the basic profile of its activities and monitors their implementation by the managing directors.

Declaration of Conformity with the German Corporate Governance Code

Pursuant to Art. 9 (1) c) (ii) of the SE Regulation and section 22 (6) of the German SE Implementation Act (SE-Ausführungsgesetz, SEAG) in connection with section 161 of the German Stock Corporation Act, the Administrative Board of Deufol SE hereby declares that Deufol SE (hereinafter "Deufol SE" or the "Company") has complied and currently complies – and if not, why not – with the recommendations of the "Government Commission on the German Corporate Governance Code" as stipulated in the version of the Code as of May 15, 2012 (valid since June 15, 2012) and the version of the Code as of May 13, 2013 (valid since June 10, 2013) (both hereinafter jointly the "Code") since its last declaration of conformity in February 2013, with due consideration of the specific features of Deufol SE's one-tier system (as detailed in Item 1) and with the deviations indicated in Item 2. The Administrative Board also accounts for the Company's non-compliance with specific recommendations.

1. Specific features of the one-tier corporate governance system

In accordance with Art. 43–45 of the SE Regulation in connection with sections 20 ff. SEAG, in the one-tier system the SE is controlled by a uniform management body, its Administrative Board (cf. Para. 7 of the preamble to the Code). The Administrative Board manages the Company, determines the basic profile of its activities and monitors their implementation by the managing directors. The managing directors handle the Company's business, represent the Company in and out of court and are bound by the instructions of the Administrative Board.

In principle, Deufol SE applies the provisions of the Code concerning the Supervisory Board to its Administrative Board and those concerning the Executive Board to its managing directors. The following exceptions may apply in relation to the one-tier system which is provided for by law:

- In deviation from section 2.2.1 clause 1 of the Code, the Administrative Board is required to present the annual financial statements and the consolidated financial statements to the annual general meeting, section 48 (2) clause 2 SEAG.
- In deviation from sections 2.3.1 clause 1 and 3.7 (3) of the Code, the Administrative Board is responsible for convening the annual general meeting, sections 48 and 22 (2) SEAG.
- The Administrative Board handles the tasks of the Executive Board indicated in sections 4.1.1 (management of the company) and 4.1.2 in connection with 3.2 semi-clause 1 (development of the company's strategic orientation) of the Code, section 22 (1) SEAG.

- The Administrative Board of Deufol SE handles the functions of the Executive Board detailed in sections 2.3.2 (instruction-bound proxies), 3.7 (1) (statement concerning a takeover offer) and (2) (conduct in case of a takeover offer) and also 3.10 (corporate governance report), 4.1.3 (compliance) and 4.1.4 (risk management and controlling) of the Code, section 22 (6) SEAG.
- In deviation from sections 5.1.2 clauses 5 and 6 of the Code, unlike Executive Board members managing directors do not have a fixed and maximum term of office, section 40 (1) clause 1 SEAG.
- In deviation from sections 5.4.2 and 5.4.4 of the Code, members of the Administrative Board may be appointed managing directors provided that a majority of the members of the Administrative Board continue to consist of non-executive members, section 40 (1) clause 2 SEAG.

2. Deviations from the Code's recommendations

Spokesman of the managing directors (section 4.2.1 of the Code)

Deufol SE currently has seven managing directors whose tasks and competences on the committee are firmly defined and which have functioned successfully in the relationship between the various managing directors. Particularly in view of the overarching functions and overall powers which the appointment of a spokesman would entail, during the implementation phase for its new corporate structure Deufol SE has waived the appointment of a spokesman for the time being. If this issue requires regulation or if the number of managing directors continues to increase, the Company will reconsider the issue of whether to appoint a spokesman for its managing directors.

Remuneration of the managing directors (section 4.2.3 of the Code)

Due to tax requirements which are designed to avoid a concealed dividend payment due to his position as the majority shareholder, the managing director Detlef Hübner receives variable remuneration as a fixed percentage of the Group's income from ordinary activities. This bonus may not exceed a maximum of 25 % of his overall remuneration. Accordingly, due to tax provisions the Administrative Board considers that it is unable to provide variable remuneration which reflects a multiple-year assessment for the managing director in question.

For the other managing directors, in accordance with section 40 (5) SEAG and in relation to the Company's long-term development the Administrative Board decides on appropriate variable remuneration on a discretionary basis, with particular consideration of the Company's result after taxes and third-party interests in the Company, taxes and third-party interests in the Group, its medium- and long-term business development and the liquidity trend.

Age limit for the managing directors (section 5.1.2 of the Code) and for the members of the Administrative Board (section 5.4.1 of the Code)

No age limit has been specified for the members of these bodies since Deufol SE gives due consideration to their physical and mental capacity as part of the selection process, regardless of age.

Diversity of the managing directors (section 5.1.2 of the Code) and the members of the Administrative Board (section 5.4.1 of the Code)

With regard to the future makeup of the managing directors, the Administrative Board has resolved to maintain its balance of qualifications and to increasingly focus on the goal of diversity and due consideration of women. Appropriate representation of women is a goal for future appointments to the Administrative Board and for managing directors, subject to equal aptitude and availability. However, given the current lack of availability, at present the Administrative Board has opted to waive a fixed percentage- or time-period-based goal in order to maintain the necessary recruitment flexibility.

Establishment of Administrative Board committees (section 5.3 of the Code)

The Company has not established Administrative Board committees since the need for them is directly dependent on the size of the Administrative Board, in consideration of the efficiency with which tasks are handled. Since the Administrative Board currently only has eight members, these members can communicate as necessary, without the reduced efficiency which the additional notification and coordination processes for committees would entail. In case of an increase in the number of members of the Administrative Board, the issue of committees will be reconsidered.

Publication of consolidated financial statements within 90 days (section 7.1.2 of the Code).

Due to the large number of companies included in the consolidated financial statements, it was not possible to publish the statements within the required time after the end of the respective reporting periods. The Company will endeavor to comply with this recommendation in future.

Operating Routine of the Administrative Board and the managing directors

The Administrative Board and the managing directors of Deufol SE enjoyed a close and trusting working relationship in their monitoring and control of the Company.

The Administrative Board manages the Company, defines the principles of its activities and advises the managing directors in their management of the Company's business activities. It was responsible for business development, profit planning and further strategic development. It issued the audit engagement to the auditors and approved the single-entity and consolidated financial statements.

Deufol SE had six managing directors up to September 24 and seven thereafter. The bylaws specified the competences of the managing directors, and the areas of responsibility of the individual managing directors were defined in an organizational chart.

The managing directors are jointly responsible for managing the Company's business activities. The managing directors kept the Administrative Board promptly and comprehensively informed of strategy, business trends and the Group's position.

In its report to the Annual General Meeting, the Administrative Board described any conflicts of interest and how they were treated. Material conflicts of interest relating to a member of the Supervisory Board that are not merely temporary should result in the termination of that person's membership of the Supervisory Board. In the year under review, there were no conflicts of interest relating to members of the Administrative Board of Deufol SE.

Makeup of the Administrative Board

In accordance with the Company's Articles of Association, the Administrative Board of Deufol SE has at least three members. The Administrative Board of Deufol SE had seven members up to July 1 and eight members from July 2 (see page ▶ 101). The makeup of the Administrative Board of Deufol SE reflected its members' various technical profiles. The Administrative Board thus met the existing requirements in terms of industry expertise, special knowledge and experience in the fields of accounting and internal control procedures plus knowledge of the legal outline conditions as well as requirements relating to the Company's international focus and expertise. The makeup of the Administrative Board thus meant that in overall terms its members had the knowledge, abilities and technical experience which are necessary for the due performance of its tasks.

With regard to its future makeup, the Administrative Board has resolved to maintain its balance of technical qualifications and to amplify its focus on the goal of diversity and due consideration of women. For instance, appropriate representation of women is a goal for future Administrative Board appointments, subject to equal aptitude and availability. However, given the current lack of availability, the Administrative Board has opted to waive a fixed percentage- or time-period-based goal in order to maintain the necessary recruitment flexibility.

Remuneration Report

The remuneration report also complies with disclosure requirements under commercial law pursuant to section 285 no. 9 and section 289 (2) no. 5 or section 314 (1) no. 6 and section 315 (4) no. 9 of the German Commercial Code, respectively.

Remuneration of the Administrative Board / Supervisory Board

Administrative Board remuneration is governed by section 13 of the Deufol SE Articles of Association. Administrative Board members receive fixed remuneration of € 25 thousand for each full fiscal year of service on the Administrative Board, remitted pro rata at the end of the quarter. The Chairman receives twice this amount, while the Deputy Chairman of the Administrative Board receives € 40 thousand. Administrative Board members sitting on the Administrative Board for less than a full fiscal year receive pro-rata remuneration based on length of service on the Board. In the event that a member of the Administrative Board is simultaneously a managing director, in accordance with the above provision his Administrative Board remuneration will be offset against the remuneration which he receives as a managing director.

The Administrative Board has resolved to waive 10 % of its statutory remuneration for the period from October 1, 2013 to December 31, 2014. This reflects Deufol SE's goal of continued productivity and efficiency gains for the Company. By waiving this remuneration, the Administrative Board intends to set a good example and motivate the employees of Deufol SE.

In 2013, Administrative Board compensation totaled € 123.93 thousand (previous year: € 3.4 thousand). This amount was divided up as follows between the individual Board members: Helmut Olivier (Deputy Chairman) € 39.0 thousand (previous year: € 1.20 thousand), Prof. Dr. Wolfgang König € 24.375 thousand (previous year: € 0.75 thousand), Wulf Matthias € 24.375 thousand (previous year: € 0.75 thousand), Dr. Helmut Görling € 24.375 thousand (previous year: € 0.75 thousand), Axel Wöltjen (from July 2, 2013) € 11.807 thousand. In addition, the members of the Administrative Board were reimbursed expenses of € 0 thousand (previous year: € 0 thousand). Mr. Detlef W. Hübner, Dr. Tillmann Blaschke and Mr. Dennis Hübner did not receive any separate remuneration for their Administrative Board positions, since this is offset against their remuneration as managing directors in accordance with the Company's Articles of Association.

In the period to December 20, 2012, Deufol SE (then Deufol AG) still had a Supervisory Board. The Supervisory Board's compensation for 2012 amounted to € 77.6 thousand. This amount was divided up as follows between the individual Supervisory Board members: Helmut Olivier € 38.8 thousand, Prof. Dr. Wolfgang König € 19.4 thousand, Mr. Wulf Matthias € 19.4 thousand.

Remuneration of the Managing Directors / Executive Board

Deufol SE's managing directors receive both fixed and variable remuneration. The variable remuneration consists of a cash bonus.

Due to tax requirements which are designed to avoid a concealed dividend payment due to his position as the majority shareholder, the managing director Detlef W. Hübner receives variable remuneration as a fixed percentage of the Group's income from ordinary activities. This bonus may not exceed a maximum of 25 % of his overall remuneration.

The managing director Dr. Tillmann Blaschke was granted a bonus of up to € 116 thousand p. a. This target bonus consisted of two components: One component was measured and assessed according to long-term criteria (three years) (LTI) while the second component was exclusively measured and assessed on the basis of the past fiscal year (STI). The Company's performance is key for the LTI calculation, including sales and income and its organizational, share price and business sector development. The Administrative Board specifies appropriate criteria and standards for the assessment of goal achievement. The STI is determined on the basis of the personal performance of the managing director and the business success which he has achieved for Deufol SE, plus the following parameters in particular:

- the result after taxes and third-party interests in Deufol SE,
- the result for the period after taxes and third-party interests in the Group,
- the Company's current liquidity position.

For the other five managing directors, in accordance with section 40 (5) SEAG and in relation to the Company's long-term development the Administrative Board decides on appropriate variable remuneration on a discretionary basis, with particular consideration of the Company's result after taxes and third-party interests in the Company, taxes and third-party interests in the Group, its medium- and long-term business development and the liquidity trend.

The managing directors receive further non-performance-related compensation, consisting mainly of use of a company car. Individual managing directors are responsible for paying tax on noncash benefits. No pension commitments exist with regard to managing directors as the Group does not as a rule provide pension plans.

Up to December 20, 2012, Deufol SE (then Deufol AG) still had an Executive Board, which consisted of Mr. Detlef W. Hübner and Dr. Tillmann Blaschke. The following overall remuneration has been agreed for the individual managing directors:

Remuneration of Executive Board / managing directors

figures in € thousand	Fixed salary	Other compensation	Performance-based components	**Total 2013**	Total 2012
Detlef W. Hübner	468	4.0	0	472.0	482
Dr. Tillmann Blaschke	260	15.0	0	275.0	293
Jens Hof	195	2.0	0	197.0	6.0
Dennis Hübner	170	2.0	0	172.0	4.5
Olaf Lange (from September 25, 2013)	112	2.0	0	114.0	—
Jürgen Schmid	158	3.5	0	161.5	6.0
Manfred Weirich	158	3.5	0	161.5	6.5
Total	1,521	32	0	**1,553**	**798**

This does not include any components with a long-term incentive effect.

Commitments to Managing Directors in Case of Early or Regular Termination

Upon early termination of the agency contract instigated by the Company, the two managing directors Detlef W. Hübner and Dr. Tillmann Blaschke are entitled to a severance package on the basis of his fixed salary plus average annual bonuses granted up to the date of the early termination and for the remaining duration of the contract, but not exceeding full remuneration for two years overall. This does not apply in the case of immediate termination for due cause. The managing directors Detlef W. Hübner and Dr. Tillmann Blaschke enjoy special termination rights with three calendar months' notice in the event that the organizational structure of the Company should be altered in such a way as to compromise materially their competences. In this case, the severance package may not exceed three full annual salary installments. All settlement amounts are to be discounted at a rate of 6 %. The contract of the managing director Detlef W. Hübner also includes a one-year non-compete clause upon his departure from the Company.

Mr. Detlef W. Hübner will receive an indemnification equal to 100 % of his basic salary. However, Deufol SE is entitled at any time to waive compliance with the non-compete clause, subject to three months' notice, such that both Deufol SE and the relevant managing director will be released from its provisions.

The contracts of the other five managing directors do not include any provisions concerning the premature termination of their positions. The contracts of four managing directors include non-compete clauses upon their departure from the Company. These clauses apply for a term of two years in three cases and for one year in the third contract. The respective managing director will receive annual compensation amounting to 50 % of his basic salary.

Information on Acquisitions

The following section provides a statement on acquisitions pursuant to section 289 (4) and section 315 (4) of the German Commercial Code.

Capital

As of December 31, 2013, the Subscribed Capital is € 43,773,655 (previous year: € 43,773,655) and is divided up into the same number of no-par-value-registered shares. Each share provides a single vote and there are no special membership rights or voting right restrictions.

As of December 31, 2013, capital shares amounting to 53.6 % (previous year: 53.7 %) were attributable to Mr. Detlef W. Hübner, Administrative Board member of Deufol SE, directly as well as indirectly through Lion's Place GmbH, Hofheim am Taunus.

An amount of € 20,000,000 remained unchanged as Approved Capital as of December 31, 2013 for the issuance of new shares in return for cash contributions or contributions in kind (end of previous year: € 20,000,000). In accordance with the resolution passed by the Annual General Meeting on June 16, 2009, the Company has been authorized to increase the Company's share capital by up to € 20,000,000 by June 15, 2014.

In accordance with the resolution passed by the Annual General Meeting on June 22, 2010, the Company has been authorized to purchase up to 4,377,365 of its own shares in the period from June 22, 2010 to June 21, 2015; this corresponds to approx. 10 % of the share capital as of June 2010.

Appointment and Dismissal of Managing Directors

The appointment and dismissal of the Company's managing directors is regulated by section 40 SEAG, pursuant to which the Administrative Board appoints the managing directors. Members of the Administrative Board may be appointed managing directors, provided that managing directors do not constitute a majority of the members of the Administrative Board. Managing directors may be removed from their positions at any time through a resolution passed by the Administrative Board.

In addition, according to the Articles of Association of Deufol SE, managing directors who are simultaneously members of the Administrative Board may only be removed for cause, within the meaning of section 84 of the German Stock Corporation Act, or upon termination of their employment contracts. The Administrative Board also determines the number of managing directors and may appoint a chief executive officer and one or two deputy chief executive officers.

Changes to the Articles of Association

The rules for changes to the Articles of Association pursuant to Art. 9 (1) c) (ii) of the SE Regulation comply with sections 133 and 179 of the German Stock Corporation Act. Paragraph 1 of section 179 specifies that any change to the Articles of Association requires a vote by the Annual General Meeting. The Annual General Meeting may assign to the Administrative Board the power to make changes pertaining to the version only. Paragraph 2 states that an Annual General Meeting resolution requires at least a three-quarters majority of the share capital represented at the vote. The Articles of Association may specify a different equity majority, but may only specify a larger equity majority for a change to the Company's purpose of business. It may also specify further requirements.

The Articles of Association of Deufol SE do not stipulate any different equity majorities or other requirements. In the case of Deufol, section 8 of the Articles of Association authorizes the Administrative Board to make changes pertaining to the version only.

Further disclosures in accordance with section 289 (4) or section 315 (4) of the German Commercial Code are provided in the remuneration report.

Please see the disclosures in the Notes regarding the details of direct and indirect capital shares which exceed 10 % of the voting rights.

Internal Control and Risk Management System Relating to the Accounting Process

The Deufol Group has an internal control and risk management system (ICS) for control and monitoring of its accounting process. This ICS is based on the recognized standards published by the COSO (Committee of Sponsoring Organizations of the Treadway Commission).

Deufol SE's internal control system encompasses all the principles, procedures and measures required to safeguard effectiveness, profitability and orderly accounting as well as to ensure compliance with the key legal regulations. The Group's accounting guidelines and account schedule are drawn up by its controlling department and provide the conceptual framework for the preparation of its consolidated financial statements. They are applied for all the Group's units. New laws, accounting standards and other official statements are continuously analyzed in terms of their relevance and effects on the consolidated financial statements and the Group management report. Where necessary, our accounting guidelines and account schedule are revised accordingly. The conceptual and deadline requirements plus monitoring of their fulfillment are intended to reduce the risk of a failure to prepare or disclose the consolidated financial statements appropriately and within the required time limits.

The various units' accounting records serve as a basis for the financial information provided by Deufol SE and its subsidiaries which yields the data for preparation of the consolidated financial statements. Accounting was handled at the Group's headquarters in Wallau for its key German subsidiaries. We employ the services of external specialists to value pension commitments assumed within the framework of transfers of enterprises within the Deufol Group, as well as tax accruals.

The consolidation measures required for the preparation of the consolidated financial statements are subject to manual and technical controls at every level. The employees involved in the accounting process were assessed for their technical aptitude at the time of hiring and have undergone regular training. The dual-control principle is applied at every level of the preparation process and for the release of accounting-related information. Target/actual comparisons and analyses and reviews of monthly results together with the managers of the various business divisions serve as additional control mechanisms.

In the accounting-related IT systems access rules are defined in order to protect accounting-related data against unauthorized access and tampering. Guidelines have been drafted so as to guarantee data protection and integrity as well as the availability of the Group's IT systems.

The activities performed by internal auditing provide a further element in our control system. Internal auditing ensures compliance with guidelines as well as the reliability and functioning capacity of our control system and the appropriateness and effectiveness of our risk management system. Auditing reports to the managing directors and the Administrative Board.

As the parent company of the Deufol Group, Deufol SE is integrated in the Group-wide accounting-related internal control system outlined above. In principle, the above statements also apply for the single-entity financial statements of Deufol SE.

B

Report on the Economic Environment

Economic Outline Conditions

Recovery of the World Economy in 2013

According to the Kiel Institute for the World Economy (IfW), since mid-2013 the global economy has embarked on a recovery. However, momentum remains modest and the economy is still prone to setbacks. Recent survey-based indicators have once again deteriorated. While the less favorable assessment of the economic trend in the advanced economies is mainly attributable to the United States and chiefly reflects temporary factors such as the tough winter, the dampened sentiment in the emerging markets reflects more sustained problems which hinder a significant pickup in output levels in these countries.

In the opinion of the Kiel Institute for the World Economy, recent global economic momentum has mainly been driven by the advanced economies. The increase in the rate of global gross domestic product growth (by comparison with the previous year) in the past year from 2.7 % to 3.6 % is almost exclusively due to stronger growth in the advanced economies.

In the past year, the emerging markets realized only moderate economic growth. According to the Kiel Institute, momentum was modest almost everywhere. In the summer, the financial markets suffered increased levels of turbulence, which triggered a further deterioration in the economic environment in the emerging markets. The situation appeared to have calmed in the autumn, but at the end of the year the emerging markets came under renewed pressure on the financial markets.

Recovery in the Eurozone

According to the Kiel Institute, in the past year the Eurozone economy exited recession in the second quarter and its recovery gained ground in the remainder of the year. Overall economic output rose by 1.1 % (annualized) in the fourth quarter of the year, having already increased in the two previous quarters. Investments in plant and equipment increased very strongly, by 4.3 %, and private consumer spending also rose, albeit only slightly. Domestic demand nonetheless declined, since companies significantly reduced their inventories and the government limited its volume of consumption. Foreign trade had a very strong impact on the economy in the final quarter of 2013. Exports increased significantly, by 4.9 %, having declined strongly in the previous quarter. Imports rose only moderately, so that foreign trade thus contributed a total of 3.6 percentage points to gross domestic product growth.

Germany: Moderate Expansion

According to the Kiel Institute, in the past year Germany's real gross domestic product increased by just 0.4 %. While this represents a high level of growth by comparison with the other Eurozone countries, it is merely moderate when seen in relation to the possibilities of production. However, this low rate does not reflect the level of economic momentum: In the course of the year, Germany's gross domestic product increased by 1.4 %, a rate which roughly reflects the growth rate for production potential. On balance, only domestic demand delivered positive momentum. While plant and equipment investments suffered a further decline, construction activity stagnated. In contrast, private consumer spending picked up significantly, increasing twice as strongly as the level of overall economic output. In the final quarter of the past year, gross domestic product increased, with a current annual rate of 1.5 %, which was thus slightly faster than in the previous quarter. This reflected the growth in the volume of exports, which increased significantly more strongly than imports. On the other hand, domestic demand fell considerably. However, this is almost exclusively attributable to the decrease in inventories. Private consumer spending fell for the first time in around two years – albeit only slightly – while plant and equipment investments appear to have overcome a bout of weakness; they increased very strongly in the fourth quarter. The construction industry remains clearly buoyant thanks to extremely low interest rates.

The situation has continued to improve on the labor market, despite a moderate economic trend all in all. The increase in employment continued up to the end of the period.

In 2013, prices of all private consumer goods and services were on average 1.5 % higher than in the previous year. Annual inflation was thus lower than in the previous year (2012: +2.0 %). In 2013, inflation was shaped by the above-average trend for food, the prices of which rose 4.4 %.

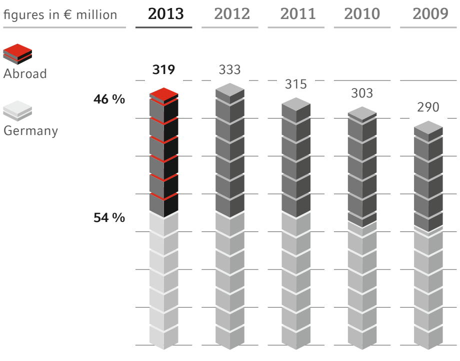
Results of Operations

Sales Notes 01, 42

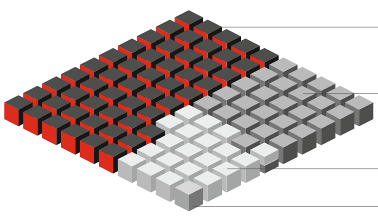
In a moderate overall economic environment, in the period under review sales from continuing operations amounted to € 318.7 million (previous year: € 333.0 million). We have thus achieved our planning targets, which had envisaged sales in a corridor of between € 310 million and € 325 million.

Adjusted for the depreciation of the US dollar versus the euro, which averaged approx. 3.4 %, this change in Group sales amounts to –3.7 %.

Sales



Consolidated sales by segment



figures in € million			2013	2012
	52.4 %	Germany	167.1	175.7
	26.8 %	Rest of Europe	85.4	85.9
	19.7 %	USA/Rest of the World	62.8	71.1
	1.1 %	Holding company	3.4	0.3
	100.0 %	Total	**318.7**	333.0

Germany Remains Deufol's Key Market Note 42

In the past year, Germany maintained its role as the Deufol Group's most important sales market. With a sales volume of € 167.1 million (previous year: € 175.7 million) in the past fiscal year, it contributed 52.4 % (previous year: 52.8 %) to Group sales.

The second-largest segment, Rest of Europe, provided 26.8 % (previous year: 25.8 %) of Group sales, with a sales volume of € 85.4 million (previous year: € 85.9 million). However, this sales trend was unevenly distributed among the Group's regions, with a decline in Belgium but rising sales in Italy and in the Slovakia / Czech Republic / Austria region.

In the USA / Rest of the World segment, sales amounted to € 62.8 million (previous year: € 71.1 million). This means that this segment now represents around 19.7 % (previous year: 21.3 %) of Group activities. Adjusted for the US dollar's depreciation against the euro of around 3.4 % on average, this represents an adjusted rate of change of – 8.8 %.

Consolidated sales by services

figures in € million	2013	2012
Export & Industrial Packaging	161.1	164.1
Share (%)	50.5	49.3
Consumer & Data Packaging	115.3	124.0
Share (%)	36.2	37.2
Supplementary Services	38.9	44.6
Share (%)	12.2	13.4
Holding company	3.4	0.3
Share (%)	1.1	0.1
Total	318.7	333.0

Export & Industrial Packaging Accounts for an Increased Share of Sales Note 43

With a share of sales of approx. 50.5 % (previous year: 49.3 %), Export & Industrial Packaging is the Group's most important business segment. Sales realized in Consumer & Data Packaging decreased from 37.2 % to 36.2 %. Supplementary Services' sales volume declined from 13.4 % to 12.2 %.

Operating Costs Ratio Increased on Balance Notes 02 – 06, 12

At 89.1 % (previous year: 89.2 %) the ratio of the cost of sales to sales remained nearly unchanged. The cost of materials has thus increased to 29.6 % (previous year: 28.0 %) while the share of purchased services has decreased to 26.4 % (previous year: 27.2 %).

At € 5.3 million (previous year: € 5.1 million) selling expenses were slightly higher and amounted to 1.7 % (previous year: 1.5 %) of the volume of sales. General and administrative expenses increased and amounted to € 26.6 million (previous year: € 25.8 million), while the expense ratio was 8.3 % (previous year: 7.7 %). Cost increases resulted, in particular, for personnel costs (+ 13 %) and purchased services (+ 57 %), while legal and consulting costs have declined (– 29 %).

Other operating income was significantly higher. It increased to € 5.4 million (previous year: € 3.0 million), so that the ratio to sales increased to 1.7 % (previous year: 0.9 %). Total other operating expenses have also increased (+ € 0.6 million to € 2.3 million); the expense ratio rose from 0.5 % to 0.7 %.

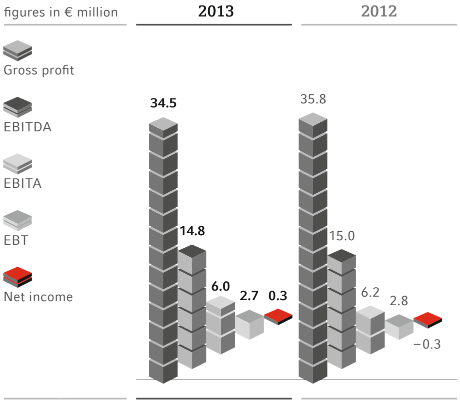
The overall costs ratio has remained unchanged, at 98.1 % of sales. This corresponds to an unchanged EBITA margin of 1.9 %.

Cost development

figures in € million	2013	2012
Cost of sales	283.8	297.2
as % of sales	89.1	89.2
Selling expenses	5.3	5.1
as % of sales	1.7	1.5
General and administrative expenses	26.6	25.8
as % of sales	8.3	7.7
Other operating income	(5.4)	(3.0)
as % of sales	(1.7)	(0.9)
Other operating expenses	2.3	1.7
as % of sales	0.7	0.5
Total	312.7	326.8
as % of sales	98.1	98.1
of which personnel costs*	95.5	98.1
as % of sales	30.0	29.5

* Total personnel costs included in all cost items

Income development



Margin development

figures as % of sales	2013	2012
Gross margin	10.8	10.8
EBITDA margin	4.6	4.5
EBIT(A) margin	1.9	1.9
EBT margin	0.9	0.8
Net income margin	0.1	(0.1)

Operating Result

In the past fiscal year, the gross profit amounted to € 34.9 million (previous year: € 35.8 million). The gross margin was 10.9 % (previous year: 10.8 %).

Earnings before interest, taxes, depreciation and amortization (EBITDA) were € 14.8 million, compared to € 15.0 million in the previous year. The EBITDA margin was 4.6 % (previous year: 4.5 %). Depreciation of property, plant and equipment was at € 8.2 million higher than in the previous year (€ 7.6 million), while amortization of other intangible assets decreased to € 0.6 million (previous year: € 1.2 million).

The operating result before goodwill amortization (EBITA) amounted to € 6.0 million in the reporting period (previous year: € 6.2 million). As in the previous year, the EBITA margin in 2013 amounted to 1.9 %.

On the results side, in the past year Deufol faced one-off expenses. In Belgium, one-off costs amounting to a good € 1.1 million arose in connection with a customer's relocation of capacities to Eastern Europe and an associated reduction in our operations there. In the USA, the loss of a customer in the gift card segment had a negative impact on income of almost € 1 million, while in China an internal investigation resulted in valuation adjustments in the amount of € 0.9 million.

Financial Result Note 07

At – € 3.3 million, the financial result was at the same level as in the previous year (– € 3.4 million). Financial expenses fell from € 5.4 million to € 5.2 million. Among other factors, the lower expenses are attributable to a decrease in expenses resulting from financial liabilities (– € 0.2 million). Financial income declined from € 1.2 million to € 0.9 million. This resulted from reduced income from financial leases (– € 0.3 million).

The profit provided by associates amounted to € 1.0 million (previous year: € 0.8 million).

Net Income Notes 08 – 11

Earnings before taxes (EBT) in the past year were € 2.7 million (previous year: € 2.8 million). On balance, overall tax expenditure in the past fiscal year amounted to € 2.3 million, compared to € 2.4 million in the previous year. Current tax expenditure for taxes on income remained constant and amounted to approx. € 2.6 million (previous year: € 2.6 million). The Company recognized income in the amount of € 0.3 million (previous year: € 0.2 million) for deferred taxes.

Accordingly, there is income from continuing operations of € 0.5 million (previous year: € 0.4 million). The discontinued "Carton Business" operation in the USA has not resulted in any further burden. In the previous year, this operation had realized a loss of € 0.34 million.

This means a result for the period of € 0.5 million (previous year: € 0.1 million). The profit share for noncontrolling interests is € 0.2 million (€ 0.3 million).

Earnings attributable to the shareholders of Deufol SE amounted to € 0.3 million in the period under review, compared to – € 0.3 million in the same period in the previous year. Earnings per share were € 0.007 in 2013 (previous year: – € 0.006).

Financial Position

Financing of the Deufol Group Notes 24, 40

Various financing groups exist within the Deufol Group. In Germany, since the end of 2013 Deufol has had a variable-interest syndicated financing arrangement with a volume of € 48 million and a term ending October 2016. This financing safeguards its liquidity requirements.

Further significant financing groups exist in the USA (mainly operating credit line), Belgium (mainly real estate and plant and equipment) and Italy (mainly operating credit line).

Credit lines of € 44.6 million are available to the Group at various banks (previous year: € 46.7 million). As of December 31, 2013, € 25.1 million (previous year: € 25.8 million) of this had been utilized, subject to variable interest rates. The variable-interest loans carried in the balance sheet are subject to standard interest-rate risks; in some cases these are limited through interest rate hedges. In fiscal year 2013, the average weighted interest rate for short-term loans was 4.69 % (previous year: 4.37 %). The payable credit margins are partially dependent on achieving certain financial ratios (covenants).

In the opinion of the managing directors, the Deufol Group's financial resources are sufficient to meet payment obligations at any time.

Decline in Financial Indebtedness Notes 20, 24

In the past fiscal year, the financial liabilities of the Deufol Group clearly decreased, from € 70.9 million to € 62.8 million.

Net financial liabilities – defined as the total financial liabilities less financial receivables and cash – decreased less strongly, by € 4.8 million from € 55.0 million on December 31, 2012 to € 50.2 million at the end of the period under review. This was due to the decrease in cash held (– € 2.3 million) and lower financial receivables (– € 1.0 million). The balance of liabilities to banks and call deposits at banks is – € 49.0 million (previous year: – € 56.2 million).

Liabilities to banks include loan liabilities of Deufol SE under the German syndicated loan agreement. Due to noncompliance with a financial covenant as of the balance sheet date, insofar as they were previously reported as noncurrent the relevant financial liabilities were reclassified as current financial liabilities; this relates to an amount of € 35.5 million.

Financial liabilities

figures in € million	2013	2012
Amounts due to banks	54.00	63.49
thereof current	46.54	16.93
thereof noncurrent	7.46	46.56
Finance leasing	8.70	7.39
Other	0.11	0.05
Total	**62.81**	70.93

Higher Investment Volume Notes 13, 14

In the period under review, at € 10.1 million, investments including leased assets were in overall terms slightly higher than in 2012 (€ 9.6 million).

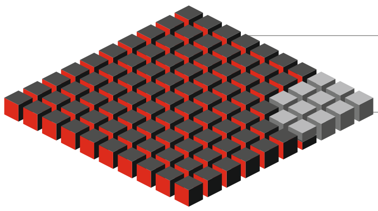
In the past fiscal year, investments in property, plant and equipment were € 9.0 million (previous year: € 8.7 million). The investment quota as a ratio of capital expenditure to sales was 2.8 % in 2013 (previous year: 2.6 %).

Land and buildings (€ 4.3 million) is the largest capital expenditure item. This is followed by assets under construction (€ 2.1 million), operating and office equipment (€ 1.9 million) and technical equipment and machinery (€ 0.5 million). € 1.1 million (previous year: € 0.8 million) was invested in other intangible assets.

Investments by segment

figures in € million	2013	2012
Germany	6.98	3.44
Rest of Europe	0.97	1.25
USA/Rest of the World	0.57	3.95
Holding company	1.53	0.92
Total	**10.05**	9.56

Investments



figures in € million		2013	2012
89.5 %	Property, plant and equipment	8.99	8.72
10.5 %	Intangible assets	1.06	0.83
100.0 %	Total	**10.05**	9.55

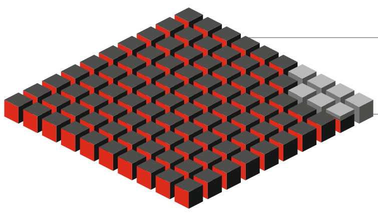
Reduced Depreciation/Amortization Notes 13, 14

Depreciation of property, plant and equipment and amortization of intangible assets were slightly lower than in the previous year (€ 8.7 million compared to € 8.8 million). Depreciation of property, plant and equipment was € 8.2 million (previous year: € 7.6 million), amortization of other intangible assets € 0.6 million (previous year: € 1.2 million).

Depreciation, amortization and impairment by segment

figures in € million	2013	2012
Germany	3.29	3.69
Rest of Europe	3.54	3.08
USA/Rest of the World	1.51	1.60
Holding company	0.38	0.40
Total	**8.72**	8.77

Depreciation, amortization and impairment



figures in € million		2013	2012
93.7 %	Property, plant and equipment	8.17	7.60
6.3 %	Intangible assets	0.55	1.17
100.0 %	Total	**8.72**	8.77

Cash Flow Notes 29–33

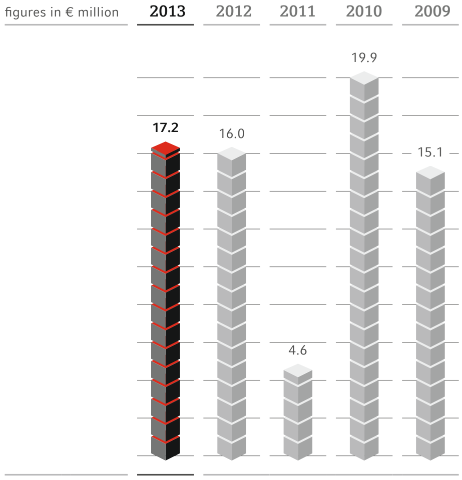
The operating cash flow amounted to € 17.2 million in the period under review and was thus higher than in the previous year (€ 16.0 million).

Net cash used in investing activities was – € 5.2 million (previous year: – € 2.4 million). Cash-based fixed assets investments were € 9.9 million. On the other hand, inflows resulted from the decrease in financial receivables (€ 1.3 million). Further proceeds resulted from interest and dividends received (€ 1.9 million) and from the sale of subsidiaries (€ 0.6 million). The disposal of intangible assets and property, plant and equipment produced fund inflows in the amount of € 0.9 million.

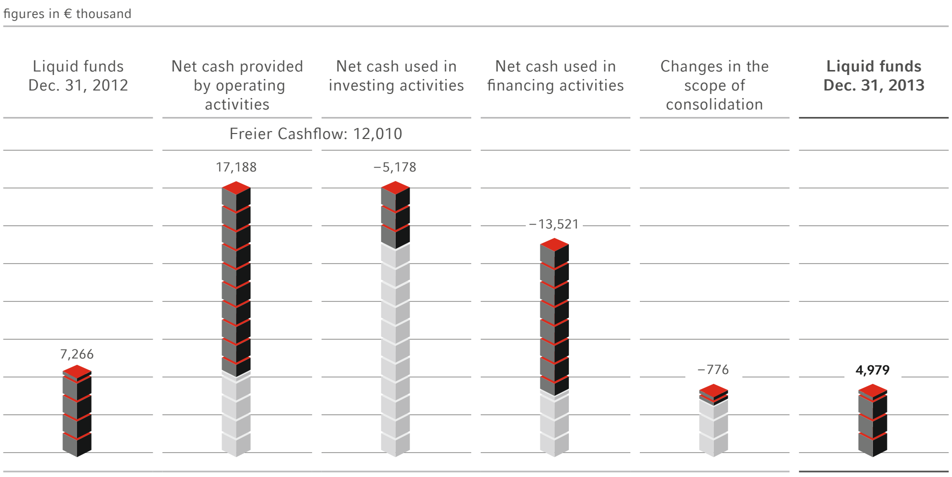
Accordingly, the free cash flow – which is made up of net cash provided by operating activities and net cash used in investing activities – amounted to € 12.0 million (previous year: € 13.6 million).

Net cash used in financing activities was – € 13.5 million (previous year: – € 17.7 million). Financial liabilities decreased in cash terms by a net amount of € 8.0 million.

Net cash provided by operating activities



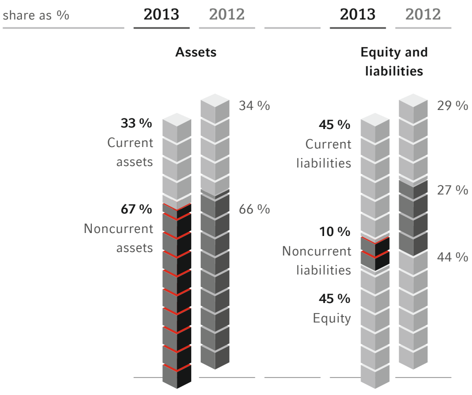
Change in liquid funds



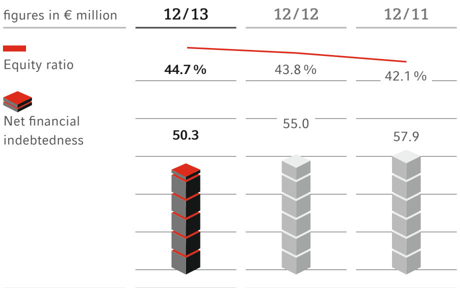
Further outflows of funds resulted from paid interest (– € 5.3 million) and the dividends paid to noncontrolling interests (– € 0.2 million).

Cash and cash equivalents decreased by € 2.3 million to € 5.0 million as of December 31, 2013.

Balance sheet structure



Net financial indebtedness and equity ratio



Asset Position

Slightly Lower Balance Sheet Total Notes 13 – 20

In 2013, the balance sheet total of the Deufol Group decreased by 3.6 % to € 213.0 million. On the asset side of the balance sheet, the noncurrent assets decreased by 2.0 % from € 144.8 million as of the period-end in the previous year to € 142.2 million as of the reporting date. This fall resulted from the decrease in financial receivables (– € 1.3 million to € 5.7 million). Property, plant and equipment also declined (– € 1.0 million to € 47.6 million). The asset depreciation ratio (the ratio of accumulated depreciation to historical cost) decreased by 0.3 percentage points on the previous year to 62.6 %, while the property, plant and equipment ratio (i. e. the ratio of property, plant and equipment to the balance sheet total) remained unchanged at approx. 22 %. Other noncurrent assets changed only slightly.

The current assets decreased from € 76.1 million to € 70.8 million. This is mainly attributable to lower trade receivables (– € 6.8 million to € 37.1 million) and reduced cash and cash equivalents (– € 2.3 million to € 5.0 million). Other receivables and other assets rose (+ € 3.9 million to € 13.3 million). Other current assets changed only slightly. The working capital – the difference between current assets and current non-interest-yielding liabilities – decreased from € 31.8 million to € 23.5 million.

Decline in Financial Liabilities Notes 21 – 28

At the end of the 2013 fiscal year, the equity of the Deufol Group amounted to € 95.5 million (previous year: € 96.7 million). Since the balance sheet total fell, this led to an increase in the equity ratio from 43.8 % to 44.9 %. Equity has increased due to the result for the period (€ 0.5 million); other comprehensive income (– € 0.5 million) and the decrease in noncontrolling interests (– € 0.9 million) have had a negative effect.

The noncurrent liabilities declined from € 60.8 million to € 21.3 million. This reflects the strong decrease in noncurrent financial liabilities (– € 38.0 million to € 13.9 million). These were reduced by € 2.5 million in the current fiscal year. An amount of € 35.5 million has been reclassified as current financial liabilities. Decreasing were also the deferred tax liabilities (– € 0.8 million to € 1.2 million) and the other liabilities (– € 0.5 million to € 2.0 million). The other noncurrent liabilities hardly changed.

The current liabilities increased by € 32.8 million to € 96.1 million. This also reflects the reclassification effect described above. On balance, current financial liabilities increased by € 29.9 million to € 48.9 million. This net amount reflects the € 5.6 million decrease in current financial liabilities in the past fiscal year and a € 35.5 million increase due to the reclassification. Other liabilities (+ € 1.6 million to € 13.3 million) and trade payables (+ € 0.9 million to € 31.4 million) have also increased. Other current liabilities changed only slightly.

Employees

Decrease in Number of Employees Note 12

As of the end of 2013, the Deufol Group had 2,471 employees. This represents a decrease of 253 employees or 9.3 % on the previous year. As of December 31, 2013, the Group had 1,434 employees in Germany (58.0 %) and 1,037 employees (42.0 %) elsewhere.

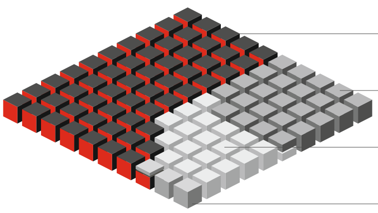
The Group had 64 fewer employees in Germany. It should be noted that the Deufol Group's workforce decreased by 121 employees on the previous year due to the removal of four companies from the corporate group. The other German companies thus increased the overall workforce by 57 employees. This is due to the fact that the Deufol Group has replaced a significant volume of temporary workers with its own employees, reducing its costs on balance. In the Rest of Europe, the number of employees has decreased by 125. This reduction occurred almost exclusively at our location in Tienen (Belgium), where our customer is now handling in-house some aspects of the service previously provided by us. In the USA/Rest of the World, the workforce decreased by 100. This decrease was associated with the restructuring of the gift card business of our US subsidiary in Sunman. The clear increase at the holding company resulted from the internal transfer of 35 employees from Deufol Services & IT GmbH to Deufol SE.

Personnel costs decreased in the reporting period by 2.6 % to € 95.5 million. The personnel cost ratio as a ratio of personnel costs to sales increased to 30.0 % (previous year: 29.5 %).

Overview of employees

Deufol Group	2013	2012
Germany	1,434	1,459
Rest of the World	1,037	1,265
Female	572	683
Male	1899	2,041
Total	**2,471**	2,724
Average	2,704	2,764

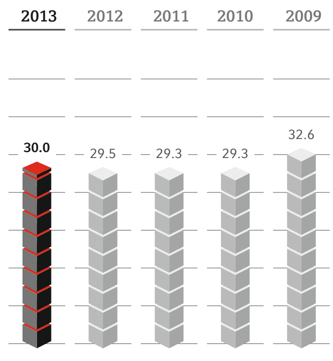
Employees by segment



Deufol Group			2013	2012
	55.7 %	Germany	1,376	1,440
	23.5 %	Rest of Europe	581	709
	18.5 %	USA/Rest of the World	456	556
	2.3 %	Holding company	58	19
	100.0 %	Total	**2,471**	2,724

Personnel expense ratio

figures in %



Thanks for Commitment

The managing directors would like to thank all the Company's employees for the dedication and flexibility which they displayed in fiscal year 2013.

Development in the Segments

Germany

figures in € million	2013	2012
Sales	188.7	201.4
Consolidated sales	167.1	175.7
EBITA = EBIT	5.3	7.5
EBITA margin (%)	3.2	4.3
EBT	3.8	6.4

Germany

Notes 41–43

At € 167.1 million, consolidated sales in Germany in 2013 were weaker than sale revenue in the previous year which amounted to € 175.7 million. The loss of the Euskirchen location has deprived the Group of sales of a good € 5 million, and sales revenue amounting to almost € 3 million is no longer included on deconsolidation grounds.

In the reporting period, the EBITA for this division amounted to € 5.3 million (previous year: € 7.5 million). The EBITA margin declined from 4.3 % in the previous year to 3.2 %. The lower results by comparison with the previous year reflect the restraint of several customers in the export-dependent mechanical engineering sector and also higher intragroup transfer payments (€ 1.6 million) than in the previous year.

Rest of Europe

figures in € million	2013	2012
Sales	96.6	95.5
Consolidated sales	85.4	85.9
EBITA = EBIT	2.1	4.3
EBITA margin (%)	2.4	5.0
EBT	2.3	4.3

Rest of Europe

Notes 41–43

In the Rest of Europe we realized consolidated sales of € 85.4 million, which is slightly lower than in the previous year (€ 85.9 million). However, this sales trend was unevenly distributed among the Group's regions, with a decline in Belgium – where we realized lower volumes at our automotive location in Tienen – but rising sales in Italy and in the Slovakia / Czech Republic / Austria region.

In the past year, the operating result (EBITA) fell from € 4.3 million to € 2.1 million. Adjusted for the change in intragroup transfer payments, income amounted to € 3.9 million. This decrease is mainly attributable to burdens for our Tienen location. The main client here has resolved to relocate capacities to Eastern Europe and to handle in-house some of the services which it had previously outsourced to us. In Italy, the figures were at the same level as in the previous year, while the Slovakia / Czech Republic / Austria region reported significantly improved results.

USA / Rest of the World

figures in € million	2013	2012
Sales	62.9	71.2
Consolidated sales	62.8	71.1
EBITA = EBIT	(0.2)	0.4
EBITA margin (%)	(0.4)	0.6
EBT	(2.7)	(2.1)

USA / Rest of the World

Notes 41–43

In the USA / Rest of the World segment, at € 62.8 million, consolidated sales were lower than in the previous year (€ 71.2 million). This is mainly attributable to the lower volume of business in Data Packaging. Sales realized from the operations in Charlotte and Suzhou remained unchanged in overall terms and are in the low single-digit million range. Adjusting sales by segment by 3.4 % on average – to allow for the US dollar's depreciation against the euro – the rate of change amounted to – 8.8 %.

EBITA in this segment amounted to – € 0.2 million, compared to € 0.4 million in the previous year. In the USA, this reflects the weak utilization of Data Packaging capacities, while the other divisions have stabilized and performed well, compensating for some of the Data Packaging losses. Our Chinese subsidiary (Deufol Packaging (Suzhou) Co., Ltd.) realized a loss not least due to valuation adjustments on its current assets. Adjusted for the change in intragroup transfer payments, the segment result amounted to € 0.4 million.

Overall Summary of Business Performance

Deufol Group: Business Performance in 2013

In 2013, the Deufol Group realized a negative sales trend. Due to restructuring of the Data Packaging business, revenue in the USA declined to € 62.7 million (previous year: € 71.1 million). In Germany (incl. the holding company), at € 170.5 million, the result was also lower than in the previous year (€ 176.0 million). The loss of the Euskirchen location has deprived the Group of sales of a good € 5 million, and a further amount of almost € 3 million is no longer included due to deconsolidated companies. Accordingly, after adjustments this result represents marginal growth. In the Rest of Europe, we were at almost the same level as in the previous year (€ 85.4 million, compared to € 85.90 million).

On the results side, in the past year Deufol faced several burdens. In Belgium, one-off expenses amounting to a good € 1.1 million arose in connection with a customer's relocation of capacities to Eastern Europe and an associated reduction in our operations there. In the USA, the loss of a customer in the gift card segment had a negative impact on income of almost € 1 million, while in China an internal investigation resulted in valuation adjustments in the amount of € 0.9 million. The operating result before goodwill amortization (EBITA) amounted to € 6.0 million in the reporting period (previous year: € 6.2 million).

The Group reduced its volume of debt, as in the previous year. Net financial liabilities decreased by € 4.8 million, from € 55.0 million on December 31, 2012 to € 50.2 million at the end of the year under review.

Group figures

figures in € million	2013	± (%)
Sales	318.7	(4.3)
EBITDA	14.8	(1.4)
EBITA	6.0	(2.7)
Net financial liabilities	50.2	(8.8)

Revised Planning Targets Partially Missed

With an annual sales volume of approx. € 319 million we achieved our target and fell within our original corridor of € 310 million to € 325 million.

The operating result (EBITDA) reached € 14.8 million and was thus slightly below our revised planning corridor. These revised planning targets were mainly not realized due to the one-off expenses in China.

Overall Summary of Economic Position

At the time of preparing these consolidated financial statements, the Deufol Group's economic position is stable.

The business trend in our key segment "Germany" was in line with our planning. In the "Rest of Europe", now that one-off expenses no longer apply we envisage a higher level of profitability. In the USA, the situation has stabilized, so that we expect long-term positive results here. We are currently restructuring our business in China, not least due to the valuation adjustments recognized in the fourth quarter.

Our financial and asset position remains solid.

Goal achievement 2013

figures in € million	Sales	EBITDA
Original planning	310–325	18–20
Revised planning	310–325	15–17
Actual figures	318.7	14.8

Position of Deufol SE

Sales and Results of Operations

Deufol SE: Income statement

figures in € thousand	2013	2012
Sales	7,950	3,060
Other operating income	7,947	1,656
Cost of materials	(2,588)	0
Personnel costs	(4,054)	(2,525)
Depreciation, amortization and impairment	(377)	(384)
Other operating expenses	(8,462)	(7,855)
Financial result	8,494	8,387
Income/loss from ordinary activities	**8,910**	2,339
Taxes	(354)	(178)
Annual net profit	**8,556**	2,161

In fiscal year 2013, Deufol SE realized sales of € 7,950 thousand (previous year: € 3,060 thousand) and other operating income of € 7,947 thousand (previous year: € 1,656 thousand).

These sales mainly resulted from amounts billed to associates for purchasing and other services provided and from rents. Outside Germany, sales amounted to € 1,815 thousand (previous year: € 1,191 thousand).

Other operating income mainly consists of bonuses associated with central material purchasing in the amount of € 759 thousand (previous year: € 628 thousand), income from exchange-rate differences in the amount of € 181 thousand (previous year: € 346 thousand), gains from the disposal of property, plant and equipment in the amount of € 816 thousand (previous year: € 97 thousand), license income from brand name rights in the amount of € 3,008 thousand (previous year: € 0 thousand) and income from passed-on expenses in the amount of € 2,796 thousand (previous year: € 215 thousand).

The cost of materials in the amount of € 2,588 thousand (previous year: € 0 thousand) is due to central goods purchasing and is passed on in the same amount.

The other operating expenses (€ 8,462 thousand compared to € 7,855 thousand in the previous year) mainly comprise legal fees and consulting expenses of € 1,379 thousand (previous year: € 3,563 thousand), bad debt charges in the amount of € 20 thousand (previous year: € 314 thousand), exchange losses in the amount of € 368 thousand (previous year: € 47 thousand), external services in the amount of € 895 thousand (previous year: € 691 thousand), travel and vehicle expenses in the amount of € 723 thousand (previous year: € 588 thousand), space costs in the amount of € 252 thousand (previous year: € 276 thousand), advertising costs in the amount of € 124 thousand (previous year: € 357 thousand) and passed-on expenses in the amount of € 3,400 thousand (previous year: € 821 thousand). Expenses unrelated to the accounting period amounted to € 174 thousand (previous year: € 300 thousand).

The financial result increased from € 8,387 thousand to € 8,494 thousand in the past year. Net interest income improved from + € 218 thousand to + € 468 thousand, while net income from investments (including income from profit transfer agreements) increased from € 8,169 thousand to € 9,941 thousand. This was mainly due to higher income from investments in the amount of € 5,232 thousand (previous year: € 669 thousand). Income from profit transfer agreements decreased to € 4,709 thousand (previous year: € 7,500 thousand). Amortization recognized on financial assets in fiscal year 2013 totaled € 1,915 thousand (previous year: € 0 thousand). Income from ordinary activities amounted to € 8,910 thousand (previous year: € 2,339 thousand). The net profit for the year under review amounted to € 8,556 thousand (previous year: € 2,161 thousand).

Assets and Financial Position

In the year under review, the balance sheet total of Deufol SE increased from € 145.5 million to € 153.8 million. Fixed assets rose slightly, from € 106.5 million to € 106.7 million, while current assets increased from € 38.4 million to € 46.4 million due to the strong growth in receivables from affiliated companies. Depreciation on property, plant and equipment and amortization on intangible assets amounted to € 377 thousand (previous year: € 384 thousand), amortization on financial assets to € 1,915 thousand (previous year: € 0 thousand). Investments in property, plant and equipment and intangible assets amounted to € 2,963 thousand (previous year: € 843 thousand). Investments in financial assets amounted to € 120 thousand (previous year: € 113 thousand).

On the liabilities side, equity was affected by the net profit for the year (+ € 8.6 million) and increased from € 82.3 million to € 90.8 million. Despite the increased balance sheet total, on December 31, 2013 the equity ratio increased from 56.5 % to 59.1 %. Accruals increased to € 1.2 million (previous year: € 0.7 million). Liabilities declined from € 62.5 million to € 61.8 million – mainly due to decreased liabilities to affiliated companies.

The following cash flow statement shows the financial position of Deufol SE:

Cash flow statement of Deufol SE

figures in € thousand	**2013**	2012
Annual net profit	8,556	2,161
Depreciation/(appreciation)	377	384
(Gain) loss from disposal of property, plant and equipment	(4)	(97)
(Gain) loss from disposal of financial assets	(812)	0
Other noncash expenses/(revenue)	88	(2)
Increase (decrease) in accruals	493	(195)
Net changes in working capital	(14,740)	(6,645)
Net cash provided by operating activities	**(6,042)**	(4,394)
Purchase of intangible assets and property, plant and equipment	(2,963)	(843)
Purchase of financial assets	0	(113)
Proceeds from the sale of property, plant and equipment	9	0
Proceeds from the sale of financial assets	1,143	0
Net cash used in investing activities	**(1,811)**	(956)
Proceeds from borrowings	7,074	10,000
Repayment of borrowings	(2,304)	(2,288)
Noncash valuation adjustments on financial assets	1,915	0
Dividend paid	0	(1,313)
Net cash used in financing activities	**6,685**	6,399
Change in cash	(1,168)	1,049
Cash at the beginning of the period	1,640	591
Cash at the end of the period	472	1,640

Deufol SE: Balance sheet

figures as % of the balance sheet total	**2013**	2012
Fixed assets	69.4	73.2
of which financial assets	63.3	68.6
Current assets	30.6	26.8
Balance sheet total	**100.0**	100.0
Equity	59.0	56.5
Provisions	0.8	0.5
Liabilities	40.2	43.0
of which financial liabilities	25.3	23.4
Balance sheet total	**100.0**	100.0

C

Risk Report

Risk Policy

The role of Deufol SE is to act as a management holding company for subsidiaries which provide services in Germany and elsewhere, focusing on packaging. As part of its holding tasks, Deufol SE provides the resources required for risk management and monitors implementation of risk-policy and risk-management procedures on an ongoing basis. Corporate management and control, corporate governance, the by-laws and the risk policy are coordinated within the Deufol Group.

Exposure to risks is unavoidable in our efforts to achieve long-term success by taking advantage of opportunities in our services divisions and regions in an environment of constantly changing requirements and challenges. These are carefully examined and assessed on the basis of a risk/opportunity calculation. Our corporate and business strategy is to concentrate operational activities and the risks associated with them within separate legal entities in order to insulate the rest of the Group from possible negative influences.

The core risks are monitored on an ongoing basis and suitable measures are implemented to reduce them. The core risks comprise, in particular, risks associated with the Company's current and future business situation. Risks include potential losses of customers due to the relocation of packaging-related production locations or insufficiently rigorous development of market leadership in core business fields. Noncore and residual risks are accepted provided they can be specifically identified and mapped. Noncore risks are externalized (force majeure, liability to third parties for loss or damage, etc.). In particular, corporate governance guidelines (including the Deufol SE by-laws) and the active monitoring of subsidiaries as the parent company ensure that the deliberate acceptance of risks proceeds in a transparent and controlled fashion.

The managing directors of Deufol SE consider a highly-developed awareness of risk in all business divisions to be indispensable for the success of its risk policy. Awareness of existing and potential risks is an important element of business management. Due to the various risk areas and the different ways in which risks are applicable within the individual subsidiaries, this increased awareness is vital for successful implementation of risk policy.

All activities of subsidiary companies are supported by an integrated risk management system without exception. The purpose of risk management activities is firstly to ensure that statutory requirements are complied with, and secondly to promote value-oriented management of individual subsidiaries and thus of the Deufol Group as a whole. The risk management system was audited in connection with the auditing of the annual financial statements.

Risk Controlling

Risks are identified by division managers or managing directors applying the following ten risk categories: strategy/planning, market/sales, procurement, service provision, finance, personnel, IT, contracts/legal, communication, and other.

The responsible managers document the risks identified in “risk maps” on a quarterly basis. Aggregation is subsequently implemented at Group level and the managing directors receive a report.

Risk measurement is standardized throughout the Group. Risks identified in risk maps are assessed by the companies' local or site managers in terms of probability of occurrence and amount of potential loss, in the context of the gross risk level. Individual risks are assigned quantitative values requiring response upon reaching specific limits. The net risk level is subsequently evaluated following implementation of the measures.

Measures taken to control identified risks are subject to regular on-site monitoring as to their effectiveness. The managing directors additionally supervise risk identification procedures conducted by individual subsidiaries in the course of regular visits.

Specific Risks

Environment Risks

In 2014, we do not expect the economic trend to match the previous year. However, this does depend on avoidance of any significant adverse impact on the exports of the German mechanical engineering sector due to exogenous events such as restrictions of trade with Russia or a real estate or banking crisis in China.

Raw materials prices, and oil prices in particular, may also pose a specific risk. A further rise would likely place a drag on the global economy. Increasing purchasing costs would result, potentially coupled with falling demand affecting sales in key markets for our Group such as our export-oriented mechanical and plant engineering business, which might then affect our business further down the line.

Acquisition and Investment Risks

Acquisition and investment decisions intrinsically involve complex risks as they tie up substantial capital on a long-term basis. Such decisions can only be made on the basis of specific, predefined terms governing responsibilities and approval requirements.

Performance-Related Risks

Sales and earnings of the subsidiaries are largely dependent on a relatively small number of business relationships with larger customers. Customers come from different industries (e.g. Procter & Gamble represents the consumer goods sector, VW the automotive industry and Siemens plant engineering), creating a certain risk diversification effect in addition to the fact that different, unrelated services are performed for one and the same customer.

A primary objective of the Deufol Group is to promote customer loyalty, for example, through joint process and efficiency improvement projects etc. with our customers and while maintaining a high level of customer commitment. The acquisition of smaller customers is also important in order to broaden our customer base.

The structuring of contracts with customers also poses certain risks, such as where amortization periods for investments exceed the initial contract term. Older contracts only allow limited reaction to quantitative or qualitative changes affecting our business. At the same time, price adjustment clauses are not always adequate for promptly passing on unexpected procurement price increases for raw materials (e. g. wood) to customers.

Personnel Risks

A major part of the business success of the Deufol Group rests upon the skills and qualifications of its employees and the motivation of the managerial staff of our corporate subsidiaries. For this reason, employees undergo regular training in order to ensure that the quality of the services provided meets customer requirements. Employees at all levels of the Company are being progressively sensitized to risk issues to ensure compliance with risk policy. Senior management remuneration packages have been systematically restructured to emphasize variable, performance-related components such as bonuses as an incentive for reaching targets.

External contractors are utilized in some cases, particularly in view of the legal environment in certain countries. This allows managing phases of increased business activity without having to take on permanent employees, creating the potential for capacity underutilization later on.

Our subsidiaries are now run by managers with close ties to Deufol and an entrepreneurial attitude. The risk of loss of know-how through the departure of key personnel is limited through documentation of relevant know-how and its possession by multiple persons by virtue of the decision-making process structure.

IT Risks

In principle, possible IT risks may result from the failure of networks or the falsification or destruction of data through operating or programming errors. However, the IT infrastructure of the Deufol Group is in line with the Group’s decentralized structure. There are therefore only isolated IT risks in the individual units and there are no Group-wide risks. The individual companies have extensive protection measures such as virus-protection concepts, firewalls and emergency and recovery plans as well as additional external back-up solutions in accordance with specific requirements.

Financial Risks

Various financing groups exist within the Deufol Group. In Germany, in 2013 the Group extended its syndicated financing arrangement by one year, until October 27, 2016, and also increased the volume of its operating credit line by € 7.5 million. Further significant financing groups exist in the USA and Belgium.

Within the Group, credit agreements are mainly tied to compliance with financial ratios ("covenants"). A violation of the covenants provides the banks with a right to terminate an agreement but does not automatically trigger a repayment obligation. In addition, the agreed credit margin and thus the Group's financing costs may be increased in case of a deterioration in the ratios.

An interest rate derivative contract is still in place for managing and limiting interest rate risk in connection with medium-term financing. This cash flow hedge is directly assigned to a specific debt position (see "Other Disclosures", page ▶ 091).

The risks resulting from exchange-rate fluctuations only apply within the scope of consolidation as a result of the conversion of the annual financial statements of companies outside the euro currency zone. Exchange rates have only a marginal effect on operating business. In the single-entity financial statements, currency risks exclusively apply for transactions with subsidiaries outside the euro currency zone.

Please see the "Financial Risk Management" section (Note 40 on page ▶ 092 ff.) for further information on financial risks.

The Group has recognized goodwill in consequence of its expansion strategy. Impairment testing pursuant to IAS 36 may necessitate goodwill amortization/impairment. The impairment testing implemented in 2013 did not identify any amortization/impairment requirement.

Legal Risks

The Deufol Group is exposed to general legal risks resulting from its business activities and from tax affairs. It is not possible to state with any certainty the outcome of currently pending or future proceedings, so that expenses may result due to judicial or official rulings or settlements such as are not covered or are not fully covered by insurance benefits and which may significantly affect our business operations and earnings.

Please see the "Contingencies and Contingent Liabilities" section (Note 34 on page ▶ 091) for further information on legal risks.

Overall Group Risk Position

In summary, as in the previous year, no operational or financial risks are currently identifiable which potentially jeopardize the continued existence of the Group as a going concern. The Group structure entailing a wide range of services offered in a variety of sectors and regions under a management holding company has proven effective from a risk standpoint. Operating risks for individual subsidiaries are covered through appropriate insurance protection as far as possible. The risk management system is being continually upgraded and enhanced to allow risks to be identified at an early stage and appropriate countermeasures to be taken.

Report on Dependence

Since there is no control agreement with the majority shareholder, pursuant to section 312 of the German Stock Corporation Act the managing directors of Deufol SE were obliged to prepare a report on Deufol SE's relationships with associates. This report covers the relationships with Lion's Place GmbH and its majority shareholder, Detlef W. Hübner, as well as the companies of the Deufol Group. The managing directors declare pursuant to section 312 (3) of the German Stock Corporation Act: "With regard to the legal transactions listed in the report on Deufol SE's relationships with associates, for each such transaction our Company has received an appropriate counterperformance in accordance with the known circumstances at the time of its execution. No disadvantageous events for the Company occurred during the fiscal year such as are subject to a reporting obligation."

Report on Post-Balance-Sheet Date Events

No material events occurred after the balance sheet date for which a reporting obligation is applicable pursuant to IAS 10.

Report on Opportunities and Expected Developments

Planned Orientation and Strategic Opportunities for the Group

The Deufol Group will maintain its structure as a management holding company for risk limitation purposes. In this way, we will also preserve our on-site flexibility and will be able to better satisfy the different requirements of various markets and regions.

At the same time, we have further strengthened our Company's headquarters in Hofheim (Wallau) as the key organizational unit for overall control functions. Through the strategically important breakup of Baumann Technologie GmbH in the past year and the inclusion of all of the key personnel in Deufol Services & IT GmbH, we have reinforced the Group's IT expertise on a long-term basis. We are thus consistently focusing on the development of packaging and logistics software applications and industry solutions. We have also ensured, in particular, the transfer to Deufol SE of all rights for software developed during the history of this Company. This protects our know-how in relation to key business processes, offering a basis for high-potential marketing of industry-specific software solutions. In particular, among the strategic opportunities which this offers for a corporate group is that we are able to exploit the advantages of our size as a significant market player. For this purpose, in the past year a strategic central purchasing system was established as a key measure, with an optimized procurement process.

As a global premium service provider in the field of packaging and related services, we offer our clients, who are active worldwide, holistic solutions which support their strategies. We are constantly expanding our business divisions to include additional services to complement packaging, as well as proprietary software solutions which intelligently round off the packaging process to provide a valuable range of services.

We thus offer our customers real added value and meet their continuously increasing requirements. At the same time, we are consolidating our position as our customers increasingly focus on just a few core service providers.

Our outstanding qualities as a packaging services provider include our international presence. Many of our clients have a global footprint, which means that it is essential for us to develop and provide our services with our customary level of quality, at an international level.

Economic Outline Conditions

Improvement in Global Economic Momentum

In early 2014, the indicator for the global economy determined by the Kiel Institute for the World Economy (IfW) on the basis of the expectation components of sentiment indicators points to a slight decline in momentum for the world economy. However, in the view of the Kiel Institute this downward trend will be merely temporary in nature. According to the Kiel Institute, this is indicated by the fact that in February the global purchasing manager index already largely made up for its collapse at the start of the year, while the OECD's leading indicator remained at a high level. Nonetheless, the recent uncertainty once again shows that the global economy remains prone to disruptions and is far from realizing an upturn that is supported by all of its regions. While the economic trend should continue to improve in the advanced economies, the underlying growth momentum in the emerging markets has evidently weakened and a series of key emerging markets face structural problems which will weaken their growth outlook for the next few years. On these grounds, the Kiel Institute expects that the global economy will only gradually pick up momentum during the forecast period.

All in all, the Kiel Institute predicts a rise in global output of 3.6 % in the current year. For 2015, the Institute predicts a 4.0 % increase in global gross domestic product. In 2014, world trade is expected to improve by 4.5 %. For 2015, the Institute expects the trend to pick up as far as 5.5 %.

Eurozone on a Path to Recovery

In the Eurozone, the Kiel Institute envisages continuing gross domestic product growth. This is underlined by the fact that sentiment indicators have once again improved over the past few months. The indicator developed by the Kiel Institute to assess corporate confidence has returned to its long-term average level for the first time since 2011, and consumers' view of their situation is also significantly more positive than back in the autumn of 2013. The EUROFRAME indicator also points to further growth in overall economic output in the first half of 2014.

Over the course of the year, the recovery is likely to broaden out, since internal factors will visibly contribute to this growth trend. While households are still seeking to reduce their levels of debt, the situation on the labor market has stabilized in the past six months and the slight pickup in wage growth should support disposable incomes. In addition, financial policy is now imposing hardly any additional burdens on households.

All in all, according to the Kiel Institute's forecast the rate of growth will remain moderate over the coming months. The Institute expects that the Eurozone's gross domestic product growth will amount to 1.2 % in 2014. This economic trend will be lower in the Eurozone excluding Germany. In the current year, gross domestic product growth is expected to amount to 0.9 %. The recovery should gather speed in 2015. In the Eurozone as a whole, overall economic output will likely increase by 1.7 %.

Germany: Strengthening Growth Factors

In the past year, economic growth in Germany was only moderate, and the rate of capacity utilization in the overall economy remained almost unchanged. However, according to the Kiel Institute several indicators now point to a strengthening trend. Not only has sentiment further improved in trade and industry, the orders position is also more favorable than just a few months ago. Financing terms which remain extremely favorable and the improving international environment point to an acceleration of overall economic output in the current year.

The domestic economy will supply the key momentum. Corporate investments are likely to rise rapidly due to increasing capacity utilization and the improved income outlook. Housing construction investments have also continued to grow. In mainstream construction capacity utilization should once again increase, causing construction prices to also surge. Private households will significantly expand their consumer spending, buoyed by a continuing favorable labor market situation. Employment growth is likely to accelerate over the course of the year, with a further reduction in the number of unemployed. Real disposable incomes will also increase very strongly, particularly since the rate of inflation is likely to remain moderate for the time being. The momentum for exports will improve marginally on the previous year, since the recovery of the world economy will slightly stabilize. However, this trend will probably be outstripped by imports due to the strong momentum of domestic demand.

For 2014 as a whole, the Kiel Institute expects to see gross domestic product growth of 1.9 %, compared to 0.4 % in 2013. At 1.5 %, inflation should roughly match the level of the previous year.

In 2015, the pace of the upswing should once again increase. All of the components of domestic demand are likely to contribute to this rising trend, and export momentum will also once again improve. Over the course of the year, Germany's gross domestic product should be 2.5 % higher than in 2014.

Company-Specific Outlook

Predicted Sales and Results of Operations

For fiscal year 2014, the Deufol Group plans sales in a corridor between € 290 million and € 310 million. Its operating result (EBITDA) will be between € 14 and 16 million.

With regard to our results forecast, we expect our core business in the USA to increase. This reflects improvements in our contracts with our Automated Packaging customers, which will now be reflected over the course of a full year for the first time. In the Rest of Europe, we expect slightly improving results, now that one-off expenses in Belgium are no longer applicable. In Germany, we likewise expect all of our services to report slightly improved results.

Expected Financial Position

At present, current business activities do not on balance require additional external financing. Our financial resources secure our existing liquidity requirements. Despite this, however, we are planning to enter into discussions regarding optimization of our financing structure. If our business performance matches our forecasts, we expect to see a decrease in our net financial indebtedness in the current fiscal year.

In the current year, investments in property, plant and equipment with a volume of almost € 6 million are planned; this corresponds to an investment quota (investments in relation to sales) of approx. 2 %. The planned investments are thus lower than those in fiscal year 2013 (€ 10.1 million). They will be financed through the net cash provided by operating activities.

In case of acquisitions and in the event of operating growth beyond our budgeted level, it may be necessary to borrow additional external funds.

Managing Directors’ Overall Summary of the Group’s Expected Development

In the next few years, the Deufol Group will continue to develop its profile as a packaging services provider. This is also compatible with our clear brand profile among new and existing customers. Our broad customer base and many years of business relationships, our specific know-how and our financial resources enable us to maintain a confident outlook regarding the Group’s further development. This means that we expect a positive trend for the Group over the next few years.

2

Export & Industrial Packaging: Packaging industrial goods and even entire facilities so that they arrive at the designated delivery location safely and on time is an enormous feat. Not only does everything have to arrive complete and intact from the tiniest screw to the turbines, the goods also need to be packaged in such a way that allows them to be unpacked, installed, and placed into service on site without any delays – this is the crucial factor for the success of Export & Industrial Packaging. With Deufol at your side, you have a partner that provides more than "just packaging": Our comprehensive process takes into account the materials, production, and climate conditions, and our proprietary BoxCAD and VV software solutions provide an appreciable level of efficiency and intelligence.

Consolidated Financial Statements

as of December 31, 2013

Consolidated Income Statement

figures in € thousand	2013	2012 adjusted	Note/Page
Sales	**318,698**	333,014	01/072
Cost of sales	(283,815)	(297,197)	02/072
Gross profit	**34,883**	35,817	
Selling expenses	(5,317)	(5,130)	03/072
General and administrative expenses	(26,580)	(25,793)	04/073
Other operating income	5,365	2,990	05/073
Other operating expenses	(2,306)	(1,677)	06/073
Profit (loss) from operations (EBIT)	**6,045**	6,207	
Financial income	880	1,161	07/074
Finance costs	(5,162)	(5,405)	07/074
Share of profit of at-equity-method-accounted companies	653	845	07/074
Share of profit of equity investments	309	0	07/074
Earnings before taxes (EBT) from continuing operations	**2,725**	2,808	
Income taxes	(2,247)	(2,402)	08/074
Income from continuing operations	**478**	406	
Loss from discontinued operation (net of tax)	0	(340)	09/076
Income for the period	**478**	66	
of which income attributable to noncontrolling interests	184	345	10/077
of which income attributable to equity holders of parent	**297**	(279)	

Earnings per share

in €	2013	2012 adjusted	Note/Page
Basic and diluted earnings per share, based on the profit (loss) attributable to common shareholders of Deufol SE	0.007	(0.006)	11/077
Basic and diluted earnings per share, based on the profit (loss) from continuing operations attributable to common shareholders of Deufol SE	0.007	0.001	11/077

Statement of Total Comprehensive Income

figures in € thousand	2013	2012 adjusted*	Note/Page
Income for the period	**478**	66	
Other recognized income and expense	**(515)**	(128)	
Items that may be reclassified to profit/loss			
Gain (loss) on exchange rate differences after tax	(607)	(178)	
Gain (loss) on cash flow hedges after tax	105	174	
Items that will not be reclassified to profit/loss			
Actuarial gains (losses) from pensions after tax	(13)	(124)	25/087
Total comprehensive income after tax	**(37)**	(62)	
of which attributable to noncontrolling interests	184	345	
of which attributable to equity holders of parent	(221)	(407)	

* Concerning the adjustment of the previous year's figures, see Note 25 on page 87

Consolidated Balance Sheet

Assets figures in € thousand	Dec. 31, 2013	Dec. 31, 2012 adjusted*	Note/Page
Noncurrent assets	**142,159**	**144,816**	
Property, plant and equipment	47,556	48,536	13/078
Investment property	272	328	14/078
Goodwill	68,602	68,616	14/078
Other intangible assets	2,943	2,429	14/078
At-equity accounted investments	3,292	3,344	15/079
Financial receivables	5,740	7,003	16/082
Other financial assets	60	249	
Other receivables and other assets	3,738	3,739	17/082
Deferred tax assets	9,956	10,572	08/074
Current assets	**70,798**	**76,124**	
Inventories	12,156	12,438	18/083
Trade receivables	37,054	43,876	19/083
Other receivables and other assets	13,324	9,408	17/082
Tax receivables	1,521	1,506	
Financial receivables	1,764	1,630	16/082
Cash and cash equivalents	4,979	7,266	20/084
Total assets	**212,957**	**220,940**	

Equity and Liabilities figures in € thousand	Dec. 31, 2013	Dec. 31, 2012 adjusted*	Note/Page
Equity	**95,538**	**96,658**	
Equity attributable to equity holders of Deufol SE	95,185	95,406	
Subscribed Capital	43,774	43,774	21/084
Capital reserves	107,240	107,240	22/084
Retained earnings (accumulated losses)	(53,819)	(54,100)	
Other recognized income and expense	(2,010)	(1,508)	
Equity attributable to noncontrolling interests	353	1,252	23/084
Noncurrent liabilities	**21,270**	**60,910**	
Financial liabilities	13,925	51,910	24/085
Provisions for pensions	4,083	4,378	25/087
Other provisions	113	122	26/088
Other liabilities	1,975	2,486	27/089
Deferred tax liabilities	1,174	2,014	08/074
Current liabilities	**96,149**	**63,372**	
Trade payables	31,365	30,509	28/089
Financial liabilities	48,885	19,020	24/085
Other liabilities	13,330	11,736	27/089
Tax liabilities	1,718	1,426	
Other provisions	851	681	26/088
Total equity and liabilities	**212,957**	**220,940**	

*Concerning the adjustment of the previous year's figures, see the explanation on page 67

Consolidated Cash Flow Statement

figures in € thousand	2013	2012	Note/Page
Income (loss) from operations (EBIT) from continuing operations	6,045	6,207	
Income (loss) from discontinued operation	0	(340)	
Adjustments to reconcile income (loss) to cash flows from operating activities			
Depreciation and amortization charges	8,720	8,769	13, 14/078
(Gain) loss from disposal of property, plant and equipment	(231)	512	05, 06/073
(Gain) loss from the sale of investments	(274)	0	
Other noncash expenses (revenue)	0	42	
Taxes paid	(2,331)	(2,960)	
Changes in assets and liabilities from operating activities			
Change in trade accounts receivable	5,123	5,129	
Change in inventories	134	(169)	
Change in other receivables and other assets	(3,263)	(701)	
Change in trade accounts payable	1,426	1,594	
Change in other liabilities	2,089	(1,789)	
Change in accrued expenses	(411)	(26)	
Change in other operating assets/liabilities (net)	161	(261)	
Net cash provided by (used in) operating activities	**17,188**	**16,007**	29/090
Purchase of intangible assets and property, plant and equipment	(9,910)	(7,904)	
Proceeds from the sale of intangible assets and property, plant and equipment	903	1,957	
Dividends received	1,014	400	
Purchase of noncontrolling interests	0	(106)	
Proceeds from the sale of subsidiaries	617	450	30/090
Net change in financial receivables	1,318	1,659	
Interest received	880	1,149	
Net cash provided by (used in) investing activities	**(5,178)**	**(2,395)**	31/090
Net change in borrowings	(5,207)	(7,374)	
Net change in other financial liabilities	(2,824)	(2,967)	
Interest paid	(5,260)	(5,725)	
Dividends paid	0	(1,313)	
Dividends paid to noncontrolling interests	(230)	(350)	
Net cash provided by financing activities	**(13,521)**	**(17,729)**	32/090
Effect of exchange-rate changes and changes in the scope of consolidation on cash and cash equivalents	(776)	(33)	
Change in cash and cash equivalents	**(2,287)**	**(4,150)**	33/090
Cash and cash equivalents at the beginning of the period	7,266	11,416	
Cash and cash equivalents at the end of the period	4,979	7,266	

Consolidated Statement of Changes in Equity*

figures in € thousand	Subscribed Capital	Capital reserves	Accumulated losses	Other recognized income and expense: Cumulative translation adjustment	Other recognized income and expense: Reserve for cash flow hedges	Equity attributable to equity holders of Deufol SE	Equity attributable to noncontrolling interests	**Total equity**
Balance at January 1, 2012 before adjustments	**43,774**	**107,240**	**(52,431)**	**(1,208)**	**(296)**	**97,079**	**1,257**	**98,336**
Effects from first-time adoption of IAS 19R	—	—	47	—	—	47	—	47
Balance at January 1, 2012 after adjustments	**43,774**	**107,240**	(52,384)	(1,208)	—	97,126	**1,257**	98,383
Income (loss)	—	—	(279)	—	—	(279)	345	66
Changes recognized directly in equity	—	—	(175)	(178)	247	(106)	—	(106)
Deferred taxes for valuation changes recognized directly in equity	—	—	51	—	(73)	(22)	—	(22)
Total recognized income and expense	**—**	**—**	**(403)**	**(178)**	**174**	**(407)**	**345**	**(62)**
Dividends	—	—	(1,313)	—	—	(1,313)	(350)	(1,663)
Balance at December 31, 2012	**43,774**	**107,240**	**(54,100)**	**(1,386)**	**(122)**	**95,406**	**1,252**	**96,658**
Balance at January 1, 2013 before adjustments	**43,774**	**107,240**	**(54,023)**	**(1,386)**	**(122)**	**95,483**	**1,252**	**96,735**
Effects from first-time adoption of IAS 19R	—	—	(77)	—	—	(77)	—	(77)
Balance at January 1, 2013 after adjustments	**43,774**	**107,240**	(54,100)	(1.386)	(122)	95,406	**1,252**	96,658
Income (loss)	—	—	294	—	—	294	184	478
Changes recognized directly in equity	—	—	(19)	(607)	149	(477)	—	(477)
Deferred taxes for valuation changes recognized directly in equity	—	—	6	—	(44)	(38)	—	(38)
Total recognized income and expense	**—**	**—**	**281**	**(607)**	**105**	**(221)**	**184**	**(37)**
Dividends	—	—	—	—	—	—	(230)	(230)
Changes in the scope of consolidarion	—	—	—	—	—	—	(853)	(853)
Balance at December 31, 2013	**43,774**	**107,240**	**(53,819)**	**(1,993)**	**(17)**	**95,185**	**353**	**95,538**

* Cf. Notes (21) – (23) to the consolidated financial statements

Notes to the Consolidated Financial Statements

For the fiscal year from January 1, 2013 to December 31, 2013

General Information

Deufol SE is domiciled in Hofheim am Taunus and has been entered in the Frankfurt am Main commercial register under the number HRB 95470.

Deufol is a global premium service provider in the field of packaging and supplementary services. Please see the disclosures in the segment reporting for further details.

The address of the Company's registered office is Johannes-Gutenberg-Strasse 3–5, 65719 Hofheim, Germany. The Company's shares are traded on the Regulated Market of the Frankfurt Stock Exchange. Lion's Place GmbH is the parent company which prepares the consolidated balance sheet for the largest group of companies.

The Company's managing directors approved the IFRS consolidated financial statements on April 24, 2014 so that they could then be forwarded to the Administrative Board.

Basis of Preparation

Deufol SE prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as mandatorily applicable in the European Union. In addition, the provisions of section 315 a (1) of the German Commercial Code (HGB) are complied with and applied in the preparation of the consolidated financial statements. All IFRSs (IFRSs, IASs, IFRICs, SICs) as adopted by the European Union and mandatorily applicable as of the balance sheet date were applied. In principle, the consolidated financial statements are prepared using the historical cost concept. This excludes derivative financial instruments and financial assets available for sale, which are measured at fair value.

Consolidation

All subsidiaries over which Deufol SE has legal or practical control are included in the consolidated financial statements. In addition to Deufol SE, the consolidated financial statements include 17 (previous year: 21) fully consolidated subsidiaries in Germany and 15 (previous year: 15) in other countries (hereinafter referred to as the "Deufol Group" or the "Group").

Joint ventures are included in the consolidated financial statements using the at-equity method in accordance with IAS 31 in combination with IAS 28. Other significant equity investments are accounted for using the at-equity method if the Deufol Group does not hold a controlling interest, but is able to exert a significant influence on the operating and financial policies of the investee. This is always the case if it holds between 20 % and 50 % of the voting rights ("associates").

On acquisition of an equity investment accounted for using the at-equity method, the difference between cost and proportionate equity is initially allocated to the assets and liabilities of this investment by making certain adjustments to the fair values. Any remaining excess of cost of acquisition over net assets acquired is recognized as goodwill, and is not amortized.

If the recoverable amount of an investment in an associate (the higher of its value in use and its fair value less costs to sell) falls below the carrying amount this will lead to a corresponding impairment. The impairment loss will be recognized in the income statement.

The annual financial statements of consolidated companies are prepared as of the reporting date of the consolidated financial statements.

Acquisition accounting is performed in accordance with the purchase method, whereby the cost of the acquired interests is eliminated against the parent's share of the revalued equity at the date of acquisition. Any resulting difference is allocated to the corresponding assets and liabilities of the subsidiary insofar as it is due to hidden reserves or hidden liabilities. Any remaining excess of cost of acquisition over net assets acquired is recognized as goodwill. In accordance with IFRS 3 (Business Combinations) in combination with IAS 36 (Impairment of Assets), goodwill is not amortized over the expected useful life, but instead tested at least annually to establish whether there is any need to recognize impairment losses.

Noncontrolling interests represent the share of net profit / loss and net assets that is not attributable to the Group. They are reported separately in the consolidated income statement and the consolidated balance sheet. They are reported on the face of the consolidated balance sheet as a separate component of equity from the equity attributable to the shareholders of the parent company.

Intercompany receivables and liabilities, revenue, expenses, income and profits are eliminated as part of consolidation.

Currency Translation

The consolidated financial statements are prepared in euros, the functional and presentation currency of the Deufol Group. Unless indicated otherwise, all amounts are given in thousands of euros.

Each company within the Deufol Group determines its own functional currency. The annual financial statements of the foreign subsidiaries included in the consolidated financial statements whose functional currency is not the euro were converted into the Group currency (euro) on the balance sheet cut-off date pursuant to IAS 21 in accordance with the functional currency concept. Financial statements are translated using the modified-closing-rate method, i. e. balance sheets are translated from the functional currency to the reporting currency at the middle rate on the balance sheet date, while income statements are translated at the average rates for the year. The equity is translated at historical rates.

Differences resulting from the translation of assets and liabilities compared with the translation of the previous year and translation differences between the income statement and the balance sheet are taken directly to equity and are reported under “Other recognized income and expense”. When a foreign operation is disposed of, the cumulative amount recognized in equity for this foreign operation is reversed to the income statement.

Foreign-currency transactions are translated at the spot rate of the foreign currency to the functional currency prevailing at the transaction date. Foreign-currency monetary assets and liabilities are translated at the rate on the balance sheet date. The resulting foreign exchange differences are recognized in profit or loss for the period, with the exception of foreign exchange differences resulting from foreign-currency loans insofar as the loans are used to hedge a net investment in a foreign operation. These are recognized directly in equity until the net investment is disposed of and only recognized in profit or loss on the date of disposal.

The exchange rates for the translation of key currencies that are not part of the European Monetary Union changed as follows:

Foreign currency	Middle rate as of the balance sheet date		Average rate for the year	
per €	**2013**	2012	**2013**	2012
US dollar	1.3791	1.3194	1.3281	1.2848
Renminbi	8.3491	8.2207	8.1646	8.1052
Singapore dollar	1.7414	1.6111	1.6619	1.6055
Czech crown	27.4270	25.1510	25.9800	25.1490

Sales Recognition

Sales are primarily generated from services, products and rental agreements. Sales resulting from the provision of services and from third-party use of assets of the Company will only be recognized where it is sufficiently probable that the economic benefits associated with the transaction will flow to Deufol and the amount of income can be measured reliably. Sales resulting from selling of goods will be recognized where the key risks and opportunities associated with ownership of the sold merchandise and products have been transferred to the purchaser, Deufol does not retain any right or power of disposal for the sold merchandise and products, the amount of sales can be measured reliably, it is sufficiently probable that the economic benefits associated with the transaction will flow to Deufol and the costs resulting in connection with the sale can be measured reliably. Sales are recognized net of purchase price reductions such as cash and sales discounts and rebates.

Cost of Sales

The cost of sales comprises the costs of the products and services sold. As well as direct material and manufacturing costs, it also includes indirect overheads such as depreciation of manufacturing equipment, amortization of certain intangible assets and write-downs on inventories. The cost of sales is recognized in the income statement in accordance with the realization of sales.

Earnings per Share

Earnings per share (EPS) are calculated in accordance with IAS 33. Basic earnings per share are calculated by dividing the net profit/loss for the period attributable to the holders of common shares of the parent company by the weighted average number of common shares in circulation. Shares newly issued or repurchased during a period are included pro rata for the time they are in circulation. Diluted earnings per share are calculated by dividing the adjusted net profit/loss for the period attributable to the holders of common shares of the parent company by the weighted average number of common shares in circulation and the weighted average number of common shares that would be issued following the conversion of all potential common shares with a dilutive effect into common shares.

Intangible Assets and Goodwill

Purchased intangible assets with finite useful lives are recognized at cost and amortized on a straight-line basis over their economic lives. Capitalized software licenses are amortized over their expected useful life of three to eight years or over the term of the relevant agreement. The amortization recognized is allocated to the relevant functions in the income statement based on the asset's use. If there are indications of impairment and the recoverable amount is less than amortized cost, impairment losses are recognized on the intangible assets. If the reasons for impairment cease to apply, the impairment losses are reversed accordingly, up to the amortized cost. This does not apply to capitalized goodwill.

Goodwill is recognized in accordance with IFRS 3 (Business Combinations) in conjunction with IAS 36 (Impairment of Assets). These standards require goodwill to be tested annually for impairment rather than amortized.

The accounting principles for intangible assets are as follows:

	Customer relationships	Licenses and software
Amortization method used	Straight-line	Straight-line
Useful life	5 years	3–8 years
Remaining useful life	1–4 years	up to 8 years

Amortization of intangible assets is included in the cost of sales as well as the general and administrative expenses and the selling expenses.

Property, Plant and Equipment

Property, plant and equipment is carried at cost less straight-line depreciation recognized over the economic life of the respective item.

Assets are removed from the balance sheet on disposal or scrapping; any disposal gains or losses are recognized in income.

The following useful lives are used for depreciation:

Useful lives of property, plant and equipment

Factory and office buildings	10–50 years
Operating and office equipment	3–10 years
Machinery and equipment	6–20 years
Vehicle fleet	5–7 years

If there are indications of impairment and the recoverable amount is less than amortized cost, impairment losses are recognized on the items of property, plant and equipment. If the reasons for impairment cease to apply, the impairment losses are reversed accordingly, up to the amortized cost. More complex items of property, plant and equipment consisting of clearly separable components with different useful lives are split into these components for the purposes of calculating depreciation. Depreciation is calculated using the useful lives of the individual components.

Investment Property

Investment property as defined by IAS 40 is carried at depreciated cost and, if applicable, depreciated on a straight-line basis over the same useful lives used for items of property, plant and equipment of the same type. The fair value of investment property is determined using recognized valuation techniques or on the basis of the current market price of comparable properties and disclosed in the Notes.

Leases

The process of determining whether an arrangement contains a lease is performed on the basis of the substance of the arrangement at the date on which it is entered into, and requires a judgment on whether meeting the respective contractual obligations is dependent on the use of one or more specific assets and whether the arrangement transfers the right to use those assets.

Group as Lessee

Finance leases that transfer substantially all the risks and rewards incident to ownership of an asset to the Group result in the leased asset and the corresponding liability being recognized at the inception of the lease at the lower of the fair value of the asset or the present value of the minimum lease payments.

If there is no reasonable certainty that the Deufol Group will obtain ownership at the end of the lease term, recognized leased assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset.

Lease payments are apportioned between the finance costs and the repayment of the outstanding liability so as to produce a constant rate of interest on the remaining balance of the liability. Finance costs are recognized immediately as expenses in the financial results.

Leases that do not transfer substantially all the risks and rewards associated with the leased item to the Group are classified as operating leases. Lease payments under operating leases are expensed on a straight-line basis over the term of the lease.

Group as Lessor

Leases that do not transfer substantially all the risks and rewards incident to ownership of an asset from the Group to the lessee are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and expensed over the lease term in proportion to the recognition of rental income. Contingent rent is recognized in the period in which it is generated.

Leases that transfer substantially all the risks and rewards incident to ownership of an asset from the Group to the lessee are classified as finance leases with the Group as lessor. Lease payments are divided up into finance income and repayment of lease receivables.

Sale and Lease-Back Transactions

Leases resulting from sale and lease-back transactions are classified in accordance with the general leasing criteria and are treated either as finance or operating leases. In the case of a finance lease, the carrying amount of the capital good is continues to be amortized as before. Any disposal gain is recognized and reversed in the income statement against the applicable finance expenditure over the term of the agreement.

Joint Ventures and Associates

Investments in joint ventures and associates are accounted for using the at-equity method. The cost of at-equity-method accounted investments is increased or decreased annually by changes in equity insofar as these are attributable to the Deufol Group.

Nonderivative Financial Assets

Under the provisions of IAS 39, these financial instruments are classified as "financial assets at fair value through profit or loss", "loans and receivables", "held-to-maturity investments" or "available-for-sale financial assets".

Financial assets are recognized for the first time at fair value plus any transaction costs (excl. financial instruments held for trading and financial assets at fair value through profit or loss).

Financial assets at fair value through profit or loss are carried at fair value, with fair-value changes recognized in the income statement. This includes financial assets held for trading.

Loans and receivables are measured at amortized cost with application of the effective-interest method and less impairments. Income/losses are recorded in the income (loss) for the period.

Held-to-maturity investments are carried at amortized cost using the effective-interest method.

Available-for-sale financial assets are carried at fair value, with fair-value changes less income tax expense recognized as gains or losses from the fair-value measurement of financial instruments and presented as a portion of the accumulated changes recognized directly in equity.

The Company's management classifies financial assets on acquisition and checks their classification at each balance sheet date.

All standard market purchases and sales of financial assets are recorded in the balance sheet on the transaction date, i.e. the date on which the Company entered into the obligation to purchase the asset.

In case of objective indications of an impairment of assets accounted for at amortized cost, the impairment loss is the difference between the carrying amount of the asset and the present value of the expected future cash flows (with the exception of expected future loan losses which have yet to occur), discounted at the original effective interest rate for the financial asset, i.e. the effective interest rate determined at the initial valuation. The carrying amount for the asset is reduced with use of a valuation account. The impairment loss is recognized in the income statement.

In case of a decrease in the valuation adjustment in the following reporting periods, where this decrease is objectively attributable to circumstances occurring after recording of the valuation adjustment, the previously recorded valuation adjustment will be canceled. However, the new carrying amount of the asset may not exceed the amortized cost at the reinstatement of the original value. The reinstatement of the original value will be recognized in income.

In case of objective indications for trade receivables that amounts due will not all be received in accordance with the originally agreed invoice terms (e.g. the probability of an insolvency or significant financial difficulties for the debtor), an impairment will occur with use of a valuation account. Receivables are closed out once they are classified as uncollectible.

A financial asset (or a portion of a financial asset or a portion of a group of similar financial assets) will be closed out subject to one of the three following conditions:

- The contractual rights to receive cash flows resulting from a financial asset have expired.
- The Group will retain the rights to receive cash flows resulting from financial assets but assumes a contractual obligation of immediate payment of the cash flows to a third party under an agreement fulfilling the conditions laid down in IAS 39.19 (Pass-through Arrangement).
- The Group has transferred its contractual rights to receive cash flows resulting from a financial asset, thereby either (a) substantially transferring all risks and opportunities associated with ownership of the financial asset or (b) not having substantially transferred or retained all risks and opportunities associated with ownership of the financial asset, but having transferred the power of control over the asset.

Derivative Financial Instruments

Derivative financial instruments are exclusively used by the Group to hedge interest-rate fluctuation risks. The Group's cash flow hedges are for fluctuations in the value of cash flows resulting from variable-interest loans. The Group applies the hedge accounting rules pursuant to IAS 39 in the course of its accounting. The effective portion of the profit or loss resulting from a cash flow hedge is recorded directly in equity as a portion of the accumulated changes recognized directly in equity, including deferred taxes, while the ineffective portion is immediately recognized in income. Derivatives are measured according to recognized methods and in consideration of current market parameters. The "critical-term-match" method is used to determine effectiveness. The financial instruments in their entirety are explained in Note (40).

Where a fixed obligation not shown in the balance sheet is classified as an underlying transaction, the following accumulated change in the fair value of the fixed obligation attributable to the hedged risk will be recognized in the result for the period as an asset or liability with a corresponding profit or loss. The changes in the fair value of the hedging tool will also be recognized in the period result.

Cash Flow Hedges

The amounts recognized in equity will be reclassified in the income statement in the period in which the hedged transaction affects the period result, e.g. if hedged financial income or expenses are recognized or if an expected sale is executed. Where a hedge leads to the reporting of a nonfinancial asset or a nonfinancial liability, the amounts recognized in equity will form part of the costs of acquisition at the time of the addition of the nonfinancial asset or nonfinancial liability.

Where the stipulated transaction or fixed obligation is no longer expected to be realized, the amounts previously recognized in equity will be reclassified to the income statement. In case of the expiry or sale, termination or exercise of the hedging tool without a replacement or the rollover of the hedging tool into another hedging tool, the amounts previously recognized in equity will remain a separate equity item until the envisaged transaction or fixed obligation has been realized.

Cash and Cash Equivalents

Cash and cash equivalents on the face of the balance sheet comprise cash on hand, checks, bank balances and short-term deposits with an original maturity of up to three months.

Inventories

Inventories are carried at the lower of cost and net realizable value. As a rule, carrying amounts are calculated using the weighted-average-cost method; for certain inventories, the FIFO method is used. Cost comprises all production-related costs, calculated on the basis of normal employment. As well as direct costs (such as direct material and manufacturing costs), it also includes fixed and variable material and manufacturing overheads relating to the production process and appropriate portions of depreciation of manufacturing equipment.

Deferred Taxes

Deferred taxes are calculated using the balance sheet liability method in accordance with IAS 12. This standard requires deferred taxes to be recognized for all temporary differences between the tax bases of the individual companies and the carrying amounts according to IFRSs, and on consolidation adjustments. Deferred tax assets are also recognized for future benefits expected to arise from tax loss carryforwards. However, deferred tax assets have only been recognized for accounting differences and for tax loss carryforwards to the extent that it is probable that the asset will be realized. Deferred tax assets are measured at the applicable national rates of income tax. In Germany, deferred tax assets were calculated using a tax rate of 29.58 % (previous year: 29.55 %). This includes corporation tax at 15 %, the solidarity surcharge of 5.5 % on the corporation tax and the average rate of trade tax within the Group. The increase in the tax rate on the previous year is due to changes in the average rate of trade tax.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when an asset is realized or a liability is settled. Deferred taxes for items recognized directly in equity will also be recognized directly in equity. Deferred tax liabilities are not recognized in case of taxable temporary differences associated with investments in subsidiaries and associates where the timeframe for the reversal of the temporary differences may be controlled and a reversal of the temporary differences is not probable in the foreseeable future.

Other Recognized Income and Expense

Items taken directly to equity are reported under this item, unless they result from capital transactions with shareholders, such as capital increases or dividend payments. This item includes the cumulative translation adjustment and unrealized gains or losses from the fair-value measurement of financial instruments, and derivatives used in cash flow hedges as well as actuarial gains and losses in connection with pension commitments. They are recognized including deferred taxes, where applicable.

Provisions for Pensions and Similar Obligations

The actuarial valuation of pension provisions for defined-benefit plans is based on the “projected-unit-credit method” prescribed in IAS 19. The interest element of pension expenses is shown as a finance cost. Actuarial gains and losses are recognized directly in other comprehensive income.

In the case of defined-contribution pension plans (e.g. direct insurance schemes), the contributions payable are recognized immediately as an expense. Provisions are not recognized for defined-contribution plans, as in these cases, the Group has no other obligation above and beyond its obligation to pay premiums.

Other Provisions

Other provisions are recognized where a present obligation exists to third parties as a result of a past event, an outflow of resources is expected and the amount can be reliably measured. They are uncertain obligations that are recognized in the amount of the best estimate. Provisions with a remaining maturity of more than one year are discounted at market interest rates reflecting the risk specific to the liability and the period of time until the settlement date.

Nonderivative Financial Liabilities and Other Liabilities

Financial liabilities are carried at amortized cost. Differences between historical cost and the repayment amount and transaction costs are accounted for using the effective-interest method. Other liabilities are carried at their nominal value or the repayment amount. Noncurrent other liabilities bearing no interest are accounted for at their present value.

A financial liability will be closed out in case of the fulfillment, cancellation or expiry of the underlying obligation for this liability.

Where an existing financial liability is replaced by another financial liability of the same lender subject to substantially different contract terms or where the terms of an existing liability are subject to substantial change, this replacement or change will be treated as a closing-out of the original liability and a valuation for a new liability. The difference between the respective carrying amounts will be recognized in income.

Treasury Stock

Where the Group acquires treasury stock, this is recognized at cost on acquisition and deducted from equity. The purchase, sale, issue or withdrawal of treasury stock is not recognized in income. Differences between the net carrying amount and the counterperformance are recorded in the capital reserves.

Cash Flow Statement

The cash flow statement is prepared in accordance with the provisions of IAS 7 and shows the changes in the Group's cash and cash equivalents in the course of the year under review as a result of cash inflows and outflows. A distinction is made between cash flows from operating activities, investing activities and financing activities. Cash flows from operating activities are presented using the indirect method.

Segment Reporting

Segment reporting is performed in accordance with IFRS 8 ("Operating Segments"). The segments correspond to those of the internal reporting structure. Segmentation aims to make transparent the assets and financial position and results of operations of the Group's individual activities and its various regions.

Borrowing Costs

All borrowing costs are expensed in the period in which they are incurred. The Group does not have any qualified assets requiring mandatory inclusion of borrowing costs in their historical costs.

Government Grants

Deufol has received government grants relating to its investment projects. Pursuant to IAS 20, these are deducted when determining the carrying amount of the respective asset and recognized as income over the asset's useful life by means of a reduction in depreciation or, in case of performance-related grants, deducted from the corresponding expenses in the income statement. Government grants are recognized if there is reasonable assurance that the grants will be received and the Company meets the conditions attached to the grants.

Management Judgments and Key Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in accordance with IFRSs sometimes requires the managing directors to make estimates or assumptions that can affect the reported amounts of assets, liabilities and financial liabilities as of the balance sheet date, and the income and expenses for the reporting period. Actual amounts and changes may differ from these estimates and assumptions.

The significant judgments and estimates applied are described in the following section:
A significant portion of the valuation adjustment for doubtful accounts receivable relates to assessments and judgments regarding individual receivables which are based on the credit worthiness of the relevant customer, current economic trends and an analysis of historical losses of receivables outstanding on a portfolio basis.

Recognition and measurement of other provisions are based on an estimate of the probability of the future outflow of benefits, supplemented by past experience and the circumstances known at the balance sheet date. As such, the actual outflow of benefits may differ from the amount recognized under other provisions. Please see Note (26) for further disclosures.

Deferred tax assets from tax loss carryforwards are recognized on the basis of an estimate of the future recoverability of the corresponding tax benefits, i.e. if there is expected to be sufficient taxable income or reduced tax expense in future. The next five years is assumed as the assessment timeframe for this. The actual taxable income situation in future periods, and hence the extent to which tax loss carryforwards can actually be utilized, may differ from the estimate performed at the date on which the deferred taxes are recognized. Please see Note (8) for further disclosures.

Significant forward-looking estimates and assumptions are made in the context of the impairment tests performed on goodwill, because the discounted-cash-flow method used for these tests requires the calculation of future cash flows, an appropriate rate of interest and long-term future growth rates. Any change in these factors may affect the results of such impairment tests. Please see Note (14) for further disclosures.

Measurement of property, plant and equipment and intangible assets with a limited useful life requires the use of estimates for calculation of the fair value at the time of acquisition, particularly for assets acquired in connection with a business combination. In addition, these assets' expected useful life is to be determined. Calculation of the fair values of the assets and their useful life and the impairment testing in case of indications of impairment are based on judgments made by the management. Please see Notes (13) and (14) for further disclosures.

Where an agreement regarding a business combination stipulates an adjustment of the costs of acquisition for the combination such as is dependent on future events, the amount of this adjustment will be incorporated in the costs of acquisition for the combination at the time of acquisition if the adjustment is probable and can be reliably measured.

Further judgments may be required for the classification of leases.

Discontinued Operation

Deufol has applied IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" in these financial statements. IFRS 5 requires the presentation and disclosure of information that enables readers of the financial statements to assess the financial impact of discontinued operations and noncurrent assets held for sale (or disposal groups).

A discontinued operation is defined as a group of assets including allocable liabilities which are to be jointly disposed of by means of a sale or otherwise. Deufol has reported the "Cartons" business field of Deufol Sunman Inc. (Sunman, Indiana) as a "discontinued operation".

The earnings contributions of discontinued business divisions are reported separately in the income statement under the item "Income (loss) from discontinued operation (net of tax)", subject to corresponding adjustments for the same period in the previous year. Unless otherwise noted, all disclosures concerning the income statement in the Notes exclusively relate to continuing operations.

Changed Accounting and Valuation Methods

In principle, the balancing and valuation methods used are the same as those used in the previous year, with the exception of the following IFRS standards and interpretations ("New Accounting Standards") used for the first time in the fiscal year.

New Accounting Standards

Adopted IFRSs

The accounting and valuation methods applied in the consolidated financial statements correspond to the IFRSs which are compulsory applicable in the EU from December 31, 2013.

Published IFRSs endorsed by the EU and adopted for the first time in the fiscal year

In December 2011, the IASB published changes to IFRS "Financial Instruments: Disclosures" in connection with netting of financial instruments. The extended disclosure requirements include both netted financial instruments and those not netted but subject to master netting agreements or similar agreements. The changes to IFRS 7 are first applicable for reporting years beginning on or after January 1, 2013 and must be applied retrospectively. Since the Group has not concluded any offsetting agreements, adoption of this amendment will not have any effect on the disclosures or the amounts reported in the consolidated financial statements.

In May 2011, the IASB published IFRS 13 "Fair Value Measurement" which brings together in a single standard the rules on fair value measurement which were previously included in the individual IFRSs and replaces them with a single set of rules. In line with the transitional provisions in IFRS 13, the Group has prospectively adopted the new rules from January 1, 2013. First-time adoption has not had any effect on measurement of assets and liabilities.

In June 2011, the IASB published amendments to IAS 19 "Employee Benefits". The amendments to IAS 19 must be applied retrospectively for financial statements covering fiscal years beginning on or after January 1, 2013. Deufol has adjusted the values reported for the previous year in line with the effects of the changes to IAS 19. Overall, the amendments of IAS 19 will have the following key effects at Deufol:

Pensions and similar obligations: The Group has previously immediately recognized actuarial gains and losses exceeding 10 % of the greater of the defined-benefit obligation and the fair value of the plan assets in income in its consolidated financial statements. Following the abolition of the corridor method and the associated requirement for recognition of actuarial gains and losses in income through the revised IAS 19, actuarial gains and losses are now recognized directly in other comprehensive income. This means that, in future, the consolidated income statement will remain free from actuarial gains and losses.

The net interest rate method has also been introduced. The net pension commitment is thus subject to the discount interest rate which is calculated on the basis of measurement of the gross pension commitment. Since plan assets may be deducted from the net pension commitment, for the purpose of this calculation an interest rate corresponding to the discount interest rate is assumed for the plan assets. Other amendments concern the recognition of past service cost and of the net interest income/expense resulting from defined-benefit plans as well as the differentiation between termination benefits and other employee benefits. Disclosure requirements are also being extended, e.g. for characteristics of defined-benefit plans and the risks arising from those plans.

Adoption of IAS 19 R has had the following effects:

figures in € thousand	Dec. 31, 2012	Jan. 1, 2012
Actuarial losses	(175)	0
Deferred taxes on actuarial losses	51	0
Effects on other comprehensive income	(124)	0
Change in pension provisions	(109)	66
Income tax on items of other comprehensive income	32	(19)
Change in profit brought forward	(77)	47

On January 1, 2012, Deufol's pension provisions were reduced by € 66 thousand due to actuarial gains. This change and the resulting income taxes (€ 19 thousand) were recognized in the profit brought forward, without affecting income. On December 31, 2012, Deufol increased its pension provisions by € 175 thousand on the previous year, due to actuarial losses. This change and the resulting income taxes (€ 51 thousand) were recognized in other comprehensive income.

If Deufol had not applied IAS 19 R on January 1, 2013, the pension expenses reported in the consolidated income statement for fiscal year 2013 would have been € 39 thousand higher and tax expenditure € 5 thousand lower, respectively.

Due to changes in IAS 1 "Presentation of Items of Other Comprehensive Income", the items of other comprehensive income which may conceivably be transferred to the income statement in future must be presented separately from the items of other comprehensive income which will not be transferred to the income statement in future. The Group has adopted these changes retrospectively and adjusted the items of other comprehensive income accordingly. Apart from the presentational changes outlined above, adoption of the revised IAS 1 will not have any further consequences for the presentation of the income statement and other comprehensive income.

The other standards which became compulsory in the EU for the first time on January 1, 2013 have not had any effect on the consolidated financial statements.

Published IFRSs endorsed by the EU and not yet adopted

In May 2011, the IASB published three new IFRSs (IFRS 10, IFRS 11, IFRS 12) and two revised standards (IAS 27, IAS 28) that govern the accounting for investments in subsidiaries, joint arrangements and associates. The EU endorsed these standards in December 2012. Deufol will adopt the new consolidation standards with retrospective effect from January 1, 2014, the mandatory date of first-time adoption for adopters of IFRSs in the EU. Application of the new and revised IFRSs may affect the presentation of the Group's net assets, financial position and results of operations and its cash flows in case of future business combinations and may lead to additional Notes for the Deufol Group. However, this does not include the new version of IAS 27 since this exclusively covers single-entity financial statements and Deufol SE does not prepare any IFRS single-entity financial statements pursuant to section 325 (2a) HGB.

The other revised standards and interpretations are not expected to have any significant effect on the Group's net assets, financial position and results of operations. In the event of the EU's recognition of these standards, which must only be compulsorily adopted in subsequent fiscal years, Deufol does not currently envisage early adoption of these standards.

Published IFRSs not yet endorsed by the EU and not yet adopted

IFRS 9 "Financial Instruments" reflects the first and third phases of the IASB's project for the replacement of IAS 39. As well as classification and measurement of financial assets and financial liabilities, it includes regulations on general hedge accounting. In future, financial assets will thus be classified and measured either at amortized cost or fair value. As a rule, the rules for financial liabilities have been adopted from IAS 39. Through the amendment of IFRS 9 published in November 2013, the requirement of mandatory first-time adoption from January 1, 2015 has been cancelled. A new date of first-time adoption will be specified once the standard has been published in full. Only then is the EU's endorsement envisaged. Deufol SE has not yet completed its review of the effects of adoption of IFRS 9 for the consolidated financial statements.

Scope of Consolidation

Consolidated Companies

In addition to Deufol SE, the group of fully consolidated companies includes all major subsidiaries and subgroups over which Deufol SE has legal or practical control.

	Dec. 31, 2012	Additions	Disposals	Dec. 31, 2013
Consolidated subsidiaries	36	0	4	32
thereof in Germany	21	0	4	17
thereof abroad	15	0	0	15
Companies valued using the at-equity method	6	0	0	6
thereof in Germany	5	0	0	5
thereof abroad	1	0	0	1
Total	**42**	**0**	**4**	**38**

The following table shows the companies fully consolidated as of December 31, 2013:

Companies fully consolidated as of Dec. 31, 2013

	Country	Equity interest (%) *
Deufol Services & IT GmbH, Hofheim	Germany	100.0
D.Services Immobilien GmbH & Co. KG i. L., Hofheim	Germany	94.8
Deufol Mitte GmbH, Hofheim	Germany	100.0
Deufol time solutions GmbH, Hofheim	Germany	100.0
Deufol Nürnberg GmbH, Nuremberg, (incl. subsidiaries)	Germany	100.0
Deufol Hamburg GmbH, Hamburg	Germany	100.0
Deufol Frankfurt GmbH, Frankfurt	Germany	100.0
Deufol West GmbH, Oberhausen	Germany	100.0
Deufol Nord GmbH, Peine	Germany	100.0
Deufol Bochum GmbH, Bochum	Germany	100.0
Deufol Süd GmbH, Neutraubling	Germany	100.0
DTG Verpackungslogistik GmbH, Fellbach	Germany	51.0
Deufol Remscheid GmbH, Remscheid	Germany	100.0
IAD Industrieanlagen-Dienst GmbH, Munich	Germany	100.0
Deufol München GmbH, Munich	Germany	100.0
Deufol Berlin GmbH, Berlin	Germany	100.0
Deufol Südwest GmbH, Walldorf	Germany	100.0
Deufol Austria GmbH, Bruck a. d. Leitha	Austria	100.0
Deufol Česká republika a. s.	Czech Republic	100.0
Deufol Slovensko s. r. o., Krušovce	Slovak Republic	100.0
Deufol (Suzhou) Packaging Co. LTD, Suzhou	China	100.0
Deufol North America Inc., Sunman, Indiana (including subsidiaries)	USA	100.0
Deufol Sunman Inc., Sunman, Indiana	USA	100.0
Deufol Charlotte LLC., Charlotte, North Carolina	USA	100.0
Deufol Packaging Tienen N. V., Tienen	Belgium	100.0
Deufol Logistics Tienen N. V., Tienen	Belgium	100.0
Deufol België N. V., Tienen (incl. subsidiaries)	Belgium	100.0
Arcus Installation B. V. B. A., Houthalen	Belgium	100.0
Deufol Technics N. V., Houthalen, previously AT + S N. V., Houthalen	Belgium	100.0
Deufol Waremme S. A., Waremme	Belgium	98.8
Deufol Asia PTE. LTD., Singapore	Singapore	100.0
Deufol Italia S. p. A., Fagnano Olona	Italy	100.0

* Attributable to the relevant parent

Investments Accounted for Using the At-Equity Method

The following companies were included in consolidation using the at-equity method:

Companies accounted for using the at-equity method as of Dec. 31, 2013

	Country	Equity interest (%)
SIV Siegerländer Industrieverpackungs GmbH, Kreuztal	Germany	50.0
Abresch Industrieverpackung GmbH, Viernheim	Germany	50.0
Deutsche Tailleur Bielefeld GmbH & Co. KG, Bielefeld	Germany	30.0
Mantel Industrieverpackung GmbH, Stockstadt	Germany	50.0
DRELU Holzverarbeitung GmbH, Remscheid	Germany	25.1
Deufol St. Nabord SAS, Saint Nabord	France	24.0

Information in Accordance with Section 313 (2) No. 4 of the German Commercial Code

Deufol SE holds at least 20 % of the shares in the following companies:

Company's name and registered office	Country	Equity interest (%)	Equity in € thousand	Result for the fiscal year in € thousand
Deufol Securitas Int. GmbH, Hamburg*	Germany	50.00	84	(4)
GGZ Gefahrgutzentrum Frankenthal GmbH i. I., Frankenthal**	Germany	100.00	(177)	(189)
Deutsche Tailleur Bielefeld Beteiligungs GmbH, Bielefeld	Germany	30.00	63	3
Securitas Int. B. V., Antwerpen	Belgium	50.00	—	—

* Figures as of December 31, 2009
** Figures as of December 31, 2011

Acquisitions and Sales

On July 26, 2013, Deufol SE disposed of its shares in Baumann Technologie GmbH. Of the selling price of € 752 thousand, € 552 thousand has already been received. The remainder of the purchase price was granted as an interest-bearing loan and will be repaid in installments up to July 2015. This removal resulted in a disposal profit of € 165 thousand.

Deufol SE disposed of its shares in Horst Lange GmbH under a notarial deed of November 25, 2013. This company was removed from the consolidated group on December 31, 2013. This removal resulted in a disposal profit of € 11 thousand.

Deufol SE disposed of its shares in Dualogis GmbH under a notarial deed of December 20, 2013. This company was removed from the consolidated group on December 31, 2013. This removal resulted in a disposal profit of € 279 thousand.

On August 19, 2013, Deufol SE concluded an option agreement granting it the right to dispose of all of its shares in Aircon Airfreight Container Maintenance GmbH. On August 30, 2013, Deufol SE exercised this right and sold these shares. In accordance with the agreement, all of the rights and duties associated with the shares passed to the purchaser on September 1, 2013. Notarization of this contract is envisaged in the second quarter of 2014. This removal from the consolidated group resulted in a disposal loss of € 181 thousand.

The assets and liabilities removed from the consolidated group for these four sales are shown below in the following table:

figures in € thousand	2013	Dec. 31, 2012
Noncurrent assets	539	660
Current assets	2,827	3,595
Total assets	**3,366**	**4,255**
Noncurrent liabilities	204	250
Current liabilities	1,271	1,870
Total liabilities	**1,475**	**2,120**
Net assets	**1,891**	**2,135**
Noncontrolling interests	853	—
Disposal profit	274	—
Selling price	**1,312**	**—**
less non-due purchase price	(695)	—
less disposal of cash and cash equivalents	(776)	—
Cash outflow	**(159)**	**—**

Consolidated Income Statement Disclosures

01 Sales

The sales mainly resulted from the provision of services and, to a lesser extent, from rents. They include rental income from the investment properties in the amount of € 86 thousand (previous year: € 86 thousand). In respect of further comments on the sales, we refer to the segment reporting on pages ▶ 098 ff.

02 Cost of Sales

The cost of sales includes the following expenses:

figures in € thousand	2013	2012
Personnel costs	76,704	80,910
Cost of purchased services	75,696	81,228
Cost of materials	84,732	83,562
Rental and lease expenses	18,697	19,921
Depreciation, amortization and impairment	7,841	7,879
Space costs	6,209	7,131
Maintenance costs	3,806	4,298
Insurance premiums	2,518	2,715
Vehicle fleet costs	1,222	1,115
Expenses for loss or damage incurred	1,233	621
Other	5,887	7,817
Total	**284,189**	**297,197**

The cost of sales includes expenses for the investment properties in the amount of € 59 thousand (previous year: € 59 thousand). Income was achieved through these properties throughout the fiscal year.

03 Selling Expenses

The selling expenses include the following expenses:

figures in € thousand	2013	2012
Personnel costs	3,163	3,394
Valuation adjustments on trade receivables and losses on receivables	609	573
Travel expenses	568	469
Advertising costs	105	112
Depreciation, amortization and impairment	431	82
Cost of purchased services	39	15
Other selling expenses	758	485
Total	**5,317**	**5,130**

04 Administrative Expenses

The general and administrative expenses include the following expenses:

figures in € thousand	2013	2012
Personnel costs	15,652	13,796
Legal and consulting costs	3,029	4,248
Depreciation, amortization and impairment	805	808
IT and communications costs	1,040	774
Cost of purchased services	1,317	840
Rental and lease expenses	760	706
Travel expenses	542	613
Annual General Meeting and financial reports	161	301
Space costs	431	328
Other administrative expenses	2,843	3,379
Total	**26,580**	**25,793**

05 Other Operating Income

The following table shows the breakdown of other operating income:

figures in € thousand	2013	2012
Release of accruals and liabilities	358	518
Release of valuation adjustments	450	0
Insurance compensation and other indemnification	623	379
Income from disposal of fixed assets	666	163
Income from deconsolidation	456	0
Exchange-rate gains	155	13
Amounts reimbursed by suppliers	759	628
Other	1,898	1,289
Total	**5,365**	**2,990**

06 Other Operating Expenses

The following table shows the breakdown of other operating expenses:

figures in € thousand	2013	2012
Other space costs	0	175
Losses on disposal of fixed assets	435	675
Exchange-rate losses	15	70
Expenses for deconsolidation	181	43
Other	1,675	714
Total	**2,306**	**1,677**

07 Financial Result

The financial result can be broken down as follows:

figures in € thousand	2013	2012
Financial income	**880**	**1,161**
from bank balances	254	266
from finance leases	626	883
Accumulation of receivables	0	12
Finance costs	**(5,162)**	**(5,405)**
from financial liabilities	(4,161)	(4,331)
from finance leases	(735)	(909)
Accumulation of liabilities and accruals	(266)	(165)
Shares of profits of equity-accounted affiliates	**653**	**0**
Shares of profits of equity investments	**309**	**845**
Total	**(3,320)**	**(3,399)**

08 Tax Proceeds/Expenses

The Group's income taxes can be broken down as follows:

figures in € thousand	2013	2012
Effective income tax expense	**2,580**	**2,563**
Germany	729	466
Rest of the World	1,851	2,097
Deferred income taxes due to the occurrence or reversal of temporary differences	**(333)**	**(161)**
Germany	592	396
Rest of the World	(925)	(557)
Total	**2,247**	**2,402**

Deferred tax proceeds can be broken down as follows:

figures in € thousand	2013	2012
Recognition of loss carryforwards	6	(132)
Supplementary capital for tax purposes	426	458
Valuation of property, plant and equipment	(571)	(204)
Valuation of clientele	(32)	(151)
Measurement of compensation claims and other legal disputes	(377)	43
Finance leasing	123	(43)
Other	92	(132)
Total	**(333)**	**(161)**

As of December 31, 2013, deferred taxes were calculated for German companies with an overall tax rate of 29.58 % (previous year: 29.55 %). The relevant national tax rate applies for the deferred taxes of companies outside Germany.

The following table shows the reconciliation between the expected and reported income tax expense for the Group, subject to the 29.58 % (previous year: 29.55 %) income tax rate for Deufol SE:

figures in € thousand	2013	2012
Earnings before taxes from continuing operations	2,725	2,808
Earnings before taxes from discontinued operations	0	(340)
Income tax rate of the Deufol Group as %	29.58	29.55
Expected tax expense	**806**	**729**
Effect of different tax rates	(113)	57
Unrecognized deferred tax assets on loss carryforwards	846	1,589
Use of previously unconsidered tax losses	(26)	(529)
Effect of tax-exempt income	(1,251)	(210)
Effect of expenses not deductible for tax purposes	1,168	734
Prior-period tax effects	242	142
Other	575	(110)
Income taxes	**2,247**	**2,402**
Effective tax rate (%)	**82.46**	**97.33**

Deferred tax assets can be broken down as follows:

figures in € thousand	2013	2012
Tax loss carryforwards	8,065	8,142
Supplementary capital for tax purposes	884	1,310
Finance leases	1,078	1,202
Cash flow hedges	7	51
Provisions for pensions	73	81
Other	479	490
Deferred tax assets	**10,586**	**11,308**
Offset against deferred tax liabilities	(630)	(736)
Total	**9,956**	**10,572**

Deferred tax assets include € 8,184 thousand (previous year: € 8,777 thousand) for consolidated companies in Germany. In Germany, tax loss carryforwards can be carried forward indefinitely, although domestic income is subject to minimum taxation. As of December 31, 2013, corporate income tax loss carryforwards amounted to a total of € 80.9 million (previous year: € 80.9 million). Of this amount, € 71.8 million (previous year: 76.2 million) can be carried forward indefinitely. The trade tax loss carryforwards of German Group companies amount to € 66.4 million (previous year: € 74.9 million). Temporary differences relating to shares in subsidiaries for which no deferred taxes were accounted total € 18.6 million (previous year: € 22.2 million).

Deferred tax liabilities can be broken down as follows:

figures in € thousand	2013	2012
Property, plant and equipment	625	1,174
Finance leases	430	431
Clientele	66	98
Other receivables and other assets	409	786
Other	274	261
Deferred tax liabilities	**1,804**	**2,750**
Offset against deferred tax assets	(630)	(736)
Total	**1,174**	**2,014**

09 Income (Loss) from Discontinued Operation

Within the framework of its portfolio optimization, in fiscal year 2011 Deufol Sunman Inc. wound up its “Carton Business”, i. e. production of carton packaging. This is classifiable as a discontinued operation in accordance with IFRS 5. Accordingly, all income and expenses for this operation are reported separately in the income statement under “Income (loss) from discontinued operation (net of tax)”.

The position “Income (loss) from discontinued operation (net of tax)” in the consolidated income statement is made up as follows:

figures in € thousand	2013	2012
Income from operating activities	0	69
Expenses for operating activities	0	(153)
Expenses from the recognition of a liability in relation to a pension fund	0	(256)
Income (loss) from discontinued operation (before tax)	**0**	**(340)**
Taxes	0	0
Income (loss) from discontinued operation (net of tax)	**0**	**(340)**
Earnings per share from the discontinued operation (€)	**0.000**	**(0.008)**

The employees in the “Cartons” division have entitlements under a multi-employer pension plan. Non-covered pension claims were reportable as provisions for pensions following the closure of the “Cartons” business field. This obligation was recognizable in income at the time that it was incurred in 2011 and requires settlement over a period of 20 years through annual payments of € 305 thousand. The present value of this obligation is € 2,839 thousand (previous year: € 3,120 thousand). Please see Note (25) on page ▸ 087.

The cash flow is as follows:

figures in € thousand	2013	2012
Operating activities	0	413
Investing activities	0	0
Financing activities	0	0
Net cash flow	**0**	**413**

10 Profit/Loss Attributable to Noncontrolling Interests

The consolidated net profit attributable to noncontrolling interests primarily consists of profit shares attributable to companies in the Deufol Nürnberg Group.

11 Earnings per Share

Income figures in € thousand	**2013**	2012
Result attributable to the holders of Deufol SE common stock	294	(279)
from continuing operations	294	61
from discontinued operation	0	(340)
Shares in circulation in units		
Weighted average number of shares	43,773,655	43,773,655
Earnings per share figures in €		
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol SE	0.007	(0.006)
from continuing operations	0.007	0.001
from discontinued operation	0	(0.008)

12 Other Consolidated Income Statement Disclosures

The following personnel costs are included in the expense items:

figures in € thousand	**2013**	2012
Wages and salaries	74,734	77,944
Social security contributions	20,785	20,156
Total	**95,519**	**98,100**

The average number of employees in 2013 was 2,704 (previous year: 2,764), of which Germany accounted for 1,545 employees (previous year: 1,540), the Rest of Europe for 692 employees (previous year: 685) and USA/the Rest of the World for 467 employees (previous year: 522). The holding had 52 employees on average (previous year: 17). As of the reporting date December 31, 2013, the Group had 2,471 employees (previous year: 2,724).

The Group auditors' overall fees for the fiscal year amounted to € 203 thousand (previous year: € 262 thousand) for audits of financial statements and € 77 thousand (previous year: € 0 thousand) for other services.

Consolidated Balance Sheet Disclosures

13 Property, Plant and Equipment

Property, plant and equipment also includes leased buildings and technical equipment and machinery where the Group as lessee is considered to be the economic owner because all substantial risks and rewards incident to the use of the leased assets are transferred.

Within leased assets, the following amounts are attributable to the "Operating and office equipment" and "Technical equipment and machinery" asset classes:

figures in € thousand	2013	2012
Cost	10,930	12,203
Accumulated depreciation and amortization	(8,470)	(7,665)
Net carrying amount	**2,460**	**4,538**

The following amounts are attributable to "Buildings":

figures in € thousand	2013	2012
Cost	4,588	7,502
Accumulated depreciation and amortization	(3,267)	(5,734)
Net carrying amount	**1,321**	**1,768**

As of December 31, 2013, the fair value of investment property was € 0.7 million (previous year: € 0.7 million). The fair value of investment property was measured on the basis of the Company's yield analysis.

14 Intangible Assets

Intangible assets primarily consist of the goodwill recognized on consolidating acquirees.

The following table shows the breakdown of goodwill by segment:

figures in € thousand	Germany	Rest of Europe	USA/Rest of the World	Total
Carrying amount as of Jan. 1, 2013	**52,666**	**15,950**	**0**	**68,616**
Additions	0	0	0	0
Impairments	0	0	0	0
Currency translation adjustments	0	(14)	0	(14)
Carrying amount as of Dec. 31, 2013	**52,666**	**15,936**	**0**	**68,602**

In accordance with IAS 36 (Impairment of Assets), goodwill should be tested for impairment at least once a year. In the course of impairment testing, the carrying amount of a cash-generating unit (CGU) is compared with its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

In principle, the lowest level within the Group at which goodwill is monitored for internal management purposes is the level for operating segments as defined by IFRS 8. Accordingly, goodwill is allocated to the operating segments Germany, Rest of Europe and USA / Rest of the World. A full valuation adjustment has been implemented on the goodwill allocated to the USA / Rest of the World segment. In the Rest of Europe segment the management monitors goodwill by distinguishing between three regionally classified cash-generating units. The recoverable amount corresponds to the value in use and was calculated as the present value of future cash flows.

Future cash flows are determined on the basis of the multiple-year financial plans of the companies included in the scope of consolidation. The concrete planning period in each case is three years. The forecasts contained therein are based on past experience and the expected future segment and market development.

The discount rates before taxes are calculated on the basis of market data. For the Group's individual CGUs they are between 6.54 % and 8.07 % (previous year: 8.72 % to 9.89 %). The terminal growth rate (1.0 %, previous year: 1.0 %) does not exceed the long-term growth rates for the industry and region in which the cash-generating units operate.

Impairment testing did not identify the need to recognize impairment losses for the CGUs defined above. A modification of the basic assumptions regarding an increase in the discount interest rate by 1.0 percentage point while maintaining the long-term growth rate of 1.0 % would not lead to any need to recognize impairment losses.

15 Investments Accounted for Using the At-Equity Method

As of December 31, 2013, the carrying amount of the investments in associates accounted for using the at-equity method amounts to € 3,292 thousand (previous year: € 3,344 thousand).

The following table provides summary information for the companies accounted for using the at-equity method. The figures are for the Group's share in the associates.

Assets figures in € thousand	Dec. 31, 2013	Dec. 31, 2012
Current assets	3,986	3,770
Noncurrent assets	2,634	2,682
Total assets	**6,620**	**6,452**

Equity and liabilities figures in € thousand		
Debt	3,462	3,202
Equity	3,158	3,250
Total equity and liabilities	**6,620**	**6,452**
Total sales	15,474	15,257
Total expenses	(14,861)	(14,547)
Income	**613**	**710**

The unrecognized losses amount to € 40 thousand (previous year: losses in the amount of € 94 thousand); cumulative unrecognized losses amount to € 134 thousand (previous year: € 94 thousand).

Consolidated statement of changes in assets 2012 and 2013

figures in € thousand	Procurement and production costs						
	Jan. 1, 2013	Currency translation adjustments	Changes in the scope of consolidation	Additions	Disposals	Reclassifications	Dec. 31, 2013
Property, plant and equipment							
Land, land rights and buildings	34,095	(499)	(819)	4,275	(451)	349	36,950
Technical equipment and machinery	41,431	(714)	(454)	507	(2,855)	2,116	40,031
Operating and office equipment	32,561	(123)	(1,199)	1,924	(2,486)	365	31,042
Assets under construction	2,774	(9)	(21)	2,147	(3)	(1,461)	3,427
Leased assets	19,705	(64)	0	140	(2,857)	(1,407)	15,517
Investment properties	983	0	0	0	0	0	983
Total	**131,549**	**(1,409)**	**(2,493)**	**8,993**	**(8,652)**	**(38)**	**127,950**
Intangible assets							
Patents, licenses, trademarks and similar rights and assets	10,100	(100)	(69)	1,057	(116)	38	10,910
Goodwill	71,227	(14)	0	0	0	0	71,213
Total	**81,327**	**(114)**	**(69)**	**1,057**	**(116)**	**38**	**82,123**
Sum total	**212,876**	**(1,523)**	**(2,562)**	**10,050**	**(8,768)**	**0**	**210,073**
figures in € thousand	Jan. 1, 2012						Dec. 31, 2012
Property, plant and equipment							
Land, land rights and buildings	34,361	(222)	(5)	110	(322)	173	34,095
Technical equipment and machinery	39,285	(345)	(3)	3,263	(934)	165	41,431
Operating and office equipment	32,297	(28)	(71)	1,242	(900)	21	32,561
Assets under construction	528	(12)	0	2,458	0	(200)	2,774
Leased assets	19,261	(10)	0	1,651	(1,037)	(160)	19,705
Investment properties	983	0	0	0	0	0	983
Total	**126,715**	**(617)**	**(79)**	**8,724**	**(3,193)**	**(1)**	**131,549**
Intangible assets							
Patents, licenses, trademarks and similar rights and assets	13,660	(13)	(11)	831	(4,368)	1	10,100
Goodwill	71,223	4	0	0	0	0	71,227
Total	**84,883**	**(9)**	**(11)**	**831**	**(4,368)**	**1**	**81,327**
Sum total	**211,598**	**(626)**	**(90)**	**9,555**	**(7,561)**	**0**	**212,876**

Depreciation and amortization charges							Net amounts	
Jan. 1, 2013	Currency translation adjustments	Changes in the scope of consolidation	Additions	Disposals	Reclassifications	**Dec. 31, 2013**	Dec. 31, 2012	**Dec. 31, 2013**
15,038	(195)	(762)	1,367	(451)	(95)	14,902	19,057	22,048
30,230	(453)	(417)	2,414	(1,474)	146	30,446	11,201	9,585
23,363	(78)	(823)	2,096	(2,329)	99	22,328	9,198	8,714
0	0	0	0	0	0	0	2,774	3,427
13,399	(22)	0	2,234	(3,726)	(150)	11,735	6,306	3,782
655	0	0	56	0	0	711	328	272
82,685	**(748)**	**(2,002)**	**8,167**	**(7,980)**	**(0)**	**80,122**	**48,864**	**47,828**
7,671	(78)	(63)	553	(116)	0	7,967	2,429	2,943
2,611	0	0	0	0	0	2,611	68,616	68,602
10,282	**(78)**	**(63)**	**553**	**(116)**	**0**	**10,578**	**71,045**	**71,545**
92,967	**(826)**	**(2,065)**	**8,720**	**(8,096)**	**0**	**90,700**	**119,909**	**119,373**
Jan. 1, 2012						**Dec. 31, 2012**	Dec. 31, 2011	**Dec. 31, 2012**
14,100	(85)	(5)	1,321	(318)	25	15,038	20,261	19,057
29,305	(199)	(2)	1,619	(642)	149	30,230	9,980	11,201
22,196	(25)	(60)	1,989	(717)	(20)	23,363	10,101	9,198
0	0	0	0	0	0	0	528	2,774
11,976	1	0	2,611	(1,034)	(155)	13,399	7,285	6,306
600	0	0	55	0	0	655	383	328
78,177	**(308)**	**(67)**	**7,595**	**(2,711)**	**(1)**	**82,685**	**48,538**	**48,864**
10,882	(7)	(11)	1,174	(4,368)	1	7,671	2,778	2,429
2,611	0	0	0	0	0	2,611	68,612	68,616
13,493	**(7)**	**(11)**	**1,174**	**(4,368)**	**1**	**10,282**	**71,390**	**71,045**
91,670	**(315)**	**(78)**	**8,769**	**(7,079)**	**0**	**92,967**	**119,928**	**119,909**

16 Financial Receivables

The Deufol Group has rental and lease agreements under which Deufol is the lessor and essentially all risks and opportunities are transferred to the lessee. These are classified as finance leases with Deufol as the lessor. They relate primarily to buildings, technical equipment and machinery that is used exclusively on a customer-specific basis. Corresponding financial receivables have been recognized on the basis of the net investment in the future lease installments to be paid by the customer.

The total future payments from leasing contracts can be broken down as follows as of December 31, 2013:

figures in € thousand	2013	2012
Total future payments	**9,204**	**11,684**
thereof due within one year	2,092	2,391
thereof due between one and five years	7,112	7,597
thereof due in more than five years	0	1,696
Present value of future payments	**7,202**	**9,138**
thereof due within one year	1,462	1,629
thereof due between one and five years	5,740	5,839
thereof due in more than five years	0	1,670
Interest element	**2,002**	**2,546**

These amounts differ from the amounts reported under financial receivables in the balance sheet by € 302 thousand (previous year: € 505 thousand) since they include expected future investments as well as the minimum lease payments.

17 Other Receivables and Other Assets

The following table shows the breakdown of the "Other receivables and other assets" item:

	2013		2012	
figures in € thousand	Total	Current	Total	Current
Value-added tax and other taxes receivable	3,808	3,808	3,622	3,622
Deferred expenses	1,550	1,153	1,864	1,341
Guarantees	771	341	766	335
Receivables from cost transfers	4,113	4,113	0	0
Receivables from related parties	717	717	545	300
Compensation	1,655	1,655	1,205	1,205
Receivables from employees	40	40	142	142
Other	4,398	1,487	5,003	2,463
Total	**17,062**	**13,324**	**13,147**	**9,408**

18 Inventories

The following table shows the breakdown of inventories:

figures in € thousand	2013	2012
Raw materials, consumables and supplies	10,401	9,475
Finished products and merchandise	776	1,804
Work in progress	979	1,159
Total	**12,156**	**12,438**

The reversal amount for inventories recorded as a reduction in the cost of sales amounts to € 0 thousand (previous year: € 24 thousand). The carrying amount of the inventories reported at the net disposal value amounts to € 0 thousand (previous year: € 36 thousand).

19 Trade Receivables

All trade receivables are non-interest-bearing and are generally due within 30 to 90 days.

figures in € thousand	2013	2012
Trade receivables	38,935	45,457
Valuation adjustments	(1,881)	(1,581)
Trade receivables, net	**37,054**	**43,876**

Trade receivables from related parties amount to € 1,299 thousand (previous year: € 615 thousand).

As of December 31, 2013, the age structure of the trade receivables was as follows:

			Overdue, but not value-impaired				
figures in € thousand	Total	Neither overdue nor value-impaired	< 30 days	30–60 days	60–90 days	90–180 days	> 180 days
2013	**37,054**	**25,560**	**6,307**	**2,596**	**470**	**545**	**1,576**
2012	43,876	32,301	7,667	1,956	378	460	1,114

In respect of the receivables which are neither value-impaired nor overdue, as of the reporting date there are no indications that the debtors will be unable to meet their payment obligations.

The following table shows the development of valuation adjustments on trade receivables:

figures in € thousand	2013	2012
Valuation adjustments at start of period	**1,581**	**1,531**
Currency translation adjustments	6	2
Changes to scope of consolidation	(39)	0
Addition	505	568
Utilization	(21)	(449)
Reversal	(151)	(71)
Valuation adjustments at end of period	**1,881**	**1,581**

20 Cash and Cash Equivalents

The following table shows the breakdown of cash and cash equivalents:

figures in € thousand	2013	2012
Cash on hand	68	64
Bank balances	4,911	7,202
Total	**4,979**	**7,266**

There are no restrictions on the amounts reported as cash.

21 Subscribed Capital

As of December 31, 2013, the Subscribed Capital is € 43,773,655 (previous year: € 43,773,655) and is divided up into the same number of no-par value-registered shares. Since February 4, 2013, the Deufol share has been listed as a registered share. The Annual General Meeting held on July 4, 2012 resolved this together with the Company's conversion to a European company (SE).

An amount of € 20,000,000 remained unchanged as Approved Capital as of December 31, 2013 for the issuance of new shares in return for cash contributions or contributions in kind (end of previous year: € 20,000,000).

In accordance with the resolution passed by the Annual General Meeting on June 16, 2009, the Company has been authorized to increase the Company's share capital by up to € 20,000,000 by June 15, 2014.

As of December 31, 2013, the Contingent Capital amounts to € 8,413,296 (end of previous year: € 8,413,296).

In accordance with the resolution passed by the Annual General Meeting on June 22, 2010, the Company has been authorized to purchase up to 4,377,365 of its own shares in the period from June 22, 2010 to June 21, 2015; this corresponds to 10 % of the share capital as of June 2010.

22 Capital Reserves

At the end of 2013, the capital reserves continue to amount to € 107,240 thousand. The capital reserves mainly consist of the premium resulting from the issue of shares plus payments by the shareholders.

23 Noncontrolling Equity Interests

The noncontrolling equity interests primarily consist of shares held by external third parties in Deufol Nürnberg Group companies. The development of these shares is outlined in detail in the statement of changes in equity.

Proposal for the Appropriation of Net Profit

In the invitation to the Annual General Meeting, the Administrative Board will propose that the net income of Deufol SE for fiscal year 2013 in the amount of € 18,815 thousand (calculated in accordance with the principles of the German Commercial Code) be carried forward to new account.

24 Financial Liabilities

Under the existing German syndicated loan agreement, the Deufol Group is obliged to comply with minimum and maximum limits for firmly defined financial covenants. Non-compliance with these financial covenants constitutes an "event of default". An event of default triggers a one percentage-point increase on the currently applicable interest margin; the participating banks are also entitled to cancel all financing commitments granted to date and to immediately call in existing loans. They may waive this right by means of a waiver letter.

On December 31, 2013, the Deufol Group failed to comply with one of the financial commitments under its loan agreement. It has applied for a corresponding waiver. Insofar as they were previously reported as noncurrent, the relevant financial liabilities were reclassified as current financial liabilities on the balance sheet date; this relates to an amount of € 35.5 million.

The following table summarizes the financial liabilities of the Deufol Group:

	2013				2012			
		thereof with a remaining maturity of				thereof with a remaining maturity of		
figures in € thousand	Total	up to 1 year	1 to 5 years	over 5 years	Total	up to 1 year	1 to 5 years	over 5 years
Amounts due to banks	54,000	46,539	7,142	319	63,488	16,933	44,102	2,453
Liabilities under financial leases	8,702	2,319	4,478	1,905	7,391	2,087	4,152	1,152
Other financial liabilities	108	27	81	0	51	0	51	0
Financial liabilities	**62,810**	**48,885**	**11,701**	**2,224**	**70,930**	**19,020**	**48,305**	**3,605**

Property, plant and equipment in the amount of € 28.6 million (previous year: € 31.6 million), trade receivables in the amount of € 3.9 million (previous year: € 10.6 million) and inventories in the amount of € 5.0 million (previous year: € 4.8 million) have been pledged as collateral to secure liabilities to banks and other financial liabilities. These assets have been collateralized subject to standard terms and modalities.

Liabilities to Banks

Short-term credit lines of € 44.6 million are available to the Group at various banks (previous year: € 46.7 million). As of December 31, 2013, € 25.1 million (previous year: € 25.8 million) of this had been utilized, subject to variable interest rates. The financial liabilities carried in the balance sheet are subject to standard market interest rate risks. In fiscal year 2013, the average weighted interest rate for short-term loans was 4.69 % (previous year: 4.37 %).

The following table shows the Group’s material noncurrent liabilities to banks:

	2013				2012			
	Currency	Carrying amount (€ thousand)	Remaining maturity (years)	Effective interest rate (%)	Currency	Carrying amount (€ thousand)	Remaining maturity (years)	Effective interest rate (%)
Loans	EUR	5,684	5	6.05	EUR	6,857	6	6.05
Loans	EUR	0	0	---	EUR	3,293	11	5.77
Loans	EUR	0	0	---	EUR	1,557	4.8	5.25
Loans	EUR	1,667	10	3.95	EUR	0	0	—
Loans	EUR	0	0	---	EUR	17,500	3	variable*

* 3-month EURIBOR +3.0 % (to September 27, 2012), 3-month EURIBOR +3.5 % (from September 28, 2012)

There are also further noncurrent amounts due to banks for financing of property, plant and equipment, particularly technical equipment and machinery, in the amount of € 1.4 million (previous year: € 8.5 million). The liabilities to banks also include liabilities under finance leases in the amount of € 0.0 million (previous year: € 4.1 million).

For the variable-interest loans interest-rate hedging transactions have been concluded in some cases. Please see Note (40) on pages ▶ 092 ff. for further disclosures.

Liabilities under Financial Leases

The total future minimum payments from financial leasing contracts can be broken down as follows as of December 31, 2013:

figures in € thousand	2013	2012
Total future minimum lease payments	**12,481**	**16,339**
thereof due within one year	3,268	4,104
thereof due between one and five years	6,884	8,743
thereof due in more than five years	2,329	3,492
Present value of future minimum lease payments	**8,702**	**11,444**
thereof due within one year	2,319	2,966
thereof due between one and five years	4,478	5,801
thereof due in more than five years	1,905	2,677
Interest element	**3,779**	**4,895**

The following table shows the liabilities under financial leases which were included in the amounts due to banks in the previous year:

figures in € thousand	2013	2012
Total future minimum lease payments	**0**	**5,211**
thereof due within one year	0	1,118
thereof due between one and five years	0	2,196
thereof due in more than five years	0	1,897
Present value of future minimum lease payments	**0**	**4,053**
thereof due within one year	0	880
thereof due between one and five years	0	1,649
thereof due in more than five years	0	1,524
Interest element	**0**	**1,158**

In several cases, extension or purchase options plus price-adjustment clauses apply which are based on standard indexes.

25 Provisions for Pensions

The Deufol Group has both defined-contribution and defined-benefit pension schemes in place. The defined-benefit pension plans include pension obligations (funded and unfunded) and noncurrent-benefit entitlements (provisions for similar post-employment benefits). Noncurrent-benefit entitlements are recognized in the balance sheet at the Italian subsidiary. The recognized provisions can be broken down as follows:

figures in € thousand	2013	2012
Provisions for pensions	857	826
Provisions for other post-employment benefits	387	432
Liability to pension fund	2,839	3,120
Total	**4,083**	**4,378**

The pension obligations (actuarial present value of benefit entitlements or defined-benefit obligation) were calculated using actuarial methods. The calculations were based on the following parameters:

	Germany		Italy	
figures in %	2013	2012	2013	2012
Discount rate	3.4	3.0	2.1	2.1
Turnover rate*	0.0	0.0	0.0	0.0
Index-linked salary increase	1.0	1.0	2.0	2.0
Index-linked pension increase	1.0	1.0	3.0	3.0

*No assumptions are made with regard to turnover, as all benefits are vested.

Pension obligations are measured in accordance with the provisions of IAS 19 R.

The following table indicates the changes in the present value of the total obligation and the net pension commitment shown in the balance sheet:

figures in € thousand	2013	2012
Present value of the obligation at January 1	1,258	1,126
Current service cost	4	4
Interest cost	36	44
Pension payments	(74)	(91)
Actuarial losses	20	175
Present value of the obligation/net pension commitment at December 31	**1,244**	**1,258**

The present value of the total obligation was € 1,269 thousand at December 31, 2009, € 1,204 thousand at December 31, 2010 and € 1,126 thousand at December 31, 2011. The actuarial gains and losses amounted to – € 38 thousand on December 31, 2009, – € 28 thousand on December 31, 2010 and € 14 thousand on December 31, 2011, and have been recognized in other comprehensive income.

Pension expense in the fiscal year can be broken down as follows:

figures in € thousand	2013	2012
Current service cost	4	4
Interest cost	36	44
Total pension expense	**40**	**48**

The expected pension expense for 2014 is € 41 thousand.

In the case of defined-contribution plans, the Deufol Group does not enter into any obligations above and beyond its obligation to pay contributions. In 2013, pension expenses relating to defined-contribution plans totaled € 17 thousand (previous year: € 91 thousand). In addition, contributions were paid to state pension insurance agencies in the amount of € 3,740 thousand (previous year: € 3,675 thousand).

The Company has carried as a liability in relation to a pension fund an amount of € 2,839 thousand (previous year: € 3,120 thousand) in connection with the closure of the so-called "Carton Business". No calculations in accordance with IAS 19 are required for this obligation but it requires repayment over a period of 20 years in equal installments of € 305 thousand. Please see Note (09) for further disclosures.

26 Other Provisions

The following table shows the changes in other provisions:

figures in € thousand	Jan. 1, 2013	Utilization	Reversal	Addition	Changes in scope of consolidation	Dec. 31, 2013
Guarantee and liability risks	167	(32)	(16)	240	0	359
Litigation risk	278	(132)	(19)	127	0	254
Reconversion obligations	257	(19)	(4)	31	0	265
Other risks	101	(4)	(40)	37	(8)	86
Total	**803**	**(187)**	**(79)**	**435**	**(8)**	**964**

Provisions for guarantee and liability risks included assuming obligations for former subsidiaries and the claims from damage and other warranties. These provisions were recognized on the basis of experience from previous years. The accruals for legal disputes were made for anticipated claims due to ongoing legal disputes.

The provisions recognized by the Deufol Group are mainly current provisions. More specifically, the outflows are structured as follows based on when they are expected to be settled:

	Current		Noncurrent		Total	
figures in € thousand	**2013**	2012	**2013**	2012	**2013**	2012
Guarantee and liability risks	359	167	0	0	359	167
Litigation risk	254	278	0	0	254	278
Reconversion obligations	152	135	113	122	265	257
Other risks	86	101	0	0	86	101
Total	**851**	**681**	**113**	**122**	**964**	**803**

27 Other Liabilities

Other liabilities can be broken down as follows:

	2013		2012	
figures in € thousand	Total	Current	Total	Current
Value-added tax and other taxes payable	1,670	1,670	1,100	1,100
Social security liabilities	1,271	1,271	798	798
Liabilities to employees relating to wages and salaries	2,220	2,220	2,077	2,077
Other liabilities to employees (annual leave, overtime, etc.)	6,731	6,731	5,718	5,718
Deferred income	2,576	723	2,696	484
Liabilities to related parties	8	8	13	13
Liabilities to former shareholders	0	0	587	587
Other	829	707	1,182	959
Total	**15,305**	**13,330**	**14,222**	**11,736**

28 Trade Payables

Trade payables amount to € 31,365 thousand (previous year: € 30,509 thousand) and all have a remaining term of less than one year. This includes liabilities for trade payables that have not yet been invoiced in the amount of € 2,056 thousand (previous year: € 1,366 thousand).

Consolidated Cash Flow Statement Disclosures

The consolidated cash flow statement is prepared in accordance with IAS 7. It shows the origin and appropriation of the money flows in the fiscal years 2013 and 2012. It is of key significance for an assessment of the financial position of the Deufol Group. The cash flow statement distinguishes between cash flows from operating activities, investing activities and financing activities.

The cash and cash equivalents reported in the cash flow statement correspond to the "Cash and cash equivalents" item in the balance sheet and comprise cash on hand, checks and immediately available bank balances with an original maturity of up to three months. A breakdown of cash and cash equivalents is provided in Note (20).

The cash flow from investing activities and the cash flow from financing activities are both calculated directly. In contrast, the cash flow from operating activities is derived using the indirect method.

29 Net Cash Provided by Operating Activities

In fiscal year 2013, operating activities provided net cash of € 17.2 million (previous year: € 16.0 million). It should be noted that adjustments were made for the effects of changes in the scope of consolidation. In the "Other noncash revenue and expenses" position, the € 0.4 million increase in the pension commitment for the discontinued operation was also adjusted in 2012.

30 Acquisitions and Sales

Please see page ▶ 071 for details of acquisitions and sales.

31 Net Cash Used in Investing Activities

In the past fiscal year, a € 5.2 million (previous year: € 2.4 million) outflow of funds from investing activities resulted. The investments in intangible assets and property, plant and equipment amounted to € 9.9 million and an inflow of funds in the amount of € 0.9 million resulted from the disposal of intangible assets and property, plant and equipment. The sale of subsidiaries gave rise to proceeds in the amount of € 0.6 million. The net change in financial receivables in the amount of € 1.3 million and interest received in the amount of € 0.9 million were also significant.

32 Net Cash Used in Financing Activities

In the past fiscal year, a € 13.5 million (previous year: € 17.7 million) outflow of funds from financing activities resulted. This was mainly due to the reduction of financial liabilities on balance in the amount of € 8.0 million, and paid interest of € 5.3 million.

Deufol SE did not distribute any dividend in 2013. In the previous year, a dividend of € 0.03 per share was paid, corresponding to a total dividend of approx. 1.3 million.

33 Change in Cash and Cash Equivalents

The cash and cash equivalents balance decreased by € 2.3 million from € 7.3 million to € 5.0 million. Net financial indebtedness – defined as financial liabilities less the Group's financial receivables and cash and cash equivalents – decreased by € 4.7 million.

Other Disclosures

34 Contingencies and Contingent Liabilities

Within the Group, guarantees have been granted to third parties only for items reported in the balance sheet or reciprocal rental payment guarantees within the Group. The Group has guarantees to associates totaling € 0 thousand (previous year: € 0 thousand).

Expenses amounting to € 18.746 thousand (previous year: € 20,664 thousand) were recognized in the consolidated income statement due to rental agreements and leases that do not qualify as finance leases under IFRSs (operating leases). The proportion of contingent lease payments included therein is of minor significance.

We examine legal disputes and administrative procedures on an individual basis. We evaluate the possible outcomes of such legal disputes on the basis of the information we have received and in consultation with our lawyers and tax advisers. Where we are of the opinion that an obligation will probably lead to future fund outflows, we carry as a liability the present value of the expected fund outflows where these are deemed to be reliably measurable. Legal disputes and tax affairs present complex issues and are associated with a large number of imponderabilities and difficulties, including the facts and circumstances of the individual case and the authority involved.

35 Obligations under Operating Leases – Group as Lessee

The future (non-discounted) minimum lease payments under such non-cancelable leases are as follows:

figures in € thousand	Dec. 31, 2013	Dec. 31, 2012
Not later than one year	13,000	13,159
Later than one year and not later than five years	20,783	25,722
Later than five years	4,402	7,023
Total minimum lease payments	**38,185**	**45,904**

These standard market obligations result primarily from leases for warehouse or office space, vehicles, and IT and office equipment. The leases have terms of between one and six years and, in some cases, contain a renewal option.

36 Receivables under Operating Leases – Group as Lessor

The Deufol Group has concluded leases for the commercial leasing of its investment property. These leases have remaining, non-cancelable terms of between three and five years. All leases contain a clause under which the rent can be adjusted annually on the basis of prevailing market conditions.

In accordance with IAS 17 further contracts have been classified as operating leases with the Group as lessor. These contracts have remaining, non-cancelable terms of between one and five years.

As of December 31, 2013, receivables in the form of future minimum lease payments under non-cancelable operating leases are as follows:

figures in € thousand	Dec. 31, 2013	Dec. 31, 2012
Not later than one year	629	715
Later than one year and not later than five years	1,480	1,145
Later than five years	0	0
Total minimum lease payments	**2,109**	**1,860**

37 Contingent Assets

As of the balance sheet date, as in the previous year there were no contingent assets that could have a significant financial impact on the Deufol Group.

38 Government Grants

As in 2012, the Deufol Group did not receive any government grants in 2013.

39 Capital Management Disclosures

In principle, Deufol's goal is to secure its equity capital base on a long-term basis. A Group equity ratio in excess of 40 % is aimed for. As of December 31, 2013, the Group's equity ratio amounted to 44,9 % (previous year: 43.8 %). The equity ratio thereby functions merely as a passive management criterion, with sales and the operating result (EBIT) being used as active management variables.

In some cases within the Group, credit agreements are tied to compliance with financial ratios. In these cases, the development of the relevant financial ratios forms a fixed component of the reporting of the affected companies, for early recognition and rectification of undesirable trends and negotiations with the relevant lenders.

40 Financial Risk Management

The Deufol Group is exposed to various financial risks in its normal business activities. These include, in particular, market risks (currency risk, interest risk and goods price risk), the risk of nonpayment and the liquidity risk. The Deufol Group uses a standardized, Group-wide risk management system to manage these risks. The aim is to establish an operating routine based on actions, and therefore on constant risk minimization. Within the Deufol Group, derivatives are used exclusively for risk reduction purposes.

Currency risk

The currency risk is the risk of the fair value or future cash flows of a financial instrument being subject to change due to exchange-rate fluctuations. Overall, the risks resulting from the change in exchange rates are of minor significance for the operating activities of the Deufol Group. The main effect on the Group's assets position resulted from the translation of the American companies' US-dollar-denominated financial statements into the reporting currency euro. Further currency risks result from the consolidation of the Czech company. If the euro were 10 % stronger (weaker) against the US dollar, the earnings of the Group would have been € 154 thousand higher (lower) and in the previous year € 223 thousand higher (lower). The balancing item in equity would have been € 354 thousand higher (lower) and in the previous year € 1,997 thousand higher (lower).

The Deufol Group has not currently used any forward exchange transactions to hedge currency risks.

Interest rate risk

The interest rate risk is the risk of the fair value or future cash flows of a financial instrument being subject to fluctuation due to changes in the market interest rate. Businesses may be exposed to this risk through both variable-interest and fixed-interest financial instruments.

The Deufol Group holds both fixed-interest and variable-interest financial instruments. In some cases, interest-rate hedging transactions in the form of interest rate swaps have been entered into to secure significant, variable-interest noncurrent bank loans.

The following table shows the Group's interest-rate hedging transactions at December 31, 2013:

Interest rate derivative	Maturity			
Currency	Notional amount	Fair value	Start date	Maturity date
Euro	15,000,000	(24,154)	Jun. 29, 2007	Jun. 30, 2014

The following table shows the interest-rate hedging transactions as of December 31, 2012:

Interest rate derivative	Maturity			
Currency	Notional amount	Fair value	Start date	Maturity date
Euro	15,000,000	(173,751)	Jun. 29, 2007	Jun. 30, 2014

The euro-denominated interest rate swap is allocated directly to an earmarked loan in the form of a cash flow hedge. The change in the fair value of this interest rate swap is reported in other recognized income and expense. The fair value is based on market prices for comparable instruments. Due to the entirely effective hedge relationship, no ineffectivity was recorded in the income statement.

If the interest rate level as of December 31, 2013 had been 1.0 % higher (lower), the market value of the interest rate swaps would have been € 3 thousand higher or € 3 thousand lower (previous year: € 32 thousand higher or € 31 thousand lower).

If the interest rate level as of December 31, 2013 for variable-interest liabilities had been an average of 100 basis points higher (lower), this would have had an effect on the Group's interest expense in the approximate amount of € 269 thousand (previous year: € 274 thousand).

Goods price risk

The Group's key requirements include packaging materials such as wood, foils, screws and cardboard. The purchasing prices for these products may fluctuate, depending on the market situation. It is not always possible to directly pass on fluctuating prices to customers. A goods price risk therefore applies which may influence the Group's earnings, equity and cash flow situation. To minimize risks outline delivery agreements have been concluded with various suppliers. In addition, some agreements include a stipulation that the cost of materials will be passed on directly, so that no goods price risk applies in the case of these agreements.

Credit risk (nonpayment risk)

The Group only enters into business with creditworthy third parties. In almost all cases, customers of the Deufol Group are major industrial companies with good or very good credit standing. In addition, the Group's receivables are continuously monitored so that the Group is not exposed to any significant default risk. The maximum default risk for trade receivables is limited to their carrying amount. Please see Note (19) for further disclosures.

In case of other financial assets of the Group such as cash and cash equivalents, receivables under finance leases and other assets, the maximum credit risk in the event of the counterparty's default is the carrying amount of these instruments.

Liquidity risk

The liquidity risk is the risk of a company experiencing difficulties in meeting its payment obligations for its financial instruments.

The Deufol Group is financed through various regional financing groups. Most financing is provided by means of syndicated borrowing facilities and bilateral bank loans. Local management continuously monitors the liquidity status of consolidated foreign Group companies and regularly notifies the Group's management of this; the Group's management handles daily liquidity monitoring and control centrally for the German companies.

The following table shows all the contractually agreed payments for interest and repayment for financial liabilities shown in the balance sheet:

figures in € thousand	2014	2015 to 2018	after 2018
At December 31, 2013			
Amounts due to banks	44,199	9,157	2,039
Liabilities under financial leases	3,306	6,839	2,335
Other financial liabilities	27	81	0
Trade payables	31,365	0	0
Other liabilities (excluding tax liabilities)	10,937	98	0
Derivative financial liabilities	24	0	0

figures in € thousand	2013	2014 to 2017	after 2017
At December 31, 2012			
Amounts due to banks	18,830	37,119	4,375
Liabilities under financial leases	2,986	6,547	1,595
Other financial liabilities	0	51	0
Trade payables	30,509	0	0
Other liabilities (excluding tax liabilities)	10,152	100	0
Derivative financial liabilities	121	11	0

Further Financial Instruments Disclosures

The net result for the financial instruments in terms of valuation categories is as follows:

	From subsequent measurement						
figures in € thousand	From interest	At fair value	Currency translation	Valuation adjustment	From disposal	**2013**	2012
Loans and receivables	254	—	—	96	—	350	(531)
Financial assets available for sale	—	—	—	—	—	—	—
Financial assets held for trading	—	—	—	—	—	—	—
Financial liabilities measured at amortized cost	(4,427)	—	—	—	—	(4,427)	(4,496)
Financial liabilities held for trading	—	—	—	—	—	—	—

Valuation of financial instruments

Cash and cash equivalents and trade receivables normally have short residual maturities. Accordingly, on the reporting date their carrying amounts approximately correspond to the fair value.

Trade payables and other liabilities generally have short residual maturities. The figures shown in the balance sheet therefore approximately correspond to the fair values.

The fair values of interest-bearing loans and borrowings and lease liabilities are calculated as the present value of the payments associated with the liabilities, with use of market interest rates.

In the balance sheet as of December 31, 2013, derivative financial liabilities in the amount of € 24 thousand (previous year: € 174 thousand) were exclusively measured at fair value. The fair value of these liabilities was determined on the basis of factors which are observable directly (e. g. prices) or indirectly (e. g. derived from prices). This fair-value measurement is therefore allocable to Level 2 of the hierarchical system of classification defined by IFRS 7. The fair-value hierarchy levels are as follows:

Level 1: Quoted market prices for identical assets and liabilities in active markets,

Level 2: Information other than quoted market prices which is observable directly (e. g. prices) or indirectly (e. g. derived from prices), and

Level 3: Information for assets and liabilities which is not based on observable market data.

The carrying amounts for the financial instruments in terms of valuation categories are as follows:

	Balance sheet valuation (IAS 39)						
figures in € thousand	Category	**Net carrying amount Dec. 31, 2013**	Amortized cost	Fair value not recognized in income	Fair value recognized in income	Valuation acc. to IAS 17	**Fair value Dec. 31, 2013**
Assets							
Cash and cash equivalents	1)	4,979	4,979	—	—	—	4,979
Trade receivables	1)	37,054	37,054	—	—	—	37,054
Other receivables	1)	11,704	11,704	—	—	—	11,212
Receivables from the finance lease	n. a.	7,504	—	—	—	7,504	8,106
Financial assets	2)	60	60	—	—	—	60
Equity and liabilities							
Amounts due to banks	4)	54,000	54,000	—	—	—	55,105
Trade payables	4)	31,365	31,365	—	—	—	31,365
Liabilities under financial leases	n. a.	8,702	—	—	—	8,702	10,713
Other liabilities	4)	11,143	11,143	—	—	—	11,108
Derivatives with hedge relationships	n. a.	24	—	24	—	—	24
Aggregated by valuation category acc. to IAS 39							
1) Loans and receivables		53,737	53,737	—	—	—	53,245
2) Financial assets available for sale		60	60	—	—	—	60
3) Financial assets held for trading		—	—	—	—	—	—
4) Financial liabilities measured at amortized cost		96,508	96,508	—	—	—	97,578
5) Financial liabilities held for trading		—	—	—	—	—	—

			Balance sheet valuation (IAS 39)				
figures in € thousand	Category	**Net carrying amount Dec. 31, 2012**	Amortized cost	Fair value not recognized in income	Fair value recognized in income	Valuation acc. to IAS 17	**Fair value Dec. 31, 2012**
Assets							
Cash and cash equivalents	1)	7,266	7,266	—	—	—	7,266
Trade receivables	1)	43,876	43,876	—	—	—	43,876
Other receivables	1)	7,735	7,735	—	—	—	7,548
Receivables from the finance lease	n. a.	8,633	—	—	—	8,633	10,609
Financial assets	2)	249	249	—	—	—	249
Equity and liabilities							
Amounts due to banks	4)	63,488	63,488	—	—	—	63,977
Trade payables	4)	30,509	30,509	—	—	—	30,509
Liabilities under financial leases	n. a.	7,391	—	—	—	7,391	10,194
Other liabilities	4)	10,303	10,303	—	—	—	10,288
Derivatives with hedge relationships	n. a.	174	—	174	—	—	174
Aggregated by valuation category acc. to IAS 39							
1) Loans and receivables		58,877	58,877	—	—	—	58,690
2) Financial assets available for sale		249	249	—	—	—	249
3) Financial assets held for trading		—	—	—	—	—	—
4) Financial liabilities measured at amortized cost		104,300	104,300	—	—	—	104,774
5) Financial liabilities held for trading		—	—	—	—	—	—

Segment Information by Region and Services

The segment reporting is prepared in accordance with the provisions of IFRS 8 (Operating Segments). Its primary reporting format is now based on geographical regions which have been grouped for the purpose of corporate management. As the segment result – used for assessment of the business success of the respective segments – the management has calculated the result for the period before taxes, financial income, financial expenses, shares of profits of companies accounted for using the at-equity method and amortization / impairment of goodwill (EBITA).
The Deufol Group has the following segments for which reporting requirements apply:

- Germany
- Rest of Europe
- USA / Rest of the World

The holding company covers the Group's administrative activities and, in addition to Group management functions, includes support functions such as key account management and corporate communications.

The operating result (EBITA) for the business units is separately monitored by the management in order to make decisions on the allocation of resources and to determine the units' performance. The segments' development is mainly measured with reference to the operating result. As the Deufol Group has a decentralized organizational structure, financial expenses and income and income taxes can be allocated to the individual business segments.

The prices charged between the business segments are determined on the basis of the arm's length principle.

42 Segment Information by Region

figures in € thousand	Germany	Rest of Europe	USA/Rest of the World	Holding company	Elimination	Group
2013						
External sales	167,082	85,450	62,765	3,401	0	318,698
Internal sales	21,575	11,117	169	10,414	(43,275)	0
Total sales	**188,657**	**96,567**	**62,934**	**13,815**	**(43,275)**	**318,698**
EBIT	5,269	2,084	(228)	(953)	(127)	6,045
Financial income	1,420	800	114	3,513	(4,967)	880
Finance costs	(3,609)	(876)	(2,599)	(3,045)	4,967	(5,162)
Earnings from equity-accounted affiliates and other equity investments	712	251	0	(1)	0	962
EBT	3,792	2,259	(2,713)	(486)	(127)	2,725
Taxes						(2,247)
Result for the period						**478**
Assets	84,468	66,507	41,735	242,018	(233,248)	201,480
of which investments accounted for using the at-equity method	3,146	0	0	146	0	3,292
Non-allocated assets						11,477
Total assets						**212,957**
Financial liabilities	31,923	15,904	39,252	50,133	(74,402)	62,810
Other debt	42,064	25,423	10,503	12,404	(38,677)	51,717
Non-allocated debt						2,892
Total liabilities						**117,419**
Depreciation, amortization and impairment	3,295	3,536	1,512	377	0	8,720
Investments	6,980	969	568	1,533	0	10,050
2012 adjusted*						
External sales	175,703	85,900	71,094	317	0	333,014
Internal sales	25,650	9,545	80	2,693	(37,968)	0
Total sales	**201,353**	**95,445**	**71,174**	**3,010**	**(37,968)**	**333,014**
EBIT	7,482	4,291	435	(6,017)	16	6,207
Financial income	1,567	1,139	137	2,504	(4,186)	1,161
Finance costs	(3,441)	(1,193)	(2,671)	(2,286)	4,186	(5,405)
Earnings from equity-accounted affiliate and other equity investments	763	41	0	41	0	845
EBT	6,371	4,278	(2,099)	(5,758)	16	2,808
Taxes						(2,402)
Result for the period						**406**
Assets	120,903	67,959	36,098	235,811	(251,909)	208,862
of which investments accounted for using the at-equity method	3,140	57	0	147	0	3,344
Non-allocated assets						12,078
Total assets						**220,940**
Financial liabilities	25,303	17,775	47,126	45,795	(65,069)	70,930
Other debt	82,467	20,267	10,744	17,054	(80,607)	49,912
Non-allocated debt						3,440
Total liabilities						**124,282**
Depreciation, amortization and impairment	3,689	3,079	1,600	401	0	8,769
Investments	3,436	1,249	3,946	924	0	9,555

*Concerning the adjustment of the previous year's figures see the explanation on page 67

The Deufol Group has various customers which are themselves subsidiaries of a corporate group. As in the past year, the Deufol Group realized € 87.8 million (previous year € 79.9 million) or approx. 27,5 % (previous year: 24 %) of its total sales with these customers. This relates to the segments Rest of Europe and USA/Rest of the World.

43 Information on Services

The following table shows the sales trend by service:

figures in € thousand	Export & Industrial Packaging	Consumer & Data Packaging	Supplementary Services	Holding company	Elimination	Group
2013						
External sales	161,075	115,298	38,924	3,401	0	318,698
Internal sales	29,564	1,944	1,353	10,414	(43,275)	0
Total sales	**190,639**	**117,242**	**40,277**	**13,815**	**(43,275**	**318,698**
2012						
External sales	164,126	123,987	44,584	317	0	333,014
Internal sales	27,958	2,237	5,080	2,693	(37,968)	0
Total sales	**192,084**	**126,224**	**49,664**	**3,010**	**(37,968)**	**333,014**

44 Events after the Balance Sheet Date

No events occured after the balance sheet date for which a reporting obligation is applicable in accordance with IAS 10.

Supplementary Disclosures

Disclosures Concerning the Executive Bodies

The Administrative Board comprises five non-executive directors and three managing directors and had the following membership in the reporting period:

Name and position	Other board positions held
Detlef W. Hübner (Chairman) Managing Director of Deufol SE Appointed until the 2015 AGM	■ Member of the Supervisory Board of DeDeMa AG, Hofheim (until August 15, 2013) ■ Executive Board member of the Detlef Hübner Foundation, Hofheim
Helmut Olivier (Deputy Chairman) Executive Board member of Lehman Brothers AG i. Ins. Appointed until the 2015 AGM	■ No other board positions held
Dr. Tillmann Blaschke Managing Director of Deufol SE Appointed until the 2015 AGM	■ No other board positions held
Dr. Helmut Görling Managing Director of Görling Rechtsanwaltsgesellschaft mbH, Frankfurt am Main Appointed until the 2015 AGM	■ No other board positions held
Dennis Hübner Managing Director of Deufol SE Appointed until the 2015 AGM	■ Supervisory Board member of Pick Point AG, Nieder-Olm Group positions: ■ Member of the Supervisory Board, Deufol (Suzhou) Packaging Co. Ltd., Suzhou, China
Prof. Dr. Wolfgang König Managing Director at House of Finance, Goethe University Frankfurt Appointed until the 2015 AGM	■ Supervisory Board member of Veritas AG, Gelnhausen ■ Member of the Advisory Board of DZ Bank AG, Frankfurt am Main
Wulf Matthias Managing Director at Bank Sarasin AG, Frankfurt am Main Appointed until the 2015 AGM	■ Member of the Supervisory Boards of Wirecard AG and Wirecard Bank AG, Aschheim
Axel Wöltjen (since July 2, 2013) Managing Director of A. Wöltjen Consulting GmbH, Wendelstein Appointed until the 2015 AGM	■ Chairman of the Board of Academia Euregio Bodensee AG, St. Gallen, Switzerland

No loans or advances were granted to members of the Administrative Board, nor were any contingent liabilities assumed in favor of the members of the Administrative Board.

In 2013, Administrative Board compensation totaled € 123.93 thousand (previous year: € 3.4 thousand). Please see the remuneration report on page ▶ 022 ff. for further details.

Dr. Tillmann Blaschke left the Company and his position as managing director and member of the Administrative Board on February 28, 2014. Klaus Duttiné joined the Company as a managing director on March 1, 2014.

In the period to December 20, 2012, Deufol SE (then Deufol AG) still had a Supervisory Board. The Supervisory Board's compensation for 2012 amounted to € 77.6 thousand. This amount was divided up as follows between the individual Supervisory Board members: Helmut Olivier € 38.8 thousand, Prof. Dr. Wolfgang König € 19.4 thousand, Mr. Wulf Matthias € 19.4 thousand.

The Company had the following managing directors in the reporting period:

Name	Departments
Dr. Tillmann Blaschke	Finance, Legal & Compliance
Jens Hof	Business Development, Communications & Marketing, Purchasing, Property, Administration & Support
Dennis Hübner	Production, Human Resources, IT Services, Box Engineering, Project Management Operations: Rest of the World
Detlef W. Hübner	Strategy
Olaf Lange (from September 25, 2013)	Operations: North Germany
Jürgen Schmid	Operations: South Germany & Eastern Europe
Manfred Weirich	Operational Excellence, Compliance & Quality

Up to December 20, 2012, Deufol SE (then Deufol AG) still had an Executive Board, which consisted of Mr. Detlef W. Hübner and Dr. Tillmann Blaschke.

The total remuneration of the Executive Board / the managing directors can be broken down as follows:

figures in € thousand	**2013**	2012
Fixed remuneration	1,521	779.5
Variable remuneration	0	3.5
Other remuneration	32	15
Total	**1,553**	**798**

The compensation of the Executive Board / the managing directors for fiscal year 2013 totaled € 1,553 thousand (previous year: € 798 thousand). This relates to short-term benefits. For further information, please refer to the remuneration report contained in the management report.

Directors' Dealings

Transactions of the organs involving financial instruments of Deufol SE are notified promptly in accordance with the statutory regulations. An overview of transactions can be found on the website of Deufol SE (www.deufol.com) in the "Investor & Public Relations" area under the heading "The share".

Declaration of Conformity in Accordance with Section 161 of the German Stock Corporation Act

The declaration of conformity with the recommendations of the Government Commission on the German Corporate Governance Code required under section 161 of the German Stock Corporation Act was issued in February 2014 and made permanently available to shareholders on the Internet.

Information in Accordance with Section 264 (3) of the German Commercial Code

The consolidated financial statements of Deufol SE have a discharging effect for the preparation and disclosure of the annual financial statements of the consolidated corporations pursuant to section 264 (3) of the German Commercial Code once the preconditions laid down in these provisions have been fulfilled. The following consolidated companies will in this case make use of the exemption provisions:

- Deufol Nürnberg GmbH, Nuremberg
- Deufol Frankfurt GmbH, Frankfurt am Main
- Deufol West GmbH, Oberhausen
- Deufol Süd GmbH, Neutraubling
- Deufol Remscheid GmbH, Remscheid
- IAD Industrieanlagen-Dienst GmbH, Munich
- Deufol Berlin GmbH, Berlin

Relationships with Related Parties

As well as the companies included in the consolidated financial statements, Deufol SE also has direct or indirect relations with non-consolidated subsidiaries, associates and joint ventures in the course of its normal business; these relations are indicated in the list of shareholdings. Business relationships with these companies are entered into on an arm's length basis.

A. Wöltjen Consulting GmbH, Wendelstein, qualifies as a related party since its managing director has been a member of the Administrative Board of Deufol SE since July 2, 2013. Expenses in the amount of € 52 thousand resulted in the period from July 2, 2013 up to the balance sheet date. On December 31, 2013, the Company had liabilities in relation to Axel Wöltjen Consulting GmbH in the amount of € 2 thousand.

Since a partner of the law firm Görling Acker & Partner, Frankfurt am Main, has served on the Administrative Board of Deufol SE since December 21, 2012, this firm qualifies as a related party. In fiscal year 2013, expenses amounted to € 413 thousand (previous year: € 0 thousand). On December 31, 2013, the Company had liabilities in relation to Görling Acker & Partner in the amount of € 91 thousand (previous year: € 115 thousand).

The transactions with other related parties also include relationships with companies in which Mr. Detlef W. Hübner holds a majority interest. In the past fiscal year, these transactions resulted in sales of € 7 thousand (previous year: € 12 thousand) and expenses of € 8 thousand (previous year: € 42 thousand). In addition, operating and office equipment with a value of € 579 thousand was purchased from these companies and from Mr. Detlef W. Hübner in the past fiscal year. On December 31, 2013, the Group had receivables from these companies and Mr. Detlef W. Hübner in the amount of € 0 thousand (previous year: € 2 thousand) and liabilities in the amount of € 233 thousand (previous year: € 9 thousand).

The following table shows the services performed by the Group for related parties and for the Group by related parties in the past fiscal year:

figures in € thousand	Associates and other equity investments	Other related parties
2013		
Sales and other income	5,150	7
Expenses	(9,127)	473
Purchase of operating and office equipment	0	579
Receivables	1,308	0
Liabilities	1,244	326
2012		
Sales and other income	3,178	169
Expenses	(4,877)	(42)
Receivables	979	180
Liabilities	593	124

Auditors' Report

We have audited the consolidated financial statements – comprising the income statement, statement of total comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes – and the Company and Group management report prepared by Deufol SE for the fiscal year from January 1 to December 31, 2013. The Company's management is responsible for preparation of the consolidated financial statements and the summarized management and Group management report in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315 a (1) HGB. Our responsibility is to express an opinion on the consolidated financial statements and the summarized management report and Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). 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 standards and in the Company and 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 Company and 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 the companies included in the consolidated financial statements, the determination of the companies to be included in the consolidated financial statements, the accounting and consolidation principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements and the Company and 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 of Deufol SE, Hofheim, comply with the IFRSs as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315 a (1) HGB, 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 summarized management report and Group management report is consistent with the consolidated financial statements, as a whole provides a suitable understanding of the Group's position, and suitably presents the opportunities and risks of future development.

Frankfurt am Main, April 28, 2014

VOTUM AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Lothar Stache
Certified auditor

Alexander Leoff
Certified auditor

Responsibility Statement by the Management

"To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group 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."

Hofheim (Wallau), April 24, 2014

The Managing Directors

Klaus Duttiné, Jens Hof, Dennis Hübner, Detlef W. Hübner, Olaf Lange, Jürgen Schmid, Manfred Weirich

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Supplementary Services: Deufol is not only one of the leading international experts in every area in which we provide services – we also see ourselves as a solution provider with comprehensive strategies. Our supplementary services allow us to custom-design each packaging process for the specific customer and project – no matter which industry, from the smallest hearing aid battery to the largest industrial facility. Our supplementary services extend to warehouse services, auxiliary packaging services, sourcing, as well as shipping & distribution.

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Data Packaging: Gift cards are becoming increasingly popular – not only with consumers but also with companies, which utilize gift cards to acquire new customers. When it comes to your gift card promotions, you can depend on Deufol, the only company to provide automated packaging solutions for every facet of multipack gift cards. The automated packaging of cards is based on our years of experience with Automated Packaging – know-how that we have strategically supplemented with highly effective data management services. Here, as in all of our other specialty areas, we offer a large selection of services that we are continually expanding so as to ensure that our customers can obtain all of the services for their projects from one source – establishing ourselves as a provider of integrated solutions for everything associated with gift cards & data packaging.

Information on Deufol SE

Income Statement of Deufol SE

figures in € thousand	2013	2012
1. Sales	**7,950**	**3,060**
2. Other operating income thereof from currency translation: € 181 thousand (previous year: € 346 thousand)	7,947	1,656
3. Cost of materials	(2,558)	**0**
4. Personnel expenses		
a) Wages and salaries	(3,660)	(2,361)
b) Social security contributions	(454)	(164)
5. Amortization of intangible assets and depreciation of property, plant and equipment	(377)	(384)
6. Other operating expenses thereof from currency translation: € 368 thousand (previous year: € 47 thousand)	(8,462)	(7,855)
7. Income from profit-and-loss pooling agreements thereof from affiliated companies: € 4,745 thousand (previous year: € 7,500 thousand)	4,709	7,500
8. Income from investments thereof from affiliated companies: € 5,232 thousand (previous year: € 669 thousand)	5,232	669
9. Other interest and similar income thereof from affiliated companies: € 3,494 thousand (previous year: € 2,488 thousand)	3,513	2,504
10. Write-downs of financial assets thereof from affiliated companies: € 1,915 thousand (previous year: € 0 thousand)	(1,915)	0
11. Interest and similar expenses thereof from affiliated companies: € 912 thousand (previous year: € 400 thousand)	(3,045)	(2,286)
12. Income/loss from ordinary activities	**8,910**	**2,339**
13. Income taxes	(365)	(178)
14. Other taxes	11	0
15. Net income/loss	**8,556**	2,161
16. Retained profits brought forward	10,259	8,098
17. Balance sheet profit	**18,815**	**10,259**

Balance Sheet of Deufol SE

Assets

figures in € thousand	Dec. 31, 2013	Dec. 31, 2012
A. Fixed assets	**106,729**	**106,482**
I. Intangible assets	2,947	708
1. Acquired patents, licenses, trademarks and similar rights and assets	1,250	545
2. Advance payments made	1,696	163
II. Property, plant and equipment	6,333	5,991
1. Land, land rights and buildings including buildings on third-party land	5,586	5,716
2. Other equipment, operating and office equipment	620	245
3. Advance payments made and assets under construction	127	30
III. Financial assets	97,569	99,783
1. Shares in affiliated companies	93,368	95,614
2. Loans to affiliated companies	3,975	4,063
3. Equity investments	106	106
4. Loans to equity investments	120	0
B. Current assets	**46,411**	**38,441**
I. Receivables and other assets	46,053	36,801
1. Trade receivables	587	333
2. Receivables from affiliated companies	42,794	34,143
3. Receivables from equity investments	135	0
4. Other assets	2,424	2,325
II. Cash in hand, bank balances	472	1,640
C. Prepaid expenses	**550**	587
Total assets	**153,810**	**145,510**

Equity and Liabilities

figures in € thousand	Dec. 31, 2013	Dec. 31, 2012
A. Equity	**90,819**	**82,263**
I. Subscribed Capital Contingent Capital: € 8,413 thousand (previous year: € 8,413 thousand)	43,774	43,774
II. Capital reserves	28,184	28,184
III. Retained earnings Legal reserve	46	46
IV. Balance sheet profit thereof profit brought forward: € 10,259 thousand (previous year: € 8,098 thousand)	18,815	10,259
B. Provisions	**1,222**	**729**
1. Tax provisions	608	285
2. Other provisions	614	444
C. Liabilities	**61,756**	**62,518**
1. Liabilities to banks	38,870	34,101
2. Trade payables	1,216	1,055
3. Liabilities to affiliated companies	20,921	27,283
4. Other liabilities thereof taxes: € 710 thousand (previous year: € 40 thousand) thereof social security liabilities: € 0 thousand (previous year: € 0 thousand)	749	79
D. Prepaid expenses	**13**	**0**
Total equity and liabilities	**153,810**	**145,510**

Key Subsidiaries / Affiliates of Deufol SE

	Equity interest (%)*	Subscribed Capital (€ thousand)	Sales (€ thousand)	Employees
Germany				
Deufol Berlin GmbH, Berlin	100.00	256	11,908	69
Deufol Bochum GmbH, Bochum	100.00	818	7,195	47
Deufol Mitte GmbH, Hofheim	100.00	(6,255)	17,501	358
Deufol München GmbH, Munich	100.00	(783)	4,187	25
Deufol Nord GmbH, Peine	100.00	471	17,747	163
Deufol Nürnberg GmbH, Nuremberg	100.00	17,198	18,864	114
Deufol Remscheid GmbH, Remscheid	100.00	330	11,140	65
Deufol Süd GmbH, Neutraubling	100.00	138	33,263	171
Deufol West GmbH, Oberhausen	100.00	2,177	32,582	159
DTG Verpackungslogistik GmbH, Fellbach	51.00	588	9,047	34
Deufol Südwest GmbH, Walldorf	100.00	3,471	8,444	57
Rest of Europe				
Deufol Austria GmbH., Bruck a.d.L, Austria	100.00	(80)	4,538	14
Deufol België N.V., Tienen, Belgium	100.00	9,017	33,381	15
Deufol Česká republika a.s., Ivancice, Czech Republic	100.00	1,655	14,174	186
Deufol Italia S.p.A., Fagnano Olona, Italy	100.00	2,001	16,983	54
Deufol Logistics Tienen N,V,, Tienen, Belgium	100.00	40	8,459	137
Deufol Packaging N.V., Tienen, Belgium	100.00	211	7,565	26
Deufol Waremme S.A., Waremme, Belgium	98.75	4,806	10,772	88
USA / Rest of the World				
Deufol Sunman Inc., Sunman, Indiana (USA)	100.00	3,128	59,409	413

* Attributable to the relevant parent

Glossary

Acid test (%)
Ratio of cash and cash equivalents plus current receivables and inventories to current liabilities

Asset cover ratio I
Ratio of equity to noncurrent assets

Asset cover ratio II
Ratio of equity plus noncurrent liabilities to noncurrent assets

Asset depreciation ratio
Ratio of the accumulated depreciation of property, plant and equipment to the historical cost

Capital employed
Operating capital that is tied up in the operation of a company. It is the total of working capital, the net carrying amount of property, plant and equipment and other noncurrent assets (offset against other noncurrent, non-interest-bearing liabilities)

Cash ratio (%)
Ratio of cash and cash equivalents to current liabilities

Current ratio (%)
Ratio of cash and cash equivalents plus current receivables to current liabilities

Days payables outstanding
Ratio of trade payables to revenue

Days sales in inventory
Turnover of inventories, expressed in days

Days sales outstanding
Ratio of trade accounts receivable to revenue

Dividend yield (%)
Dividend paid for the fiscal year as a ratio of the year-end stock exchange price

EBIT
Earnings before interest and taxes

EBITA
Earnings before interest, taxes and amortization/impairment of goodwill

EBITDA
Earnings before interest, taxes, depreciation and amortization/impairment of goodwill

EBT
Earnings before taxes

EBTA
Earnings before taxes and amortization/impairment of goodwill

Enterprise value
The enterprise value is the value (price) of a company if it were to be purchased and subsquently freed of debt (incl. the sale of nonoperating assets such as financial assets). It is calculated as the sum of the company's market capitalization and net liabilities

Free cash flow
The net amount of cash flow from ordinary operating activities and cash flow from investing activities

Interest cover
The total of EBITA and interest income divided by interest expense

Inventory turnover
Ratio of cost of sales to inventories

Investment ratio
Ratio of expenditure on property, plant and equipment to revenue

Net carrying amount per share
Ratio of equity adjusted for deferred tax assets to the number of shares in circulation

Net financial liabilities
Financial liabilities less financial receivables and cash and cash equivalents

Operating cash flow
Net cash provided by operating activities

Personnel expense ratio
Ratio of personnel expenses to revenue

Price earnings ratio
Ratio of share price to earnings per share

Property, plant and equipment ratio
Ratio of property, plant and equipment to total assets

Receivables turnover
Ratio of revenue to trade accounts receivable

Working capital
Working capital is the difference between current assets and current non-interest-bearing liabilities

Key Group Figures – Five-Year Overview

Results of operations	2013	2012	2011	2010	2009
Sales (€ thousand)	318,698	333,014	315,190	303,026	290,053
Change as against previous year (%)	(4.3)	5.7	4.0	4.5	(13.9)
Gross profit (€ thousand)	34,833	35,817	33,652	38,701	30,361
Margin (%)	10.9	10.8	10.7	12.8	10.5
EBITDA (€ thousand)	14,765	14,976	19,503	20,562	16,238
Margin (%)	4.6	4.5	6.2	6.8	5.6
EBITA (€ thousand)	6,045	6,207	10,713	11,867	6,421
Margin (%)	1.9	1.9	3.4	3.9	2.2
EBT (€ thousand)	2,725	2,808	7,382	7,532	(380)
Margin (%)	0.9	0.8	2.3	2.5	(0.1)
Income (loss) from continuing operations (€ thousand)	478	406	3,872	4,534	744
Margin (%)	0.2	0.1	1.2	1.5	0.3
Net income (€ thousand)	294	(279)	89	2,927	369
Margin (%)	0.1	(0.1)	0.03	1.0	0.1
Operating cash flow (€ thousand)	17.188	16,007	4,623	19,924	15,060
Margin (%)	5,4	4.8	1.5	6.5	5.2
Free cash flow (€ thousand)	12.010	13,612	4,259	15,505	12,254
Margin (%)	3,8	4.1	1.4	5.1	4.2

Asset ratios	2013	2012	2011	2010	2009
Current assets (€ thousand)	70,798	76,124	86,689	76,746	81,496
as % of balance sheet total	33.2	34.5	37.1	33.8	35.1
Noncurrent assets (€ thousand)	142,159	144,784	146,660	150,136	154,520
as % of balance sheet total	66.8	65.5	62.9	66.2	65.5
Balance sheet total (€ thousand)	212,957	220,908	233,349	226,882	236,016
Change as against previous year (%)	(3.6)	(5.3)	2.9	(3.9)	(1.4)
Liabilities (€ thousand)	117,419	124,173	135,013	127,906	140,889
as % of balance sheet total	55.1	56.3	57.9	56.4	59.7
Shareholders' equity (€ thousand)	95,538	96,735	98,336	98,976	95,127
as % of balance sheet total	44.7	43.8	42.1	43.6	40.3
Working capital (€ thousand)	23,534	31,772	39,362	34,645	28,167
as % of balance sheet total	11.1	14.4	16.9	15.3	11.9
Capital employed (€ thousand)	159,079	168,341	176,812	175,531	172,241
as % of balance sheet total	74.7	76.2	75.8	77.4	73.0
Noncurrent/current assets	2.0	1.90	1.69	1.96	1.90
Shareholders' equity/liabilities	0.81	0.78	0.73	0.77	0.68
Property, plant and equipment ratio	0.22	0.22	0.21	0.23	0.22
Asset depreciation ratio (%)	62.6	62.9	61.7	62.4	60.7
Inventory turnover	23.3	23.9	22.9	21.8	22.2
Days sales in inventory	15.6	15.3	15.9	16.7	16.4
Inventories/sales (%)	3.8	3.7	3.9	4.0	4.0
Receivables turnover	8.6	7.6	6.4	8.1	6.6
Days sales outstanding	42.4	48.1	56.8	45.0	55.7
Days payables outstanding	35.9	33.4	33.5	30.8	32.8

Financial and liquidity ratios

	2013	2012	2011	2010	2009
Capital employed/sales (%)	49.9	50.6	56.1	57.9	59.4
Investment ratio (%)	2.8	2.6	2.3	2.7	2.3
Operating cash flow/investments	171.0	167.5	58.6	240.1	210.8
Asset cover ratio I (%)	77.8	78.3	80.0	78.8	75.3
Asset cover ratio II (%)	95.2	127.6	128.2	114.4	117.8
Interest cover	1.3	1.4	2.1	2.1	1.2
Cash ratio (%)	5.2	11.5	15.1	20.2	17.0
Acid test (%)	61.0	100.5	98.4	77.4	80.0
Current ratio (%)	73.6	120.1	114.6	92.3	93.4
Financial liabilities/shareholders' equity (%)	72.4	80.4	88.6	86.7	91.1
Financial liabilities/capital employed (%)	39.5	42.1	45.0	44.5	45.8
Net financial liabilities/EBITDA (%)	3.4	3.7	3.0	2.4	2.9
Net financial liabilities/market capitalization (%)	119.8	123.3	135.0	74.1	91.2

Productivity ratios

	2013	2012	2011	2010	2009
Sales per employee (€)	117,862	120,483	111,849	111,366	100,364
EBITDA per employee (€)	5,460	5,418	6,921	7,557	5,619
EBITA per employee (€)	2,236	2,246	3,802	4,361	2,222
Operating cash flow per employee (€)	6.357	5,791	1,641	7,322	5,211
Personnel costs per employee (€)	35,325	35,492	32,816	32,638	32,670
Personnel cost ratio (%)	30.0	29.5	29.3	29.3	32.6

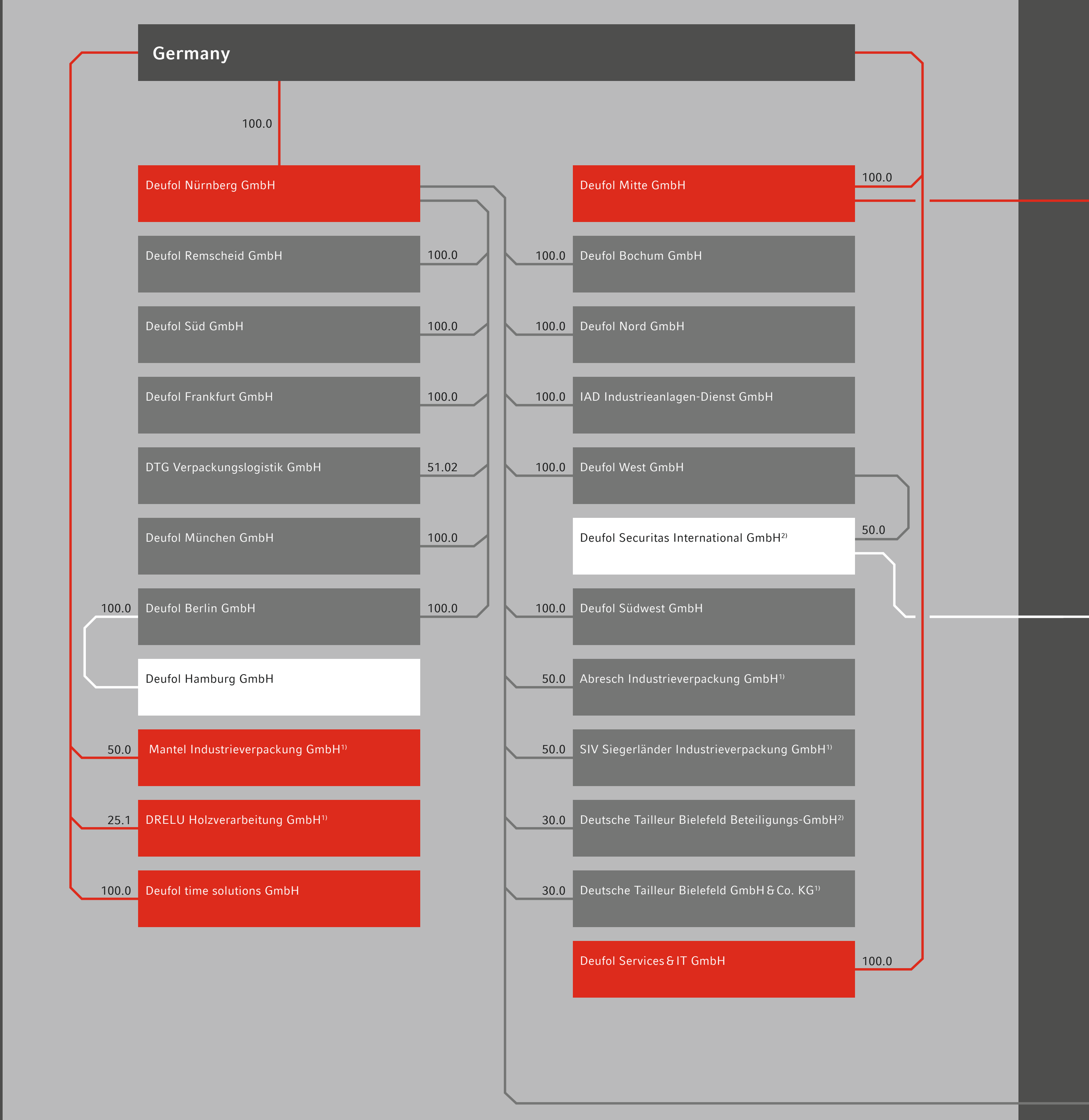
Per-share ratios

	2013	2012	2011	2010	2009
Earnings per share from continuing operations (€)	0.007	0.001	0.08	0.10	0.01
Earnings per share (EPS) (€)	0.007	(0.006)	0.002	0.07	0.01
Price earnings ratio (PER)	142.9	n/m	—	22.7	141.3
Dividend per share (€)	n/a	0.00	0.03	0.03	0.00
Dividend yield (%)	—	—	3.1	2.0	—
Book value per share (€)	1.98	2.02	2.05	2.06	1.98
Price/book value	0.48	0.51	0.48	0.74	0.60
Book value per share (less goodwill) (€)	0.41	0.45	0.49	0.51	0.42
Price/book value (less goodwill)	2.3	2.3	2.0	3.0	2.8

Investment ratios

	2013	2012	2011	2010	2009
Market capitalization/sales	0.13	0.13	0.14	0.22	0.18
Enterprise value/sales	0.32	0.33	0.35	0.41	0.39
Enterprise value/EBITDA	6.8	7.3	5.6	6.0	6.9
Enterprise value/EBIT	16.6	17.6	10.2	10.5	17.5
Enterprise value/operating cash flow	5.9	6.8	23.7	6.2	7.5
Enterprise value/free cash flow	8.4	8.0	25.8	8.0	9.2

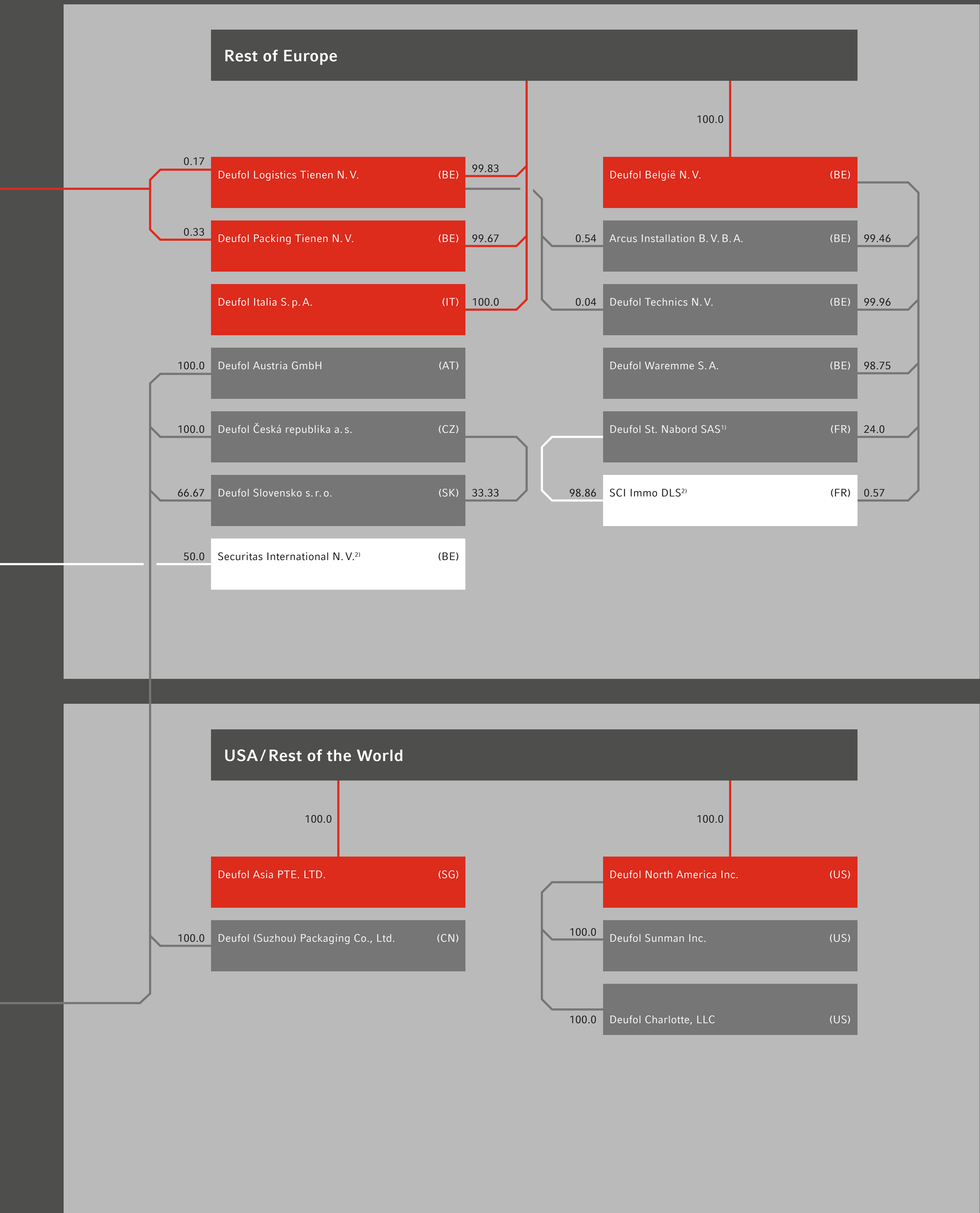
Operating Subsidiaries / Affiliates of Deufol SE*



- Tier 1 investment
- Tier 2 investment
- Tiers 3 and 4 investment

1) Included at equity
2) Unconsolidated

*As at December 31, 2013; figures in %


Rest of Europe
100.0
0.17
Deufol Logistics Tienen N. V. (BE)
99.83
Deufol België N. V. (BE)
0.33
Deufol Packing Tienen N. V. (BE)
99.67
0.54
Arcus Installation B. V. B. A. (BE)
99.46
Deufol Italia S. p. A. (IT)
100.0
0.04
Deufol Technics N. V. (BE)
99.96
100.0
Deufol Austria GmbH (AT)
Deufol Waremme S. A. (BE)
98.75
100.0
Deufol Česká republika a. s. (CZ)
Deufol St. Nabord SAS1) (FR)
24.0
66.67
Deufol Slovensko s. r. o. (SK)
33.33
98.86
SCI Immo DLS2) (FR)
0.57
50.0
Securitas International N. V.2) (BE)
USA / Rest of the World
100.0
100.0
Deufol Asia PTE. LTD. (SG)
Deufol North America Inc. (US)
100.0
Deufol (Suzhou) Packaging Co., Ltd. (CN)
100.0
Deufol Sunman Inc. (US)
100.0
Deufol Charlotte, LLC (US)

Financial Calendar

April 30,	**2014**	Annual Financial Statements 2013
May 22,	**2014**	Interim Report I/2014
July 4,	**2014**	Annual General Meeting 2014
August 14,	**2014**	Semi-Annual Financial Report 2014
November 13,	**2014**	Interim Report III/2014

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