#2014 PACK-AGING NEXT LEVEL.

ANNUAL REPORT

DEUFOL

Key Figures for the Deufol Group

in € million	2014	2013	± (%)
Results of operations			
Revenue (total)	298.9	318.7	(6.2)
Germany	156.3	170.5	(8.3)
Rest of the World	142.6	148.2	(3.8)
International revenue ratio (%)	47.7	46.5	2.6
EBITDA	13.5	14.8	(8.9)
EBIT(A)	6.2	6.0	3.0
EBT	3.5	2.7	28.4
Income tax income (expenses)	(3.0)	(2.2)	34.9
Income (loss)	0.47	0.48	(2.1)
of which attributable to noncontrolling interests	0.24	0.18	30.4
of which attributable to owners of the parent	0.23	0.29	(22.4)
Earnings per share (EPS) (€)	0.005	0.007	(22.4)
Balance sheet			
Noncurrent assets	138.9	142.2	(2.3)
Current assets	79.4	70.8	12.2
Balance sheet total	218.3	213.0	2.5
Equity	97.3	95.5	1.9
Liabilities	121.0	117.4	3.1
Equity ratio (%)	44.6	44.9	(0.6)
Net financial liabilities	37.0	50.3	(26.6)
Cash flow/investments			
Cash flow from operating activities	22.2	17.2	29.4
Cash flow from investing activities	(2.3)	(5.2)	(54.9)
Cash flow from financing activities	(8.9)	(13.5)	(34.4)
Investments in property, plant and equipment	5.7	9.0	(36.6)
Employees			
Employees (average)	2,523	2,704	(6.7)
Personnel costs	95.1	96.2	(1.1)

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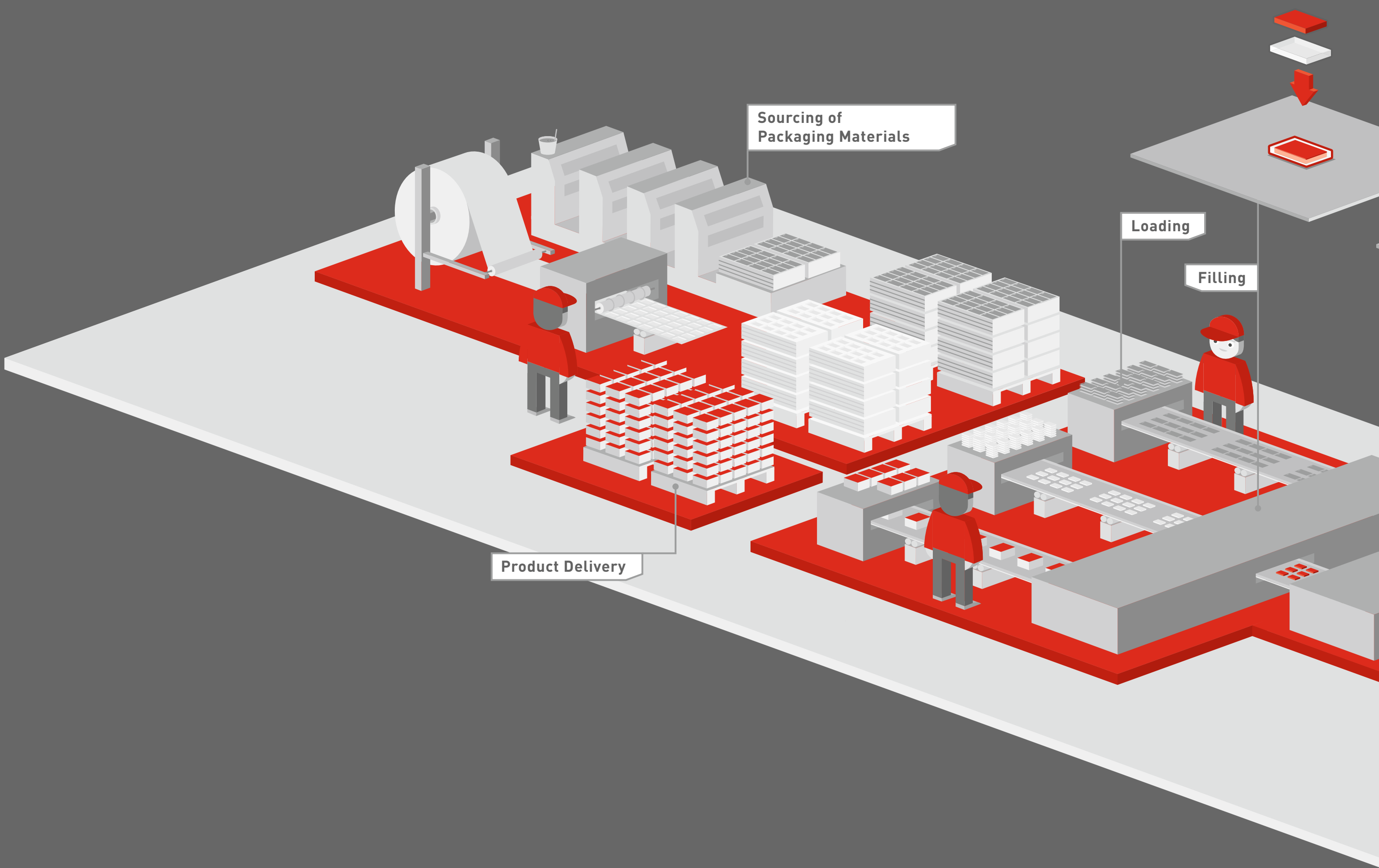


AUTOMATED
PACKAGING

1. Sourcing and Supply

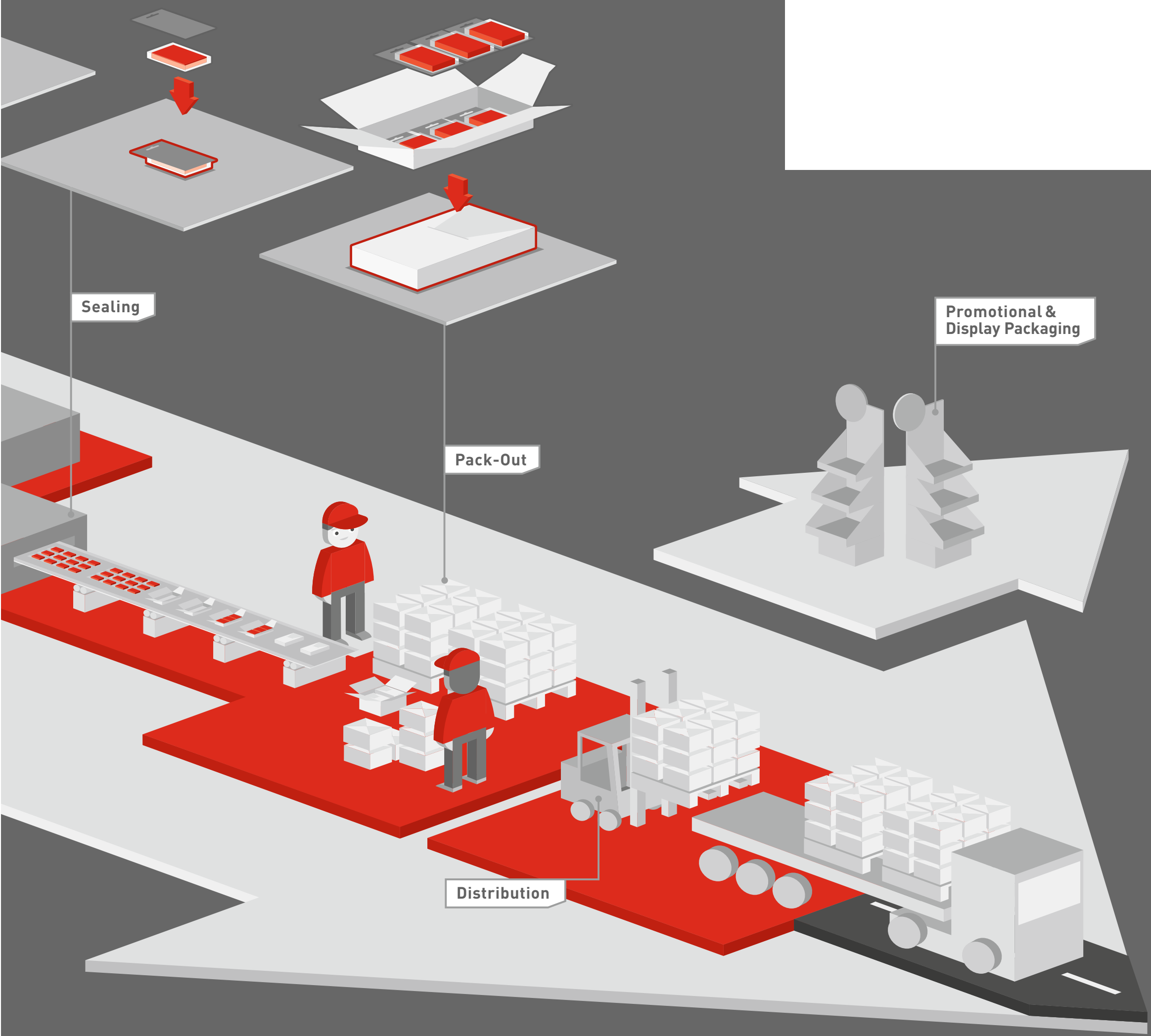
The packaging material components and the product to be packaged are supplied and prepared for the packaging process.

2. Loading, Filling, and Sealing

The materials and the product are loaded into the machinery, and the various components that go into the final product are combined as part of the automated process.

3. Pack-Out and Distribution

The finished product is packaged in the requested units and placed together into shipping cartons. Next, these are loaded onto pallets and dispatched to the delivery location. Prior to this step, however, the final product can also be arranged in promotional sets or displays and then delivered.


Sealing
Pack-Out
Promotional &
Display Packaging
Distribution

Foreword by the Managing Directors

Fiscal Year 2014: Optimization and Innovation

Dear shareholders and business partners,
ladies and gentlemen,

In 2014, the Deufol Group successfully implemented further steps to improve its operational effectiveness and to strengthen its corporate culture. These measures include the consolidation of its locations and bundling of its resources in Southwest Germany, at its Frankenthal and Hinterweidenthal locations, as well as restructuring measures implemented for various companies in Northern Germany which were affected by some customers' subdued levels of demand. At the same time, we continued to develop our innovative Deufol applications. These applications offer our customers transparency as well as added value for their value chains. Our VV program (short for the German words "Verpackung & Versand", or packaging & shipping) ensures seamless tracking of projects and materials, while "Photo Documentation" enables registration of components and their allocation to packages by means of QR codes. Within the scope of the production process, "Load Balancer" provides for optimized utilization of processing capacities, dynamic order planning and automated indicators management.

Through our capacity for innovation, we are continuously developing attractive new services which are tailored to our customers' requirements. We offer them comprehensive integrated solutions through our versatile range of services. As a partner of our customers, we thus provide targeted assistance ensuring the success of their projects and long-term support for their strategies. Our customers appreciate our comprehensive portfolio of services. Together with our operational strength and our innovative capacity, this enables us to offer a range of services from a single source. Companies which partner with Deufol know that they will receive reliable high-quality premium services. We are innovative, rapid and economical. An internalized service commitment and an outstanding level of delivery reliability are qualities which have made us a respected partner worldwide.

Our customers also recognize this. In the past fiscal year, we acquired new customers and contracts which will generate a volume of approx. € 10 million in 2015. This will stabilize Deufol's revenue base and cushion economic risks.

In the USA, we are now reaping the rewards of our restructuring program. Following the loss of a major customer in the Data Packaging segment, we have been able to realize a lasting turnaround in our earnings trend by expanding our business activities while also implementing cost-cutting measures.

In China, we have completed our restructuring and established new strategic foundations for our business model. Within the scope of this realignment, we have shifted our original location in Suzhou to Yantai and integrated our activities there in a joint venture with our strategic partner, the Meilink Group. Deufol-Meilink (Yantai) Packaging Co. LTD officially commenced its business activities in early 2015.

The Company continued a promising investigation into a compliance issue which arose in previous years. Deufol SE has brought a further action for the recovery of money against its former CEO, Andreas Bargende, with a volume of € 2.05 million. This action has been initiated due to an investigation by the public prosecutor's office into unexplained payments in this amount, made by the former managing director of Deufol West GmbH, Manfred Wagner, to Andreas Bargende and a company controlled by Bargende and his family. The discovery of these previously unknown facts has also improved the prospects of success in the € 26.9 million action for damages which is already pending.

Our financing structure remains solid. In Germany, the Group adjusted its existing syndicated loan agreement within the scope of an amendment. In this respect, improvements were realized in the financial covenants specified in the loan agreement. The Group also expanded its existing financial leeway. This includes the grant of options for the extension of terms and to increase the volume of financing.

Our common goal is to extend our leading position as the number one in the packaging industry. For this purpose, we continuously exploit a combination of our corporate culture, innovation and operational excellence in order to generate long-term competitive advantages. We aim to offer our customers worldwide a sustainable, innovative and comprehensive package of services, with a top level of quality and delivery reliability.

We face the future with confidence and are ready for any challenges.

Yours sincerely,

The Managing Directors

Klaus Duttiné, Jens Hof, Dennis Hübner, Detlef W. Hübner, 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 2014. 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 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 four meetings and also in frequent telephone conversations and considered them in detail with the managing directors.

In three cases, resolutions were adopted outside meetings. These urgent decisions, that could not be delayed until a regular Administrative Board meeting, were 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 future positioning and optimization of Deufol's production locations in the Export & Industrial Packaging segment in Germany and the ongoing development of its business in the USA were a strategic focus for the Administrative Board's discussions with the managing directors. The goal in optimizing these production locations together with the implementation and ongoing improvement of software-supported business processes is improved performance, by reducing costs through synergies. In relation to Deufol's business in the USA, its revenue generated by P & G increased on a currency-adjusted basis and the Group acquired new customers in the Export & Industrial Packaging segment.

In addition, the Administrative Board examined sales and results of operations in Deufol's individual business segments, with a particular focus on business activities in China, Belgium, Slovakia and Italy.

As in the previous year, 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.

Finally, optimization of the Group's financial resources and the ongoing development of its medium- and long-term financing strategy was another core focus of the Administrative Board's activities.

Audit of the Single-Entity and Consolidated Financial Statements

In accordance with the resolution passed by the Annual General Meeting on July 4, 2014 and the subsequent audit engagement issued by the Administrative Board, the annual financial statements for the fiscal year from January 1 to December 31, 2014 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, 2015, the Administrative Board endorsed the annual financial statements of Deufol SE for 2014 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

Dr. Tillmann Blaschke resigned from the Administrative Board on February 28, 2014. In accordance with the Company's Articles of Association, Dr. Blaschke's Administrative Board position was transferred to the replacement member, Mr. Marc Hübner, with effect as of March 1, 2014.

Pursuant to the resolution passed by the Annual General Meeting of Deufol SE held on July 4, 2014, Mr. Peter Oberegger was appointed as a new member of the Administrative Board. He replaced Mr. Marc Hübner, who was reappointed as a replacement member.

Hofheim, April 29, 2015

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 €	2014	2013
Earnings per share	0.005	0.007
Equity per share	2.22	2.18
Equity ratio (%)	44.58	44.86
Dividend	0 (e)	0
Peak price	1.125	1.43
Lowest price	0.613	0.66
Closing price for the year	0.789	0.96
Daily trading volume (Ø, units)	16,589	36,089
Number of shares	43,773,655	43,773,655
Market cap. (€ million)	34.54	42.02

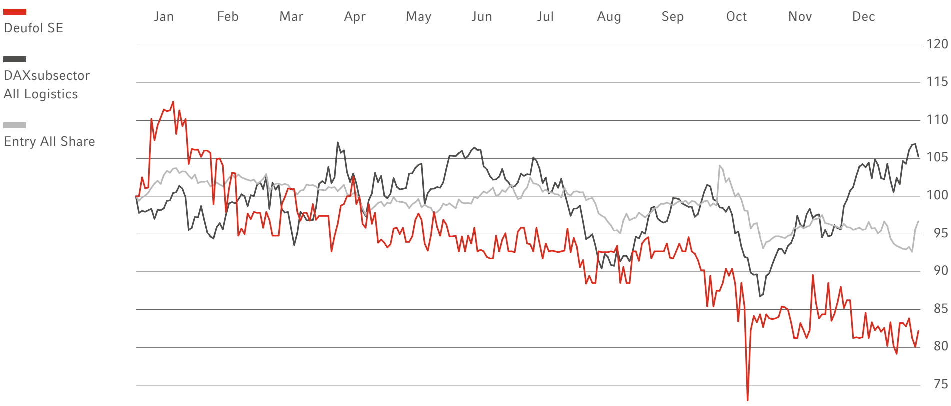
Mixed Stock Market Year 2014

Central bank policies which remained expansionary in Europe and Japan especially tended to buoy the stock markets. On balance, they provided for moderate price gains on most stock exchanges in the past year. However, the stock markets also suffered in the wake of a series of events. These included the Ukraine conflict, the advance of Islamic State, the strong fall in the price of oil and the expiry of the Federal Reserve Bank's bond purchasing programs.

The MSCI World Index climbed almost 3 % in the past year. On the leading US stock exchange, the representative Standard & Poor's 500 Index was up a good 11 %, while the NASDAQ technology exchange realized slightly stronger gains of more than 13 %. In Japan, prices rose by approx. 7 %, relative to the NIKKEI 225. European stock markets gained hardly any ground. The EURO STOXX 50 was up by a good 1 %. Measured against the DAX, the German stock market rose by almost 3 %. The Entry All Share Index – which includes the Deufol share – fell by a good 3 % over the course of the year.

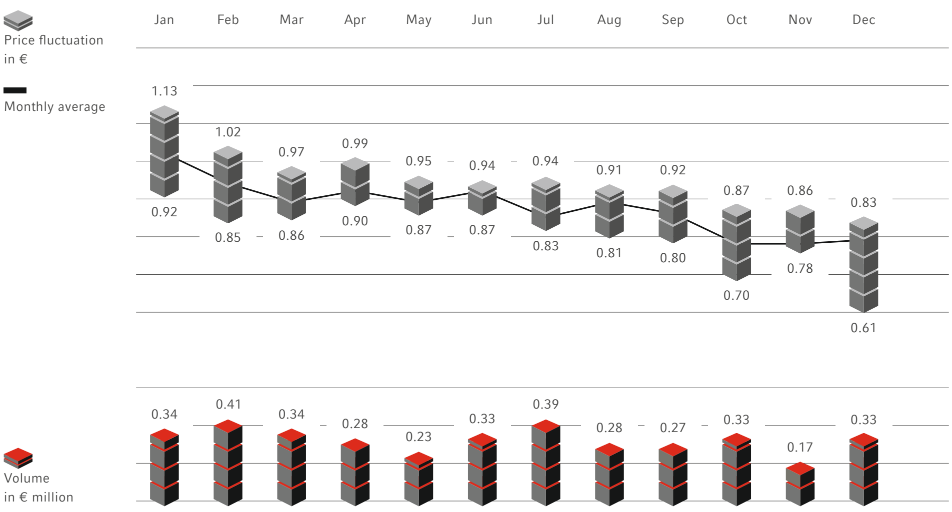
Relative performance of the Deufol share

indexed, as %, January 1 – December 31, 2014



Highs and lows of the Deufol share

figures in €



Deufol Share Price Falls

The Deufol share ended the year with a price loss of almost 18 %. Over the course of the year, it fluctuated in a corridor between € 0.613 and € 1.125. The share reached its highest closing price at the start of the year, on January 17, at € 1.08. A slight downward trend subsequently established itself and remained intact up to the end of the year. The share reached its lowest closing price in mid-December, at € 0.70. The Deufol share closed the year at a price of € 0.789. The sector index of quoted logistics stocks (DAXsubsector All Logistics) – which includes Deufol – rose by approx. 5 %.

In Xetra and floor trading on German stock exchanges, approx. 4.2 million Deufol shares were traded in fiscal year 2014, with a value of € 3.7 million. This corresponds to an average daily trading volume of 16,589 shares.

Deufol SE Financial Calendar

Annual Financial Statements 2014	April 30, 2015
Annual General Meeting 2015	July 1, 2015
Semi-Annual Financial Report 2015	August 21, 2015

Change of Segment – Deufol Share Quoted in the Entry Standard

Since July 1, 2014, Deufol shares have been traded in the Entry Standard, a segment of the Open Market on the Frankfurt Stock Exchange.

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 approved its transfer to this stock exchange segment for this reason. Efficient trading of Deufol shares 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, 2014, at 46,292,011 units. An amount of € 20,000,000 was available as Approved Capital as of December 31, 2014 for the issuance of new shares in return for cash contributions or contributions in kind. This capital is available until July 3, 2019.

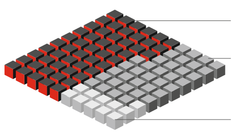
Shareholder Structure – Hübner Family has Majority Holding

Deufol SE's ownership structure is crucially determined by the Company's founder and Chairman of the Administrative Board, Detlef W. Hübner. The holdings attributed to him and his sons, Dennis and Marc Hübner, remained stable in the past fiscal year (53.6 %).

A further approx. 11 % of the shares are held by institutional investors while the remainder is divided up among around 16,600 private shareholders.

Shareholder structure

figures in %



53.6 %	Detlef W. Hübner
35.5 %	Private shareholders
10.9 %	Institutional investors

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 2014, as in the previous year, an average of 43,773,655 shares were in circulation. The earnings per share on this basis were € 0.005 (previous year: € 0.007).

PROMOTIONAL & DISPLAY PACKAGING

1. Pre-Packaging Process

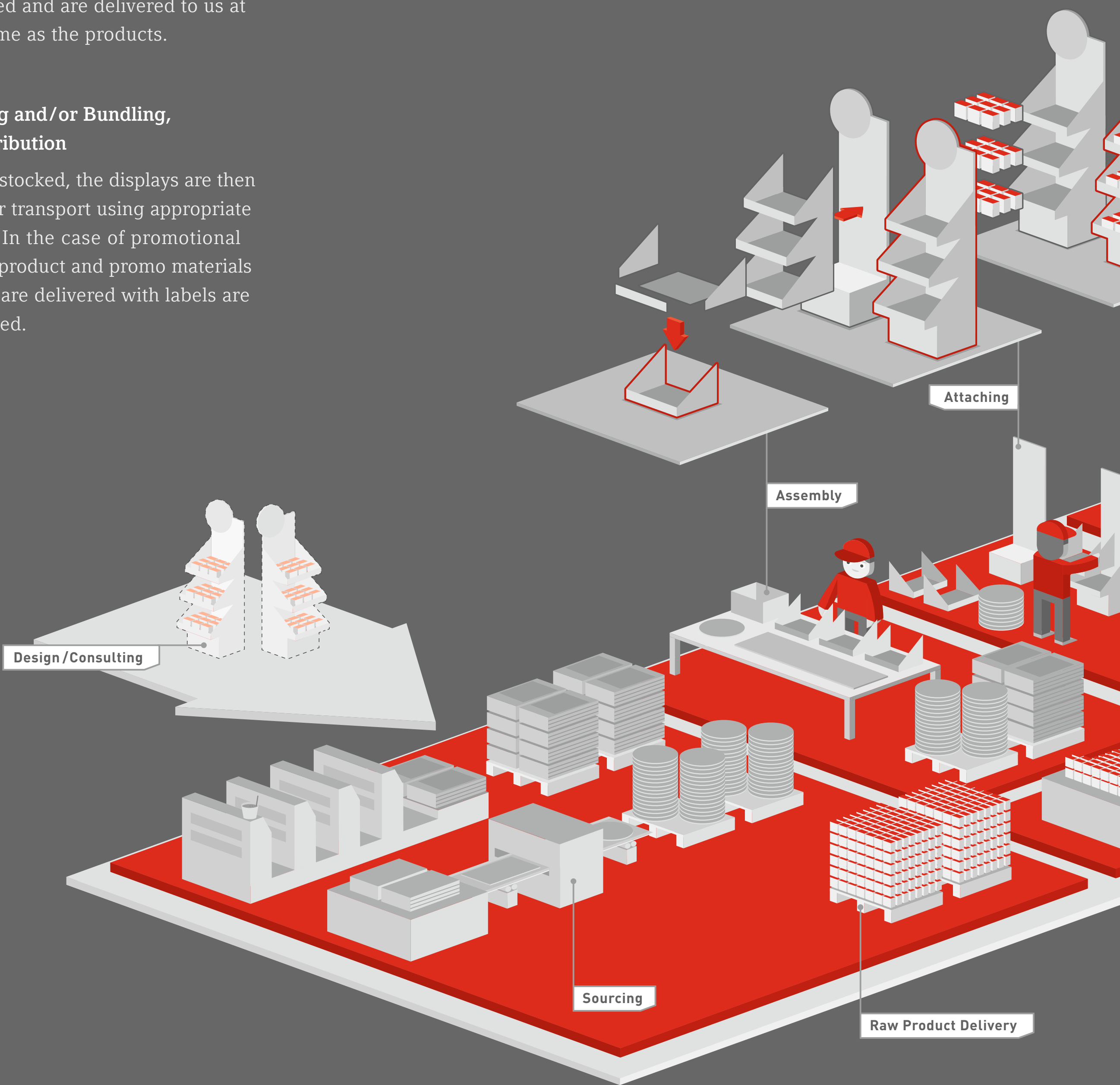
We provide consulting and support to our customers for the design of displays and product holders. The materials required to manufacture the displays are pre-produced and are delivered to us at the same time as the products.

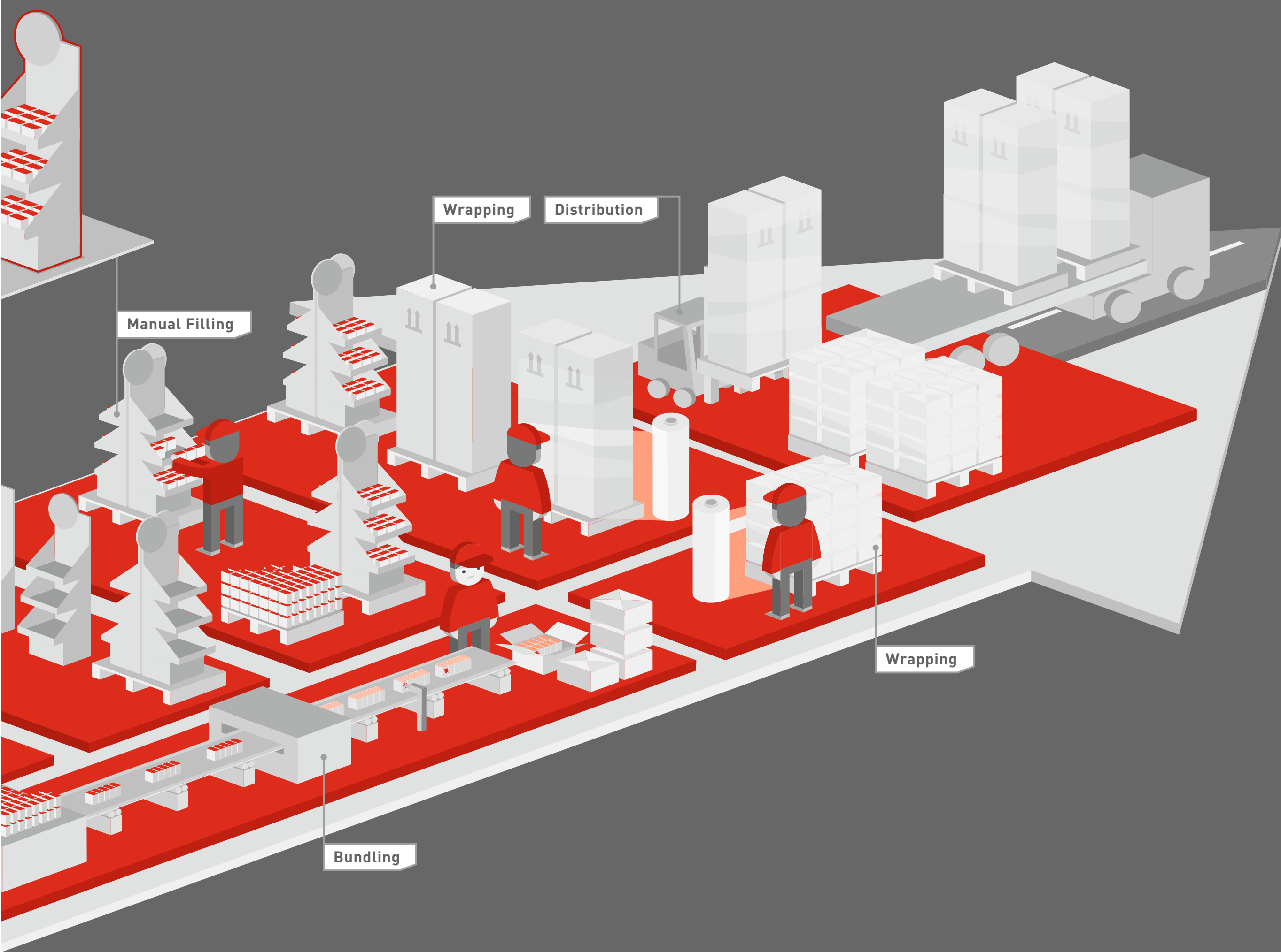
2. Assembly, Fixing, and Filling

The displays are set up and assembled manually. The trays, pallets, etc. are then attached, and displays are stocked with the products, likewise by hand.

3. Wrapping and/or Bundling, and Distribution

After being stocked, the displays are then prepared for transport using appropriate packaging. In the case of promotional packaging, product and promo materials or sets that are delivered with labels are then arranged.





Wrapping
Distribution
Manual Filling
Wrapping
Bundling

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, 33 direct and indirect subsidiaries were included in the consolidated group of Deufol SE. Of these companies, 19 were German companies while 14 were domiciled in other countries. Please see the chapter "Facts & Figures" on page ▶ 100 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 the 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

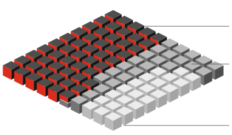
Globally Positioned with Locations in Ten Countries

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, 2014 we had around 50 locations which account for a total of 52.3 % of Group sales. The Rest of Europe – which accounts for around 24.8 % of business – comprises 16 operational facilities in Belgium, France, Italy, Austria, the Slovak Republic and the Czech Republic.

Sales by region

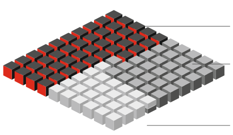
figures in € million



156.3	Germany
74.2	Rest of Europe
68.4	USA/ Rest of the World

Assets by region

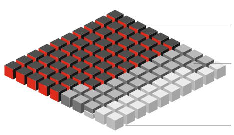
figures in € million



86.6	Germany
62.6	Rest of Europe
48.5	USA/ Rest of the World

Employees by region

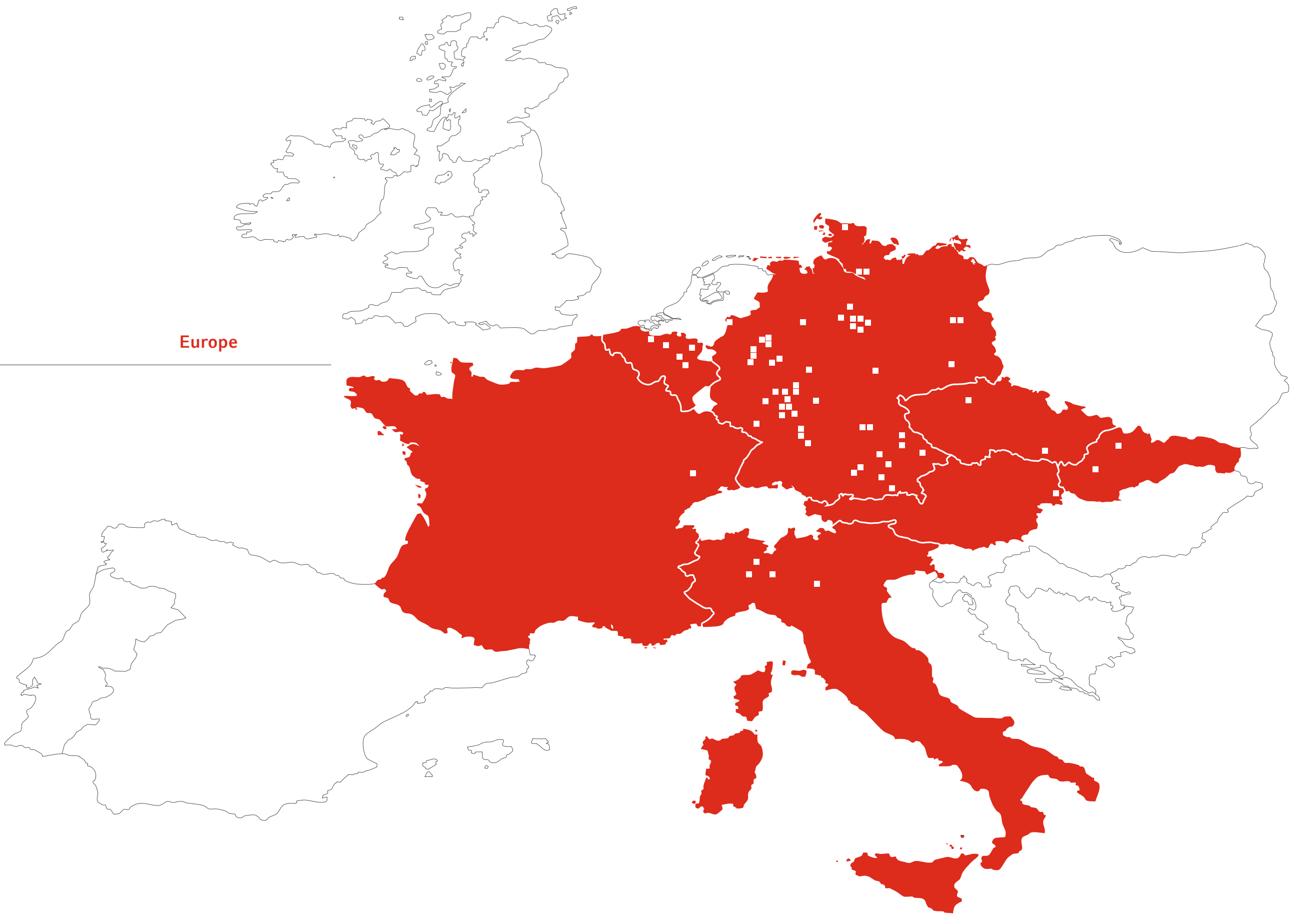
Deufol Group



1,444	Germany
554	Rest of Europe
563	USA/ Rest of the World

In the USA/Rest of the World – which contribute approx. 22.9 % of sales – business is handled through our two locations in Charlotte and Sunman. We have three locations in Asia. In the People's Republic of China, we have shifted the core focus of our activities to our new location in Yantai, but continue to handle certain types of orders in Suzhou. We also have a plant in Singapore.

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



Number of locations

Germany	50
Rest of Europe	16
USA/Rest of the World	5

Region-Oriented Segment Structure Notes 39, 40

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 2014, 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.

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 at-equity method and amortization/impairment of goodwill) target of at least 4 % (2014: 2.0 %).

In the nonoperating segment, we aim to improve our balance sheet structure – and our debt situation in particular – and also to optimize our 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, 2014: 44.6 %).

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.

Report on the Economic Environment

Economic Outline Conditions

Strengthening of the World Economy in 2014

According to the Kiel Institute for the World Economy (IfW), the pace of world economic growth has picked up since mid-2014. While global output increased only very moderately in the first half of the year, this trend strengthened considerably in the second half of the year, despite a slight slowdown in growth in the fourth quarter. For the first quarter of 2015, the Institute for the World Economy's indicator for global economic activity – which reflects sentiment indicators from 42 countries – is signaling a further slight decline in the level of momentum. This is mainly attributable to the clouding-over of sentiment in the United States. However, this probably does not imply any weakness in the economic environment, since this trend likely also reflects one-off factors. Moreover, the level of confidence in industry continues to signal significant growth in output. World trade – which only realized a very weak level of growth in the first half of the year – also picked up in the second half of the year. However, exports and imports are rising more slowly than experience would suggest, given the current pace of global output growth.

In the advanced economies, the economic recovery continued in 2014. However, the level of economic momentum remained moderate in the past year. Overall, output in this group of countries increased by 1.7 % in the past year, compared to 1.3 % in 2013.

Economic growth in the emerging markets is muted. In 2014, output in the emerging and developing countries rose by 5 %. This trend was thus almost half a percentage point slower than in 2013. Following pronounced weakness in the first half of the year, in most of the key emerging markets output picked up again slightly in the second half of the year, but the economic trend generally remained sluggish. In China, output growth slowed significantly, following a recovery over the past summer.

Recovery in the Eurozone

According to the Institute for the World Economy, the Eurozone's economy was buoyant in the past year, but its gross domestic product increased only slowly, at a rate of 0.9 %.

The GDP growth trend picked up again slightly in the fourth quarter of 2014. Following 0.2 % in the third quarter, towards the end of the period overall economic output grew by 0.3 % but still remained moderate. At 0.4 %, private consumer spending almost matched the trend in the previous period (0.5 %), and government consumption also increased. Companies' investment activities remained weak. While investments even fell slightly over the summer, as of the end of the reporting period they had at least picked up slightly; the level of growth in the fourth quarter amounted to 0.4 %. Foreign trade momentum weakened considerably in the final quarter of 2014. Exports growth amounted to just 0.8 %, compared to 1.5 % in the third quarter. Imports growth slowed down even more strongly, from 1.7 % to 0.4 %; the current account balance thus contributed 0.2 percentage points to GDP growth.

Germany: On a Moderate Growth Trajectory

According to the Kiel Institute for the World Economy, in the past year Germany's real gross domestic product increased by just 1.6 %. A quarter of this was absorbed by foreign countries. Consumption accounted for a good half of the additional economic output. While gross fixed-capital investments grew for the first time since 2011 and did so very strongly, at a rate of 3.4 %, a stable upturn in the volume of investment was not yet apparent. The high volume of growth in the first quarter was followed by a significant decline in the level of investment activity over the summer. While a weakening trend in the construction industry was largely attributable to weather-related delays, the purchasing trend for machinery and equipment clearly indicated an economic slowdown. This was likely mainly due to investors' uncertainty on account of geopolitical risks at this moment in time as well as disappointment over the weak trend in the rest of the Eurozone.

The strong GDP increase recorded at the end of the period (0.7 %) mainly resulted from stronger internal growth factors. While the growth contribution provided by foreign trade halved on the previous quarter in the final quarter of the past year, the level of investment increased significantly. The high level of momentum for private consumer spending, which had already been apparent since the autumn, remained intact. This also reflected the strong fall in crude oil prices which clearly strengthened consumers' purchasing power towards the end of the year.

Unemployment is at its lowest level since German reunification. On average, in 2014 prices of all private consumer goods and services were 0.9 % higher than in the previous year.

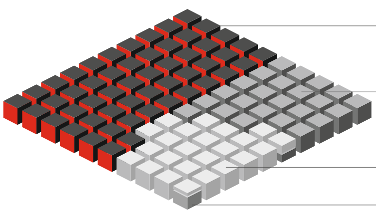
Results of Operations

Sales Notes 02, 40

In a moderate overall economic environment, in the period under review sales amounted to € 298.9 million (previous year: € 318.7 million). We have thus achieved our planning targets, which had envisaged sales in a range of between € 290 million and € 310 million. Adjusted for changes to the consolidated group which resulted in the loss of sales of € 5.4 million, the change in Group sales amounts to – 4.6 %. Given the virtually unchanged dollar exchange rate, exchange rate changes did not play any role. Our overall operating performance amounted to € 307.8 million (previous year: € 323.6 million).

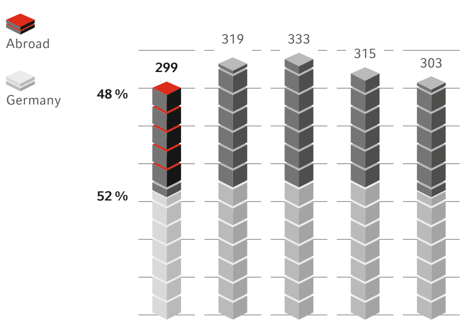
Consolidated sales by segment

figures in € million



		2014	2013
51.5 %	Germany	154.0	167.1
24.8 %	Rest of Europe	74.2	85.4
22.9 %	USA / Rest of the World	68.4	62.8
0.8 %	Holding company	2.3	3.4
100.0 %	Total	**298.9**	318.7

Sales



Consolidated sales by services

figures in € million	2014	2013
Export & Industrial Packaging	151.5	161.1
Share (%)	50.7	50.5
Consumer & Data Packaging	114.2	115.3
Share (%)	38.2	36.2
Supplementary Services	30.8	38.9
Share (%)	10.3	12.2
Holding company	2.3	3.4
Share (%)	0.8	1.1
Total	**298.9**	318.7

Cost development

figures in € million	2014	2013
Cost of materials	146.8	160.8
as % of sales	47.7	49.7
Personnel expenses	95.1	96.2
as % of sales	30.9	29.7
Depreciation and amortization	7.2	8.7
as % of sales	2.3	2.7
Other operating expenses	52.5	52.0
as % of sales	17.1	16.1
Total	301.6	317.6
as % of sales	98.0	98.1

US Business Increases Share of Sales Note 40

In the past year, Germany maintained its role as the Deufol Group's most important sales market. With a sales volume of € 154.0 million (previous year: € 167.1 million) in the past fiscal year, it contributed 51.5 % (previous year: 52.4 %) to Group sales.

The second-largest segment, Rest of Europe, provided 24.8 % (previous year: 26.8 %) of Group sales, with a sales volume of € 74.2 million (previous year: € 85.4 million).

In the USA / Rest of the World segment, sales rose to € 68.4 million (previous year: € 62.8 million). This means that this segment now represents around 22.9 % (previous year: 19.7 %) of Group activities.

Consumer & Data Packaging Accounts for an Increased Share of Sales Note 41

With a share of sales of approx. 50.7 % (previous year: 50.5 %), Export & Industrial Packaging is the Group's most important business segment. Sales realized in Consumer & Data Packaging increased from 36.2 % to 38.2 %. Supplementary Services' sales volume declined from 12.2 % to 10.3 %.

Operating Costs Ratio Slightly Lower on Balance Notes 03 – 06

At 47.7 % (previous year: 49.7 %), the ratio of the cost of materials to Deufol's overall operating performance recorded a decreasing trend. The share accounted for by the cost of materials has thus declined to 25.7 % (previous year: 25.9 %), while the share of purchased services has decreased to 22.0 % (previous year: 23.8 %).

At € 95.1 million (previous year: € 96.2 million), personnel costs were lower and amounted to 30.9 % (previous year: 29.7 %) of Deufol's overall operating performance. The absolute decline in personnel costs is attributable to the sales-related decrease in the average number of employees. In the past fiscal year, this amounted to 2,523 (previous year: 2,704).

At € 7.2 million, depreciation was € 1.5 million below the previous year. Most of the decline is due to the absence of the asset write-down in Belgium in connection with the downsizing of our operation in Tienen.

Total other operating expenses have increased slightly (+ € 0.5 million to € 52.5 million); the expense ratio rose from 16.1 % to 17.1 %.

Overall, the costs ratio has decreased slightly to 98.0 % (previous year: 98.1 %) of Deufol's overall operating performance. This corresponds to an increase in the EBITA margin from 1.9 % to 2.0 %.

Operating Result

Earnings before interest, taxes, depreciation and amortization (EBITDA) were € 13.5 million, compared to € 14.8 million in the previous year. The EBITDA margin was 4.4 % (previous year: 4.6 %). Depreciation of property, plant and equipment was at € 6.7 million lower than in the previous year (€ 8.2 million), while amortization of other intangible assets decreased to € 0.5 million (previous year: € 0.6 million).

The operating result before goodwill amortization (EBITA) amounted to € 6.2 million in the reporting period (previous year: € 6.0 million). The EBITA margin amounted to 2.0 % in 2014 (previous year: 1.9 %).

Financial Result Note 07

The financial result improved to –€ 2.7 million (previous year: –€ 3.3 million). Financial expenses fell from € 5.2 million to € 4.2 million. Among other factors, the lower expenses are attributable to a decrease in expenses resulting from financial liabilities (–€ 0.8 million). Financial income remained constant at € 0.9 million. The profit from investments was € 0.6 million (previous year: € 1.0 million).

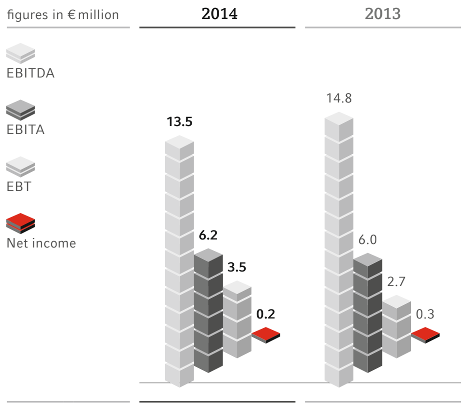
Net Income Notes 08 – 10

Earnings before taxes (EBT) in the past year were € 3.5 million (previous year: € 2.7 million). Overall tax expenditure in the past fiscal year amounted to € 3.0 million, compared to € 2.3 million in the previous year. Current tax expenditure for taxes on income decreased and amounted to approx. € 1.4 million (previous year: € 2.6 million). The Company recognized expenses in the amount of € 1.6 million (previous year: income of € 0.3 million) for deferred taxes.

This means a result for the period of € 0.47 million (previous year: € 0.48 million). The profit share for noncontrolling interests is € 0.24 million (previous year: € 0.18 million).

Earnings attributable to the shareholders of Deufol SE amounted to € 0.23 million in the period under review, compared to € 0.29 million in the same period in the previous year. Earnings per share were € 0.005 in 2014 (previous year: € 0.007).

Income development



Margin development

figures as % of sales	2014	2013
EBITDA margin	4.5	4.6
EBIT(A) margin	2.0	1.9
EBT margin	1.1	0.9
Net income margin	0.1	0.1

Financial Position

Financing of the Deufol Group Notes 22, 38

Various financing groups exist within the Deufol Group. In Germany, as of late 2014 Deufol has a variable-interest syndicated financing arrangement with a volume of € 46 million and a term ending October 2016. This financing arrangement was adjusted in the past fiscal year within the scope of an amendment. In this respect, improvements were realized in the financial covenants specified in the loan agreement. The Group also expanded its existing financial leeway. This includes the grant of options for the extension of terms and to increase the volume of financing. 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 € 42.8 million are available to the Group at various banks (previous year: € 44.6 million). As of December 31, 2014, € 23.7 million (previous year: € 25.1 million) of this had been utilized, subject to variable interest rates. The variable-interest loans shown in the balance sheet are subject to standard market interest-rate risks. In fiscal year 2014, the average weighted interest rate for short-term loans was 4.04 % (previous year: 4.69 %). 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.

Financial liabilities

figures in € million	2014	2013
Amounts due to banks	51.73	54.00
thereof current	9.62	46.54
thereof noncurrent	42.11	7.46
Finance leasing	6.81	8.70
Other	0.30	0.11
Total	**58.84**	62.81

Decline in Financial Indebtedness Notes 18, 22

In the past fiscal year, the financial liabilities of the Deufol Group clearly decreased, from € 62.8 million to € 58.8 million.

Net financial liabilities – defined as the total financial liabilities less financial receivables and cash – decreased even more strongly, by € 13.3 million, from € 50.3 million on December 31, 2013 to € 37.0 million at the end of the period under review. This was due to the increase in cash held (+ € 11.0 million) and lower financial receivables (– € 1.6 million). The balance of liabilities to banks and call deposits at banks is – € 35.7 million (previous year: – € 49.0 million).

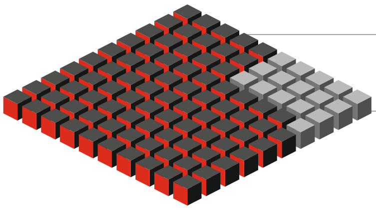
Lower Volume of Investment Notes 11, 12

In the period under review, at € 6.8 million, investments including leased assets were in overall terms lower than in 2013 (€ 10.1 million).

In the past fiscal year, investments in plant, property and equipment were € 5.7 million (previous year: € 9.0 million). The investment ratio – i.e. the ratio of capital expenditure to sales – was 1.9 % in 2014 (previous year: 2.8 %).

Technical equipment and machinery (€ 1.5 million) is the largest capital expenditure item. This is followed by operating and office equipment (€ 1.4 million), land and buildings (€ 1.3 million) and assets under construction (€ 1.3 million). An amount of € 1.0 million (previous year: € 1.1 million) was invested in other intangible assets, while goodwill additions amounted to € 0.1 million (previous year: € 0.0 million).

Investments



figures in € million		2014	2013
83.9 %	Property, plant and equipment	5.70	8.99
16.1 %	Intangible assets	1.10	1.06
100.0 %	Total	**6.80**	10.05

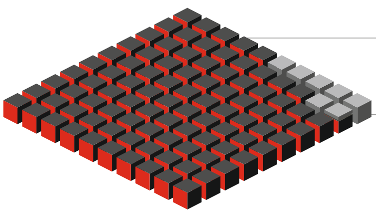
Investments by segment

figures in € million	2014	2013
Germany	3.66	6,98
Rest of Europe	1.30	0.97
USA/Rest of the World	1.40	0.57
Holding company	0.44	1.53
Total	**6.80**	10.05

Lower Volume of Depreciation Notes 11, 12

Depreciation of property, plant and equipment and amortization of intangible assets were lower than in the previous year (€ 7.2 million compared to € 8.7 million). Depreciation of property, plant and equipment was € 6.7 million (previous year: € 8.2 million), amortization of other intangible assets € 0.5 million (previous year: € 0.6 million).

Depreciation, amortization and impairment

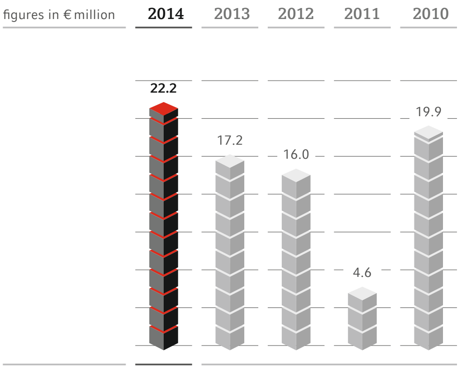


figures in € million		2014	2013
93.1 %	Property, plant and equipment	6.73	8.17
6.9 %	Intangible assets	0.50	0.55
100.0 %	Total	**7.23**	8.72

Depreciation, amortization and impairment by segment

figures in € million	2014	2013
Germany	3.06	3.29
Rest of Europe	2.40	3.54
USA/Rest of the World	1.37	1.51
Holding company	0.40	0.38
Total	**7.23**	8.72

Net cash provided by operating activities



Cash Flow Notes 27–31

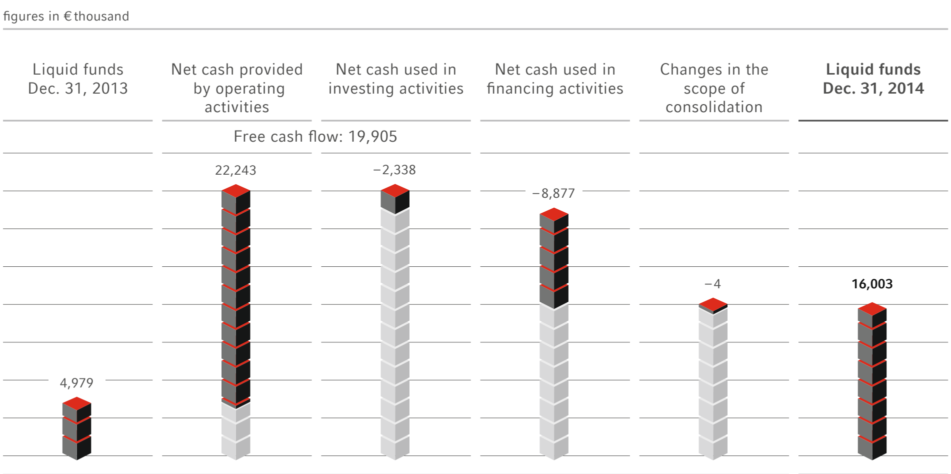
The operating cash flow amounted to € 22.2 million in the period under review and was thus higher than in the previous year (€ 17.2 million).

Net cash used in investing activities was –€ 2.3 million (previous year: –€ 5.2 million). Cash-based fixed assets investments were € 6.5 million. On the other hand, inflows have resulted from the disposal of intangible assets and property, plant and equipment (€ 1.7 million) as well as the decrease in financial receivables (€ 1.6 million). Further proceeds resulted from interest received (€ 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 € 19.9 million (previous year: € 12.0 million).

Net cash used in financing activities was –€ 8.9 million (previous year: –€ 13.5 million). Financial liabilities decreased in cash terms by a net amount of € 4.5 million.

Change in liquid funds



Further outflows of funds resulted from interest paid (–€ 4.3 million) and the dividends paid to noncontrolling interests (–€ 0.1 million).

Cash and cash equivalents increased by € 11.0 million to € 16.0 million as of December 31, 2014.

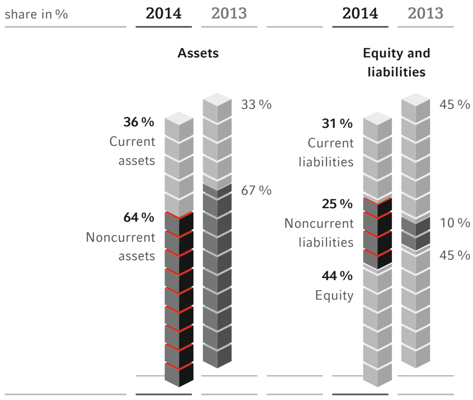
Asset Position

Slight Increase in Balance Sheet Total Notes 11 – 18

In 2014, the balance sheet total of the Deufol Group increased by 2.5 % to € 218.4 million. On the assets side of the balance sheet, the noncurrent assets decreased by 2.3 % from € 144.2 million as of the period-end in the previous year to € 138.9 million as of the reporting date. This fall resulted from the decrease in deferred taxes (– € 1.7 million to € 8.2 million). Financial receivables (– € 1.2 million to € 4.5 million) and property, plant and equipment (– € 1.0 million to € 46.6 million) also decreased. The asset depreciation ratio (ratio of accumulated depreciation to historical cost) rose by 2.5 percentage points on the previous year to 65.1 %, while the property, plant and equipment ratio (i. e. the ratio of property, plant and equipment to the balance sheet total) decreased slightly from 22 % to 21 %. Other noncurrent assets changed only slightly.

Current assets increased from € 70.8 million to € 79.4 million. This is mainly due to the increase in cash and cash equivalents (+ € 11.0 million to € 16.0 million). Trade receivables decreased (– € 3.3 million to € 33.8 million). Other current assets changed only slightly. The working capital – the difference between current assets and current non-interest-yielding liabilities – increased from € 23.5 million to € 24.3 million.

Balance sheet structure



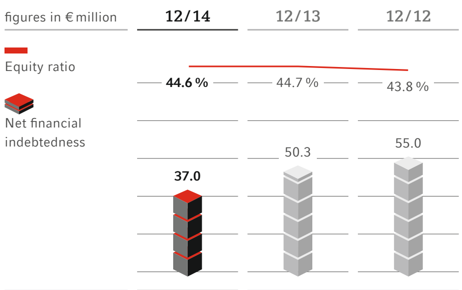
Decline in Financial Liabilities Notes 19 – 26

At the end of fiscal year 2014, the equity of the Deufol Group amounted to € 97.4 million (previous year: € 95.5 million). Since the balance sheet total has simultaneously risen, this means a slight reduction in the equity ratio from 44.9 % to 44.6 %. Equity has increased due to the result for the period (€ 0.2 million), as has other comprehensive income (+ € 1.8 million); the decrease in noncontrolling interests (– € 0.1 million) has had a slightly negative effect.

The noncurrent liabilities increased from € 21.3 million to € 54.1 million. This reflects the strong increase in noncurrent financial liabilities (+ € 33.1 million to € 47.0 million). An amount of € 31.5 million has been reclassified from current to noncurrent financial liabilities. The other noncurrent liabilities have changed only slightly.

The current liabilities decreased by € 29.2 million to € 67.0 million. This also reflects the reclassification effect described above. On balance, current financial liabilities decreased by € 37.1 million to € 11.8 million. Trade payables (+ € 5.0 million to € 36.3 million) and other liabilities (+ € 2.5 million to € 15.9 million) have increased. Other current liabilities changed only slightly.

Net financial indebtedness and equity ratio



Employees

Increase in Number of Employees Note 05

As of the end of 2014, the Deufol Group had 2,561 employees. This represents an increase of 90 employees or 3.6 % on the previous year. As of December 31, 2014, the Group had 1,444 employees in Germany (56.4 %) and 1,117 employees (43.6 %) elsewhere.

The Group had ten more employees in Germany. It should be noted that the Deufol Group's workforce increased by 59 employees on the previous year due to two companies newly included in the corporate group. The other German companies thus reduced the overall workforce by 49 employees. In the Rest of Europe, Deufol's workforce decreased by 27; this decline was spread out relatively evenly across its various locations. In the USA/Rest of the World, the workforce increased by 107. This increase resulted at our US subsidiary in Sunman within the scope of significant sales growth. The holding's workforce was unchanged.

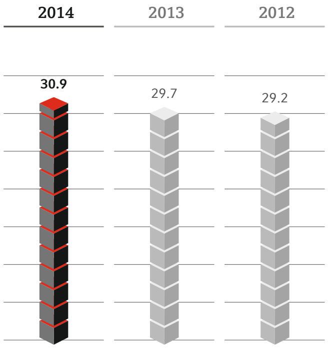
Personnel costs decreased in the reporting period by 1.1 % to € 95.1 million. The personnel cost ratio as a ratio of personnel costs to Deufol's overall operating performance increased to 30.9 % (previous year: 29.7 %).

Overview of employees

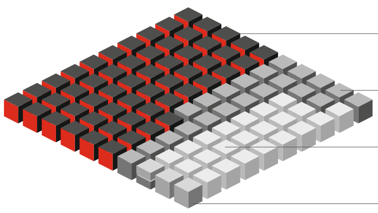
Deufol Group	2014	2013
Germany	1,444	1,434
Rest of the World	1,117	1,037
Female	636	572
Male	1,925	1,899
Total	2,561	2,471
Average	2,523	2,704

Personnel expense ratio

figures in %



Employees by segment



Deufol Group		2014	2013
54.1 %	Germany	1,386	1,376
21.6 %	Rest of Europe	554	581
22.0 %	USA/Rest of the World	563	456
2.3 %	Holding company	58	58
100.0 %	Total	2,561	2,471

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 2014.

Development in the Segments

Germany Notes 39–41

At € 154.0 million, consolidated sales in Germany in 2014 were weaker than sales in the previous year, which amounted to € 167.1 million. Around € 5.4 million of this decline in sales is attributable to changes in the scope of consolidation. The remainder of the change in sales is attributable to Deufol's withdrawal from unprofitable business as well as the moderate level of demand in the Export & Induistrial Packagung segment due to economic factors.

In the reporting period, the EBITA for this division amounted to € 2.9 million (previous year: € 5.3 million). The EBITA margin declined from 3.2 % in the previous year to 1.9 %. The lower results by comparison with the previous year mainly reflect several customers' restraint in the export-dependent mechanical engineering sector.

Germany

figures in € million	2014	2013
Sales	170.9	188.7
Consolidated sales	154.0	167.1
EBITA = EBIT	2.9	5.3
EBITA margin (%)	1.9	3.2
EBT	0.8	3.8

Rest of Europe Notes 39–41

In the Rest of Europe, we realized consolidated sales of € 74.2 million, which is clearly lower than in the previous year (€ 85.4 million). The decline in sales is largely attributable to lower volumes at our automotive location in Tienen. Our main client here resolved to relocate capacities to Eastern Europe and to handle in-house some of the services which it had previously outsourced to us.

In the past year, the operating result (EBITA) fell from € 2.1 million to € 1.3 million. Much of this decrease is due to the pressure associated with the insolvency of a major customer in Italy; however, Slovakia also fell significantly short of expectations.

Rest of Europe

figures in € million	2014	2013
Sales	84.6	96.6
Consolidated sales	74.2	85.4
EBITA = EBIT	1.3	2.1
EBITA margin (%)	1.7	2.4
EBT	1.4	2.3

USA / Rest of the World Notes 39–41

In the USA / Rest of the World segment, at € 68.4 million, consolidated sales were clearly higher than in the previous year (€ 62.8 million). This is mainly attributable to the higher volume of business in our battery packaging business in the USA. Sales realized from our operations in Charlotte and Suzhou were slightly lower in overall terms and are in the low single-digit million range. Given the virtually unchanged dollar exchange rate, exchange-rate changes did not play any role.

EBITA in this segment amounted to € 3.5 million, compared to – € 0.2 million in the previous year. In the USA, we are now reaping the rewards of our restructuring program. Following the loss of a major customer in the Data Packaging segment in 2013 and after improving our contract with our Automated Packaging customer, the situation has now stabilized with a rising sales volume. Our results are thus now indicating a significant improvement.

Our Chinese subsidiary (Deufol Packaging (Suzhou) Co., Ltd.) has also reported significantly improved earnings. Its result for the previous year had been affected by valuation adjustments on its current assets (€ 0.9 million).

USA / Rest of the World

figures in € million	2014	2013
Sales	68.7	62.9
Consolidated sales	68.4	62.8
EBITA = EBIT	3.5	(0.2)
EBITA margin (%)	5.1	(0.4)
EBT	1.2	(2.7)

Overall Summary of Business Performance

Group figures

figures in € million	2014	± (%)
Sales	298.9	(6.2)
EBITDA	13.5	(8.9)
EBITA	6.2	3.0
Net financial liabilities	37.0	(26.6)

Deufol Group: Business Performance in 2014

In 2014, the Deufol Group realized a negative sales trend on balance, in line with expectations. Due to a very positive business trend in the USA, sales increased in the USA/Rest of the World to € 68.4 million (previous year: € 62.8 million). In Germany (incl. the holding) sales declined slightly more strongly than expected and amounted to € 156.3 million (previous year: € 170.5 million). However, it should be noted that sales of approx. € 5.4 million are no longer included in this figure due to changes to the consolidated group. Moreover, northern and western Germany especially suffered due to a moderate level of demand from some customers. In the Rest of Europe, after scaling back our operation in Tienen, the result was lower than in the previous year (€ 74.2 million, compared to € 85.4 million), as expected.

In terms of earnings, we were unfortunately unable to achieve the level of progress which we had envisaged in our planning. In Germany, the northwestern region in particular was affected by several customers' restraint. In Tienen, Belgium, our main customer here decided to take in-house another component of the services which it had outsourced to us. Italy was affected by the insolvency of a major customer in the second half of the year. On the other hand, in the USA we are highly satisfied with our earnings trend. Here we have achieved a significant improvement in our earnings following a successful restructuring program. Overall, the operating result before goodwill amortization (EBITA) amounted to € 6.2 million in the reporting period (previous year: € 6.0 million).

The Group reduced its volume of debt, as in the previous year. Net financial liabilities decreased by € 13.3 million, from € 50.3 million on December 31, 2013 to € 37.0 million at the end of the year under review.

Planning Targets Partially Missed

With an annual sales volume of approx. € 299 million, we achieved our target and fell within our envisaged range of € 290 million to € 310 million.

Our operating result (EBITDA) reached € 13.5 million and fell slightly short of our forecast range of € 14 million to € 16 million. The failure to achieve this target was mainly due to our earnings in Germany, which fell short of our expectations.

Goal achievement 2014

figures in € million	Sales	EBITDA
Planning	290–310	14–16
Actual figures	298.9	13.5

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" is improving, in line with our planning. In the "Rest of Europe" segment, we envisage a slight increase in our level of profitability. In the USA, the situation has stabilized, so that we expect long-term positive results here.

Our financial and asset position remains solid.

Single-Entity Financial Statements of Deufol SE

Sales and Results of Operations

In fiscal year 2014, Deufol SE realized sales of € 8,668 thousand (previous year: € 7,950 thousand) and other operating income of € 16,201 thousand (previous year: € 7,947 thousand).

These sales mainly resulted from amounts billed to affiliated companies for purchasing and other services provided and from rents. Outside Germany, sales amounted to € 1,540 thousand (previous year: € 1,815 thousand).

Other operating income mainly consists of reversals of impairment losses on financial assets in the amount of € 7,615 thousand (previous year: € 0 thousand), bonuses associated with central material purchasing in the amount of € 670 thousand (previous year: € 759 thousand), income from exchange-rate differences in the amount of € 1,026 thousand (previous year: € 181 thousand), gains from the disposal of property, plant and equipment in the amount of € 5 thousand (previous year: € 816 thousand), license income from brand name rights in the amount of € 2,872 thousand (previous year: € 3,008 thousand) and income from passed-on expenses in the amount of € 3,415 thousand (previous year: € 2,796 thousand).

The cost of materials in the amount of € 3,146 thousand (previous year: € 2,588 thousand) is due to central goods purchasing and is passed on in the same amount.

The other operating expenses (€ 14,692 thousand compared to € 8,462 thousand in the previous year) mainly comprise legal fees and consulting expenses of € 1,251 thousand (previous year: € 1,379 thousand), bad debt charges/closing-out of receivables in the amount of € 5,938 thousand (previous year: € 20 thousand), exchange losses in the amount of € 3 thousand (previous year: € 368 thousand), external services in the amount of € 1,010 thousand (previous year: € 895 thousand), travel and vehicle expenses in the amount of € 647 thousand (previous year: € 723 thousand), space costs in the amount of € 151 thousand (previous year: € 252 thousand), advertising costs in the amount of € 122 thousand (previous year: € 124 thousand) and passed-on expenses in the amount of € 3,402 thousand (previous year: € 3,400 thousand). Expenses unrelated to the accounting period amounted to € 296 thousand (previous year: € 174 thousand).

The financial result decreased from € 8,494 thousand to € 3,548 thousand in the past year. Net interest income improved from + € 468 thousand to + € 1,547 thousand, while net income from investments (including income from profit transfer agreements) decreased from € 9,941 thousand to € 4,552 thousand. This was mainly due to lower income from investments in the amount of € 1,218 thousand (previous year: € 5,232 thousand). Income from profit transfer agreements decreased to € 3,334 thousand (previous year: € 4,709 thousand). Amortization recognized on financial assets in fiscal year 2014 totaled € 2,551 thousand (previous year: € 1,915 thousand). Income from ordinary activities amounted to € 4,551 thousand (previous year: € 8,910 thousand). The net profit for the year under review amounted to € 4,115 thousand (previous year: € 8,556 thousand).

Deufol SE: Income statement

figures in € thousand	**2014**	2013
Sales	8,668	7,950
Other operating income	16,201	7,947
Cost of materials	(3,146)	(2,588)
Personnel costs	(5,474)	(4,054)
Depreciation, amortization and impairment	(554)	(377)
Other operating expenses	(14,692)	(8,462)
Financial result	3,548	8,494
Income/loss from ordinary activities	**4,551**	8,910
Taxes	(436)	(354)
Annual net profit	**4,115**	8,556

Deufol SE: Balance sheet

figures as % of the balance sheet total	2014	2013
Fixed assets	71.1	69.4
of which financial assets	65.4	63.3
Current assets	28.9	30.6
Balance sheet total	**100.0**	100.0
Equity	59.1	59.0
Provisions	1.0	0.8
Liabilities	39.9	40.2
of which financial liabilities	22.7	25.3
Balance sheet total	**100.0**	100.0

Assets and Financial Position

In the year under review, the balance sheet total of Deufol SE increased from € 153.8 million to € 160.5 million. Fixed assets rose from € 106.8 million to € 114.1 million, while current assets decreased from € 46.4 million to € 46.0 million. Depreciation on property, plant and equipment and amortization on intangible assets amounted to € 554 thousand (previous year: € 377 thousand), amortization on financial assets to € 2,551 thousand (previous year: € 1,915 thousand). Investments in property, plant and equipment and intangible assets amounted to € 363 thousand (previous year: € 2,963 thousand). Investments in financial assets amounted to € 2,429 thousand (previous year: € 120 thousand).

On the liabilities side, equity was affected by the net profit for the year (+ € 4.1 million) and increased from € 90.8 million to € 94.9 million. Despite the increased balance sheet total, on December 31, 2014 the equity ratio had increased slightly to 59.1 %. Accruals increased to € 1.6 million (previous year: € 1.2 million). Liabilities increased from € 61.8 million to € 64.0 million – mainly due to higher 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	2014	2013
Annual net profit	4,115	8,556
Depreciation/(appreciation)	554	377
(Gain) loss from disposal of property, plant and equipment	(5)	(4)
(Gain) loss from disposal of financial assets	0	(812)
Other noncash expenses/(revenue)	(2,706)	88
Increase (decrease) in accruals	340	493
Net changes in working capital	8,425	(14,740)
Net cash provided by operating activities	**10,723**	(6,042)
Purchase of intangible assets and property, plant and equipment	(364)	(2,963)
Purchase of financial assets	(2,429)	0
Proceeds from the sale of property, plant and equipment	5	9
Proceeds from the sale of financial assets	13	1,143
Net cash used in investing activities	**(2,775)**	(1,811)
Proceeds from borrowings	2,000	7,074
Repayment of borrowings	(4,512)	(2,304)
Noncash valuation adjustments on financial assets	2,551	1,915
Dividend paid	0	0
Net cash used in financing activities	**39**	6,685
Change in cash	7,987	(1,168)
Cash at the beginning of the period	472	1,640
Cash at the end of the period	8,459	472

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 in our capacity 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 the successful implementation of our 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.

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 thresholds. 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

For 2015, we continue to expect a moderate economic trend. In principle, according to the Institute for the World Economy, global economic outline conditions have improved. The reasons for this trend include the lower oil price – which is buoying economic trends worldwide and in importing countries above all – and also monetary policy, which remains expansionary.

However, the world economy remains prone to disruptions including geopolitical developments (e.g. the Ukraine crisis) and turbulence on the financial markets (e.g. doubts over the Eurozone's integrity). In the context of the Eurozone crisis, our Italian market especially faces a challenging economic environment. In the event of these risks being realized, negative demand effects may result 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, since 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, 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.

Regular reviews are implemented to ensure early recognition of negative trends for the Company or for individual subsidiaries, for prompt identification of impending declines in sales and cost trends and to enable an appropriate response.

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. This allows the Company to manage phases of increased/reduced business activity without the need for any layoffs affecting its trained workforce.

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. A redundant server system has been established, thus halving the probability of data losses due to outages.

Financial Risks

Various financing groups exist within the Deufol Group. In Germany, in 2014 the Group adjusted its syndicated financing arrangement within the scope of an amendment. In this respect, improvements were realized in the financial ratios ("financial covenants") specified in the loan agreement. The Group also expanded its existing financial leeway. 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.

Interest-rate fluctuation risks apply due to the fact that the Group has arranged almost all of its financing on the basis of variable interest rates. The Deufol Group has not currently concluded any interest-rate hedging transactions to hedge interest rate risks.

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 (38) on page ▶ 079 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 2014 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 (32) on page ▶ 078) 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 consideration 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.

In the past year, we successfully implemented further steps to improve the Group's operational effectiveness and to strengthen its corporate culture. These measures include the consolidation of its locations and bundling of its resources in southwestern Germany, at its Frankenthal and Hinterweidenthal locations, as well as restructuring measures implemented for various companies in northern Germany. At the same time, we continued to develop our innovative Deufol applications. These applications offer our customers transparency as well as added value for their value chains. Our VV program (short for the German words "Verpackung & Versand", or packaging & shipping) ensures seamless tracking of projects and materials, while "Photo Documentation" enables registration of components and their allocation to packages by means of QR codes. Within the scope of the production process, "Load Balancer" provides for optimized utilization of processing capacities, dynamic order planning and automated indicators management.

The strategic opportunities we enjoy as a corporate group particularly involve that we are able to exploit the advantages of our size as a significant market player.

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 offer our customers a sustainable, innovative and comprehensive package of services, with a top level of quality, thus meeting 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 standard of quality, at an international level.

Economic Outline Conditions

Global Economic Growth Picks Up

According to the Institute for the World Economy, global output will increase from 3.5 % in the past year to 3.7 % in 2015 and 4.0 % in 2016.

Over the next two years, for the advanced economies especially, the Institute for the World Economy is predicting a higher growth rate than in the past two years. In view of the continuing deleveraging processes in the private sector, monetary policy which remains highly expansionary overall is increasingly falling on fertile ground. The price of oil is also buoying this trend. Moreover, financial policy is not having any dampening effect.

According to the Institute for the World Economy, the emerging markets will benefit from the increased level of demand in the advanced economies. However, the pace of growth is continuing to slow in China, while structural problems and the considerable decrease in commodities prices are depressing trends in Latin America and Russia, where the situation is beginning to resemble a crisis.

Eurozone Gradually Gaining Impetus

According to the Institute for the World Economy's analysis, over the next few months Europe's economy should continue to strengthen. This is supported by the fact that consumers' assessment of their situation is now considerably more optimistic than at the end of last year. While there has been hardly any improvement in corporate sentiment recently, the EUROFRAME indicator is also pointing to a moderate increase in the level of economic activity.

Risks for the economy continue to apply due to the military confrontation in Ukraine. To be sure, recent developments suggest an easing of the situation. Nonetheless, a resurgence of the conflict and possible further reciprocal sanctions would depress the economy through the channel of trade. Not least, the economic trend might be dampened through an increased level of uncertainty.

In overall terms, the Eurozone should benefit from the strong decrease in the price of oil. However, the intensity of this effect will vary from one country to the next, due to strong differences in oil expenditures by comparison with economic output.

The recovery will be visibly supported by domestic demand. As well as increases in purchasing power due to the strong decline in energy prices, private consumption should benefit from the continuing improvement on the labor market and from the slight strengthening of the wage growth trend. Financial policy is loosening, and companies' investment activities should pick up as the level of uncertainty continues to fade. This trend is being encouraged by the improvement in lending conditions.

All in all, according to the Institute for the World Economy's forecast the economy is gradually gaining impetus. The Institute expects that the Eurozone's gross domestic product growth will amount to 1.3 % in 2015. Next year, the volume of economic activity will grow by 1.7 %.

Germany: Strengthening Upturn

According to the Institute for the World Economy, the German economy entered 2015 with a great deal of momentum. Utilization of capacities in industry has already slightly exceeded the normal level of utilization, and the incoming orders trend remains buoyant. Moreover, business expectations have improved for four consecutive months, albeit at a declining pace. Increasing purchasing power due to significantly lower crude oil prices, higher government transfer payments and the robust labor market situation are currently having a strong stimulus effect on private consumption especially. The foreign trade environment is less prone to geopolitical risks than was the case just six months ago, and significant recovery trends are under way in the Eurozone too (with the exception of Greece). Through a further increase in the level of capacity utilization and financing conditions that will remain extremely favorable for the foreseeable future, the preconditions for a significant increase in companies' volume of investment activity have thus been fulfilled.

The government bond purchasing program which the ECB launched in March should further reduce borrowing costs for the German government and also for companies. Yields on government and corporate bonds have further declined, following the announcement from the ECB's Governing Council. The banks have also further reduced their lending rates. The non-financial private sector is thus enjoying historically low borrowing costs. The euro's external value has clearly weakened over the past few months, due to the ECB's measures.

Overall in 2015, the Institute for the World Economy predicts gross domestic product growth of 1.8 %, compared to 1.6 % in 2014. At 0.1 %, the level of inflation will be lower than in the previous year.

In 2016, the pace of the upswing will once again increase. As well as consumption, corporate investments should contribute to the accelerating trend. Over the course of the year, Germany's gross domestic product should be 2.0 % higher than in 2015.

Company-Specific Outlook

Predicted Sales and Results of Operations

For fiscal year 2015, the Deufol Group plans sales of between € 295 million and € 315 million. Its operating result (EBITDA) will be between € 14 million and € 16 million.

Sales should increase in Germany and in the USA/Rest of the World but fall slightly short of the level realized in the previous year in the Rest of Europe.

With regard to our results forecast, we expect our core business in Germany to increase significantly. This is attributable to the productivity-boosting measures implemented last year. For the Rest of Europe, we envisage a slight increase in earnings. In the USA/Rest of the World segment, we also expect improved results.

Expected Financial Position

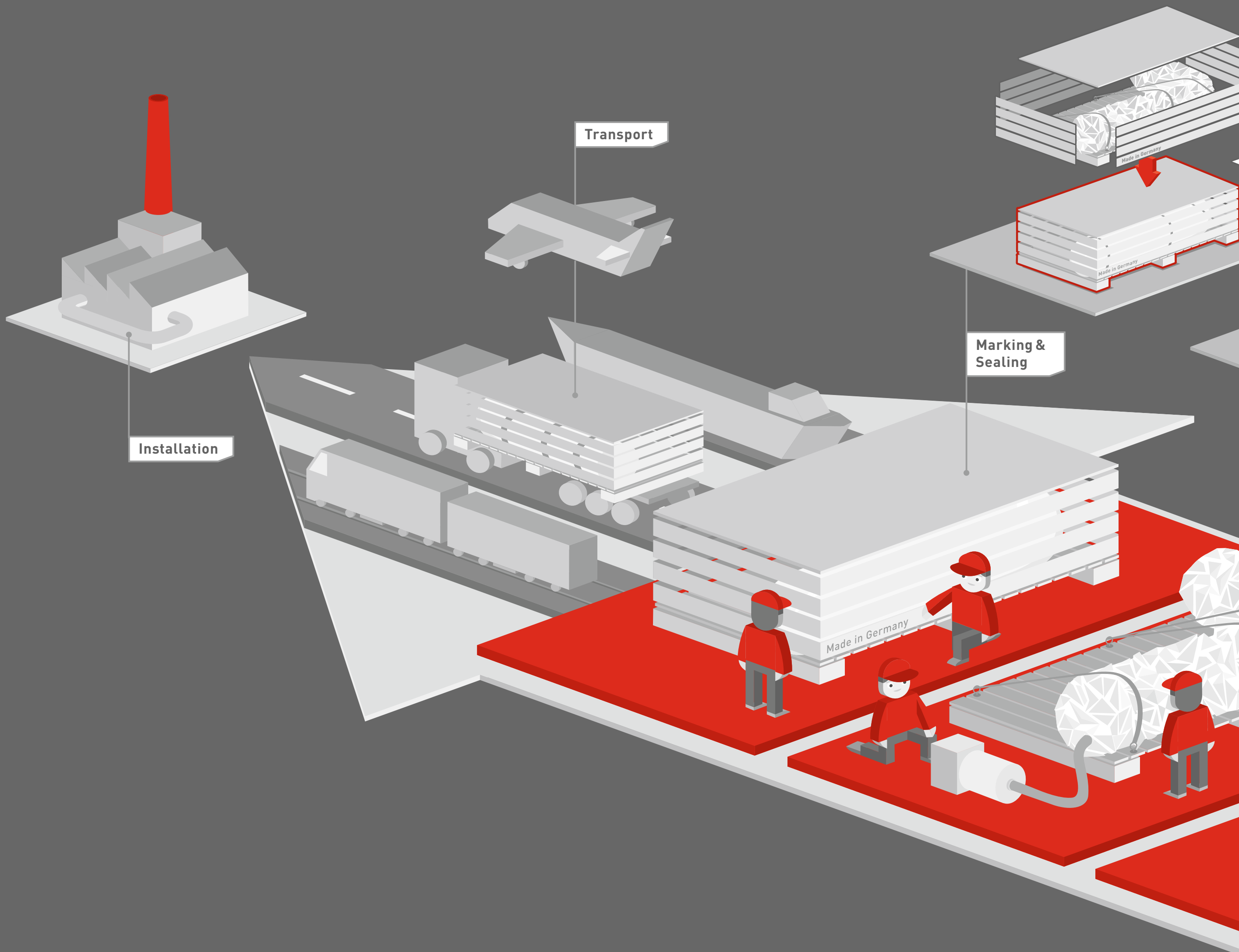
At present, current business activities do not on balance require additional external financing. Our financial resources secure our existing liquidity requirements. If our business performance matches our forecasts, we expect to see a decrease in our net financial indebtedness in the current fiscal year.

In the current year, investments in property, plant and equipment are planned with a volume of almost € 4 million; this corresponds to an investment ratio (investments in relation to sales) of approx. 1.3 %. The planned investments are thus lower than those in fiscal year 2014 (€ 5.7 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.



EXPORT & INDUSTRIAL PACKAGING

1. Measurement and Planning

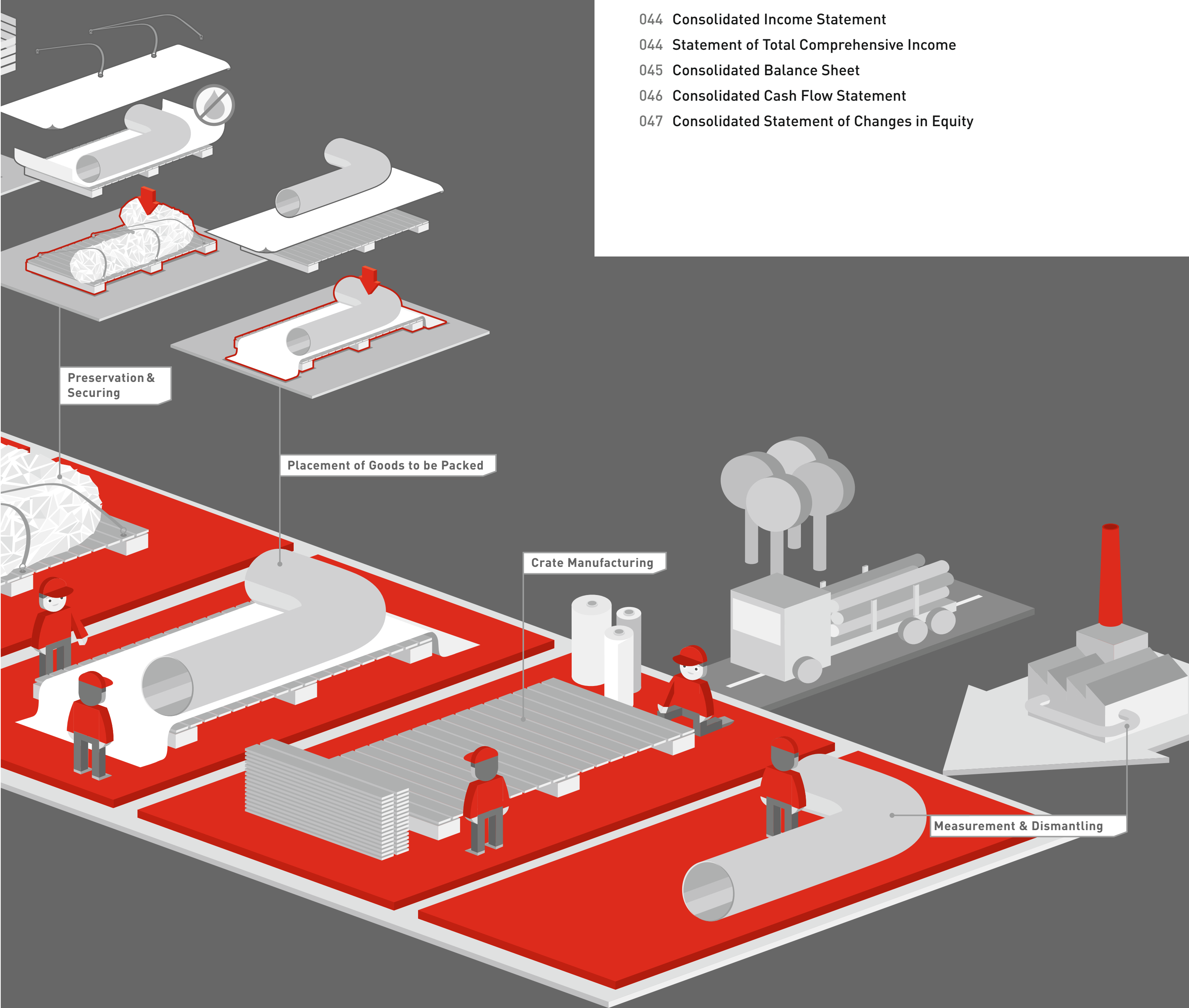
The industrial goods receive their very own custom-manufactured packaging. We provide consulting regarding the selection of the packaging materials, taking into consideration the customer's specifications and the requirements at the delivery location.

2. Manufacture and Packaging

Our in-house crate manufacturing makes it possible to design highly customized packaging for any industrial good. One key factor is the consideration of various climate conditions during transport.

3. Types of Packaging for Transport

In order to ensure that your industrial goods are transported as securely, swiftly and economically as possible, we provide just the right packaging for every means of transport – whether by air, water, rail or road.



Preservation & Securing
Placement of Goods to be Packed
Crate Manufacturing
Measurement & Dismantling

Consolidated Financial Statements

as of December 31, 2014

Consolidated Income Statement

figures in € thousand	2014	2013*	Note/Page
Sales	**298,871**	**318,698**	02/061
Own work capitalized	504	605	
Change in inventories	604	(1,024)	
Other operating income	7,809	5,365	03/061
Total output	**307,788**	**323,644**	
Cost of materials	(146,766)	(160,760)	04/062
Personnel expenses	(95,087)	(96,124)	05/062
Depreciation and amortization	(7,225)	(8,721)	11/066
Other operating expenses	(52,482)	(51,994)	06/062
Profit (loss) from operations (EBIT)	**6,228**	**6,045**	
Financial income	878	880	07/063
Finance costs	(4,190)	(5,162)	07/063
Share of profit of at-equity-accounted companies	584	653	07/063
Share of profit of equity investments	0	309	07/063
Earnings before taxes (EBT)	**3,500**	**2,725**	
Income taxes	(3,032)	(2,247)	08/063
Income for the period	**468**	**478**	
of which income attributable to noncontrolling interests	240	184	09/065
of which income attributable to equity holders of parent	**228**	**294**	

* For the reconciliation from the cost of sales to the nature of expense method, please see Note (01) on page 061

Earnings per share

in €

Basic and diluted earnings per share, based on the profit (loss) attributable to common shareholders of Deufol SE	0.005	0.007	10/065

Statement of Total Comprehensive Income

figures in € thousand	2014	2013	Note/Page
Income for the period	**468**	**478**	
Other recognized income and expense	**1,645**	**(515)**	
Items that may be reclassified to profit/loss			
Gain (loss) on exchange-rate differences after tax	1,759	(607)	
Gain (loss) on cash flow hedges after tax	17	105	
Items that will not be reclassified to profit/loss			
Actuarial gains (losses) from pensions after tax	(131)	(13)	23/074
Total comprehensive income after tax	**2,113**	**(37)**	
of which attributable to noncontrolling interests	240	184	
of which attributable to equity holders of parent	1,873	(221)	

Consolidated Balance Sheet

Assets figures in € thousand	Dec. 31, 2014	Dec. 31, 2013	Note / Page
Noncurrent assets	**138,917**	**142,159**	
Property, plant and equipment	46,581	47,556	11/066
Investment property	217	272	11/066
Goodwill	68,673	68,602	12/066
Other intangible assets	4,123	2,943	12/066
At-equity-accounted investments	3,715	3,292	13/067
Financial receivables	4,512	5,740	14/070
Other financial assets	59	60	
Other receivables and other assets	2,815	3,738	15/070
Deferred tax assets	8,222	9,956	08/063
Current assets	**79,434**	**70,798**	
Inventories	12,351	12,156	16/071
Trade receivables	33,781	37,054	17/071
Other receivables and other assets	14,113	13,324	15/070
Tax receivables	1,828	1,521	
Financial receivables	1,358	1,764	14/070
Cash and cash equivalents	16,003	4,979	18/072
Total assets	**218,351**	**212,957**	

Equity and Liabilities figures in € thousand	Dec. 31, 2014	Dec. 31, 2013	Note / Page
Equity	**97,348**	**95,538**	
Equity attributable to equity holders of Deufol SE	97,058	95,185	
Subscribed Capital	43,774	43,774	19/072
Capital reserves	107,240	107,240	20/072
Retained earnings (accumulated losses)	(53,722)	(53,819)	
Other recognized income and expense	(234)	(2,010)	
Equity attributable to noncontrolling interests	290	353	21/072
Noncurrent liabilities	**54,056**	**21,270**	
Financial liabilities	47,033	13,925	22/073
Provisions for pensions	4,531	4,083	23/074
Other provisions	0	113	24/075
Other liabilities	1,657	1,975	25/076
Deferred tax liabilities	835	1,174	08/063
Current liabilities	**66,947**	**96,149**	
Trade payables	36,316	31,365	25/076
Financial liabilities	11,807	48,885	22/073
Other liabilities	15,862	13,330	25/076
Tax liabilities	1,629	1,718	
Other provisions	1,333	851	24/075
Total equity and liabilities	**218,351**	**212,957**	

Consolidated Cash Flow Statement

figures in € thousand	2014	2013	Note/Page
Income (loss) from operations (EBIT) from continuing operations	6,228	6,045	
Adjustments to reconcile income (loss) to cash flows from operating activities			
Depreciation and amortization charges	7,225	8,720	11, 12/066
(Gain) loss from disposal of property, plant and equipment	(35)	(231)	03, 06/061, 062
(Gain) loss from the sale of investments	(103)	(274)	
Taxes paid	(1,778)	(2,331)	
Changes in assets and liabilities from operating activities			
Change in trade accounts receivable	(476)	5,123	
Change in inventories	38	134	
Change in other receivables and other assets	730	(3,263)	
Change in trade accounts payable	8,616	1,426	
Change in other liabilities	1,743	2,089	
Change in accrued expenses	290	(411)	
Change in other operating assets/liabilities (net)	(235)	161	
Net cash provided by (used in) operating activities	**22,243**	**17,188**	27/077
Purchase of intangible assets and property, plant and equipment	(6,514)	(9,910)	
Proceeds from the sale of intangible assets and property, plant and equipment	1,674	903	
Dividends received	0	1,014	
Purchase of noncontrolling interests	(13)	0	
Proceeds from the sale of subsidiaries	3	617	28/077
Net change in financial receivables	1,634	1,318	
Interest received	878	880	
Net cash provided by (used in) investing activities	**(2,338)**	**(5,178)**	29/077
Net change in borrowings	(2,539)	(5,207)	
Net change in other financial liabilities	(1,916)	(2,824)	
Interest paid	(4,293)	(5,260)	
Dividends paid to noncontrolling interests	(129)	(230)	
Net cash provided by financing activities	**(8,877)**	**(13,521)**	30/077
Effect of exchange-rate changes and changes in the scope of consolidation on cash and cash equivalents	(4)	(776)	
Change in cash and cash equivalents	**11,024**	**(2,287)**	31/077
Cash and cash equivalents at the beginning of the period	4,979	7,266	
Cash and cash equivalents at the end of the period	16,003	4,979	

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, 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 19 R	—	—	(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) for the period	—	—	294	—	—	294	184	478
Other comprehensive income	—	—	(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 consolidation	—	—	—	—	—	—	(853)	(853)
Balance at December 31, 2013	**43,774**	**107,240**	**(53,819)**	**(1,993)**	**(17)**	**95,185**	**353**	**95,538**
Income (loss) for the period	—	—	228	—	—	228	240	468
Other comprehensive income	—	—	(186)	1,759	24	1,597	—	1,597
Deferred taxes for valuation changes recognized directly in equity	—	—	55	—	(7)	48	—	48
Total recognized income and expense	**—**	**—**	**97**	**1,759**	**17**	**1,873**	**240**	**2,113**
Dividends	—	—	—	—	—	—	(129)	(129)
Changes in the scope of consolidation	—	—	—	—	—	—	(174)	(174)
Balance at December 31, 2014	**43,774**	**107,240**	**(53,722)**	**(234)**	**0**	**97,058**	**290**	**97,348**

* Cf. Notes (19) – (21) to the consolidated financial statements

Notes to the Consolidated Financial Statements

For the fiscal year from January 1, 2014 to December 31, 2014

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. Since July 1, 2014, the Company's shares have been traded in the Entry Standard, a segment of the Open Market on the Frankfurt Stock Exchange (previously: Regulated Market). 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, 2015 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.

The income statement is prepared in accordance with the nature of expense method. Up to fiscal year 2013 inclusive, the income statement was prepared in accordance with the cost of sales method. On the reconciliation within the scope of the changeover from the cost of sales method to the nature of expense method, please see Note (01) on page ▶ 061.

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 19 (previous year: 17) fully consolidated subsidiaries in Germany and 14 (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 IFRS 11 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 €	**2014**	2013	**2014**	2013
US dollar	1.2141	1.3791	1.3285	1.3281
Renminbi	7.5358	8.3491	8.1857	8.1646
Singapore dollar	1.6058	1.7414	1.6823	1.6619
Czech crown	27.7350	27.4270	27.5360	25.9800

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.

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. Proprietary software is capitalized at cost and undergoes straight-line amortization over its economic life. 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

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-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

As a rule, derivative financial instruments are exclusively used by the Group to hedge interest-rate fluctuation risks. 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 29.65 % (previous year: 29.58 %). 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 (Other Comprehensive Income)

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 (24) 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 (08) 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 (12) 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 (11) and (12) 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.

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, 2014.

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

As of January 1, 2014, Deufol adopted for the first time IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities" and the follow-up amendments to IAS 27 "Separate Financial Statements" (amended 2011), and IAS 28 "Interests in Associates and Joint Ventures" (amended 2011). IFRS 10 defines by means of a comprehensive control concept the entities which are to be included in consolidated financial statements. IFRS 11 prescribes balance sheet reporting for joint arrangements, in line with the rights and obligations resulting from the arrangement in question. IFRS 12 specifies comprehensive disclosure obligations for all types of interests in other entities. Retrospective adoption of these standards did not have any effect on Deufol's consolidated financial statements. The adoption of IFRS 12 has resulted in additional disclosures.

On January 1, 2014, Deufol adopted for the first time IFRS 13 "Fair Value Measurement". The new pronouncement defines the concept of fair value and standardizes the disclosure obligations for fair-value measurements, for financial and nonfinancial items. The prospective adoption of IFRS 13 did not have any effect on the Company's consolidated financial statements.

The amended standard "Recoverable Amounts Disclosures for Non-Financial Assets" published by the IASB includes minor adjustments to IAS 36 "Impairment of Assets". Retrospective adoption of this amendment did not have any effect on Deufol's consolidated financial statements.

The other revised standards and interpretations will not have any effect on the Group's net assets, financial position and results of operations.

Published IFRSs endorsed by the EU and not yet adopted

In November 2013, the IASB published an adjustment to IAS 19 R (2011) "Employee Benefits". The EU endorsed these amendments on December 17, 2014. This adjustment introduces to the standard a reporting option for defined-benefit pension commitments in which employees (or third parties) participate by means of mandatory contributions.

Within the scope of its process introducing minor improvements to standards and interpretations (annual improvements process), the IASB has published a 2010–2012 amendment, a 2011–2013 amendment and also a further amendment. The EU endorsed these amendments on December 17, 2014 and December 18, 2014.

The Company does not envisage early adoption of these standards. The amended standards are not expected to have any significant effect on Deufol's consolidated financial statements.

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

Adoption of the following accounting pronouncements published by the IASB is not yet mandatory, and Deufol has not yet adopted them to date.

In July 2014, the IASB completed its project for the replacement of IAS 39 "Financial Instruments: Recognition and Measurement" by publishing the final version of IFRS 9 "Financial Instruments". IFRS 9 introduces a uniform approach for the classification and measurement of financial assets. The standard considers cash flow characteristics and the business model applied for their management. It also stipulates a new impairment model which is based on the expected loan losses. IFRS 9 also includes new provisions regarding the use of hedge accounting for improved reporting of an entity's risk management activities, particularly in relation to the management of nonfinancial risks. Adoption of the new standard is compulsory for fiscal years beginning on or after January 1, 2018; early adoption is permitted. The European Financial Reporting Advisory Group has postponed its recommendation for adoption of IFRS 9. Adoption of IFRS 9 is not expected to have any significant effect on Deufol's consolidated financial statements.

In May 2014, the IASB published IFRS 15 "Revenue from Contracts with Customers". Under the new standard, recognition of revenue is intended to reflect the transfer of promised goods or services to the customer in the value of the consideration which the entity is expected to receive in exchange for these goods or services. Revenues are realized upon the customer obtaining power of disposal over the goods or services. IFRS 15 also includes reporting requirements for performance profits or obligations at a contractual level. These comprise the assets and liabilities under customer agreements, which reflect the relationship between the entity's performance and the customer's payment. The new standard also requires a series of quantitative and qualitative information, so as to enable users of the consolidated financial standards to understand the type, the value, the timing and the uncertainty of revenue and cash flows resulting from agreements with customers. IFRS 15 replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue" as well as the related interpretations. Adoption of the standard is compulsory for fiscal years beginning on or after January 1, 2017; early adoption is permitted. The adoption of IFRS 15 is not expected to have any significant effect on Deufol's consolidated financial statements.

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.

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, 2013	Additions	Disposals	Dec. 31, 2014
Consolidated subsidiaries	32	2	1	33
thereof in Germany	17	2	0	19
thereof abroad	15	0	1	14
Companies valued using the at-equity method	6	2	1	7
thereof in Germany	5	1	1	5
thereof abroad	1	1	0	2
Total	**38**	**4**	**2**	**40**

The following table shows the companies fully consolidated as of December 31, 2014:

Companies fully consolidated as of Dec. 31, 2014

	Country	Equity interest (%)*
Deufol Services & IT GmbH, Hofheim	Germany	100.0
D.Services Immobilien GmbH & Co. KG i. L., Hofheim	Germany	94.8
Deufol Airport Services GmbH, Hofheim	Germany	88.0
Deufol Mitte GmbH, Hofheim	Germany	100.0
Deufol time solutions GmbH, Hofheim	Germany	100.0
DRELU Holzverarbeitung GmbH, Remscheid	Germany	25.1
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 (incl. 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 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, 2014

	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
Deufol-Meilink GmbH, Troisdorf	Germany	50.0
Deufol Asia PTE. LTD., Singapore	Singapore	50.0
Deufol St. Nabord SAS, Saint Nabord	France	24.0

* Attributable to the relevant parent

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	75	(3)
GGZ Gefahrgutzentrum Frankenthal GmbH i. I., Frankenthal*	Germany	100.00	(177)	(189)
Deutsche Tailleur Bielefeld Beteiligungs GmbH, Bielefeld	Germany	30.00	65	3
Securitas Int. B. V., Antwerp	Belgium	50.00	—	—

* As of December 31, 2011

Newly Established Companies, Acquisitions and Sales

Under a notarial deed of December 9, 2014, Deufol SE established Deufol Airport Services, Hofheim, together with a minority shareholder. Deufol SE holds 88 % of the shares (corresponding to a share capital of € 22 thousand). The share capital was paid in on December 12, 2014. The Company acquired an existing business with effect as of December 31, 2014. This company has been fully consolidated since December 31, 2014.

Under a notarial deed of October 28, 2013, Deufol SE acquired subject to conditions precedent a total of 50 % of the shares in Deufol-Meilink GmbH, Troisdorf. This company has been consolidated at equity since January 1, 2014.

Under a notarial deed of September 26, 2012, Deufol SE acquired 25.1 % of the shares in DRELU Holzverarbeitung GmbH, Remscheid. This company has been consolidated at equity since October 1, 2012. The purchase agreement included an option which Deufol SE may exercise at any time in order to increase its shareholding to 55.1 %. Due to a restructuring program initiated and financed by Deufol SE, the earnings situation of DRELU Holzverarbeitung GmbH improved significantly in 2014. Since July 2014, the company has reported positive and sustainable earnings on a monthly basis. Accordingly, Deufol SE will exercise this option in the first half of 2015 and increase its shareholding to 55.1 %. Due to the Company's intention to exercise its option, DRELU Holzverarbeitung GmbH has been fully consolidated since July 1, 2014.

The fair values for the assets and liabilities of DRELU Holzverarbeitung GmbH at the time of consolidation are presented in the following summary:

figures in € thousand	Previous net carrying amounts	Fair values at the time of consolidation
Intangible assets	0	0
Property, plant and equipment	509	509
Other receivables	4,830	4,830
Cash and cash equivalents	0	0
Total assets	**5,339**	**5,339**
Other reserves	80	80
Financial liabilities	272	272
Other liabilities	5,223	5,223
Total liabilities	**5,575**	**5,575**
Net assets	**(236)**	**(236)**
Goodwill from company acquisitions		73
Purchase price	**6**	6
less cash and cash equivalents	0	0
Cash inflow	**0**	**0**

Under a notarial deed of December 15, 2014, the Company disposed of a total of 50 % of the shares in Deufol Asia PTE. LTD., Singapore. This company was removed from the consolidated group on December 31, 2014 and is now consolidated at equity. This removal resulted in a disposal profit in the amount of € 100 thousand.

The Deufol Group disposed of four companies in fiscal year 2013.

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

figures in € thousand	2014	2013
Noncurrent assets	0	539
Current assets	24	2,827
Total assets	**24**	**3,366**
Noncurrent liabilities	0	204
Current liabilities	218	1,271
Total liabilities	**218**	**1,475**
Net assets	**(194)**	**1,891**
Noncontrolling interests	(97)	853
Disposal profit	100	274
Selling price	**3**	**1,312**
less non-due purchase price	3	(695)
less disposal of cash and cash equivalents	(4)	(776)
Cash outflow	**(4)**	**(159)**

Consolidated Income Statement Disclosures

01 Changeover from the Cost of Sales Method to the Nature of Expense Method

The income statement is prepared in accordance with the nature of expense method. Up to fiscal year 2013 inclusive, the income statement was prepared in accordance with the cost of sales method.

The following table shows the effects of the changeover from the cost of sales method to the nature of expense method:

2013

figures in € thousand	Sales	Cost of sales	Selling expenses	Admin-istrative expenses	Other operating income	Other operating expenses	**Total acc. nature of expense method**
Sales	318,698	—	—	—	—	—	**318,698**
Inventory changes	—	(1,024)*	—	—	—	—	**(1,024)**
Other own work capitalized	—	605**	—	—	—	—	**605**
Other operating income	—	—	—	—	5,365	—	**5,365**
Cost of materials	—	(159,404)*	(39)	(1 ,317)	—	—	**(160,760)**
Personnel costs	—	(77,309)**	(3,163)	(15,652)	—	—	**(96,124)**
Depreciation, amortization and impairment	—	(7,841)	(74)	(805)	—	—	**(8,720)**
Other operating expenses	—	(38,842)	(2,041)	(8,806)		(2,306)	**(51,995)**
Total acc. cost of sales method	**318,698**	**(283,815)**	**(5,317)**	**(26,580)**	**5,365**	**(2,306)**	**6,045**

* The cost of materials in the amount of € 160,428 thousand which was included in the cost of sales in 2013 comprises inventory changes in the amount of € 1,024 thousand and other costs of materials in the amount of € 159,404 thousand.

** The personnel costs in the amount of € 76,704 thousand which were included in the cost of sales in 2013 comprise personnel costs in the amount of € 77,309 thousand less own work capitalized in the amount of € 605 thousand.

02 Sales

The sales mainly resulted from the provision of services and, to a lesser extent, from rents. Sales include rents from the investment properties in the amount of € 180 thousand (previous year: € 86 thousand). In respect of further comments on the sales, we refer to the segment reporting on pages ▶ 085 ff.

03 Other Operating Income

The following table shows the breakdown of other operating income:

figures in € thousand	**2014**	2013
Release of accruals and liabilities	994	358
Release of valuation adjustments on receivables	226	450
Reimbursed costs	1,866	0
Insurance compensation and other indemnification	1,562	623
Reimbursement of incidental costs	708	0
Income from disposal of fixed assets	559	666
Income from deconsolidation	106	456
Exchange rate gains	522	155
Amounts reimbursed by suppliers	670	759
Other	596	1,898
Total	**7,809**	**5,365**

04 Cost of Materials

The cost of materials includes the following expenses:

figures in € thousand	2014	2013
Expenses for raw materials, consumables and supplies	79,103	83,708
Cost of purchased services	67,663	77,052
Total	**146,766**	**160,760**

05 Personnel Costs

The personnel costs include the following expenses:

figures in € thousand	2014	2013
Wages and salaries	75,388	75,339
Social security contributions and employee benefits	19,699	20,785
Total	**95,087**	**96,124**

The average number of employees in 2014 was 2,523 (previous year: 2,704), of which Germany accounted for 1,394 employees (previous year: 1,545), the Rest of Europe for 566 employees (previous year: 692) and USA/Rest of the World for 500 employees (previous year: 467). The holding had 63 employees on average (previous year: 52). As of the reporting date December 31, 2014, the Group had 2,561 employees (previous year: 2,471).

06 Other Operating Expenses

The following table shows the breakdown of other operating expenses:

figures in € thousand	2014	2013
Rental and lease expenses	18,848	18,746
Space costs	5,740	6,651
Maintenance costs	3,161	3,987
Legal and consulting costs	2,599	3,088
Insurance premiums	2,494	2,722
IT and communications costs	2,420	2,412
Vehicle fleet costs	2,599	1,584
Expenses for loss or damage incurred	2,822	1,292
Expenses for tools and fuel	674	500
Personnel-related expenses	410	605
Travel expenses	1,248	1,268
Losses on disposal of fixed assets	527	435
Exchange-rate losses	41	15
Value adjustments and losses on receivables	505	0
Expenses for deconsolidation	0	181
Other	8,394	8,508
Total	**52,482**	**51,994**

The Group auditors' overall fees for the fiscal year amounted to € 203 thousand (previous year: € 203 thousand) for audits of financial statements, € 84 thousand (previous year: € 65 thousand) for tax audit services and € 3 thousand (previous year: € 12 thousand) for other services.

07 Financial Result

The financial result can be broken down as follows:

figures in € thousand	2014	2013
Financial income	**878**	**880**
Other interest and similar income	315	254
from finance leases	563	626
Accumulation of receivables	0	0
Finance costs	**(4,190)**	**(5,162)**
from financial liabilities	(3,365)	(4,161)
from finance leases	(564)	(735)
Accumulation of liabilities and accruals	(261)	(266)
Shares of profits of companies accounted for using the at-equity method	**584**	**653**
Income from other equity investments	**0**	**309**
Total	**(2,728)**	**(3,320)**

08 Tax Proceeds / Expenses

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

figures in € thousand	2014	2013
Effective income tax expense	**1,379**	**2,580**
Germany	293	729
Rest of the World	1,086	1,851
Deferred income taxes due to the occurrence or reversal of temporary differences	**1,653**	**(333)**
Germany	2,027	592
Rest of the World	(374)	(925)
Total	**3,032**	**2,247**

Deferred tax expenses and proceeds can be broken down as follows:

figures in € thousand	2014	2013
Recognition of loss carryforwards	1,391	6
Supplementary capital for tax purposes	422	426
Valuation of property, plant and equipment	(117)	(571)
Valuation of clientele	(32)	(32)
Valuation of current assets	117	
Measurement of compensation claims and other legal disputes	0	(377)
Finance leasing	(91)	123
Other	(37)	92
Total	**1,653**	**(333)**

As of December 31, 2014, deferred taxes were calculated for German companies with an overall tax rate of 29.65 % (previous year: 29.58 %). 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 29.65 % (previous year: 29.58 %) income tax rate for Deufol SE:

figures in € thousand	2014	2013
Earnings before taxes	3.500	2,725
Income tax rate of the Deufol Group (%)	29.65	29.58
Expected tax expense	**1,038**	**806**
Effect of different tax rates	(77)	(113)
Unrecognized deferred tax assets on loss carryforwards	475	846
Use of previously unconsidered tax losses	118	(26)
Depreciation of deferred tax assets on loss carryforwards	1,018	0
Effect of tax-exempt income	(807)	(1,251)
Effect of expenses not deductible for tax purposes	826	1,168
Prior-period tax effects	(141)	242
Other	582	575
Income taxes	**3,032**	**2,247**
Effective tax rate (%)	**86.60**	**82.46**

Deferred tax assets can be broken down as follows:

figures in € thousand	2014	2013
Tax loss carryforwards	6,885	8,065
Supplementary capital for tax purposes	462	884
Finance leases	1,166	1,078
Cash flow hedges	0	7
Provisions for pensions	158	73
Other	314	479
Deferred tax assets	**8,985**	**10,586**
Offset against deferred tax liabilities	(763)	(630)
Total	**8,222**	**9,956**

Deferred tax assets include € 6.197 thousand (previous year: € 8,184 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, 2014, corporate income tax loss carryforwards totaled € 75.5 million (previous year: € 80.9 million). Of this amount, € 64.4 million (previous year: € 71.8 million) can be carried forward indefinitely. The trade tax loss carryforwards of German Group companies amount to € 56.6 million (previous year: € 66.4 million). Temporary differences relating to shares in subsidiaries for which no deferred taxes have been shown in the balance sheet total € 20.2 million (previous year: € 18.6 million).

Deferred tax liabilities can be broken down as follows:

figures in € thousand	2014	2013
Property, plant and equipment	475	625
Finance leases	427	430
Clientele	34	66
Other receivables and other assets	410	409
Other	252	274
Deferred tax liabilities	**1,598**	**1,804**
Offset against deferred tax assets	(763)	(630)
Total	**835**	**1,174**

09 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.

10 Earnings per Share

Income figures in € thousand	2014	2013
Result attributable to the holders of Deufol SE common stock	228	294
Shares in circulation figures 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	0.005	0.007

Consolidated Balance Sheet Disclosures

11 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	**2014**	2013
Cost	9,472	10,930
Accumulated depreciation and amortization	(8,423)	(8,470)
Carrying amount	**1,049**	**2,460**

The following amounts are attributable to "Buildings":

figures in € thousand	**2014**	2013
Cost	4,588	4,588
Accumulated depreciation and amortization	(3,579)	(3,267)
Carrying amount	**1,009**	**1,321**

As of December 31, 2014, 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.

12 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, 2014	**52,666**	**15,936**	**0**	**68,602**
Additions	73	0	0	73
Impairments	0	0	0	0
Currency translation adjustments	0	(2)	0	(2)
Carrying amount as of Dec. 31, 2014	**52,739**	**15.934**	**0**	**68.673**

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 6.70 % and 8.14 % (previous year: 6.54 % to 8.07 %). 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.

13 Investments Accounted for Using the At-Equity Method

As of December 31, 2014, the carrying amount of the investments in associates accounted for using the at-equity method amounts to € 3,715 thousand (previous year: € 3,292 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, 2014	Dec. 31, 2013
Current assets	3,542	3,986
Noncurrent assets	2,593	2,634
Total assets	**6,135**	**6,620**
Equity and liabilities figures in € thousand		
Debt	2,621	3,462
Equity	3,514	3,158
Total equity and liabilities	**6,135**	**6,620**
Total sales	13,078	15,474
Total expenses	12,506	(14,861)
Income	**572**	**613**

The unrecognized losses amount to € 12 thousand (previous year: € 40 thousand); cumulative unrecognized losses amount to € 201 thousand (previous year: € 134 thousand).

Consolidated statement of changes in assets 2013 and 2014

	Procurement and production costs						
figures in € thousand	Jan. 1, 2014	Currency translation adjustments	Changes in the scope of consolidation	Additions	Disposals	Reclassifi-cations	Dec. 31, 2014
Property, plant and equipment							
Land, land rights and buildings	36,950	1,500	77	1,325	(283)	2,472	42,041
Technical equipment and machinery	40,031	2,179	1,032	1,498	(1,919)	155	42,976
Operating and office equipment	31,042	232	492	1,369	(1,745)	241	31,631
Assets under construction	3,427	5	0	1,299	(850)	(3,308)	573
Leased assets	15,517	70	0	213	(1,581)	(160)	14,059
Investment properties	983	0	0	0	0	0	983
Total	**127,950**	**3,986**	**1,601**	**5,704**	**(6,378)**	**(600)**	**132,263**
Intangible assets							
Patents, licenses, trademarks and similar rights and assets	9,786	281	9	519	(20)	161	10,736
Self-developed intangible assets	1,124	0	0	504	0	439	2,067
Goodwill	71,213	(2)	0	73	0	0	71,284
Total	**82,123**	**279**	**9**	**1,096**	**(20)**	**600**	**84,087**
Sum total	**210,073**	**4,265**	**1,610**	**6,800**	**(6,398)**	**0**	**216,350**
figures in € thousand	Jan. 1, 2013						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	9,581	(100)	(69)	452	(116)	38	9,786
Self-developed intangible assets	519	0	0	605	0	0	1,124
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**

Depreciation and amortization charges							Net amounts	
Jan. 1, 2014	Currency translation adjustments	Changes in the scope of consolidation	Additions	Disposals	Reclassifi-cations	**Dec. 31, 2014**	**Dec. 31, 2013**	**Dec. 31, 2014**
14,902	620	67	1,542	(283)	0	16,848	22,048	25,193
30,446	1,435	664	1,607	(1,659)	158	32,651	9,585	10,325
22,328	196	361	1,807	(1,492)	0	23,200	8,714	8,432
0	0	0	0	0	0	0	3,427	573
11,735	14	0	1,715	(1,305)	(158)	12,001	3,782	2,058
711	0	0	55	0	0	766	272	217
80,122	**2,265**	**1,092**	**6,726**	**(4,739)**	**0**	**85,465**	**47,828**	**46,798**
7,967	225	9	450	(20)	0	8,631	1,819	2,105
0	0	0	49	0	0	49	1,124	2,018
2,611	0	0	0	0	0	2,611	68,602	68,673
10,578	**225**	**9**	**499**	**(20)**	**0**	**11,291**	**71,545**	**72,796**
90,700	**2,490**	**1,101**	**7,225**	**(4,759)**	**0**	**96,756**	**119,373**	**119,594**
Jan. 1, 2013						**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	1,910	1,819
0	0	0	0	0	0	0	519	1,124
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**

14 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 are used exclusively on a customer-specific basis. Financial receivables have been capitalized in the amount of the net investment volume, on the basis of 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, 2014:

figures in € thousand	2014	2013
Total future payments	**7,112**	**9,204**
thereof due within one year	1,843	2,092
thereof due between one and five years	5,269	7,112
thereof due in more than five years	0	0
Present value of future payments	**5,804**	**7,202**
thereof due within one year	1,343	1,462
thereof due between one and five years	4,461	5,740
thereof due in more than five years	0	0
Interest element	**1,308**	**2,002**

These amounts differ from the amounts reported under financial receivables in the balance sheet by € 66 thousand (previous year: € 302 thousand) since they include expected future investments as well as the minimum lease payments.

15 Other Receivables and Other Assets

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

	2014		2013	
figures in € thousand	Total	Current	Total	Current
Value-added tax and other taxes receivable	2,101	2,101	3,808	3,808
Deferred expenses	1,463	1,463	1,550	1,153
Guarantees	4,072	4,072	771	341
Receivables from assumption of costs	838	408	4,113	4,113
Receivables from related parties	503	503	717	717
Compensation	1,067	1,067	1,655	1,655
Reclaims from ancillary expenses	1,389	1,389	0	0
Reimbursements from suppliers	630	630	0	0
Receivables from employees	150	150	40	40
Other	4,715	2,330	4,408	1,497
Total	**16,928**	**14,113**	**17,062**	**13,324**

16 Inventories

The following table shows the breakdown of inventories:

figures in € thousand	2014	2013
Raw materials, consumables and supplies	9,806	10,401
Finished products and merchandise	869	776
Work in progress	1,676	979
Total	**12,351**	**12,156**

17 Trade Receivables

The trade receivables break down as follows:

figures in € thousand	2014	2013
Trade receivables	35,080	38,935
Valuation adjustments	(1,299)	(1,881)
Trade receivables, net	**33,781**	**37,054**

Trade receivables from related parties amount to € 390 thousand (previous year: € 1,299 thousand).

As of December 31, 2014, 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	61–90 days	91–180 days	> 180 days
2014	**33,781**	**22,986**	**3,102**	**2,290**	**1,031**	**2,395**	**1,977**
2013	37,054	25,560	6,307	2,596	470	545	1,576

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	2014	2013
Valuation adjustments at start of period	**1,881**	**1,581**
Currency differences	1	6
Changes to scope of consolidation	72	(39)
Addition	411	505
Utilization	(950)	(21)
Reversal	(116)	(151)
Valuation adjustments at end of period	**1,299**	**1,881**

18 Cash and Cash Equivalents

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

figures in € thousand	2014	2013
Cash on hand	45	68
Bank balances	15,958	4,911
Total	**16,003**	**4,979**

There are no restrictions on the amounts reported as cash.

19 Subscribed Capital

As of December 31, 2014, 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.

An amount of € 20,000,000 remained unchanged as Approved Capital as of December 31, 2014 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 July 4, 2014, the Company has been authorized to increase the Company's share capital by up to € 20,000,000 in the period up to July 3, 2019.

Pursuant to the resolution passed by the Annual General Meeting on July 4, 2014, on December 31, 2014 the Contingent Capital amounts to € 20,000,000 (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.

20 Capital Reserves

At the end of 2014, 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.

21 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 2014 in the amount of € 22,929 thousand (calculated in accordance with the principles of the German Commercial Code) be carried forward to new account.

22 Financial Liabilities

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

figures in € thousand	2014				2013			
		thereof with a remaining maturity of				thereof with a remaining maturity of		
	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	51,731	9,620	40,027	2,084	54,000	46,539	7,142	319
Liabilities under financial leases	6,808	1,976	4,733	99	8,702	2,319	4,478	1,905
Other financial liabilities	300	246	54	0	108	27	81	0
Financial liabilities	**58,839**	**11,842**	**44,814**	**2,183**	**62,810**	**48,885**	**11,701**	**2,224**

Property, plant and equipment in the amount of € 30.0 million (previous year: € 28.6 million), trade receivables in the amount of € 5.7 million (previous year: € 3.9 million) and inventories in the amount of € 5.2 million (previous year: € 5.0 million) have been pledged as collateral to secure liabilities to banks and other financial liabilities.

Liabilities to Banks

Short- and mid-term credit lines of € 42.8 million are available to the Group at various banks (previous year: € 44.6 million). As of December 31, 2014, € 23.7 million (previous year: € 25.1 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 2014, the average weighted interest rate for short-term loans was 4.04 % (previous year: 4.69 %).

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

	2014				2013			
	Currency	Carrying amount (€ thousand)	Remaining maturity (years)	Effective interest rate (%)	Currency	Carrying amount (€ thousand)	Remaining maturity (years)	Effective interest rate (%)
Loans	EUR	4,432	4	6.05	EUR	5,684	5	6.05
Loans	EUR	13,500	2	variable*	EUR	0	0	—
Loans	EUR	1,951	10	3.05	EUR	0	0	—
Loans	EUR	1,500	9	3.95	EUR	1,667	10	3.95
Loans	EUR	820	10	3.60	EUR	0	0	—

*3-month EURIBOR +3.5 %

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 € 1.3 million (previous year: € 1.4 million).

Liabilities under Financial Leases

The total future minimum payments from financial leasing contracts can be broken down as follows as of December 31, 2014:

figures in € thousand	2014	2013
Total future minimum lease payments	**8,841**	**12,481**
thereof due within one year	2,594	3,268
thereof due between one and five years	6,145	6,884
thereof due in more than five years	102	2,329
Present value of future minimum lease payments	**6,808**	**8,702**
thereof due within one year	1,976	2,319
thereof due between one and five years	4,733	4,478
thereof due in more than five years	99	1,905
Interest element	**2,033**	**3,779**

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

23 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	2014	2013
Provisions for pensions	1,030	857
Provisions for other post-employment benefits	368	387
Liabilities to pension fund	3,133	2,839
Total	**4,531**	**4,083**

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 %	2014	2013	2014	2013
Discount rate	2.3	3.4	0.9	2.1
Turnover rate*	0.0	0.0	0.0	0.0
Index-linked salary increase	1.0	1.0	0.6	2.0
Index-linked pension increase	1.0	1.0	2.0	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	2014	2013
Present value of the obligation at January 1	1,244	1,258
Current service cost	4	4
Interest cost	36	36
Pension payments	(72)	(74)
Actuarial losses	186	20
Present value of the obligation / net pension commitment at December 31	**1,398**	**1,244**

The present value of the total obligation was € 1,204 thousand on December 31, 2010, € 1,126 thousand on December 31, 2011 and € 1,258 thousand on December 31, 2012. The actuarial gains and losses amounted to –€ 28 thousand on December 31, 2010, € 14 thousand on December 31, 2011 and € 175 thousand on December 31, 2012, and have been recognized in other comprehensive income.

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

figures in € thousand	2014	2013
Current service cost	4	4
Interest cost	36	36
Total pension expense	**40**	**40**

The expected pension expense for 2015 is € 36 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 2014, pension expenses relating to defined-contribution plans totaled € 8 thousand (previous year: € 17 thousand). In addition, contributions were paid to state pension insurance agencies in the amount of € 3,842 thousand (previous year: € 3,740 thousand).

The Company has carried as a liability in relation to a pension fund an amount of € 3,133 thousand (previous year: € 2,839 thousand) in connection with the closure of its carton business in the USA. 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 € 303 thousand.

24 Other Provisions

The following table shows the changes in other provisions:

figures in € thousand	Jan. 1, 2014	Utilization	Reversal	Addition	Changes in scope of consolidation	Dec. 31, 2014
Guarantee and liability risks	359	(181)	(85)	371	3	467
Litigation risk	254	(90)	(16)	24	0	172
Dismantling obligations	265	0	(113)	367	0	519
Other risks	86	0	(86)	175	0	175
Total	**964**	**(271)**	**(300)**	**937**	**3**	**1,333**

Provisions for guarantees and liability risks mainly include claims due to 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	**2014**	2013	**2014**	2013	**2014**	2013
Guarantee and liability risks	467	359	0	0	467	359
Litigation risk	172	254	0	0	172	254
Dismantling obligations	519	152	0	113	519	265
Other risks	175	86	0	0	175	86
Total	**1,333**	**851**	**0**	**113**	**1,333**	**964**

25 Other Liabilities

Other liabilities can be broken down as follows:

	2014		2013	
figures in € thousand	Total	Current	Total	Current
Value-added tax and other taxes payable	1,576	1,576	1,670	1,670
Social security liabilities	1,336	1,336	1,271	1,271
Liabilities to employees relating to wages and salaries	6,341	6,341	2,220	2,220
Other liabilities to employees (annual leave, overtime, etc.)	4,942	4,847	6,731	6,731
Deferred income	2,186	701	2,576	723
Liabilities to related parties	2	2	8	8
Other	1,136	1,059	829	707
Total	**17,519**	**15,862**	**15,305**	**13,330**

26 Trade Payables

Trade payables amount to € 36,316 thousand (previous year: € 31,365 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 € 2,568 thousand (previous year: € 2,056 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 fiscal years 2014 and 2013. 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 (18).

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.

27 Net Cash Provided by Operating Activities

In fiscal year 2014, operating activities provided net cash of € 22.2 million (previous year: € 17.2 million). It should be noted that adjustments were made for the effects of changes in the scope of consolidation.

28 Acquisitions and Sales

Please see page ▶ 059 for details of acquisitions and sales.

29 Net Cash Used in Investing Activities

In the past fiscal year, a € 2.3 million (previous year: € 5.2 million) outflow of funds from investing activities resulted. The investments in intangible assets and property, plant and equipment amounted to € 6.5 million, while an inflow of funds in the amount of € 1.7 million resulted from the disposal of intangible assets and property, plant and equipment. The net change in financial receivables in the amount of € 1.6 million and interest received in the amount of € 0.9 million were also significant.

30 Net Cash Used in Financing Activities

In the past fiscal year, an € 8.9 million (previous year: € 13.5 million) outflow of funds from financing activities resulted. This was mainly due to the reduction of financial liabilities on balance in the amount of € 4.5 million, and paid interest of € 4.3 million.

Deufol SE did not distribute any dividend in 2014.

31 Change in Cash and Cash Equivalents

The cash and cash equivalents balance increased by € 9.0 million from € 5.0 million to € 16.0 million. Net financial indebtedness – defined as financial liabilities less the Group's financial receivables and cash and cash equivalents – decreased by € 13.3 million.

Other Disclosures

32 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. As in prior years, the Group has no guarantees to associates.

Expenses amounting to € 18,848 thousand (previous year: € 18,746 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.

33 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, 2014	Dec. 31, 2013
Not later than one year	14,618	13,000
Later than one year and not later than five years	20,386	20,783
Later than five years	2,361	4,402
Total minimum lease payments	**37,365**	**38,185**

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, include a renewal option.

34 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 two and four years. All leases include 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, 2014, receivables in the form of future minimum lease payments under non-cancelable operating leases are as follows:

figures in € thousand	Dec. 31, 2014	Dec. 31, 2013
Not later than one year	467	629
Later than one year and not later than five years	1,013	1,480
Later than five years	0	0
Total minimum lease payments	**1,480**	**2,109**

35 Contingent Assets

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

36 Government Grants

As in 2013, the Deufol Group did not receive any government grants in 2014.

37 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. At December 31, 2014, the Group's equity ratio was 44.6 % (previous year: 44.9 %). 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.

38 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 € 127 thousand lower (higher) and in the previous year € 154 thousand higher (lower). The balancing item in equity would have been € 488 thousand lower (higher) and in the previous year € 354 thousand lower (higher).

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. If the interest rate level as of December 31, 2014 for variable-interest liabilities had been an average of 100 base points higher (lower), this would have had an effect on the Group's interest expense in the approximate amount of € 398 thousand (previous year: € 269 thousand).

In the past, in some cases interest-rate hedging transactions in the form of interest rate swaps were entered into to secure significant, variable-interest noncurrent bank loans.

As of December 31, 2014, the Group had not entered into any interest-rate hedging transactions.

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)	June 29, 2007	June 30, 2014

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 (17) 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 risks

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	2015	2016 to 2019	after 2019
At December 31, 2014			
Amounts due to banks	11,331	44,348	2,581
Liabilities under financial leases	2,594	6,145	102
Other financial liabilities	246	54	0
Trade payables	36,316	0	0
Other liabilities (excl. tax liabilities)	13,586	172	0
Derivative financial liabilities	0	0	0

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 (excl. tax liabilities)	10,937	98	0
Derivative financial liabilities	24	0	0

Further Financial Instruments Disclosures

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

figures in € thousand	From subsequent measurement						
	From interest	At fair value	Currency translation	Valuation adjustment	From disposal	**2014**	2013
Loans and receivables	315	—	—	(391)	—	(76)	350
Financial assets available for sale	—	—	—	—	—	—	—
Financial assets held for trading	—	—	—	—	—	—	—
Financial liabilities measured at amortized cost	(3,626)	—	—	—	—	(3,626)	(4,427)
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.

The fair-value hierarchy levels in accordance with IFRS 7 in combination with IFRS 13 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	**Carrying amount as of Dec. 31, 2014**	Amortized cost	Fair value not recognized in income	Fair value recognized in income	Valuation acc. IAS 17	**Fair value as of Dec. 31, 2014**
Assets							
Cash and cash equivalents	1)	16,003	16,003	—	—	—	16,003
Trade receivables	1)	33,781	33,781	—	—	—	33,781
Other receivables	1)	13,430	13,430	—	—	—	13,009
Receivables from the finance lease	n/a	5,804	—	—	—	5,804	6,405
Financial assets	2)	59	59	—	—	—	59
Equity and liabilities							
Amounts due to banks	4)	51,731	51,731	—	—	—	51,492
Trade payables	4)	36,316	36,316	—	—	—	36,316
Liabilities under financial leases	n/a	6,808	—	—	—	6,808	8,355
Other liabilities	4)	14,058	14,058	—	—	—	13,732
Derivatives with hedge relationships	n/a		—	—	—	—	—
Aggregated by valuation category acc. IAS 39							
1) Loans and receivables		63,214	63,214	—	—	—	62,793
2) Financial assets available for sale		59	59	—	—	—	59
3) Financial assets held for trading		—	—	—	—	—	—
4) Financial liabilities measured at amortized cost		102,105	102,105	—	—	—	101,540
5) Financial liabilities held for trading		—	—	—	—	—	—

figures in € thousand	Category	Carrying amount as of Dec. 31, 2013	Balance sheet valuation (IAS 39) Amortized cost	Fair value not recognized in income	Fair value recognized in income	Valuation acc. IAS 17	Fair value as of 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. 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		—	—	—	—	—	—

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 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.

40 Segment Information by Region

figures in € thousand	Germany	Rest of Europe	USA/Rest of the World	Holding company	Elimina-tion	**Group**
2014						
External sales	153,991	74,189	68,350	2,341	0	298,871
Internal sales	16,940	10,394	304	12,816	(40,454)	0
Total sales	**170,931**	**84,583**	**68,654**	**15,157**	**(40,454)**	**298,871**
EBIT	2,863	1,252	3,493	(1,567)	187	6,228
Financial income	264	675	123	3,632	(3,816)	878
Finance costs	(2,923)	(609)	(2,389)	(2,085)	3,816	(4,190)
Income (loss) from associates and other equity investments	600	53	0	(69)	0	584
EBT	804	1,371	1,227	(89)	187	3,500
Taxes						(3,032)
Result for the period						**468**
Assets	86,597	62,581	48,524	252,686	(242,087)	208,301
of which investments accounted for using the at-equity method	3,662	53	0	0	0	3,715
Non-allocated assets						10,050
Total assets						**218,351**
Financial liabilities	32,707	12,294	44,875	36,358	(67,394)	58,840
Other debt	44,968	26,074	13,425	28,768	(53,536)	59,699
Non-allocated debt						2,464
Total liabilities						**121,003**
Depreciation, amortization and impairment	3,061	2,399	1,370	395	0	7,225
Investments	3,661	1,302	1,400	437	0	6,800
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)
Income (loss) from associates 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

The Deufol Group has various customers which are themselves subsidiaries of a corporate group. In the past financial year, the Deufol Group realized € 90.8 million (previous year: € 87.8 million) or approx. 30.4 % (previous year: 27.5 %) of its total sales with these customers. This relates to the segments Rest of Europe and USA/Rest of the World.

41 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**
2014						
External sales	151,535	114,165	30,830	2,341	0	298,871
Internal sales	24,520	1,190	1,928	12,816	(40,454)	0
Total sales	**176,055**	**115,355**	**32,758**	**15,157**	**(40,454)**	**298,871**
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**

42 Events after the Balance Sheet Date

No events occurred 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 – which comprised six non-executive directors and two managing directors as of the end of 2014 – had the following membership in the reporting period:

Name and position	
Detlef W. Hübner (Chairman) Appointed until the 2015 AGM	Managing Director of Deufol SE
Helmut Olivier (Deputy Chairman) Appointed until the 2015 AGM	Executive Board member of Lehman Brothers AG i. Ins.
Dr. Tillmann Blaschke (to February 28, 2014)	Managing Director of Deufol SE
Dr. Helmut Görling Appointed until the 2015 AGM	Managing Director of Görling Rechtsanwaltsgesellschaft mbH, Frankfurt am Main
Dennis Hübner Appointed until the 2015 AGM	Managing Director of Deufol SE
Marc Hübner (from March 1 to July 4, 2014)	Manager Northwest Germany, Deufol SE
Prof. Dr. Wolfgang König Appointed until the 2015 AGM	Managing Director at House of Finance, Goethe University Frankfurt
Wulf Matthias Appointed until the 2015 AGM	Senior Advisor at M. M. Warburg & CO, Frankfurt am Main
Peter Oberegger (since July 4, 2014) Appointed until the 2015 AGM	Managing Director at Peer Swan Group GmbH, Oberhaching
Axel Wöltjen Appointed until the 2015 AGM	Managing Director of A. Wöltjen Consulting GmbH, Wendelstein

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 2014, Administrative Board compensation totaled € 152.28 thousand (previous year: € 123.93 thousand).

Dr. Tillmann Blaschke resigned from the Administrative Board and from his position as a managing director of the Company on February 28, 2014. In accordance with the Company's Articles of Association, Dr. Blaschke's Administrative Board position has been transferred to the replacement member Mr. Marc Hübner. The Annual General Meeting held on July 4, 2014 appointed Mr. Peter Oberegger as a new member of the Administrative Board. He replaced Marc Hübner, who was reappointed as a replacement member.

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

Name	Departments
Dr. Tillmann Blaschke (to February 28, 2014)	Finance, Legal & Compliance
Klaus Duttiné (since March 1, 2014)	Finance, Legal & Compliance, Investor Relations & Communications, Human Resources, Property & Administration
Jens Hof	Business Development & Marketing, Purchasing
Dennis Hübner	Production, IT Services, Box Engineering, Project Management Operations: Rest of the World
Detlef W. Hübner	Strategy
Olaf Lange (to March 25, 2015)	Operations: North Germany
Jürgen Schmid	Operations: South Germany & Eastern Europe
Manfred Weirich	Operational Excellence, Compliance & Quality

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

figures in € thousand	2014	2013
Fixed remuneration	1,634	1,521
Variable remuneration	0	0
Other remuneration	90	32
Total	**1,724**	**1,553**

The compensation of the Executive Board/the managing directors for fiscal year 2014 totaled € 1,724 thousand (previous year: € 1,553 thousand). This relates to short-term benefits.

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) HGB 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. In fiscal year 2014, expenses amounted to € 57 thousand (previous year: € 52 thousand). On December 31, 2014, the Company had liabilities in relation to Axel Wöltjen Consulting GmbH in the amount of € 8 thousand (previous year: € 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 2014, expenses amounted to € 296 thousand (previous year: € 413 thousand). On December 31, 2014, the Company had liabilities in relation to Görling Acker & Partner in the amount of € 101 thousand (previous year: € 91 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 financial year, these transactions resulted in revenue in the amount of € 7 thousand (previous year: € 7 thousand) and expenses in the amount of € 0 thousand (previous year: € 8 thousand). As of December 31, 2014, receivables from these companies and Mr. Detlef W. Hübner amounted to € 0 thousand (previous year: € 0 thousand), while liabilities in relation to these companies and Mr. Detlef W. Hübner totaled € 0 thousand (previous year: € 233 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
2014		
Sales and other income	1,650	7
Expenses	(5,738)	353
Purchase of operating and office equipment	0	0
Receivables	331	0
Liabilities	1,752	109
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

Auditors’ Report

We have audited the consolidated financial statements – comprising the income statement, statement of 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, Hofheim, for the fiscal year from January 1 to December 31, 2014. 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 of the 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 IFRSs as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315 a (1) of the 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, 2015

VOTUM AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Lothar Stache
Certified auditor

Alexander Leoff
Certified auditor

DATA PACKAGING

1. Raw Product Sourcing and Supply

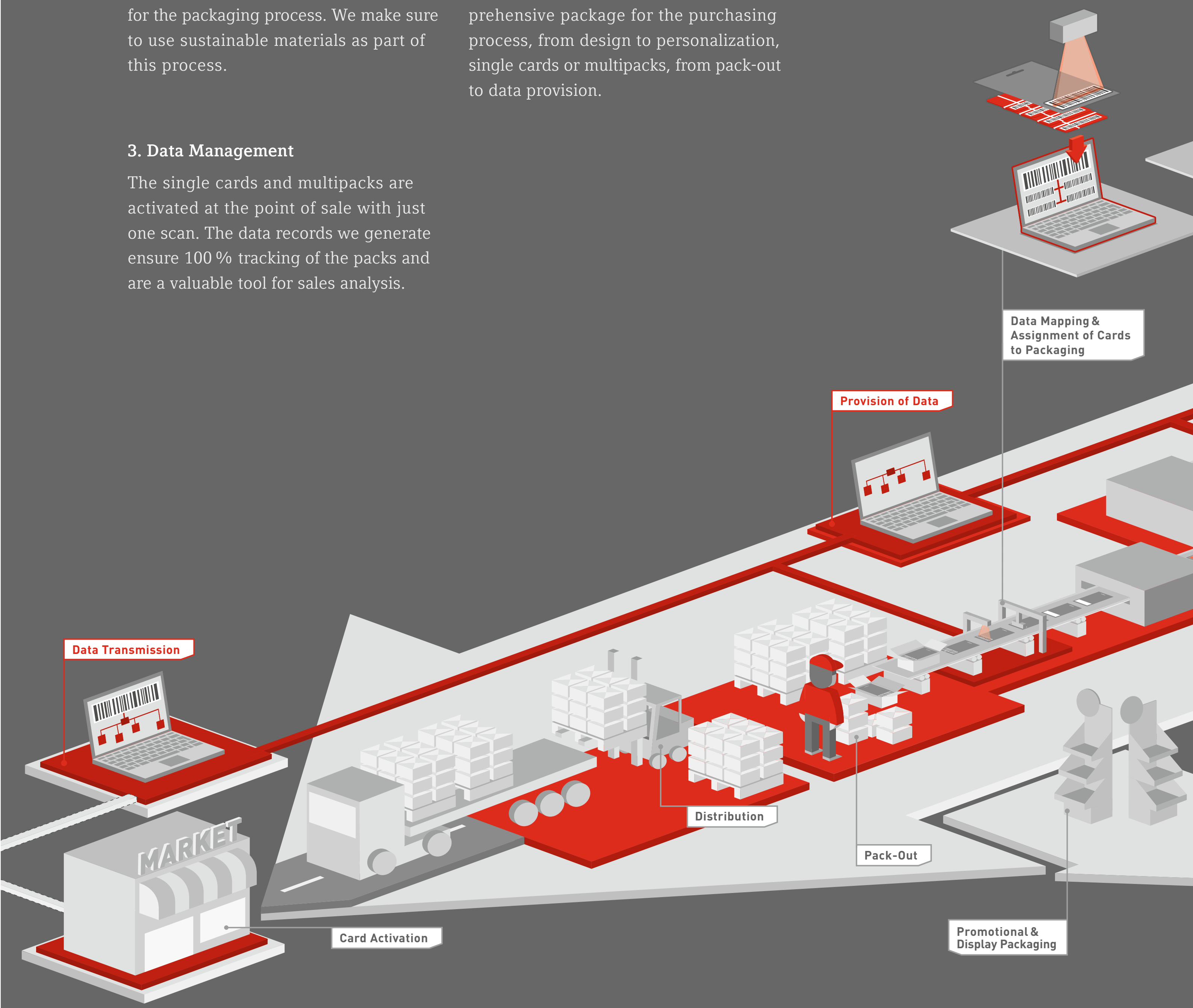
The packaging material components and card blanks are supplied and prepared for the packaging process. We make sure to use sustainable materials as part of this process.

2. Separate Services or Integrated Solution

We offer every service in this area separately – or we can put together a comprehensive package for the purchasing process, from design to personalization, single cards or multipacks, from pack-out to data provision.

3. Data Management

The single cards and multipacks are activated at the point of sale with just one scan. The data records we generate ensure 100 % tracking of the packs and are a valuable tool for sales analysis.



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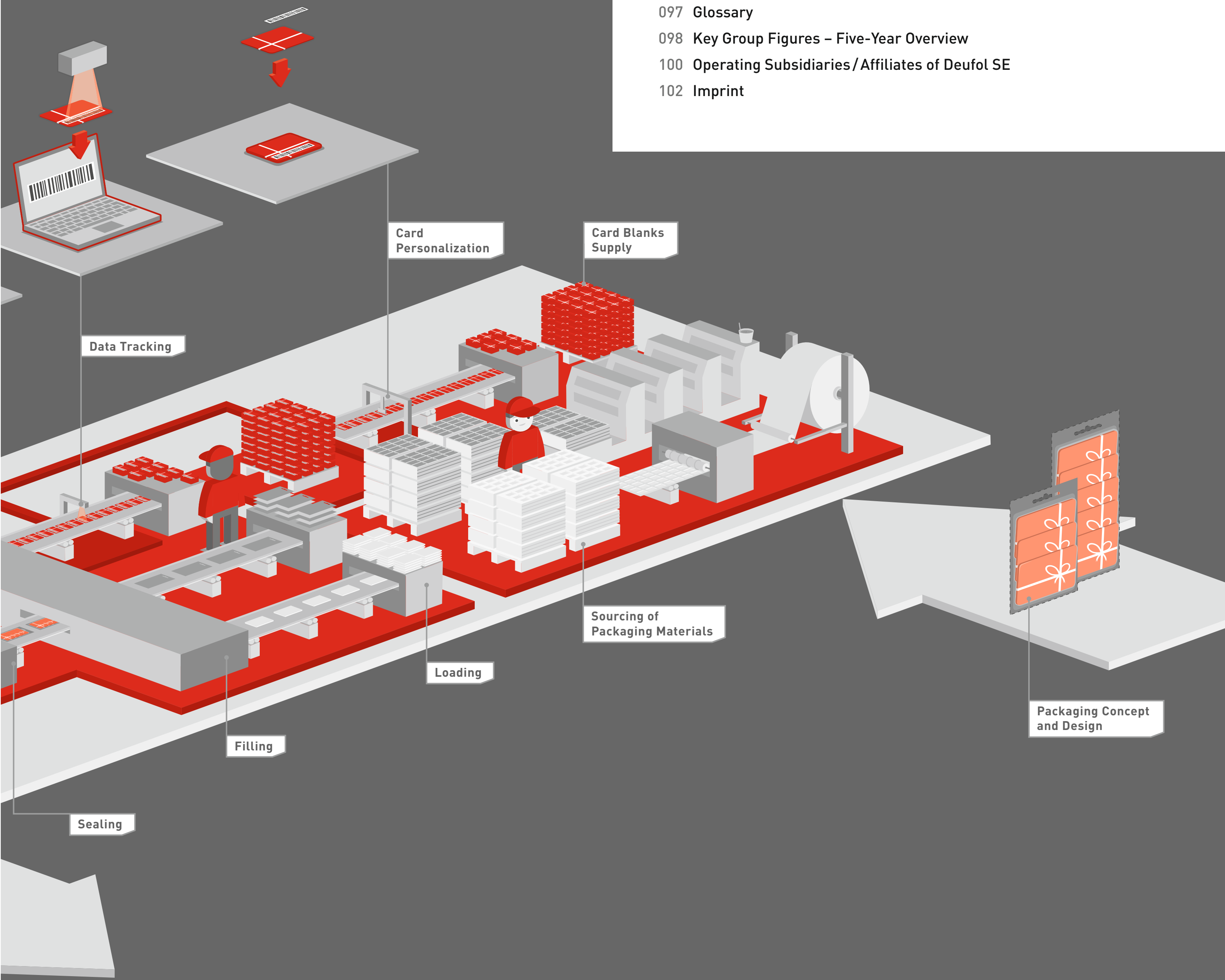


Information on Deufol SE

Income Statement of Deufol SE

figures in € thousand	2014	2013
1. Sales	**8,668**	**7,950**
2. Other operating income thereof from currency translation: € 1,026 thousand (previous year: € 181 thousand)	16,201	7,947
3. Cost of materials	(3,146)	**(2,558)**
4. Personnel expenses a) Wages and salaries b) Social security contributions	 (4,958) (516)	 (3,660) (454)
5. Amortization of intangible assets and depreciation of property, plant and equipment	(554)	(377)
6. Other operating expenses thereof from currency translation: € 3 thousand (previous year: € 368 thousand)	(14,692)	(8,462)
7. Income from profit-and-loss pooling agreements thereof from affiliated companies: € 3,334 thousand (previous year: € 4,745 thousand)	3,334	4,709
8. Income from investments thereof from affiliated companies: € 1,218 thousand (previous year: € 5,232 thousand)	1,218	5,232
9. Other interest and similar income thereof from affiliated companies: € 3,610 thousand (previous year: € 3,494 thousand)	3,632	3,513
10. Write-downs of financial assets thereof from affiliated companies: € 2,551 thousand (previous year: € 1,915 thousand)	(2,551)	(1,915)
11. Interest and similar expenses thereof from affiliated companies: € 94 thousand (previous year: € 912 thousand)	(2,085)	(3,045)
12. Income/loss from ordinary activities	**4,551**	**8,910**
13. Income taxes	(429)	(365)
14. Other taxes	(7)	11
15. Net income/loss	**4,116**	8,556
16. Retained profits brought forward	18,814	10,259
17. Balance sheet profit	**22,929**	**18,815**

Balance Sheet of Deufol SE

Assets figures in € thousand	Dec. 31, 2014	Dec. 31, 2013
A. Fixed assets	**114,135**	**106,729**
I. Intangible assets	2,965	2,947
1. Acquired patents, licenses, trademarks and similar rights and assets	2,319	1,250
2. Advance payments made	646	1,696
II. Property, plant and equipment	6,120	6,333
1. Land, land rights and buildings incl. buildings on third-party land	5,577	5,586
2. Other equipment, operating and office equipment	543	620
3. Advance payments made and assets under construction	0	127
III. Financial assets	105,050	97,569
1. Shares in affiliated companies	100,288	93,368
2. Loans to affiliated companies	4,508	3,975
3. Equity investments	134	106
4. Loans to equity investments	120	120
B. Current assets	**45,971**	**46,411**
I. Receivables and other assets	37,512	46,053
1. Trade receivables	189	587
2. Receivables from affiliated companies	35,745	42,794
3. Receivables from equity investments	0	135
4. Other assets	1,578	2,424
II. Cash in hand, bank balances	8,459	472
C. Prepaid expenses	**437**	550
Total assets	**160,543**	**153,810**

Equity and Liabilities figures in € thousand	Dec. 31, 2014	Dec. 31, 2013
A. Equity	**94,934**	**90,819**
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: € 18,815 thousand (previous year: € 10,259 thousand)	22,929	18,815
B. Provisions	**1,562**	**1,222**
1. Tax provisions	343	608
2. Other provisions	1,219	614
C. Liabilities	**64,034**	**61,756**
1. Liabilities to banks	36,358	38,870
2. Trade payables	1,261	1,216
3. Liabilities to affiliated companies	26,177	20,921
4. Other liabilities thereof taxes: € 189 thousand (previous year: € 710 thousand) thereof social security liabilities: € 0 thousand (previous year: € 0 thousand)	238	749
D. Prepaid expenses	**13**	**13**
Total equity and liabilities	**160,543**	**153,810**

Key Subsidiaries / Affiliates of Deufol SE

	Equity interest (%)*	Subscribed Capital (€ thousand)	Sales (€ thousand)	Employees
Germany				
Deufol Berlin GmbH, Berlin	100.00	256	12,302	69
Deufol Bochum GmbH, Bochum	100.00	(130)	6,668	47
Deufol Hamburg GmbH, Hamburg	100.00	(415)	6,571	27
Deufol Mitte GmbH, Hofheim	100.00	(8,407)	15,599	358
Deufol München GmbH, Munich	100.00	(906)	3,856	25
Deufol Nord GmbH, Peine	100.00	386	15,844	163
Deufol Nürnberg GmbH, Nuremberg	100.00	17,198	13,485	114
Deufol Remscheid GmbH, Remscheid	100.00	330	4,372	19
Deufol Süd GmbH, Neutraubling	100.00	138	36,677	171
Deufol Südwest GmbH, Walldorf	100.00	3,562	11,633	57
Deufol West GmbH, Oberhausen	100.00	2,177	26,387	156
DTG Verpackungslogistik GmbH, Fellbach	51.00	471	7,579	34
Rest of Europe				
Deufol Austria GmbH, Bruck a. d. L., Austria	100.00	102	4,638	15
Deufol België N. V., Tienen, Belgium	100.00	9,714	32,082	16
Deufol Česká republika a. s., Ivancice, Czech Republic	100.00	1,703	13,270	182
Deufol Italia S. p. A., Fagnano Olona, Italy	100.00	1,531	14,645	47
Deufol Logistics Tienen N. V., Tienen, Belgium	100.00	(78)	7,692	131
Deufol Waremme S. A., Waremme, Belgium	98.75	5,950	10,265	85
USA / Rest of the World				
Deufol Sunman Inc., Sunman, Indiana (USA)	100.00	3,213	65,435	521

* 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 subsequently 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	2014	2013	2012	2011	2010
Sales (€ thousand)	298,871	318,698	333,014	315,190	303,026
Change as against previous year (%)	(6.2)	(4.3)	5.7	4.0	4.5
EBITDA (€ thousand)	13,453	14,765	14,976	19,503	20,562
Margin (%)	4.5	4.6	4.5	6.2	6.8
EBITA (€ thousand)	6,228	6,045	6,207	10,713	11,867
Margin (%)	2.1	1.9	1.9	3.4	3.9
EBT (€ thousand)	3,500	2,725	2,808	7,382	7,532
Margin (%)	1.2	0.9	0.8	2.3	2.5
Income (loss) from continuing operations (€ thousand)	468	478	406	3,872	4,534
Margin (%)	0.2	0.2	0.1	1.2	1.5
Net income (€ thousand)	228	294	(279)	89	2,927
Margin (%)	0.1	0.1	(0.1)	0.03	1.0
Operating cash flow (€ thousand)	22,243	17,188	16,007	4,623	19,924
Margin (%)	7.4	5.4	4.8	1.5	6.5
Free cash flow (€ thousand)	19,905	12,010	13,612	4,259	15,505
Margin (%)	6.7	3.8	4.1	1.4	5.1

Asset ratios	2014	2013	2012	2011	2010
Current assets (€ thousand)	79,434	70,798	76,124	86,689	76,746
as % of balance sheet total	36.4	33.2	34.5	37.1	33.8
Noncurrent assets (€ thousand)	138,917	142,159	144,816	146,660	150,136
as % of balance sheet total	63.6	66.8	65.5	62.9	66.2
Balance sheet total (€ thousand)	218,351	212,957	220,940	233,349	226,882
Change as against previous year (%)	2.5	(3.6)	(5.3)	2.9	(3.9)
Liabilities (€ thousand)	121,003	117,419	124,282	135,013	127,906
as % of balance sheet total	55.4	55.1	56.3	57.9	56.4
Shareholders' equity (€ thousand)	97,348	95,538	96,658	98,336	98,976
as % of balance sheet total	44.6	44.7	43.8	42.1	43.6
Working capital (€ thousand)	24,294	23,534	31,772	39,362	34,645
as % of balance sheet total	11.1	11.1	14.4	16.9	15.3
Capital employed (€ thousand)	156,983	159,079	168,373	176,812	175,531
as % of balance sheet total	71.9	74.7	76.2	75.8	77.4
Noncurrent/current assets	1.75	2.0	1.90	1.69	1.96
Shareholders' equity/liabilities	0.80	0.81	0.78	0.73	0.77
Property, plant and equipment ratio	0.21	0.22	0.22	0.21	0.23
Asset depreciation ratio (%)	65.1	62.6	62.9	61.7	62.4
Inventories/sales (%)	4.1	3.8	3.7	3.9	4.0
Receivables turnover	8.8	8.6	7.6	6.4	8.1
Days sales outstanding	41.3	42.4	48.1	56.8	45.0
Days payables outstanding	44.4	35.9	33.4	33.5	30.8

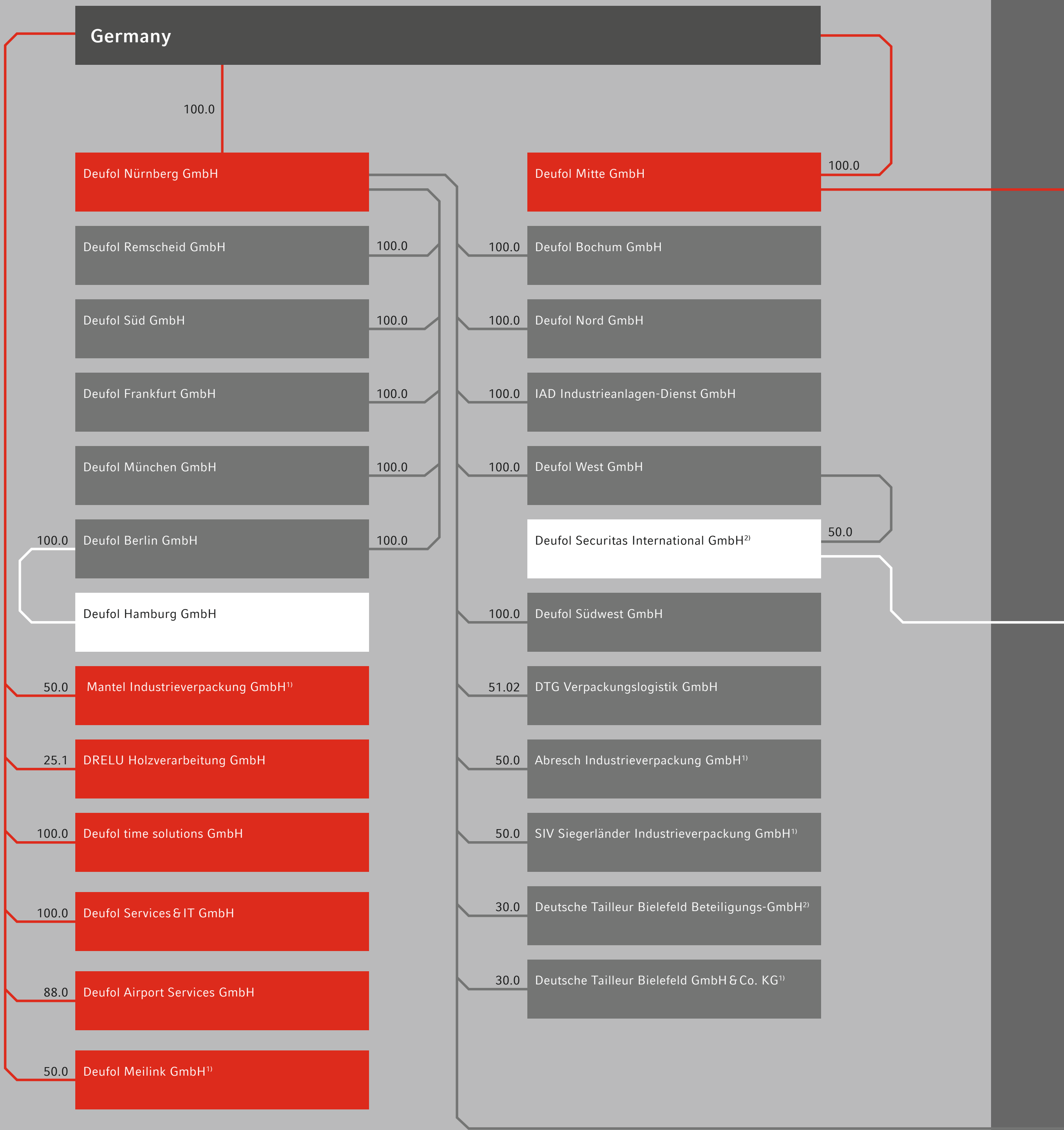
Financial and liquidity ratios	2014	2013	2012	2011	2010
Capital employed/sales (%)	52.5	49.9	50.6	56.1	57.9
Investment ratio (%)	1.9	2.8	2.6	2.3	2.7
Operating cash flow/investments	330.6	171.0	167.5	58.6	240.1
Asset cover ratio I (%)	78.9	77.8	78.3	80.0	78.8
Asset cover ratio II (%)	122.7	95.2	127.6	128.2	114.4
Interest cover	1.7	1.3	1.4	2.1	2.1
Cash ratio (%)	23.9	5.2	11.5	15.1	20.2
Acid test (%)	100.2	61.0	100.5	98.4	77.4
Current ratio (%)	118.7	73.6	120.1	114.6	92.3
Financial liabilities/shareholders' equity (%)	65.4	72.4	80.5	88.6	86.7
Financial liabilities/capital employed (%)	37.5	39.5	42.1	45.0	44.5
Net financial liabilities/EBITDA (%)	2.7	3.4	3.7	3.0	2.4
Net financial liabilities/market capitalization (%)	107.0	119.8	123.3	135.0	74.1

Productivity ratios	2014	2013	2012	2011	2010
Sales per employee (€)	118,459	117,862	120,483	111,849	111,366
EBITDA per employee (€)	5,332	5,460	5,418	6,921	7,557
EBITA per employee (€)	2,468	2,236	2,246	3,802	4,361
Operating cash flow per employee (€)	8,816	6,357	5,791	1,641	7,322
Personnel costs per employee (€)	37,688	35,549	35,492	32,816	32,638
Personnel cost ratio (%)	31.8	30.2	29.5	29.3	29.3

Per-share ratios	2014	2013	2012	2011	2010
Earnings per share from continuing operations (€)	0.005	0.007	0.001	0.08	0.10
Earnings per share (EPS) (€)	0.005	0.007	(0.006)	0.002	0.07
Price earnings ratio (PER)	151.5	142.9	n/m	—	22.7
Dividend per share (€)	0 (e)	0.00	0.00	0.03	0.03
Dividend yield (%)	—	—	—	3.1	2.0
Book value per share (€)	2.06	1.98	2.01	2.05	2.06
Price/book value	0.38	0.48	0.51	0.48	0.74
Book value per share (less goodwill) (€)	0.49	0.41	0.45	0.49	0.51
Price/book value (less goodwill)	1.6	2.3	2.3	2.0	3.0

Investment ratios	2014	2013	2012	2011	2010
Market capitalization/sales	0.12	0.13	0.13	0.14	0.22
Enterprise value/sales	0.26	0.32	0.33	0.35	0.41
Enterprise value/EBITDA	5.8	6.8	7.3	5.6	6.0
Enterprise value/EBIT	12.5	16.6	17.6	10.2	10.5
Enterprise value/operating cash flow	3.5	5.9	6.8	23.7	6.2
Enterprise value/free cash flow	3.9	8.4	8.0	25.8	8.0

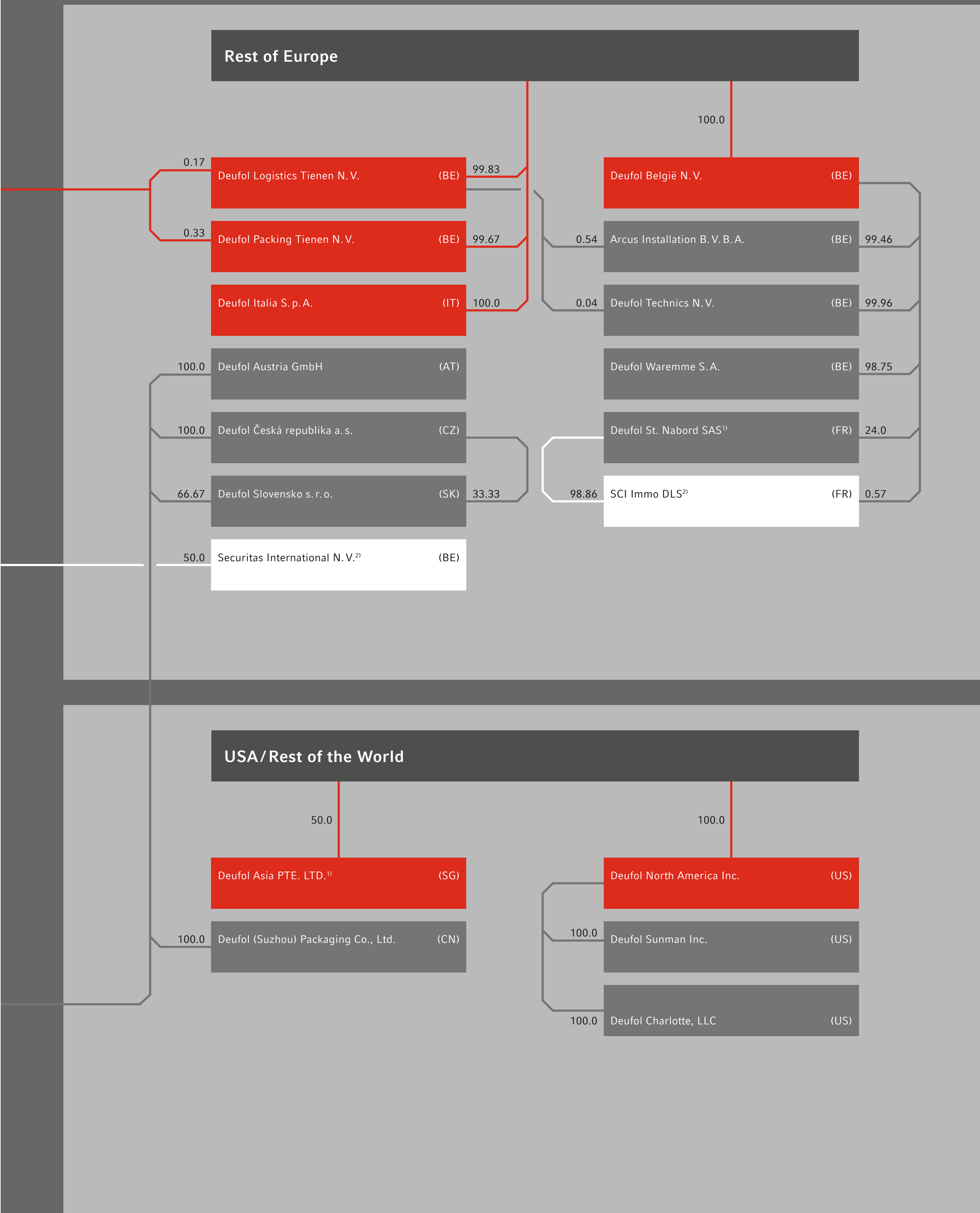
Operating Subsidiaries / Affiliates of Deufol SE*



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

1) Included at equity
2) Unconsolidated

*As at December 31, 2014; 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 SAS[1] (FR)
24.0
66.67
Deufol Slovensko s. r. o. (SK)
33.33
98.86
SCI Immo DLS[2] (FR)
0.57
50.0
Securitas International N. V.[2] (BE)
USA / Rest of the World
50.0
100.0
Deufol Asia PTE. LTD.[1] (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,	**2015**	Annual Financial Statements 2014
July 1,	**2015**	Annual General Meeting 2015
August 21,	**2015**	Semi-Annual Financial Report 2015

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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

This report is available in both German and English on our website www.deufol.com

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