

Q3 11

INTERIM REPORT THIRD QUARTER 2011

D.Logistics is now Deufol.
We are thus sharpening our
brand profile as a specialist for
packaging and related services.



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 **DEUFOL**

Key Figures for the Deufol Group

figures in € thousand	Q3 2011	Q3 2010	9M 2011	9M 2010
Results of operations				
Revenue (total)	80,165	78,863	233,264	225,183
Germany	43,376	40,969	129,222	119,618
Rest of the World	36,789	37,894	104,042	105,565
International revenue ratio (%)	45.9	48.1	44.6	46.9
EBITDA	4,883	5,365	14,159	14,914
EBIT	2,767	3,221	7,408	8,368
EBT	1,907	2,470	4,650	5,441
Income tax income (expenses)	(541)	(656)	(1,993)	(1,825)
Income for the period	1,366	1,814	2,657	3,616
of which attributable to minority interests	146	105	419	341
of which attributable to the shareholders of the parent company	1,220	1,709	2,238	3,275
Earnings per share (€)	0.028	0.039	0.051	0.075
Balance sheet				
Noncurrent assets	147,651	150,013	147,651	150,013
Current assets	79,609	85,856	79,609	85,856
Balance sheet total	227,260	235,869	227,260	235,869
Equity	99,956	99,006	99,956	99,006
Liabilities	127,304	136,863	127,304	136,863
Equity ratio (%)	43.98	41.97	43.98	41.97
Net financial liabilities	54,210	47,523	54,210	47,523
Cash flow/investments				
Net cash provided by (used in) operating activities	152	2,070	4,525	9,915
Cash flow from investing activities	(1,098)	(2,832)	(696)	(3,159)
Cash flow from financing activities	(4,946)	(1,788)	(12,260)	(6,357)
Investments in property, plant and equipment	1,590	1,154	4,490	3,173
Employees				
Employees (as of September 30)	2,735	2,759	2,735	2,759

Table of Contents

002

Third Quarter 2011

003

Management Report

003 Economic Outline Conditions

004 Results of Operations, Financial and Asset Position

008 Outlook

010

Consolidated Interim Financial Statements

010 Consolidated Income Statement

010 Consolidated Statement of Comprehensive Income

011 Consolidated Balance Sheet

012 Consolidated Cash Flow Statement

013 Consolidated Statement of Changes in Equity

014

Notes to the Consolidated Interim Financial Statements

U03

Additional Information

U03 Financial Calendar/Key to Symbols

U03 Contact/Imprint

Deufol in the Third Quarter of 2011

Positive Sales Trend

Total sales in the first nine months of 2011 were at € 223.3 million 3.6 % higher than in the same period in the previous year. In Germany, sales rose to € 129.0 million, an increase of 8.1 % on the same quarter in the previous year, and in the rest of Europe they increased to € 65.0 million (+4.7 %). In the USA, at € 39.0 million, sales were 10.2 % lower than in the previous year. Sales in the third quarter of 2011 totaled € 80.2 million (previous year: € 78.9 million).

The operating result (EBITA) for the first nine months of 2011 was at € 7.4 million 11.5 % lower than in the previous year (€ 8.4 million). In the third quarter, EBITA amounted to € 2.8 million (previous year: € 3.2 million). All in all, several factors affected the result for the first nine months of the year. The income trend is positive in the rest of Europe, particularly in Belgium and Italy. In contrast, our predictions were not borne out in the USA and Germany. In the USA, factors such as lower volumes in the packaging business impacted on the result. In Germany, increased commodity prices (wood) led to additional expenditure in excess of € 1.5 million. However, the continued slight easing of wood prices in the third quarter and the increasing factoring-in of the commodities price trend in our customer relationships give cause for optimism.

Changes to the Executive Board

With effect as of January 1, 2012, Dr. Tillmann Blaschke will also assume overall responsibility for Finance in addition to Human Resources, IT, Real Estate and Investor Relations. The current Chief Financial Officer, Mr. Tammo Fey, is to retire from the Executive Board upon expiry of his contract at the end of the year and will continue to serve the Company in an executive capacity. Detlef W. Hübner is to assume the position of Chief Operating Officer (COO) and in future he will also centrally coordinate Purchasing which was previously generally managed in a decentralized form. The CEO Mr. Andreas Bargende is now responsible for Business Development, Communications, Legal and Compliance.

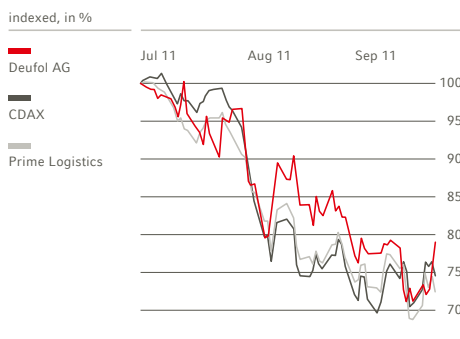
Outlook – Planning Revised

In the context of the figures for the first nine months, we are revising our target earnings for fiscal year 2011. We now predict an operating result (EBITA) of between € 10 million and € 12 million (previously € 12 to 14 million). We continue to predict sales in a corridor between € 310 million and 325 million.

Weak Stock Market in the Third Quarter

In a clearly deteriorating market environment for equities, the price of the Deufol share performed relatively strongly. In the third quarter, the share fluctuated in a corridor between € 1.00 and € 1.45. It reached its highest closing price at € 1.44 as early as July 1 and marked its lowest at € 1.03 on September 21. Subsequently, the Deufol share recovered slightly and closed the third quarter at a price of € 1.14. Relative to the end of the second quarter of 2011, this corresponds to a decline of 20.8 %. The sector index of logistics stocks quoted in the Prime Standard (DAXsubsector Logistics) fell by 25.2 % in the third quarter, and the multiple-sector CDAX – on which Deufol is listed – lost 27.3 %.

The D.Logistics share in the third quarter



Economic Outline Conditions

Global Economy: Poorer Outlook

According to the summer forecast of the Kiel Institute for the World Economy, the outlook for the global economy deteriorated significantly in the summer of 2011. Companies and households in the USA and Europe have an increasingly pessimistic view of the future. On the financial markets, signals such as the global collapse in equity prices also point to a downturn. Europe's sovereign debt crisis threatens to widen into a bank crisis since its banks hold large volumes of debt securities issued by the countries affected by the crisis. A possible escalation of the Eurozone's debt crisis is currently the key economic risk not only in Europe but also worldwide.

Demand remains strong in most of the emerging markets in comparison with the advanced economies. While these countries' economies have also experienced a slowdown, this has been moderate to date. This has also, in general, been a goal of economic policy: Many countries – such as China, India and Brazil – reined in monetary and fiscal policy due to excessively high levels of inflation, thus damping down overall economic demand.

Eurozone: Sovereign Debt Crisis Burdens Economy

The Eurozone economy weakened strongly in the first half of the year. Toward the end of the period, the outlook of private households and companies once again clearly deteriorated due to the worsening debt crisis, pointing to a further slowdown of the economy. Output will likely deteriorate slightly during the coming winter. If the measures initiated to tackle the crisis pay off and the European financial sector stabilizes, the current uncertainty should decline somewhat during the forecast period and Eurozone demand should once again grow, weakly, from the spring onwards.

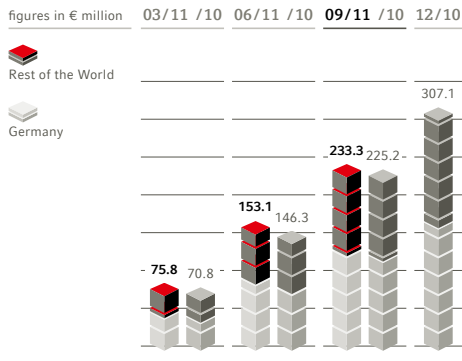
Deteriorating German Economic Performance

The Eurozone's debt and confidence crisis is increasingly also burdening the German economy. The strong falls in value and major price fluctuations on the financial markets and the significant worsening of key sentiment indicators since August point to a stagnation of overall economic output during the 2011–12 winter period. The strong increase in uncertainty will dampen consumption and investments and external trade will fail to provide any positive impulses due to the difficult situation which several key trading partners face.

The economic research institutes predict gross domestic product growth of 0.6 % in the third quarter of 2011. This is suggested by the positive output and sales trends and the further improvement in employment. However, for the 2011–12 winter period the institutes expect that output will be affected by the increased uncertainty and by the deteriorating international outline conditions. The institutes' indicator models point to a slight fall in the country's gross domestic product for the fourth quarter.

Results of Operations, Financial and Asset Position

Sales

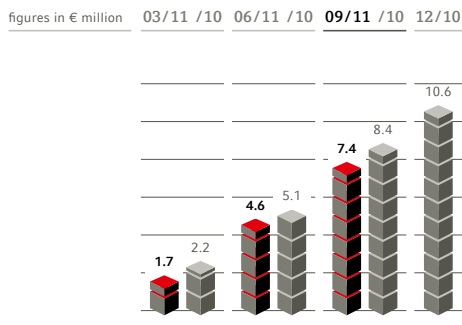


Positive Sales Trend

Total sales in the third quarter of 2011 were at € 80.2 million 1.7 % higher than in the same period in the previous year. Adjusted for changes due to acquisitions, this represents organic growth of 0.3 %. In Germany, sales rose to € 43.3 million, an increase of 6.1 % on the same quarter in the previous year, and in the rest of Europe they rose to € 21.9 million (+1.9 %). In the USA, at € 14.9 million, sales were 9.2 % lower than in the previous year.

Total sales in the first nine months of 2011 were at € 233.3 million 3.6 % higher than in the same period in the previous year. Adjusted for acquisitions, this represents organic growth of 2.5 %. If one also takes into consideration the US dollar's depreciation against the euro of 6.9 % on average, the increase amounts to 3.7 %. With a 55.4 % share of Group sales, the proportion accounted for by Germany increased by 2.3 percentage points on the previous year. The share of sales realized elsewhere in Europe increased slightly, from 27.6 % to 27.9 %, and the USA's share of sales fell by 2.6 percentage points to 16.7 %.

EBITA



Income Development

At € 4.88 million, third-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) were 9.0 % lower than in the same quarter in the previous year. The EBITDA margin was 6.1 %. Depreciation of property, plant and equipment and amortization of other intangible assets decreased slightly from € 2.14 million to € 2.12 million.

At € 2.77 million, the operating result (EBITA) in the third quarter was lower than in the same period in the previous year (€ 3.22 million). The individual segments performed as follows: In Germany, we recorded an EBITA decrease of 36.7 % to € 1.17 million. In the rest of Europe, EBITA increased by 45.2 % to € 1.76 million. The USA/Rest of the World segment realized an operating result of € 0.35 million (previous year: € 0.65 million). The EBITA loss of Deufol AG (Holding) was € 0.49 million (previous year: € 0.39 million).

At € 7.41 million, EBITA in the first nine months of 2011 was 11.5 % below the level for the same period in the previous year (€ 8.37 million). All in all, several factors affected the result for the first nine months of the year. The income trend is positive in the rest of Europe, particularly in Belgium and Italy. In contrast, our predictions were not borne out in the USA and Germany. In the USA, factors such as lower volumes in the packaging business impacted on the result. In Germany, increased commodity prices (wood) led to additional expenditure in excess of € 1.5 million. However, the continued slight easing of wood prices in the third quarter and the increasing factoring-in of the commodities price trend in our customer relationships give cause for optimism.

As of late September, the financial result had improved from –€ 2.93 million at the same point in the previous year to –€ 2.76 million. This is primarily due to lower finance costs which declined by € 0.20 million.

Earnings before taxes (EBT) as of September 30 amounted to € 4.65 million (previous year: € 5.44 million). After income tax expenses (€ 1.99 million) the result is € 2.66 million, compared to € 3.62 million in the first nine months of 2010.

After deduction of the profit shares of noncontrolling interests (€ 0.42 million), a net profit of € 2.24 million (previous year: € 3.28 million) is attributable to the shareholders of Deufol AG. Earnings per share for the first nine months of the year amounted to € 0.051 (previous year: € 0.075).

Financial Position

Asset Position

Net Cash and Investments

The cash flow provided from operating activities in the first nine months of the current fiscal year amounted to € 4.5 million (previous year: € 9.9 million). This decline is predominantly due to the cut-off date-related € 7.5 million increase in trade receivables. In the same period in the previous year, trade receivables decreased by € 0.4 million while increasing cash flow.

Net cash used in investing activities amounted to –€ 0.7 million (previous year: –€ 3.2 million). Outflows of funds mainly resulted here from payments for the purchase of assets (–€ 4.4 million). Inflows of funds resulted from the disposal of assets (+€ 1.6 million), the decrease in financial receivables (+€ 1.1 million) and interest received (+€ 0.9 million).

The outflow of funds from financing activities was € 12.3 million (previous year: € 6.4 million). The outflows resulted from the decrease in amounts owed to banks (€ 4.9 million), interest paid (€ 4.4 million), repayment of other financial liabilities (€ 1.3 million) and dividends paid (€ 1.7 million). Cash decreased in relation to the end of the year by € 8.3 million to € 8.5 million.

Financing Safeguarded for the Next Four Years

In late October, the Deufol Group reorganized its financing structures. It mainly did so in order to repay existing loans but also increased its credit facility by approx. € 10 million. This financing safeguards medium-term liquidity requirements and provides scope for growth for the Group.

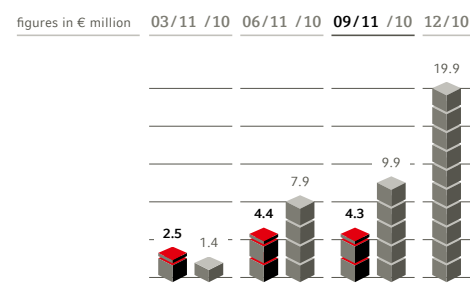
The financial indebtedness of the Deufol Group decreased in the first nine months of the year by € 4.5 million to € 73.7 million. As cash and financial receivables simultaneously decreased (–€ 9.4 million) net financial liabilities rose by € 4.9 million, from € 49.3 million at the end of the year to € 54.2 million.

Marginally Higher Balance Sheet Total

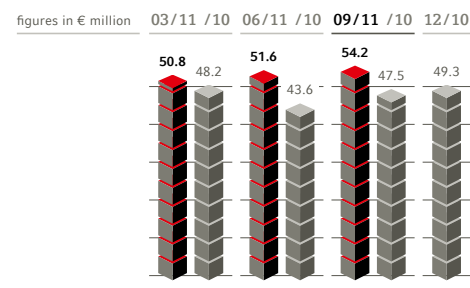
The balance sheet total as of September 30, 2011 is at € 227.3 million 0.2 % above the level at the end of the previous year (€ 226.9 million). For the noncurrent assets, the largest changes resulted for property, plant and equipment (–€ 2.5 to € 49.0 million) and financial receivables (–1.2 to € 8.6 million). Goodwill increased slightly due to the first-time consolidation of Deufol Austria GmbH (+0.6 to € 68.6 million). The other noncurrent assets realized only marginal changes. For the current assets, the largest increases resulted for trade accounts receivable (+7.8 to € 45.7 million) and inventories (+2.1 to € 14.7 million). Cash decreased (–8.3 to € 8.5 million).

On the liabilities side, equity (including noncontrolling interests) increased on balance in the first nine months of 2011 by € 1.0 million to € 100.0 million. The dividend payout (–€ 1.3 million) and other comprehensive income (–€ 0.8 million) had a negative effect, while the profit for the period (+2.2 million) had a positive effect. The equity ratio increased from 43.6 % to 44.0 %. Liabilities decreased on balance by € 0.6 million to € 127.3 million.

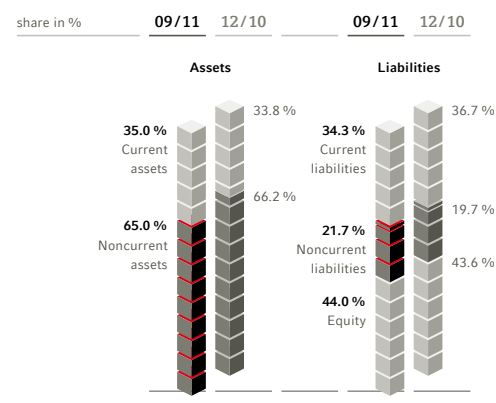
Net cash provided by operating activities



Net financial liabilities



Balance sheet structure



Employees**Development in the Segments****Employees**

Deufol Group	09/2011	12/2010
Germany	1,587	1,628
Share (%)	58.0	58.5
Rest of Europe	695	676
Share (%)	25.4	24.3
USA/Rest of the World	443	469
Share (%)	16.2	16.9
Holding company	10	9
Share (%)	0.4	0.3
Total	2,735	2,782

Employees**Slight Decrease in Staff Numbers in the Fiscal Year**

On September 30, 2011 the Deufol Group had 2,735 employees worldwide. This is 47 employees or 1.7 % fewer than at the end of last year. A decline in staff numbers occurred in Germany (-41). In the rest of Europe the Group gained 19 employees, 16 of whom were provided through the first-time consolidation of Deufol Austria GmbH. The Group's workforce in the USA decreased (-26 employees).

Development in the Segments

Deufol AG revised its segment reporting at the start of 2011. The primary reporting format is now based on geographical regions and consists of the segments "Germany", "Rest of Europe" and "USA/Rest of the World".

Germany

figures in € thousand	Q3 2011	Q3 2010	9M 2011	9M 2010
Sales	48,965	46,641	148,140	136,191
Consolidated sales	43,302	40,833	129,002	119,336
EBITA	1,166	1,842	3,836	6,310
EBITA margin (%)	2.7	4.5	3.0	4.7
EBTA	896	1,645	2,970	5,597

At € 43.3 million, consolidated sales in Germany in the third quarter of 2011 exceeded the sales for the same quarter in the previous year by 6.1 %. After nine months, at € 129.0 million, sales were 8.1 % higher than in the previous year. This segment is therefore now contributing 55.3 % to Group sales (compared to 53.0 % in the first nine months of 2010).

The operating result (EBITA) decreased in the third quarter in annual terms by 36.7 % from € 1.84 million to € 1.17 million. Cumulative EBITA in the first nine months of the fiscal year amounted to € 3.84 million and was 39.2 % below the same period in the previous year.

Increased commodity prices (wood) had a crucial effect on the result for the first nine months. They led to additional expenditure in excess of € 1.5 million. However, the continued slight easing of wood prices in the third quarter and the increasing factoring-in of the commodities price trend in our customer relationships give cause for optimism. At the Euskirchen location, lower volumes and a revised product mix adversely affected the result. In addition, reinforcement of central control and services led to temporarily higher administrative expenses since decentralized capacities can only be wound down with a time lag.

Development in the Segments

Rest of Europe

figures in € thousand	3Q 2011	3Q 2010	9M 2011	9M 2010
Sales	24,059	23,107	71,180	66,861
Consolidated sales	21,852	21,448	65,009	62,080
EBITA	1,757	1,210	5,340	3,153
EBITA margin (%)	8.0	5.6	8.2	5.1
EBTA	1,702	1,209	5,307	3,093

In the rest of Europe, consolidated sales in the third quarter were at € 21.9 million 1.9 % higher than in the same period in the previous year. After nine months, at € 65.0 million, sales were 4.7 % higher than in the previous year. This segment is therefore contributing 27.9 % to Group sales (compared to 27.6 % in the first nine months of 2010). Adjusted for the acquisition of Deufol Austria GmbH (previously Richard Wolfsberger GmbH) sales were 0.9 % higher than in the previous year.

The operating result (EBITA) in the third quarter increased by 45.2 % from € 1.21 million to € 1.76 million. Cumulative EBITA in the first nine months of the fiscal year amounted to € 5.34 million and was 69.4 % higher than in the same period in the previous year. This increase is primarily due to improved results in Belgium. Solid operating activities in Belgium – which also benefited from the release of liabilities to employees – contributed to this. In Italy, results also improved despite the € 0.3 million start-up losses associated with the new Roverbella site.

USA/Rest of the World

figures in € thousand	3Q 2011	3Q 2010	9M 2011	9M 2010
Sales	14,937	16,446	39,033	43,485
Consolidated sales	14,937	16,446	39,033	43,485
EBITA	347	649	96	561
EBITA margin (%)	2.3	3.9	0.2	1.3
EBTA	(254)	(2)	(1,826)	(1,582)

In the USA/Rest of the World segment, consolidated sales in the third quarter were at € 14.9 million 9.2 % lower than in the previous year. After nine months, at € 39.0 million, sales were 10.2 % lower than in the previous year. On the one hand, this is due to lower battery packaging volumes. On the other hand, a decision was made in the second quarter to discontinue the unprofitable cardboard business. This segment is therefore contributing 16.7 % to Group sales (compared to 19.3 % in the first nine months of 2010). If one takes into consideration the US dollar's depreciation against the euro of 6.9 % on average, the decrease amounts to 4.1 %.

EBITA amounted to € 0.35 million in the third quarter, compared to € 0.65 million in the previous year. This was due to the lower volume in the packaging business and the associated decrease in the operating result. After nine months, the cumulative EBITA amounted to € 0.10 million (previous year: € 0.56 million). Deufol Packaging Service (Suzhou) Co., Ltd. was consolidated for the first time this year and recorded start-up losses of € 0.03 million.

Outlook

Slowdown in Global Economic Trend

According to the economic research institutes, the increasing uncertainty in the European Union and the USA – as indicated by factors such as the prices of options on equity indexes – will have a dampening effect on demand for goods, and not only due to less favorable financing terms. In the second half of 2011, many investors and consumers will defer spending decisions for the time being. Accordingly, overall economic output will scarcely move beyond stagnation during the winter in the USA and even suffer a temporary fall in the Eurozone. Even if the debt and confidence crisis remains under control – as the economists' forecast assumes – it will hinder a strong recovery next year in the Eurozone. A continuing expansionary monetary policy and a strong – though weaker – growth trend in the emerging markets of Asia as well as Latin America and Central and Eastern Europe will support the advanced economies in the second half of 2011 and next year.

Global output should rise overall by 2.6 % in 2011 and by 2.5 % in 2012. Global trade will grow 6 % this year. This rate is largely due to the strong trend at the beginning of the year. Global trade is currently weak and will remain so as far as next spring. In 2012, the volume of global trade will be 5 % higher than in 2011.

Eurozone: Declining Output during the Winter

According to the economic research institutes, many economic indicators point to a continuing economic slowdown. In particular, the sentiment of private households and companies has clearly worsened recently. As the sovereign debt crisis has deteriorated, the Economic Sentiment Indicator has suffered an outright collapse since July, and in September it is significantly below its long-term average. Only in Germany and Estonia is it higher than this level. All in all, the confidence indicators point to recessionary tendencies in the Eurozone. However, in the third quarter, Eurozone output likely increased slightly. This is indicated by the increase in industrial output in July. In addition, temporary factors which curbed private consumption in particular in the second quarter are no longer applicable. Only in the winter period will the huge increase in uncertainty and the worsening financing terms due to the deteriorating debt crisis become fully apparent. Investments and private consumption should then experience a clear downturn. Overall economic output is likely to decline in the fourth quarter and stagnate at the start of next year. If the sovereign debt crisis does not have any major contagious effects on European financial markets, the level of uncertainty should subsequently decline somewhat and financing terms should improve again marginally. This should provide for a slight improvement in the economic trend.

All in all, the economists estimate that Eurozone GDP will rise by 1.5 % in 2011. For 2012, they predict an increase of 0.4 %.

Germany: Outline Conditions Remain Favorable

For the 2011–12 winter period, the leading economic research institutes predict in their joint diagnosis that output will be affected by the increased uncertainty and by deteriorating international outline conditions. The institutes' indicator models point to a marginal fall in the country's gross domestic product for the fourth quarter. This should give way to a slight improvement in the first quarter. Unlike the other Eurozone countries, Germany should thus avoid a recession. This is not least due to the fact that Germany's financial policy is significantly less restrictive in view of its relatively low structural budget deficit. The German economy is also benefiting from the fact that it enjoys financing terms which are significantly more favorable than those of countries suffering high levels of public or private debt; this stimulates investments. The positive employment prospects and the associated stability in private households' income expectations are a further factor helping to prevent excessive consumer restraint resulting from the uncertainty.

Assuming a slow decline in this uncertainty in the Eurozone as, little by little, the debt and confidence crisis becomes less acute and the global economy gradually overcomes its weakness, the German economy should regain impetus from the second quarter of 2012. In addition, the ECB's monetary policy should maintain a relatively expansionary effect in Germany. In the institutes' view, the largest risk in the current situation is a further worsening of the debt and confidence crisis which causes the European financial system to falter again.

For 2012, the institutes predict gross domestic product growth of 0.8 %, compared to 2.9 % in 2011.

Company-Specific Outlook

Risks and Opportunities

The risks and opportunities described in the Report on Expected Developments and the Risk Report contained in the Group management report for the 2010 annual financial statements remain applicable.

Outlook – Planning Revised

In the context of the figures for the first nine months, we are revising our target earnings for fiscal year 2011. We now predict an operating result (EBITA) of between € 10 million and € 12 million (previously, € 12 to 14 million). We continue to predict sales in a corridor between € 310 million and 325 million.

**Consolidated Income
Statement (IFRS)**

figures in € thousand	Jul. 1, 2011 – Sep. 30, 2011	Jul. 1, 2010 – Sep. 30, 2010	Jan. 1, 2011 – Sep. 30, 2011	Jan. 1, 2010 – Sep. 30, 2010	Note/Page
Sales	80,165	78,863	233,264	225,183	01/16
Cost of sales	(71,823)	(69,297)	(208,516)	(197,542)	
Gross profit	8,342	9,566	24,748	27,641	
Selling expenses	(1,192)	(1,429)	(3,874)	(4,125)	
General and administrative expenses	(4,780)	(4,933)	(14,641)	(15,070)	
Other operating income	717	538	2,485	1,237	
Other operating expenses	(320)	(521)	(1,310)	(1,315)	
Profit (loss) from operations (EBIT)	2,767	3,221	7,408	8,368	
Financial income	268	376	962	1,066	
Finance costs	(1,301)	(1,234)	(4,156)	(4,353)	
Share of profit of associates	173	107	436	360	
Profit (loss) before taxes (EBT)	1,907	2,470	4,650	5,441	
Income tax expenses	(541)	(656)	(1,993)	(1,825)	
Income (loss)	1,366	1,814	2,657	3,616	
of which income attributable to noncontrolling interests	146	105	419	341	
of which income attributable to equity holders of parent	1,220	1,709	2,238	3,275	
Earnings per share					
in €					
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol AG	0.028	0.039	0.051	0.075	02/16
Average number of shares in circulation	43,773,655	43,773,655	43,773,655	43,773,655	02/16

Consolidated Statement of Comprehensive Income

figures in € thousand	Jul. 1, 2011 – Sep. 30, 2011	Jul. 1, 2010 – Sep. 30, 2010	Jan. 1, 2011 – Sep. 30, 2011	Jan. 1, 2010 – Sep. 30, 2010	Note/Page
Income	1,366	1,814	2,657	3,616	
Other recognised income and expense	847	(1,230)	72	984	
Exchange rate differences on translation of foreign operations					
Before tax	857	(1,332)	(116)	899	
Tax	0	0	0	0	
After tax	857	(1,332)	(116)	899	
Gain (loss) on cash flow hedges					
Before tax	(14)	145	266	121	
Tax	4	(43)	(78)	(36)	
After tax	(10)	102	188	85	
Total comprehensive income after tax	2,213	584	2,729	4,600	
of which attributable to noncontrolling interests	146	105	419	341	
of which attributable to equity holders of parent	2,067	479	2,310	4,259	



Consolidated Balance Sheet (IFRS)

Assets			
figures in € thousand	Sep. 30, 2011	Dec. 31, 2010	Note/Page
Noncurrent assets	147,651	150,136	
Property, plant and equipment	48,954	51,411	
Investment properties	397	439	
Goodwill	68,617	67,979	
Other intangible assets	2,567	2,814	
Equity-method accounted investments	2,941	2,704	
Financial receivables	8,601	9,775	
Other financial assets	248	225	
Other receivables and other assets	4,014	3,987	
Deferred tax assets	11,312	10,802	
Current assets	79,609	76,746	
Inventories	14,465	12,366	
Trade receivables	45,655	37,824	
Other receivables and other assets	7,011	5,903	
Tax receivables	1,613	1,532	
Financial receivables	2,371	2,310	
Cash and cash equivalents	8,494	16,811	
Total assets	227,260	226,882	
Equity and Liabilities			
figures in € thousand	Sep. 30, 2011	Dec. 31, 2010	Note/Page
Equity	99,956	98,976	03/16
Equity attributable to owners of Deufol AG	98,802	97,805	
Subscribed capital	43,774	43,774	
Capital reserves	107,240	107,240	
Retained earnings (accumulated losses)	(50,282)	(51,207)	
Other recognized income and expense	(1,930)	(2,002)	
Noncontrolling interests	1,154	1,171	
Noncurrent liabilities	49,291	44,722	
Financial liabilities	41,689	37,103	
Provisions for pensions	1,255	1,298	
Other provisions	382	382	
Other liabilities	3,313	3,883	
Deferred tax liabilities	2,652	2,056	
Current liabilities	78,013	83,184	
Trade payables	28,780	25,926	
Financial liabilities	31,987	41,083	
Other liabilities	13,352	12,672	
Tax liabilities	2,190	1,615	
Other provisions	1,704	1,888	
Total equity and liabilities	227,260	226,882	



Consolidated Cash Flow Statement

figures in € thousand	Jul. 1, 2011 – Sep. 30, 2011	Jul. 1, 2010 – Sep. 30, 2010	Jan. 1, 2011 – Sep. 30, 2011	Jan. 1, 2010 – Sep. 30, 2010	Note/Page
Profit (loss) from operations (EBIT)	2,767	3,221	7,408	8,368	
Adjustments to reconcile income (loss) to cash flows from operating activities					
Depreciation and amortization charges	2,116	2,144	6,751	6,546	
(Gain) loss from disposal of property, plant and equipment	61	(36)	(368)	(75)	
Other noncash expenses (revenue)	(435)	(1,302)	(1,648)	(2,191)	
Changes in assets and liabilities from operating activities					
Change in trade accounts receivable	(5,151)	(3,354)	(7,481)	428	
Change in inventories	(1,730)	(283)	(2,063)	(1,489)	
Change in other receivables and other assets	390	(1,821)	(1,115)	(3,086)	
Change in trade accounts payable	1,998	2,759	2,684	1,759	
Change in other liabilities	220	541	558	792	
Change in accrued expenses	78	(105)	(263)	(854)	
Change in other operating assets/liabilities (net)	(162)	442	62	(147)	
Net cash provided by (used in) operating activities	152	2,070	4,525	9,915	04/16
Purchase of intangible assets and property, plant and equipment	(1,564)	(770)	(4,376)	(2,443)	
Proceeds from the sale of intangible assets and property, plant and equipment	97	50	1,572	478	
Dividends received	200	325	200	625	
Purchase of noncontrolling interests	0	(4,088)	0	(4,263)	
Purchase of subsidiaries	0	0	(150)	0	
Net change in financial receivables	(93)	1,280	1,113	1,394	
Interest received	262	371	945	1,050	
Net cash provided by (used in) investing activities	(1,098)	(2,832)	(696)	(3,159)	04/16
Net change in borrowings	(3,330)	104	(4,865)	(485)	
Addition (extinction) of other financial liabilities	34	(281)	(1,253)	(1,127)	
Interest paid	(1,382)	(1,342)	(4,393)	(4,374)	
Dividends paid	0	0	(1,313)		
Dividends paid to noncontrolling interests	(268)	(269)	(436)	(371)	
Net cash provided by (used in) financing activities	(4,946)	(1,788)	(12,260)	(6,357)	04/16
Effect of exchange rate changes and changes in the scope of consolidation on cash and cash equivalents	0	(1)	114	(1)	
Change in cash and cash equivalents	(5,892)	(2,551)	(8,317)	398	
Cash and cash equivalents at the beginning of the period	14,386	17,802	16,811	14,853	
Cash and cash equivalents at the end of the period	8,494	15,251	8,494	15,251	

Consolidated Statement of Changes in Equity

	Subscribed capital	Capital reserves	Accumulated losses	Other comprehensive income (expense)		Equity attributable to equity holders of Deufol AG	Equity attributable to noncontrolling interests	Total equity
				Cumulative translation adjustment	Reserve for cash flow hedges			
figures in € thousand								
Balance at Dec. 31, 2009, as reported	43,774	107,240	(53,854)	(6,083)	(733)	90,344	1,270	91,614
Adjustments*	—	—	—	3,513	—	3,513	—	3,513
Balance at Dec. 31, 2009, adjusted*	43,774	107,240	(53,854)	(2,570)	(733)	93,857	1,270	95,127
Income (loss)	—	—	3,275	—	—	3,275	341	3,616
Changes recognized directly in equity	—	—	—	899	121	1,020	—	1,020
Deferred taxes for valuation changes recognized directly in equity	—	—	—	—	(36)	(36)	—	(36)
Total recognized income and expense	—	—	3,275	899	85	4,259	341	4,600
Purchase of noncontrolling interests*	—	—	(280)	—	—	(280)	(70)	(350)
Dividends	—	—	—	—	—	—	(371)	(371)
Balance at Sep. 30, 2010	43,774	107,240	(50,859)	(1,671)	(648)	97,836	1,170	99,006
Balance at Dec. 31, 2010	43,774	107,240	(51,207)	(1,461)	(541)	97,805	1,171	98,976
Income (loss)	—	—	2,238	—	—	2,238	419	2,657
Changes recognized directly in equity	—	—	—	(116)	266	150	—	150
Deferred taxes for valuation changes recognized directly in equity	—	—	—	—	(78)	(78)	—	(78)
Total recognized income and expense	—	—	2,238	(116)	188	2,310	419	2,729
Dividends	—	—	(1,313)	—	—	(1,313)	(436)	(1,749)
Balance at Sep. 30, 2011	43,774	107,240	50,282	(1,577)	(353)	98,802	1,154	99,956

* Concerning the adjustment of the previous year's figures, see the explanation on page 14.

Notes to the Consolidated Interim Financial Statements



General Accounting and Valuation Methods

These consolidated financial statements for the interim report – which have not been audited or verified by an auditor – describe the business activities of Deufol AG and its subsidiaries (the “Group”). The statements were produced in accordance with IFRS (“International Financial Reporting Standards”). All IFRSs (IFRSs, IASs, IFRICs, SICs) as adopted by the European Union and effective as of the balance sheet date were applied.

In principle, the balancing and valuation methods used are those for the last consolidated financial statements as of the end of the fiscal year. A detailed description of these methods is provided in our Annual Report for the year 2010. In addition, IAS 34 “Interim Financial Statements” was applied.

New Accounting Standards

The first-time application of the new standards and applications which are mandatory from fiscal year 2011 had no effect on the recognition and measurement of assets and liabilities.

Adjustments on the Basis of Corrected Errors

During preparation of the 2010 annual financial statements an error was determined in the currency conversion for the American subsidiaries’ US-dollar-denominated financial statements for previous years. This led to the reporting of excessively low goodwill and an excessively low compensating item for such foreign exchange differences in equity. This error was corrected as of January 1, 2009 in accordance with IAS 8 and the consolidated balance sheet as of December 31, 2009 was adjusted accordingly. As a result, the balance sheet items “Goodwill” and “Other comprehensive income” have each increased by € 3,513 thousand as of December 31, 2009 and by € 2,307 thousand as of January 1, 2009.

During preparation of the 2010 annual financial statements, unlike in the interim reporting, goodwill in the amount of € 280 thousand resulting from the acquisition of the outstanding shares in Deufol Hamburg GmbH (previously Alltrans Exportverpackung GmbH) was offset against the profit brought forward. The balance sheet items “Goodwill” and “Profit brought forward” were thus each reduced by € 280 thousand as of September 30, 2010.



Currency Translation

In accordance with IAS 21, the financial statements of the foreign subsidiaries included in the Group financial statements whose functional currency is not the euro were converted into the Group currency euro on the balance sheet cut-off date on the basis of the functional currency concept. The conversion was in accordance with the modified closing rate method.

The exchange rates for the translation of 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 of exchange	
	Sep. 30, 2011	Dec. 31, 2010	9M 2011	9M 2010
per €				
US dollar	1,3503	1.3362	1,4063	1.3160
Czech crown	24,7540	26.4730	24,3612	25.4654
Renminbi	8,6207	—	9,1389	—



Scope of Consolidation

All significant subsidiaries over which Deufol AG has legal or effective control are included in the consolidated financial statements.

The consolidated group is as follows:

figures in € thousand	Dec. 31, 2010	Additions	Disposals	Sep. 30, 2011
Consolidated subsidiaries	37	3	1	39
thereof in Germany	25	0	1	24
thereof abroad	12	3	0	15
Companies valued using the equity method	4	0	0	4
thereof in Germany	3	0	0	3
thereof abroad	1	0	0	1
Total	41	3	1	43

In the first quarter of 2011, the two newly established subsidiaries Deufol Charlotte, LLC, and Deufol Packaging Service (Suzhou) Co., Ltd., were incorporated in the consolidated financial statements for the first time.

In the third quarter, Deufol Kirchheimbolanden GmbH merged with Deufol Tailleur GmbH and was deleted from the commercial register as of September 21, 2011.

Acquisitions and Sales

Under a purchase agreement of December 20, 2010 with a closing date of January 28, 2011, Deufol AG acquired 100.0 % of the shares in Richard Wolfsberger GmbH. This company has now been renamed Deufol Austria GmbH and will be incorporated in the consolidated financial statements as of February 1, 2011.

The fair values for the assets and liabilities of the acquired company at the time of acquisition are presented in the following summary:

figures in € thousand	Previous net carrying amounts	Fair values at the time of acquisition
Intangible assets	6	640
Property, plant and equipment	124	146
Other receivables	431	431
Deferred tax assets	0	0
Cash and cash equivalents	114	114
Total assets	675	1,331
Other reserves	0	0
Financial liabilities	1,348	1,383
Miscellaneous liabilities	279	279
Deferred tax liabilities	0	155
Total liabilities	1,627	1,817
Net assets	(952)	(486)
Goodwill from company acquisitions		636
Purchase price		150
less cash and cash equivalents		114
Cash outflow		36

The intangible assets include an identifiable established clientele in the amount of € 634 thousand. This is subject to straight-line depreciation over a period of five years. The difference between the purchase price and the purchased equity which is not directly attributable to any asset was recorded as goodwill. The goodwill includes non-separable values such as potential profits derived from future synergy effects.

01 Sales

In respect of further comments on the sales, we refer to the segment reporting.

02 Earnings per Share

The basic earnings per share are calculated in accordance with IAS 33 as a quotient from the Group result due to the shareholders of Deufol AG and the average number of shares in circulation during the period under review. Newly issued shares are to be taken into consideration pro rata temporis for the period in which they are in circulation.

Income	Jul. 1, 2011 – Sep. 30, 2011	Jul. 1, 2010 – Sep. 30, 2010	Jan. 1, 2011 – Sep. 30, 2011	Jan. 1, 2010 – Sep. 30, 2010
figures in € thousand				
Result attributable to the holders of Deufol AG common stock	1,220	1,709	2,238	3,275
Shares in circulation				
in units				
Weighted average number of shares	43,773,655	43,773,655	43,773,655	43,773,655
Earnings per share				
figures in €				
Basic and diluted earnings per share, based on the profit attributable to holders of Deufol AG common stock	0.028	0.039	0.051	0.075

03 Equity

There was no change in the subscribed capital and in the capital reserves in the first nine months of 2011.

04 Cash Flow Statement

The cash flow statement shows the origin and appropriation of the money flows in the first nine months of fiscal years 2010 and 2011. It is of key significance for an assessment of the financial position of the Deufol Group.

The cash funds shown in the cash flow statement correspond to the balance sheet item "Cash and cash equivalents".

The net cash provided by operating activities has been adjusted for changes to the scope of consolidation and in the first nine months of 2011 amounted to € 4,525 thousand.

The outflow of funds from investing activities amounted to € 696 thousand and includes the cash flows from the purchase and sale of property, plant and equipment, the purchase of subsidiaries and the change in financial receivables as well as interest received.

The outflow of funds from financing activities amounted to € 12,260 thousand and reflects the net change in financial liabilities plus dividend and interest payments.

The cash and cash equivalents balance decreased by € 8,317 thousand.



Dividend

On June 29, 2011, the Annual General Meeting resolved the payout of a dividend of € 0.03 per entitled share. The total dividend paid out amounted to € 1,313 thousand.

Contingencies

There were no significant changes in the contingencies in relation to December 31, 2010.

**Significant Events after the
Balance Sheet Date**

There were no significant events after the balance sheet date.

Segment Information

The segment reporting is prepared in accordance with the provisions of IFRS 8 (Operating Segments).

Deufol AG revised its segment reporting at the start of 2011. Its primary reporting format is now based on geographical regions which have been grouped for the purpose of corporate management. As the segment result – used for assessment of the business success of the respective segments – the management has calculated the result for the period before taxes, financial income, financial expenses, shares of profits of companies accounted for using the 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 standard market conditions between unrelated parties.

Unlike in previous periods, the information on segment assets and segment liabilities has been presented in gross terms, i. e. prior to consolidation. This is for an improved presentation of the net segment assets. The reference figures for the previous year have been adjusted accordingly.

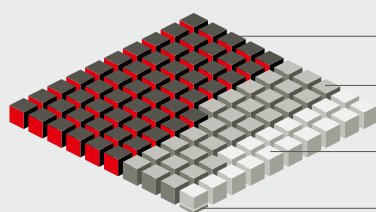
01 Segment Information
by Region (Secondary
Reporting Format)

	Germany	Rest of Europe	USA/Rest of the World	Holding company	Elimination	Group
figures in € thousand						
9M 2011						
External sales	129,002	65,009	39,033	220	0	233,264
Internal sales	19,138	6,171	0	1,286	(26,595)	0
Total sales	148,140	71,180	39,033	1,506	(26,595)	233,264
EBIT	3,836	5,340	96	(1,846)	(18)	7,408
Financial income	860	1,034	0	1,150	(2,082)	962
Finance costs	(2,162)	(1,067)	(1,922)	(1,087)	2,082	(4,156)
Earnings from associates	436	0	0	0	0	436
EBT	2,970	5,307	(1,826)	(1,783)	(18)	4,650
Taxes						(1,993)
Income						2,657
Assets	99,987	68,297	36,624	201,857	(192,430)	214,335
of which investments accounted for using the equity method	2,941	0	0	0	0	2,941
Non-allocated assets						12,925
Total assets						227,260
Financial liabilities	30,560	21,586	42,913	22,736	(44,119)	73,676
Other debt	49,305	19,277	9,793	9,713	(39,302)	48,786
Non-allocated debt						4,842
Total liabilities						127,304
Depreciation, amortization and impairment	(3,048)	(2,174)	(1,304)	(225)	0	(6,751)
Investments	1,604	1,124	1,657	852	0	5,237

External sales by segment

figures in %

	9M 2011
Germany	55.30
Rest of Europe	27.87
USA/Rest of the World	16.73
Holding company	0.10



	Germany	Rest of Europe	USA/Rest of the World	Holding company	Elimination	Group
figures in € thousand						
9M 2010						
External sales	119,336	62,080	43,485	282	0	225,183
Internal sales	16,845	4,781	0	1,275	(22,901)	0
Total sales	136,181	66,861	43,485	1,557	(22,901)	225,183
EBIT	6,310	3,152	561	(1,601)	(54)	8,368
Financial income	726	1,066	0	1,209	(1,935)	1,066
Finance costs	(1,799)	(1,125)	(2,143)	(1,221)	1,935	(4,353)
Earnings from associates	360	0	0	0	0	360
EBT	5,597	3,093	(1,582)	(1,613)	(54)	5,441
Taxes						(1,825)
Income						3,616
Assets	95,340	70,713	34,452	200,357	(177,418)	223,444
of which investments accounted for using the equity method	2,548	0	0	0	0	2,548
Non-allocated assets						12,425
Total assets						235,869
Financial liabilities	25,797	24,241	39,325	22,407	(33,950)	77,820
Other debt	46,372	20,135	8,792	10,484	(30,887)	54,896
Non-allocated debt						4,147
Total liabilities						136,863
Depreciation, amortization and impairment	2,466	2,230	1,621	229	0	6,546
Investments	1,441	1,026	704	22	0	3,473

External sales by segment

figures in %

9M 2010

	Germany	53.00
	Rest of Europe	27.57
	USA/Rest of the World	19.31
	Holding company	0.12



Supplementary Disclosures

Composition of the Executive Board and the Supervisory Board

On June 24, 2011, the Supervisory Board appointed Dr. Tillmann Blaschke as a new member of the Executive Board with effect from July 1, 2011.

On June 29, 2011, the Annual General Meeting appointed Prof. Dr. Wolfgang König as a new member of the Supervisory Board. He replaces the previous Supervisory Board member Prof. Dr.-Ing. Kai Furmans.

Securities Held by the Organs

On September 30, 2011, the Executive Board held 23,233,832 no-par value shares. The members of the Supervisory Board do not hold any shares of Deufol AG.

The securities holdings are as follows:

Executive Board	No-par value shares at Sep. 30, 2011	No-par value shares at Dec. 31, 2010
Andreas Bargende	58,000	58,000
Tammo Fey	15,000	15,000
Dr. Tillmann Blaschke	10,000	0
Detlef W. Hübner	23,160,832	23,110,832
Total	23,243,832	23,183,832

Mr. Andreas Bargende holds some of his shares indirectly through Aldama GmbH, Mainz. Mr. Detlef W. Hübner holds most of his shares indirectly through Lion's Place GmbH, Hofheim am Taunus.

Directors' Dealings

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

Relationships with Related Parties








With regard to transactions with related parties, there was no significant change in relation to the previous annual financial statements.

Additional Information

Financial Calendar

April 7, 2011	Publication of Annual Financial Statements 2010
May 12, 2011	Interim Report I/2011
June 29, 2011	Annual General Meeting
August 11, 2011	Semi-Annual Financial Report II/2011
November 10, 2011	Interim Report III/2011

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

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