Q1 11

INTERIM REPORT
FIRST QUARTER 2011

D.Logistics is now Deufol.
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DEUFOL

Key Figures for the Deufol Group

figures in € thousand	Q1 2011	Q1 2010
Results of operations		
Revenue (total)	75,750	70,804
Germany	42,543	38,263
Rest of the World	33,207	32,541
International revenue ratio (%)	43.8	46.0
EBITDA	3,972	4,352
EBIT	1,671	2,181
EBT	731	1,162
Income tax income (expenses)	(500)	(408)
Income for the period	231	754
of which attributable to minority interests	107	127
of which attributable to the shareholders of the parent company	124	627
Earnings per share (€)	0.003	0.014
Balance sheet		
Noncurrent assets	149,308	153,735
Current assets	78,068	82,573
Balance sheet total	227,376	236,308
Equity	98,583	96,441
Liabilities	128,793	139,867
Equity ratio (%)	43.4	40.8
Net financial liabilities	50,749	48,205
Cash flow/investments		
Net cash provided by (used in) operating activities	2,462	1,344
Cash flow from investing activities	(329)	122
Cash flow from financing activities	(3,430)	(44)
Investments in property, plant and equipment	1,491	1,023
Employees		
Employees (as of March 31)	2,856	2,705

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Deufol in the First Quarter: Positive Sales Growth

Positive Sales Growth

Total sales in the first quarter of 2011 were at € 75.8 million 7.0 % higher than in the same period in the previous year. Adjusted for changes due to acquisitions, this means organic growth of 6.3 %. If one also takes into consideration the US dollar's appreciation against the euro of 1.3 % on average, the increase amounts to 6.0 %.

In Germany, sales rose to € 42.5 million, growth of 11.2 % on the same quarter in the previous year, and in the rest of Europe they increased to € 21.3 million (+4.3 %). In the USA, at € 12.0 million, sales were 1.8 % (3.0 % on a currency-adjusted basis) lower than in the previous year.

The operating result (EBITA) in the first quarter was at € 1.67 million 23.4 % below the level for the same period in the previous year (€ 2.18 million). The decrease of € 0.5 million is mainly due to three effects: start-up losses of € 0.2 million for the new location in Roverbella (Italy), additional expenditure in the amount of € 0.1 million associated with the expansion of the Group's gift card business in the USA, and increased commodities (wood) and materials prices. These price rises led to an increase of at least € 0.5 million in expenditure. We are in talks with our customers, that if commodity prices remain high, we will gradually be able to pass on these higher purchasing costs. Also, the highly positive orders position for the remainder of this year will be reflected in an improved result in relation to the previous year.

The first-quarter cash flow provided by operating activities amounted to € 2.46 million and was thus significantly higher than the level in the previous year (€ 1.35 million).

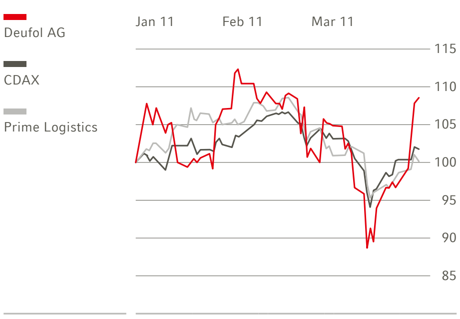
The net profit attributable to the shareholders of Deufol AG amounted to € 0.12 million, compared to € 0.63 million in the same period in the previous year. Earnings per share in the first quarter were € 0.003 (previous year: € 0.014).

Outlook – Planning Confirmed

Deufol AG confirms its planning figures published for fiscal year 2011 in its annual financial report. These envisage sales in a corridor between € 310 million and € 325 million and an operating result (EBITA) of between € 12 million and € 14 million.

The Deufol share in the first quarter

indexed, in %



Slight Price Gains for Shares – Deufol Share Realizes Disproportionately Strong Growth

In a market environment for shares whose overall trajectory was marginally upward, the Deufol share achieved a disproportionately strong performance. In the first quarter, the share fluctuated in a corridor between € 1.28 and € 1.75. It reached its highest closing price at € 1.71 on February 2 and marked its lowest at € 1.35 on March 15. In the remainder of the quarter, the Deufol share recovered and closed the first quarter at a price of € 1.65. Relative to the end of the year 2010, this represents an increase of 8.5 %.

The sector index of logistics stocks quoted in the Prime Standard (DAXsubsector Logistics) was almost unchanged in the first quarter and rose 0.3 %, and the multiple-sector CDAX – on which Deufol is listed – rose 1.9 %.

Economic Outline Conditions

Global Economic Upturn

According to the joint diagnosis by the leading economic research institutes, in the spring of 2011 the global economy is experiencing an upturn. Following a phase of noticeably slower growth in the summer of 2010, the emerging markets in particular are enjoying a buoyant economic trend. Output and sales have also picked up significantly in the advanced economies. However, the upward trend for the US economy remains moderate in relation to previous upswings, and the picture is decidedly mixed in the Eurozone, with an upturn in Germany and some neighboring countries but stagnation in the Mediterranean region.
The world is currently adjusting to the effects of the natural and nuclear power plant disasters in Japan. Experience shows that the macroeconomic effects of natural disasters in industrialized nations are limited. However, in this case the research institutes predict noticeably higher output losses than after the earthquake in Kobe, Japan, in 1995, for instance. It is likely to be several months before adequate electricity capacities are once again available and production bottlenecks have been overcome.

Mixed Economic Picture in the Eurozone

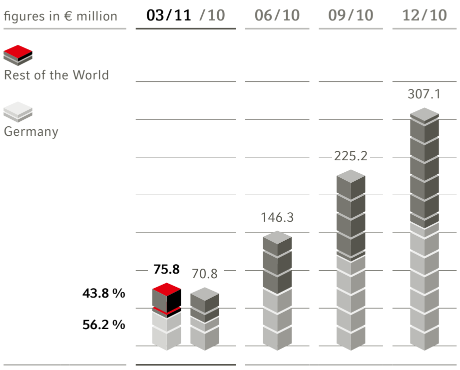
In the second half of 2010, gross domestic product growth in the Eurozone was weaker than in the first half of the year. However, the economic trend remained positive and picked up in the period under review. Yet domestic demand virtually stagnated. Investments in plant and equipment even fell significantly. Several countries’ consolidation policies meant that there was hardly any rise in government consumption. Only private consumption achieved stronger growth in the fourth quarter. External trade provided the engine for overall economic expansion in both quarters. The individual countries of the Eurozone are still characterized by strongly divergent economic trends. The recovery is well underway in countries such as Germany, Finland and Austria which have strongly benefited from the upturn in the global economy. However, the trend is significantly weaker in other countries such as Italy and France.

Strong Recovery in Germany

In the spring of 2011, Germany is enjoying a strong upturn. This is driven by both domestic and external demand. Incoming orders in the industrial sector rose strongly for all world regions. At the start of the year, industrial output was only around 6 % short of its peak level prior to the recession. Companies have provided their most upbeat assessment of the economic situation since German reunification. Construction is continuing to benefit from low interest rates. In January, output in this sector was already close to its pre-recession level. Employment figures continued to improve and the period under review saw a strong fall in unemployment. The weaker growth in overall economic output in the fourth quarter of 2010 mainly reflected the early onset of winter and should not be interpreted as a slowdown in economic impetus. For the first quarter of this year, the available indicators suggest gross domestic product growth of 0.8 %.

Results of Operations, Financial and Asset Position

Sales



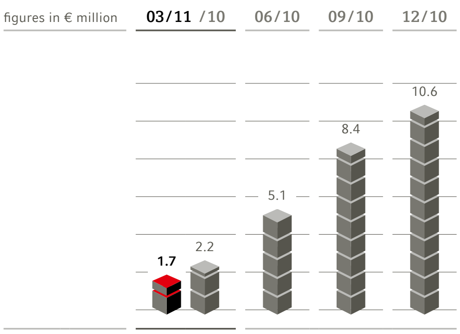
Positive Sales Growth

Total sales in the first quarter of 2011 were at € 75.8 million 7.0 % higher than in the same period in the previous year. Adjusted for changes due to acquisitions, this means organic growth of 6.3 %. If one also takes into consideration the US dollar's appreciation against the euro of 1.3 % on average, the increase amounts to 6.0 %.

In Germany, sales rose to € 42.5 million, an increase of 11.2 % on the same quarter in the previous year, and in the rest of Europe they increased to € 21.3 million (+4.3 %). In the USA, at € 12.0 million, sales were 1.8 % (3.0 % on a currency-adjusted basis) lower than in the previous year.

With a 56.1 % share of Group sales, the proportion accounted for by Germany increased by 2.1 percentage points on the previous year. The share of sales realized elsewhere in Europe decreased slightly, from 28.8 % to 28.1 %, and the USA's share of sales fell by 1.4 percentage points to 15.8 %.

EBITA



Lower Operating Result than in the Previous Year

At € 3.97 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were 8.7 % lower than in the same quarter in the previous year. The EBITDA margin was 5.2 % (previous year: 6.2 %). Depreciation of tangible assets and amortization of other intangible assets increased from € 2.17 million to € 2.30 million.

The operating result (EBITA) in the first quarter was at € 1.67 million 23.4 % below the level for the same period in the previous year (€ 2.18 million). The decrease of € 0.5 million is mainly due to three effects: start-up losses of € 0.2 million for the new location in Roverbella (Italy), additional expenditure in the amount of € 0.1 million associated with the expansion of the Group's gift card business in the USA, and increased commodities (wood) and materials prices. These price rises led to an increase of at least € 0.5 million in expenditure. We are in talks with our customers, that if commodity prices remain high, we will gradually be able to pass on these higher purchasing costs. Also, the highly positive orders position for the remainder of this year will be reflected in an improved result in relation to the previous year.

The individual segments performed as follows: In Germany, we recorded an EBITA decrease of 34.1 % to € 1.36 million. In the rest of Europe, EBITA increased by 39.7 % to € 1.26 million. The USA/Rest of the World segment realized an operating loss of € 0.42 million (previous year: –€ 0.23 million). The EBITA loss of Deufol AG (Holding) was € 0.58 million (previous year: € 0.56 million).

Financial results showed a slight increase compared to the previous year, from –€ 1.02 million to –€ 0.94 million. This is attributable to slightly lower financial expenses and a slightly higher share of earnings accounted for by associates. Financial income was virtually unchanged at € 0.35 million.

Earnings before taxes (EBT) in the first quarter were € 0.73 million (previous year: € 1.16 million). After income tax expenses (€ 0.50 million) the result is € 0.23 million, compared to € 0.75 million in the first quarter of 2010.

After deduction of the profit shares of non-controlling interests (€ 0.12 million), there is a net profit of € 0.12 million (previous year: € 0.63 million) attributable to the shareholders of Deufol AG. Earnings per share in the first quarter were € 0.003 (previous year: € 0.014).

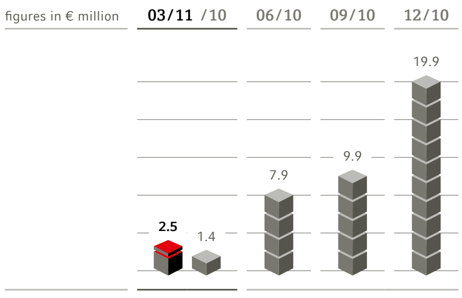
Net Cash and Investments

The first-quarter cash flow provided by operating activities amounted to € 2.46 million and was thus significantly higher than the level in the previous year (€ 1.35 million).

The net cash used in investing activities was negative at –€ 0.33 million (previous year: +€ 0.12 million). The outflows of funds result from the payments made for acquisitions of assets (–€ 1.37 million) and the purchase of subsidiaries (–€ 0.15 million). Inflows of funds resulted from the decrease in financial receivables (+€ 0.67 million), interest received (+ € 0.35 million) and proceeds from the sale of assets (+€ 0.17 million).

The net cash used in financing activities was negative at –€ 3.43 million (previous year: –€ 0.04 million). Outflows resulted from the decrease in amounts owed to banks (–€ 1.69 million), interest paid (–€ 1.50 million) and the decrease in other financial liabilities (–€ 0.22 million). Cash decreased in relation to the end of the year by € 1.18 million to € 15.63 million.

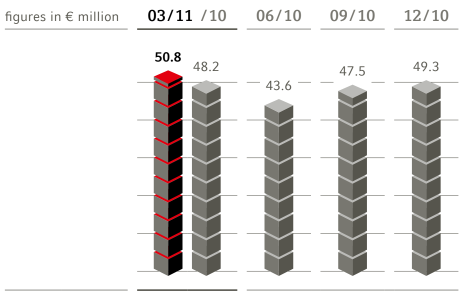
Net cash provided by operating activities



Slight Decrease in Financial Indebtedness

The financial indebtedness of the Deufol Group decreased in the first three months of the fiscal year by € 0.4 million to € 77.8 million. As cash and financial receivables simultaneously decreased (–€ 1.9 million), the net financial liabilities rose by € 1.5 million, from € 49.3 million at the end of the year to € 50.8 million.

Net financial liabilities

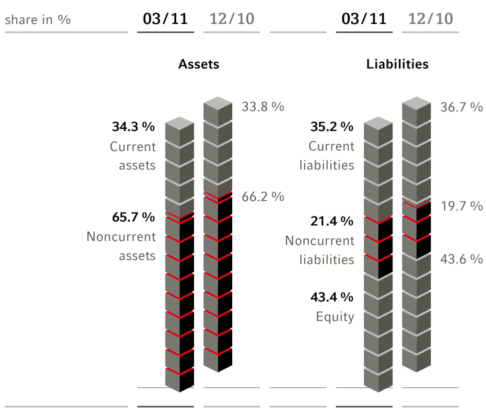


Balance Sheet Total Largely Unchanged

The balance sheet total as of March 31, 2011 is at € 227.4 million 0.2 % above the level at the end of the previous year (€ 226.9 million). For the noncurrent assets, the largest changes were in property, plant and equipment (–€ 1.4 million to € 50.0 million) and financial receivables (–0.5 to € 9.3 million). Goodwill increased slightly through the first-time consolidation of Deufol Austria GmbH (+0.6 to € 68.6 million) and due to intangible assets (+0.3 to € 3.1 million). The other noncurrent assets realized only marginal changes. Of the current assets, trade accounts receivable (+1.9 to € 39.7 million) and the "Other receivables and other assets" item (+0.8 to € 6.7 million) recorded the largest increases. Cash (–1.2 to € 15.6 million) and financial receivables (–0.2 to € 2.1 million) decreased.

On the liabilities side, equity (including non-controlling interests) in the first three months of 2011 on balance fell by € 0.4 million to € 98.5 million. This was due to other comprehensive income (– € 0.6 million), while the profit for the period (+ € 0.1 million) had a positive effect. Non-controlling interests rose slightly (+0.1 to € 1.3 million). With a slightly increased balance sheet total, the equity ratio decreased from 43.6 % to 43.4 %. The liabilities increased on balance by € 0.9 million to € 128.8 million.

Balance sheet structure



Employees

Deufol Group	03/2011	12/2010
Germany	1,691	1,628
Share (%)	59.2	58.5
Rest of Europe	701	676
Share (%)	24.5	24.3
USA/Rest of the World	454	469
Share (%)	15.9	16.9
Holding company	10	9
Share (%)	0.4	0.3
Total	2,856	2,782

Employees

Increase in Number of Employees

On March 31, 2011, the Deufol Group had 2,856 employees worldwide. This is 74 employees or 2.7 % more than at the end of last year. Most of the new hirings were in Germany (+63 employees). In the rest of Europe the Group gained 25 employees, 16 of whom were provided through the first-time consolidation of Deufol Austria GmbH. The Group's workforce in the USA decreased (−15 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	Q1 2011	Q1 2010
Sales	49,526	43,817
Consolidated sales	42,474	38,190
EBITA	1,363	2,067
EBITA margin (%)	3.2	5.4
EBTA	1,102	1,829

At € 42.5 million, consolidated sales in Germany in the first quarter of 2011 exceeded the sales for the same quarter in the previous year by 11.2 %. This segment is therefore now contributing 56.1 % to Group sales (compared to 53.9 % in the first quarter of 2010).

The operating result (EBITA) decreased in the first quarter in annual terms by 34.1 % from € 2.07 million to € 1.36 million. The EBITA margin declined from 5.4 % to 3.2 %.

This decrease is primarily attributable to weaker results for Export & Industrial Goods Packaging. This was mainly due to increased commodities (wood) and materials prices. These price rises led to an increase of approx. € 0.5 million in expenditure. We are in talks with our customers, that if commodity prices remain high, we will gradually be able to pass on these higher purchasing costs. Also, the highly positive orders position for the remainder of this year will be reflected in an improved result in relation to the previous year.

Rest of Europe

figures in € thousand	Q1 2011	Q1 2010
Sales	23,268	21,993
Consolidated sales	21,258	20,378
EBITA	1,262	903
EBITA margin (%)	5.9	4.4
EBTA	1,266	895

In the rest of Europe, at € 21.3 million, consolidated sales were 4.3 % higher than in the same quarter in the previous year. This segment is therefore contributing 28.1 % to Group sales (compared to 28.8 % in the first quarter of 2010). Adjusted for the acquisition of Deufol Austria GmbH (previously Richard Wolfsberger GmbH) sales were 1.8 % higher than in the previous year.

The first-quarter operating result (EBITDA) increased by 39.7 % from € 0.90 million to € 1.27 million. This improvement is mainly attributable to improved results in Belgium while the figures declined in Italy due to start-up losses of € 0.2 million for the Group's new Roverbella location.

USA/Rest of the World

figures in € thousand	Q1 2011	Q1 2010
Sales	11,950	12,162
Consolidated sales	11,950	12,162
EBITA	(425)	(234)
EBITA margin (%)	(3.6)	(1.9)
EBTA	(1,080)	(971)

In the USA/Rest of the World segment, first-quarter consolidated sales were at € 12.0 million 1.8 % lower than in the previous year. This segment is therefore contributing 15.8 % to Group sales (compared to 17.2 % in the first quarter of 2010). If one takes into consideration the US dollar's depreciation against the euro of 1.3 % on average, the decrease amounts to 3.0 %.

The operating loss (EBITA) in the first quarter amounted to € 0.42 million, compared to a loss in the previous year of € 0.23 million. Deufol Packaging Service (Suzhou) Co., Ltd., was consolidated for the first time this year and recorded start-up losses of € 0.04 million. Additional expenditure in the amount of € 0.1 million also resulted in connection with the expansion of the Group's gift card business in the USA.

Outlook

Global Economy Continues to Recover, at a Slower Pace

According to the leading economic research institutes, sentiment surveys and incoming orders suggest that the global economic trend remains strong. However, the political risks associated with the supply of oil and the natural and nuclear power plant disasters in Japan are likely to have a short-term negative impact on the global economy. This forecast is based on the assumption that the price of oil will not undergo any significant further rise and that major Japanese population centers will be spared serious contamination. The energy shortage which Japan is currently experiencing is expected to be gradually eliminated over the next few months, so that overall economic output will mainly suffer in the first half of this year. In the second half of the year and next year – once the risk of large-scale nuclear contamination has passed – output should pick up significantly due to reconstruction activities.

In these conditions, the global economic upturn will remain intact in the forecast period but will weaken slightly. In the emerging markets in particular, a further tightening of monetary policy is likely in order to curb price buoyancy. In addition, real incomes here may be expected to suffer more than in the advanced economies since expenditure on food generally accounts for a significantly larger proportion of private households' consumer spending.

In the view of the leading economic research institutes, global output will rise by 3.5 % in 2011 and by 3.0 % in 2012. World trade should grow by 9 % in the current year.

Eurozone: Further Recovery in Sight

A very strong improvement in overall economic output may be expected for the first quarter of 2011. On the one hand, this is suggested by the sentiment indicators: For instance, in February 2011 the European Commission's Economic Sentiment Indicator reached its highest level since September 2007. On the other hand, in late 2010 incoming orders for industry achieved their highest figure since mid-2008 and industrial output has risen continuously since the autumn of 2010. Consumer confidence has also improved (though in March 2011 this index was only marginally higher than its long-term average). Only the construction sector has yet to see any signs of an upturn.

However, the research institutes expect output growth to weaken slightly in 2011 since domestic demand will be dampened by shrinkage in purchasing power due to energy prices and by government consolidation measures. This relates to private consumption in particular, while investment growth will remain brisk thanks to companies' improved profit outlooks and favorable refinancing terms, particularly in economies which are not suffering the effects of adjustment crises.

In overall terms, the economic research institutes estimate that the Eurozone's gross domestic product will grow by 1.7 % in 2011. For 2012 they predict a rise of 1.6 %.

Germany: Continuing Economic Growth

There is much to suggest that economic growth will remain strong over the next few months. To be sure, the increased commodities prices, the unsettled prospects for the Arab countries and the uncertainty regarding the effects of the natural and nuclear power plant disasters in Japan are having a negative impact on the economic outlook. This is reflected in the ifo business climate index, the ZEW institute's economic predictions and March's Purchasing Manager's index. However, the survey indicators are close to their peak levels. Moreover, the international economic outlook is still positive and interest rates should remain low. In addition, employment in Germany picked up significantly in the period under review, providing for a further improvement in private households' income situation.

A gradual realignment of the various expansionary forces may be expected for the forecast period. Domestic demand will remain dampened on account of a slightly restrictive financial policy and also, in the current year, due to the loss of purchasing power resulting from the strong rise in commodities prices. However, at the same time, the ECB's monetary policy will continue to have a highly expansive effect in Germany, which sets the economic trend for the Eurozone. This will strengthen investment activities in Germany. Moreover, plant and equipment investments will be stimulated by the rising rate of capacity utilization and by favorable financing terms. The trend for private consumer spending will remain robustly positive due to rising employment and the corresponding increase in wage incomes. In overall terms, growth in domestic demand will remain almost unchanged. By contrast, external trade will provide a lesser contribution to growth than in 2010. Rapidly rising domestic demand will mean stronger expansion in imports than in the second half of 2010. At the same time, there will be a temporary slowdown in the trend of rising exports. This is partly attributable to the expected loss of some of German companies' price competitiveness, since unit labor costs are increasingly on the upturn here while their growth is being curbed in many advanced economies due to continuing underemployment. Only toward the end of the forecast period – when the Eurozone and US economies will realize somewhat stronger growth – may exports be expected to pick up again slightly.

All in all, the economic research institutes predict that the country's gross domestic product (GDP) will grow by 2.8 % in 2011. For 2012 the institutes envisage a GDP increase of 2.0 %.

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 Confirmed

Deufol AG confirms its planning figures published for fiscal year 2011 in its annual financial report. These envisage sales in a corridor between € 310 million and € 325 million and an operating result (EBITA) of between € 12 million and € 14 million.

Consolidated Income Statement (IFRS)

figures in € thousand	Jan. 1, 2011 – Mar. 31, 2011	Jan. 1, 2010 – Mar. 31, 2010	Note / Page
Sales	**75,750**	70,804	01 / 16
Cost of sales	(67,881)	(62,334)	
Gross profit	**7,869**	8,470	
Selling expenses	(1,405)	(1,384)	
General and administrative expenses	(4,857)	(4,802)	
Other operating income	418	263	
Other operating expenses	(354)	(366)	
Profit (loss) from operations (EBIT)	**1,671**	2,181	
Financial income	354	354	
Finance costs	(1,439)	(1,483)	
Share of profit of associates	145	110	
Profit (loss) before taxes (EBT)	**731**	1,162	
Income tax expenses	(500)	(408)	
Income (loss)	**231**	754	
of which income attributable to non-controlling interests	107	127	
of which income attributable to equity holders of parent	**124**	627	

Earnings per share

in €			
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol AG	0.003	0.014	02 / 16
Average number of shares in circulation	43,773,655	43,773,655	02 / 16

Consolidated Statement of Comprehensive Income

figures in € thousand	Jan. 1, 2011 – Mar. 31, 2011	Jan. 1, 2010 – Mar. 31, 2010	Note / Page
Income	**231**	754	
Other recognised income and expense	**(602)**	910	
Exchange rate differences on translation of foreign operations			
Before tax	(763)	958	
Tax	0	0	
After tax	(763)	958	
Gain (loss) on cash flow hedges			
Before tax	228	(68)	
Tax	(67)	20	
After tax	161	(48)	
Total comprehensive income after tax	**(371)**	1,664	
of which attributable to non-controlling interests	107	127	
of which attributable to equity holders of parent	(478)	1,537	

Consolidated Balance Sheet (IFRS)

Assets figures in € thousand	Mar. 31, 2011	Dec. 31, 2010	Note/Page
Noncurrent assets	**149,308**	150,136	
Property, plant and equipment	50,044	51,411	
Investment properties	425	439	
Goodwill	68,619	67,979	
Other intangible assets	3,096	2,814	
Equity-method accounted investments	2,850	2,704	
Financial receivables	9,309	9,775	
Other financial assets	248	225	
Other receivables and other assets	3,836	3,987	
Deferred tax assets	10,881	10,802	
Current assets	**78,068**	76,746	
Inventories	12,589	12,366	
Trade receivables	39,670	37,824	
Other receivables and other assets	6,710	5,903	
Tax receivables	1,364	1,532	
Financial receivables	2,107	2,310	
Cash and cash equivalents	15,628	16,811	
Total assets	**227,376**	226,882	

Equity and Liabilities figures in € thousand	Mar. 31, 2011	Dec. 31, 2010	Note/Page
Equity	**98,583**	98,976	03/16
Equity attributable to owners of Deufol AG	97,327	97,805	
Subscribed capital	43,774	43,774	
Capital reserves	107,240	107,240	
Retained earnings (accumulated losses)	(51,083)	(51,207)	
Other recognized income and expense	(2,604)	(2,002)	
Non-controlling interests	1,256	1,171	
Noncurrent liabilities	**48,599**	44,722	
Financial liabilities	41,146	37,103	
Provisions for pensions	1,311	1,298	
Other provisions	382	382	
Other liabilities	3,614	3,883	
Deferred tax liabilities	2,146	2,056	
Current liabilities	**80,194**	83,184	
Trade payables	27,114	25,926	
Financial liabilities	36,647	41,083	
Other liabilities	12,469	12,672	
Tax liabilities	2,078	1,615	
Other provisions	1,886	1,888	
Total equity and liabilities	**227,376**	226,882	

Consolidated Cash Flow Statement

figures in € thousand	Jan. 1, 2011 – Mar. 31, 2011	Jan. 1, 2010 – Mar. 31, 2010	Note/Page
Profit (loss) from operations (EBIT)	1,671	2,181	
Adjustments to reconcile income (loss) to cash flows from operating activities			
Depreciation and amortization charges	2,301	2,171	
(Gain) loss from disposal of property, plant and equipment	(59)	(20)	
Other noncash expenses (revenue)	(82)	(391)	
Changes in assets and liabilities from operating activities			
Change in trade accounts receivable	(1,496)	3,199	
Change in inventories	(187)	(242)	
Change in other receivables and other assets	(647)	(1,662)	
Change in trade accounts payable	1,018	(2,233)	
Change in other liabilities	(224)	(493)	
Change in accrued expenses	(41)	(957)	
Change in other operating assets/liabilities (net)	208	(208)	
Net cash provided by (used in) operating activities	**2,462**	1,345	04/16
Purchase of intangible assets and property, plant and equipment	(1,366)	(739)	
Proceeds from the sale of intangible assets and property, plant and equipment	170	193	
Purchase of non-controlling interests	0	(88)	
Purchase of subsidiaries	(150)	0	
Net change in financial receivables	669	406	
Interest received	348	349	
Net cash provided by (used in) investing activities	**(329)**	121	04/16
Net change in borrowings	(5,479)	1,817	
Addition (extinction) of other financial liabilities	3,569	(424)	
Interest paid	(1,498)	(1,437)	
Dividends paid to non-controlling interests	(22)	0	
Net cash provided by (used in) financing activities	**(3,430)**	(44)	04/16
Effect of exchange rate changes and changes in the scope of consolidation on cash and cash equivalents	114	0	
Change in cash and cash equivalents	**(1,183)**	1,422	
Cash and cash equivalents at the beginning of the period	16,811	14,853	
Cash and cash equivalents at the end of the period	15,628	16,275	

Consolidated Statement of Changes in Equity

figures in € thousand	Subscribed capital	Capital reserves	Accumulated losses	Other comprehensive income (expense): Cumulative translation adjustment	Other comprehensive income (expense): Reserve for cash flow hedges	Equity attributable to equity holders of Deufol AG	Equity attributable to non-controlling interests	Total equity
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)	—	—	627	—	—	627	127	754
Changes recognized directly in equity	—	—	—	958	(68)	890	—	890
Deferred taxes for valuation changes recognized directly in equity	—	—	—	—	20	20	—	20
Total recognized income and expense	**—**	**—**	**627**	**958**	**(48)**	**1,537**	**127**	**1,664**
Purchase of non-controlling interests*	—	—	(280)	—	—	(280)	(70)	(350)
Balance at Mar. 31, 2010	**43,774**	**107,240**	**(53,507)**	**(1,612)**	**(781)**	**(95,114)**	**1,327**	**96,441**
Balance at Dec. 31, 2010	**43,774**	**107,240**	**(51,207)**	**(1,461)**	**(541)**	**97,805**	**1,171**	**98,976**
Income (loss)	—	—	124	—	—	124	107	231
Changes recognized directly in equity	—	—	—	(763)	228	(535)	—	(535)
Deferred taxes for valuation changes recognized directly in equity	—	—	—	—	(67)	(67)	—	(67)
Total recognized income and expense	**—**	**—**	**124**	**(763)**	**161**	**(478)**	**107**	**(371)**
Dividends	—	—	—	—	—	—	(22)	(22)
Balance at Mar. 31, 2011	**43,774**	**107,240**	**(51,083)**	**(2,224)**	**(380)**	**97,327**	**1,256**	**98,583**

*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 interpretations 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 March 31, 2010.

Currency Translation

In accordance with IAS 21, the 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 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	
per €	**Mar. 31, 2011**	Dec. 31, 2010	**3M 2011**	3M 2010
US dollar	1.4207	1.3362	1.3669	1.3842
Czech crown	24.5430	26.4730	24.3730	25.8843
Renminbi	9.3036	—	8.9966	—

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	Mar. 31, 2011
Consolidated subsidiaries	37	0	0	40
thereof in Germany	25	0	0	25
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	0	0	**44**

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.

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 figures in € thousand	Jan. 1, 2011– Mar. 31, 2011	Jan. 1, 2010– Mar. 31, 2010
Result attributable to the holders of Deufol AG common stock	124	627
Shares in circulation figures in units		
Weighted average number of shares	43,773,665	43,773,665
Earnings per share figures in €		
Basic and diluted earnings per share, based on the profit attributable to holders of Deufol AG common stock	0.003	0.014

03 Equity

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

04 Cash Flow Statement

The cash flow statement shows the origin and appropriation of the money flows in the first three months of the 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 three months of 2011 amounted to € 2,462 thousand.

The outflow of funds from investing activities amounted to € 329 thousand and includes interest received as well as the cash flows from the acquisition and sale of property, plant and equipment and the purchase of subsidiaries.

The outflow of funds from financing activities amounting to € 3,430 thousand mainly reflects the balance of funds borrowed and repaid under the current operating resources financing, the scheduled repayments of noncurrent financing liabilities as well as interest paid.

The cash and cash equivalents balance decreased by € 1,183 thousand.

Dividend

No dividend was distributed in the first three months of 2011.

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.

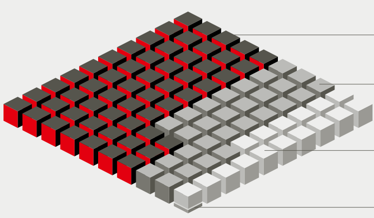
Unlike in previous periods, the information on segment assets and segment liabilities has been presented in gross terms, i.e. prior to consolidation. This is for improved presentation of the net segment assets. The reference figures for the previous year have been adjusted accordingly.

01 Segment Information by Region (Secondary Reporting Format)

figures in € thousand	Germany	Rest of Europe	USA/Rest of the World	Holding company	Elimi-nation	Group
First quarter 2011						
External sales	42,474	21,258	11,949	69	0	75,750
Internal sales	7,051	2,010	0	382	(9,443)	0
Total sales	49,525	23,268	11,949	451	(9,443)	**75,750**
EBIT	1,363	1,262	(425)	(580)	51	1,671
Financial income	289	365	0	366	(666)	354
Finance costs	(696)	(361)	(655)	(393)	666	(1,439)
Earnings from associates	145					145
EBT	1,101	1,266	(1,080)	(607)	51	731
Taxes	(39)	(462)	0	1	0	(500)
Income						**231**
Assets	97,674	71,296	29,421	196,851	(180,111)	215,131
of which investments accounted for using the equity method	2,850	0	0	0	0	2,850
Non-allocated assets						12,245
Total assets						**227,376**
Financial liabilities	29,986	25,708	37,079	22,078	(37,058)	77,793
Other debt	48,081	19,041	6,845	7,943	(35,134)	46,776
Non-allocated debt						4,224
Total liabilities						**128,793**
Depreciation, amortization and impairment	1,022	709	499	71	0	2,301
Investments	440	312	668	716	0	2,136

External sales by segment

figures in %



	3M 2011
Germany	56.07
Rest of Europe	28.06
USA/Rest of the World	15.77
Holding company	0.10

figures in € thousand	Germany	Rest of Europe	USA/Rest of the World	Holding company	Elimi-nation	Group
First quarter 2010						
External sales	38,190	20,379	12,162	73	0	70,804
Internal sales	5,627	1,613	0	303	(7,543)	0
Total sales	43,817	21,992	12,162	376	(7,543)	**70,804**
EBIT	2,067	903	(234)	(562)	7	2,181
Financial income	240	377	0	387	(650)	354
Finance costs	(589)	(385)	(736)	(423)	650	(1,483)
Earnings from associates	110	0	0	0	0	110
EBT	1,828	895	(970)	(598)	7	1,162
Taxes	(63)	(341)	0	(4)	0	(408)
Income						**754**
Assets (adjusted)	93,488	70,440	32,903	204,554	(178,127)	223,258
of which investments accounted for using the equity method	2,923	0	0	0	0	2,923
Non-allocated assets						13,050
Total assets						**236,308**
Financial liabilities	27,994	25,147	38,631	21,597	(32,855)	80,514
Other debt	45,356	16,451	7,832	17,390	(32,559)	54,470
Non-allocated debt						4,883
Total liabilities						**139,867**
Depreciation, amortization and impairment	816	743	518	94	0	2,171
Investments	163	444	149	286	0	1,042

Supplementary Disclosures

Composition of the Executive Board and the Supervisory Board

There were no changes to the members of the Executive and Supervisory Boards in the first three months of fiscal year 2011.

Securities Held by the Organs

On March 31, 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 Mar. 31, 2011	No-par value shares at Dec. 31, 2010
Andreas Bargende	58,000	58,000
Tammo Fey	15,000	15,000
Detlef W. Hübner	23,160,832	23,110,832
Total	**23,233,832**	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 the 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

Contact / Imprint

Contact:
Deufol AG
Rainer Monetha
Investor Relations
Johannes-Gutenberg-Strasse 3–5
D-65719 Hofheim (Wallau)
Phone: +49 6122 50-1238
E-mail: rainer.monetha@deufol.com

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Deufol AG
Johannes-Gutenberg-Strasse 3 – 5
D-65719 Hofheim (Wallau)
Phone: +49 61 22 50 - 00
Fax: +49 61 22 50 - 13 00

www.deufol.com