Interim Report
1st Quarter 2014

The Quality Connection

LEONI

Highlights: 1st quarter 2014

- **Consolidated sales as of the end of March up 6 percent to the new quarterly record of € 1.02 billion**
- **Automotive business growing unabated; significant revival in demand from the industry sector**
- **EBIT rose by nearly a third to € 50.6 million**
- **Full-year forecast underpinned by dynamic performance**

LEONI – The Quality Connection

The LEONI Group operates worldwide, providing wires, optical fibers, cables and cable systems as well as related services for applications in the automotive sector and other industries. The Company employs about 64,000 people in 33 countries. LEONI develops and manufactures technically sophisticated products for the motor vehicle industry – ranging from the single-core cable through to the complete wiring system with integrated electronics. The product range also encompasses wires and strands as well as optical fibers, standardised cables, special, hybrid and optical cables as well as completely assembled systems for customers in different industrial markets. Products specifically for application in environmentally friendly technologies are meanwhile gaining in significance.

Cover image:
Healthcare project success: LEONI develops and produces microscope cables for new software-supported surgical navigation systems

Rounding differences may for arithmetical reasons occur in the tables, charts and references versus the mathematically precise figures (monetary units, percentages, etc.).

This Interim Report is published in German and English. The original is in German language. In case of doubt or conflict, the German language version will prevail.

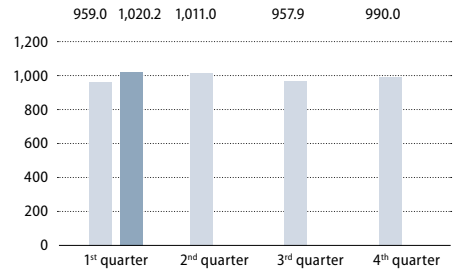
Content

Group key figures

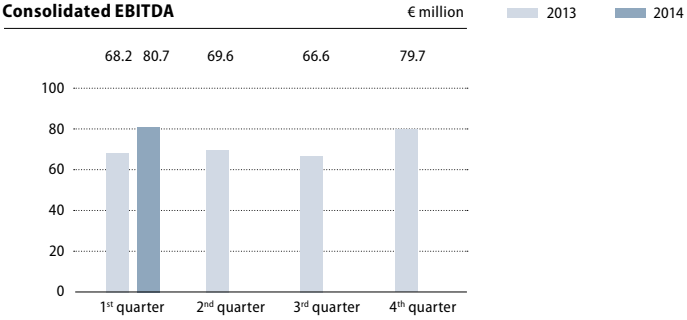
	1st quarter		
€ million	**2014**	**2013**	**Change**
Sales	1,020.2	959.0	6.4 %
Earnings before interest, taxes and depreciation/amortisation (EBITDA)	80.7	68.2	18.3 %
Earnings before interest and taxes (EBIT)	50.6	38.5	31.5 %
Adjusted earnings before interest and taxes (EBIT)[1]	52.8	43.0	22.8 %
Earnings before taxes (EBT)	43.7	30.0	45.5 %
Consolidated net income	31.6	22.6	39.7 %
Capital expenditure	35.1	25.5	37.6 %
Equity ratio (%)	34.2 %	33.9 %	—
Earnings per share (€)	0.96	0.69	39.1 %
Employees as at 31/03 (number)	64,071	59,884	7.0 %

[1] Earnings adjusted for the impact of revaluation as part of allocating the prices of major acquisitions, restructuring, impairment of non-current assets, gains on business disposals and on business combinations including related derivatives.

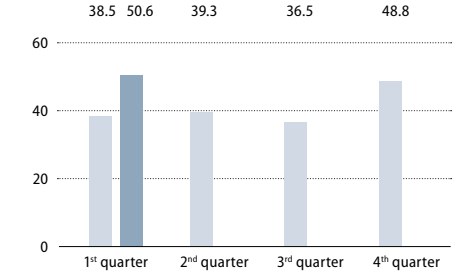
Consolidated sales € million



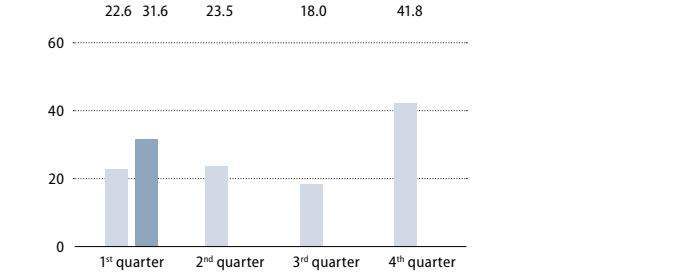
Consolidated EBITDA € million



Consolidated EBIT € million



Consolidated net income € million



The LEONI Share

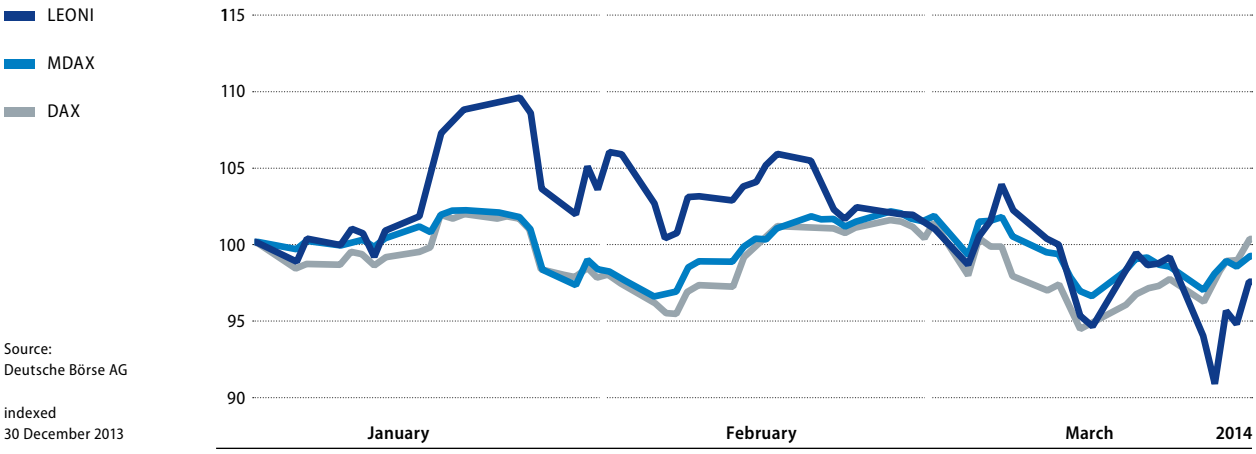
Market consolidation

With the exception of the Japanese Nikkei, which experienced greater losses, the world's major equity markets on the whole moved sideways in the first quarter of 2014 and thus entered a phase of consolidation following their at times strong appreciation in 2013. Adverse events like the mounting uncertainty concerning the central banks' future monetary policy and such political factors as the Ukraine conflict mostly eradicated any interim gains. Germany's leading DAX index stood at about 9,556 points at the end of May 2014 and thus at almost exactly the same level as at the end of 2013; the MDAX was slightly below.

Overview of key LEONI share data

First listed on	1 January 1923
Ticker symbol	LEO
ISIN	DE0005408884
WKN	DE540888
Class of shares	Ordinary bearer shares with no par value
Market segment	Prime Standard
Index	MDAX
Share capital	€ 32,669,000
Number of shares	32,669,000

Q1/2014 performance



Source:
Deutsche Börse AG

indexed
30 December 2013

Price of the LEONI share roughly stable

The performance of automotive and supplier shares compared favourably with that of the overall market thanks mainly to the still beneficial conditions underlying the business: the DAX 'Automobile' sector gained almost 5 percent in value, while the sub-index for the automotive component suppliers was up by more than 7 percent. LEONI's share also initially maintained its bullish momentum from 2013 and by the middle of January 2014 rose to the new all-time high of € 59.57. This was followed by a downward correction, aggravated in March by the Ukraine conflict and LEONI's outlook for fiscal 2014, which came in slightly below market expectations. The price of our share dipped to its low for the year at € 49.36 during this phase. The closing price at the end of March was € 52.97 and was therefore about 3 percent below the price at the end of 2013.

The market capitalisation of the roughly 32.7 million LEONI shares stood at about € 1,731 million at the end of March 2014, as opposed to approx. € 1,775 million on 31 December 2013.

Key LEONI share figures

		1st quarter	
		2014	**2013**
Net result	€/share	0.96	0.69
Equity as at 31 March	€/share	25.95	24.80
High [1]	€/share	59.57	34.53
Low [1]	€/share	49.36	28.97
Closing price [1] at end of quarter	€/share	52.97	30.21
Average daily trading volume	no. of shares	265,577	276,066
Market capitalisation at end of quarter	€ million	1,730.5	986.9

[1] XETRA closing prices of the day

Trading volumes

From January to March 2014, an average of about 266,000 LEONI shares traded per day on the Frankfurt Stock Exchange and on the XETRA electronic system versus roughly 276,000 shares in the same period of the previous year. The total number of shares traded in the first three months of 2014 amounted to 16.7 million, down from 17.1 million between January and March 2013.

Ratings of the LEONI share

The majority of the 22 analysts who monitor LEONI on a regular basis (as of the end of March 2014) remain upbeat about the Company's medium and long-term performance. Against this backdrop, the financial analysts either reaffirmed their positive verdict or revised their rating upward. A total of 13 investment firms rated the LEONI share as a buy at the end of March, which was two more than at the end of December 2013. Six analysts gave our share a hold rating. Only three advised to sell.

Shareholder structure stable

About two thirds of the 32,669,000 LEONI shares are currently held by institutional investors, with roughly one third in the hands of private individuals. The largest shareholders with holdings of between 3 and 5 percent on 31 March 2014 were Wilms Beteiligungs GmbH and Oslo-based Norges Bank. No single shareholder owned more than 5 percent of the shares.

The majority of LEONI shareholders are based in Germany, where about two thirds are domiciled. The remaining third is evenly distributed between the rest of Europe, especially so in the United Kingdom, and the United States.

We did not receive any voting rights disclosures in the first three months of 2014. The earlier disclosures in this respect are accessible on the internet at www.leoni.com under the heading Investor Relations / Share / Voting rights announcements.

Quarterly financial report
Interim group management report

Overview of conditions and business performance

Macroeconomic trend

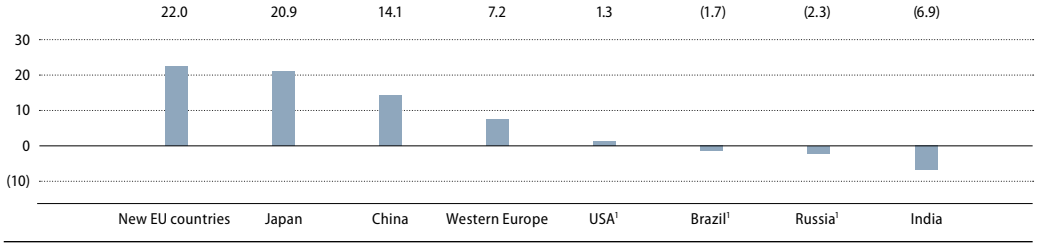
According to the International Monetary Fund (IMF), the global economy gained a considerable degree of momentum in the second half of 2013, which is likely also to have exerted a beneficial effect on performance in the first few months of 2014. The IMF says that impetus stemmed mainly from the industrialised countries, with the US economy in particular having picked up pace thanks to increasing exports. The United Kingdom and Germany also showed strength. The revival of domestic demand was the most strikingly positive factor in the eurozone's largest economy. By contrast, there was only slightly improvement in the emerging and developing countries' pace of growth in recent months.

The assessment of the Federal Ministry of Economics and Energy is similarly upbeat for Germany's economy. Among other factors, the vibrant rate of orders being placed in industry as well as the good production figures posted in January and February 2014 indicate that economic output over the whole of the first quarter will be considerably above the level of the final quarter of 2013.

Business by sector

The customer industries of importance to LEONI also on the whole presented a favourable picture in early 2014. For instance, **car sales** in many of the key countries increased considerably during the first three months of 2014 as compared with the same period in the previous year. The Chinese market again grew especially strongly. There was also an encouraging rise in Europe, with March sales increases in all of the five major car markets – Germany, France, the United Kingdom, Italy and Spain. In the United States, where new vehicle registrations were still short of the previous year's number through February because of the severe winter, there was also a slight gain after three months. Brazil, India and Russia recorded decreases, by contrast.

Trend of car sales in the key markets January to March 2014/2013 in %



[1] Light Vehicles (passenger cars and light commercial vehicles)
Source: VDA

In the **commercial vehicle industry**, the stricter emission standards that came into force in the EU and the USA at the beginning of the year exerted an evident positive effect. The switch to lower consumption engines boosted demand significantly in these regions. The number of new commercial vehicles registered in Germany was up by 10 percent in the first three months.

According to the German Electrical and Electronic Manufacturers' Association (ZVEI), the country's **electrical engineering and electronics industry** also made a good start into 2014. Order receipts in the first two months were up by 4 percent year on year, with strong impetus from export markets. The sector's output (up 2.6 percent) and sales (up 3.8 percent) also rose. The business climate of the German electrical engineering industry was up for the fifth time in succession in March.

The German **machinery and plant engineering** sector is, by contrast, not satisfied with its business performance to date. The German Engineering Federation (VDMA) reported an increase in new orders of just 1 percent for the first two months. This involved a 2 percent rise in order receipts from foreign markets, while domestic orders were down by 2 percent.

Overview of LEONI AG's business performance

LEONI made a dynamic start into 2014. Consolidated sales rose by more than 6 percent in the first quarter versus the same period in the previous year to the highest ever quarterly figure of € 1,020.2 million. Both divisions contributed to this result. The drivers of this good performance were the sustained, strong demand for cables and wiring systems from the worldwide automotive industry as well as the perceptible recovery of the European economy, which also spurred significant revival in LEONI's strategically important industrial business sectors. The growth in earnings before interest and taxes (EBIT) for the quarter outpaced that in the amount of business at a rate of more than 31 percent to € 50.6 million thanks to the additional sales, better capacity utilisation and gains in more profitable business segments. Overall, business performance was thus in line with our expectations.

The LEONI Group's strategy, organisational structure and business activity, its product range as well as principal markets are comprehensively presented in the Annual Report 2013 and did not change in the period under report. The current report can be read on and downloaded from LEONI's website under the heading Investor Relations / Fiscal Reports or requested from LEONI AG.

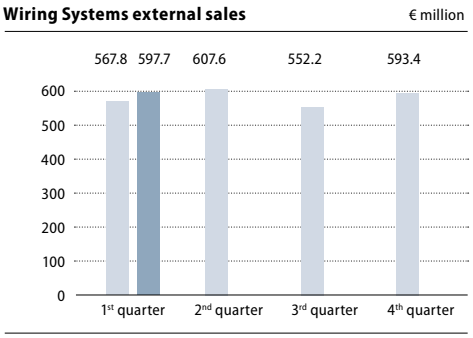
» Annual Report 2013 pages 47 et seq.

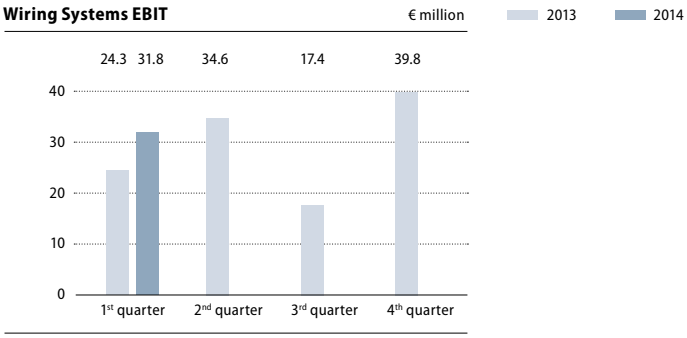
Reports by division / Segment report

Wiring Systems Division

Sales up 5 percent to € 597.7 million

In the Wiring Systems Division, the encouraging demand for cable harnesses and wiring systems from the international automotive industry continued. In total, the division's external sales in the first three months of 2014 rose by over 5 percent year on year to € 597.7 million. LEONI again benefited from the good market position of its export-heavyweight German customers in Asia and North America. There was also positive impetus from the recovery of the French carmakers and the growing demand for complex engine cable harnesses in the commercial vehicle sector. The division furthermore generated growth in shipments to the international component supply industry.





Wide range of production start-ups

Having started up production of various new lines also contributed to the sales growth during the period under report. The new projects stem from a variety of sectors involving, among other things, serial production of wiring systems and cable harnesses for several volume manufacturers as well as for two sports car models of European carmakers, one of which with hybrid power. There were, furthermore, several production start-ups of engine cable harnesses for European and American commercial vehicle manufacturers.

Earnings up 30 percent

Despite the project-related pre-production spending, the Wiring Systems Division succeeded in generating a strong increase in its earnings before interest and taxes: versus the same period in the previous year, EBIT in the first three months of 2014 rose by about 30 percent to € 31.8 million.

Well filled order book

The division again booked several new and follow-on orders for wiring systems and cable harnesses in the period from January to March 2014. They emanate, for example, from various French carmakers as well as from the international commercial vehicle and component supply industries. The Wiring Systems Division's order book amounted to about € 12 billion at the end of March and thus continued to form a more than solid foundation for the projected medium-term growth. The precise amount and timing of the shipments will depend on what our customers actually call forward.

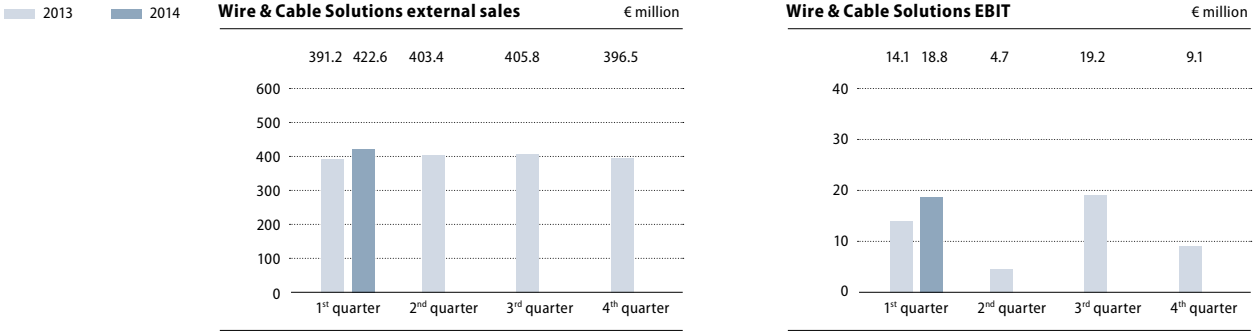
Expansion of the new Business Unit Power Sports

LEONI expanded its Business Unit Power Sports, which was set up in 2013, with new projects for Polaris, an US manufacturer of off-road vehicles for leisure and commercial use. We began during the period under report to make product prototypes for two Polaris vehicles for which LEONI will be supplying cable harnesses for the bodywork and passenger compartments from the 3rd quarter. We will also be providing this customer with system technology support. The two new models are side-by-side commercial vehicles for use beyond paved roads and therefore require exceptionally robust and durable wiring.

Wire & Cable Solutions Division

Business grows by 8 percent to € 422.6 million

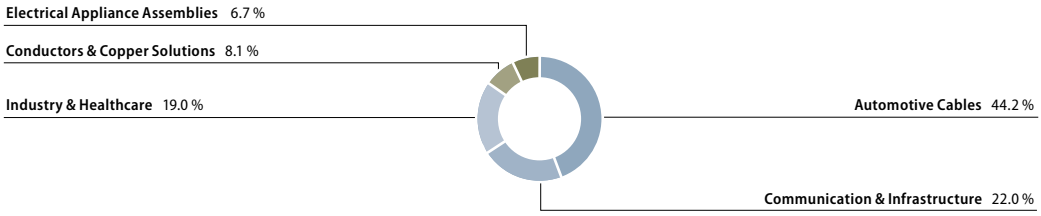
The Wire & Cable Solutions Division also positively reflected the good worldwide state of the automotive business. Demand in Asia and the Americas for automotive cables remained at an unchanged high level and, thanks to the recovery of the European economy, there was a revival of demand in this region for not only automotive cables, but also industrial cables. Measured against the like-for-like pre-year figure, the Wire & Cable Solutions Division's external sales rose by 8 percent to € 422.6 million in the first quarter of 2014.



Growth in the automotive and industrial businesses

The sales of the division's largest business group, namely BG Automotive Cables (AM), increased particularly in Europe, but also in Asia and the Americas, and were up by about 8 percent overall. In the other industrial sectors, i.e. BGs Industry & Healthcare (IH), Communication & Infrastructure (CI), Electrical Appliance Assemblies (ES) as well as Conductors & Copper Solutions (CC), the overall amount of the division's business increased by approximately 4 percent. The two strategically significant BGs IH and CI performed especially well during the period under report. Here the growth stemmed above all from Europe, which is still the most important region for these business groups. We also succeeded in generating what were in some cases strong gains in Asia and the Americas – starting from a still low level – for instance with cables and systems for medical technology, robotics and solar industry. Our facility in India, opened in 2013, made its first noteworthy contributions to sales with cables for petrochemical plant.

Q1/2014 Wire & Cable Solutions sales breakdown by business group



EBIT rises by a third

The sales growth especially in the IH ad CI business groups as well as the improved utilisation of our capacity resulted in a significant earnings increase: the Wire & Cable Solutions Division's EBIT for the first three months of 2014 rose by nearly 34 percent year on year to € 18.8 million even though the division had to absorb charges totalling € 3.5 million (previous year: € 0.3 million) due to the sharp drop in the market price for copper towards the end of the quarter.

Further rise in order receipts

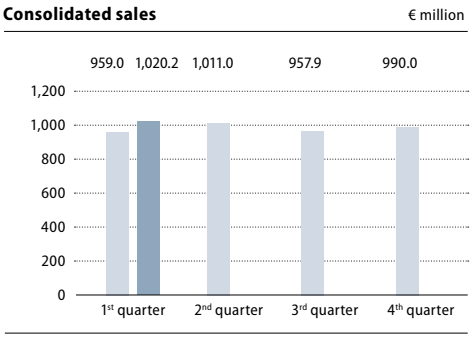
The Wire & Cable Solutions Division booked new orders worth € 450.4 million in the period from January to March 2014. This put order receipts above both the corresponding pre-year figure of € 413.6 million and the current quarter's sales. Among others, Business Group AM obtained an important follow-on contract during the quarter under report: it concerns automotive cables for the next vehicle generation of a major US manufacturer, shipments of which will start in the third quarter of 2014. In the case of Business Group IH, a major German carmaker ordered several thousand dresspacks including installation and commissioning for robots to manufacture cars at two facilities in Germany. Business Group CI also booked another larger-scale order: the Indian production company Reliance ordered cabling for the third expansion stage of the world's largest oil and gas refinery located in the state of Gujarat. The high-quality special cables that this requires will mostly be delivered before the end of 2014 and half of them are being made locally at LEONI's new plant in Pune.

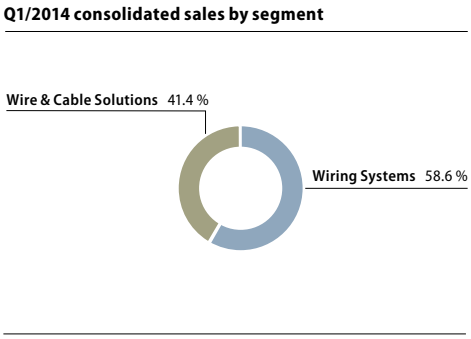
Group sales and earnings

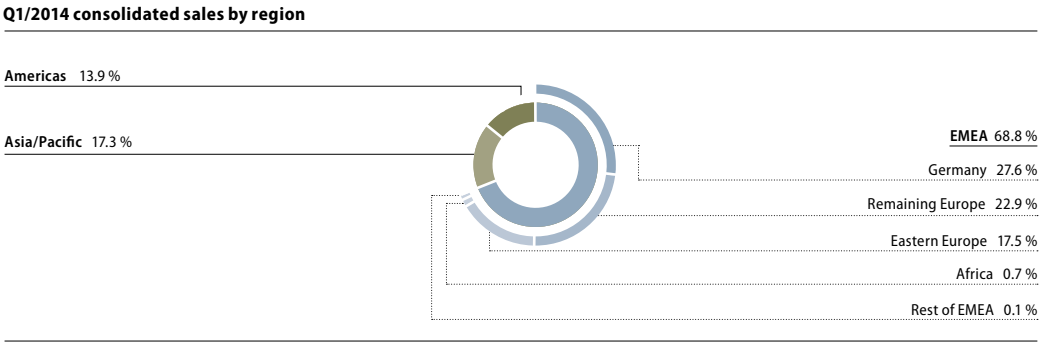
Significant increase in consolidated sales

LEONI AG made a good start to 2014 and after three months increased its consolidated sales by more than 6 percent year on year to the new quarterly record figure of € 1,020.2 million. Impetus stemmed above all from the sustained, strong momentum of the international motor vehicle industry. Yet there was in addition a revival in demand from various non-automotive sectors in which LEONI is active. Sales growth in the period under report would have turned out even greater, but was in comparison with the previous year curtailed in the amount of € 17.1 million by the effect of changes in the copper price and by € 12.0 million due to shifts in exchange rates. The scope of consolidation remained the same.

In regional terms, the growth in consolidated sales was underpinned especially by the very good performance in the Asia/Pacific region where the amount of business rose by more than 18 percent to € 176.6 million. Yet we also generated good growth of more than 5 percent to € 702.3 million in the EMEA (Europe, Middle East and Africa) region. The two largest sub-markets in terms of sales, namely Germany and Eastern Europe, contributed € 281.5 million (previous year: € 261.3 million) and € 178.1 million (previous year: € 152.2 million) respectively to the overall figure. The third region, the Americas, fell slightly short of the previous year's € 143.5 million with a figure of € 141.4 million for project cycle-related reasons.







Strong improvement in earnings

The **cost of sales** increased by proportionately less than consolidated sales during the period under report, namely by less than 6 percent to € 841.1 million. This positive trend was due above all to the better utilisation of capacity in the industrial sectors compared with the same period in the previous year as well as more profitable products accounting for a larger proportion of total sales. Gross profit on sales improved by about 9 percent to € 179.2 million and the gross margin widened from 17.2 percent to 17.6 percent.

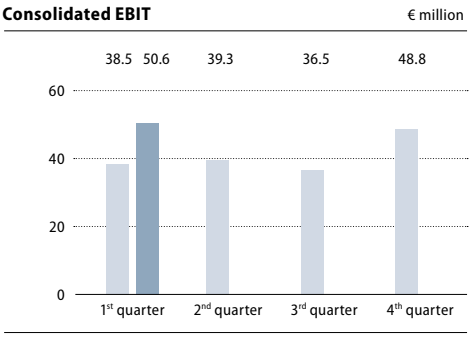
Despite the considerable expansion of business, selling costs were down by approx. 2 percent to € 51.6 million in the first quarter of 2014, which was primarily due to the fact that the previous year's figure included a substantial amount of special freight charges. Research and developments costs, which are mostly incurred on a project-related basis, remained at the previous year's high level of € 26.7 million with a figure of € 26.2 million. General administrative expenses rose moderately by about 3 percent to € 49.3 million in the wake of the business expansion. The balance of other operating income and expenses came to expenses of € 1.5 million as opposed to income of € 0.7 million in the previous year. Primarily, this reflected unfavourable changes in exchange rates.

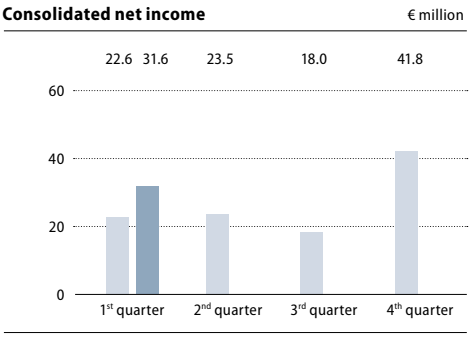
Overall, **consolidated earnings before interest and taxes (EBIT)** improved at the substantial rate of more than 31 percent to € 50.6 million. Year on year, three-month **adjusted EBIT** increased from € 43.0 million to € 52.8 million.

There was also a positive trend in the **financial result**, which came to a negative total of € 6.9 million following negative € 8.4 million in the pre-year period. This for the first time reflected the refinancing measures applied in 2012 and 2013 to their full extent as they resulted in a more favourable interest-rate structure. Finance costs were down from € 9.1 million to € 7.4 million. There was, on the other hand, no more than insignificant overall change in the finance revenue of € 0.4 million (previous year: € 0.3 million) and the income from other share investments of € 0.1 million (previous year: € 0.3 million).

In total, the LEONI Group reported an increase of more than 45 percent in **pre-tax earnings** to € 43.7 million for the first quarter of 2014. At a slightly higher tax rate of 27.7 percent (previous year: 25.0 percent) tax

expense amounted to € 12.1 million, meaning that, after taxes, the Company reported **consolidated net income** of € 31.6 million versus € 22.6 million in the previous year.





2013 2014

Financial situation

Free cash flow improved despite substantial capex

The significantly larger amount of income and a smaller increase in working capital compared with the same period of the previous year meant that there was a considerable reduction in cash used for operating activities to € 8.9 million in the first three months of 2014 (previous year: € 50.5 million). Quarter on quarter, free cash flow therefore improved to an outflow of € 65.0 million (previous year: outflow of € 81.7 million) even though substantially more cash, of € 56.1 million, was used for capital spending than in the previous year (€ 31.2 million), some of which was already committed at the end of 2013. With respect to financing activity, placement of a borrower's note loan in the amount of € 25 million as well as an increase in current liabilities to fund the growing amount of business resulted in a cash inflow of € 40.7 million (previous year: outflow of € 40.4 million).

» Asset situation page 15

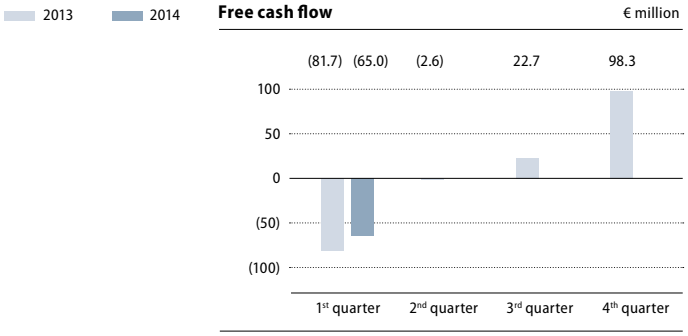
Taking exchange rate-related changes into account, total cash and cash equivalents decreased from the previous year's € 177.4 million to € 172.3 million at the end of March 2014.

Consolidated statement of cash flows *(abridged version)*

	1st quarter	
€ million	**2014**	**2013**
Cash used for operating activities	(8.9)	(50.5)
Cash used for capital spending activities	(56.1)	(31.2)
Cash provided by / used for financial activities	40.7	(40.4)
Decrease in cash and cash equivalents	(24.4)	(122.1)
Cash and cash equivalents at period end	**172.3**	**177.4**

Calculation of free cash flow

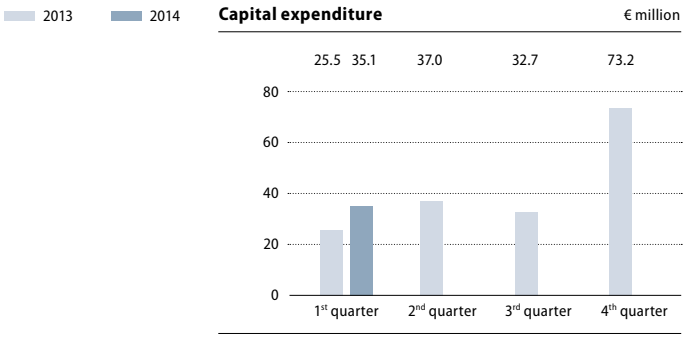
	1st quarter	
€ million	**2014**	**2013**
Cash used for operating activities	(8.9)	(50.5)
Cash used for capital spending activities	(56.1)	(31.2)
Free cash flow	**(65.0)**	**(81.7)**

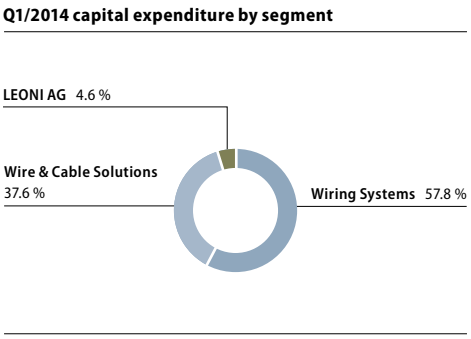


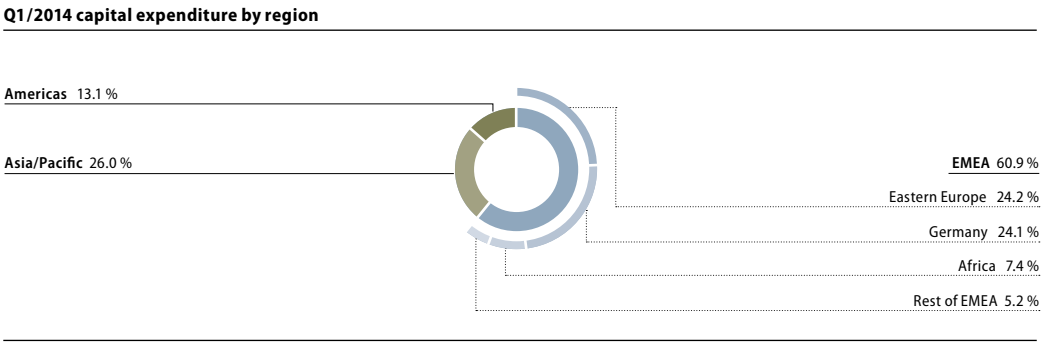
Investment increased by 38 percent

Group-wide, LEONI increased its capital investment by nearly 38 percent to € 35.1 million in the first three months of 2014, up from € 25.5 million in the same period of the previous year.

The Wiring Systems Division accounted for € 20.3 million of the investment during the period under report (previous year: € 14.2 million). Among other things, this involved expanding facilities in China and Mexico for impending new product start-ups. We also invested in two new plants in China and Serbia, which will probably be commissioned in the second half of 2014. In the Wire & Cable Solutions Division the spending on assets of € 13.2 million (previous year: € 9.9 million) involved primarily Eastern Europe where we expanded capacity to produce automotive cables and refurbished as well as extended a special cables plant. In addition, we carried out the usual replacement and rationalisation. LEONI AG invested € 1.6 million (previous year: € 1.4 million) particularly in relation to IT projects in preparation for the planned growth.







Asset situation

Stable balance sheet structure

The consolidated balance sheet total was enlarged by about 3 percent versus 2013 yearend to € 2,479.9 million as at 31 March 2014. On the asset side of the balance sheet, this was due mainly to changes in **current assets**, which, overall, increased by approx. 6 percent to € 1,414.0 million. There was a considerable rise above all in trade receivables of nearly 10 percent to € 551.9 million as well as in inventories, which grew by about 9 percent to € 557.7 million. This was a direct consequence of the very strong business in March. The increase in operating activity simultaneously led to significantly increased VAT claims, which were reflected in the substantial growth of the item 'Other assets' by slightly more than 14 percent to € 93.8 million. On the other hand, there was a reduction in cash and cash equivalents from € 198.0 million to € 172.3 million. The liquidity was used to fund current operations.

At a total of € 1,065.9 million, **non-current assets** were at roughly the 2013 yearend level of € 1,067.4 million. There was at the same time virtually no change in any of the related individual items. Property, plant and equipment, for instance, increased only very moderately from € 709.8 million to € 712.7 million.

On the liabilities side of the balance sheet, current financial liabilities were up by about 37 percent to € 56.5 million; liquidity that was also used to fund current operations. There was also a significant increase of approx. 11 percent to € 163.4 million in the item 'Other current liabilities', which was attributable primarily to increased VAT liabilities due to the growth in business activity. There were by contrast reductions in, among other items, current provisions that were presented in the amount of € 32.4 million as at the end of March 2014, down from € 37.1 million at the end of 2013. This reflected the fact that significantly less restructuring measures were required in the first quarter of 2014. The sum of **current liabilities** rose by 3 percent to € 992.9 million.

The overall increase in **non-current liabilities** by 5 percent to € 639.2 million was due primarily to two factors. First, non-current financial liabilities rose by nearly 6 percent to € 438.5 million because we placed another borrower's note loan in the amount of € 25 million in March 2014 given the currently favourable interest rate level on the market and thereby again improved our finance structure, which is geared to the long term. Secondly, the declining level of interest rates called for an adjustment to measurement of pension provisions, which were up by 8 percent to € 122.4 million at the end of March.

Net financial liabilities amounted to € 322.7 million at the end of March, as opposed to € 257.0 million at the end of 2013.

Equity increased by more than 2 percent to € 847.7 million. This was a consequence of the good earnings performance in the first quarter of 2014, which resulted in increased retained earnings of € 568.7 million (31 December 2013: € 537.2 million). On the other hand, there was accumulated other comprehensive income in the negative amount of € 46.0 million versus negative € 34.5 million at the end of last year. The change was due to negative effects of currency translation not recognised in income as well as actuarial losses related to the adjusted measurement of pension provisions. The equity ratio stood at 34.2 percent on the reporting date compared with 34.5 percent at the end of December 2013.

Asset and capital breakdown

€ million	31/03/2014	31/12/2013
Current assets	1,414.0	1,332.4
Non-current assets	1,065.9	1,067.4
Total assets	**2,479.9**	**2,399.7**
Current liabilities	992.9	963.6
Non-current liabilities	639.2	608.5
Equity	847.7	827.6
Total equity and liabilities	**2,479.9**	**2,399.7**

Calculation of net financial liabilities

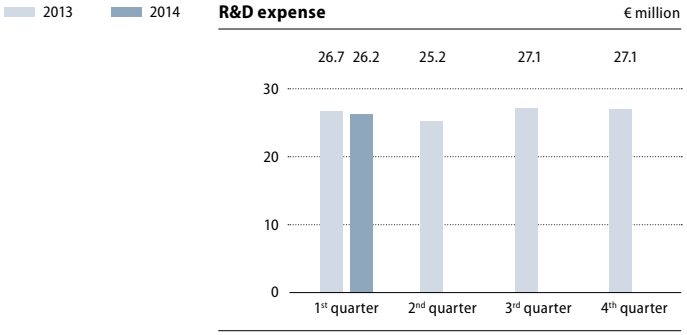
€ million	31/03/2014	31/12/2013
Cash and cash equivalents	172.3	198.0
Current financial liabilities	(56.5)	(41.3)
Non-current financial liabilities	(438.5)	(413.7)
Net financial liabilities	(322.7)	(257.0)

Research & Development

During the period under report, LEONI spent an amount similar to that in the previous year of € 26.2 million on research and development. The focus of this work remained on customer-oriented applications, especially so in the wiring systems business, but also in the industrial sectors. Business Group Industry & Healthcare, for example, developed various microscope cables for a software-supported surgical navigation system of the Brainlab company. These assembled cables link the navigation module of Brainlab's Curve™ with the various connectable surgical microscopes and reliably transmit data, images and power. This involves the use of particularly durable and robust special cables with a high level of transmission quality.

The current Annual Report contains further information on our R & D activity.

» Annual Report 2013 pages 84 et seq.



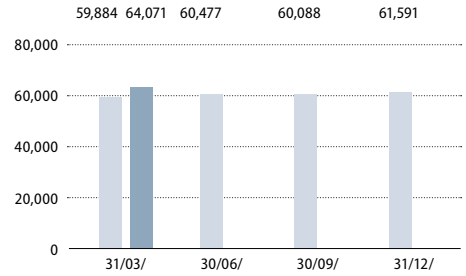
Employees

Workforce grows to more than 64,000 people

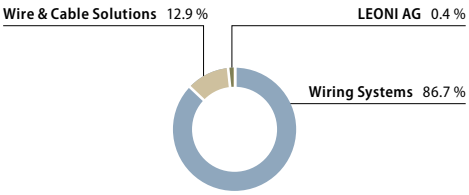
The LEONI Group had 64,071 employees on 31 March 2014, which are 2,480 more people than at the turn of the year. In Germany there were 4,224 employees at the end of March (31 December 2013: 4,222). Outside Germany the number of staff rose by 2,478 to 59,847 employees, which equates to more than 93 percent of the total workforce.

The Wiring Systems Division enlarged its workforce by 2,400 people to 55,563 employees in the first quarter of 2014. There was recruitment among other places at facilities in Romania and Mexico to prepare for the start-up of further large-scale projects pending for later this year. In the Wire & Cable Solutions Division the number of employees rose by 68 to 8,269, due above all to growth at the automotive cable plants in Mexico and Eastern Europe.

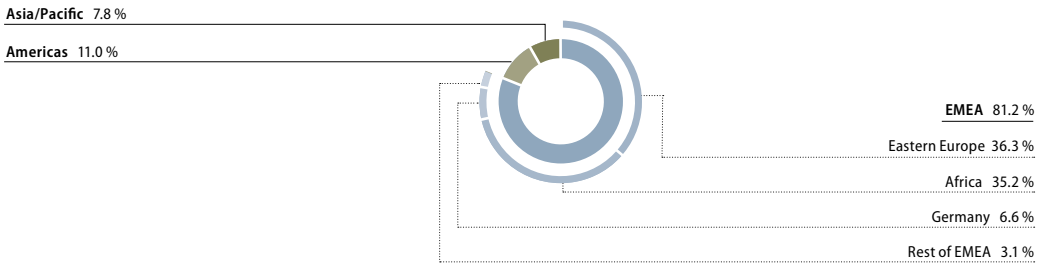
Employees



Employees by segment as of 31 March 2014



Employees by region as of 31 March 2014



Supplementary report

No events of special significance and with material impact on the LEONI Group's earnings, financial and asset situation occurred after close of this reporting period and until this report was signed.

Sustainability report

» Annual Report 2013 pages 88 et seq.

LEONI is committed to sustainable corporate governance aimed at meeting the requirements of all the stakeholders affected by our actions. The current Annual Report and the second Global Compact Communication on Progress released in August 2013, which is accessible on our website, provide extensive information on our activity with respect to corporate responsibility.

» www.leoni.com/ The Company/Downloads/ Corporate Responsibility

Risk and opportunity report

The risk and opportunity situation for the LEONI Group has not materially changed since the end of 2013. There are still no risks that would threaten the Company's continued existence. All existing risks and opportunities as well as the structure and set-up of our risk and opportunity management are comprehensively presented in our Annual Report 2013. This also covers the potential fallout from political uncertainty as currently exists due to the Ukraine crisis. Our production in the region is currently not compromised. We are prepared as well as possible with crisis plans and strategic accumulation of inventory for any aggravation of the situation.

» Annual Report 2013 pages 93 et seq.

Forecast

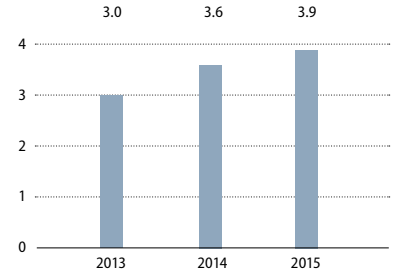
Business and underlying conditions

Macroeconomic conditions

The uptrend in the global economy will, according to International Monetary Fund projections, continue in 2014: the IMF's analysts estimate worldwide growth of 3.6 percent, up from 3.0 percent in 2013. The additional momentum is meanwhile likely to stem above all from the industrialised countries, which, according to the IMF's projections, will generate overall growth of 2.2 percent (previous year: 1.3 percent). This greater momentum is being driven by, among other markets, the United States and the eurozone, which should register a 1.2 percent increase after years of negative growth. The emerging and developing countries are also likely to increase their economic output in 2014, although the estimated 4.9 percent rate of growth is less than originally projected. The tighter conditions for capital investment and financing on the local markets are exerting a dampening effect in this respect.

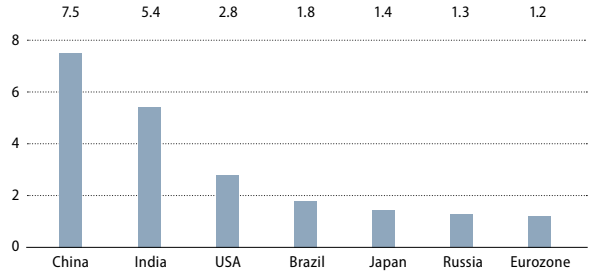
The country's Federal Ministry of Economic and Energy considers the German economy to be on a solid upturn. The expansion that is underway and is to be expected next year consequently rests on a broad and stable foundation. The driving force will be domestic demand with increasing consumption and greater capital investment. The Ministry of Economics projects 1.8 percent growth in gross domestic product for 2014.

Global economic growth 2013 to 2015 %



Source: IMF World Economic Outlook, 4/2014 (2014 and 2015: estimate)

2014 economic growth in selected regions %



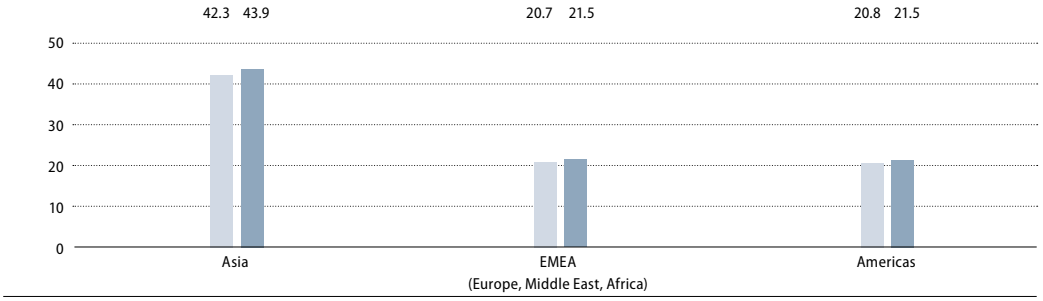
Source: IMF World Economic Outlook, 4/2014 (estimate)

Sector setting

On the whole, prospects for the **automotive sector** also remain favourable in 2014. The IHS Automotive market research organisation forecasts that nearly 4 percent more cars and light commercial vehicles will be manufactured than in 2013. The analysts are forecasting increases for all three major economic areas: in Asia, the significant growth generated in China, the largest producer, is expected to offset decreases in Japan and Korea. The other key manufacturing countries are without exception forecast to grow.

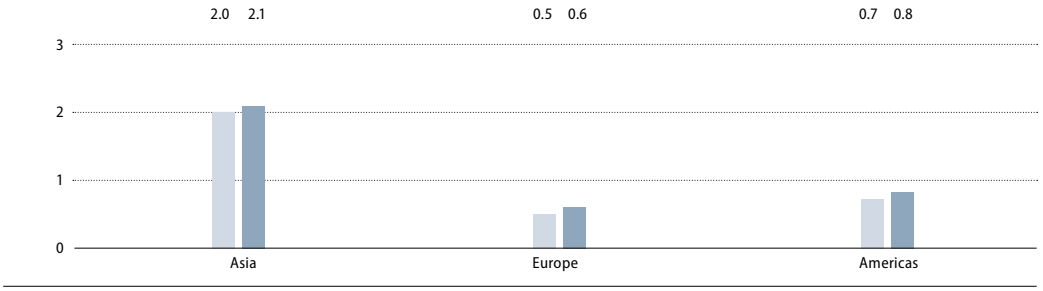
For the **commercial vehicle industry** IHS Automotive even estimates a global increase in output of 7 percent or more for this year. This involves expectation of increases in virtually all regions with the exception of China, accompanied by especially strong growth rates in Europe and North America.

Output of cars and light commercial vehicles by region million units 2013 2014e



Source: IHS Automotive (12/2013)

Output of heavy commercial vehicles by region million units 2013 2014e



Source: IHS Automotive (12/2013)

The German **electrical engineering and electronics industry** is also confident. The ZVEI sector association expects the global market to grow by 6 percent in 2014 and the output of its member companies to rise by 2 percent on a price-adjusted basis.

The German **machinery and plant engineering sector** is forecast by its VDMA federation to increase its output by 3 percent in real terms in 2014 despite the subdued start to the year. Globally, the sector's sales are projected to rise by as much as 5 percent.

For the German manufacturers of **information and communications technology as well as consumer electronics** the BITKOM high-tech association projects a 1.7 percent increase in sales this year. This forecast involves 2.9 percent growth in information technology, a 0.4 percent increase in telecommunications and a return to 1.2 percent growth in consumer electronics after a sharp decline in the previous year. Worldwide, sales of information and communications technology products and services are forecast to rise by 4.5 percent this year.

The exports of the German **medical technology industry** will continue to rise in 2014 according to its Spectaris association, whereas domestic business is expected to remain roughly at the previous year's level.

The LEONI Group's business performance

The dynamic performance of the LEONI Group during the first quarter underpins our forecast for the year as a whole and the subsequent periods: the Management Board still projects an increase in sales to approximately € 4.1 billion and a significant rise in earnings before interest and taxes to more than € 200 million in 2014. From today's perspective, both divisions will contribute to this growth.

In the Wiring Systems Division, sales are expected to increase to approximately € 2.4 billion with EBIT amounting to more than € 120 million in 2014. Large projects in Asia and the Americas, which will further underpin the growth targeted for the medium term, are due for launch in the next few months. The Wire & Cable Solutions Division is likely to boost its sales to about € 1.7 billion with EBIT of more than € 80 million. The Company is planning extensive capacity expansion in China and Mexico this year based on the good trend of business and key new orders from the automotive industry for the Asian and American markets. Both divisions are thus working towards the strategic objective of, in the medium term, having sales more evenly spread among the three major economic areas of the Americas, Asia/Pacific and EMEA (Europe, Middle East and Africa).

From today's perspective, LEONI will generate further gains in both sales and especially earnings in 2015. We still project sales of € 5 billion and a 7 percent EBIT margin for 2016. Our detailed forecast, which remains valid, is contained in our Annual Report 2013.

» Annual Report 2013 pages 107 et seq.

The LEONI Group's targets

		Actual 2013 figures	Forecast for 2014
Consolidated sales	€ billion	3.92	approx. 4.1
EBIT	€ million	163.1	> 200
Capital expenditure [1]	€ million	168.4	approx. 200
Free cash flow [2]	€ million	36.7	approx. 30
Net financial liabilities	€ million	257.0	approx. 260
Equity ratio	%	34.5	approx. 36
Return on capital employed	%	13.2	approx. 16

[1] excl. acquisitions
[2] before acquisitions and divestments

Interim consolidated financial statements 31 March 2014

Consolidated income statement

	1st quarter		
€ '000 (except information to shares)	**2014**	**2013**	**Change**
Sales	1,020,229	959,031	6.4 %
Cost of sales	(841,076)	(794,052)	5.9 %
Gross profit on sales	**179,153**	**164,979**	**8.6 %**
Selling expenses	(51,587)	(52,785)	(2.3) %
General and administration expenses	(49,336)	(47,739)	3.4 %
Research and development expenses	(26,182)	(26,684)	(1.9) %
Other operating income	1,846	2,883	(36.0) %
Other operating expenses	(3,306)	(2,189)	51.0 %
Income/expenses from associated companies and joint ventures	(1)	9	(> 100.0) %
EBIT	**50,587**	**38,474**	**31.5 %**
Finance revenue	359	334	7.5 %
Finance costs	(7,395)	(9,080)	(18.6) %
Other income from share investments	144	309	(53.4) %
Income before taxes	**43,695**	**30,037**	**45.5 %**
Income taxes	(12,140)	(7,450)	63.0 %
Net income	**31,555**	**22,587**	**39.7 %**
attributable to: equity holders of the parent	31,444	22,471	
non-controlling interests	111	116	
Earnings per share (basic and diluted)	0.96	0.69	
Weighted average shares outstanding (basic and diluted)	32,669,000	32,669,000	

Consolidated statement of comprehensive income

	1st quarter	
€ '000	**2014**	**2013**
Net income	**31,555**	**22,587**
Other comprehensive income		
Items that cannot be reclassified to the income statement:		
Actuarial gains or losses on defined benefit plans	(9,382)	(319)
Income taxes applying to items of other comprehensive income that are not reclassified	2,285	52
Items that can be reclassified to the income statement:		
Cumulative translation adjustments		
Losses/gains arising during the period	(5,573)	2,083
Total cumulative translation adjustments	(5,573)	2,083
Available-for-sale investments		
Losses arising during the period	0	(2)
Less reclassification adjustments included in the income statement	0	(135)
Total available-for-sale investments	0	(137)
Cash flow hedges		
Gains arising during the period	1,042	1,547
Less reclassification adjustments included in the income statement	524	1,525
Total cash flow hedges	1,566	3,072
Income taxes applying to items of other comprehensive income that are reclassified	(300)	(1,095)
Other comprehensive income (after taxes)	**(11,404)**	**3,656**
Total comprehensive income	**20,151**	**26,243**
attributable to: equity holders of the parent	20,035	26,115
non-controlling interests	116	128

Consolidated statement of cash flows

	1st quarter	
€ '000	**2014**	**2013**
Net income	31,555	22,587
Adjustments to reconcile cash used for/provided by operating activities:		
Income taxes	12,140	7,450
Net interest	6,608	8,704
Dividend income	(144)	(309)
Depreciation and amortisation	30,162	29,774
Other non-cash expenses and income	1	(9)
Result of asset disposals (gain)/loss	57	71
Change in operating assets and liabilities, adjusted for the impact of changes in the scope of consolidation		
Change in receivables and other financial assets	(50,457)	(58,475)
Change in inventories	(47,952)	(59,636)
Change in other assets	(11,494)	(17,370)
Change in provisions	3,108	1,036
Change in liabilities	24,368	28,321
Income taxes paid	(3,134)	(6,282)
Interest paid	(3,964)	(6,764)
Interest received	77	94
Dividends received	144	309
Cash used for operating activities	**(8,925)**	**(50,499)**
Capital expenditures for intangible assets and property, plant and equipment	(56,264)	(31,346)
Capital expenditures for other financial assets	(2)	(1)
Cash receipts from disposal of assets	144	144
Cash used for capital spending activities	**(56,122)**	**(31,203)**
Cash receipts from acceptance of financial debts	43,156	8,909
Cash repayments of financial debts	(2,488)	(49,267)
Cash provided by/used for financing activities	**40,668**	**(40,358)**
Decrease of cash and cash equivalents	(24,379)	(122,060)
Currency adjustment	(1,311)	1,147
Cash and cash equivalents at beginning of period	197,974	298,324
Cash and cash equivalents at end of period	172,284	177,411

Consolidated statement of financial position

Assets	€ '000	**31/03/2014**	**31/12/2013**	**31/03/2013**
	Cash and cash equivalents	172,284	197,974	177,411
	Trade accounts receivable	551,854	502,663	517,321
	Other financial assets	20,247	19,531	19,678
	Other assets	93,833	82,230	95,496
	Receivables from income taxes	10,179	12,299	10,722
	Inventories	557,650	509,698	548,171
	Assets held for sale	7,965	7,965	0
	Total current assets	**1,414,012**	**1,332,360**	**1,368,799**
	Property, plant and equipment	712,706	709,782	679,463
	Intangible assets	80,123	82,256	86,854
	Goodwill	148,266	148,417	149,285
	Shares in associated companies and joint ventures	457	458	729
	Trade receivables from long-term development contracts	47,544	46,931	41,450
	Other financial assets	5,362	4,860	6,082
	Deferred taxes	53,867	56,999	46,995
	Other assets	17,544	17,653	13,024
	Total non-current assets	**1,065,869**	**1,067,356**	**1,023,882**
	Total assets	**2,479,881**	**2,399,716**	**2,392,681**

Equity and liabilities	€ '000	**31/03/2014**	**31/12/2013**	**31/03/2013**
	Current financial debts and current proportion of long-term financial debts	56,504	41,279	231,752
	Trade accounts payable	674,456	675,099	612,436
	Other financial liabilities	22,748	23,640	31,783
	Income taxes payable	43,381	39,481	33,367
	Other current liabilities	163,424	146,986	162,392
	Provisions	32,398	37,100	36,666
	Total current liabilities	**992,911**	**963,585**	**1,108,396**
	Long-term financial debts	438,502	413,685	277,064
	Long-term financial liabilities	5,951	6,850	5,812
	Other non-current liabilities	9,744	9,333	12,187
	Pension provisions	122,437	113,261	115,339
	Other provisions	22,383	22,578	22,358
	Deferred taxes	40,205	42,827	41,310
	Total non-current liabilities	**639,222**	**608,534**	**474,070**
	Share capital	32,669	32,669	32,669
	Additional paid-in capital	290,887	290,887	290,887
	Retained earnings	568,691	537,247	503,204
	Accumulated other comprehensive income	(45,950)	(34,541)	(18,364)
	Equity holders of the parent	846,297	826,262	808,396
	Non-controlling interests	1,451	1,335	1,819
	Total equity	**847,748**	**827,597**	**810,215**
	Total equity and liabilities	**2,479,881**	**2,399,716**	**2,392,681**

Consolidated statement of changes in equity

				Accumulated other comprehensive income						
€ '000	Share capital	Additional paid-in capital	Retained earnings	Cumulative translation adjustments	Available-for-sale investments	Cash flow hedges	Actuarial gains and losses	Equity holders of the parent	Non-controlling interests	Total equity
1 January 2013	**32,669**	**290,887**	**480,733**	**45,370**	**107**	**(4,917)**	**(62,568)**	**782,281**	**1,691**	**783,972**
Net income			22,471					22,471	116	22,587
Other comprehensive income				2,074	(107)	1,944	(267)	3,644	12	3,656
Total comprehensive income								26,115	128	26,243
31 March 2013	**32,669**	**290,887**	**503,204**	**47,444**	**0**	**(2,973)**	**(62,835)**	**808,396**	**1,819**	**810,215**
1 January 2014	**32,669**	**290,887**	**537,247**	**29,674**	**0**	**(2,653)**	**(61,562)**	**826,262**	**1,335**	**827,597**
Net income			31,444					31,444	111	31,555
Other comprehensive income				(5,578)	0	1,266	(7,097)	(11,409)	5	(11,404)
Total comprehensive income								20,035	116	20,151
31 March 2014	**32,669**	**290,887**	**568,691**	**24,096**	**0**	**(1,387)**	**(68,659)**	**846,297**	**1,451**	**847,748**

Notes to the interim consolidated financial statements for the period from 1 January to 31 March 2014

Principles

These interim financial statements were, in accordance with the International Accounting Standard IAS 34, Interim Financial Reporting, as it is to be applied within the European Union, prepared as a condensed interim report. It does not include all the disclosures and information required for annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2013. LEONI prepares and publishes the interim financial statements in euro (€). The presented interim financial statements and interim management report as at 31 March 2014 were subjected to neither a review nor an audit pursuant to Section 317 of the German Commercial Code (HGB) by the auditors.
The Management Board authorised release of the interim financial statements on 6 May 2014.

1 | Accounting principles

The consolidation, valuation and accounting methods applied are, with exception of the amendments described hereinafter, in line with those of the 2013 consolidated financial statements, where they are described in the notes.

The following new or amended material IFRS requirements were applied to these interim financial statements for the first time:

- In May 2011, with IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interest in Other Entities, as well as consequential amendments to IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates, the International Accounting Standards Board (IASB) issued updates and improvements to the accounting and disclosure requirements concerning consolidation, joint arrangements or jointly controlled entities as well as off-balance sheet activities.

  – IFRS 10, Consolidated Financial Statements, replaces the requirements under the previous IAS 27, Consolidated and Separate Financial Statements, on consolidated financial statements and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 did not have any effect on consolidation of the investments held by the Group.

  – IFRS 11, Joint Arrangements, replaces IAS 31, Interests in Joint Ventures, and the Interpretation SIC-13, Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. IFRS 11 did not have any effect on the consolidated financial statements.

  – IFRS 12, Disclosure of Interests in Other Entities, includes all the disclosures that were previously included in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries,

joint arrangements, associates and structured entities. None of these disclosure obligations are applicable to condensed interim financial statements. The Group consequently did not make any such disclosures.

- In December 2011, the IASB issued amendments to IAS 32, Financial Instruments: Presentation. The amendments contain a clarification in the offsetting rules. Furthermore, additional application guidelines on offsetting of financial assets and financial liabilities were adopted in the Standard. These amendments consequently did not have any effect on the consolidated financial statements.

- In June 2013, the IASB issued amendments to IAS 39, Financial Instruments: Recognition and Measurement. Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. These changes are to be applied to financial years beginning on or after 1 January 2014. These amendments did not have any effect on the consolidated financial statements.

Several other new Standards and amendments also apply for the first time to the year 2014. However, they did not have any effect on either the consolidated financial statements or the interim consolidated financial statements.

2 | Scope of consolidation

In addition to LEONI AG, which is based at Marienstrasse 7 in Nuremberg and is registered with the Nuremberg local court under number HRB 202, all the entities where LEONI AG is in a position, either directly or indirectly, to determine the financial and operating policies as well as returns are included in the consolidated financial statements. The subsidiaries, associates as well as joint ventures included in the consolidated financial statements are unchanged from 31 December 2013.

Explanations

3 | Segment information

The Group has two segments subject to reporting: Wire & Cable Solutions as well as Wiring Systems.
The Wire & Cable Solutions Division encompasses the development, manufacture and sale of wires, optical fibers, cables and cable systems as well as related services for applications in the automotive sector and other industries.

The activity of the Wiring Systems Division is focused on the development, production and distribution of complete wiring systems and ready-to-install cable harnesses for the motor vehicle industry. Its products and services also encompass high-voltage wiring systems for hybrid and electric vehicles, power distribution components and special connectors.

The information by segment was as follows for the period under report:

Segment information	1st quarter		
€ '000 (employees excluded)	2014	2013	Change
Wiring Systems			
Sales	597,734	567,806	5.3 %
Less intersegment sales	61	25	144.0 %
External sales (sales to third parties)	597,673	567,781	5.3 %
EBIT	31,783	24,387	30.3 %
EBIT as a percentage of external sales	5.3 %	4.3 %	—
Employees (as at 31/03)	55,563	51,651	7.6 %
Wire & Cable Solutions			
Sales	461,433	435,287	6.0 %
Less intersegment sales	38,877	44,037	(11.7) %
External sales (sales to third parties)	422,556	391,250	8.0 %
EBIT	18,787	14,072	33.5 %
EBIT as a percentage of external sales	4.4 %	3.6 %	—
Employees (as at 31/03)	8,269	8,010	3.2 %
Consolidation / LEONI AG			
Sales	(38,938)	(44,062)	11.6 %
Less intersegment sales	38,938	44,062	(11.6) %
External sales (sales to third parties)	—	—	
EBIT	17	15	
Employees (as at 31/03)	239	223	7.2 %
Group			
Sales	1,020,229	959,031	6.4 %
Less intersegment sales	—	—	
Consolidated sales (external sales)	1,020,229	959,031	6.4 %
EBIT	50,587	38,474	31.5 %
EBIT as a percentage of external sales	5.0 %	4.0 %	—
Employees (as at 31/03)	64,071	59,884	7.0 %

4 | Other operating expenses and income

The other operating income in the amount of € 1,846 k (previous year: € 2,883 k) comprised primarily income from government grants of € 1,100 k (previous year: € 1,256 k). The lower amount of exchange gains compared with the same period in the previous year is the principal reason for the decrease in other operating income.

Other operating expenses amounted to € 3,306 k in the first quarter (previous year: € 2,189 k). The change was attributable mainly to exchange losses in the amount of € 1,651 k (previous year: nil). The currency effects concerned mostly fluctuation in the exchange rates of currencies for which a hedge is not legally pos-

sible or does not make sense because of the heavy costs this would involve. Restructuring expenses totalling € 147 k (previous year: € 932 k) were furthermore incurred. These expenses involved primarily severance payments at production facilities in Morocco and Spain, with € 104 k (previous year: € 358 k) pertaining to the Wiring Systems Division and € 43 k (previous year: € 574 k) to the Wire & Cable Solutions Division.

5 | Financial result

The financial result, i.e. the balance of finance revenue and costs, improved compared with the previous year. The primary reason for this was lower interest expenses on financial liabilities due to the Company having succeeded in refinancing the bond repaid in July 2013 on more favourable terms.

6 | Income taxes

The reported income taxes of € 12,140 k (previous year: € 7,450 k) comprised current tax expense of € 9,387 k (previous year: € 11,057 k) and deferred tax expense due to differences in balance sheet items of € 2,753 k. In the previous year there was deferred tax income of € 3,607 k due to differences in balance sheet items and from capitalising deferred taxes on tax losses. The change in deferred tax expense was due mainly to altered differences in balance sheet items as a result of fluctuation in exchange rates. The tax rate was 27.8 percent (previous year: 24.8 percent).

7 | Comprehensive income

The overview below shows the gross amounts, income tax effects and net amounts of other comprehensive income:

	1st quarter					
	2014			2013		
€ '000	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Change in actuarial gains and losses	(9,382)	2,285	(7,097)	(319)	52	(267)
Foreign currency translation adjustments	(5,573)	0	(5,573)	2,083	2	2,085
Change in fair value of securities (available-for-sale financial assets)	0	0	0	(137)	30	(107)
Changes in unrealised gains/losses on cash flow hedges	1,566	(300)	1,266	3,072	(1,127)	1,945
Other comprehensive income	**(13,389)**	**1,985**	**(11,404)**	**4,699**	**(1,043)**	**3,656**

Above all, the reduction in the discount rate in the key currency areas due to the capital market trend in the first three months of 2014 resulted in actuarial losses on the pension obligations in the amount of € 9,382 k. These were offset in other equity items taking deferred taxes of € 2,285 k into account.

The change in the currency translation difference was the result primarily of adjustments to translating the Chinese renminbi into the euro reporting currency.

8 | Financial liabilities

The sum of current and non-current financial liabilities was € 495,006 k on 31 March 2014 (31.12.2013: € 454,964 k). The increase involved mainly the non-current financial liabilities. In March 2014, the Company issued a borrower's note loan in the nominal amount of € 25 million, which matures in 2020.

9 | Financial instruments

The tables below show the carrying amounts and the fair values of the financial instruments held in the Group on 31 March 2014 and on 31 March 2013:

		Amounts recognised in balance sheet according to IAS 39					
[€ '000]	Category in accordance with IAS 39	**Carrying amount 31/03/2014**	Amortised cost	Cost	Fair Value recognised in equity	Fair Value recognised in profit or loss	**Fair Value 31/03/2014**
Assets							
Cash and cash equivalents	LaR	**172,284**	172,284				**172,284**
Trade receivables	LaR	**551,854**	551,854				**551,854**
Long-term trade receivables from development contracts	LaR	**47,544**	47,544				**47,544**
Other financial receivables	LaR	**20,132**	20,132				**20,132**
Other non-derivative financial assets							
Available-for-Sale financial assets (AfS)	AfS	**1,065**		1,065			**1,065**
Derivative financial assets							
Derivatives without a hedging relationship	FAHfT	**1,379**				1,379	**1,379**
Derivatives with a hedging relationship	n/a	**3,033**			2,310	723	**3,033**
Total equity and liabilities							
Trade payables	FLAC	**674,456**	674,456				**674,456**
Bonds and other securitised liabilities	FLAC	**0**	0				**0**
Liabilities to banks	FLAC	**165,330**	165,330				**164,357**
Liabilities on bills of exchange and other financial liabilities	FLAC	**575**	575				**575**
Borrower's note loans	FLAC	**329,101**	329,101				**333,662**
Other financial liabilities	FLAC	**23,762**	23,762				**23,762**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**4,150**				4,150	**4,150**
Derivatives with a hedging relationship	n/a	**787**			787		**787**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**791,814**	791,814	0	0	0	**791,814**
Available-for-Sale Financial Assets (AfS)	AfS	**1,065**	0	1,065	0	0	**1,065**
Financial Assets Held for Trading (FAHfT)	FAHfT	**1,379**	0	0	0	1,379	**1,379**
Financial Liabilities measured at Amortised Cost (FLAC)	FLAC	**1,193,224**	1,193,224	0	0	0	**1,196,812**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**4,150**	0	0	0	4,150	**4,150**

[€ '000]	Category in accordance with IAS 39	Amounts recognised in balance sheet according to IAS 39					
		Carrying amount 31/03/2013	Amortised cost	Cost	Fair Value recognised in equity	Fair Value recognised in profit or loss	**Fair Value 31/03/2013**
Assets							
Cash and cash equivalents	LaR	**177,411**	177,411				**177,411**
Trade receivables	LaR	**517,321**	517,321				**517,321**
Long-term trade receivables from development contracts	LaR	**41,450**	41,450				**41,450**
Other financial receivables	LaR	**16,925**	16,925				**16,925**
Other non-derivative financial assets							
Available-for-Sale financial assets (AfS)	AfS	**1,065**		1,065			**1,065**
Derivative financial assets							
Derivatives without a hedging relationship	FAHfT	**1,073**				1,073	**1,073**
Derivatives with a hedging relationship	n/a	**6,697**			6,697		**6,697**
Total equity and liabilities							
Trade payables	FLAC	**612,436**	612,436				**612,436**
Bonds and other securitised liabilities	FLAC	**206,990**	206,990				**208,076**
Liabilities to banks	FLAC	**23,427**	23,427				**23,359**
Liabilities on bills of exchange and other financial liabilities	FLAC	**436**	436				**436**
Borrower's note loans	FLAC	**277,963**	277,963				**287,299**
Other financial liabilities	FLAC	**25,192**	25,192				**25,192**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**4,704**				4,704	**4,704**
Derivatives with a hedging relationship	n/a	**7,699**			7,699		**7,699**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**753,107**	753,107	0	0	0	**753,107**
Available-for-Sale Financial Assets (AfS)	AfS	**1,065**	0	1,065	0	0	**1,065**
Financial Assets Held for Trading (FAHfT)	FAHfT	**1,073**	0	0	0	1,073	**1,073**
Financial Liabilities measured at Amortised Cost (FLAC)	FLAC	**1,146,444**	1,146,444	0	0	0	**1,156,798**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**4,704**	0	0	0	4,704	**4,704**

Due to the short terms of the cash and cash equivalents, trade receivables and other current receivables, the fair values largely corresponded to the carrying amounts as they did in the previous year.

The fair values of other non-current receivables maturing after more than one year corresponded to the present values of payments relating to the assets, in each case taking into account the current interest parameters that reflected market and partner-related changes in terms.

Trade liabilities and other liabilities usually matured in the short term; the amounts on the balance sheet represented approximations of the fair value.

The fair values of liabilities to banks, the borrower's note loans and the other non-current financial liabilities were determined as the present values of the payments relating to the liabilities based on the respectively applicable yield curves.

The fair values of the foreign exchange transactions were based on current reference rates observable on the market and taking into consideration forward premiums or discounts. The fair values of the interest rate hedging instruments (interest swaps and interest collars) were based on discounted future cash flows. The applicable market interest rates and volatilities were used for the maturities of the financial instruments.

Valuation method to determine fair value

The tables below contain an overview of the valuation methods used for measuring the fair value of the financial instruments concerned.

31/03/2014 [€ '000]	Prices quoted on active markets (step 1)	Valuation methods where all principal parameters are based on observable market data (step 2)	Valuation methods where all principal parameters are *not* based on observable market data (step 3)	Total
Financial assets measured at fair value				
Derivative financial assets				
Derivatives without a hedging relationship	0	1,379	0	**1,379**
Derivatives with a hedging relationship	0	3,033	0	**3,033**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	791	3,359	0	**4,150**
Derivatives with a hedging relationship	0	787	0	**787**

31/03/2013 [€ '000]	Prices quoted on active markets (step 1)	Valuation methods where all principal parameters are based on observable market data (step 2)	Valuation methods where all principal parameters are *not* based on observable market data (step 3)	Total
Financial assets measured at fair value				
Derivative financial assets				
Derivatives without a hedging relationship	0	1,073	0	**1,073**
Derivatives with a hedging relationship	0	6,697	0	**6,697**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	671	4,033	0	**4,704**
Derivatives with a hedging relationship	0	7,699	0	**7,699**

Neither in the period under report nor in the previous one was there any movement between the individual levels.

Other information

10 | Transactions with related parties

LEONI maintains relationships with joint ventures as part of its ordinary business activity. This involves LEONI as a matter of principle purchasing products and services on market terms. There were no significant transactions and no lending relationships with joint ventures during the period under report.

The Company generated income of € 323 k (previous year: € 211 k) from the sale of products and services to members of the Supervisory Board as well as related parties and made purchases worth € 244 k (previous year: € 81 k) from them during the period under report. All supply and service transactions were concluded on standard market terms.

11 | Management Board and Supervisory Board

On 24 March 2014, the Supervisory Board extended the contracts of Management Board members Dieter Bellé and Dr Andreas Brand to 31 December 2019. The contract of Management Board Chairman Dr Klaus Probst was extended only to 30 June 2015 at his own request.

Dr Frank Hiller joined the Company as a member of the Management Board on 1 April 2014. His contract expires on 31 December 2017.

Nuremberg, 6 May 2014

Dr Klaus Probst | Dieter Bellé | Dr Andreas Brand | Dr Frank Hiller

Key dates

Interim Report 1st Quarter 2014
13 May 2014

Interim Report 2nd Quarter and 1st Half 2014
12 August 2014

Interim Report 1st – 3rd Quarter 2014
11 November 2014

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