



AHLERS AG

Financial Statement 2014/15
December 1, 2014 - November 30, 2015



NOTES TO THE COMBINED MANAGEMENT REPORT

The Management Report of Ahlers AG is combined with the Group Management Report in accordance with section 315 subsection 3 of the German Commercial Code (HGB) and published in the Group Annual Report 2014/15.

The Annual Financial Statements and the combined Management Report of

Ahlers AG for the year 2014/15 are filed with the operator of the German Federal Gazette and published in the German Federal Gazette.

The Annual Financial Statements of Ahlers AG and the Group Annual Report 2014/15 can be found in the “Investor Relations” section of our website.

BALANCE SHEET

ASSETS

EUR	Nov. 30, 2015	Nov. 30, 2014
A. FIXED ASSETS		
I. Intangible assets		
Industrial property rights and similar rights and assets	3,365.00	4,401.00
II. Property, plant and equipment		
1. Land and buildings	0.00	974.00
2. Plant and office equipment	192,469.00	233,901.40
	192,469.00	234,875.40
III. Financial assets		
1. Shares in affiliated companies	61,860,230.66	61,817,668.57
2. Loans to affiliated companies	234,353.06	234,353.06
3. Investment	210,650.00	210,650.00
4. Loans to companies in which an investment is held	0.00	500,000.00
5. Long-term investments	24,470.00	24,815.00
6. Other loans	99,238.08	155,662.08
7. Other financial assets	17,784,006.71	17,816,344.09
	80,212,948.51	80,759,492.80
	80,408,782.51	80,998,769.20
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and consumables	10,212,775.15	9,519,206.11
2. Finished goods and merchandise	21,458,087.10	22,345,878.31
	31,670,862.25	31,865,084.42
II. Receivables and other assets		
1. Trade receivables	10,325,332.71	9,410,297.85
2. Receivables from affiliates	17,270,166.75	23,932,911.15
3. Other assets	3,925,300.58	1,158,314.24
	31,520,800.04	34,501,523.24
III. Bank balances	990,857.45	1,136,602.20
	64,182,519.74	67,503,209.86
C. PREPAYMENTS AND ACCRUED INCOME	278,353.82	340,119.80
D. DEFERRED TAX ASSETS	344,700.00	110,700.00
Total assets	145,214,356.07	148,952,798.86

EQUITY AND LIABILITIES

EUR	Nov. 30, 2015	Nov. 30, 2014
A. EQUITY		
I. Subscribed capital		
1. Common shares	24,000,000.00	24,000,000.00
2. Preferred shares	19,200,000.00	19,200,000.00
	43,200,000.00	43,200,000.00
II. Capital reserve		
	15,575,841.00	15,575,841.00
III. Retained earnings		
Other revenue reserves	34,281,526.96	34,281,526.96
	34,281,526.96	34,281,526.96
IV. Accumulated profits		
	4,695,162.59	7,049,173.56
	97,752,530.55	100,106,541.52
B. PROVISIONS		
1. Pension provisions	452,904.00	514,506.00
2. Provisions for taxation	496,833.53	381,197.05
3. Other provisions	2,733,730.00	3,231,800.00
	3,683,467.53	4,127,503.05
C. LIABILITIES		
1. Liabilities to banks	26,050,222.58	27,592,626.41
2. Trade payables	6,381,761.06	5,826,975.81
3. Liabilities to affiliated companies	10,368,101.69	10,553,180.85
4. Other liabilities	976,058.55	743,741.15
	43,776,143.88	44,716,524.22
D. ACCRUALS AND DEFERRED INCOME		
	2,214.11	2,230.07
Total equity and liabilities	145,214,356.07	148,952,798.86

INCOME STATEMENT

EUR	2014/15	2013/14
1. Sales	90,220,445.88	91,036,940.53
2. Increases (+) / decreases (-) in inventories of finished goods and work in progress	-1,586,346.09	362,179.07
3. Other operating income	4,564,812.27	2,301,612.44
4. Cost of materials		
a) Cost of raw materials, manufacturing and factory supplies as well as for goods purchased	-38,788,445.06	-38,797,638.80
b) Cost of purchased services	-16,367,454.66	-17,758,749.27
5. Personnel expenses		
a) Wages and salaries	-2,020,178.95	-2,622,922.55
b) Social insurance contributions and pension expenses and costs of employee support	-65,301.86	-110,378.99
6. Depreciation and amortisation on intangible assets and property, plant and equipment	-46,064.16	-56,337.43
7. Other operating expenses	-38,840,327.83	-34,818,058.52
8. Income from investments	5,250,665.57	1,198,062.03
9. Income from profit transfer agreements	5,917,458.85	10,730,049.25
10. Income from other investments and long-term loans	21,755.21	44,088.45
11. Other interest and similar income	820,433.62	659,311.11
12. Write-downs of financial assets	-1,999,336.82	-1,568.39
13. Expenses for losses taken over	-3,139,236.95	-6,780,520.82
14. Interest and similar expenses	-880,976.13	-1,002,058.30
15. Result from ordinary activities	3,061,902.89	4,384,009.81
16. Earnings from income taxes (previous year: cost)	506,494.33	-1,274,223.53
17. Other taxes	-145,739.89	-10,598.09
18. Net income for the period	3,422,657.33	3,099,188.19
19. Profit carried forward from the previous year	1,272,505.26	3,949,985.37
20. Accumulated profits	4,695,162.59	7,049,173.56

NOTES TO THE SEPARATE FINANCIAL STATEMENTS, AHLERS AG

for fiscal year 2014/15

I. BASIS OF PRESENTATION

The financial statements of Ahlers AG are prepared in accordance with section 238 et seq. and the particular regulations for corporations in section 264 et seq. of the German Commercial Code (HGB) together with the regulations of section 150 et seq. of the German Stock Corporation Act (AktG).

For the sake of clarity and structure, the legally required comments on items in the balance sheet and the income statement as well as such comments that may optionally be made in the balance sheet, the income statement or the Notes are stated in the Notes. The nature of expense method is used for the income statement.

Accounting and valuation principles

The accounting and valuation principles remained unchanged from the previous year. Valuation is performed in accordance with the regulations that are applicable to „Kapitalgesellschaften“ (corporations).

Currency translation

Current receivables and liabilities in foreign currency with a remaining term of less than one year must be translated at the mean rate on the reporting date. The imparity and realization principle defined in section 253 para. 1 sentence 1 and section 252 para. 1 no. 4 semisentence 2 of the German Commercial Code (HGB) must be applied to receivables and liabilities in foreign currency with a remaining term of more than one year.

Intangible assets

Purchased intangible assets are capitalised at acquisition cost plus incidental acquisition costs and amortised on a straight-line basis over a period of 3 to 15 years.

Property, plant and equipment

Property, plant and equipment are recognised at cost plus incidental acquisition costs and written off systematically where applicable. Write-offs are made using the declining balance method; otherwise the straight-line method is used. The useful lives are determined using the official “AfA” (depreciation) tables.

Write-downs of assets at the beginning of the fiscal year are continued systematically using the principles and methods applied in the previous years. The straight-line method of depreciation is adopted whenever this results in higher amounts of depreciation.

Additions to immovable property, plant and equipment are written down on a pro rata temporis basis in the year of addition. The annual depreciation amount for additions to movable property, plant and equipment is reduced by one twelfth for every month preceding the month of acquisition in the year of addition. Movable assets with finite useful lives acquired in the fiscal year whose acquisition cost is between EUR 150.00 and EUR 1,000.00 are booked as a collective item and written off over a period of five years using the straight-line method.

Financial assets

Financial assets are recognised at cost plus incidental acquisition cost or at the lower fair value. As a general rule, the lower fair values are determined using the discounted cash flow method. Write-ups up to the acquisition cost are also determined using this method.

Pieces of art were recognised at cost and are regularly tested for impairment.

Inventories

Inventories are measured at the lower of cost or market value in accordance with section 253 para. 4 of the German Commercial Code (HGB). Manufacturing costs include cost of materials, direct labour and appropriate parts of production overheads as well as production-related depreciation of fixed assets. Interest on borrowed capital is not included. The lower of cost or market value principle is applied throughout.

Other current assets

Other current assets are stated at the lower of nominal and fair value pursuant to section 253 para. 4 of the German Commercial Code (HGB). Specific risks are covered by specific allowances. Default risk arising from trade receivables is covered by a lump-sum allowance.

Prepayments and accrued income comprise amounts that refer to expenses or income relating to periods after the balance sheet date.

Pension provisions

Pension provisions are calculated actuarially using the projected unit credit method. Under this method, the interest rate stated in the table of the German Bundesbank is taken as a basis for a remaining period of 15 years. Pension provisions reflect the present value of the accrued pension entitlements which are calculated using a discount rate of 3.94 percent as well as a pension trend of 2 percent on the basis of the Heubeck 2005 G mortality tables. No salary trend was applied, given that the pension commitments are based on fixed amounts.

Tax and other provisions

Tax provisions and other provisions adequately cover all discernible risks and uncertain liabilities. The provisions were determined on the basis of section 253 of the German Commercial Code (HGB). Provisions were recognised at the amount that is considered to be necessary based on prudent business judgement. All provisions with a remaining term of more than one year are discounted at the average market rate published by Deutsche Bundesbank (section 253 para. 2 HGB).

Liabilities

Liabilities are shown at the repayment amount. Provisions have been established for contingent liabilities and liabilities whose amount is not known.

II. FINANCIAL STATEMENTS

Explanation of individual balance sheet items

Fixed assets

The changes in cumulative acquisition costs and cumulative depreciation per fixed asset item in the fiscal year 2014/15 are shown in the fixed-asset movement schedule for Ahlers AG in an exhibit to the Notes. The historical values are shown as acquisition costs for all intangible assets, property, plant and equipment and financial assets.

Intangible assets

The purchased industrial property rights and similar rights are trademark rights.

Property, plant and equipment

Capital expenditures in the fiscal year 2014/15 were lower than write-downs. Additions to factory and office equipment of EUR 14 thousand primarily reflect replacement expenditures.

Financial assets

The changes in shares in affiliated companies result from opposite effects from the write-down of the carrying amount of GIN TONIC SPECIAL Mode GmbH, Herford, (EUR 1,998 thousand) and the reversal of write-downs on the investments in Ahlers Premium France S.A.S., F-Horbourg-Wihr (EUR 541 thousand), and Ahlers-Poland Spolka z o.o., PL-Opole (EUR 1,500 thousand).

As in the previous year, loans to affiliated companies include an interest-bearing loan to Ahlers-Poland Spolka z o.o., PL-Opole, in the amount of EUR 0.2 million.

Jupiter Shirt GmbH, Tirschenreuth, fully repaid an interest-bearing loan of EUR 0.5 million in the fiscal year 2014/15. The 49 percent share in the company's capital is shown as an investment.

Other loans also include an interest-bearing long-term loan granted by Ahlers AG to Mr Otto Kern, Monte Carlo (Monaco), which was originally extended to finance a capital increase at Otto Kern GmbH, Herford. No collateral has been provided. An amount of EUR 56 thousand was repaid in the fiscal year, with further repayments agreed for the next fiscal year.

Other financial assets include works of art. These consist primarily of works by well-known contemporary and Classic Modernist artists. The disposals in the amount of EUR 32 thousand exclusively relate to works of art.

The table below shows the composition of other non-current assets:

KEUR	Nov. 30, 2015	Nov. 30, 2014
Contemporary Art	11,254	11,286
Classic Modernism	5,767	5,767
Other works of art	763	763
	17,784	17,816

Inventories

Inventories amounted to EUR 31.7 million as of November 30, 2015 (previous year: EUR 31.9 million). Allowances have been established for all identifiable risks. The allowances for finished products and goods amounted to EUR 1,688 thousand (previous year: EUR 1,682 thousand), while the allowances for raw materials and supplies totalled EUR 1,036 thousand (previous year: EUR 793 thousand) as of the balance sheet date.

Receivables and other assets

Appropriate itemised allowances have been established for all identifiable risks arising from trade receivables. The general allowance amounts to EUR 267 thousand (previous year: EUR 273 thousand). In addition, the majority of receivables are covered by trade credit insurance.

As in the previous year, receivables from affiliates relate to the exchange of goods and services with affiliated companies as well as short-term loans to domestic and foreign Group companies. Receivables from affiliated companies included trade receivables in an amount of EUR 3.4 million (previous year: EUR 2.6 million).

Other assets primarily include tax refund claims, loans, bonus claims as well as receivables from suppliers.

As in the previous year, none of the receivables has a remaining term of more than one year. Of the other assets, assets in an amount of EUR 1,009 thousand (previous year: EUR 274 thousand) have a term of more than one year.

Deferred tax assets

In the fiscal year 2014/15, deferred tax assets were recognised for differences between the tax balance sheet and the commercial

balance sheet using the asset and liability method. Deviations result from tax balancing items from the inter-company relationship as well as pension provisions and reserves for replacements. Deferred taxes were calculated on the basis of a tax rate of 30 percent.

Subscribed capital

Subscribed capital consists of a total of 13,681,520 no par shares. This total is composed of 7,600,314 common shares and 6,081,206 preferred shares with no voting rights. The 7,600,314 common shares include 500 registered shares with transfer restrictions. They confer the right to nominate members of the Supervisory Board. The remaining 13,681,020 shares are bearer shares.

On January 9, 2014, Adolf Ahlers Familienstiftung, Speicher/Appenzell Auser rhoden, Switzerland, notified in accordance with section 21 (1) of the German Securities Trading Act (WpHG) that its voting interest in Ahlers AG, Herford, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% on December 31, 2013 and amounted to 76.6% (which corresponds to 5,824,194 voting rights) on that date. Pursuant to section 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 76.6% (which corresponds to 5,824,194 voting rights) are attributable to Adolf Ahlers Familienstiftung.

Attributable voting rights are held through the following companies which are controlled by Adolf Ahlers Familienstiftung and whose voting interest in Ahlers AG amounts to 3% or more:

- Westfälisches Textilwerk Adolf Ahlers KG
- WTW-Beteiligungsgesellschaft mbH.

On January 9, 2014, Dr. Stella A. Ahlers, Germany, notified in accordance with section 21 (1) of the German Securities Trading Act (WpHG) that her voting interest in Ahlers AG, Herford, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% on December 31, 2013 and amounted to 76.6% (which corresponds to 5,824,194 voting rights) on that date. Pursuant to section 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 76.6% (which corresponds to 5,824,194 voting rights) are attributable to Dr. Stella A. Ahlers.

Attributable voting rights are held through the following companies which are controlled by Dr. Stella A. Ahlers and whose voting interest in Ahlers AG amounts to 3% or more:

- Adolf Ahlers Familienstiftung, Switzerland
- Westfälisches Textilwerk Adolf Ahlers KG
- WTW-Beteiligungsgesellschaft mbH.

Westfälisches Textilwerk Adolf Ahlers KG has been renamed Westfälisches Textilwerk Adolf Ahlers Stiftung & Co. KG in the meantime.

Authorised capital

By resolution of the Annual Shareholders' Meeting held on May 3, 2012, the Management Board, with the approval of the Supervisory Board, was authorised to increase the Company's share capital prior to May 2, 2017, by issuing new common bearer shares and/or non-voting preferred shares in return for cash contributions on one or more occasions up to the amount of EUR 21.6 million. The Management Board is authorised to exclude the shareholders' subscription right with the consent of the Supervisory Board.

Capital reserve

The capital reserve remained unchanged at EUR 15.6 million, of which EUR 12.8 million related to the premium from the capital increase against cash contributions that occurred at the time of the IPO and EUR 1.6 million to the issue of preferred shares.

Revenue reserves

Other revenue reserves remained unchanged in the fiscal year and amounted to EUR 34.3 million on November 30, 2015.

Accumulated profits

Accumulated profits include profits carried forward in an amount of EUR 1,272,505.26.

Amounts not available for distribution pursuant to section 268 No. 8 HGB

Of the distributable profit including revenue reserves in an amount of EUR 38,977 thousand, the amount of the deferred tax assets of EUR 345 thousand cannot be distributed.

Pension provisions

Pension provisions have been established for all existing obligations. No shortfalls from the adoption of BilMoG exist.

Provisions for taxation

Provisions for taxation primarily relate to corporate income tax, trade tax payments and value-added tax for prior years.

Other provisions

Other provisions primarily include EUR 0.4 million for bonuses, EUR 0.4 million for management bonuses and EUR 0.6 million for goods returned and price discounts as well as EUR 0.6 million for outstanding invoices. In addition, sufficient provisions were established for audit costs, Supervisory Board compensation, archiving expenses as well as all other discernible risks and obligations.

Liabilities schedule

EUR million		Remaining term			Total
		up to 1 year	1 to 5 years	> 5 years	
1. Liabilities	Nov. 30, 2015	5.4	20.7	-	26.1
to banks	Nov. 30, 2014	8.3	19.3	-	27.6
2. Trade	Nov. 30, 2015	6.4	-	-	6.4
payables	Nov. 30, 2014	5.8	-	-	5.8
3. Liabilities	Nov. 30, 2015	10.3	-	-	10.3
to affiliates	Nov. 30, 2014	8.0	-	2.6	10.6
4. Other liabilities	Nov. 30, 2015	1.0	-	-	1.0
	Nov. 30, 2014	0.7	-	-	0.7
- thereof taxes	Nov. 30, 2015	0.1	-	-	0.1
	Nov. 30, 2014	0.1	-	-	0.1
- thereof social security contributions	Nov. 30, 2015	-	-	-	-
	Nov. 30, 2014	-	-	-	-
Total	Nov. 30, 2015	23.1	20.7	-	43.8
	Nov. 30, 2014	22.8	19.3	2.6	44.7

As in the previous year, all liabilities to banks are unsecured.

Liabilities to affiliates included trade payables in an amount of EUR 1.5 million

(previous year: EUR 1.2 million) and other liabilities in the amount of EUR 8.8 million (previous year: EUR 9.4 million).

Contingent liabilities

KEUR	Nov. 30, 2015	Nov. 30, 2014
Notes payable	0	0
Guarantees	64	65
	64	65

Contingent liabilities relate to guarantees for bank liabilities of various subsidiaries. As the subsidiaries are able to meet their obligations from current operating activities, it is safe to assume that no claims will be made under these guarantees.

Other financial obligations

Other financial obligations are the result of rental, lease and maintenance agreements and are composed as follows:

due (KEUR)	Nov. 30, 2015	Nov. 30, 2014
in the following year	1,373	1,388
thereof towards affiliated companies	(956)	(946)
in the 2nd to 4th year	3,456	3,487
thereof towards affiliated companies	(2,257)	(2,257)
from the 5th year	1,120	2,270
thereof towards affiliated companies	(690)	(1,442)
Total	5,949	7,145
thereof towards affiliated companies	(3,903)	(4,645)

Derivative financial instruments

Derivative financial instruments are used exclusively in the form of forward exchange contracts to hedge exchange rate risks in the operational area. As of the balance sheet

date, the forward exchange contracts had a volume of EUR 20.6 million (previous year: EUR 22.7 million).

	Currency	Contractual volume		positive fair value KEUR	negative fair value KEUR
		in thousand currency units	in KEUR		
		Purchases	USD		
Sales	CHF	2,000	1,862	23	
Total			20,645	1,085	

The company uses forward exchange contracts to hedge against currency risks. In anticipation of purchases and sales in foreign currency that are highly likely to be made, forward exchange contracts are signed for a portion of the resulting open positions in foreign currency. Pursuant to section 254 HGB, this constitutes a hedge relationship in the form of an anticipated hedge, as open positions from anticipated hedged items in foreign currency are hedged with forward exchange contracts at matching maturities. The forward exchange contracts serve as hedges against the risk of exchange rate changes resulting from the company's operational transactions. The anticipated transactions relate to purchases and sales in foreign currency within the next twelve months. The existing forward exchange contracts hedge about two thirds of the anticipated purchases and sales. Effectiveness is ensured by a critical term match. As of the balance sheet date, the forward exchange contracts had a market value of EUR 1,085 thousand. No currency risk arises throughout the term of the forward exchange contracts; the transactions were grouped in valuation portfolios and not recognised in the balance sheet.

In the fiscal year, the company additionally used interest rate swaps to hedge future cash flows from floating-rate (EURIBOR) loans (interest rate risks). The interest rate swaps are based on hedged items with comparable, opposite risks (micro hedges). Effectiveness is ensured by a critical term match. The interest rate swaps have terms of between two and four years. The hedged items and the hedges form hedging relationships within the meaning of section 254 of the German Commercial Code (HGB); the credit volume secured with these hedging relationships amounted to EUR 14,200 thousand and had a market value of EUR -125 thousand as of the balance sheet date. The interest rate swaps hedge about 60% of the interest rate risks of the floating-rate loans.

Explanation of individual items in the income statement

Any analysis of the income statement should take into consideration the fact that production, purchasing and sales as well as administration and service activities are performed on the basis of servicing agreements with subsidiaries.

Sales

Sales break down by geographic markets as follows:

	2014/15		2013/14	
	EUR million	%	EUR million	%
Germany	67.9	75.3	67.6	74.3
Outside Germany	22.3	24.7	23.4	25.7
	90.2	100.0	91.0	100.0

Sales revenues were generated without exception by the sale of clothing. Foreign sales were generated primarily in Europe.

Other operating income

This item primarily includes income from the refund of costs, from the retransfer of provisions and allowances on receivables, from the disposal of fixed assets and from foreign exchange differences. Other operating income in an amount of EUR 885 thousand (previous year: EUR 650 thousand) is unrelated to the reporting period. Other operating income comprises exchange gains in an amount of EUR 228 thousand (previous year: EUR 82 thousand).

Pension expenses

The personnel expenses for the reporting year include pension expenses for the workforce in an amount of EUR 10 thousand (previous year: EUR 53 thousand).

Other operating expenses

Other operating expenses mainly relate to compensation for services provided by affiliated companies in the context of servicing agreements in an amount of EUR 34.0 million (previous year: EUR 29.9 million). This item also includes counselling fees, insurance premiums, rents, foreign exchange losses and travel expenses. Other operating expenses comprise expenses from currency translation in the amount of EUR 770 thousand (previous year: EUR 193 thousand); expenses of EUR 239 thousand (previous year: EUR 25 thousand) are unrelated to the accounting period.

Income from investments

Income from investments exclusively includes distributions from affiliated companies. It primarily relates to Ahlers Textilhandel GmbH & Co. KG, Herford (EUR 0.4 million), Dial Textile Industries Ltd., Sri Lanka (EUR 0.7 million), Ahlers Austria GmbH, A-Mariasdorf (EUR 1.6 million) and Adolf Ahlers AG, CH-Zug (EUR 2.6 million).

Income/expenses under profit transfer agreements

This item represents the income of EUR 5.9 million (previous year: EUR 10.7 million) collected under various controlling and profit and loss transfer agreements in the fiscal year 2014/15.

Under the controlling and profit and loss transfer agreements signed between Ahlers AG and GIN TONIC SPECIAL Mode GmbH, Herford, a-fashion.com GmbH i.L., Herford, Otto Kern GmbH, Herford, as well as Ahlers Retail GmbH, Herford, the losses accumulated in the fiscal year 2014/15 in an amount of EUR 3.1 million (previous year: EUR 6.8 million) were taken over.

Income from other securities and long-term loans

This year, this item does not include interest income received from affiliated companies (previous year: EUR 39 thousand). The prior year income was received from Adolf Ahlers AG, CH-Zug.

Other interest and similar income

This item comprises interest received from affiliated companies in an amount of EUR 0.7 million (previous year: EUR 0.6 million) and interest income from tax refunds in the amount of EUR 0.1 million (previous year: EUR 0.0 million).

Write-down of financial assets and current investments

This item includes write-downs of long-term securities and scheduled depreciation of works of art in a total amount of EUR 1 thousand. The carrying amount of the investment in GIN TONIC SPECIAL Mode GmbH was written down to EUR 0; the write-down amounted to EUR 1,998 thousand.

Interest and similar expenses

Expenses include interest payments to affiliated companies in an amount of EUR 0.2 million (previous year: EUR 0.1 million) and interest on tax repayments in an amount of EUR 2 thousand (previous year: EUR 0 thousand). EUR 21 thousand relate to interest expenses from accumulation (previous year: EUR 24 thousand).

Taxes on income

This item comprises corporate income tax including solidarity surcharge as well as trade tax. The income taxes include tax re-claims from a Mutual Agreement Procedure closed in the fiscal year in the amount of EUR 136 thousand. They also include deferred tax income of EUR 234 thousand (previous year: EUR 6 thousand).

III. OTHER DISCLOSURES

Number of employees (annual average)

In the fiscal year 2014/15, Ahlers AG employed two people on average (previous year: three employees).

CORPORATE BODIES

Supervisory Board

Prof. Dr. Carl-Heinz Heuer

Attorney, Königstein
(Chairman),
Feddersen Heuer & Partner

Prof. Dr. Julia von Ah

Tax consultant, Feusisberg, Switzerland
(Deputy Chairwoman),
von Ah & Partner AG

Heidrun Baumgart

Administrative assistant, Bielefeld
(employee representative),
Ahlers Zentralverwaltung GmbH

Roswitha Galle

Administrative assistant, Spenge
(employee representative),
Ahlers Zentralverwaltung GmbH

Prof. Dr. Ulrich von Jeinsen

(until May 7, 2015)
Attorney, Hanover,
Göhmann Rechtsanwälte und Notare

Jörg-Viggo Müller

(since May 7, 2015)
Former member of the Management Board
of the Ravensburger AG, Reutlingen

Bernd A. Rauch

Advertising expert,
Bad Homburg

Management Board

Dr. Stella A. Ahlers

Feusisberg, Switzerland
Chairwoman of the Management Board

Jan Hilger

(until October 31, 2015)
Heidelberg, Chairman procurement/
logistics/overseas plants

Dr. Karsten Kölsch

Herford, Chief Financial Officer

Further disclosures relating to Supervisory/Management Board members

On November 30, 2015 members of the Supervisory/Management Board of the company are represented on the following boards of other companies:

Prof. Dr. Carl-Heinz Heuer

- Deputy Chairman of the Supervisory Board
of M.M. Warburg & CO KGaA, Hamburg

Prof. Dr. Julia von Ah

- President of the Advisory Board of
von Ah & Partner AG, Zurich, Switzerland

Dr. Stella A. Ahlers

- President of the Advisory Board of Adolf
Ahlers AG, Zug (Switzerland)
- Member of the Advisory Council
of Klein Pumpen GmbH, Frankenthal

Supervisory/Management Board members not mentioned above are not represented on other companies' boards.

Shareholdings

Westfälisches Textilwerk Adolf Ahlers Stiftung & Co. KG, Herford, holds a majority interest in the voting share capital of Ahlers AG, mostly via its fully-owned subsidiary WTW-Beteiligungsgesellschaft mbH, Herford. The Ahlers AG financial statements are included in the consolidated financial statements of Westfälisches Textilwerk Adolf Ahlers Stiftung & Co. KG, Herford, as the largest group of companies, and in the consolidated financial statements of Ahlers AG, Herford, as the smallest group of companies, pursuant to section 285 no. 14 of the German Commercial Code (HGB). The consolidated financial statements for the fiscal year 2013/14 of Ahlers AG were published in the Federal Gazette.

Compensation of the Supervisory Board and the Management Board

The total compensation of the Supervisory Board for its activities during the fiscal year 2014/15 amounts to EUR 116 thousand (previous year: EUR 150 thousand). It comprises non-performance-related components of EUR 105 thousand (previous year: EUR 105 thousand), performance-related components of EUR 11 thousand (previous year: EUR 45 thousand) and components with a long-term incentive effect of EUR 11 thousand (previous year: EUR 45 thousand).

The total compensation of the Management Board of Ahlers AG for the year under review amounts to EUR 1,560 thousand (previous year: EUR 1,780 thousand). It comprises non-performance-related components of EUR 1,236 thousand (previous year: EUR 1,116 thousand) and performance-related components of EUR 324 thousand (previous year: EUR 664 thousand).

The Annual Shareholders' Meeting of Ahlers AG decided on May 4, 2011 to omit the itemised publication of the compensation of the members of the Management Board in accordance with section 285, sentence 1, no. 9 letter a sentences 5 to 8 of the German Commercial Code for a period of five years.

Von Ah & Partner AG, Zurich (Switzerland), in which Supervisory Board member and Audit Committee Chairwoman Prof. Dr. Julia von Ah is a partner, provided tax consulting services to the Ahlers Group in the fiscal year 2014/15, for which an amount of EUR 22 thousand was invoiced. In accordance with section 114 of the German Stock Corporation Act (AktG), all benefits had previously been approved by the Supervisory Board.

Former members of the Management Board or management of Adolf Ahlers GmbH and their surviving next-of-kin received EUR 69 thousand (previous year: EUR 77 thousand). As of November 30, 2015, provisions for current pensions to this group of persons amounted to EUR 248 thousand (previous year: EUR 357 thousand).

Declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG)

Ahlers AG has submitted the declaration of conformity for 2015 pursuant to section 161 of the German Stock Corporation Act (AktG) and made the declaration permanently accessible to shareholders on the Ahlers AG website (www.ahlers-ag.com).

Auditor's fee

The auditor's fee expensed in the fiscal year 2014/15 amounted to EUR 112 thousand and exclusively related to the audit services. No tax consulting, confirmation and valuation services or other services were provided.

Herford, February 23, 2016

Ahlers AG

The Management Board

Dr. Stella A. Ahlers

Dr. Karsten Kölsch

FIXED ASSET MOVEMENT SCHEDULE

for fiscal 2014/15

KEUR	Accumulated costs			
	Dec. 1, 2014	Additions	Disposals	Nov. 30, 2015
Intangible assets				
Industrial property rights and similar rights and assets	757		12	745
Property, plant, and equipment				
Land and buildings	109		2	107
Machinery	43		15	28
Plant and office equipment	1,544	14	111	1,447
	1,696	14	128	1,582
Financial assets				
Shares in affiliated companies	120,628			120,628
Loans to affiliated companies	234			234
Investment	211			211
Loans to companies in which an investment is held	500		500	0
Long-term investments	34			34
Other loans	156		57	99
Other financial assets	17,899		31	17,868
	139,662	0	588	139,074
	142,115	14	728	141,401

Accumulated depreciation/amortisation					Carrying amounts	
Dec. 1, 2014	Additions	Appreciation	Disposals	Nov. 30, 2015	Nov. 30, 2015	Nov. 30, 2014
752	2		12	742	3	5
108			1	107	0	1
43			15	28	0	0
1,311	45		101	1,255	192	233
1,462	45	0	117	1,390	192	234
58,810	1,998	2,041		58,767	61,861	61,818
0				0	234	234
0				0	211	211
0				0	0	500
9	1			10	24	25
0				0	99	156
83	1			84	17,784	17,816
58,902	2,000	2,041	0	58,861	80,213	80,760
61,116	2,047	2,041	129	60,993	80,408	80,999

AUDIT OPINION

We have issued an unqualified auditor's report on the annual financial statements and the combined management report and group management report of Ahlers AG, Herford, for the financial year from December 1, 2014 to November 30, 2015 and signed in Hannover on February 24, 2016. The translation of the original German auditor's report states as follows:

„Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the combined management report and group management report of Ahlers AG, Herford, for the business year from December 1, 2014 to November 30, 2015. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report and group management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report and group management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the combined management report and group management report are detected with reasonable

assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined management report and group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the combined management report and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The combined management report and group management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.“

Hanover, February 24, 2016

BDO AG
Wirtschaftsprüfungsgesellschaft

Lilienblum
Wirtschaftsprüfer
(German Public Auditor)

Heesch
Wirtschaftsprüfer
(German Public Auditor)

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the earnings, financial and net worth position of the Group, and the combined management report includes a fair review of the development and performance of the business and the position

of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Dr. Stella A. Ahlers

Dr. Karsten Kölsch

PROPOSAL FOR THE APPROPRIATION OF PROFITS

The Management Board proposes to use the distributable profit amounting to EUR 4,695,162.59 at the end of the fiscal year 2014/15 to pay out a dividend of EUR 0.20 per common share (ISIN DE0005009708 and DE0005009740)

and of EUR 0.25 per preferred share (ISIN DE0005009732), for a total payout of EUR 3,040,364.30 to the shareholders, and to carry forward the remaining profit of EUR 1,654,798.29 to new account.

AHLERS AG

Investor Relations
Elverdisser Str. 313
32052 Herford
Germany

investor.relations@ahlers-ag.com
www.ahlers-ag.com

phone +49 (0) 5221 979211
fax +49 (0) 5221 72538