AHLERS AG

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Interim Report Q1 2015/16

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INTERIM REPORT Q1 2015/16

(December 1, 2015 to February 29, 2016)

BUSINESS PERFORMANCE IN THE FIRST THREE MONTHS OF FISCAL 2015/16

Q1 2015/16 - HIGHLIGHTS

- Slightly higher results and greatly improved operating cash flow in Q1 2015/16
- Growing core business and increasing retail revenues in a declining fashion market
- Sales revenues down 2.2 percent due to discontinuation or reduction of activities of Gin Tonic and the last remaining large private label customer
- Continued solid financial position and reduced net debt
- Forecast for the full year remains unchanged: earnings expected to pick up notably due to reduced expenses on stable to slightly lower sales revenues

1. BUSINESS AND GENERAL CONDITIONS

Most economic institutes downgraded their GDP (gross domestic product) growth forecast for the eurozone from 1.5 percent to 1.3 percent in the first weeks of 2016 (all figures: Commerzbank Research March 2016). This is primarily attributable to much slower economic growth outside the eurozone and the resulting drop in global demand. While the positive effects such as the strong depreciation of the euro and the low energy prices are mitigating the decline in exports in the eurozone, their effects on growth will gradually taper off. France and Italy, two of the eurozone's heavyweights, should expand their gross domestic products by 1.0 percent in 2016. With GDP expected to grow by 1.3 percent, Germany will fall back to the eurozone average (previous year: 1.7 percent). By contrast, the upturn in Spain and some Eastern European countries continues unabated. Their economic performance should clearly exceed the eurozone average in 2016. The Russian economy, which is highly dependent on gas and oil exports, remains in a deep recession (2015 GDP: -3.7 percent). As a result of the ongoing slump in the oil price and the economic sanctions, Russia's GDP is expected to decline by another 2.5 percent in 2016.

The increasingly slower growth in China and other emerging countries and the resulting reduced demand for goods from the industrialised countries should influence the export-oriented German economy. This is also reflected in the Ifo Business Climate Index, which declined for the third consecutive month in February 2016 (Ifo Business Climate February 2016) but still remains at a high level. Consumer sentiment remained positive at the beginning of the year. Because of stable economic expectations and the good labour market situation, consumers expect growing incomes, as inflation will remain low due to low energy prices. Private consumption as well as public consumption, which will be driven by additional spending to accommodate and support refugees, will therefore be one of the main growth drivers in Germany in 2016 (GfK consumption studies, February 2016).

The German clothing retail sector again failed to benefit from this generally positive consumer climate in the first three months of Ahlers' fiscal year. In spite of the low base in the same period of the previous year (-4.7 percent), physical clothing stores recorded a 0.7 percent decline in sales in the period from December 2015 to February 2016 (Textilwirtschaft 10_2016). This is due to lower footfall in the city centres. Similar to the German market, clothing sales probably tended to decline slightly in most European markets. A moderate increase in clothing sales is expected only in the better performing European countries such as Spain and some Eastern European countries. The Russian recession and the resulting reduced travelling activity of Russian citizens are additionally having an adverse effect on retail sales in Europe's large cities. Sales of apparel, especially high-quality apparel, in Russia are expected to decline further as purchasing power continues to decrease.

2. EARNINGS, FINANCIAL AND NET WORTH POSITION

Gin Tonic distribution activity to be discontinued as of winter 2015

In view of the challenging market conditions, the Management Board decided a set of measures to enhance the Group's short and medium-term profitability last year. Apart from various cost-cutting measures, this also includes the discontinuation of the distribution activity of the Gin Tonic brand as of the end of 2015. Deliveries for the Gin Tonic summer season 2016 are currently being made as planned. Structures have been created at Pioneer to retain the tops expertise within the company.

New "Jeans, Casual & Workwear" segment as from 2015/16

As a result of the discontinuation of the business activities of Gin Tonic, Jupiter would be the only remaining active brand in the "Men's & Sportswear" segment. As of the fiscal year 2015/16 and with initial effect from this quarterly report, we have therefore merged the "Jeans & Workwear" segment and the "Men's & Sportswear" segment into a new "Jeans, Casual & Workwear" segment and now submit combined reports on the performance of the brands of this segment.

As of the fiscal year 2015/16, Ahlers thus has two segments:

1. Premium Brands – brands in the upper price segment; unchanged from the previous year. The Premium segment comprises the Baldessarini, Pierre Cardin and Otto Kern brands.
2. Jeans, Casual & Workwear – brands in the medium price segment. The segment results from the merger of the former "Jeans & Workwear" and "Men's & Sportswear" segments. The segment thus comprises the Pioneer Authentic Jeans, Pionier Jeans & Casuals, Pionier Workwear and Jupiter brands as well as the private label business and the expiring Gin Tonic activities.

Core activities grow against downward market trend in Q1 2015/16

Sales revenues of the remaining activities increased by EUR 0.4 million or 0.6 percent in the first quarter of FY 2015/16. The downward sales trend in Russia and Ukraine was halted as well. Compared to the previous year, sales revenues in these countries rose by a moderate EUR 0.6 million. Ahlers' revenues in the rest of Eastern and Central Europe increased by 6.9 percent from EUR 8.7 million to EUR 9.3 million in Q1 2015/16. Poland and the Baltic states declined moderately, whereas the other Eastern European countries (e.g. Czech Republic and Hungary) expanded at – partly high – double-digit percentage rates. Ahlers' sales revenues in France, Belgium and Spain but also in Scandinavia were on par with the prior year. As a result, the first quarter saw the company win market share in the difficult, rather declining European apparel market.

Total revenues decline moderately due to discontinuation activities

Total sales revenues of the Ahlers Group decreased by EUR 1.5 million from EUR 67.7 million to EUR 66.2 million in the first three months of FY 2015/16. This 2.2 percent reduction in sales revenues is exclusively attributable to the reducing Gin Tonic business (EUR -0.7 million) and the ongoing decline in sales to the last remaining private label customer (EUR -1.2 million).

Own retail and e-commerce revenues continue to grow

The Group's own retail revenues increased by 6.5 percent in the reporting period, which represented 11.0 percent of total sales revenues, 0.8 percentage points more than in the previous year (previous year: 10.2 percent). Like-for-like revenues rose by 2.4 percent in spite of difficult market conditions. The e-commerce business continued to grow positively, with sales up by 16.6 percent.

Slightly lower sales revenues in Premium segment due to delayed deliveries in Russia

Sales revenues of the Premium segment, which comprises the Baldessarini, Pierre Cardin and Otto Kern brands, declined by 1.5 percent or EUR 0.7 million to EUR 45.2 million in the first three months of 2015/16 (previous year: EUR 45.9 million) because of slightly delayed deliveries at Pierre Cardin and the fact that a German key account has switched to a consignment stocking arrangement. In the rest of Eastern Europe and in Scandinavia, sales revenues showed a positive trend and picked up by 4.0 percent and 16.5 percent, respectively. In Germany, Baldessarini recorded particularly strong revenue growth of 4.8 percent between December 2015 and February 2016. The Premium segment's share in total sales revenues climbed from 67.7 percent in the prior year period to 68.2 percent in Q1 2015/16.

Core business of the Jeans, Casual & Workwear segment grows strongly

The remaining four brands of this segment, Pioneer Authentic Jeans, Pionier Jeans & Casuals, Pionier Workwear and Jupiter, increased sales by a strong 5.4 percent or EUR 1.0 million. Pioneer Authentic Jeans grew by an impressive 14 percent (EUR 0.9 million) and also gained a strong 11 percent in the German market. The decline in the segment's sales revenues by EUR 0.8 million to EUR 21.0 million (-3.7 percent) is exclusively attributable to the discontinued activities. As in the previous year, the last remaining large private label customer continued to scale down its purchasing volume, which reduced sales revenues in Q1 2015/16 by EUR -1.2 million. Sales revenues of Gin Tonic declined by an additional EUR 0.7 million. Due to these two special factors, the segment's share in total sales revenues dropped from 32.3 percent to 31.8 percent as of the end of the quarter.

Sales by segments

EUR million	Q1 2015/16	Q1 2014/15	Change in %
Premium Brands*	45.2	45.9	-1.5
Jeans, Casual & Workwear	21.0	21.8	-3.7
Total	**66.2**	**67.7**	**-2.2**

* incl. "miscellaneous" EUR 0.1 million (previous year: EUR 0.1 million)

EARNINGS

Cost savings lead to slightly improved results

The reduced sales revenues and the slightly lower gross profit margin (2015/16: 51.7 percent vs. 52.3 percent in the previous year) resulted in a lower gross profit of EUR 34.2 million in the first quarter of 2015/16, down from EUR 35.4 million in Q1 2014/15. The reduced gross profit margin is attributable to the fact that goods sourced in the Far East are billed in US dollars and have become more expensive due to the weakness of the euro. The decline in gross profit by EUR 1.2 million or 3.4 percent was more than offset by reduced operating expenses. At EUR 28.9 million, operating expenses, which comprise personnel expenses, other operating expenses and depreciation/amortisation, were down by EUR 1.3 million or 4.3 percent on the same period of the previous year (EUR 30.2 million). The fact that EBIT before special effects at EUR 5.3 million exceeded the previous year's EUR 5.2 million by 1.9 percent is primarily due to the EUR 0.8 million reduction in personnel expenses. This shows that the cost savings resulting from the discontinuation of Gin Tonic and other cost-saving measures had a greater effect than the additional expenses for the expansion of the Group's own Retail operations. In both periods, extraordinary expenses were low. Taxes and financial expenses were not influenced by special effects in both years and remained unchanged at EUR 1.7 million. At EUR 3.52 million, consolidated net income after taxes was up by a moderate 1.7 percent on the previous year's EUR 3.46 million.

Earnings Position

EUR million	Q1 2015/16	Q1 2014/15	Change in %
Sales	**66.2**	**67.7**	**-2.2**
Gross profit	34.2	35.4	-3.4
in % of sales	51.7	52.3	
Personnel expenses*	-12.9	-13.7	5.8
Balance of other expenses/income*	-14.8	-15.2	2.6
EBITDA*	**6.5**	**6.5**	**0.0**
Depreciation and amortisation	-1.2	-1.3	7.7
EBIT*	**5.3**	**5.2**	**1.9**
Special effects	-0.1	0.0	
Financial result	-0.2	-0.2	0.0
Pre-tax profit	**5.0**	**5.0**	**0.2**
Income taxes	-1.5	-1.5	0.0
Net income	**3.5**	**3.5**	**1.7**

* before special effects

SEGMENT RESULTS

While the Premium segment's expenses remained stable, lower sales revenues and the reduced gross profit margin had an adverse impact on the segment's earnings, which were down by EUR 0.9 million on Q1 of the previous year to EUR 3.5 million.

Results of the Jeans, Casual & Workwear segment improved primarily due to cost savings of 17.5 percent (EUR -1.4 million). Gross profit declined by only EUR 0.4 million due to the shortfall in revenues. As a result, EBIT before special effects increased by EUR 1.0 million or 125.0 percent from EUR 0.8 million to EUR 1.8 million.

EBIT before special effects by segments

EUR million	Q1 2015/16	Q1 2014/15	Change in %
Premium Brands	3.5	4.4	-20.5
Jeans, Casual & Workwear	1.8	0.8	125.0
Total	**5.3**	**5.2**	**1.9**

FINANCIAL AND NET WORTH POSITION

Much lower net working capital and reduced net debt

At EUR 189.4 million, Ahlers' total assets on the reporting date were down by EUR 7.6 million on the previous year's reporting date (EUR 197.0 million). The reduction in total assets is primarily attributable to greatly reduced inventories (EUR -2.1 million) and lower trade receivables (EUR -3.8 million). Increased trade payables (EUR 3.5 million) helped to further streamline net working capital which decreased by a total of EUR 9.4 million (-8.6 percent). The resulting liquidity improved the operating cash flow by 26 percent or EUR 2.7 million and was used to reduce the company's financial liabilities. Net debt declined from EUR 37.7 million to EUR 33.6 million at the end of the first quarter (down EUR 4.1 million or 10.9 percent on the previous year). Equity amounted to EUR 108.0 million on record date (previous year: EUR 114.7 million).

Key management and financial indicators

		Q1 2015/16	Q1 2014/15
Sales	EUR million	66.2	67.7
Gross margin	in %	51.7	52.3
EBITDA*	EUR million	6.5	6.5
EBIT*	EUR million	5.3	5.2
EBIT margin*	in %	8.0	7.7
Net income	EUR million	3.5	3.5
Profit margin before taxes	in %	7.5	7.3
Profit margin after taxes	in %	5.3	5.1
Earnings per share			
common shares	in EUR	0.23	0.23
preferred shares	in EUR	0.28	0.28
Net Working Capital**	EUR million	100.5	109.9
Equity ratio	in %	57.1	58.2
Employees		2,048	2,187

* before special effects
** inventories, trade receivables and trade payables

3. POST BALANCE SHEET EVENTS

No events of special significance for the Ahlers Group occurred between the end of the first three months and the publication of the interim report.

4. RISK REPORT

No changes with respect to risks related to future developments have occurred since the start of the new fiscal year. The statements made in the risk report of the 2014/15 consolidated financial statements remain valid.

5. EMPLOYEES

As of February 29, 2016, Ahlers employed 2,048 people, 139 less than one year ago. Major changes resulted from the capacity reduction at our production facilities in Sri Lanka and Poland, due to which staff numbers declined by 91 (Sri Lanka) and 7 (Poland), respectively. Another 33 jobs were cut because of the discontinuation of Gin Tonic. The headcount of the Group's own Retail segment increased by a total of 19 people in Germany and Poland and declined by 10 in Austria and other foreign markets. In Germany, Ahlers employed 621 people as of the reporting date, 31 less than in the previous year due to the discontinuation of Gin Tonic sales activities.

6. PERFORMANCE OF THE AHLERS SHARES

The adverse conditions prevailing in the European clothing retail sector in the past year are reflected in the share prices of many German fashion companies. The prices of the two Ahlers shares have dropped notably since midyear 2015. The decline is attributable to the announcement of the downgraded profit forecast for the fiscal year 2014/15 in June of last year and the stock market volatility. Ahlers shares traded at EUR 7.80 (common share) and EUR 7.26 (preferred share) on February 29, 2016, down 30 percent and 37 percent, respectively, on the previous year. Including the dividend paid out in May 2015, share prices were down by 27 percent and 33 percent, respectively, on the previous year. Since the end of the past fiscal year on November 30, 2015, the prices of the Ahlers shares have remained largely stable. On the reporting date of the first quarter of 2015/16, the prices of the common shares and the preferred shares were down by 4 percent and 7 percent, respectively, on the price quoted on November 30, 2015. This was a moderate decline compared to the German stock market in general, as the DAX lost 18 percent during the same period.

7. FORECAST REPORT

European market for apparel will remain challenging in 2016

Consumer spending in Germany is expected to grow by 2 percent in real terms in 2016. An increase by 1.5 to 2 percent is projected for the European Union as a whole. As in the previous year, however, this money will primarily be spent on expensive durables such as furniture and cars as well as home improvements and travel (GfK consumption study, February 2016). It is therefore difficult to predict whether the clothing retail sector will benefit from this trend. Physical fashion retail stores additionally continue to suffer from declining footfall in the city centres, which is attributable to growing competition from online retailers. In view of the low prior-year base, German fashion retailers may record stable – or maybe even slightly higher – sales revenues in 2016. Online fashion sales should continue to grow but have so far failed to offset the losses recorded by physical retail stores. With a view to Europe and Russia, the conditions in the markets that are relevant for Ahlers have not changed materially compared to the second half of 2015. Sales of apparel should tend to stagnate in most of the large European markets, and grow only in the more prospering countries such as Spain and some Eastern European countries. Conditions in Russia remain challenging and difficult to predict, although we expect our business here to improve slightly.

Growing core business and reduced discontinuation activities should balance each other out

Sales revenues in the Premium segment, which comprises the Pierre Cardin, Baldessarini and Otto Kern brands, are expected to pick up; the same applies to Pioneer Authentic Jeans' sales revenues. These assumptions are supported by the order situation for the spring/summer 2016 season and the good pre-orders for autumn/winter 2016. On the other hand, Gin Tonic will no longer generate revenues, and business with the last remaining large private label customer will also decline by another 50 percent from a lower base. Ahlers continues to expect that this decline will be largely offset by growing core business.

Forecast confirmed: Notable increase in earnings expected

Ahlers is confirming the forecast published in the Annual Report, according to which EBIT after special effects and consolidated net income after taxes in the fiscal year 2015/16 will clearly exceed the previous year's level. As can be seen from the quarterly report, this is to be achieved with the help of cost reductions, which will result, among other things, from the discontinuation of Gin Tonic and reduced special effects. The gross profit margin should decline slightly in the fiscal year 2015/16. This is because the effect of the weakness of the euro and the resulting more expensive purchases in Asia will outweigh the facts that sales revenues to be lost as a result of the declining Gin Tonic and private label sales revenues have traditionally supported only relatively low margins and that price discounts granted to market old merchandise should return to normal.

Aiming for unchanged balance sheet structures and good operating cash flow

As Ahlers continues to reduce its net working capital with great determination, operating cash flow should again be strengthened further. We also aim to generate positive free cash flow. The very solid structure of the balance sheet should therefore change only little and rather tend to improve.

Consolidated balance sheet as of February 29, 2016

ASSETS

KEUR	Feb. 29, 2016	Feb. 28, 2015	Nov. 30, 2015
A. Non-current assets			
I. Property, plant and equipment			
1. Land, land rights and buildings	14,923	15,376	15,101
2. Technical equipment and machines	1,217	1,219	1,273
3. Other equipment, plant and office equipment	10,243	10,622	10,581
4. Payments on account and plant under construction	9	250	6
	26,392	**27,467**	**26,961**
II. Intangible assets			
1. Industrial property rights and similar rights and assets	11,057	11,947	11,102
2. Payments on account	2,850	892	2,644
	13,907	**12,839**	**13,746**
III. At-equity investments	411	311	411
IV. Other non-current assets			
1. Other financial assets	1,959	1,049	2,030
2. Other assets	17,792	17,825	17,792
	19,751	**18,874**	**19,822**
V. Deferred tax assets	1,125	1,710	1,133
Total non-current assets	**61,586**	**61,201**	**62,073**
B. Current assets			
I. Inventories			
1. Raw materials and consumables	21,854	19,696	23,461
2. Work in progress	456	339	501
3. Finished goods and merchandise	50,251	54,595	49,547
	72,561	**74,630**	**73,509**
II. Trade receivables	42,699	46,548	33,466
III. Other current assets			
1. Other financial assets	512	3,030	1,091
2. Receivables from affiliates	171	403	0
3. Current income tax claims	1,385	662	1,324
4. Other assets	3,481	3,489	3,963
	5,549	**7,584**	**6,378**
IV. Cash and cash equivalents	6,964	7,054	5,200
Total current assets	**127,773**	**135,816**	**118,553**
Total assets	**189,359**	**197,017**	**180,626**

EQUITY AND LIABILITIES

KEUR	Feb. 29, 2016	Feb. 28, 2015	Nov. 30, 2015
A. Equity			
I. Subscribed capital	43,200	43,200	43,200
II. Capital reserve	15,024	15,024	15,024
III. Retained earnings	48,265	52,819	44,765
IV. Equity difference from currency translation	-849	1,336	-128
Equity attributable to shareholders of Ahlers AG	**105,640**	**112,379**	**102,861**
V. Non-controlling interest	2,395	2,370	2,416
Total equity	**108,035**	**114,749**	**105,277**
B. Non-current liabilities			
I. Pension provisions	4,495	4,807	4,560
II. Other provisions	532	466	520
III. Financial liabilities			
1. Other financial liabilities	22,512	21,676	23,912
2. Non-controlling interests in partnerships	1,269	1,272	1,241
	23,781	**22,948**	**25,153**
IV. Other liabilities	22	24	22
V. Deferred tax liabilities	2,476	3,555	2,636
Total non-current liabilities	**31,306**	**31,800**	**32,891**
C. Current liabilities			
I. Current income tax liabilities	1,525	1,774	818
II. Other provisions	2,967	3,373	2,938
III. Financial liabilities	18,021	23,087	5,875
IV. Trade payables	14,793	11,287	20,628
V. Other liabilites			
1. Liabilities to affiliates	230	76	2,093
2. Other liabilities	12,482	10,871	10,106
	12,712	**10,947**	**12,199**
Total current liabilities	**50,018**	**50,468**	**42,458**
Total liabilities	**81,324**	**82,268**	**75,349**
Total equity and liabilities	**189,359**	**197,017**	**180,626**

Consolidated income statement for Q1 of 2015/16

KEUR	Q1 2015/16	Q1 2014/15
1. Sales	66,225	67,738
2. Change in inventories of finished goods and work in progress	520	-207
3. Other operating income	665	599
4. Cost of materials	-32,546	-32,126
5. Personnel expenses	-13,008	-13,564
6. Other operating expenses	-15,460	-15,979
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-1,261	-1,336
8. Interest and similar income	29	26
9. Interest and similar expenses	-194	-192
10. Pre-tax profit	**4,970**	**4,959**
11. Income taxes	-1,447	-1,496
12. Consolidated net income for the period	**3,523**	**3,463**
13. of which attributable to:		
- Shareholders of Ahlers AG	3,501	3,410
- Non-controlling interest	22	53
Earnings per share (EUR)		
- common shares	0.23	0.23
- preferred shares	0.28	0.28

Consolidated statement of other comprehensive income for Q1 of 2015/16

KEUR	Q1 2015/16	Q1 2014/15
12. Consolidated net income for the period	**3,523**	**3,463**
Not to be reclassified to profit and loss		
14. Actuarial gains/losses on defined benefit pension plans	-	-
To be reclassified to profit and loss		
15. Net result from cash flow hedges	-399	481
16. Currency translation differences	-323	555
17. Other changes	-42	-22
18. Other comprehensive income after taxes	**-764**	**1,014**
19. Comprehensive income	**2,759**	**4,477**
20. of which attributable to:		
- Shareholders of Ahlers AG	2,779	4,446
- Non-controlling interest	-20	31

Consolidated cash flow statement

for Q1 of 2015/16

KEUR	Q1 2015/16	Q1 2014/15
Consolidated net income for the period	3,523	3,463
Income taxes	1,447	1,496
Interest income / Interest expenses	165	165
Depreciation and amortisation	1,261	1,336
Gains / losses from the disposals of non-current assets (net)	-1	75
Increase / decrease in inventories and other current and non-current assets	-7,880	-4,305
Change in non-current provisions	-54	-85
Change in non-controlling interests in partnerships and other non-current liabilities	28	37
Change in current provisions	29	-407
Change in other current liabilities	-5,395	-11,786
Income taxes paid	-859	-434
Income taxes received	27	23
Cash flow from operating activities	**-7,709**	**-10,422**
Cash receipts from disposals of items of property, plant, and equipment	184	55
Payments for investment in property, plant, and equipment	-775	-1,166
Payments for investment in intangible assets	-291	-213
Interest received	29	26
Cash flow from investing activities	**-853**	**-1,298**
Repayment of non-current financial liabilities	-1,525	-1,537
Interest paid	-136	-137
Cash flow from financing activities	**-1,661**	**-1,674**
Net change in liquid funds	-10,223	-13,394
Effects of changes in the scope of exchange rates	-350	101
Liquid funds as of December 1	4,404	1,631
Liquid funds as of February 29 (previous year Feb. 28)	**-6,169**	**-11,662**

Consolidated statement of changes in equity

as of February 29, 2016 (previous year as of February 28, 2015)

	Equity attributable to shareholders of Ahlers AG						Non-controlling interest			
	Subscribed capital									
KEUR	Common shares	Preferred shares	Capital-reserve	Retained earnings	Equity diff. from currency translation	**Total Group holdings**	Capital	Accumulated other com-prehensive income	**Total non-controlling interest**	**Total equity**
Balance as of Dec. 1, 2014	**24,000**	**19,200**	**15,024**	**49,409**	**300**	**107,933**	**1,454**	**884**	**2,338**	**110,271**
Total net income for the period				3,410	1,036	4,446		32	32	4,478
Dividends paid				0		0				0
Balance as of Feb. 28, 2015	**24,000**	**19,200**	**15,024**	**52,819**	**1,336**	**112,379**	**1,454**	**916**	**2,370**	**114,749**
Balance as of Dec. 1, 2015	**24,000**	**19,200**	**15,024**	**44,765**	**-128**	**102,861**	**1,454**	**962**	**2,416**	**105,277**
Total net income for the period				3,500	-721	2,779		-21	-21	2,758
Dividends paid				0		0				0
Balance as of Feb. 29, 2016	**24,000**	**19,200**	**15,024**	**48,265**	**-849**	**105,640**	**1,454**	**941**	**2,395**	**108,035**

Group segment informations

as of February 29, 2016 (previous year as of February 28, 2015)

by business segment	Premium Brands		Jeans, Casual & Workwear		Others		Total	
KEUR	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**	**2014/15**
Sales	45,067	45,800	21,049	21,867	109	71	66,225	67,738
Intersegment sales	-	-	-	-	-	-	-	-
Segment result	3,310	4,273	1,661	687	-1	-1	4,970	4,959
thereof								
Depreciation and amortisation	835	850	421	481	5	5	1,261	1,336
Other non-cash items	269	115	580	398	-	-	849	513
Interest income	21	18	8	8	-	-	29	26
Interest expense	132	131	62	61	0	0	194	192
Net assets	125,742	128,655	42,789	47,582	18,319	18,408	186,850	194,645
Capital expenditure	688	976	378	403	0	0	1,066	1,379
Liabilities	52,632	49,824	24,537	26,733	10	9	77,179	76,566

by geographic region	Premium Brands		Jeans, Casual & Workwear		Others		Total	
KEUR	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**	**2014/15**
Germany								
Sales	21,434	22,617	13,013	13,761	109	71	34,556	36,449
Net assets	92,753	94,581	26,091	28,954	18,303	18,392	137,147	141,927
Western Europe								
Sales	14,153	14,814	6,281	6,474	-	-	20,434	21,288
Net assets	11,928	12,792	11,651	13,374	-	-	23,579	26,166
Central/ Eastern Europe/ Other								
Sales	9,480	8,369	1,755	1,632	-	-	11,235	10,001
Net assets	21,061	21,282	5,047	5,254	16	16	26,124	26,552

8. NOTES TO THE FINANCIAL STATEMENTS

Accounting and valuation principles

The interim financial statements for the first three months of fiscal 2015/16 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee‘s interpretations of the IFRS (IFRIC). They comply in particular with the provisions of IAS 34 – Interim financial reporting.

The accounting and valuation principles and principles of consolidation are consistent with those applied in the preparation of the consolidated financial statements as of November 30, 2015. A detailed explanation of these principles has been published in the notes to the consolidated financial statements of the 2014/15 Annual Report. Differences merely result from the first-time adoption of DRS 21 – Cash Flow Statement. The prior year figures have been restated accordingly.

The interim report is prepared in euros and all figures are given in thousands of euros (KEUR). Due to the fact that the report is prepared in EUR thousands, rounding differences can arise, since computations of individual items are based on figures in euros.

Earnings per share

Earnings per share are defined as net income (attributable to the shareholders of the Ahlers AG) divided by the weighted average number of shares outstanding during the reporting period. No shares existed either as of February 29, 2016, or February 28, 2015 that would have a diluting effect on earnings per share.

Contingent liabilities

Contingent liabilities have not changed materially since the last balance sheet date on November 30, 2015.

Segment reporting

The Ahlers Group defines its reporting segments by the type of products. This primarily reflects the internal reporting system as well as the internal decision-making processes.

As announced in the Annual Report for 2014/15, the “Men’s & Sportswear” segment and the “Jeans & Workwear” segment have been merged into a new “Jeans, Casual & Workwear” segment as of the fiscal year 2015/16. The prior year figures have been restated accordingly. In the future there are two reporting segments, i.e. Premium Brands and Jeans, Casual & Workwear. Expenses for central functions are charged to the segments with due consideration to the arm’s length principle and based on actual usage. Due to the different positioning of the segments, no inter-segment revenues are generated. Where a clear allocation of assets and liabilities is not possible, these are allocated using appropriate distribution ratios. The segment result is the result before taxes, as income taxes are not segmented due to the central management. For the same reason, assets and liabilities do not include deferred or current tax assets and liabilities. This means that the total assets stated in the balance sheet (EUR 189,359 thousand) result from the assets as derived from the segment information (EUR 186,850 thousand) plus deferred tax assets and current income tax assets (EUR 2,509 thousand). Accordingly, the liabilities stated in the balance sheet (EUR 81,324 thousand) result from the liabilities as derived from the segment information (EUR 77,179 thousand) plus deferred tax liabilities and current income tax liabilities (EUR 4,001 thousand) as well as leasing liabilities (EUR 144 thousand).

The Group segment information by geographic regions reflects the main output markets of the Ahlers Group.

The valuation principles for the segment report are the same as for the consolidated financial statements.

Herford, April 2016

The Management Board

Forward-looking statements

This report contains forward-looking statements, which are subject to a number of uncertainties that could cause actual results to differ materially from expectations of future developments should one or more of these uncertainties, whether specified or not, materialise or if any assumptions underlying the statements above prove to be incorrect.

Financial calendar

Dates

Interim report Q1 2015/16	April 12, 2016
Analysts‘ conference in Frankfurt am Main	April 13, 2016
Annual Shareholders’ Meeting in Düsseldorf	May 3, 2016
Half-year report 2015/16	July 14, 2016
Interim report Q3 2015/16	October 12, 2016
Analysts‘ conference in Frankfurt am Main	October 13, 2016

Ahlers AG

- was established by Adolf Ahlers in 1919 and listed as a joint stock corporation in 1987
- is family-run in the third generation by Dr. Stella A. Ahlers
- is one of the biggest listed European manufacturers of menswear
- produces fashion under various brands, tailored to its respective target groups
- generates over 65 percent of its sales revenues from premium brands
- manufactures one third of the production volume in its own factories
- produces 8,000,000 fashion items per year
- employs some 2,000 people
- generates approx. 12 percent of its sales revenues from its own Retail activities

The brands

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