



**AHLERS AG, HERFORD**  
Half Year Report 2013/14



# AHLERS AG

HALF YEAR REPORT 2013/14

(December 1, 2013 to May 31, 2014)

## BUSINESS PERFORMANCE IN THE FIRST SIX MONTHS OF FISCAL 2013/14

### H1 2013/14 - Highlights

- Sales revenues up by a strong 7.6 percent in H1 2013/14.
- Double-digit growth of 14 percent in the Jeans & Workwear segment.
- Sales growth of 7.6 percent in the Premium segment.
- Notable improvement in EBIT and consolidated net income.
- Management Board decides to continue Gin Tonic and close the Sindelfingen branch.
- Consolidated net income for 2013/14 expected to come in at prior year level.

## 1. BUSINESS AND GENERAL CONDITIONS

The forecasts of most economic institutes project an economic recovery in Europe for 2014. Eurozone GDP (= gross domestic product) is expected to grow by a moderate 1.0 percent (previous year: -0.4 percent). Most EMU countries should post low growth rates between 0 and 1.5 percent, while Germany's GDP should pick up more strongly by an expected 2.0 percent. In spite of this growth, unemployment in the eurozone will decline only moderately, thus remaining the dominating political problem and an obstacle to prospering private consumption. Foreign exchange influences and sanctions resulting from the Ukraine crisis have unpleasant consequences for Russia, and have pushed the growth forecast for Russia's GDP to 1.0 percent. By contrast, the economies in Poland, the Czech Republic and Hungary are showing more positive growth rates of 2.5 to 3.5 percent after a weak 2013 (all forecasts: Commerzbank Research June 2014).

Although unemployment in Europe remains a burden, the prospects of a moderate increase in private consumption are good. Germany's GfK consumer confidence index has stayed at a high level throughout the year to date and picked up even further in July 2014. In spite of this and the low base from 2013, the German clothing retail sector grew by only 1 percent between January and May 2014 (source: Textilwirtschaft 23-2014). Including the declining figures of December 2013, sales revenues even stagnated. Clothing retail sales in European countries outside Germany have presumably increased slightly altogether.

## 2. EARNINGS, FINANCIAL AND NET WORTH POSITION

### Sales up by 5.1 percent in Q2

Following the strong 9.3 percent increase in the first three months of 2013/14, the Ahlers Group posted a high growth rate of 5.1 percent also in the second quarter of 2013/14. Total sales revenues for the first six months increased by 7.6 percent to EUR 123.9 million (previous year: EUR 115.2 million).

Sales revenues in the traditionally dynamic Premium segment were in line with the general growth trend, increasing by 7.6 percent to EUR 79.1 million (previous year: EUR 73.5 million). This represents an unchanged 64 percent of total sales revenues. All Premium brands, i.e. Baldessarini, Pierre Cardin and Otto Kern, grew strongly, with Baldessarini even posting a double-digit growth rate.

Sales in the Jeans & Workwear segment picked up 14 percent in the reporting period, with workwear and the Pioneer Jeans brands showing particularly strong growth. As a result, the Jeans & Workwear segment's contribution to total sales revenues increased from 26 percent to 28 percent.

The Men's & Sportswear segment accounted for only 8 percent (previous year: 10 percent) of total sales revenues. The decline is due to the discontinuation of Retail activities, which shaved EUR 1.2 million or 11 percent off the segment's revenues. The continued Wholesale operations of the Jupiter and Gin Tonic brands grew moderately in the reporting period.

### Sales by segments

in EUR million	H1 2013/14	H1 2012/13	Change in %
Premium Brands*	79.1	73.5	7.6
Jeans & Workwear	34.8	30.5	14.1
Men's & Sportswear	10.0	11.2	-10.7
<b>Total</b>	<b>123.9</b>	<b>115.2</b>	<b>7.6</b>

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

### Growing sales revenues in own Retail segment and e-commerce

Retail revenues increased by 1.8 percent due to the opening of Pierre Cardin stores and in spite of the declines posted by Gin Tonic. Like-for-like sales increased by 5.3 percent in the first half of 2013/14. The e-commerce business grew dynamically, with sales revenues soaring by 50 percent from a low base. Due to the fact that Wholesale revenues increased more strongly than Retail revenues in the reporting period, the Retail segment's relative share in total revenues declined moderately from 11.3 percent to 10.7 percent.

### EBIT before special effects

in EUR million	H1 2013/4	H1 2012/13	Change in %
Premium Brands	2.7	2.0	35.0
Jeans & Workwear	2.8	2.0	40.0
Men's & Sportswear	-2.4	-2.9	17.2
<b>Total</b>	<b>3.1</b>	<b>1.1</b>	<b>181.8</b>

## EARNINGS POSITION

### Strong growth at all earnings levels

As a result of the strong increase in sales revenues, gross profit also picked up by a strong 5.6 percent or EUR 3.2 million. The decline in the gross profit margin by 0.9 percent points is mainly attributable to higher revenues in the winter sale months and higher consignment stocks, which were valued lower at the end of May 2014. The difference in the gross profit margin should diminish and approach the prior year level as the year progresses.

Operating expenses, which comprise personnel and other expenses as well as depreciation/amortisation, increased by 2.1 percent or EUR 1.2 million, i.e. at a much lower rate than sales revenues and EBIT. Accordingly, EBIT before special effects increased by a high EUR 2.0 million or 182 percent. The rise in operating expenses was primarily due to revenue-related expenses as well as higher trade fair and e-commerce costs.

In the previous year, positive and negative special effects balanced each other out and there were non-recurrent positive influences on the financial result and tax expenses. In the reporting year 2013/14 to date financial expenses, income taxes, and extraordinary expenses, e.g. for severance pay, have been at a normal level. Due to the positive influences in the previous year, earnings before and after taxes increased somewhat more moderately than EBIT before special effects. Both results nevertheless rose by high percentage rates. Earnings before taxes climbed 156 percent to EUR 2.3 million (previous year: EUR 0.9 million), while consolidated net income grew by 70 percent to EUR 1.7 million (previous year: EUR 1.0 million).

### Earnings Position

in EUR million	H1 2013/14	H1 2012/13	Change in %
<b>Sales</b>	<b>123.9</b>	<b>115.2</b>	<b>7.6</b>
Gross profit	60.8	57.6	5.6
in % of sales	49.1	50.0	
Personnel expenses*	-26.5	-26.2	-1.1
Balance of other expenses/income*	-28.6	-27.7	-3.2
<b>EBITDA*</b>	<b>5.7</b>	<b>3.7</b>	<b>54.1</b>
Depreciation and amortisation	-2.6	-2.6	0.0
<b>EBIT*</b>	<b>3.1</b>	<b>1.1</b>	<b>181.8</b>
Special effects	-0.4	0.0	
Financial result	-0.4	-0.2	-100.0
<b>Pre-tax profit</b>	<b>2.3</b>	<b>0.9</b>	<b>155.6</b>
Income taxes	-0.6	0.1	n.a.
<b>Net income</b>	<b>1.7</b>	<b>1.0</b>	<b>70.0</b>

\* before special effects

## FINANCIAL AND NET WORTH POSITION

### Equity ratio stays at solid 60 percent

The balance sheet for the period ended May 31, 2014 again posted a solid equity ratio of 60 percent (previous year: 61 percent). Both equity, at EUR 105.0 million (previous year: EUR 105.5 million), and total assets, at EUR 176.3 million (previous year: EUR 174.6 million), were largely unchanged compared to the prior year period.

Inventories and receivables as well as trade liabilities exceed the prior year level due to the business growth. By contrast, fixed assets declined moderately, partly offsetting the increase in current assets.

### Good cash flow development in H1 2013/14

In the first six months of the year, operating cash flow increased sharply from EUR -1.8 million to EUR +5.6 million. On the one hand, this was due to the improved consolidated net income. On the other hand, inventories were reduced in H1 2013/14, compared to an increase in inventories in the first six months of the previous fiscal year. Free cash flow also benefited from the fact that net investments, at EUR 2.3 million, remained below the prior year level (EUR 3.0 million).

### Key management and financial indicators

		H1 2013/14	H1 2012/13
Sales	in EUR million	123.9	115.2
Gross margin	in %	49.1	50.0
EBITDA*	in EUR million	5.7	3.7
EBIT*	in EUR million	3.1	1.1
EBIT margin*	in %	2.5	1.0
Net income	in EUR million	1.7	1.0
Profit margin before taxes	in %	1.9	0.7
Profit margin after taxes	in %	1.4	0.9
Earnings per share			
common shares	in EUR	0.09	0.04
preferred shares	in EUR	0.14	0.09
Net Working Capital**	in EUR million	90.8	83.7
Equity ratio	in %	59.5	60.4
Employees		2,235	2,203

\* before special effects

\*\* inventories, trade receivables and trade payables

### 3. POST BALANCE SHEET EVENTS

After the end of the first six months, it was decided to relocate Gin Tonic from Sindelfingen to Herford with effect from June 30, 2015. This will entail material restructuring expenses. The effects on the result for the year are described in the “Forecast” chapter.

No further events of special significance for the Ahlers Group occurred prior to the publication of the present half year 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 2012/13 consolidated financial statements remain valid.

### 5. EMPLOYEES

As of May 31, 2014, Ahlers employed 2,235 people, 32 more than one year ago (previous year: 2,203). The increase was due to the recruitment of 35 employees for our plant in Sri Lanka. Ahlers' German headcount of 642 people remained unchanged from the previous year.

### 6. PERFORMANCE OF THE AHLERS SHARES

On May 30, 2014, Ahlers shares traded at EUR 10.65 (common share) and EUR 10.86 (preferred share), up 1.4 percent and 3.9 percent, respectively, on the share price quoted on May 31, 2013. Including the dividend paid out in May 2014, the share prices were up by 5.7 percent and 8.7 percent, respectively, on the previous year.

Since the end of the last fiscal year, the share prices, including the dividend, have moderately lost in value. The prices of the common shares and the preferred shares were down by 2.9 percent and 3.7 percent, respectively, on the prices quoted on November 30, 2013.

## 7. FORECAST REPORT

### **Retail sales for the 2014 winter season expected to remain stable at least**

The Management Board projects slightly growing, but at least stable sales for Europe's clothing retail sector. This expectation is based on the assumption that no fundamental change in current developments occurs and the present moderate GDP growth continues. The relatively weak winter season 2013 also suggests that sales should pick up. This means that the moderately positive environment of the first six months should remain intact also in the second half of the year.

### **Growing revenues and rising EBIT before special effects expected in H2 2014**

Ahlers' pre-sales for the 2014 autumn/winter season clearly exceed the prior year level. In addition to rising pre-order sales, the Management Board expects higher stock business and Retail sales, which means that total sales revenues for the full year should grow by 5 to 6 percent. At the same time, the Management Board confirmed the projected strong increase in EBIT before special effects.

### **Result for the year 2013/14 expected to remain stable in spite of high extraordinary expenses**

The Management Board and the Supervisory Board jointly decided to continue Gin Tonic on a permanent basis at the Herford headquarters, which is why the Sindelfingen branch will be closed. This will entail significant extraordinary expenses. From today's point of view, the Management Board expects consolidated net income to come in at about the prior year level (2012/13: EUR 5.6 million).

The relocation will clearly improve the results of Gin Tonic and, hence, also the Group's total result as of the fiscal year 2014/15. The Management Board of Ahlers AG projects a positive cash flow trend for the fiscal year 2013/14, which should allow the company to pay out a satisfactory dividend.





# Consolidated balance sheet as of May 31, 2014

## ASSETS

KEUR	May 31, 2014	May 31, 2013	Nov. 30, 2013
<b>A. Non-current assets</b>			
I. Property, plant and equipment			
1. Land, land rights and buildings	15,497	16,404	15,507
2. Technical equipment and machines	1,172	1,201	969
3. Other equipment, plant and office equipment	10,625	10,391	11,184
4. Payments on account and plant under construction	74	340	24
	<b>27,368</b>	<b>28,336</b>	<b>27,684</b>
II. Intangible assets			
Industrial property rights and similar rights and assets	11,564	11,886	11,728
III. At-equity investments	211	211	211
IV. Other non-current assets			
1. Other financial assets	1,030	1,573	1,550
2. Other assets	19,925	19,736	19,609
	<b>20,955</b>	<b>21,309</b>	<b>21,159</b>
V. Deferred tax assets	1,319	1,062	1,432
<b>Total non-current assets</b>	<b>61,417</b>	<b>62,804</b>	<b>62,214</b>
<b>B. Current assets</b>			
I. Inventories			
1. Raw materials and consumables	26,668	25,570	24,896
2. Work in progress	403	395	367
3. Finished goods and merchandise	46,151	40,350	50,421
	<b>73,222</b>	<b>66,315</b>	<b>75,684</b>
II. Trade receivables	29,424	27,729	33,875
III. Other current assets			
1. Other financial assets	253	1,048	14
2. Receivables from affiliates	0	451	149
3. Current income tax claims	1,237	3,658	2,759
4. Other assets	3,211	3,411	3,825
	<b>4,701</b>	<b>8,568</b>	<b>6,747</b>
IV. Cash and cash equivalents	7,507	9,176	3,928
<b>Total current assets</b>	<b>114,854</b>	<b>111,788</b>	<b>120,234</b>
<b>Total assets</b>	<b>176,271</b>	<b>174,592</b>	<b>182,448</b>

## EQUITY AND LIABILITIES

KEUR	May 31, 2014	May 31, 2013	Nov. 30, 2013
<b>A. Equity</b>			
I. Subscribed capital	43,200	43,200	43,200
II. Capital reserve	15,024	15,024	15,024
III. Retained earnings	45,492	46,030	50,472
IV. Equity difference from currency translation	-1,032	-830	-1,605
<b>Equity attributable to shareholders of Ahlers AG</b>	<b>102,684</b>	<b>103,424</b>	<b>107,091</b>
V. Non-controlling interest	2,275	2,114	2,249
<b>Total equity</b>	<b>104,959</b>	<b>105,538</b>	<b>109,340</b>
<b>B. Non-current liabilities</b>			
I. Pension provisions	4,529	4,949	4,642
II. Other provisions	326	277	363
III. Financial liabilities			
1. Other financial liabilities	22,343	20,343	24,171
2. Non-controlling interests in partnerships	1,305	1,267	1,229
	<b>23,648</b>	<b>21,610</b>	<b>25,400</b>
IV. Other liabilities	25	26	25
V. Deferred tax liabilities	2,571	2,397	2,455
<b>Total non-current liabilities</b>	<b>31,099</b>	<b>29,259</b>	<b>32,885</b>
<b>C. Current liabilities</b>			
I. Current income tax liabilities	309	236	279
II. Other provisions	2,933	3,247	2,901
III. Financial liabilities	14,711	16,835	6,409
IV. Trade payables	11,889	10,382	17,907
V. Other liabilities			
1. Liabilities to affiliates	229	43	1,872
2. Other liabilities	10,142	9,052	10,855
	<b>10,371</b>	<b>9,095</b>	<b>12,727</b>
<b>Total current liabilities</b>	<b>40,213</b>	<b>39,795</b>	<b>40,223</b>
<b>Total liabilities</b>	<b>71,312</b>	<b>69,054</b>	<b>73,108</b>
<b>Total equity and liabilities</b>	<b>176,271</b>	<b>174,592</b>	<b>182,448</b>

# Consolidated income statement

for the first half year 2013/14

KEUR	H1 2013/14	H1 2012/13
1. Sales	123,921	115,230
2. Change in inventories of finished goods and work in progress	-4,504	-2,018
3. Other operating income	1,507	2,002
4. Cost of materials	-58,665	-55,569
5. Personnel expenses	-26,775	-26,259
6. Other operating expenses	-30,187	-29,642
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-2,513	-2,658
8. Interest and similar income	54	220
9. Interest and similar expenses	-499	-452
<b>10. Pre-tax profit</b>	<b>2,339</b>	<b>854</b>
11. Income taxes	-653	139
<b>12. Consolidated net income for the period</b>	<b>1,686</b>	<b>993</b>
13. of which attributable to:		
- Shareholders of Ahlers AG	1,523	862
- Non-controlling interest	163	131
<b>Earnings per share (EUR)</b>		
- common shares	0.09	0.04
- preferred shares	0.14	0.09

# Consolidated statement of comprehensive income

for the first half year 2013/14

KEUR	H1 2013/14	H1 2012/13
<b>12. Consolidated net income for the period</b>	<b>1,686</b>	<b>993</b>
<b>Not to be reclassified to profit and loss</b>		
14. Actuarial gains/losses on defined benefit pension plans	-	-
<b>To be reclassified to profit and loss</b>		
15. Net result from cash flow hedges	358	521
16. Currency translation differences	215	-211
17. Other changes	-138	-107
<b>18. Other comprehensive income after taxes</b>	<b>435</b>	<b>203</b>
<b>19. Comprehensive income</b>	<b>2,121</b>	<b>1,196</b>
20. of which attributable to:		
- Shareholders of Ahlers AG	2,096	1,172
- Non-controlling interest	25	24

# Consolidated income statement

for Q2 of 2013/14

KEUR	Q2 2013/14	Q2 2012/13
1. Sales	50,953	48,461
2. Change in inventories of finished goods and work in progress	-3,881	-3,155
3. Other operating income	969	850
4. Cost of materials	-24,127	-22,520
5. Personnel expenses	-13,279	-13,208
6. Other operating expenses	-13,816	-14,223
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-1,248	-1,317
8. Interest and similar income	34	56
9. Interest and similar expenses	-244	-231
<b>10. Pre-tax profit</b>	<b>-4,639</b>	<b>-5,287</b>
11. Income taxes	1,432	1,694
<b>12. Consolidated net income for the period</b>	<b>-3,207</b>	<b>-3,593</b>
13. of which attributable to:		
- Shareholders of Ahlers AG	-3,301	-3,668
- Non-controlling interest	94	75
<b>Earnings per share (EUR)</b>		
- common shares	-0.24	-0.27
- preferred shares	-0.24	-0.27

# Consolidated statement of comprehensive income

for Q2 of 2013/14

KEUR	Q2 2013/14	Q2 2012/13
<b>12. Consolidated net income for the period</b>	<b>-3,207</b>	<b>-3,593</b>
<b>Not to be reclassified to profit and loss</b>		
14. Actuarial gains/losses on defined benefit pension plans	-	-
<b>To be reclassified to profit and loss</b>		
15. Net result from cash flow hedges	479	248
16. Currency translation differences	124	-195
17. Other changes	-79	-78
<b>18. Other comprehensive income after taxes</b>	<b>524</b>	<b>-25</b>
<b>19. Comprehensive income</b>	<b>-2,683</b>	<b>-3,618</b>
20. of which attributable to:		
- Shareholders of Ahlers AG	-2,697	-3,616
- Non-controlling interest	14	-2

# Consolidated cash flow statement

for the first half year 2013/14

KEUR	H1 2013/14	H1 2012/13
Consolidated net income for the period	1,686	993
Income taxes	653	-139
Interest income / Interest expenses	445	232
Depreciation and amortisation	2,513	2,658
Gains / losses from the disposals of non-current assets (net)	-17	71
Change in inventories and other current and non-current assets	8,196	4,692
Change in non-current provisions	-149	-287
Change in non-controlling interests in partnerships and other non-current liabilities	76	42
Change in current provisions	32	-122
Change in other current liabilities	-8,502	-8,840
Interest paid	-403	-402
Interest received	54	220
Income taxes paid	-1,318	-2,546
Income taxes received	2,294	1,653
<b>Cash flow from operating activities</b>	<b>5,560</b>	<b>-1,775</b>
Cash receipts from disposals of items of property, plant, and equipment	60	114
Payments for investment in property, plant, and equipment	-1,974	-2,412
Payments for investment in intangible assets	-76	-168
Payments for investment in other non-current assets	-317	-513
<b>Cash flow from investing activities</b>	<b>-2,307</b>	<b>-2,979</b>
Dividend payments	-6,502	-8,555
Repayment of non-current financial liabilities	-2,078	-1,948
<b>Cash flow from financing activities</b>	<b>-8,580</b>	<b>-10,503</b>
<b>Net change in liquid funds</b>	<b>-5,327</b>	<b>-15,257</b>
Effects of changes in the scope of exchange rates	38	-191
Liquid funds as of December 1	2,669	11,783
<b>Liquid funds as of May 31</b>	<b>-2,620</b>	<b>-3,665</b>

# Consolidated statement of changes in equity

as of May 31, 2014 (previous year as of May 31, 2013)

KEUR	Equity attributable to shareholders of Ahlers AG						Non-controlling interest			Total equity	
	Common shares	Preferred shares	Capital-reserve	Retained earnings	Equity diff. from currency translation	Total Group holdings	Capital	Accumulated other comprehensive income	Total non-controlling interest		
	Subscribed capital										
<b>Balance as of Dec. 1, 2012</b>	<b>24,000</b>	<b>19,200</b>	<b>15,024</b>	<b>53,724</b>	<b>-1,140</b>	<b>110,808</b>	<b>1,454</b>	<b>635</b>	<b>2,089</b>	<b>112,897</b>	
Total net income for the period				861	310	1,171		25	25	1,196	
Dividends paid				-8,555		-8,555				-8,555	
<b>Balance as of May 31, 2013</b>	<b>24,000</b>	<b>19,200</b>	<b>15,024</b>	<b>46,030</b>	<b>-830</b>	<b>103,424</b>	<b>1,454</b>	<b>660</b>	<b>2,114</b>	<b>105,538</b>	
<b>Balance as of Dec. 1, 2013</b>	<b>24,000</b>	<b>19,200</b>	<b>15,024</b>	<b>50,472</b>	<b>-1,605</b>	<b>107,091</b>	<b>1,454</b>	<b>795</b>	<b>2,249</b>	<b>109,340</b>	
Total net income for the period				1,522	573	2,095		26	26	2,121	
Dividends paid				-6,502		-6,502				-6,502	
<b>Balance as of May 31, 2014</b>	<b>24,000</b>	<b>19,200</b>	<b>15,024</b>	<b>45,492</b>	<b>-1,032</b>	<b>102,684</b>	<b>1,454</b>	<b>821</b>	<b>2,275</b>	<b>104,959</b>	

# Group segment informations

as of May 31, 2014 (previous year as of May 31, 2013)

by business segment	Premium Brands		Jeans & Workwear		Men's & Sportswear		Others		Total	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
KEUR										
<b>Sales</b>	78,919	73,422	34,838	30,449	10,010	11,236	154	123	123,921	115,230
<b>Intersegment sales</b>	-	-	-	-	-	-	-	-	-	-
<b>Segment result</b>	2,287	1,543	2,472	1,845	-2,418	-2,529	-2	-5	2,339	854
thereof										
Depreciation and amortisation	1,521	1,535	675	712	307	387	10	24	2,513	2,658
Other non-cash items	1,874	1,238	826	603	191	107	-	-	2,891	1,948
Interest income	39	148	12	52	3	20	-	-	54	220
Interest expense	326	299	136	114	37	39	0	0	499	452
<b>Net assets</b>	108,684	103,522	30,171	31,073	14,340	14,645	20,520	20,631	173,715	169,871
<b>Capital expenditure</b>	1,473	1,833	475	478	102	269	317	513	2,367	3,093
<b>Liabilities</b>	43,756	42,067	17,870	16,964	6,231	7,265	6	15	67,863	66,311

by geographic region	Premium Brands		Jeans & Workwear		Men's & Sportswear		Others		Total	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
KEUR										
<b>Germany</b>										
Sales	37,180	33,939	25,648	21,787	4,911	5,401	154	123	67,893	61,250
Net assets	81,581	76,683	17,996	16,043	10,298	10,046	20,507	20,618	130,382	123,390
<b>Western Europe</b>										
Sales	22,013	19,237	6,820	6,161	3,716	4,234	-	-	32,549	29,632
Net assets	7,453	7,381	7,992	10,934	3,173	3,601	-	-	18,618	21,916
<b>Central/ Eastern Europe/ Other</b>										
Sales	19,726	20,246	2,370	2,501	1,383	1,601	-	-	23,479	24,348
Net assets	19,650	19,458	4,183	4,096	869	998	13	13	24,715	24,565



## 8. NOTES TO THE FINANCIAL STATEMENTS

### Accounting and valuation principles

The interim financial statements for the first six months of fiscal 2013/14 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, 2013. A detailed explanation of these principles has been published in the notes to the consolidated financial statements of the 2012/13 Annual Report.

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 May 31, 2014, or May 31, 2013 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, 2013.

### 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.

The Group's reporting segments are Premium Brands, Jeans & Workwear and Men's & Sportswear. 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 positionings 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 176,271 thousand) result from the assets as derived from the segment information (EUR 173,715 thousand) plus deferred tax assets and current income tax assets (EUR 2,556 thousand). Accordingly, the liabilities stated in the balance sheet (EUR 71,312 thousand) result from the liabilities as derived from the segment information (EUR 67,863 thousand) plus deferred tax liabilities and current income tax liabilities (EUR 2,880 thousand) as well as leasing liabilities (EUR 569 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.

## 9. OTHER INFORMATION

### **Responsibility statement**

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group in accordance with German accepted accounting principles, and the interim management report of the group 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 for the remaining months of the financial year.

Herford, July 2014

The Management Board

### **Review pursuant to section 37w para. 5 of the German Securities Trading Act (WpHG)**

The abridged financial statements and the interim report have neither been reviewed by an auditor nor been audited in accordance with section 317 of the German Commercial Code (HBG).

### **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 the assumptions underlying the statements above prove to be incorrect.

# Financial calendar

## DATES

Half Year report 2013/14	July 15, 2014
Interim report Q3 2013/14	October 14, 2014
Analysts' conference in Frankfurt am Main	October 21, 2014
German Equity Forum in Frankfurt am Main	November 26, 2014
Annual Shareholders' Meeting in Düsseldorf	May 7, 2015

If you have any questions regarding  
this interim report, please contact:

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ISIN DE0005009708 and DE0005009732

# 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 eight brands, tailored to its respective target groups
- generates approximately 65 percent of its sales from premium brands
- produces 8,000,000 items per year
- manufactures one third of the production volume in its own factories
- employs approximately 2,200 people

## The brands

