



**AHLERS AG, HERFORD**  
Half Year Report 2009/10



# AHLERS AG

## HALF YEAR REPORT 2009/10

(December 1, 2009 to May 31, 2010)

### BUSINESS PERFORMANCE IN THE FIRST SIX MONTHS OF FISCAL 2009/10

#### H1 2009/10 - HIGHLIGHTS

- Earnings position improves significantly in H1
- Operating result/EBIT up to EUR 4.5 million (previous year: EUR 0.8 million)
- Premium segment grows by 2.9 percent
- Premium brands account for 51.5 percent of total sales, up from 48.4 percent in the previous year
- Stable to moderately higher sales projected for the second half of the year
- Equity ratio rises to 61 percent

#### 1. BUSINESS AND GENERAL CONDITIONS

The world economy continued to improve slowly in the second quarter of the fiscal year 2009/10, with GDP growing moderately in Germany and its direct European neighbours. Unemployment in these countries has increased only very little, which has stabilised private consumption.

The debt problems besetting nearly all government budgets, the nervous, strongly fluctuating foreign exchange and commodity markets and disagreement about the regulation of the banking sector continue to give cause for concern. This notwithstanding, the consumption climate remains moderately positive and first-half sales in the clothing retail sector were more or less on a par with the previous year.

Especially in those markets that have been hit hard by the crisis such as Italy, Greece, the UK, Spain and the Baltic States, the situation is easing only slowly. The Russian luxury segment remains weak, while the medium-price segment is recovering.

#### 2. EARNINGS, FINANCIAL AND NET WORTH POSITION

##### Moderate cyclically-induced decline in sales in H1 2009/10

In the first half of the year, sales revenues of menswear manufacturer Ahlers declined by a moderate 3.4 percent to EUR 118.8 million (previous year: EUR 123.0 million). The growing Retail activities and rising revenues in the premium segment had a positive impact on sales. The decline in sales was due to the fact that business relations with German customers

showing poor payment behaviour were discontinued as well as to the declining premium price business in Russia. A low-margin business unit was discontinued.

### Sales by segments

in EUR million	H1 2009/10	H1 2008/09	Change in %
Premium Brands*	61.2	59.5	2.9
Jeans & Workwear	30.6	32.0	-4.4
Men's & Sportswear	27.0	31.5	-14.3
<b>Total</b>	<b>118.8</b>	<b>123.0</b>	<b>-3.4</b>

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

### EBIT before special effects

in EUR million	H1 2009/10	H1 2008/09	Change in %
Premium Brands	3.7	0.4	>100
Jeans & Workwear	2.7	2.5	8.0
Men's & Sportswear	-1.2	-1.9	36.8
<b>Total</b>	<b>5.2</b>	<b>1.0</b>	<b>&gt;100</b>

### Rising sales in the premium segment

Growing by 2.9 percent to EUR 61.2 million, the premium brands showed a positive trend. The segment's share in total sales increased from 48.4 percent to 51.5 percent, mainly driven by growing sales at Pierre Cardin. Business in the Jeans & Workwear segment stabilised, with sales declining by 4.4 percent to EUR 30.6 million in the first six months, compared to a double-digit decline in the first quarter. Intra-seasonal business in the Jeans & Workwear segment picked up noticeably in the second quarter, resulting in an increase by 4.2 percent. Business in the Men's & Sportswear segment remained weak (-14.3 percent), with Jupiter suffering a sharp drop in sales. The brand Gin Tonic reported stable sales in the first half of the year. As the jeans and Retail activities are expanded, sales of Gin Tonic are expected to grow markedly in future.

## Earnings Position

in EUR million	H1 2009/10	H1 2008/09	Change in %
<b>Sales</b>	<b>118.8</b>	<b>123.0</b>	<b>-3.4</b>
Gross profit	58.1	57.0	1.9
in % of sales	48.9	46.3	
Personnel expenses	-24.6	-26.7	7.9
Balance of other expenses/income*	-25.7	-26.5	3.0
<b>EBITDA*</b>	<b>7.8</b>	<b>3.8</b>	<b>&gt;100</b>
Depreciation and amortisation	-2.6	-2.8	7.1
<b>EBIT*</b>	<b>5.2</b>	<b>1.0</b>	<b>&gt;100</b>
Special effects	-0.7	-0.2	
<b>EBIT after special effects</b>	<b>4.5</b>	<b>0.8</b>	<b>&gt;100</b>
Net interest expense	-0.6	-0.7	14.3
Income taxes	-1.5	0.1	n.a.
<b>Net income for the period</b>	<b>2.4</b>	<b>0.2</b>	<b>&gt;100</b>

\* before special effects

## EARNINGS POSITION

### Significantly improved results

In the first six months of the fiscal year 2009/10, the earnings position of the Ahlers Group improved markedly. The menswear manufacturer reported much better figures than in the previous year at all earnings levels and in all segments. Earnings after taxes and interest amounted to EUR 2.4 million (previous year: EUR 0.2 million).

There were two reasons for the positive earnings trend. On the one hand, the gross profit margin increased by 2.6 percentage points to 48.9 percent of sales, due to the consistent optimisation of the production facilities. The gross profit is rising by EUR 1.1 million in absolute terms. On the other hand, operating expenses declined by EUR 3.1 million or EUR 5.5 percent as a result of the previous years' cost saving programme. Between them, these two factors led to an increase of EBIT before special effects by EUR 4.2 million to EUR 5.2 million (previous year: EUR 1.0 million).

In the two six-month periods of 2009 and 2010, shifts in exchange rates resulted in special effects of EUR -0.2 million. In the first half of 2009/10, the sale of a property below book value led to a result of EUR -0.5 million. This transaction was not tax-deductible and therefore increased the average tax ratio.

Group profit after taxes thus increased by EUR 2.2 million to EUR 2.4 million (previous year: EUR 0.2 million) due to lower cost of materials and operating expenses and in spite of the higher special effects.

This half-year report contains a consolidated statement of comprehensive income (page 12), which shows the additional impact of amounts recorded in equity on comprehensive income besides Group net income. This statement of comprehensive income primarily reflects the effects of currency fluctuations in both periods. On the one hand, currency hedges for procurement processes in USD and foreign currencies received from international activities increased equity by EUR 2.0 million in the current fiscal year, compared to a

reduction by EUR 1.1 million in the previous year. On the other hand, the depreciation of the Polish zloty in the previous year resulted in book losses of EUR 3.0 million due to exchange differences, which have now been reversed on account of the currency's recovery (+EUR 1.0 million).

#### Key management and financial indicators

		H1 2009/10	H1 2008/09
Sales	in EUR million	118.8	123.0
Gross margin	in %	48.9	46.3
EBITDA*	in EUR million	7.8	3.8
EBIT*	in EUR million	5.2	1.0
EBIT margin*	in %	4.4	0.8
Net income for the period	in EUR million	2.4	0.2
Profit margin	before taxes	3.3	0.1
	after taxes	2.0	0.2
Earnings per share	in EUR	0.17	0.02
Net Working Capital**	in EUR million	80.5	85.7
Equity ratio	in %	61.3	55.4

\* before special effects

\*\* Inventories, trade receivables and trade payables

## FINANCIAL AND NET WORTH POSITION

### Equity ratio exceeds 60 percent

The solid balance sheet of the Ahlers Group was strengthened even further as of May 31, 2010. The equity ratio rose to 61.3 percent, up from 55.4 percent at the prior-year reporting date.

This was primarily attributable to the growing equity base and to the reduced total assets. Equity increased as a result of the improved earnings position and the positive exchange rate influences, which are shown in the statement of comprehensive income. Thanks to successful inventory and receivables management, the working capital tie-up declined by EUR 4.8 million. Total assets decreased by another EUR 2.7 million because of the utilisation of tax loss carryforwards.

### Strong increase in cash flow

The combination of a good result and a reduced capital tie-up in inventories and receivables also contributed to the strong increase in cash flow from operating activities from EUR -1.4 million in the previous year to EUR 4.0 million. At the same time, capital expenditure declined from EUR 3.3 million to EUR 1.7 million due to the non-recurrence of the previous year's significant investments in the expansion of the Sri Lankan production facility. This led to a decline in cash flow from investing activities. For the remaining six months of the fiscal year 2009/10, management projects a similar investment volume as in the same period of the previous year (EUR 3.0 million).

### 3. POST BALANCE SHEET EVENTS

No events of special significance occurred between the end of the first half year 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 2008/09 consolidated financial statements remain valid.

### 5. EMPLOYEES

As of May 31, 2010, the Ahlers Group employed 2,179 people (May 31, 2009: 2,079). The increase by 100 employees is attributable to two opposite trends. On the one hand, staff numbers in Germany and Poland declined from 694 to 617 and from 598 to 564, respectively, as a result of the cost-cutting programmes of the previous years. At the same time, the headcount of the Sri Lankan production facility increased by 168 to a total of 772 people and 50 more people were employed in the European Retail segment.

### 6. PERFORMANCE OF THE AHLERS SHARES

On May 31, 2010, Ahlers shares were trading at EUR 7.40 (common share) and EUR 7.30 (preferred share), which was 2 percent and 19 percent, respectively, above the previous year's level. Including the dividend, which was paid out in May 2010, the share prices were up by as much as 6 percent and 25 percent, respectively, on the previous year.

Since the end of the past fiscal year on November 30, 2009, Ahlers shares have gained 6 percent and 7 percent, respectively, taking the dividend payment into account.

## 7. FORECAST REPORT

### Economic recovery expected to continue

The Management Board expects the moderate economic recovery to continue in the remaining six months of the fiscal year. Sales revenues of the German clothing retail sectors are primarily influenced by the consumption climate, the jobless rate and the disposable incomes. From today's point of view, we expect all these factors to remain stable. At an international level, we expect a moderate recovery in the stable countries but economic performance will, at best, remain on par with present levels in the countries which have been hit hard by the crisis such as Italy, Greece, the UK, Spain and the Baltic states.

Our business projections assume that consumers' consumption behaviour and retailers' payment behaviour will not be influenced by a stronger economic downturn, which is unlikely from today's point of view.

### Stable to moderately higher sales projected for the second half of the year

Based on good pre-orders for the autumn/winter season and growing retail sales, the management of Ahlers AG projects stable to moderately higher sales for the second half of 2009/10.

### Growing result targeted for full year 2009/10

We should be able to boost our earnings also in the second half of the year and further increase the profit realised in the first six months. Personnel and operating expenses will not decline further in the second half of the year, whereas gross profit should make additional contributions to earnings. A clearly increased profit should allow for a higher dividend payout as well.

The transfer of the Jupiter shirts business to Jupiter Shirt GmbH, in which Ahlers AG holds 49 percent, is proceeding according to plan. The spin-off should have hardly any impact on the current fiscal year, as the operations will be fully transferred to the new company on October 1, 2010, i.e. shortly before the end of the fiscal year. After completion of the present half-year report, a social plan was agreed with the staff councils in order to adjust the headcount to the new requirements following the spin-off of the shirts business. The expenses of EUR 0.3 million resulting from the social plan are within the limits of the financial assumptions for the current fiscal year.

### Financial and net worth position remains sound

The sound financial situation of the Ahlers Group should not change materially by the end of the fiscal year 2009/10. Investments should not exceed depreciation. Management will also aim to avoid an increase in net working capital. At the bottom line, the equity ratio and the financing structure should remain largely unchanged until the end of the year.





# Consolidated balance sheet

as of May 31, 2010

## ASSETS

KEUR	May 31, 2010	May 31, 2009	Nov. 30, 2009
<b>A. Non-current assets</b>			
I. Property, plant and equipment			
1. Land, land rights and buildings	18,529	19,965	19,872
2. Technical equipment and machines	1,965	1,724	1,642
3. Other equipment, plant and office equipment	12,216	11,642	13,063
4. Payments on account and plant under construction	163	441	96
	<b>32,873</b>	<b>33,772</b>	<b>34,673</b>
II. Intangible assets			
1. Industrial property rights and similar rights and assets	12,564	12,894	12,625
2. Payments on account	-	-	-
	<b>12,564</b>	<b>12,894</b>	<b>12,625</b>
III. At-equity investments	211	-	-
IV. Other non-current assets			
1. Other financial assets	914	888	1,094
2. Other assets	18,273	18,178	18,177
	<b>19,187</b>	<b>19,066</b>	<b>19,271</b>
V. Deferred tax assets	2,350	5,077	2,694
<b>Total non-current assets</b>	<b>67,185</b>	<b>70,809</b>	<b>69,263</b>
<b>B. Current assets</b>			
I. Inventories			
1. Raw materials and consumables	21,115	20,696	18,913
2. Work in progress	289	236	229
3. Finished goods and merchandise	32,881	34,207	36,655
	<b>54,285</b>	<b>55,139</b>	<b>55,797</b>
II. Trade receivables	35,056	38,998	40,240
III. Other current assets			
1. Other financial assets	2,974	582	591
2. Receivables from affiliates	1,231	28	825
3. Current income tax claims	3,382	4,120	3,679
4. Other assets	4,222	6,179	4,666
	<b>11,809</b>	<b>10,909</b>	<b>9,761</b>
IV. Cash and cash equivalents	11,326	11,244	14,013
<b>Total current assets</b>	<b>112,476</b>	<b>116,290</b>	<b>119,811</b>
<b>Total assets</b>	<b>179,661</b>	<b>187,099</b>	<b>189,074</b>

## EQUITY AND LIABILITIES

KEUR	May 31, 2010	May 31, 2009	Nov. 30, 2009
<b>A. Equity</b>			
I. Subscribed capital	43,200	43,200	43,200
II. Own shares	-5,040	-4,955	-5,040
III. Capital reserve	15,024	15,024	15,024
IV. Retained earnings	54,096	51,718	56,121
V. Currency translation adjustments	697	-3,359	-2,270
<b>Equity attributable to shareholders of Ahlers AG</b>	<b>107,977</b>	<b>101,628</b>	<b>107,035</b>
VI. Non-controlling interest	2,108	2,095	2,129
<b>Total equity</b>	<b>110,085</b>	<b>103,723</b>	<b>109,164</b>
<b>B. Non-current liabilities</b>			
I. Pension provisions	5,148	5,293	5,108
II. Other provisions	1,908	3,983	1,693
III. Financial liabilities			
1. Other financial liabilities	22,760	14,985	23,064
2. Non-controlling interests in partnerships	1,254	1,217	1,201
	<b>24,014</b>	<b>16,202</b>	<b>24,265</b>
IV. Trade payables	1,758	1,556	1,659
V. Other liabilities	35	42	35
VI. Deferred tax liabilities	2,031	2,258	1,351
<b>Total non-current liabilities</b>	<b>34,894</b>	<b>29,334</b>	<b>34,111</b>
<b>C. Current liabilities</b>			
I. Current income tax liabilities	3,152	1,782	3,119
II. Other provisions	2,929	4,201	4,147
III. Financial liabilities	8,518	27,698	12,364
IV. Trade payables	8,794	8,413	13,323
V. Other liabilities			
1. Liabilities to affiliates	855	1,717	2,328
2. Other liabilities	10,434	10,231	10,518
	<b>11,289</b>	<b>11,948</b>	<b>12,846</b>
<b>Total current liabilities</b>	<b>34,682</b>	<b>54,042</b>	<b>45,799</b>
<b>Total liabilities</b>	<b>69,576</b>	<b>83,376</b>	<b>79,910</b>
<b>Total equity and liabilities</b>	<b>179,661</b>	<b>187,099</b>	<b>189,074</b>

# Consolidated income statement

for H1 of 2009/10

KEUR	H1 2009/10	H1 2008/09
1. Sales	118,838	122,993
2. Change in inventories of finished goods and work in progress	-3,517	-5,067
3. Other operating income	1,612	1,335
4. Cost of materials	-57,200	-60,971
5. Personnel expenses	-24,609	-26,671
6. Other operating expenses	-27,968	-28,054
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-2,643	-2,732
8. Interest and similar income	106	380
9. Interest and similar expenses	-719	-1,125
<b>10. Pre-tax profit</b>	<b>3,900</b>	<b>88</b>
11. Income taxes	-1,490	152
<b>12. Net income for the period</b>	<b>2,410</b>	<b>240</b>
13. of which attributable to:		
- Shareholders of Ahlers AG	2,384	232
- Non-controlling interest	26	8
<b>Earnings per share (EUR)</b>	<b>0.17</b>	<b>0.02</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KEUR	H1 2009/10	H1 2008/09
<b>12. Consolidated net income</b>	<b>2,410</b>	<b>240</b>
14. Net result from cash flow hedges	2,005	-1,107
15. Currency translation differences	962	-3,034
16. Other changes	-47	-33
<b>17. Other comprehensive income after taxes</b>	<b>2,920</b>	<b>-4,174</b>
<b>18. Comprehensive income</b>	<b>5,330</b>	<b>-3,934</b>
19. of which attributable to:		
- Shareholders of Ahlers AG	5,351	3,909
- Non-controlling interest	-21	-25

# Consolidated income statement

for the second quarter of 2009/10

KEUR	Q2 2009/10	Q2 2008/09
1. Sales	51,746	53,361
2. Change in inventories of finished goods and work in progress	-3,588	-5,624
3. Other operating income	1,042	720
4. Cost of materials	-23,738	-23,391
5. Personnel expenses	-12,194	-12,859
6. Other operating expenses	-14,007	-13,473
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-1,328	-1,370
8. Interest and similar income	54	70
9. Interest and similar expenses	-359	-373
<b>10. Pre-tax profit</b>	<b>-2,372</b>	<b>-2,939</b>
11. Income taxes	357	1,056
<b>12. Net income for the period</b>	<b>-2,015</b>	<b>-1,883</b>
13. of which attributable to:		
- Shareholders of Ahlers AG	-2,035	-1,893
- Non-controlling interest	20	10
<b>Earnings per share (EUR)</b>	<b>-0.15</b>	<b>-0.13</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KEUR	Q2 2009/10	Q2 2008/09
<b>12. Consolidated net income</b>	<b>-2,015</b>	<b>-1,883</b>
14. Net result from cash flow hedges	857	-785
15. Currency translation differences	52	37
16. Other changes	-37	-4
<b>17. Other comprehensive income after taxes</b>	<b>872</b>	<b>-752</b>
<b>18. Comprehensive income</b>	<b>-1,143</b>	<b>-2,635</b>
19. of which attributable to:		
- Shareholders of Ahlers AG	-1,127	-2,640
- Non-controlling interest	-16	5

# Consolidated cash flow statement

for H1 of 2009/10

KEUR	H1 2009/10	H1 2008/09
Net income for the period	2,410	240
Income taxes	1,490	-152
Interest income / Interest expenses	614	745
Depreciation and amortisation	2,643	2,732
Gains / losses from the disposals of non-current assets (net)	534	-242
Increase / decrease in inventories and other current and non-current assets	4,446	12,424
Change in non-current provisions	255	214
Change in minority interests in partnerships and other non-current liabilities	152	45
Change in current provisions	-1,218	-2,569
Increase / decrease in other current liabilities	-5,934	-12,880
Interest paid	-473	-872
Interest received	106	380
Income taxes paid	-1,874	-2,098
Income taxes received	849	675
<b>Cash flow from operating activities</b>	<b>4,000</b>	<b>-1,358</b>
Cash receipts from disposals of items of property, plant, and equipment	931	860
Cash receipts from disposals of intangible assets	-	4
Payments for investment in property, plant, and equipment	-1,720	-3,303
Payments for investment in intangible assets	-63	-344
Payments for acquisition of an At-equity investment	-211	-
<b>Cash flow from investing activities</b>	<b>-1,063</b>	<b>-2,783</b>
Divident payments	-4,409	-9,271
Repurchase of own shares	-	-4,681
Payments to non-controlling shareholders from capital decrease	-	-2,499
Repayment of non-current financial liabilities	-304	-149
<b>Cash flow from financing activities</b>	<b>-4,713</b>	<b>-16,600</b>
Net change in liquid funds	-1,776	-20,741
Effects of changes in the scope of consolidation and exchange rates	2,456	-3,208
Liquid funds as of December 1	3,102	8,921
<b>Liquid funds as of May 31</b>	<b>3,782</b>	<b>-15,028</b>



# Consolidated statement of changes in equity

as of May 31, 2010 (previous year as of May 31, 2009)

## Equity attributable to shareholders of Ahlers AG

KEUR	Subscribed capital			
	Common shares	Preferred shares	Own shares	Capital- reserve
<b>Balance as of Dec. 1, 2008</b>	<b>24,000</b>	<b>19,200</b>	<b>-274</b>	<b>15,024</b>
<b>Total net income for the period</b>				
Dividends paid				
Share repurchase			-4,680	
<b>Balance as of May 31, 2009</b>	<b>24,000</b>	<b>19,200</b>	<b>-4,954</b>	<b>15,024</b>
<b>Balance as of Dec. 1, 2009</b>	<b>24,000</b>	<b>19,200</b>	<b>-5,040</b>	<b>15,024</b>
<b>Total net income for the period</b>				
Dividends paid				
Share repurchase				
<b>Balance as of May 31, 2010</b>	<b>24,000</b>	<b>19,200</b>	<b>-5,040</b>	<b>15,024</b>



Retained earnings	Adjustment item for currency translation	Total Group holdings	Non-controlling interest	Total Equity
<b>60,756</b>	<b>782</b>	<b>119,488</b>	<b>2,120</b>	<b>121,608</b>
<b>232</b>	<b>-4,141</b>	<b>-3,909</b>	<b>-25</b>	<b>-3,934</b>
-9,271		-9,271		-9,271
		-4,680		-4,680
<b>51,717</b>	<b>-3,359</b>	<b>101,628</b>	<b>2,095</b>	<b>103,723</b>
<b>56,121</b>	<b>-2,270</b>	<b>107,035</b>	<b>2,129</b>	<b>109,164</b>
<b>2,384</b>	<b>2,967</b>	<b>5,351</b>	<b>-21</b>	<b>5,330</b>
-4,409		-4,409		-4,409
		0		0
<b>54,096</b>	<b>697</b>	<b>107,977</b>	<b>2,108</b>	<b>110,085</b>

# Group segment reporting

as of May 31, 2010 (previous year as of May 31, 2009)

## by business segment

KEUR	Premium Brands		Jeans & Workwear		Men's & Sportswear	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
<b>Sales</b>	61,066	59,384	30,637	31,967	27,027	31,533
<b>Intersegment sales</b>	-	-	-	-	-	-
<b>Segment result</b>	2,995	135	2,561	2,627	-1,648	-2,654
thereof						
Depreciation and amortisation	1,286	1,144	566	622	781	955
Other non-cash items	194	215	119	133	56	70
Interest income	62	186	17	101	27	93
Interest expense	400	499	113	191	206	435
<b>Net assets</b>	89,091	90,775	29,277	27,681	36,648	40,567
<b>Capital expenditure</b>	1,084	1,500	393	727	306	1,421
<b>Liabilities</b>	31,551	39,356	12,911	15,422	18,198	23,717

## by geographic region

KEUR	Premium Brands		Jeans & Workwear		Men's & Sportswear	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
<b>Germany</b>						
Sales	28,379	27,387	20,908	22,136	13,634	16,547
Assets	57,860	59,438	13,020	12,433	25,056	26,096
<b>Western Europe</b>						
Sales	18,319	16,927	6,757	6,986	9,553	10,253
Assets	7,938	7,198	10,524	9,209	7,026	7,409
<b>Central/Eastern Europe/Other</b>						
Sales	14,368	15,070	2,972	2,845	3,840	4,733
Assets	23,293	24,139	5,733	6,039	4,566	7,063

Miscellaneous		Reconciliation		Total	
2009/10	2008/09	2009/10	2008/09	2009/10	2007/08
108	109	-	-	118,838	122,993
-	-	-	-	-	-
-8	-20	-	-	3,900	88
10	11	-	-	2,643	2,732
-	-	-	-	369	418
-	-	-	-	106	380
-	-	-	-	719	1,125
18,914	18,879	-	-	173,930	177,902
98	0	-	-	1,881	3,648
868	749	-	-	63,528	79,244

Miscellaneous		Reconciliation		Total	
2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
108	109	-	-	63,029	66,179
18,899	18,824	-	-	114,835	116,791
-	-	-	-	34,629	34,166
-	-	-	-	25,488	23,816
-	-	-	-	21,180	22,648
15	54	-	-	33,607	37,295

## 8. NOTES TO THE FINANCIAL STATEMENTS

### Accounting and valuation principles

The interim financial statements for the first six months of fiscal 2009/10 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). The interim statements for the first six months of fiscal 2008/09 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, 2009. A detailed explanation of these principles has been published in the notes to the consolidated financial statements of the 2008/09 Annual Report.

The changes to the presentation of the financial statements pursuant to IAS 1 "Presentation of Financial Statements" (2007), which the Ahlers Group is obliged to apply with effect from the current fiscal year, were implemented with effect from December 1, 2009. Pursuant to IAS 1.81(b), comprehensive income is shown in two statements, i.e. a separate income statement and a statement of comprehensive income. The first-time application had no effect on the interim financial statements

The half year 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.

### Own shares

During the first six months of the current financial year, Ahlers AG did not buy back any own shares. Accordingly, the number of own shares held by Ahlers AG remained unchanged from November 30, 2009, which means that the Company held 399,686 common shares and 318,794 preferred shares, i.e. a total of 718,480 own shares, as of May 31, 2010. These represent 5.0 percent (rounded up) of the total share capital.

### 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, 2010, or May 31, 2009, 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, 2009.

### Segment reporting

With effect from the beginning of the fiscal year 2009/10, the segment report is prepared in accordance with IFRS 8 "Operating Segments" (2006), which is now compulsory for the Ahlers Group. As in the past, 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. Application of this standard did not entail any changes as compared to the previous year.

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.

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, 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 2010

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 (HGB).

### 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

Interim report Q2 2009/10	July 14, 2010
Interim report Q3 2009/10	October 7, 2010
Analysts' conference in Frankfurt/Main	October 26, 2010
German Equity Forum in Frankfurt/Main	November 22, 2010
Annual Shareholders' Meeting in Düsseldorf	May 4, 2011

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

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ISIN DE0005009708 and DE0005009732

# AHLERS AG

- produces menswear under several brands, tailored to its respective target groups
- is one of the biggest European manufacturers of menswear
- family-run in the third generation by Dr. Stella A. Ahlers
- was established by Adolf Ahlers in 1919 and listed as a joint stock corporation in 1987
- employs approximately 2,200 people
- generates 50 percent of its sales from premium brands
- produces 10 million fashion items per year

## Die Marken

*Baldessarini*  
BALDESSARINI

  
pierre cardin

  
OTTO KERN

**PIONEER**<sup>®</sup>  
AUTHENTIC JEANS

**GIN TONIC**<sup>®</sup>

**GIN FIZZ**<sup>®</sup>  
— WOMAN —

  
PIONIER<sup>®</sup>  
JEANS & CASUALS

JUPITER<sup>®</sup> 

**Pionier**<sup>®</sup>  
workwear

Ahlers AG, Herford

ISIN DE0005009708 and DE0005009732