



AHLERS AG

INTERIM REPORT Q1 2007/08

(December 1, 2007 to February 29, 2008)

BUSINESS DEVELOPMENT IN THE FIRST THREE MONTHS OF FISCAL 2007/08

1. BUSINESS AND GENERAL CONDITIONS

Current economic data on unemployment, manufacturing output and gross national product (GNP) released in early 2008 reflect positive overall trends in Germany and the other western European countries. However, leading indicators such as consumer confidence, growth forecasts and stock market indices rather point to an economic weakening which could impact consumer spending.

Thus, German clothing sales during the first two months of the year 2008 were approximately at the previous year's level. The pre-Christmas 2007 business was rather disappointing and March 2008 sales came in weaker as well. This means that growth can only be driven by Eastern Europe and foreign markets further afield. The German clothing industry which booked its orders for the first half of 2008 already in the second half of 2007 reported 4.6 percent growth in its order volume, reflecting only slightly higher domestic figures as well as growing international volume, particularly in Eastern Europe, the Middle East and the Far East.

2. EARNINGS, FINANCIAL AND NET WORTH POSITION

Sales development: 14 percent sales growth reflecting improved order situation and earlier shipment of spring orders

This industry average was clearly exceeded by the Ahlers Group whose sales grew by 14 percent during the first quarter of 2007/08. For one thing, our incoming orders were higher than the industry average. For another, we were able to ship our spring orders considerably earlier. All told, sales came in at EUR 71.3 million compared to EUR 62.4 million in the prior year (EUR +8.9 million). Ahlers outperformed the industry average in particular with regard to the domestic growth rate of 12 percent and the expansion of the international business by 16 percent.

The most significant sales growth was achieved in the premium segment which grew by +29 percent or EUR +7.6 million, with pierre cardin, Baldessarini and Otto Kern all exhibiting substantial growth rates. A +12 percent expansion illustrates the highly positive development of the jeans and workwear segment. The strongest growth within this segment was recorded by Pionier Workwear which grew by +17 percent. The only slight decline was noted in the men's and sportswear area where sales were down 3 percent or EUR 0.6 million. While Gin Tonic posted slight growth, Jupiter sales declined.

A positive development is also evident in the gross margin which, at 47.1 percent of sales, improved by 0.5 percent on the previous year's 46.6 percent. An important driving factor in this context was the softness in the US dollar which resulted in lower purchasing costs. In addition, the improved margin reflects the effect of the earlier shipments which resulted in a higher share of pre-order merchandise in total sales compared to the end-of-season sales in December.

While personnel expenses did not rise as fast as sales and profits, they still grew by a sizeable 8 percent. A part of the higher expenses was due to wage increases in the Polish factories and the currency appreciation of the Polish Zloty. Personnel expenses were additionally augmented by hiring in the retail area. Net other operating income and expenses, and depreciation and amortisation grew at a slower rate of + 4 percent. This rise reflects the higher commissions payable and licenses on the higher sales volume as well as the building up of Ahlers' own retail outlets. This was partly offset by positive exchange rate differentials from the consolidation which were negative in the previous year.

Earnings position: EBIT tripled, net income up 35 percent

The strong sales growth, the increased gross profit margin and the slower advance of the operating expenses combined to push EBIT from EUR 1.4 million to EUR 4.3 million, an improvement by more than 200 percent. The EBIT margin advanced from 2.3 percent to 6.0 percent.

Following the sale of eterna and before the special dividend payout in May 2007, the Ahlers Group held a high net liquidity and consequently reported a positive financial result of EUR 0.3 million. Following the dividend payout and due to the maintenance of a liquidity reserve for acquisitions, expenses will again be incurred in 2008. In addition, the staggered payment of the purchase price for Baldessarini led to a non-cash financial result of EUR -0.1 million, resulting in total financial expenses of EUR -0.4 million. Ahlers' pre-tax profit therefore came to EUR 3.9 million compared to EUR 1.8 million in the prior year (+117 percent).

In the 2007/08 reporting period, the Ahlers Group's tax ratio was back to a more "normal" level of 30.5 percent compared to the previous year when the capitalisation of a tax refund claim under the German SStEG Act resulted in tax credits despite the positive pre-tax result.

Following these effects Ahlers generated a net income of EUR 2.7 million in the first quarter of 2007/08 compared to EUR 2.0 million in the same period of the prior year (+35 percent).

KEY MANAGEMENT AND FINANCIAL INDICATORS

in EUR million	Q1 2007/08	Q1 2006/07	Change in %
Sales	71.3	62.4	14.3
Germany	37.3	33.2	12.3
Abroad	34.0	29.2	16.4
Gross profit	33.6	29.1	15.5
as a percentage of sales	47.1	46.6	
EBITDA	5.5	2.6	111.5
EBIT	4.3	1.4	207.1
Net income for the period	2.7	2.0	35.0
Earnings per share (in EUR)	0.19	0.14	
Working Capital	100.8	86.4	16.7
Equity ratio (in %)	51.8	66.9	

Financial and net worth position: Solid equity ratio of 52 percent remains unchanged

Even after the high special dividend paid out in May 2007 the Ahlers Group remains solidly financed with an equity ratio of 52 percent and net liquidity of EUR 7.4 million (previous year: 67 percent; EUR 62.8 million).

In mid-2007 the company started to lift inventory levels with a view to improving product availability; first-quarter sales reflect the success of this measure. As a result inventories grew faster than sales during the reporting period, expanding by 20 percent. In contrast, trade receivables grew at a rate of 11 percent, which was slower than sales (+14 percent). Aggregate working capital increased by 17 percent from EUR 86.4 million to EUR 100.8 million.

3. POST BALANCE SHEET EVENTS

No events of special significance occurred between the close of the first quarter and preparation of the interim report of Ahlers AG.

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 2006/07 consolidated financial statements remain valid.

5. EMPLOYEES

60 jobs created in Germany

On February 29, 2008, the Ahlers Group's headcount comprised 2,974 employees, up by 85 compared to the same point in time one year earlier (+3 percent). In Germany, 60 new jobs were created mainly in the retail and sales areas. Due to the high wage rises in Poland local production was scaled back and the headcount was reduced by 94 people. These capacities were added to our own factory in Sri Lanka (+106 employees).

6. DEVELOPMENT OF AHLERS SHARES

On February 29, 2008, Ahlers shares were trading at EUR 10.30 (common share) and EUR 10.18 (preferred share). At the end of February 2008, the share prices were down 36 percent and 38 percent, respectively, on the prices recorded one year earlier (EUR 16.05 and EUR 16.48). Factoring in the special dividend of EUR 2.95 and EUR 3.00, respectively, the share price declined by 21 percent and 24 percent, respectively.

7. FORECAST REPORT

Future economic conditions

As already pointed out above, the economic environment in Western Europe is becoming slightly clouded and private consumption is expected to weaken compared to the prior year. Having expanded by 1 percent in the previous year, German retail sales in the current year are expected to remain flat at best. In our estimation, the rest of Western Europe is bound to see another slight contraction as in the previous year. Strong growth is anticipated in the Eastern European markets where ongoing industrialisation continues to generate incremental GNP and purchasing power growth.

Profitability outlook: Sales and EBIT to grow

Our Annual Report (from page 44) published recently contained an in-depth discussion of the company's profitability outlook for the financial year 2007 and beyond. For the full year 2007/08 we expect a similar sales growth as in the previous year (2006/07 +5.7 percent, EUR 259.9 million), an increase in EBIT in excess of sales growth (2006/07 EUR 12.0 million) and net income at approximately the previous year's level (2006/07 EUR 9.7 million). The Managing Board maintains this guidance also after the first quarter of 2007/08. The half-year figures will show slower sales growth, given that part of the first-quarter growth was due to earlier product shipments.

In view of the challenging economic situation retailers are placing their spring orders a little later this year. This still makes it difficult to offer accurate forecasts for the second half of 2007/08. However, we anticipate to report single-digit growth figures also for the second half of the year.

Financial and net worth position remain solid

From today's point of view nothing points to a material change in the Group's solid financial position. The Group should be able to finance its slightly increased investments in fixed assets from its cash flow. Current asset growth should slow down clearly and become further aligned with sales growth.

The company remains on the lookout for further acquisitions which fit in with the Ahlers brand portfolio and are suitable to support the Group's sales and profit growth particularly at the international level.

Consolidated balance sheet

as of February 29, 2008

Assets			
in KEUR	Feb. 29, 2008	Feb. 28, 2007	Nov. 30, 2007
A. Non-current assets			
I. Property, plant and equipment			
1. Land, land rights and buildings	21,200	22,054	21,554
2. Technical equipment and machines	1,897	1,420	1,819
3. Other equipment, plant and office management	11,953	9,508	11,255
4. Payments on account and plant under construction	138	261	209
	35,188	33,243	34,837
II. Intangible assets			
1. Industrial property rights and similar rights and assets	12,048	11,904	11,762
2. Payments on account	10	100	10
	12,058	12,004	11,772
III. Payments on account			
1. Other loans	768	456	588
2. Other financial assets	132	121	139
3. Other assets	18,163	16,210	17,611
	19,063	16,787	18,338
IV. Deferred tax assets	2,898	2,347	2,503
Total non-current assets	69,207	64,381	67,450
B. Current assets			
I. Inventories			
1. Raw materials and consumables	17,391	16,993	22,341
2. Work in progress	413	336	412
3. Finished goods and merchandise	40,753	31,298	37,959
	58,557	48,627	60,712
II. Trade receivables	53,656	48,523	44,850
III. Other current assets			
1. Other securities	564	569	556
2. Receivables from affiliates	43	25	24
3. Current income tax claims	7,393	8,694	6,917
4. Other assets	7,622	5,465	6,896
	15,622	14,753	14,393
IV. Cash and cash equivalents	61,862	72,769	60,954
Total current assets	189,697	184,672	180,909
Total assets	258,904	249,053	248,359

Equity and liabilities

in KEUR

Feb. 29, 2008

Feb. 28, 2007

Nov. 30, 2007

A. Equity

I. Subscribed capital

43,200

43,200

43,200

II. Capital reserve

15,024

15,024

15,024

III. Retained earnings

73,928

106,390

71,313

IV. Currency translation adjustments

-217

-359

-506

Equity attributable to shareholders of Ahlers AG

131,935

164,255

129,031

V. Minority interests

2,260

2,338

2,192

Total equity

134,195

166,593

131,223

B. Non-current liabilities

I. Pension provisions

5,710

6,389

5,699

II. Other provisions

6,078

6,307

5,759

III. Financial liabilities

1. Other financial liabilities

16,928

19,261

17,119

2. Minority interests in partnerships

3,737

3,553

3,711

20,665

22,814

20,830

IV. Trade payables

1,308

1,183

1,257

V. Other liabilities

50

57

50

VI. Deferred tax liabilities

2,233

2,730

2,136

Total non-current liabilities

36,044

39,480

35,731

C. Current liabilities

I. Current income tax liabilities

1,233

2,073

861

II. Other provisions

3,100

3,031

2,347

III. Financial liabilities

56,296

10,979

44,173

IV. Trade payables

11,414

10,795

17,290

V. Other liabilities

1. Liabilities to affiliates

2,296

2,408

3,847

2. Other liabilities

14,326

13,694

12,887

16,622

16,102

16,734

Total current liabilities

88,665

42,980

81,405

Total liabilities

124,709

82,460

117,136

Total equity and liabilities

258,904

249,053

248,359

Consolidated income statement

for Q1 2007/08

in KEUR	Q1 2007/08	Q1 2006/07
1. Sales	71,254	62,382
2. Change in inventories of finished goods and work in progress	2,497	1,955
3. Other operating income	508	385
4. Cost of materials	-40,184	-35,260
5. Personnel expenses	-14,474	-13,390
6. Other operating expenses	-14,071	-13,509
7. Depreciation, amortisation and impairment losses on property, plant and equipment, intangible assets and other non-current assets	-1,262	-1,113
8. Interest and similar income	572	600
9. Interest and similar expenses	-951	-284
10. Pre-tax profit	3,889	1,766
11. Income taxes	-1,185	247
12. Net income for the period	2,704	2,013
13. of which attributable to:		
- Shareholders of Ahlers AG	2,615	1,980
- Minority interests	89	33
Earnings per share (in EUR)	0.19	0.14

Consolidated cash flow statement

for Q1 2007/08

in KEUR	Q1 2007/08	Q1 2006/07
Net income for the period	2,704	2,013
Depreciation, amortisation and impairment losses of non-current assets	1,262	1,113
Change in deferred taxes	-299	-93
Change in non-current provisions	330	-153
Change in minority interests in partnerships and other non-current liabilities	77	6
Change in other provisions	753	959
Gains/losses from the disposals of non-current assets (net)	-112	7
Increase in inventories and other current and non-current liabilities	-8,596	-8,477
Decrease in other current liabilities	-5,962	-12,547
Cash flow from operating activities	-9,843	-9,754
Cash receipts from disposals of items of property, plant, and equipment	631	22
Payments for investment in property, plant, and equipment	-1,923	-724
Payments for investment in intangible assets	-29	-76
Cash flow from investing activities	-1,321	-778
Repayment of non-current financial liabilities	-191	-36
Cash flow from financing activities	-191	-36
Net change in liquid funds	-11,355	-10,568
Effects of changes in exchange rates	-199	84
Liquid funds as of December 1	18,942	73,325
Liquid funds as of February 29 (previous year as of February 28)	7,388	62,841

COMPOSITION OF LIQUID FUNDS

in KEUR	Balance as of Feb. 29, 2008	Balance as of Nov. 30, 2007	Changes
Cash and cash equivalents	61,862	60,954	908
Other securities	564	556	8
Current financial liabilities	55,038	42,568	-12,470
	7,388	18,942	-11,554

Consolidated statement of changes in equity

as of Feb. 29, 2008 (previous year as of Feb. 28, 2007)

	Equity attributable to shareholders of Ahlers AG							
	Subscribed capital				Currency	Equity attributable to share- holders of	Minority	Total
in KEUR	Common shares	Preferred shares	Capital reserve	Retained earnings	translation adjustments	Ahlers AG	interests	equity
Balance as of Dec. 1, 2006	24,000	19,200	15,024	104,410	-239	162,395	2,333	164,728
Exchange differences					-120	-120		-120
Net income				1,980		1,980	33	2,013
Other changes							-28	-28
Total net income for the period				1,980	-120	1,860	5	1,865
Dividends paid						-	-	-
Balance as of Feb. 28, 2007	24,000	19,200	15,024	106,390	-359	164,255	2,338	166,593
Balance as of Dec. 1, 2007	24,000	19,200	15,024	71,313	-506	129,031	2,192	131,223
Exchange differences					289	289		289
Net income				2,615		2,615	89	2,704
Other changes							-21	-21
Total net income for the period				2,615	289	2,904	68	2,972
Dividends paid						-	-	-
Balance as of Feb. 29, 2008	24,000	19,200	15,024	73,928	-217	131,935	2,260	134,195

Group segment reporting

as of Feb. 29, 2008 (previous year as of Feb. 28, 2007),

by business segment

	premium brands		jeans & workwear		men's & sportswear		Miscellaneous		Total	
in KEUR	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Sales										
from third parties	33,532	25,945	18,578	16,631	19,077	19,711	67	95	71,254	62,382
of which Germany	14,923	12,240	12,656	11,651	9,616	9,248	67	95	37,262	33,234
of which abroad	18,609	13,705	5,922	4,980	9,461	10,463	-	-	33,992	29,148
Intersegment sales	-	-	-	-	-	-	-	-	-	-
Segment result	1,489	111	2,586	1,722	-179	-47	-7	-20	3,889	1,766
thereof										
depreciation and amortisation	577	480	272	308	405	322	8	3	1,262	1,113
other non-cash items	792	467	207	334	232	273	-	-	1,231	1,074
Interest income	278	244	146	235	148	122	-	-	572	601
Interest expense	522	122	121	45	308	117	-	-	951	284
Net assets	127,405	106,582	48,059	57,689	54,182	57,098	18,966	16,642	248,612	238,011
Capital expenditure	963	268	355	176	634	356	552	855	2,504	1,655
Liabilities	61,009	35,042	24,186	14,521	34,845	26,481	645	674	120,685	76,718

by geographic region

	premium brands		jeans & workwear		men's & sportswear		Miscellaneous		Total	
in KEUR	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Germany										
Sales	14,923	12,240	12,656	11,651	9,616	9,248	67	95	37,262	33,234
Net assets	85,961	80,435	33,509	38,009	37,761	41,821	18,853	16,514	176,084	176,779
Capital expenditure	625	133	237	95	410	220	552	855	1,824	1,303
Western Europe										
Sales	10,699	8,238	4,419	3,669	6,523	7,067	-	-	21,641	18,974
Net assets	9,638	8,461	10,339	8,654	6,053	6,457	-	-	26,030	23,572
Capital expenditure	137	24	62	30	192	88	-	-	391	142
Central/Eastern Europe/Other										
Sales	7,910	5,467	1,503	1,311	2,938	3,396	-	-	12,351	10,174
Net assets	31,806	17,686	4,211	11,026	10,368	8,820	113	128	46,498	37,660
Capital expenditure	201	111	56	51	32	48	-	-	289	210

8. NOTES TO THE FINANCIAL STATEMENTS

Accounting and valuation principles

The interim financial statements for the first three month of fiscal 2007/08 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 quarter of fiscal 2007/08 comply in particular with the provisions of IAS 34 Interim Financial Statements.

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, 2007. A detailed explanation of these principles has been published in the notes to the consolidated financial statements of the 2006/07 Annual Report.

This interim report for the first quarter ended February 29, 2008 has not been reviewed by an auditor.

The quarterly report is prepared in euros and all figures given in thousands of euros (KEUR). Due to the fact that the quarterly 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 is defined as net income for the period divided by the weighted average number of shares outstanding during the reporting period. No shares existed either as of February 29, 2008, or February 28, 2007, that would have a diluting effect on earnings per share.

Contingent liabilities

Contingent liabilities did not change materially since the last balance sheet date on November 30, 2007.

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 Q1 2007/08	April 14, 2008
DVFA analyst meeting in Frankfurt/Main	April 17, 2008
Annual Shareholders' Meeting in Düsseldorf	May 15, 2008
Interim report Q2 2007/08	July 15, 2008
Interim report Q3 2007/08	October 14, 2008

Herford, April 2008

The Management Board

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

AHLERS AG
INVESTOR RELATIONS
ELVERDISSER STR. 313
32052 HERFORD
GERMANY

TEL: +49 5221-979-202
FAX: +49 5221-71222

INVESTOR.RELATIONS@AHLERS-AG.COM
WWW.AHLERS-AG.COM

ISIN DE0005009708 and DE0005009732

AHLERS AG

- produces menswear under several brands, tailored to its respective target groups
- is one of the leading European menswear manufacturers
- 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 3,000 people
- generates 47 percent of its sales revenues in international markets
- produces approximately 12 million fashion items per year

The brands

Baldessarini
BALDESSARINI


pierre cardin

OTTO KERN
Never underdressed.


AUTHENTIC JEANS

PIONIER
SPORTIVE

Pionier
workwear

JUPITER 

GIN TONIC

GIN FIZZ
— WOMAN —