AHLERS AG, HERFORD

Interim report Q1 2008/09

AHLERS AG

INTERIM REPORT Q1 2008/09
(December 1, 2008 to February 28, 2009)

BUSINESS PERFORMANCE IN THE FIRST THREE MONTHS OF FISCAL 2008/09

1. BUSINESS AND GENERAL CONDITIONS

The financial crisis, which began in September 2008, has spread rapidly and has in the meantime reached most countries and industry sectors. According to available forecasts, GDP should fall in all output markets that are relevant for the Ahlers Group. Many sectors are seeing demand drop at double-digit rates and are beginning to cut jobs. Strong exchange rate fluctuations and adverse exchange rate movements are impacting on German exports.

In this unfriendly environment, consumer spending in Germany is still relatively stable, as households' disposable incomes have increased as a result of pay rises and moderate price increases. Retail sales in the German clothing sector were down by approx. 5 percent in the first three months of fiscal 2008/09. In Western and Eastern Europe, the decline has probably been somewhat higher.

The general slowdown in payments is a growing problem and bankruptcies in the retail sector have increased.

2. EARNINGS, FINANCIAL AND NET WORTH POSITION

Ahlers' sales almost stable in difficult environment
The Ahlers Group showed a sound performance in this difficult environment. Sales contracted by a moderate 2.4 percent to EUR 69.6 million (previous year: EUR 71.3 million). Adjusted for the effects of the weaker Eastern European currencies, they were down by only 1.4 percent.

Domestic sales of the Ahlers Group remained stable (+0.4 percent), which is positive against the background of a 5 percent fall in the market. Sales in Western Europe dropped by 3.9 percent. The 7.4 percent contraction in Eastern Europe is attributable in equal parts to currency effects and lower sales volumes.

Sales by segments

in EUR million	Q1 2008/09	Q1 2007/08	Change in %
Premium Brands*	35.3	33.6	5.1
Jeans & Workwear	17.5	18.6	-5.9
Men's & Sportswear	16.8	19.1	-12.0
Total	**69.6**	**71.3**	**-2.4**

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

EBIT before special effects

in EUR million	Q1 2008/09	Q1 2007/08	Change in %
Premium Brands	2.3	1.7	35.3
Jeans & Workwear	1.9	2.5	-24.0
Men's & Sportswear	-0.6	-0.3	-100.0
Total	**3.6**	**3.9**	**-7.7**

Premium segment contributes over 50 percent to total sales for the first time

Growing by 5.1 percent to EUR 35.3 million, our premium brands were extremely successful. As a result of this growth, the premium segment accounted for over 50 percent of total sales for the first time (50.7 percent; previous year: 47.1 percent). All brands contributed to this success. Baldessarini und Otto Kern reported double-digit growth rates, while sales of Pierre Cardin increased at a single-digit rate.

The Jeans & Workwear segment, which comprises the Pioneer Jeans and Pionier Workwear brands, has a much higher percentage of intra-seasonal orders and was therefore hit harder by the progressively diminishing demand. As a result, sales declined by 5.9 percent, which was in line with the general market trend. The Men's & Sportswear segment suffered a much stronger contraction by 12.0 percent. This was attributable to the Jupiter brand, whereas sales of Gin Tonic remained relatively stable.

EBIT before special effects were affected by the sales trends in all three segments. While earnings in the premium segment increased by EUR 0.6 million, earnings in the Jeans & Workwear and Men's & Sportswear segment were down by EUR 0.6 million and EUR 0.3 million, respectively.

Earnings Position

in EUR million	Q1 2008/09	Q1 2007/08	Change in %
Sales	**69.6**	**71.3**	**-2.4**
Gross profit	32.6	33.6	-3.0
in % of sales	46.8	47.1	
Personnel expenses	-13.8	-14.5	-4.8
Balance of other expenses/income*	-13.8	-14.0	-1.4
EBITDA*	**5.0**	**5.1**	**-2.0**
Depreciation and amortisation	-1.4	-1.2	16.7
EBIT*	**3.6**	**3.9**	**-7.7**
Special effects	-0.1	0.4	
EBIT after special effects	**3.5**	**4.3**	**-18.6**
Net interest expense	-0.5	-0.4	25.0
Income taxes	-0.9	-1.2	-25.0
Net income for the period	**2.1**	**2.7**	**-22.2**

* before special effects

EARNINGS POSITION

Sales trend entails moderate dip in earnings before special effects

Except for special effects, earnings figures differed only relatively little from the previous year's figures.

The gross profit margin diminished moderately from 47.1 percent to 46.8 percent due to reduced own production and a commensurate increase in sourced goods and services. Adjusted for this effect, the margin remained stable. Currency effects in the procurement of products resulting from the stronger US dollar and the weaker zloty mutually offset each other. At the bottom line, gross profit fell by EUR 1.0 million to EUR 32.6 million due to lower sales and reduced vertical integration.

Personnel and other operating expenses benefited from the reduced own production. The first effects of the cost saving programme were reflected in a EUR 0.9 million drop in expenses. Depreciation, especially of fixed assets for retail activities, increased by EUR 0.2 million. Overall, EBIT before special effects declined by a moderate EUR 0.3 million (7.7 percent) to EUR 3.6 million (previous year: EUR 3.9 million) due to the lower sales.

EUR 0.5 million of the reduction in earnings is attributable to changes in special effects. While we had an income of EUR 0.4 million from the increase in the Polish zloty and the sale of a piece of land above the carrying amount last year, the result in Q1 2008/09 was adversely affected by exchange losses of EUR 0.1 million. Against the background of largely unchanged financial expenses and a stable tax ratio, the moderately lower operating result and the change in special effects led to a drop in Group profit after taxes from EUR 2.7 million to EUR 2.1 million (-22 percent).

Key management and financial indicators

		Q1 2008/09	Q1 2007/08
Sales	in EUR million	69.6	71.3
Gross margin	in %	46.8	47.1
EBITDA*	in EUR million	5.0	5.1
EBIT*	in EUR million	3.6	3.9
EBIT margin*	in %	5.2	5.5
Net income for the period	in EUR million	2.1	2.7
Profit margin	in %	3.0	3.8
Earnings per share	in EUR	0.15	0.19
Net Working Capital**	in EUR million	101.8	100.8
Equity ratio	in %	53.8	51.8

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

FINANCIAL AND NET WORTH POSITION

Equity ratio remains sound at 54 percent

The balance sheet also changed only little. Inventories declined by a moderate 2.9 percent, while trade receivables stayed at the previous year's level of EUR 53.7 million. In view of the increasingly difficult economic situation, the credit insurer has adopted a tighter cover policy. As a result, unsecured receivables increased from 5.3 percent to 8.4 percent of the total. So far, there have been no major losses of receivables, though.

Overall, the sound financial position of the Ahlers Group has not changed much. At 54 percent, the equity ratio exceeds the industry average by far. As at the reporting date, the Ahlers Group has almost no net debt.

3. POST BALANCE SHEET EVENTS

No events of special significance occurred between the end of the first quarter 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 2007/08 consolidated financial statements remain valid.

5. EMPLOYEES

On February 28, 2009, the Ahlers Group‘s headcount comprised 2,743 employees, down by 231 compared to the same point in time one year earlier.

In the context of the cost saving programme, we will close two production facilities in Poland with effect from March 31, 2009. 650 people will be made redundant in the two facilities. About 20 people were laid off at another plant. As at the reporting date, 241 of these 670 employees had left the company.

In Germany, the headcount was reduced by 14 people; here, too, more people will be laid off in the context of the cost saving programme in the second quarter. In Switzerland, the headcount increased by 21 people due to the takeover of the distributor and five Gin Tonic stores.

6. PERFORMANCE OF AHLERS SHARES

On February 28, 2009, Ahlers shares were trading at EUR 6.15 (common share) and EUR 5.65 (preferred share), which was 40 percent and 44 percent, respectively, below the previous year’s level. Since the end of the past fiscal year on November 30, 2008, the Ahlers shares had lost 12 percent and 6 percent, respectively in value but regained this loss in the course of March.

The Ahlers management made use of the share buyback authorisation endorsed by the Annual Shareholders’ Meeting held on May 15, 2008. A total of 76,500 shares (10,600 common shares and 65,900 preferred shares) were repurchased in the open market between November 4, 2008 and February 28, 2009 and settled by the executing bank. By March 31, 2009, this number had increased to 106,920 shares, of which 16,900 were common shares and 90,020 were preferred shares.

On April 1, 2009, the Management Board additionally announced and initiated a fixed-price share buyback programme, in the context of which up to 5 percent of each share type (including the shares already repurchased) are to be bought back. For information on share repurchases, please visit the website of Ahlers AG at www.ahlers-ag.com, Investor Relations section.

7. FORECAST REPORT

Difficult economic environment expected

Most research institutes forecast a continuation of the recession for the second half of 2009 as well as a sharp increase in unemployment.

The majority of the retailers therefore expect the decline in sales to accelerate in the course of the year. Full-year sales in the clothing sector will probably contract by more than the 5 percent reported to date. As a result, retailers are more cautious in placing their orders. According to the "Textilwirtschaft" magazine, half of the retailers have reduced their orders by 10 percent, while one quarter of them have reduced orders by as much as 20 percent.

Earnings position: Clearly positive result targeted for 2008/09

The Ahlers Group's incoming orders are much better than the market trend. We expect to see only a moderate fall in orders for the winter season, which is not over yet.

In the forecast report of the recently published Annual Report (page 52 et seq), we reported in detail about the expectations for the fiscal year 2007/09. From today's point of view, these projections have not changed materially, with the exception that the prospects of a moderate outcome of the global economic crisis are shrinking, while the risks of continued slow retail sales, increasing bankruptcies and economic problems are growing. In this difficult environment, the Management Board aims to close the year 2008/09 with the lowest possible decline in sales and a clearly positive result. Thanks to the cost saving programme of the past year, which will take full effect from the second half of the year, we have gained some headroom for earnings.

The crisis also entails opportunities. As competitors give up, growth opportunities will arise, which we want to seize.

Financial and net worth position remains sound

The Group's sound financial position should not change materially. We expect debts to remain at a low level also after distribution of the dividend and the repurchase of shares. The equity ratio should stay at an above-average level of 50 percent at the end of the year.

Consolidated balance sheet

as of February 28, 2009

ASSETS

KEUR	Feb. 28, 2009	Feb. 29, 2008	Nov. 30, 2008
A. Non-current assets			
I. Property, plant and equipment			
1. Land, land rights and buildings	20,051	21,200	20,565
2. Technical equipment and machines	2,065	1,897	1,936
3. Other equipment, plant and office equipment	11,685	11,953	12,018
4. Payments on account and plant under construction	361	138	97
	34,162	**35,188**	**34,616**
II. Intangible assets			
1. Industrial property rights and similar rights and assets	13,347	12,048	12,416
2. Payments on account	-	10	307
	13,347	**12,058**	**12,723**
III. Other non-current assets			
1. Other loans	713	768	784
2. Other financial assets	117	132	133
3. Other assets	18,171	18,163	18,172
	19,001	**19,063**	**19,089**
IV. Deferred tax assets	4,543	2,898	3,762
Total non-current assets	**71,053**	**69,207**	**70,190**
B. Current assets			
I. Inventories			
1. Raw materials and consumables	15,998	17,391	22,220
2. Work in progress	424	413	340
3. Finished goods and merchandise	40,410	40,753	40,089
	56,832	**58,557**	**62,649**
II. Trade receivables	53,667	53,656	42,290
III. Other current assets			
1. Other financial assets	926	564	1,412
2. Receivables from affiliates	30	43	29
3. Current income tax claims	3,128	7,393	2,990
4. Other assets	5,319	7,622	6,857
	9,403	**15,622**	**11,288**
IV. Cash and cash equivalents	34,003	61,862	55,690
Total current assets	**153,905**	**189,697**	**171,917**
Total assets	**224,958**	**258,904**	**242,107**

EQUITY AND LIABILITIES

KEUR	Feb. 28, 2009	Feb. 29, 2008	Nov. 30, 2008
A. Equity			
I. Subscribed capital	43,200	43,200	43,200
II. Own shares	-468	-	-274
III. Capital reserve	15,024	15,024	15,024
IV. Retained earnings	63,789	73,928	61,664
V. Currency translation adjustments	-2,611	-217	782
Equity attributable to shareholders of Ahlers AG	**118,934**	**131,935**	**120,396**
VI. Minority interests	2,089	2,260	2,120
Total equity	**121,023**	**134,195**	**122,516**
B. Non-current liabilities			
I. Pension provisions	5,334	5,710	5,332
II. Other provisions	3,925	6,078	3,730
III. Financial liabilities			
1. Other financial liabilities	15,059	16,928	15,134
2. Minority interests in partnerships	3,707	3,737	3,705
	18,766	**20,665**	**18,839**
IV. Trade payables	1,582	1,308	1,522
V. Other liabilities	43	50	42
VI. Deferred tax liabilities	2,388	2,233	2,595
Total non-current liabilities	**32,038**	**36,044**	**32,060**
C. Current liabilities			
I. Current income tax liabilities	1,211	1,233	852
II. Other provisions	6,051	3,100	6,770
III. Financial liabilities	38,634	56,296	47,571
IV. Trade payables	8,717	11,414	15,377
V. Other liabilites			
1. Liabilities to affiliates	1,572	2,296	4,608
2. Other liabilities	15,712	14,326	12,353
	17,284	**16,622**	**16,961**
Total current liabilities	**71,897**	**88,665**	**87,531**
Total liabilities	**103,935**	**124,709**	**119,591**
Total equity and liabilities	**224,958**	**258,904**	**242,107**

Consolidated income statement for the first quarter of 2008/09

KEUR	Q1 2008/09	Q1 2007/08
1. Sales	69,632	71,254
2. Change in inventories of finished goods and work in progress	557	2,497
3. Other operating income	616	508
4. Cost of materials	-37,581	-40,184
5. Personnel expenses	-13,812	-14,474
6. Other operating expenses	-14,581	-14,071
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-1,362	-1,262
8. Interest and similar income	310	572
9. Interest and similar expenses	-752	-951
10. Pre-tax profit	**3,027**	**3,889**
11. Income taxes	-904	-1,185
12. Net income for the period	**2,123**	**2,704**
13. of which attributable to:		
- Shareholders of Ahlers AG	2,124	2,615
- Minority interests	-1	89
Earnings per share (EUR)	0.15	0.19

Consolidated cash flow statement

for the first quarter of 2008/09

KEUR	Q1 2008/09	Q1 2007/08
Net income for the period	2,123	2,704
Income taxes	904	1,185
Interest income / Interest expenses	442	379
Depreciation and amortisation	1,362	1,262
Gains / losses from the disposals of non-current assets (net)	29	-112
Increase / decrease in inventories and other current and non-current assets	-3,440	-8,114
Change in non-current provisions	197	330
Change in minority interests in partnerships and other non-current liabilities	62	77
Change in current provisions	-719	753
Increase / decrease in other current liabilities	-7,242	-6,607
Interest paid	-587	-679
Interest received	294	566
Income taxes paid	-1,196	-1,657
Income taxes received	200	70
Cash flow from operating activities	**-7,571**	**-9,843**
Cash receipts from disposals of items of property, plant, and equipment	78	631
Payments for investment in property, plant, and equipment	-1,797	-1,923
Payments for investment in intangible assets	-334	-29
Cash flow from investing activities	**-2,053**	**-1,321**
Repurchase of own shares	-194	-
Repayment of non-current financial liabilities	-74	-191
Cash flow from financing activities	**-268**	**-191**
Net change in liquid funds	-9,892	-11,355
Effects of changes in the scope of consolidation and exchange rates	-2,931	-199
Liquid funds as of December 1	8,921	18,942
Liquid funds as of February 28 (previous year Feb 29)	**-3,902**	**7,388**

COMPOSITION OF LIQUID FUNDS

KEUR	Balance as of Feb. 28, 2009	Balance as of Nov. 30, 2008	Changes
Cash and cash equivalents	34,003	55,690	-21,687
Other securities	586	577	9
Current financial liabilities	-38,491	-47,346	8,855
	-3,902	**8,921**	**-12,823**

Consolidated statement of changes in equity

as of February 28, 2009 (previous year as of February 29, 2008)

Equity attributable to shareholders of Ahlers AG

KEUR	Subscribed capital: Common shares	Subscribed capital: Preferred shares	Own shares	Capital-reserve
Balance as of Dec. 01, 2007	**24,000**	**19,200**	**-**	**15,024**
Exchange differences				
Other changes				
Total result directly recognised in equity				
Consolidated net income				
Total net income for the period				
Dividends paid				
Balance as of Feb. 29, 2008	**24,000**	**19,200**		**15,024**
Balance as of Dec. 01, 2008	**24,000**	**19,200**	**-274**	**15,024**
Net result from cash flow hedges				
Exchange differences*				
Other changes				
Total result directly recognised in equity				
Consolidated net income				
Total net income for the period				
Dividends paid				
Share repurchase			-194	
Balance as of Feb. 28, 2009	**24,000**	**19,200**	**-468**	**15,024**

* This number mainly reflects currency translation adjustments in the reported period under IAS 21.32f as well as the equity capital of the Polish distribution companies.

Retained earnings	Adjustment item for currency translation	**Total Group holdings**	**Minority interests**	**Total Equity**
71,313	**-506**	**129,031**	**2,192**	**131,223**
	289	289		289
		0	-21	-21
	289	**289**	**-21**	**268**
2,615		2,615	89	2,704
2,615	**289**	**2,904**	**68**	**2,972**
0		0		0
73,928	**-217**	**131,935**	**2,260**	**134,195**
61,665	**782**	**120,396**	**2,120**	**122,516**
	-322	-322		-322
	-3,070	-3,070		-3,070
		0	-30	-30
0	**-3,392**	**-3,392**	**-30**	**-3,422**
2,124		2,124	-1	2,123
2,124	**-3,392**	**-1,268**	**-31**	**-1,299**
0		0		0
		-194		-194
63,789	**-2,611**	**118,934**	**2,089**	**121,023**

Group segment reporting

as of February 28, 2009 (previous year as of February 29, 2008)

by business segment

KEUR	Premium Brands 2008/09	Premium Brands 2007/08	Jeans & Workwear 2008/09	Jeans & Workwear 2007/08
Sales				
to third parties	35,210	33,532	17,537	18,578
thereof Germany	17,067	14,923	11,668	12,656
thereof abroad	18,143	18,609	5,869	5,922
Intersegment sales	-	-	-	-
Segment result	1,974	1,489	1,873	2,586
thereof				
Depreciation and amortisation	613	577	300	272
Other non-cash items	207	792	87	207
Interest income	158	278	80	146
Interest expense	395	522	119	121
Net assets	113,769	127,405	35,583	48,059
Capital expenditure	950	963	465	355
Liabilities	50,934	61,009	19,859	24,186

by geographic region

KEUR	Premium Brands 2008/09	Premium Brands 2007/08	Jeans & Workwear 2008/09	Jeans & Workwear 2007/08
Germany				
Sales	17,067	14,923	11,668	12,656
Net assets	80,373	85,961	19,621	33,509
Capital expenditure	572	625	63	237
Western Europe				
Sales	10,429	10,699	4,244	4,419
Net assets	8,194	9,638	9,785	10,339
Capital expenditure	6	137	41	62
Central/Eastern Europe/Other				
Sales	7,714	7,910	1,625	1,503
Net assets	25,202	31,806	6,177	4,211
Capital expenditure	372	201	361	56

Men´s & Sportswear		Miscellaneous		Total	
2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
16,830	19,077	55	67	69,632	71,254
8,613	9,616	55	67	37,403	37,262
8,217	9,461	-	-	32,229	33,992
-	-	-	-	-	-
-815	-179	-5	-7	3,027	3,889
444	405	5	8	1,362	1,262
58	232	-	-	352	1,231
72	148	-	-	310	572
238	308	-	-	752	951
49,041	54,182	18,895	18,966	217,288	248,612
716	634	-	552	2,131	2,504
28,540	34,845	832	645	100,165	120,685

Men´s & Sportswear		Miscellaneous		Total	
2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
8,613	9,616	55	67	37,403	37,262
34,267	37,761	18,822	18,853	153,083	176,084
199	410	-	552	834	1,824
6,114	6,523	-	-	20,787	21,641
8,444	6,053	-	-	26,423	26,030
467	192	-	-	514	391
2,103	2,938	-	-	11,442	12,351
6,330	10,368	73	113	37,782	46,498
50	32	-	-	783	289

8. NOTES TO THE FINANCIAL STATEMENTS

Accounting and valuation principles

The interim financial statements for the first three months of fiscal 2008/09 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 three 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, 2008. A detailed explanation of these principles has been published in the notes to the consolidated financial statements of the 2007/08 Annual Report.

With effect from December 1, 2008, euro-denominated receivables from Polish distribution companies were converted into long-term loans with indefinite maturities. They thus represent monetary items as part of a net investment in a foreign operation pursuant to IAS 21.15. Since this date, the resulting exchange differences have therefore been recognised in equity pursuant to IAS 21.32f.

The quarterly report is prepared in euros and all figures are 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 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 28, 2009, or February 29, 2008, 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, 2008.

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 2008/09	April 14, 2009
Analysts´ conference in Frankfurt/Main	April 21, 2009
Annual Shareholders´ Meeting in Düsseldorf	May 6, 2009
Interim report Q2 2008/09	July 14, 2009
Interim report Q3 2008/09	October 12, 2009
Analysts´ conference in Frankfurt/Main	October 13, 2009

Herford, April 2009

The Management Board

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

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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 2,100 people (from April 2009)
- generates 50 percent of its sales revenues with premium brands
- produces 12 million fashion items per year

Brands

Baldessarini
BALDESSARINI

pierre cardin

OTTO KERN

PIONEER®
AUTHENTIC JEANS

GIN TONIC®
THE TASTE OF FASHION

GIN FIZZ®
WOMAN

PIONIER®
SPORTIVE

JUPITER®

Pionier®
workwear

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ISIN DE0005009708 and DE0005009732