AHLERS AG Annual Report 2010/11
December 1, 2010 - November 30, 2011

Brands

BALDESSARINI

pierre cardin

OTTO KERN

PIONEER®
AUTHENTIC JEANS

GIN TONIC®

pionier®
JEANS & CASUALS

JUPITER®

Pionier®
workwear

ahlers group

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Five-year summary

		2006/07	2007/08	2008/09	2009/10	2010/11	Change
Consolidated financial statements							
Sales	EUR million	259.9	268.1	249.4	250.8	256.2	2.2 %
thereof abroad	%	46.8	48.7	45.6	46.4	46.9	0.5 %
Gross profit	EUR million	125.9	127.8	118.8	126.8	130.0	2.5 %
as a percentage of sales	%	48.4	47.7	47.6	50.6	50.7	0.1 %
EBITDA	EUR million	17.3	8.9	17.3	21.1	21.5	1.9 %
EBIT	EUR million	11.9	3.5	10.6	15.1	15.9	5.3 %
Net income	EUR million	9.7	0.3	4.8	8.5	10.1	18.8 %
Depreciation, amortisation, and impairment losses	EUR million	5.3	5.5	6.7	6.0	5.6	-6.7 %
Cash flow from operating activities	EUR million	-2.9	7.2	11.0	20.3	9.0	-55.7 %
Balance sheet total	EUR million	248.4	242.1	189.1	189.3	190.2	0.5 %
Non-current assets	EUR million	67.5	70.2	69.3	65.1	64.7	-0.6 %
Equity	EUR million	130.3	121.6	109.2	115.1	115.3	0.2 %
Equity ratio	%	52.5	50.2	57.7	60.8	60.6	-0.2 %
Number of employees (annual average)		2,872	2,864	2,172	2,154	2,255	4.7 %
The share							
Market capitalisation*	EUR million	170.8	94.3	98.6	137.3	141.1	2.8 %
Earnings per share (Group)	EUR	0.67	0.00	0.33	0.62	0.72	16.1 %

* ohne eigene Aktien

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 more than 55 percent of its sales from premium brands
- produces 10 million fashion items per year

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Letter of the CEO

DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

We are looking back on an **eventful** and **successful** year 2010/11.
Eventful because many unexpected things - positive and negative ones, mostly interconnected - happened in the environment in which our company operates.

- The year 2011 started with the surprising trend in the German economy, which was characterised by strong economic growth, declining unemployment and an increasingly optimistic population. Accordingly, sales in the fashion retail sector rose by a relatively strong 3 percent until August 2011. This was followed by a sharp 15 percent drop in sales in September 2011, which means that full-year sales came in on a par with the previous year.
- At an international level, we saw a late but determined return from the crisis of various markets such as Russia and the Baltic states but also a return to the crisis in some Western European euro countries.
- In the procurement markets, the prices of cotton, which is one of our most important raw materials, increased by 150 percent within four months and dropped back even more quickly. The prices for manufacturing services in Asia picked up sharply. In China, orders received from domestic customers were given priority over orders from Europe. This situation eased in the second half of 2011, although prices remained high.

Successful because we continued to pursue our strategy in this volatile environment and

- increased our total sales revenues by 6.6 percent and sales revenues of our premium brands at a double-digit rate,
- boosted our Retail revenues by 14 percent,
- achieved a 19 percent increase in consolidated net income after taxes.

These good figures are attributable to the progress we have made and which should continue to make itself felt also in the new fiscal year.

Three years ago, Baldessarini was repositioned at retail level and is now successfully positioned in the market. The brand achieves good sell-off rates, sales revenues are on the increase and we are building a network of partner stores abroad. The brand is backed by a strong team of designers, sales professionals and administrative staff. We want to expand the international business through sales cooperations, e.g. in the UK and India. An Internet store for Baldessarini is scheduled to be launched in mid-2012.

Pierre Cardin has increasingly established itself as a brand for all important clothing products. We have been successful at placing the full-range with ever more retailers. Starting 2012, end-consumer will also be able to buy Pierre Cardin women´s trousers with matching tops, which we developed last year with a new team.

Our Otto Kern, Pioneer and Pionier Workwear brands also continued their successful performance and are expected to do so in the current fiscal year as well.

We have great plans also for our own Retail activities. We are looking at opening several new company-managed stores. We also want to open the first Ahlers multi-brand store in Germany, having done this successfully in Eastern Europe. Behind the scenes, we will continue to optimise the Retail processes.

These are the things we want to pursue in 2011/12, no matter what the future holds in store for us - on the upside or the downside. We have a solid financial footing and will stick to our conservative but growth-oriented strategy. From today's point of view, we are therefore optimistic about the new year and expect both sales and earnings to grow moderately in the fiscal year 2011/12.

Dear shareholders, we want to give you a share in the profit growth of the year 2010/11 and will propose to the Annual Shareholders' Meeting to increase the dividend by EUR 0.10 to EUR 0.65 per common share and to EUR 0.70 per preferred share. I would like to take this opportunity to thank you for the confidence placed in us and hope that you will remain faithful to our company also in future.

My special thanks go to our employees, who made an important contribution to our successful performance in the past fiscal year. I look forward to sharing another eventful and successful year with them.

Yours
Dr. Stella A. Ahlers
CEO

Report of the Supervisory Board

DEAR LADIES AND GENTLEMEN,

In the fiscal year 2010/11, the Supervisory Board exercised due care in performing the tasks incumbent on it under applicable laws, the company statutes, the Corporate Governance Code and its rules of procedure and closely monitored the economic and financial performance of the Company and its strategic orientation. We continuously advised the Management Board on the management of the Company and its governance. We were directly and immediately involved in all major decisions that were of fundamental importance for Ahlers AG. Transactions requiring the Supervisory Board's consent were presented by the Management Board fully and in detail and approved by the Supervisory Board following thorough consultation and examination.

We received regular and comprehensive written and oral reports from the Management Board on the Group's situation, especially on corporate planning, the current business situation, the earnings and financial position and the human resources situation. In addition, the Management Board informed us about the risk situation as well as the management of risks. The strategic positioning of Ahlers AG was discussed and agreed with the Management Board. The Supervisory Board actively monitored the situation of the Company and liaised regularly with the Management Board, also outside the meetings. The documents, reports and resolution proposals submitted to us were reviewed and discussed in detail. At the same time, there was a regular exchange of information and ideas between the CEO and myself.

Focus of the Supervisory Board meetings

The Supervisory Board held four meetings in the fiscal year 2010/11, each of which was attended by all members. The December meeting traditionally focuses on the budget for the next year and the resulting medium-term plans. These were again the main items on the agenda on December 9, 2010. At this meeting, we also adopted the declaration of conformity with the German Corporate Governance Code and discussed the current business situation.

At the Supervisory Board meeting on March 3, 2011, the financial statements were presented in the presence of the auditors and the annual accounts for 2009/10 were adopted. The Supervisory Board also agreed the agenda of the Annual Shareholders' Meeting and confirmed the dividend proposal. Furthermore, the Supervisory Board and the Management Board discussed the annual programme of the Internal Audit Department. Based on the previous year's detailed self-evaluation of the Supervisory Board, a follow-up survey was carried out and discussed.

At the Supervisory Board meeting on May 4, 2011, we addressed the current business situation, the pre-sales for autumn/winter 2011 and the procurement price trend and the company's response to it. At this meeting, Prof. Dr. Julia von Ah was elected Chairwoman of the Audit Committee.

The sharp increase in procurement prices and the company's possible reactions were again on the agenda on September 14, 2011. In addition, the Supervisory Board accepted the proposal of the Human Resources Committee to renew Dr. Kölsch's appointment as Management Board member and to renew his contract until July 31, 2017. The new Retail Manager presented the company's expansion strategy.

Key activities of the committees

To ensure the efficiency of the work of the Supervisory Board, the latter has set up four committees – the Audit Committee, the Human Resources Committee, the Marketing Committee and the Nomination Committee. The committees discuss all important topics within their sphere of responsibility in detail and prepare the plenary Supervisory Board meetings. The Audit Committee held six meetings in the past fiscal year, which focused on the preparations of the financial statements, the Company's earnings and financial position and the development of the strategy. In 2011, the company's possible reactions to the rise in procurement prices and the shortages in the procurement markets were also discussed in detail with the Management Board. The Marketing Committee held two meetings in the fiscal year 2010/11, while the Nomination Committee and the Human Resources Committee each held one meeting. Save for one exception, where a member was excused, all committee meetings were attended by all members.

At the plenary Supervisory Board meetings, the Chairpersons provided detailed reports on the work of their respective committees.

Changes on the Supervisory Board

Mr Hans Peter Vorpahl resigned from the Supervisory Board with effect from May 3, 2011 at this own request. The Nomination Committee proposed Prof. Dr. Julia von Ah as his successor. She was elected to the Supervisory Board at the Annual Shareholders' Meeting on May 4, 2011 and was elected Chairwoman of the Audit Committee at the subsequent Supervisory Board meeting. We would like to thank Mr Vorpahl for his successful work on our company's controlling bodies.

Corporate governance

In the past financial year, the Supervisory Board closely addressed the application and the further development of the corporate governance rules. For detailed information, please refer to the Corporate Governance Report on page 24 to 31. We discussed the company's practice against the background of the German Corporate Governance Code as last amended on May 26, 2010 and adopted the joint declaration of conformity at our meeting on December 13, 2011. The latter is published on the Company's website at www.ahlers-ag.com and on page 24 of the Annual Report as part of the Corporate Governance Report. No conflicts of interest on the part of individual members of the Supervisory Board occurred.

Audit of the financial statements

In 2011, the Annual Shareholders‘ Meeting appointed BDO AG Wirtschaftsprüfungsgesellschaft headquartered in Hamburg (Hannover Branch) as the auditors for the fiscal year 2010/11. The auditors had previously issued a written statement on their potential business or personal relationships with the Company. This statement gave no cause for objections. Following their audit, the auditors issued an unqualified audit opinion for the separate and the consolidated financial statements including the two management reports.

The separate and the consolidated financial statements as well as BDO's audit report were made available to the members of the Supervisory Board in good time prior to the meeting of the Audit Committee on February 23, 2012 and the Supervisory Board's annual accounts meeting on February 29, 2012. The audit report and the main points of the audit were explained in detail by the auditors. Following thorough discussion, the Supervisory Board approved the audit result of BDO and endorsed it following a detailed review of the separate and the consolidated financial statements and the two management reports. The separate and the consolidated financial statements prepared by the Management Board were endorsed by the Supervisory Board. The financial statements have thus been approved. The Supervisory Board concurs with the Management Board's proposal to use the distributable profit to pay a dividend of EUR 0.65 per common share and of EUR 0.70 per preferred share.

The auditors also reviewed the Management Board's report on related party transactions and issued the following opinion:

"Based on our audit in accordance with our professional duties and judgement, we confirm that
1. the factual statements in the report are correct,
2. and that the consideration paid by the Company for the legal transactions listed in the report was not unduly high."

The report on related party transactions and the audit report were immediately submitted to the Supervisory Board, which concurs with the result of the audit following a thorough review for completeness and accuracy. No objections were raised against the Management Board's related party disclosures.

The Supervisory Board thanks the Management Board and all employees for their successful work and their great personal commitment in the past fiscal year.

Herford, February 29, 2012

The Supervisory Board
Prof. Dr. Carl-Heinz Heuer
Chairman of the Supervisory Board

Corporate Bodies

MANAGEMENT BOARD

Dr. Stella A. Ahlers
Zurich, Chairwoman

Dr. Karsten Kölsch
Herford

Dr. Stella A. Ahlers
CEO

Dr. Karsten Kölsch
CFO

Prof. Dr. Carl-Heinz Heuer
Chairman of the Supervisory Board

SUPERVISORY BOARD

Prof. Dr. Carl-Heinz Heuer
Chairman
Attorney
Königstein

Jan A. Ahlers
Deputy Chairman
Businessman
Herford

Prof. Dr. Julia von Ah
Tax advisor
Zurich
since May 4, 2011

Heidrun Baumgart
Employee representative
Administrative assistant
Bielefeld

Dieter Hoppe
Employee representative
Technical employee
Herford

Andreas Kleffel
Former member of the Regional
Board of Commerzbank AG
Düsseldorf

Hans Peter Vorpahl
Accountant, tax advisor
Pinneberg
until May 3, 2011

SUPERVISORY BOARD COMMITTEES

AUDIT COMMITTEE

Prof. Dr. Julia von Ah
Chairwoman
since May 4, 2011

Hans Peter Vorpahl
Chairman
until May 3, 2011

Jan A. Ahlers

Prof. Dr. Carl-Heinz Heuer

HUMAN RESOURCES COMMITTEE

Prof. Dr. Carl-Heinz Heuer
Chairman

Jan A. Ahlers

Andreas Kleffel

MARKETING COMMITTEE

Andreas Kleffel
Chairman

Jan A. Ahlers

Prof. Dr. Carl-Heinz Heuer

NOMINATION COMMITTEE

Prof. Dr. Carl-Heinz Heuer
Chairman

Jan A. Ahlers

Andreas Kleffel

The Share

The stock market in 2010/11

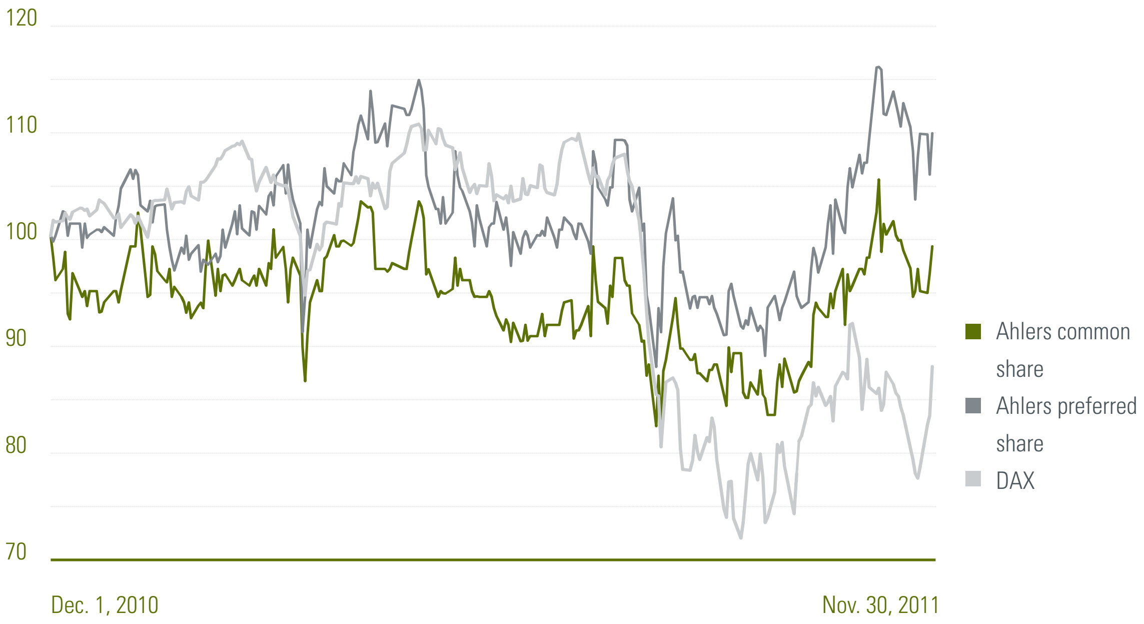
The DAX started at 6,688 points on December 1, 2010 and then climbed continuously in the first half of 2011 to approx. 7,500 points. The phase of rising indices lasted about two years and ended abruptly in late July 2011, when share prices dropped sharply. The DAX then showed great volatility and fluctuated between about 5,100 and 6,000 points. It closed the year 9 percent below the prior year level. The Eurostoxx (-12 percent) and the SDAX (-8 percent) showed a similar performance. The MDAX declined at a more moderate rate of 3 percent.

Price gains for the Ahlers shares

Compared to the stock indices, the Ahlers shares showed a less volatile and more positive performance. In the first half of 2011, the prices of our shares increased more or less in line with the DAX, but they remained stable when the DAX slumped in July 2011.

Overall, the value of the common shares including the dividend increased by 1.9 percent between the two reporting dates (-3.3 percent without dividend). The preferred shares gained as much as 17.6 percent (11.2 percent without dividend). The company's market capitalisation rose from EUR 137 million to EUR 141 million in the reporting period (+2.8 percent).

Performance of Ahlers shares compared to the DAX



Good dividend yields for the Ahlers shares

The stability of the Ahlers share price is not least attributable to reliable dividend payments and high payout ratios.

In view of the good results, the Management Board and the Supervisory Board will propose to the Annual Shareholders' Meeting that a dividend of EUR 0.65 and of EUR 0.70 be paid out per common share and per preferred share, respectively. This would represent an increase of EUR 0.10 or 18 and 17 percent, respectively, on the previous year. This is equivalent to a payout ratio of 94 percent of Ahlers AG's net income for the year that is attributable to the shareholders.

Basic information Ahlers shares

	2010/11	2009/10
Share price (Nov. 30) in EUR		
Common shares	10.20	10.55
Preferred shares	10.45	9.40
Share price in EUR		
Common shares		
High	10.80	11.30
Low	8.60	6.85
Preferred shares		
High	11.00	10.45
Low	8.51	6.82
Market capitalisation* (Nov. 30) in EUR million	141.1	137.3
Earnings per share in EUR		
Common shares	0.69	0.59
Preferred shares	0.74	0.64
Price/earnings ratio (Nov. 30)		
Common shares	15	17
Preferred shares	14	15
Dividend in EUR million		
nominal	9.20	8.24
effective	9.20	7.83
Dividend per share**		
Common shares	0.65	0.55
Preferred shares	0.70	0.60
Dividend yield in % (Nov. 30)		
Common shares	6.4	5.2
Preferred shares	6.7	6.4

* excl. own shares (prev. year)
** 2010/11: dividend proposal

Investor relations

Our investor relations activities aim to provide all parties interested in Ahlers with comprehensive and up-to-date corporate information that goes beyond legal requirements.

Our Internet site at www.ahlers-ag.com contains numerous reports on the Company, its product lines, its earnings and financial position as well as capital market-related topics surrounding the Ahlers share. Annual and quarterly reports, legally required ad-hoc releases, information on the Annual Shareholders' Meeting as well as current press reports and company presentations are published on this site.

Private shareholders primarily took advantage of the Annual Shareholders' Meeting on May 4, 2011 for a direct exchange with the Management Board.
We regularly hold intensive talks with institutional investors and analysts to explain the current business situation, expectations and news. Moreover, we present the most important facts of the Company's performance at several analysts conferences held in the course of the year. We are regular participants in the German Equity Forum in Frankfurt, where we establish and foster contacts with interested institutional investors.

Basic information

On December 9, 2010, the Management Board and the Supervisory Board decided to redeem the own shares acquired by Ahlers AG between November 2008 and April 2009. This transaction was completed with effect from January 24, 2011 in a simplified procedure without capital reduction by adjusting the imputed pro-rata amount of the other shares in the Company‘s share capital.

The redemption involved 399,686 fully paid-up no-par common bearer shares and 318,794 fully paid-up non-voting no-par preferred shares.

After the redemption, the share capital of Ahlers AG in an amount of EUR 43.2 million comprises 13,681,520 no-par shares, which are composed of 7,600,314 common shares (including, as before, 500 registered shares with transfer restrictions) and 6,081,206 preferred shares

	Total number of shares	Common shares	Preferred shares
as of Nov. 30, 2010	14,400,000	8,000,000	6,400,000
as of Nov. 30, 2011	13,681,520	7,600,314	6,081,206
Security code number		500970	500973
International Securities Identification Number (ISIN)		DE0005009708	DE0005009732

Shareholder structure

Some changes in the shareholder structure occurred in the course of the fiscal year:

Jan A. Ahlers reported directors' dealings through WTW-Beteiligungsgesellschaft mbH, which involved the acquisition of 32,000 common shares and 6,000 preferred shares in the fiscal year 2010/11. As of the balance sheet date, this company held 75.8 percent of the common shares and 20.5 percent of the preferred shares of Ahlers AG. As in the previous year, Jan A. Ahlers and Westfälisches Textilwerk Adolf Ahlers KG held 0.3 percent of the common shares, with Jan A. Ahlers additionally holding 0.1 percent of the preferred shares. No other member of the Management Board or Supervisory Board traded in shares of Ahlers AG in the past fiscal year. No other member of the Management Board or Supervisory Board currently holds Ahlers shares.

As of November 30, 2011, Ahlers AG no longer held any own shares. 23.9 percent of the common shares were widely held and 79.4 percent of the preferred shares were in free float.

Shareholder structure (as of November 30, 2011)


BALDESSARINI
Baldessarini SEPARATES THE MEN FROM THE BOYS


BALDESSARINI
Baldessarini SEPARATES THE MEN FROM THE BOYS

BALDESSARINI EYEWEAR – RODENSTOCK GMBH

BALDESSARINI JEWELLERY & WATCHES – PRANDA & KROLL GMBH & CO. KG


BALDESSARINI
Herzlich Willkommen
EDITION

BALDESSARINI
AUTOMATIC COFFEE MAKER
LIMITED EDITION OF 1,999

IN COOPERATION WITH
WMF CONSUMER ELECTRIC GMBH

Corporate Governance Report

The German Corporate Governance Code defines important legal provisions for the management and supervision of German listed companies and contains internationally and nationally accepted standards of good and responsible corporate governance. The Management Board and the Supervisory Board of Ahlers AG base their work on these principles to promote shareholders', employees' and customers' trust in the sustainable development of the Company through transparent and understandable activities as well as proper accounting.

On the following pages, the Management Board reports – also in the name of the Supervisory Board – on corporate governance at Ahlers AG. This report includes, as part of the management report, the corporate governance statement pursuant to section 289a of the German Commercial Code (HGB) and the compensation report pursuant to Clauses 4.2.5 and 5.4.6 of the German Corporate Governance Code on the compensation of the Management Board and the Supervisory Board.

Corporate governance statement

Declaration of conformity with the German Corporate Governance Code pursuant to section 161 AktG

Ahlers AG complies with most of the recommendations of the German Corporate Governance Code as amended on May 26, 2010. Due to specific features, Ahlers AG did not comply with six recommendations. The Management Board and the Supervisory Board jointly issued the declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG) on December 13, 2011. This declaration is permanently available to all interested parties on the Company's website at www.ahlers-ag.com. The declaration of conformity reads as follows:

„Ahlers AG has complied with the recommendations of the German Corporate Governance Code in its version of May 26, 2010 since its last declaration of conformity dated December 9, 2010 with the exceptions noted therein. In the future Ahlers AG will comply with the recommendations of the German Corporate Governance Code as last amended on May 26, 2010, with the exception of the following recommendations:

- 3.8 D&O insurance without deductible for members of the Supervisory Board
- 4.2.5 Itemisation of compensation for members of the Management Board
- 5.1.2 Age limit for members of the Management Board
- 5.4.1 Age limit for members of the Supervisory Board
- 5.4.6 Itemisation of compensation for members of the Supervisory Board
- 7.1.2 Publication dates (consolidated financial statements)

Ahlers AG has taken out adequate insurance for its directors and officers to cover the D&O risk. The Management Board and Supervisory Board members of Ahlers AG perform their functions in a responsible manner and in the interest of the Company. A significant deductible, which would have to be the same for all Supervisory Board members to comply with the principle of equality, would have very different impacts on the individual members depending on their private income and wealth situation. In case of an emergency, a less wealthy member could get into serious financial difficulties, which would not be fair in view of the fact that all members have the same duties.

Ahlers AG does not report the compensation of the Management Board and the Supervisory Board individually. The Annual Shareholders' Meeting of Ahlers AG resolved on May 4, 2011 to omit the itemised publication of compensation of the members of the Management Board for a period of another five years, i.e. for the financial years 2010/11 to through 2014/15. The compensation of the Management Board and the Supervisory Board comprises fixed and variable components, which are published. The Management Board and the Supervisory Board of Ahlers AG are of the opinion that this information is sufficient to assess whether the compensation of the Management Board and the Supervisory Board as a whole, as well as its individual components, are appropriate and whether the compensation structure has the desired incentivising effect on the Management Board. In addition, the compensation paid by the Company to the members of the Supervisory Board for personal achievements that are not related to their work on the Supervisory Board is shown separately and individually.

Ahlers AG has not defined age limits for the members of the Management Board and the Supervisory Board, as the membership of these two bodies is based on qualifications and performance, which cannot be assessed using standardised age limits.

For organisational reasons, Ahlers AG does currently not make the consolidated financial statements publicly available within 90 days from the end of the fiscal year. The consolidated financial statements are published no later than 120 days after the end of the fiscal year.

Ahlers AG

Herford, December 13, 2011

The Management Board | The Supervisory Board“

Information on corporate governance practice

Ahlers AG attaches great importance to good corporate governance. The Management Board and the Supervisory Board are committed to ensuring the long-term existence of the company as well as sustainable value creation through responsible and sustainable corporate governance. Good corporate governance also includes a responsible approach to risks. The Management Board ensures that risks are managed and controlled appropriately within the company (also see information on risk management in the Group management report) and ensures compliance with laws and with the recommendations of the German Corporate Governance Code in accordance with the annual declaration of conformity. Internal controlling, reporting and compliance structures are reviewed, refined and adjusted to changing conditions on an ongoing basis.

Work of the Management Board and the Supervisory Board

As stipulated by the German Stock Corporation Act, the dual management structure of Ahlers AG as a listed joint stock company consists of a Management Board and a Supervisory Board. Both bodies are composed of different members and can therefore perform their respective tasks independently. The Management Board is responsible for managing the company and the Group, while the Supervisory Board is responsible for supervising the Management Board.

The Management Board of Ahlers AG has sole responsibility for managing the Group. The management task, which comprises, in particular, the definition of the company's objectives, the strategic positioning of the Group and its management and supervision as well as corporate planning and financing, is performed by the Management Board as a collective body. The members of the Management Board therefore have joint responsibility for the complete management process. Irrespective of this overall responsibility, the members of the Management Board have specific responsibility for the departments assigned to them in the rules of procedure of the Management Board. Cooperation within the Management Board is also governed by these rules of procedure.

The Supervisory Board appoints, supervises and advises the Management Board. The approval of the Supervisory Board is required for defined measures of fundamental importance for the company or the Group such as material investments and legal transactions. The Supervisory Board has adopted its own rules of procedure. The Chairman of the Supervisory Board coordinates the work on the Supervisory Board, leads its meetings and represents the body's interests externally. A summary of the type and scope of the Supervisory Board activity in the fiscal year 2010/11 is provided in the report of the Supervisory Board.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting is the main instrument allowing shareholders to exercise their rights. Ahlers AG has issued common shares with one voting right per share as well as non-voting preferred shares. The Annual Shareholders' Meeting elects the Supervisory Board members, unless these are elected by the workforce or appointed in accordance with the right to nominate members, which is laid down in the statutes, and decides on the approval of the acts of the Management Board and the Supervisory Board as well as the compensation of the Supervisory Board. It also decides on the appropriation of the profit as well as on amendments to the statutes and important structural measures affecting the foundations of the company. Every shareholder is entitled to attend the Annual Shareholders' Meeting and to ask the Management Board questions. Each common share grants one vote at the Annual Shareholders' Meeting. Subject to mandatory legal provisions, the preferred shares do not grant a voting right. Pursuant to section 25 of the statutes of Ahlers AG, the preferred shares entitle their holders to a preferred dividend. Regular information is provided on the Company's website at www.ahlers-ag.com, giving shareholders an idea of the current situation of the Company. Prior to the Annual Shareholders' Meeting, the agenda and all other requisite documents are sent to the shareholders in good time and published on the Company's website. Shareholders may have their voting right exercised by a proxy of their own choice. To facilitate the voting process for shareholders, Ahlers AG also provides representatives who are bound by instructions and exercise the voting right at the Annual Shareholders' Meeting. After the Annual Shareholders' Meeting, shareholders can find the voting results as well as the speech of the CEO on the Company's website.

Cooperation between Management Board and Supervisory Board

The Management Board and the Supervisory Board of Ahlers AG cooperate closely. The Management Board provides the Supervisory Board with timely and comprehensive information about all relevant aspects relating to corporate planning and budgeting, the current business performance, the risk situation, risk management and compliance. Potential deviations of the business trend from the original plans are explained by the Management Board. The strategic positioning of the Company is agreed between the Management Board and the Supervisory Board. Transactions of fundamental importance require the consent of the Supervisory Board. Besides the regular information provided, the Management Board and the Supervisory Board constantly exchange information on the situation of the Company. Their relationship is characterised by openness and trust. This way, the Supervisory Board can assist the Management Board with advice and recommendations on the basis of sound information. All four Supervisory Board meetings in the fiscal year 2010/11 were attended by the Management Board.

Management Board

The Management Board of Ahlers AG has remained unchanged from the previous year and consists of two members. Dr. Stella A. Ahlers (CEO) is responsible for Trademarks, Sales, Marketing and internal audit. Dr. Karsten Kölsch (CFO) is in charge of Finance, Compliance, Production, Logistics and Human Resources. The two members of the Management Board are exclusively committed to the interests of the Company. Potential conflicts of interest must immediately be disclosed to the Supervisory Board, which was not necessary in the past fiscal year. Potential side activities such as the acceptance of a supervisory board mandate by a member of the Management Board must be approved by the Supervisory Board. No such side activities are carried out at present.

Supervisory Board

Pursuant to the statutes, the Supervisory Board of Ahlers AG is composed of six members, two of whom are elected by the workforce. In the past fiscal year, one member resigned from the Supervisory Board for personal reasons. The Annual Shareholders' Meeting 2011 therefore elected a new member. The Supervisory Board shall form competent committees on the basis of the Company's specific situation, including an Audit Committee, which may not be chaired by the Chairman of the Supervisory Board. For details of the committees formed by the Supervisory Board of Ahlers AG and their composition, refer to page 12 in the chapter entitled "Corporate Bodies". Until May 3, 2011, Hans Peter Vorpahl acted as an independent financial expert as defined in section 100 para. 5 of the German Stock Corporation Act (AktG). On May 4, 2011, he was succeeded by Prof. Dr. Julia von Ah, who, just like Mr Vorpahl did before, also chairs the Audit Committee of the Supervisory Board.

At its meeting in December 2010, the Supervisory Board defined a set of targets for the composition of the Supervisory Board. The full wording of these targets is shown below:

„Targets for the composition of the Supervisory Board of Ahlers AG

Against the background of

- its size (six members including four shareholder representatives and two employee representatives),
- the business segment in which the Company operates,
- the size and structure of the Company,
- the scope of the Company's international activity as well as
- the Company's stock market listing and
- its current shareholder structure the Supervisory Board of Ahlers AG decided, on December 9, 2010, to aim for the following targets regarding its composition:

(1) The members of the Supervisory Board should collectively possess the knowledge, skills and experience required for the proper fulfilment of their tasks. The individual knowledge, skills and experience of each individual member of the Supervisory Board shall complement each other in such a way that sufficient special expertise is available at all times for the work of the Supervisory Board and for each material division of the Company in order to permanently ensure the professional and efficient supervision, advice and support of the Management Board.

(2) The Supervisory Board should have at least one member that is independent as defined in section 100 para. 5 of the German Stock Corporation Act (AktG) and has expert knowledge in the fields of accounting or annual audit.

(3) The Supervisory Board shall have at least one other member that is independent as defined in Clause 5.4.2 sentence 2 of the German Corporate Governance Code (DCGK), i.e. that has no professional or personal relationship with the Company or its Management Board

which could give rise to a conflict of interests. The Supervisory Board is of the opinion that employee representatives should not be deemed to be dependent per se but that the circumstances of each individual case are relevant.

(4) The Supervisory Board shall have no member that sits on one of the organs or performs an advisory function at a major competitor of the Company or the Group.

(5) No more than two former members of the Management Board shall sit on the Supervisory Board.

(6) The Supervisory Board shall normally comprise at least one member that has special expertise with regard to the Company's international activities.

(7) The Supervisory Board shall normally comprise at least two female members, including at least one shareholder representative.

(8) Candidates proposed for election to the Supervisory Board shall normally be younger than 70 years.

(9) When preparing and adopting nominations for election to the Supervisory Board to the Annual Shareholders' Meeting, the Supervisory Board will act to the best of the Company's interests. The targets defined under (6) to (8) above are therefore subject to the condition that the targets (1) to (5) must be ensured at all times and that competent candidates for the Supervisory Board office are available at the time they are needed. Target (7) shall be met in the medium term, i.e. there should be two female members within the next three years.

(10) The Supervisory Board will review these targets regularly and will publish its targets and their implementation in the annual Corporate Governance Report."

The Supervisory Board currently considers the targets defined under (1) to (6) to be fulfilled. Following the election of Prof. Dr. von Ah to the Supervisory Board, target (7) is also met. The targets defined under (8) to (10) are taken into consideration as required on the respective occasions.

No conflicts of interest requiring disclosure to the Annual Shareholders' Meeting occurred in the past fiscal year. Please refer to the details in the compensation report. The Supervisory Board reviews its efficiency once a year. In the fiscal year 2009/10, this was done with the help of a questionnaire developed by DSW, which was completed individually and anonymously. A follow-up survey was carried out and discussed by the Supervisory Board in the fiscal year 2010/11. Any insights gained have been incorporated into the work of the Supervisory Board.

Directors' dealings and shareholdings of the Management Board and the Supervisory Board.

Pursuant to section 15a of the German Securities Trading Act (WpHG), directors of the company must disclose the acquisition or sale of shares in Ahlers AG or related financial instruments if they amount to at least EUR 5,000 in a calendar year. The directors' dealings of the past fiscal year are described in detail on page 17 in the chapter entitled "The Share".

As of November 30, 2011, the shares or related financial instruments held directly or indirectly by members of the Management Board and the Supervisory Board exceeded one percent of the shares issued. For details, refer to the chapter entitled "Other disclosures".

Transparency

Ahlers AG aims to provide all shareholders and investors with timely information on an equal treatment basis. All relevant information is therefore announced concurrently in German and English. All relevant publications such as annual and quarterly reports, ad hoc and press releases are published on the Company's website at www.ahlers-ag.com. The financial calendar, which is also posted on this website, shows the regular publication dates as well as upcoming capital market events. Directors' dealings, which must be announced in a timely manner pursuant to section 15a of the German Securities Trading Act (WpHG), are also reported on the Company's website.

Reporting and audit of the annual financial statements

The consolidated financial statements and the interim reports of Ahlers AG are based on International Financial Reporting Standards (IFRS). The separate financial statements of Ahlers AG are prepared in accordance with the German Commercial Code (HGB), the German Stock Corporation Act (AktG) and, for the first time in 2010/11, the German Accounting Law Modernisation Act (BilMoG). The annual financial statements are prepared by the Management Board and audited by the Supervisory Board, just like the quarterly and half-year reports. The Supervisory Board proposes the auditor, who is elected by the Annual Shareholders' Meeting. BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg (Hannover Branch) were again appointed auditors for the fiscal year 2010/11 by the Annual Shareholders' Meeting. The auditors had previously declared their impartiality to the Supervisory Board. The Audit Committee of the Supervisory Board commissioned the auditors and defined the main aspects of the audit as well as the auditor's fee.

Compensation report

The compensation report is contained in the Group management report and the management report for Ahlers AG and is shown on pages 73 under "Compensation report".


pierre cardin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pierre cardin


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Group management report for fiscal 2010/11

BUSINESS AND GENERAL CONDITIONS

Group profile

The Ahlers Group offers high quality collections under a variety of brands which are specifically tailored to the needs of different target groups and price segments. Based on the general fashion statement of the labels, we have divided the brands into three segments: Premium Brands, Jeans & Workwear and Men's & Sportswear:

Premium Brands

Baldessarini

separates the men from the boys. Baldessarini is an international label in the premium segment and stands for distinctive and deeply felt fashion statements. The celebration of individuality, a passion for quality and love of detail are the elements connecting the Baldessarini collections.

Otto Kern

is a lifestyle for the avant-garde of the successful, who want more: more fashion, more top quality, more design. Genuine premium fashion with perfect fits for women and men who feel too young for mainstream fashion.

Pierre Cardin

is made for men who want to look their best in their private and professional lives and attach importance to a perfect fit. Clear brand management through well-matched collections: denim, suits, jackets, shirts and knitwear as well as sports jackets and coats. Since the end of 2010, the menswear collection has been complemented by a women´s wear collection comprising jeans and tops.

Jeans & Workwear

Pioneer Authentic Jeans

is made for younger men and women who want to look up to date. Stylish denim and matching tops with perfect fits at excellent value for money.

Pionier Jeans & Casuals

offers trousers for men and women. Sporty and trendy, casual, but cultivated, the brand has attractive trousers even for men and women of calibre. The sportswear specialist meets individual demands made on the fit of comfortable leisure trousers, which are complemented by sweatshirts, knitwear and polo shirts.

Pionier Workwear

offers fashion for professionals. Pionier Workwear is a professional supplier of high-quality and functional clothes for the industrial, trade and service sectors. There is a growing focus on corporate wear, i.e. uniform workwear for a company's complete workforce.

Men's & Sportswear

Jupiter

sporty and suitable for all occasions. Sportswear jackets and coats characterised by a competent use of materials, excellent fits and high-quality workmanship.

Gin Tonic

Young sportswear inspired by the British lifestyle in colonial India, a combination of relaxed savoir-vivre and sports activities in country clubs. Collections of sportive, comfortable sportswear for women and men. New professional and stylish jeans line to be launched under the name of GT Denim in autumn 2012.

Group structure and organisation

Headquartered in Herford, Germany, Ahlers AG is the parent company of the Ahlers Group, which currently comprises 39 independent companies. Each of the Group's brands is organised in a specific company. In addition, the Group maintains wholly-owned distribution companies in the most important foreign markets. At present, we have own distribution companies in 15 countries. A list of the subsidiaries of the Ahlers Group can be found on page 98/99 "Shareholdings".

Having reorganised its production over the past years, Ahlers now operates two production facilities in Poland and Sri Lanka. The liquidation of Romeo Spolka z o.o. i.L., which had been planned for the financial year 2010/11, has been delayed and will probably take place in 2012.

Ahlers is organised in the form of a function matrix. Each Managing Director of a brand is responsible for the product development and distribution activities of his/her company. Central tasks such as IT, accounting, production, logistics, marketing, retail/outlet management, controlling/legal and international sales are based in the holding company and in Ahlers Zentralverwaltung GmbH. The central departments support the individual companies with their comprehensive knowledge and help to leverage synergies within the Group.

Controlling system

The Management Board of Ahlers AG controls the distribution and service companies of the Group. The Management Board defines the strategy, makes important decisions together with the management teams and monitors the accomplishment of objectives by the subsidiaries.

Medium-term budgets are established for the Group for a period of three fiscal years on a rolling basis every year. At the beginning of each fiscal year, the Management Board submits a detailed annual budget for the Group to the Supervisory Board. This budget is based on the individual budgets of the Group companies, which are prepared by the respective Managing Directors together with the Management Board, and on estimates of the macroeconomic situation in the budget year. Detailed targets regarding defined key performance and financial indicators are set for the individual distribution and service companies. The budget figures are controlled for performance in the context of central monthly reporting. The Managing Directors of the subsidiaries use a prestructured financial report to report quantitative and qualitative developments in the reporting month directly to the Group management. The Management Board regularly meets with the Managing Directors to seek information on the market situation and to take strategic decisions. Central reporting databases facilitate the target/actual control and provide daily, weekly and monthly IT reports. The annual budgets are reviewed and revised twice a year.

Key indicators include the targeted pricing margin and the actual margin, sales revenues and sales growth, the cost ratios, the EBIT margin as well as the average receivables in months. The forward stock cover plays a special role for the production decisions of the sales managers.

Key management and financial indicators

		2010/11	2009/10
Sales	in EUR million	256.2	250.8
Gross margin	in %	50.7	50.6
EBITDA*	in EUR million	22.0	22.5
EBIT*	in EUR million	16.4	17.2
EBIT-Margin*	in %	6.4	6.8
Net income	in EUR million	10.1	8.5
Profit margin before taxes	in %	5.7	5.6
Profit margin after taxes	in %	4.0	3.4
Earnings per share			
common shares	in EUR	0.69	0.59
preferred shares	in EUR	0.74	0.64
Net Working Capital**	in EUR million	87.9	79.6
Return on Investment	in %	5.3	4.5

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

Strategic overview

The strategy of the Ahlers Group is based on the following cornerstones:

Sharpening our brand profiles

Our prime strategic objective is to maintain and sharpen the profiles of our brands. To ensure that our brands are perceived as high-quality brands, consistently high product quality is a must. A convincing fashion statement, supported by marketing activities that are matched to our target groups and coordinated with our sales activities, are key brandbuilding factors. Licenses are used to broaden the product range of our brands while at the same time strengthening the brand core.

Vertical integration

We want to intensify our cooperation with specialist retailers and additionally pursue our own Retail activities. We have adapted our organisation accordingly. In particular, we aim to respond more quickly to changes in customer demand. The operation of retail spaces and our own stores displaying exclusively our own products allows us to present our collections to best effect, to control the brand identity and to promote the brand image.
We have therefore developed individualised shop formats for each brand, from 6 sqm corners to shop-in-shops to stand-alone stores. We open our own stores on our own or together with selected partners.

We also have a presence on the Internet where our products are available through our own online shops (Gin Tonic, Otto Kern) as well as several multi-brand platforms.

Systematic internationalisation and expansion of the local sales expertise

Building on our success to date, Ahlers attaches top priority to the ongoing internationalisation of its activities. The aim is to expand the broad basis we have built up and to additionally seize growth opportunities by entering new markets. At the same time, this reduces our exposure to individual markets. By pooling the sales activities of the Ahlers brands at an international level, we can exploit synergies for the individual brands.

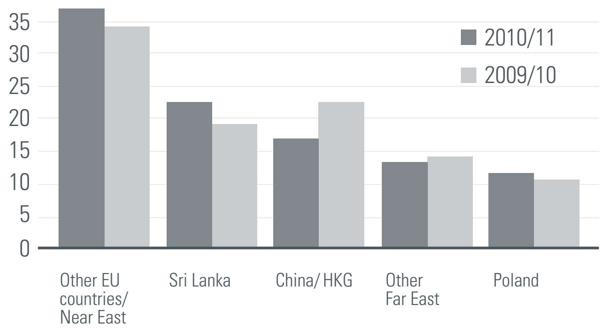
The countries in Western, Central and Eastern Europe remain attractive target markets, which continue to offer good prospects for future growth. The Asian region offers huge potential in the medium term. We have cooperation partners in China for the Gin Tonic and Baldessarini brands and have recently launched a cooperation for Baldessarini in India.

Cost leadership in procurement and logistic processes

The optimisation of procurement and logistics is an ongoing challenge to the clothing sector. The Ahlers Group constantly aims to choose the best suppliers and the most favourable logistic processes with the objective of improving our quality, reliability and procurement costs. We constantly review existing and new locations and suppliers with a view to ensuring a reliable, cost-efficient manufacturing organisation that meets our quality standards. Last year's price increases in the commodity and production sectors have led to some relocations. China became a more expensive production country, while neighbouring countries became more attractive. Accordingly, production orders have been shifted.

Breakdown of production by regions (previous year):

Other EU countries/ Near East	36.5%	(34.6%)
Sri Lanka	22.1%	(19.0%)
China/HKG	16.7%	(22.3%)
Other Far East	13.3%	(13.6%)
Poland	11.4%	(10.5%)



Capacity to make acquisitions

The Ahlers strategy also includes the option of an acquisition to support our growth. Our preferred takeover candidate would be a medium-sized, internationally marketable menswear brand in the premium segment.

Research & development

Every season, the creative departments of the individual brands create new customer-focused collections that reflect the respective image of each brand. While the main focus is on the creative task, the functionality of the garments is becoming increasingly important and is achieved and optimised by means of innovative fabrics and processing techniques.

Environmental protection

The Ahlers Group attaches great importance to using scare resources sparingly and reducing the burden on the environment. Production and logistics are the fields in which we can do the most to protect the environment. We are fully committed to using energy sparingly, to ensuring the best possible utilisation of raw materials in the production process and to avoiding waste.

Our suppliers are obliged to refrain from using hazardous materials in the production of materials in accordance with applicable legislation. To ensure that this is done, we have defined clear standards for our business partners. In addition, we have the materials and products that are used by our suppliers controlled by independent external test labs to ensure compliance with our instructions. Intermediate products that do not meet our specified standard are rejected.

As far as logistics are concerned, the centralisation of warehouses and the efficient use of cargo space help to avoid unnecessary transports. Most of the goods sourced from the Far East are transported by ship in order to avoid an adverse impact on our carbon footprint that would arise from air transport.

Economic and industry-specific trends

For clothing manufacturers focusing on the European output market, 2011 was an eventful year, marked by a positive underlying trend but also by noticeable resistance.

World economy grows at slower rate of 3.7 percent

Compared to the very positive year 2010, growth in global GDP (gross domestic product) slowed down by 1.2 percent to 3.7 percent (Commerzbank forecast; previous year: 4.9 percent), which is a normal level in a multi-year comparison.

The situation in the different regions of the world differed markedly, though. The German economy grew strongly in 2010. Although a sharp slowdown in GDP growth had initially been projected for 2011, this failed to materialise. Following 3.7 percent GDP growth in 2010, Germany reported a surprisingly strong 3.0 percent for 2011.

GDP growth in Western Europe was much lower at about 1 percent. The economy recovered only slowly from the crisis and failed to grow significantly in 2011.

In Eastern Europe, which is an important market for Ahlers, economic activity picked up markedly, with GDP growing by 3.7 percent (2010: 3.3 percent). Especially Russia and its neighbours as well as the Baltic states experienced a belated but significant recovery from the financial and economic crisis, which had a positive impact also on consumer spending.

Stagnation in the German clothing retail sector

Consumer spending in Germany rose sharply by about 2.8 percent in 2011 (source: Federal Statistical Office). It was supported by declining unemployment figures, positive economic news and good consumer sentiment.

The German clothing retail sector benefited from this environment for eight months. Between September and November 2011, sales dropped sharply and full 2011 sales disappointingly came in on a par with the previous year.

Western Europe weak, Eastern Europe strong

The market situation in Western Europe was difficult. Total sales of the textile retail sector declined moderately. A large number of countries suffered from debt problems, restrictive fiscal policies and high unemployment, and consumer spending was low.

In Eastern Europe, economic growth had a positive impact on consumer spending. Sales of the clothing retail sector in Poland increased at a medium single-digit rate, with Russian retailers reporting even stronger growth.

Sharp increase in procurement prices

Due to the strong economic growth in 2010 and the resulting higher demand, the prices of commodities such as cotton increased at high double-digit, in some cases even three-digit, rates in early 2011. As a result, the prices of fabrics rose sharply. At the same time, product availability was delayed and became less reliable. The same applied to manufacturing services sourced in Asia. The situation eased somewhat towards the end of 2011. Material and manufacturing prices declined but stayed clearly above the prior year level.

Clothing manufacturers were unable to pass on much of the price increases. In the German clothing retail sector, prices increased by 2.3 percent, which was more or less in line with the rate of inflation. This makes it all the more important to closely monitor the procurement market and alternative manufacturers to be able to react appropriately during such phases.

EARNINGS, FINANCIAL AND NET WORTH POSITION

Fiscal year 2010/11 – highlights

- Revenues from continued operations up 6.6 percent
- Premium brands grow by 11 percent
- Strong revenue growth in Germany and Eastern Europe
- Consolidated net income up 19 percent on the previous year
- Equity ratio unchanged at 60 percent

Sales by segements

in EUR million		2010/11	2009/10	Change in %
Premium Brands*		144.2	129.8	11.1
Jeans & Workwear		67.4	63.5	6.1
Men's & Sportswear	- continued operations	43.8	46.4	-5.6
	- Jupiter Shirts	0.8	11.1	-
Total	- continued operations	**255.4**	**239.7**	**6.6**
	- incl. Jupiter Shirts	**256.2**	**250.8**	**2.2**

* incl. „miscellaneous" EUR 0.2 million (previous year: EUR 0.2 million)

Sales by regions

in EUR million	2010/11	2009/10	Change in %
Germany	136.1	134.3	1.3
Western Europe	66.3	71.1	-6.8
Middle-/ Eastern Europe/ Misc.	53.8	45.4	18.6
Total	**256.2**	**250.8**	**2.2**

Sales by quarters

in EUR million	2010/11	2009/10	Change in %
1. quarter	66.6	67.1	-0.7
2. quarter	55.4	51.7	7.2
3. quarter	76.0	67.4	12.8
4. quarter	58.2	64.6	-9.9
Total	**256.2**	**250.8**	**2.2**

Revenues from continued activities up 6.6 percent

The Ahlers Group increased its revenues from continued activities by 6.6 percent to EUR 255 million in the fiscal year 2010/11 (previous year: EUR 240 million). In spite of the spin-off of Jupiter Shirts in 2010, which shaved EUR 10 million off the Group's sales revenues, total sales revenues also rose from EUR 251 million to EUR 256 million (+2.2 percent).

Double-digit growth in the Premium segment

The strong growth was primarily attributable to the good performance of all three Premium brands; Baldessarini, Pierre Cardin and Otto Kern grew by a total of 11 percent and increased their contribution to total revenues from 52 percent to 56 percent.

The Jeans & Workwear segment also expanded by an impressive 6 percent and now accounts for 26 percent of total sales revenues (previous year: 25 percent). The contribution made by Men's & Sportswear segment declined by 5 percent to 18 percent, primarily due to the spin-off of the shirts business.

Strong growth across all distribution channels

In fiscal 2010/11, Ahlers achieved strong growth in all distribution channels. Licensing income increased by 42 percent to EUR 1.9 million (previous year: EUR 1.3 million). This growth was attributable to new licensed products such as underwear and shoes at Otto Kern or shirts, hats and caps as well as a luxury coffee machine series at Baldessarini. The existing licensed products also picked up markedly.

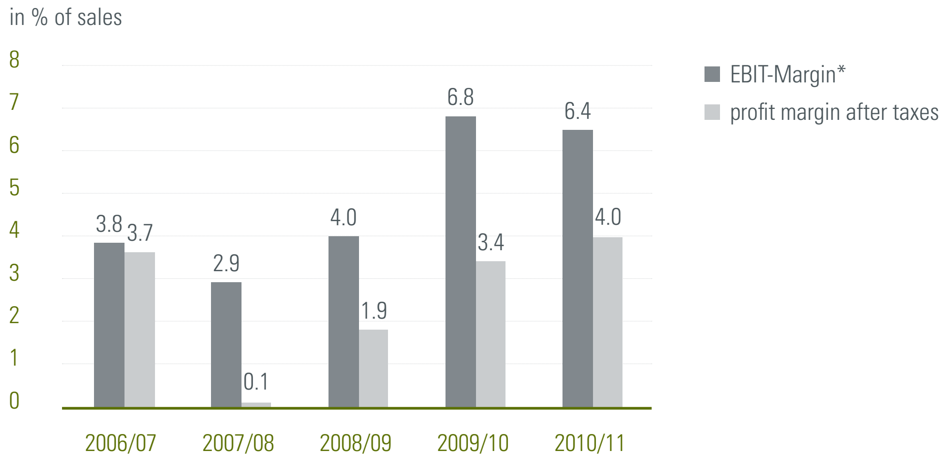
Ahlers' own Retail activities are a strategic growth segment. Due to the expansion of the company's own Retail space and the increased retail productivity, sales revenues climbed 14 percent in the past fiscal year. The Retail segment's contribution to total sales revenues rose from 8.5 percent to 9.4 percent. The Wholesale business with retail customers, which is the most important activity by far, grew by 5.7 percent.

High growth in Germany and Eastern Europe

In a stagnating German market, the fashion company boosted its sales revenues by 7.0 percent (continued activities; total revenues +1.3 percent) and has won market shares. This should apply also to Eastern Europe, where Ahlers' revenues rose by 21 percent (continued activities; total revenues: +19 percent). The highest growth rates were achieved in Russia, the Ukraine and the Baltic states, i.e. countries where the recovery from the financial and economic crisis started later and mostly in the year 2011. In Poland, the relatively steady growth continued.

Sales revenues in Western Europe declined by 3.6 percent (continued activities; total revenues -6.8 percent) in what was a difficult market environment. Declining sales revenues were reported in Belgium Spain, Greece and the UK, while growth was achieved in Scandinavia but also in the difficult Swiss market.

Five-year comparison of EBIT margins*



* before special effects

Consolidated net income after taxes up 19 percent on the previous year

In the fiscal year 2010/11, the Ahlers Group earned EUR 10.1 million after taxes, up 19 percent on the previous year's EUR 8.5 million. As a result, the profit margin after taxes climbed from 3.4 percent to 4.0 percent. Earnings before interest and taxes (EBIT) after special effects were up 5 percent on the previous year, while EBIT before special effects were 5 percent below the prior year level.

At 50.7 percent, gross profit margin is on a par with the previous year

The sharp rise in the prices of commodities and manufacturing services could be passed on to customers only to a very limited extent. But we were able to partly offset the price increases with the help of early fabrics procurement and through our ongoing expansion of low-cost production facilities. Growing retail sales and licensing income also supported the gross profit margin and kept it at the prior year level (50.7 percent vs. 50.6 percent in the previous year). Gross profit rose by EUR 3.2 million or 2.5 percent to EUR 130 million (previous year: EUR 126.8 million), primarily driven by sales revenues.

Strategic expansion of Retail and Premium segments

Operating expenses, which consist of personnel and other expenses as well as depreciation/amortisation, increased by EUR 4.0 million or 3.6 percent in the fiscal year 2010/11. These additional expenses related, in more or less equal parts, to the expansion of retail space and the internal Retail organisation, the launch of the Pierre Cardin ladieswear collection and additional marketing activities in the Premium segment.

Earnings position

	2010/11 in EUR million	2009/10 in EUR million	Change in %
Sales	**256.2**	**250.8**	**2.2**
Gross profit	130.0	126.8	2.5
in % of sales	50.7	50.6	
Personnel expenses*	-51.8	-50.0	-3.6
Balance of other expenses/income*	-56.2	-54.3	-3.5
EBITDA*	**22.0**	**22.5**	**-2.2**
Depreciation and amortisation*	-5.6	-5.3	-5.7
EBIT*	**16.4**	**17.2**	**-4.7**
Special effects	-0.5	-2.1	
Net interest expense	-1.2	-1.1	-9.1
Earnings before taxes	**14.7**	**14.0**	**5.0**
Income taxes	-4.6	-5.5	16.4
Consolidated net income for the year	**10.1**	**8.5**	**18.8**

* before special effects

Special effects of little importance

Special effects had hardly any effect on the bottom line in 2010/11. While special write-downs and compensation payments had shaved EUR 2.1 million off the prior year result, such effects had an impact of only EUR 0.5 million in the past fiscal year and primarily related to compensation payments to sales representatives and employees.

Thanks to the good financial position, the company's financial expenses are always relatively low. During the reporting period current financial expenses declined even further as a result of the low interest rates. Due to financial expenses of EUR 0.2 million that were unrelated to the reporting and resulted from a tax audit, the total financial result, at EUR -1.2 million, slightly exceeded the prior year level (EUR -1.1 million).

Tax ratio down from 39 percent to 31 percent

Following two years of comprehensive tax audits, the tax ratio again approached a "normal" level of just below 30 percent in the year 2010/11, when it reached 31 percent. The tax ratio was thus much lower than the previous year's 39 percent. The tax audits still led to extraordinary burdens in the year under review but these were lower than in the previous years. At the same time, small loss-carryforwards were utilised; as a result, the tax burden declined from EUR 5.5 million in the previous year to EUR 4.6 million in spite of a higher result before taxes.

Between them, the EUR 0.7 million increase in the result before taxes and the EUR 0.9 million decline in the tax burden sent the consolidated net income rising to EUR 10.1 million (previous year: EUR 8.5 million).

Net worth position

Equity ratio remains sound at over 60 percent

As of the reporting date on November 30, 2011, both total assets and equity remained largely unchanged at EUR 190 million (previous year: EUR 189 million) and EUR 115 million (previous year: EUR 115 million), respectively. As a result, the equity ratio changed only marginally from 60.8 percent (November 30, 2010) to 60.6 percent.

Balance sheet structure

	Nov. 30, 2011		Nov. 30, 2010	
Assets	in EUR million	in %	in EUR million	in %
Property, plant, and equipment and intangible assets	42.7	22.5	43.9	23.2
Other non-current assets	20.5	10.8	19.5	10.3
Deferred tax assets	1.5	0.8	1.7	0.9
Non-current assets	**64.7**	**34.1**	**65.1**	**34.4**
Inventories	69.4	36.4	58.6	30.9
Trade receivables	34.9	18.3	36.1	19.1
Other current assets	7.5	4.0	8.2	4.3
Cash and cash equivalents	13.7	7.2	21.3	11.3
Current assets	**125.5**	**65.9**	**124.2**	**65.6**
Total assets	**190.2**	**100.0**	**189.3**	**100.0**

	Nov. 30, 2011		Nov. 30, 2010	
Equity and liabilities	in Mio. EUR	in %	in Mio. EUR	in %
Equity	**115.3**	**60.6**	**115.1**	**60.8**
Pension provisions	4.9	2.6	5.1	2.7
Other non-current liabilities and provisions	23.7	12.5	27.4	14.5
Deferred tax liabilities	2.5	1.2	2.2	1.1
Non-current liabilities	**31.1**	**16.3**	**34.7**	**18.3**
Current income tax payables	4.5	2.4	2.3	1.2
Other current liabilitiesand provisions	39.3	20.7	37.2	19.7
Current liabilities	**43.8**	**23.1**	**39.5**	**20.9**
Liabilities	**74.9**	**39.4**	**74.2**	**39.2**
Total equity and liabilities	**190.2**	**100.0**	**189.3**	**100.0**

Increased net working capital

As a result of the unsatisfactory autumn business in the past fiscal year, inventories were markedly higher as of the 2011 reporting date. Also, as more goods were procured in Asia, commodity stocks and finished goods in transit increased as well. Total inventories rose by EUR 10.8 million to EUR 69.4 million (previous year: EUR 58.6 million). By contrast trade receivables declined from EUR 36.1 million to EUR 34.9 million. Due to the improved economic situation, especially in Eastern Europe, the bad debt risk has improved. The liquidity situation benefited from the rise in trade liabilities, which were up by EUR 1.3 million on the previous year to EUR 16.4 million (EUR 15.1 million).

Total net working capital increased by EUR 8.3 million to EUR 87.9 million (previous year: EUR 79.6 million). Reducing the seasonally increased inventories will take top priority in the fiscal year 2011/12.

Financial figures

		2010/11	2009/10
Equity ratio	in %	60.6	60.8
Debt ratio*	in %	62.7	62.5
Interest coverage ratio**	in %	1,001.0	1,127.0
Return on equity	in %	8.8	7.4
Investment in property, plant, and equipment and intangible assets	in EUR million	5.3	4.0
Total assets	in EUR million	190.2	189.3

* excl. deferred taxes
** before special effects

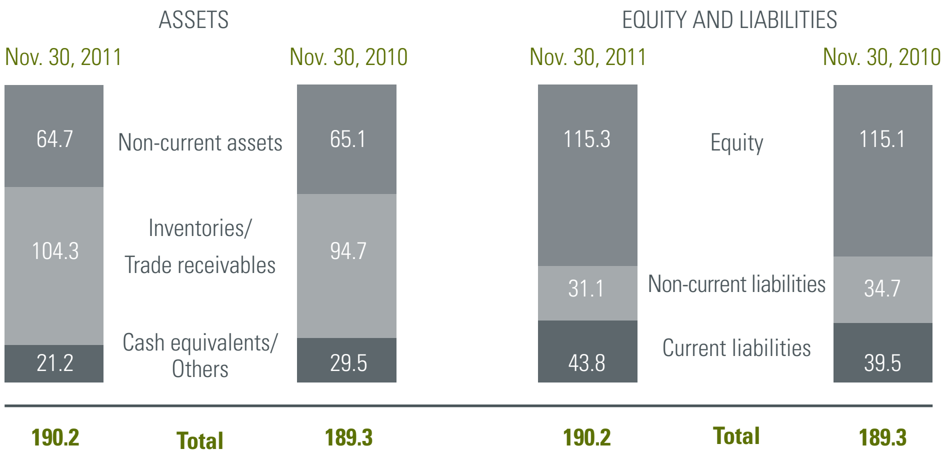
Other events influencing the balance sheet

There were several events in the fiscal year 2010/11 which primarily affected the balance sheet:

- Takeover of the remaining 20 percent in Otto Kern GmbH: We took over the minority interest in Otto Kern GmbH in the third quarter of 2011 and now own 100 percent of the shares.
- With the start of operations, the shareholders granted long-term loans to Jupiter Shirt GmbH in accordance with their respective shareholdings. Ahlers AG holds 49 percent and has granted a loan of EUR 1.0 million to the company. Long-term loans to Jupiter Shirt GmbH total EUR 1.0 million.
- In the year 2010/11, Ahlers AG reported only minor additions (EUR 0.2 million) and disposals (EUR 0.2 million with a book profit of EUR 0.2 million) of works of art. As a result, non-current assets remained largely unchanged (November 30, 2011: EUR 18.4 million; 2010: EUR 18.3 million).
- The second and final purchase price instalment for the Baldessarini business will become due in 2012. This amount has therefore been reclassified from medium-term to short-term liabilities.

Asset and capital structure of the Ahlers Group

in EUR million



Financial position

Cash flow from operating activities at EUR 9.0 million

The sharp increase in net working capital of EUR 8.2 million is even better reflected in the cash flow statement than in the balance sheet. If these items had not changed, the cash flows of the years 2010/11 and 2009/10 would have been almost at the same level. Due to this change, however, cash flow in 2010/11, at EUR 9.0 million, was clearly below the previous year's EUR 20.3 million.

Free cash flow

in EUR million	2010/11	2009/10	Change in %
Consolidated net income for the period	**10.1**	**8.5**	**18.8**
Depreciation, amortisation, and impairment losses	5.6	6.0	-6.7
Change in net working capital	-8.2	3.1	n.a.
Change in current provisions	0.9	-1.4	n.a.
Other changes*	0.6	4.1	-85.4
Cash flow from operating activities	**9.0**	**20.3**	**-55.7**
Net investments incl. equity investments	-5,.8	-2.8	104.4
Effects of changes in exchange rates	-0.5	1.4	n.a.
Free cash flow before financing activity	**2.7**	**18.9**	**-85.7**
Additions to (+), repayment of (-) non-current liabilities	-2.3	4.0	n.a.
Dividend payments	-7.8	-4.4	77.3
Free cash flow	**-7.4**	**18.5**	**n.a.**
Liquid funds as of November 30 **	**13.6**	**21.0**	**-35.2**

* Other non-cash expenses and income EUR 3.5 million (previous year: EUR 2.1 million)
Change in non-current provisions and other liabilities EUR -1.8 million (previous year EUR 1.0 million)

** Cash and cash equivalents less overdrafts

Material changes affecting the free cash flow:

- At EUR 5.8 million, net investments incl. the equity investment were more or less on a par with depreciation/amortisation (EUR 5.6 million), which means that they had no adverse impact on liquidity. Nevertheless, they clearly exceeded the relatively low level of the previous year.
- On the balance sheet date, the EUR/PLN exchange rate was very low. Due to high asset positions in Poland, this led to changes in the carrying amount of EUR -0.9 million, which have mostly been offset in the meantime, however.
- The scheduled repayment of a real estate loan led to cash outflows of EUR 2.3 million. To ensure stable long-term funding, agreements on longer-term credit lines were signed with two banks. These were not used as of the end of the year.
- Dividends totalling EUR 7.8 million (previous year: EUR 4.4 million) were paid out in May 2011.

Very low net liabilities of EUR 12 million

At the end of the year, the Ahlers Group had only very little debt capital. Net liabilities, i.e. the balance of financial liabilities and cash and cash equivalents, amounted to EUR 11.7 million (previous year: EUR 6.7 million). This amount compares with medium and long-term loans totalling EUR 22.1 million.

General statement by the Management Board

The Management Board of Ahlers AG regards the economic and financial situation of the Group as positive. The Ahlers Group continued to expand its market position and its profitability in 2010/11. Equity is high and liabilities are low. The Management Board is moderately optimistic about the financial year 2011/12 and projects a moderate increase in sales and earnings and a continued sound financial position.

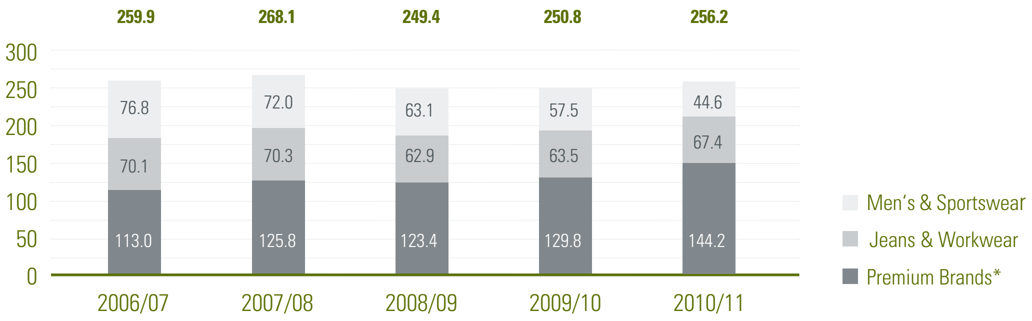
SEGMENT REPORT

Fiscal year 2010/11 – highlights

- Significant market share gains in the Premium and Jeans & Workwear segments
- Largely proportionate earnings growth in both segments
- Successful restructuring of the Jupiter business

Five-year comparison of segment revenues

in EUR million



* incl. others

Premium Brands achieve strong revenue groth

		2010/11	2009/10	Change
Sales*	in EUR million	144.2	129.8	11.1%
thereof Germany	in EUR million	65.4	61.0	7.2%
thereof abroad	in EUR million	78.8	68.8	14.5%
Share of foreign sales	in %	54.6	53.0	1.6
EBIT before special effects**	in EUR million	10.6	9.9	7.1%
EBIT after special effects**	in EUR million	10.4	8.5	21.8%
EBIT margin before special effects	in %	7.4	7.6	-0.2

* incl. others EUR 0.2 million (previous year: EUR 0.2 million)
** incl. book profit others EUR 0.2 million (previous year: EUR 0.0 million)

All three Premium brands of Ahlers achieved strong growth in the past fiscal year. Baldessarini and Otto Kern reported high double-digit growth and clearly improved their earnings. This positive trend was supported by increasing Retail figures and licensing income as well as the growing business with retail customers.

Pierre Cardin is the most important brand in the Premium segment. The brand reported a high single-digit growth rate and expanded markedly both in Germany and abroad. In the fiscal year 2010/11, Ahlers built up a new ladieswear collection with the main focus on trousers, which is designed to tap an additional market segment and generate potential sales in the coming years. Sales of the first spring/summer 2012 collection showed a 100 percent increment. The new collection met with a very positive response from retailers.

Overall, the Premium segment of the Ahlers Group reported an 11 percent increase in sales revenues, which climbed from EUR 129.8 million to EUR 144.2 million. The segment's contribution to total sales revenues rose from 52 percent to 56 percent. EBIT before special effects increased only moderately by EUR 0.7 million or 7 percent to EUR 10.6 million due to the start-up expenses for Pierre Cardin Ladieswear. EBIT after special effects were up by 22 percent.

Solid revenue and earnings growth in the Jeans & Workwear segment

		2010/11	2009/10	Change
Sales	in EUR million	67.4	63.5	6.1%
thereof Germany	in EUR million	48.6	44.8	8.6%
thereof abroad	in EUR million	18.8	18.7	0.4%
Share of foreign sales	in %	27.9	29.5	-1.6
EBIT before special effects	in EUR million	8.3	8.0	3.8%
EBIT after special effects	in EUR million	8.1	7.9	2.5%
EBIT margin before special effects	in %	12.3	12.6	-0.3

The Jeans & Workwear segment reported an impressive 6.1 percent increase in the fiscal year 2010/11. Both workwear and jeanswear grew by similar percentages. The segment's total sales revenues amounted to EUR 67.4 million (previous year: EUR 63.5 million) and the contribution to total sales revenues rose moderately from 25 percent to 26 percent.

EBIT in the workwear sub-segment increased in line with sales revenues, while EBIT in the jeanswear sub-segment stagnated as the higher procurement costs could not be passed on in full. Total EBIT before special effects rose by a moderate 3.8 percent to EUR 8.3 million (previous year: EUR 8.0 million). At 12.3 percent, the EBIT margin clearly stayed in double-digit territory (previous year: 12.6 percent).

Men’s & Sportswear: Successful restructuring of Jupiter; setback for Gin Tonic

		2010/11	2009/10	Change
Sales	in EUR million	44.6	57.5	-22.4%
thereof Germany	in EUR million	22.1	28.5	-22.5%
thereof abroad	in EUR million	22.5	29.0	-22,.4%
Share of foreign sales	in %	50.4	50.4	0.0
EBIT before special effects	in EUR million	-2.5	-0.6	>-100%
EBIT after special effects	in EUR million	-2.6	-1.3	-100.0%
EBIT margin before special effects	in %	-5.6	-1.0	-4.6

Sales revenues in the Men’s & Sportswear segment declined by 22 percent in the past fiscal year. Adjusted for the spin-off of Jupiter Shirts, sales were down by 5.6 percent on the previous years. The segment’s result deteriorated from EUR -0.6 million to an unsatisfactory EUR -2.5 million.

There are two different fashion brands and trends behind these figures. Following the spin-off of the shirts business, Jupiter Sportswear reported moderately rising sales revenues and an almost balanced result. The Jupiter Shirt GmbH joint venture, in which the Ahlers Group holds 49 percent, earned EUR 0.5 million in the past fiscal year, which was in line with projections. This means that Jupiter broke even overall and the restructuring was successful.

The Gin Tonic brand was hit hard by the problems in the procurement markets. On the one hand, it was virtually impossible to impose price increases in the very price-sensitive output market. On the other hand, the traditionally Asian-dominated procurement portfolio offered hardly any alternatives to balance out the price increases. We expect the situation in the procurement markets to ease somewhat in the fiscal year 2011/12, which should also improve the situation for Gin Tonic. Moreover, we have initiated a cost-cutting programme. The new GT-Denim jeans collection will be targeted at new customers and market segments from autumn 2012.

EMPLOYEES

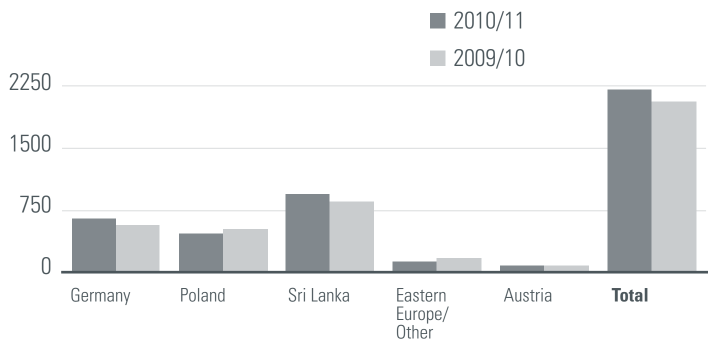
More staff hired in Retail and production

In the past fiscal year, the Ahlers Group had an average headcount of 2,253, i.e. about 100 people more than in the previous year (previous year: 2,154). Most of the new employees were hired in the final quarter of 2009/10 to increase the capacity of our production facility Sri Lanka.

On November 30, 2011, the Ahlers Group employed 2,237 people, 27 more than one year earlier (previous year: 2,210). Most of the new employees were hired in the Retail segment, primarily in Germany. At EUR 23 thousand, personnel expenses per employee remained stable in the fiscal year 2010/11.

Employees by region as of November 30, 2011 (previous year)

Germany	638	(606)
Poland	548	(573)
Sri Lanka	835	(813)
Eastern Europe/Other	134	(136)
Austria	82	(82)
Total	**2,237**	**(2,210)**



Human resources development

Winning competent and skilled labour has become more difficult, for instance in technical professions. It will therefore become increasingly important to not only attract and retain employees but also to develop and train them. We offer our employees consistent and effective career development opportunities and show them perspectives for their future within the Group. Competent and dedicated employees make an important contribution to achieving the strategic and operational goals of the Ahlers Group.

Vocational training

In 2011, Ahlers AG again offered many school-leavers the possibility to start their vocational training as industrial and IT clerks as well as wholesale and export merchants. As of the end of the fiscal year 2010/11, Ahlers trained 23 (previous year: 21) young people in commercial occupations. As part of their vocational training, the commercial trainees get to know our international production and procurement facilities during stints abroad.

Personnel figures

		2010/11	2009/10	Change
Average number of employees		2,253	2,154	4.7 %
Adjusted personnel expenses*	in EUR million	51.8	50.0	3.6 %
Personnel expenses /employee	in KEUR	23.0	23.2	-0.8 %
Number of trainees		23	21	
Share of women in leading positions	in %	17	16	

* adjusted for special effects

Further education

Since its introduction, we have offered the additional qualification of EU industrial clerk, which includes foreign languages and thus caters to the needs of our increasingly international business activities. In addition, we offer further training and qualification measures as well as dual study courses with a view to promoting junior managers. In this context, Ahlers supports employees in professional training programmes and in dual-track economic informatics and business administration study courses. One employee successfully completed an accountant course sponsored by the Company and was promoted to a new position requiring higher qualifications.

Cooperation with universities

The cooperation with universities is another important success factor, which helps to attract and win young talent for our Group at an early stage We give a number of interns the opportunity to gain an insight into everyday working life. Gin Tonic in Sindelfingen offers a six-month practical term for interested students at the textile engineering academy in Nagold. In addition, we want to offer talented school-leavers the possibility of a dual study programme in International Business Administration also in 2012.

High staff retention

The remarkably low staff turnover rate of 3.8 percent (previous year: 3.4 percent) reflects the success of the measures taken. This way, important expertise is retained within the Company. Several anniversaries testified to the great loyalty of our staff. In 2011, we celebrated twelve 10th anniversaries, seven 25th anniversaries as well as one 40th and one 45th anniversary.

We would like to thank all employees for their loyalty and their great commitment.

PIONEER®
AUTHENTIC JEANS

RISK AND OPPORTUNITY REPORT

Managing a company always involves weighing up risks and opportunities. Potential risks must be identified at an early stage and be avoided or mitigated using appropriate means. The growing volatility and short-term nature of changes in the business environment make risk management even more important than in the past.

Ahlers has installed a risk management system which reflects the diverse and decentralised structure of a multi-brand fashion company. It is partly integrated into the regular - usually monthly - reporting system. An explicit, comprehensive risk report is produced on a quarterly basis for the Supervisory Board's Audit Committee. The Internal Audit Department regularly reviews the appropriateness, the effectiveness and the contents of the reports. Ahlers distinguishes between risks that are monitored and controlled centrally and risks that are recorded in the operating units and reported to the headquarters.

The central risks of the Ahlers Group comprise:
- Profitability of the divisions
- Procurement risks
- Bad debt risks
- License risks
- Legal risks
- Liquidity risks
- Risks arising from the capital structure
- Currency risks
- Interest rate risks
- IT risks: availability and data protection
- Business disruptions, loss of goods and third-party claims for damages

To mitigate the risk of a decline in the profitability of the divisions, Ahlers constantly monitors all relevant key figures of the individual brands such as the pricing margin and the gross profit margin as well as the compliance with cost budgets. As soon as signs of declining profitability are identified, a situational analysis is conducted with the respective divisional manager and measures are planned to mitigate the risk at an early stage.

Procurement risks are a constant challenge to the fashion industry. Fashion companies are forced to reconcile the conflicting demands of cost management and reliability; both stagnation and the hasty changes of suppliers may put the Company at risk. Ahlers reduces these risks through a careful and early selection of competent suppliers as well as thorough quality checks.

The constant search for potential new manufacturing facilities opens up opportunities, e.g. in the event of changes in exchange rates or regional price increases.

The bad debt risks of the Ahlers Group are mitigated through strict examination of creditworthiness and insurance against bad debts. The Company refrains from hedging receivables only following critical examination and, if available, an analysis of the customer relationship to date. Bad debt risks that cannot be insured must be approved by the Management Board. Such decisions are reviewed regularly after no more than six months. In the past fiscal year, the remaining bad debt risks declined due to the relatively benign economic environment.

License risks may result from the termination of license agreements or the transfer of trademark rights to third parties. To minimise these risks, Ahlers renews such agreements for long terms and constantly monitors the national and international registration of its trademarks.

Legal risks from court or similar proceedings, which may have an adverse impact on the earnings position of the Group, cannot be identified at present. Warranty claims under product liability laws are covered by insurance and have been negligible so far. Ahlers has also taken out insurance cover against costs arising from a recall.

The liquidity risk and the risk of cash flow fluctuations are monitored constantly, and liquidity is guaranteed by sufficient credit lines which cover seasonal and unexpected cash needs. The credit lines are made available by several banks. Liquidity is ensured by regular communication with the lending institutions as well as sufficiently long terms for the basic requirements. Cash flows from the actual business activity are well predictable over a season. Cash flow is primarily influenced by profitability and fluctuations in net working capital.

No material risks arise from the capital structure. The Ahlers Group is characterised by a high equity ratio and low net liabilities. Positions that are difficult to calculate such as pension provisions represent a relatively low percentage of total assets.

Currency risks result primarily from the procurement of goods in Asia, which are mostly invoiced in US dollars. Exchange rates are hedged in accordance with a guideline agreed with the Supervisory Board for each season, which provides for certain minimum and maximum hedge ratios at given times in the seasonal cycle. Under this guideline, certain volumes are hedged by forward exchange contracts at certain times on the basis of a demand plan. Regular reports show the demand and the hedges provided by these financial instruments. The Internal Audit Department regularly reviews compliance with the hedge ratios defined in the guideline.

Interest rate risks arise in the event of changes in market rates on debt capital. The risk of rising borrowing costs relates to floating-rate loans and follow-up financing that may be required. Changes in market interest rates are monitored. Loans are either raised at fixed interest rates or interest rate swaps are used to hedge the interest rate risks arising from large debt financings.

IT risks result from the growing trend towards the networking of information systems and the need for their constant availability. Computer systems and networks may break down, which would lead to a massive disruption of the business operations. Moreover, unauthorised data access or the misuse of data represent a growing threat. We mitigate these risks through the use of modern hardware and software meeting the latest security standards. Competent internal and external experts ensure that Ahlers' IT systems are permanently protected and optimised. These measures are supported by regular investments in hardware and software, virus scanners, firewall systems and access controls. The security of the IT infrastructure of Ahlers AG is confirmed by the „Trusted Site Infrastructure“ seal awarded by the German TUV.

Comprehensive insurance has been taken out to cover, among other things, the risks from business disruptions, loss of goods and claims for damages.

The divisional risks of the Ahlers Group comprise:
- Success of collections
- Inventories
- Customer dependence

Every season, fashion manufacturers are exposed to the risk of their collections not being accepted by the market and sales revenues declining as a result. Timely reports on pre-sales and monthly reports from the divisions about the market situation keep the Management Board informed about the market strength of our products. The integration of sell-through information from retailers and our own stores clearly facilitates the creation of products that sell successfully.

Managing the inventory risk is an increasingly important task in the fashion industry. On the one hand, high product availability is key to successful cooperation with retailers; on the other hand, however, inventories must be sold by the end of the season to ease the liquidity position of the Company. Ahlers mitigates this risk through regular inventory checks and systematic planning and selling principles, which help keep inventories at the right level.

The risk of customer dependence results from the trend that traditional specialist retailers are increasingly driven out of the market by large chains; as a result, large customers account for a growing percentage of sales. Large suppliers providing retailers with professional services and high-quality products benefit from this trend. Ahlers communicates with customers at all levels to identify market requirements and problems at an early stage. At the same time, Ahlers reduces its customer dependence through ongoing internationalisation, vertical integration and the development of its own retail activities. In addition, the Company has implemented a reporting system, which ensures that delivery ratios, punctuality of deliveries, orders on hand and sales revenues are monitored constantly to provide all customers with excellent services and intensify customer relationships. The fact that the individual brands are positioned differently and thus serve different retail concepts means that the Ahlers Group's dependence on individual customers tends to be low.

The risks outlined above also entail opportunities. In particular, the constant monitoring of the profitability of the business units presents opportunities to identify new developments, which are taken into account in the context of the Group's strategic positioning. The monitoring of the procurement market opens up the possibility to ensure reliable quality that will further consolidate the company's market position through the effective and deliberate relocation of procurement activities to markets offering competitive prices.

The overall risk situation of the Ahlers Group did not change materially in the fiscal year 2010/11 as compared to the previous year. From today's point of view, we can identify no risks that could jeopardise the continued existence of the Group either on their own or in combination with other risks.

FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM PURSUANT TO SECTIONS 289 PARA. 5, 315 PARA. 2 NO. 5 HGB WITH REGARD TO THE ACCOUNTING PROCESS AND EXPLANATORY REPORT

Two major components ensure that risks in the Company are avoided or mitigated, namely a system of instructions and rules of procedure, on the one hand, and controlling and informing reports, on the other hand.

Rules of procedure for the Supervisory Board, the Management Board and the Managing Directors of all Group companies define the rooms for manoeuvre and the involvement of different hierarchy levels in the decision-making process. Individual instructions that are valid for all employees are posted on the Intranet of the Ahlers Group together with the Group's value statement.

Controlling reports with different degrees of detail on the risk situation are sent to all officers at defined suitable intervals, usually monthly. The Audit Committee of the Supervisory Board is informed about the central risks and the segment risks in a quarterly risk report.

Internal controlling system in the accounting and consolidation process

The internal control system of the accounting and consolidation process aims to minimise sources of error and identify errors quickly. For this purpose, the accounting departments of the Ahlers Group are organised centrally per country, in some cases they even have a cross-border organisation. The participation of external service providers in the accounting process is usually confined to tax computations. In minor exceptional cases, financial statements are prepared externally.

The SAP system forms the technical backbone of the accounting system. The regions have active access to the SAP system, while the central organisation has controlling access. The maintenance and updating of SAP master data and the system support are handled centrally.

A Group accounting manual ensures that all recurrent incidents are treated consistently. New incidents are agreed with the Group headquarters. Changes in Group accounting are immediately communicated to all employees involved as well as to external service providers concerned. The subsidiaries use standardised questionnaires for reporting, which are completed by the respective accounting departments for each monthly, quarterly and annual financial statements. These include the local and the IFRS statements as well as the reconciliation of receivables and liabilities between the Group companies. All data are pooled in the central consolidation department, which manages all internal reconciliations, consolidations, the monitoring of reporting deadlines and the quality control of the data reported. The department uses a consolidation software programme to process all separate financial statements into the consolidated financial statements. The consolidation process is geared to stringent control as well. Reconciliation differences in the consolidation are communicated to the subsidiaries involved and corrected.

The Group generally applies the four-eye principle. Important accounting decisions such as the measurement of inventories and receivables are reviewed and approved by the Management Board. Flat hierarchies, direct reporting lines and the preparation of monthly interim statements allow risks to be identified and errors to be detected at an early stage.

The Internal Audit Department regularly addresses aspects that are relevant for the financial statements and performs a controlling function in the annual accounting process. In this context, a focus is on the management and the measurement of inventories, which are especially challenging in the clothing sector and important for the result. The effectiveness of the internal control and risk management system in the accounting-relevant processes is also regularly reviewed by the Internal Audit Department.

The processes, systems and controls implemented by us sufficiently ensure that the Group's accounting process complies with International Financial Reporting Standards (IFRS), the German Commercial Code (HGB) as well as other accounting-relevant rules and laws and is thus permissible.

TAKEOVER-RELATED INFORMATION AND EXPLANATORY REPORT PURSUANT TO SECTIONS 289 PARA. 4, 315 PARA. 4 HGB AND SECTION 176 PARA. 1 SENTENCE 1 AKTG

On November 30, 2011, the share capital of Ahlers AG amounted to EUR 43,200,000.00 and is divided into 7,600,314 common shares (55.6 percent) and 6,081,206 preferred shares (44.4 percent). Each of the common and preferred shares represents an imputed EUR 3.16 of the share capital. Pursuant to section 22 of the statutes, each common share represents one vote at the Annual Shareholders' Meeting. According to section 5 para. 1 of the statutes, the preferred shares are non-voting shares. There are no voting right controls in case that employees hold a share in the capital of Ahlers AG.
500 common shares are registered shares with transfer restrictions, which confer a right to nominate a Supervisory Board member. These shares are held by Westfälisches Textilwerk Adolf Ahlers KG. The remaining 13,681,020 shares are bearer shares.

As of November 30, 2011, Jan A. Ahlers, Deputy Chairman of the Supervisory Board of Ahlers AG, held 51.5 percent of the Ahlers shares directly and indirectly through Westfälisches Textilwerk Adolf Ahlers KG and WTW-Beteiligungsgesellschaft mbH. He held 76.1 percent of the common shares and 20.6 percent of the preferred shares.

Pursuant to section 8 of the statutes, the Management Board of Ahlers AG consists of at least one member. The Supervisory Board determines the number of Management Board members and may appoint a Chairperson or Spokesperson of the Management Board as well as a Deputy Chairperson or Deputy Spokesperson of the Management Board. Vice members of the Management Board may also be appointed.

According to section 179 et seq. of the German Stock Corporation Act (AktG), amendments to the statutes may be decided by at least three quarters of the share capital represented at the Annual Shareholders' Meeting. The Supervisory Board is authorised to autonomously make amendments to the statutes to the extent that such amendments merely relate to the wording (section 27 of the statutes).

Pursuant to section 4 para. 2 of the statutes, the Management Board is authorised, subject to the approval of the Supervisory Board, to increase the Company's share capital by up to EUR 21.6 million (authorised capital) by April 30, 2013 by issuing new common bearer shares and/or non-voting preferred shares against cash or non-cash contributions once or several times.

The Management Board may exclude shareholders' subscription right with the consent of the Supervisory Board in the following cases:

(i) to offset fractional amounts;

(ii) if the shares are issued against a non-cash contribution, especially in conjunction with the acquisition of, or the merger with, companies or the acquisition of equity investments; this authorisation applies only to the exclusion of subscription rights for shares that represent no more than 30 percent of the share capital (i.e. up to an amount of EUR 12,960,000.00);

(iii) if the shares are issued against a cash contribution and the issue price per share is not materially lower than the market price of the listed shares entailing basically the same rights at the time of the issue of the shares. In this case, the subscription right may be excluded only if the number of shares issued this way, together with the number of own shares sold ex rights during the term of this authorisation pursuant to section 186 para. 3 sentence 4 AktG and the number of shares that may arise from the exercise of option and/or conversion rights or the fulfilment of conversion obligations under bonds with warrants and/or convertible bonds and/or profit participation rights that are issued during the term of this authorisation in an ex-rights issue pursuant to section 186 para. 3 sentence 4 AktG, does not exceed 10 percent of the share capital neither at the time of the coming into effect of this authorisation nor at the time of the issue of the new shares;

(iv) to the extent that this is required to grant the holders of warrants and convertible bonds a subscription right to the new shares in the amount they are entitled to under their option or conversion rights.

With reference to agenda item 7, the Annual Shareholders' Meeting of May 5, 2010 additionally authorised the Management Board, subject to the consent of the Supervisory Board, to acquire shares in the company of any type (common or preferred shares) representing up to 10 percent of the company's share capital in an amount of EUR 43,200,000 as of the day the resolution was passed until November 4, 2012.

The authorisation may be exercised once or multiple times in full or partial amounts for one or several purposes by the company or by companies dependent on it or majority-owned by it or by third parties acting for the latter's account or for the account of the company. The acquisition may be confined to only one type of shares.

Types of acquisition

The shares may be acquired, at the discretion of the Management Board,

(1) through the stock exchange or

(2) in the context of a public offering to all shareholders of the same type of share and/or in the context of a public invitation to all shareholders of the same type of share to submit offers for sale.

If the shares are acquired through the stock exchange, the purchase price per share of the same type paid by the company (excluding incidental expenses) may not be more than 10 percent higher or lower than the price determined in the opening auction at the Frankfurt Stock Exchange on the relevant trading day.

If the shares are acquired in the context of a public offering to all shareholders of the same type of share or in the context of a public invitation to all shareholders of the same type of share to submit offers for sale,

- the purchase price offered per share of the same type (excluding incidental expenses) and

- the upper and lower limits of the purchase price range defined by the company in the context of a public invitation to all shareholders of the same type of share to submit offers for sale

must not be more than 10 percent higher or lower than the mean closing price for shares of the same type at the Frankfurt Stock Exchange during the five trading days preceding the announcement of the public offering and/or the public invitation to submit offers for sale.

If material deviations in the relevant price occur after the publication of a public offering to all shareholders of the same type of share and/or of a public invitation to all shareholders of the same type of share to submit offers for sale, the public offering and/or the invitation to submit offers for sale may be adjusted. In this case, the relevant price is the mean closing price for shares of the same type at the Frankfurt Stock Exchange during the five trading days preceding the public announcement of the adjustment.

If a public offering is oversubscribed, it can be accepted only on a pro-rata basis. If, in the case of a public invitation to submit offers for sale, not all equal offers can be accepted, they may be accepted only on a pro-rata basis. The preferred treatment of low volumes of up to 100 shares per shareholder and commercial rounding to avoid fractional amounts are permissible. In these cases and in the event of a pro-rated acquisition of shares, shareholders have no right to tender additional shares.

The public offering and/or the public invitation to submit offers for sale may be subject to additional conditions.

Use of own shares

The Management Board is authorised to use the own shares acquired on the basis of this authorisation or of one or several previous authorisations for all legally permissible purposes, especially for the following purposes:

(1) The shares may be redeemed without any further resolution by the Annual Shareholders' Meeting. They may also be redeemed in a simplified procedure without capital reduction by adjusting the imputed pro-rata amount of the other shares in the Company's share capital. If the shares are redeemed in a simplified procedure, the Management Board is authorised to adjust the number of shares in the statutes.

(2) The shares may be sold in another way than via the stock exchange or via an offering to all shareholders if the cash price paid for the shares is not materially below the market price of the company's shares of the same type and entailing basically the same rights. The number of shares sold this way, together with the number of new shares issued from authorised capital in an ex rights issue during the term of this authorisation pursuant to section 186

para. 3 sentence 4 AktG and the number of shares that may arise from the exercise of option and/or conversion rights or the fulfilment of conversion obligations under bonds with warrants and/or convertible bonds and/or profit participation rights that are issued during the term of this authorisation in an ex-rights issue pursuant to section 186 para. 3 sentence 4 AktG, does not exceed 10 percent of the share capital. The relevant share capital is the lower of the share capital at the time the Annual Shareholders' Meeting decides on the present authorisation or the share capital at the time the present authorisation is exercised.

(3) The shares may be sold against non-cash contributions, especially in conjunction with the acquisition of companies, parts of companies or equity investments as well as mergers.

The above authorisations may be exercised once or several times in full or in part individually or jointly. The authorisations under (2) and (3) may also be exercised by dependent or majority-owned enterprises of the company or by third parties acting for the latter's account or for the account of the company.

Shareholders' subscription rights to the own shares acquired on the basis of this authorisation or of previous authorisations may be excluded if they are used in accordance with the authorisations under (2) and (3) above.

No change of control clauses exist. Nor has the Company signed compensation agreements with the members of the Management Board or other employees that would apply in case of a takeover bid.

Corporate governance statement

The corporate governance statement to be issued pursuant to section 289a HGB is contained in the Corporate Governance Report on page 24. It is also posted on the Internet at www.ahlers-ag.com.

COMPENSATION REPORT

The following compensation report forms part of the Group management report and the management report for Ahlers AG.

The compensation of the Management Board members is decided by the Supervisory Board and regularly reviewed for appropriateness by the Supervisory Board. The criteria taken into account in this review are the size, activity and economic situation of Ahlers AG, on the one hand, and the tasks of the respective Management Board member and their personal contribution to the Company's performance, on the other hand. In the opinion of the Supervisory Board, the total compensation and its individual components are appropriate given the tasks and performance of the respective Management Board members and the financial situation of Ahlers AG. The Human Resources Committee prepares the Supervisory Board's appointment decisions. It submits proposals to the Supervisory Board regarding the compensation, the compensation scheme and its regular review as well as the conclusion, amendment and termination of the employment contracts of the Management Board members.

The compensation is always performance-oriented and consists of the following components:

- A fixed annual salary, which is paid monthly and regularly checked for appropriateness by the Supervisory Board.
- A profit-related bonus, which is a fixed percentage of the consolidated net income for the year.
- A target-related bonus, which depends on the achievement of certain targets set by the Supervisory Board. The amount depends on the degree to which the targets are reached. The target-related bonus is capped.
- A long-term share price-linked bonus, which is based on the price gain of the Ahlers shares in two four-year periods with possible payouts in 2012 and 2013. This bonus is linked to the achievement of profitability targets and can be increased through greater working capital efficiency and profitability. These long-term bonus rights had a fair value of EUR 440 thousand (previous year: EUR 226 thousand) at the end of the fiscal year. Following the renewal of the contract of Dr. Kölsch, a new share-based payment with an incentive for sustainable corporate development is to be agreed for the new contractual period. It will replace the former bonus, which was linked to the share price. It is planned to sign such an agreement with both Management Board members in the course of 2012, when the contract of the Chairwoman will be renegotiated.
- Other compensation components exist in the form of an upper middle class company car, which may also be used for private purposes, and a company flat at the head office for the non-local Management Board member. No pension commitments for Management Board members exist, nor are any loans granted to the latter.

The Management Board contracts do not contain any explicit severance pay provisions that would apply in the event of premature termination of the contract, nor are there any change-of-control clauses that would take effect in the event of a takeover. The company has granted no loans to members of the Management Board. No pension commitments were made to the incumbent members of the Management Board.

The 2011 Annual Shareholders‘ Meeting decided not to report the compensation of the Management Board members individually for another five years. The total compensation of the Management Board in the fiscal year 2010/11 (2009/10) is shown below:

Total compensation of the Management Board

in KEUR	Salary	Annual bonus*	Miscellaneous	Total
2009/10	660	503	64	1,227
2010/11	**660**	**563**	**64**	**1,287**

* composed of a profit-related and a target-related bonus

Former members of the Management Board and management of Adolf Ahlers GmbH and their survivors received total compensation of EUR 73 thousand (previous year: EUR 76 thousand) during fiscal 2010/11.

Supervisory Board compensation

The Supervisory Board compensation is governed by section 18 of the statutes. Similar to the Management Board compensation, the compensation for the Supervisory Board is also geared to the size and the economic situation of Ahlers AG as well as to the tasks of each individual member of the Supervisory Board. The compensation consists of a fixed and a variable component. The variable component is calculated as a fixed per-thousand fraction of the consolidated net income for the year, taking a defined threshold value into account, and is capped. Additional compensation is paid to the Chairman and the Deputy Chairman of the Supervisory Board as well as the Committee Chairmen.

The table below shows the total compensation of the Supervisory in the fiscal year 2010/11 (2009/10):

in KEUR	Fixed compensation	Variable compensation	Total
2009/10	105	50	155
2010/11	**105**	**61**	**166**

All expenses incurred by the Supervisory Board members in conjunction with their mandates as well as the value-added tax charged on their compensation are refunded. No loans are granted to members of the Supervisory Board. Lawyers Feddersen & Heuer, of which Supervisory Board Chairman Prof. Dr. Heuer is a partner, represented the company in a pending lawsuit and received an amount of EUR 1 thousand for their services on. Von Ah & Partner AG, Zurich (Switzerland), in which Supervisory Board member and Audit Committee Chairwoman Prof. Dr. Julia von Ah is a partner, provided tax consulting services to the Ahlers Group in fiscal 2010/11, for which an amount of EUR 13 thousand was invoiced.

POST BALANCE SHEET EVENTS

At the beginning of February 2012, the Management Board of Ahlers AG signed a letter of intent with the owner of HBI Workwear A/S. Ahlers expects to take over the operations of this workwear manufacturer at appr. April 1, 2012 subject to due diligence. The takeover will take the form of an asset deal. The purpose of the takeover is the regional expansion of the Pionier Workwear business to Scandinavia and the addition of thermal wear and cut-resistant workwear to the product range. Ahlers intends to take over 11 employees. HBI generated sales revenues of EUR 3 million in 2011.

No other events that require reporting in this report occurred after the balance sheet date.

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FORECAST REPORT

Outlook for the macro-economy

At present, most research institutes and banks' economic experts expect global economic growth to slow down in all major regions of the world. This also applies to Germany. While Commerzbank expects the German economy to stagnate (December 2011), the federal government projects moderate GDP growth of less than 1 percent. A moderate recession is generally expected for Western Europe (excluding Germany). The positive trend in Eastern Europe should continue, with Commerzbank projecting 3.4 percent growth (previous year: 3.7 percent); some countries such as Hungary will clearly deviate from this trend.

Like most experts, the Ahlers Management Board bases its projections on the assumption that there will be no fundamental exchange rate changes and that the euro will continue to exist in its present form.

Industry outlook

We believe that the German clothing retail sector stands a good chance of growing by a moderate 1-2 percent, as employment is generally expected to remain high and unemployment low. Accordingly, consumer confidence stayed at the high level of the previous months in December 2011 in spite of the euro discussion. Moreover, the clothing market did not benefit from the general consumption trend in 2011, which means it has some catching up to do.

Sales revenues in the Western European clothing retail sector are likely to stagnate at best. The situation in most markets will remain difficult. In Eastern Europe, the market growth will come close to the GDP growth of 3 percent. The late pent-up effects seen in Russia and the Baltic states at the end of 2011 will not be repeated.

The situation in the procurement markets is likely to ease somewhat. The prices of manufacturing wages and commodities are currently settling below the level of 2011 but clearly above the level of 2010. Due to the slowdown in the world economy, this situation is unlikely to change in the coming months. It will primarily impact the second half of 2012 and the year 2013, however, as firm orders for the spring 2012 collection have already been placed. Delayed deliveries are no longer expected in 2012.

Targets set for the fiscal year 2011/12

In the new fiscal year 2011/12, the Management Board intends to further expand the market position of Ahlers. To achieve this, the following measures have been prioritised:

- Continue to expand the Retail organisation and to build Retail revenues; expansion of e-commerce activities
- Continue to expand the Premium segment, e.g. with the Pierre Cardin Ladieswear collection and Baldessarini
- Establish shop-in-shops selling complete outfits from Pierre Cardin and Otto Kern in specialist retail stores

Sales and earnings performance

Orders on hand for the spring/summer season 2012 are up on the previous year, with the Premium brands recording particularly strong growth. In view of this increase in retailers' pre-orders, we expect moderate post-orders in the first half of the year. The Retail business should grow strongly throughout the fiscal year 2011/12, which is why we expect sales revenues to be up on the previous year in the first half of the year. Due to the atypical course of the previous year, which saw high sales revenues in the third quarter and weak activity in the fourth quarter, the second half of 2012 is difficult to project. Overall, the Management Board projects weaker pre-orders and stronger post-orders for the autumn business. All told, Ahlers expects sales revenues to grow moderately in the fiscal year 2011/12.

We will continue to expand the capacity of our Sri Lankan production facility moderately in 2012 to achieve cost advantages. In conjunction with lower procurement costs as of the second half of 2012 and a constantly growing contribution made by the Retail segment, the gross profit margin should improve moderately. EBIT before special effects should also grow slightly. From today's point of view, we see no material special effects. The fact that the tax ratio should stay below the level of the previous year should also help to further improve earnings moderately. Accordingly, consolidated net income for the year 2011/12 should also increase moderately on the previous year (2010/11: EUR 10.1 million).

The number of employees and capital expenditures should stay at the prior year level. An important goal for 2011/12 will be the reduction in inventories, which were built up following the weak autumn business in 2011. This is expected to generate additional positive cash flow.

Forecast

Change vs. previous year		Trend 2011/12	Actual 2010/11
Sales	Germany	+	-
	Western Europe	+/-	-
	Eastern Europe/Other	+	++
	Total	+	+
Earnings	EBIT before special effects	+	+
	Consolidated net income	+	++
Capital expenditure		+/-	++

+ Deviation by single-digit percentage
++ Deviation by double-digit percentage

Based on the assumption that the general economic framework will be similar to 2011/12, the Management Board projects continued revenue and earnings groth for 2012/13.

FORWARD-LOOKING STATEMENTS

We would like to point out that in the case of forward-looking statements, actual events may differ considerably from the anticipated developments, should one of the uncertainties, whether mentioned or not, materialise or should the assumptions on which the statements are based prove to be inaccurate.

Ahlers AG
Herford, February 28, 2012

The Management Board

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workwear

Consolidated balance sheet

as of November 30, 2011

ASSETS

KEUR	Notes	Nov. 30, 2011	Nov. 30, 2010
A. Non-current assets			
I. Property, plant and equipment	(11)		
1. Land, land rights and buildings		16,988	17,875
2. Technical equipment and machines		1,664	1,792
3. Other equipment, plant and office equipment		11,734	11,886
4. Payments on account and plant under construction		33	278
		30,419	**31,831**
II. Intangible assets	(12)		
Industrial property rights and similar rights and assets		12,288	12,127
III. At-equity investments	(13)	211	211
IV. Other non-current assets	(14)		
1. Other financial assets		1,842	1,001
2. Other assets		18,423	18,282
		20,265	**19,283**
V. Deferred tax assets	(8)	1,534	1,690
Total non-current assets		**64,717**	**65,142**
B. Current assets			
I. Inventories	(15)		
1. Raw materials and consumables		22,835	20,979
2. Work in progress		301	331
3. Finished goods and merchandise		46,291	37,330
		69,427	**58,640**
II. Trade receivables	(16)	34,888	36,069
III. Other current assets	(17)		
1. Other financial assets		1,894	1,036
2. Receivables from affiliates		0	177
3. Current income tax claims		1,867	2,574
4. Other assets		3,670	4,330
		7,431	**8,117**
IV. Cash and cash equivalents	(18)	13,728	21,322
Total current assets		**125,474**	**124,148**
Total assets		**190,191**	**189,290**

EQUITY AND LIABILITIES

KEUR	Notes	Nov. 30, 2011	Nov. 30, 2010
A. Equity	(19)		
I. Subscribed capital	(20)	43,200	43,200
II. Own shares	(22)	-	-5,040
III. Capital reserve	(23)	15,024	15,024
IV. Retained earnings	(24)	56,363	60,144
V. Currency translation adjustments	(25)	-1,081	-353
Equity attributable to shareholders of Ahlers AG		**113,506**	**112,975**
VI. Non-controlling interests		1,815	2,147
Total equity		**115,321**	**115,122**
B. Non-current liabilities			
I. Pension provisions	(26)	4,919	5,123
II. Other provisions	(27)	345	957
III. Financial liabilities	(28)		
1. Other financial liabilities		22,072	23,306
2. Non-controlling interests in partnerships		1,217	1,292
		23,289	**24,598**
IV. Trade payables	(29)	-	1,808
V. Other liabilities		27	28
VI. Deferred tax liabilities	(8)	2,533	2,193
Total non-current liabilities		**31,113**	**34,707**
C. Current liabilities			
I. Current income tax liabilities		4,463	2,344
II. Other provisions	(30)	3,586	2,735
III. Financial liabilities	(28)	3,340	4,687
IV. Trade payables		16,433	15,062
V. Other liabilites	(31)		
1. Liabilities to affiliates		4,441	3,386
2. Other liabilities		11,494	11,247
		15,935	**14,633**
Total current liabilities		**43,757**	**39,461**
Total liabilities		**74,870**	**74,168**
Total equity and liabilities		**190,191**	**189,290**

Consolidated income statement

for fiscal 2010/11

KEUR	Notes	2010/11	2009/10
1. Sales	(1)	256,213	250,800
2. Change in inventories of finished goods and work in progress		9,367	1,366
3. Other operating income	(2)	4,313	5,119
4. Cost of materials	(3)	-135,595	-125,335
5. Personnel expenses	(4)	-52,150	-50,345
6. Other operating expenses	(5)	-60,697	-60,530
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	(6)	-5,596	-5,963
8. Interest and similar income	(7)	508	368
9. Interest and similar expenses	(7)	-1,634	-1,524
10. Pre-tax profit		**14,729**	**13,956**
11. Income taxes	(8)	-4,598	-5,486
12. Net income for the period		**10,131**	**8,470**
13. of which attributable to:			
- Shareholders of Ahlers AG		9,806	8,421
- Non-controlling interests	(9)	325	49
Earnings per share (EUR) undiluted/ diluted	(10)		
- Common shares		0.69	0.59
- Preferred shares		0.74	0.64

Consolidated statement of comprehensive income

KEUR	2010/11	2009/10
12. Consolidated net income	**10,131**	**8,470**
14. Net result from cash flow hedges	669	548
15. Currency translation differences	-1,397	1,369
16. Other changes	-123	-30
17. Other comprehensive income after taxes	**-851**	**1,887**
18. Comprehensive income	**9,280**	**10,357**
19. of which attributable to:		
- Shareholders of Ahlers AG	9,079	10,339
- Non-controlling interests	201	18

Consolidated cash flow statement

for fiscal 2010/11

KEUR	2010/11	2009/10
Net income for the period	10,131	8,470
Income taxes	4,598	5,486
Interest income / Interest expenses	1,126	1,157
Depreciation and amortisation / appreciation (net)	5,596	5,963
Losses / gains from the disposals of non-current assets (net)	-96	538
Change in inventories and other current and non-current assets	-10,609	1,854
Change in non-current provisions	-816	-721
Change in non-controlling interests in partnerships and other non-current liabilities	-1,884	233
Change in current provisions	851	-1,412
Change in other current liabilities	2,321	3,720
Interest paid	-1,178	-1,361
Interest received	426	327
Income taxes paid	-3,248	-6,291
Income taxes received	1,822	2,794
Cash flow from operating activities	**9,040**	**20,307**
Cash receipts from disposals of items of property, plant, and equipment	676	1,348
Cash receipts from disposals of intangible assets	-	3
Payments for investment in property, plant, and equipment	-4,774	-3,849
Payments for investment in intangible assets	-481	-128
Payments for the acquisition of consolidated companies	-1,250	-
Payments for aquisition of an At-equity investment	-	-211
Cash flow from investing activities	**-5,829**	**-2,837**
Dividend payments	-7.832	-4,409
Repayment of non-current financial liabilities	-2,238	4,047
Cash flow from financing activities	**-10,070**	**-362**
Net change in liquid funds	-6,859	17,108
Effects of changes in the scope of consolidation and exchange rates	-520	1,362
Liquid funds as of December 1	20,998	2,528
Liquid funds as of November 30	**13,619**	**20,998**

We refer to details under No. 18 of the Notes to the Consolidated Financial Statements for further information on the composition of liquid funds.

Consolidated statement of changes in equity for fiscal 2010/11

KEUR	Equity attributable to shareholders of Ahlers AG: Subscribed capital: Common shares	Subscribed capital: Preferred shares	Own shares	Capital-reserve	Retained earnings	Adjustment item for currency translation	**Total Group holdings**	**Non-con-trolling interest**	**Total Equity**
Notes	(20)	(20)	(22)	(23)	(24)	(25)			
Balance as of Nov. 30, 2009 / Dec. 1, 2009	**24,000**	**19,200**	**-5,040**	**15,024**	**56,121**	**-2,270**	**107,035**	**2,129**	**109,164**
Total net income for the period					8,422	1,917	10,339	-18	10,357
Dividends paid					-4,409		-4,409		-4,409
Share repurchase					10		10		10
Balance as of Nov. 30, 2010 / Dec. 1, 2011	**24,000**	**19,200**	**-5,040**	**15,024**	**60,144**	**-353**	**112,975**	**2,147**	**115,122**
Total net income for the period					9,807	-728	9.079	202	9,281
Dividends paid					-7,832		-7,832		-7,832
Acquisition of minority interests					-716		-716	-534	-1,250
Redemption of own shares			5,040		-5,040		0		0
Balance as of Nov. 30, 2011	**24,000**	**19,200**	**0**	**15,024**	**56,363**	**-1,081**	**113,506**	**1,815**	**115,321**

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JEANS & CASUALS

Notes to the consolidated financial statements

For the fiscal year from December 1, 2010 to November 30, 2011

1. BASIS OF PRESENTATION

Ahlers AG is one of the biggest menswear manufacturers. The Company originated as a textile business founded in 1919 by Adolf Ahlers in the Frisian town of Jever. In 1932, the Company moved its headquarters from Oldenburg to Herford; it went public in 1987.

Ahlers AG‘s headquarters are located in Elverdisser Strasse 313 in Herford and the Company is registered in the commercial register of the district court of Bad Oeynhausen (HRB 6541).

Ahlers AG shares are traded on the stock exchanges in Frankfurt/Main and Düsseldorf, as well as over the counter at other German exchanges.

The fiscal year begins on December 1 and ends on November 30. The consolidated financial statements are prepared in accordance with IFRS, as applicable in the EU, as well as applicable supplementary regulations from the German Commercial Code as stipulated in section 315a (1) of the HGB.

The consolidated financial statements are prepared in euros and most figures are given in thousands of EUR (KEUR). Due to the fact that the consolidated financial statements are prepared in thousands of EUR, rounding differences can arise, since computations of individual items are based on figures in euros. For the sake of clarity in the presentation, individual items from the income statement and balance sheet have been summarised. These items are detailed and explained in the notes to the consolidated financial statements.

The consolidated financial statements were prepared by the Management Board on February 28, 2012 and submitted to the Supervisory Board for approval.

2. ACCOUNTING PRINCIPLES

The consolidated financial statements of Ahlers AG were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), taking into consideration the interpretations of the International Financial Reporting Interpretations Committee on the IFRS (IFRIC), as well as applicable supplementary regulations from the German Commercial Code (HGB) as stipulated in section 315a (1) of the HGB. All IFRS and IFRIC were observed that had been adopted and mandated by the EU Commission prior to November 30, 2011. Standards and interpretations that have been issued, but are not yet obligatory, have not been applied prematurely.

The financial statements were prepared according to the going concern principle. Corresponding figures for comparison with the previous year are provided for all items of the financial statements.

The consolidated financial statements are in principle prepared based on historical cost. The sole exception is in the case of derivative financial instruments, which are measured at market value, provided that market values can be reliably determined.

Preparation of the consolidated financial statements taking into consideration the pronouncements of the IASB requires that assumptions and estimates are utilised in the case of some items that have an effect on the level and reporting of assets and liabilities, income and expenses, as well as contingent liabilities.

Assumptions and estimates relate in particular to establishing terms of economic life, determining net realisable value when measuring inventory, accounting for and measuring provisions, the realisability of future tax relief, as well as in determining cash flows, growth rates and discount factors in connection with impairment tests and the measurement of brands.

Actual values may deviate from the assumptions and estimates made. Any required changes are recognised in profit or loss at the time that additional knowledge is obtained.

The income statement is structured according to the nature of expense method.

Effects of new accounting standards

The accounting and valuation principles are generally consistent with the methods applied in the previous year. In addition, the Group has applied the following new and/or revised pronouncements that are relevant for the business activity of the Group and became mandatory for the fiscal year 2010/11:

- Amendments to IAS 32 "Financial Instruments: Disclosures and Presentation" (2009), on/from February 1, 2010
- Amendments to IFRS 2 „Share-based Payment" (2009), on/from January 1, 2010
- "Improvements to IFRS" (2009) comprise minor amendments to a total of nine standards, which were necessary but not urgent
- "Improvements to IFRS" (2010) comprise minor amendments to a total of two standards, which were necessary but not urgent

With the exception of the presentation and additional notes, the application of the pronouncements had no impact on the consolidated financial statements.

The following pronouncements that are relevant for the business activity of the Group had been published as of November 30, 2011 but were not mandatory as of this date (effective for annual periods beginning on or after the dates stated):

- Amendments to IAS 1 „Presentation of Financial Statements" (2011), on/from July 1, 2012
- Amendments to IAS 12 "Income Taxes" (2010), on/from January 1, 2012
- Amendments to IAS 19 "Employee Benefits" (2011), on/from January 1, 2013
- Amendments to IAS 24 "Related Party Disclosures" (2009), on/from January 1, 2011
- Amendments to IAS 27 "Consolidated and Separate Financial Statements" (2011), on/from January 1, 2013
- Amendments to IAS 28 "Investments in Associates" (2011), on/from January 1, 2013
- IFRS 7 "Financial Instruments: Disclosures" (10/2010), on/from July 1, 2011
- IFRS 9 "Financial Instruments" (2009), on/from January 1, 2013
- IFRS 10 "Consolidated Financial Statements" (2011), on/from January 1, 2013
- IFRS 11 "Joint Arrangements" (2011), on/from January 1, 2013
- IFRS 12 "Disclosure of Interests in Other Entities" (2011), on/from January 1, 2013
- IFRS 13 "Fair Value Measurement" (2011), on/from January 1, 2013
- "Improvements to IFRS" (2010) comprise minor amendments to a total of three standards, which were necessary but not urgent, on/from January 1, 2011

The standards are applied as of the annual periods for which they are effective. The option to apply these standards and interpretations prematurely was not exercised. With the exception of additional and/or modified notes, the first-time application is not expected to have material effects on the consolidated financial statements.

3. CONSOLIDATION

Consolidated Group

All 15 domestic and 24 foreign subsidiaries that are directly or indirectly controlled by Ahlers AG are included in the 2010/11 consolidated financial statements in addition to the parent company, Ahlers AG. A list of subsidiaries can be found on page 98/99.

Principles of consolidation

The financial statements of all of the consolidated companies within the Ahlers Group are prepared according to uniform accounting principles.

Business combinations are accounted for using the purchase method. When recognised for the first time, goodwill is measured at the cost of acquisition, which is the amount by which the acquisition cost of the business combination exceeds the Group's share in the fair values of the identifiable assets, liabilities and contingent liabilities of the acquired company. Companies are included in the consolidated financial statements only as long as the parent company is in control.

Intra-group balances, income, expense and gains and losses from intra-group transactions as well as other intra-group transactions are eliminated in full.

The consolidated financial statements of Ahlers AG are included in the consolidated financial statements of Westfälisches Textilwerk Adolf Ahlers KG, Herford, the highest-level controlling parent company.

Changes to the basis of consolidation

No changes to the basis of consolidation occurred in the fiscal year.

In the fiscal year, Ahlers AG acquired the 20 percent minority interest in Otto Kern GmbH from Mr Otto Kern, which means that Otto Kern GmbH is now wholly owned by Ahlers AG.

SHAREHOLDINGS OF AHLERS AG

(including direct and indirect investments)

Company	Equity share (in %)	thereof indirectly held %	via	Equity [1] KEUR	Net income [2] 2010/11 KEUR
1. Ahlers P.C. GmbH, Herford	100.00			21,258	[3]
2. Ahlers Textilhandel GmbH & Co. KG, Herford	80.00			5,659	516
3. Ahlers Vertrieb GmbH, Herford	100.00			67	[3]
4. Ahlers Zentralverwaltung GmbH, Herford	100.00			2,989	[3]
5. a-fashion.com GmbH, Herford	100.00			25	[3]
6. Baldessarini GmbH, München	100.00			1,149	[3]
7. Concordia-Wohnungsbaugesellschaft mbH, Herford	100.00			59	[3]
8. GIN TONIC SPECIAL Mode GmbH, Sindelfingen	100.00			1,485	[3]
9. HEMINA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Herford KG, Pullach im Isartal	94.00	94.00	2.	1,432	224
10. Jupiter Bekleidung GmbH, Herford	100.00			160	[3]
11. Otto Kern GmbH, Herford	100.00			4,096	[3]
12. PIONEER Jeans-Bekleidung GmbH, Herford	100.00			93	[3]
13. Pionier Berufskleidung GmbH, Herford	100.00			88	[3]
14. Pionier Jeans & Casuals Deutschland GmbH, Herford	100.00			48	[3]
15. Verwaltungs- und Handelsgesellschaft „Alconda“ mbH, Herford	81.30	74.80	2.	4,016	23
16. A. Ahlers (U.K.) Ltd., GB-London	100.00			33	6
17. Adolf Ahlers AG, CH-Cham	100.00			2,634	114
18. Ahlers Austria Vertriebs Ges.m.b.H., A-Mariasdorf	100.00	99.00	31.	938	295
		1.00	1.		
19. Ahlers Europe Ltd., USA-New York	100.00			-205	-12
20. Ahlers Herford (España) S.L., E-Madrid	100.00			888	65
21. Ahlers Herford (Italia) S.R.L., I-Volpiano (To)	100.00			152	70
22. Ahlers Premium Commerce Spolka z o.o., PL-Opole	100.00			868	10
23. Ahlers Premium France S.A.S., F-Horbourg-Wihr	100.00			2,530	183
24. „Ahlers-Poland“ Spolka z o.o., PL-Opole	100.00			6,810	1,431
25. B-Beteiligungs- und Verwaltungsges.m.b.H., A-Mariasdorf	100.00	100.00	17.	2,534	73
26. SIA Clasic, LV-Riga	65.50	65.50	33.	112	12
27. Dial Textile Industries Ltd., CL-Katunayake	100.00			3,338	818
28. Fabriksverkauf Mariasdorf Ges.m.b.H., A-Mariasdorf	100.00	45.28	39.	2,908	54
		41.06	25.		
		13.66	17.		

	Equity share (in %)	thereof indirectly held %	via	Equity [1)] KEUR	Net income [2)] 2010/11KEUR
					419
29. „LUBINEX"-Spolka z o.o., PL-Lubin	62.85	62.85	24.	2,018	20
30. Otto Kern Austria GmbH, A-Mariasdorf	100.00	100.00	11.	589	2,681
31. Pionier Jeans & Casuals GmbH, A-Mariasdorf	100.00			7,721	-23
32. „ROMEO" Spolka z o.o. i.L., PL-Zbaszyn	99.60	99.60	24.	-0	204
33. UAB Stesa Clasic, LT-Vilnius	65.50	65.50	1.	337	29
34. TEXART Bratislava, s r.o., SK-Bratislava	100.00	100.00	39.	845	-31
35. TEXART d.o.o., HR-Zagreb	100.00	100.00	39.	-19	11
36. TEXART d.o.o., SLO-Ljubljana	100.00	100.00	39.	13	202
37. TEXART Magyarorszag Kft., H-Budapest	100.00	90.61	39.	245	
		9.39	31.		125
38. TEXART spol. s r.o., CZ-Prag	100.00	100.00	39.	1,651	34
39. Texart Verwaltungsgesellschaft m.b.H., A-Mariasdorf	100.00	1.43	25.	748	

1) Amounts in foreign currencies are stated at the mid-rate on the balance sheet date. Amounts in accordance with IFRS.
2) Net income stated in foreign currency is presented at the average rate for the fiscal year.
3) Control and profit and loss transfer agreement.

Date of consolidation

The balance sheet date of the companies included in the consolidation coincides with that of the parent company. The only exception is HEMINA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Herford KG, Pullach im Isartal, whose balance sheet date is December 31. An interim statement was therefore prepared as of November 30, 2011.

Currency translation

The consolidated financial statements are prepared in euros, the functional and reporting currency of the Group. Each company within the Group defines its functional currency. The items in the respective company's financial statements are measured using this functional currency. Foreign currency transactions are first translated into the functional currency at the spot rate on the day of the transaction. Monetary assets and liabilities in foreign currencies are translated into the function currency on every closing date using the closing rate. Exchange differences from monetary items as part of a net investment in a foreign operation are recognised in equity. All currency translation differences are recorded against income. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate on the date of the transaction. The assets and liabilities of the foreign companies are translated into euros at the closing rate. Income and expenses are translated at the mean rate. The resulting exchange differences are recognised as a separate equity component. The cumulative amount recorded in equity for a foreign operation is recognised in profit or loss when this foreign operation is sold.

In the consolidated fixed assets and provisions schedule, opening and closing balances were translated at historical rates, while movements within the fiscal year were translated at average annual rates. Resulting adjustments are shown as currency translation differences in a separate column.

Exchange rates for the currencies of significance to the Group have developed as follows:

	Currency	Average rate		Closing rate	
Country	1 EUR =	2011	2010	2011	2010
Poland	PLN	4.09	4.01	4.53	4.06
Switzerland	CHF	1.24	1.40	1.23	1.30
Sri Lanka	LKR	154.94	150.64	153.34	144.91
USA	USD	1.39	1.34	1.33	1.30

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant, and equipment

Property, plant, and equipment are recorded at cost minus accumulated scheduled depreciation and, where applicable, impairment losses. The terms of useful life on which depreciation is based reflect the anticipated economic term of use for the Group.

The following terms of useful life are used for scheduled depreciation of key assets:

- Buildings	15 to 50 years
- Machinery	5 to 15 years
- Furniture and fixtures and office equipment	3 to 30 years

Terms of useful life, residual values and depreciation methods for property, plant, and equipment are reviewed on a regular basis in order to ensure that the depreciation method and period coincides with the anticipated useful economic life of the asset items.

Intangible assets

Acquired intangible assets with terms of useful life that can or cannot be determined are capitalised at cost, if it is probable that future economic benefits are associated with the asset, and if the cost of the asset can be reliably established. Acquired intangible assets with a determinable useful life are amortised over three to eight years using the straight-line method. Acquired intangible assets with an indeterminable useful life are not subject to scheduled amortisation; rather they are reviewed for recoverability on an annual basis and in the event that there is an indication of impairment, and written down to the recoverable amount to the extent necessary. In the case of intangible assets with an indeterminable useful life, a review occurs in every reporting period to ascertain whether events and circumstances continue to justify the estimate of an indeterminate useful life for these assets. In the event that reasons for previous impairment losses no longer apply, these impairment losses are reversed and the carrying amount of the asset is increased to its recoverable amount. Terms of useful life, residual values and amortisation and depreciation methods are reviewed at least annually at the end of the fiscal year. If expectations differ from previous estimates, the appropriate changes are accounted for as changes to estimates.

At-equity investments

Shares in associated companies are recognised at cost. Subsequent measurement – starting after the end of the first full fiscal year - reflects the percentage changes in equity caused by net income/loss for the year and capital increases/reductions less dividends received.

Works of art

Works of art are measured in accordance with IAS 16, Property, plant, and equipment. Under his standard, assets are recognised at amortised cost. For most works of art, we have assumed a consistent value, which means that the value is at least equivalent to the cost. Scheduled depreciation is, therefore, not applied for these works of art. No standard exists under IFRS that explicitly addresses works of art, since these represent neither inventories, nor property, plant and equipment, nor intangible assets, nor financial assets. IAS 8 stipulates that in these cases such accounting policies should be used that are relevant to the economic decision-making needs of the reader and that result in reliable information. The requirements and guidance in Standards and Interpretations dealing with similar and related issues are to be used in these cases. In the present case, IAS 16 is the appropriate basis.

Financial instruments and other financial assets

Financial instruments are reported in accordance with IAS 39. Financial assets are thus classified in the following categories to the extent relevant to the Ahlers Group:

- Financial assets held for trading
- Loans and receivables
- Derivatives designed as hedging instruments and effectively used as such

In the case of regular way purchases and sales of financial assets, trade day accounting is used. First-time recording of the financial asset occurs on the day on which the Ahlers Group has become the contractual partner. The financial asset is measured at the fair value of the consideration; in the case of receivables and loans transaction costs are included.
Changes in fair value of financial assets held for trading are reported in the consolidated income statement.
In the case of receivables and loans subsequent measurement occurs at amortised cost using the effective interest method less potential value impairments.
Financial assets are derecognised if their sale is contractually agreed; loans and receivables are derecognised upon repayment.

Derivative financial instruments and hedging transactions

The derivative financial instruments are recorded at fair value. Derivatives are reported in the balance sheet under other financial assets or other financial liabilities.

Changes in fair value of the derivatives are reported depending on whether these instruments are used for hedging purposes and the conditions for accounting for a hedging relationship according to IAS 39 are met. If these conditions are not met, despite the fact that an economic hedging relationship applies, the changes in fair value of the derivative financial instruments are recorded immediately against income, otherwise, they are directly recognised in equity.

The Ahlers Group uses forward exchange contracts only as derivatives to manage current and future currency risks.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Impairment of assets

Terms of useful life, residual values and depreciation and amortisation methods for property, plant, and equipment, works of art and intangible assets with determinable terms of useful life are reviewed at least once a year in order to ensure that the depreciation methods, the useful lives and residual values are in accordance with the economic useful life.

Intangible assets with indeterminable terms of useful life are reviewed for impairment at least once a year. Measurement of intangible assets is based on the cash-generating unit. In the Ahlers Group the cash-generating unit is an individual corporate division or asset to which cash flows can be directly attributed.

If there are indications of impairment or if the annual review of impairment of an asset is required, the Ahlers Group estimates the recoverable amount of the respective asset. The recoverable amount is the higher of the net selling price and the value in use. The net selling price is the amount that can be recovered from the sale of an asset in an arm's length transaction, less selling costs. The value in use is calculated on the basis of estimated future cash flows from the use and disposal of the asset using the discounted cash flow method. Cash flows are based on corporate planning; current developments are taken into account. They are discounted at the time of the impairment review using risk-equivalent capitalisation interest rates. If the carrying amount of an asset exceeds the recoverable amount, the asset is regarded as impaired and written down to its recoverable amount. If the review leads to the conclusion that an earlier impairment loss is no longer applicable or is applicable only to a lesser degree, the Ahlers Group estimates the recoverable amount. In the event that the reasons for a previous impairment loss no longer apply, the carrying amount of the asset is increased to its recoverable amount. This amount may not, however, exceed the carrying amount that would pertain after taking into account amortisation, if no impairment loss had been recorded against the asset in previous years. A reversal of an impairment loss is recognised immediately in net income or loss in the period in which it is recorded.

Financial assets are tested for impairment at each balance sheet date. If the recoverable amount of an asset is lower than its carrying amount, the asset is written down to the recoverable amount. This write-down is expensed as an impairment loss. An impairment loss recorded previously as an expense is adjusted against profit or loss, if matters have arisen that would require such an adjustment; however, the adjustment may result in an amount no greater than the amortised cost.

Inventories

Inventories are measured at the lower of cost or net realisable value. Costs incurred in bringing inventories to their present location in their present condition are accounted for as follows:

Raw materials
- First-in First-out method (Fifo)

Finished goods and services and work in progress
- Direct material and labour costs, direct production costs, material overheads and the appropriate share of production overheads based on actual production during the fiscal year, not taking into account borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade receivables and other financial assets

Trade receivables are recorded at the original invoice amount minus allowances if necessary. An allowance is created if there is objective evidence that the Company will not be in a position to collect the receivable. Receivables are written off as soon as they are deemed uncollectible.

The majority of receivables are covered by trade credit insurance. The deductible agreed in the trade credit insurance policy ranges between 20 percent and 30 percent. Allowances for receivables that have been insured via trade credit insurance are created, if necessary, only in the amount of the contractually agreed deductible.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash on hand and bank balances.

For purposes of the consolidated cash flow statement, cash and cash equivalents include the items defined above as well as liquid investments such as other securities that can be converted into certain cash at any point in time and are subject only to negligible risk of value fluctuation. Overdrafts are deducted for the purpose of the consolidated cash flow statement.

Interest-bearing loans

When loans are initially recorded, they are measured at the fair value of the consideration. Subsequently, interest-bearing loans are measured using the effective interest method at amortised cost.

Pension provisions and similar obligations

Retirement plan obligations and retirement plan expense of defined benefit plans are measured using the projected unit credit method. The measurement is undertaken according to country-specific conditions. The Ahlers Group only has closed pension plans in which existing pensioners and vested benefits are required to be measured. Actuarial reviews are conducted annually. These reviews take into account both the pensions known and benefits acquired at the balance sheet date and future anticipated pension increases.
Actuarial gains and losses from adjustments or changes to actuarial assumptions are recorded immediately in the income statement as income or expense. The amount recognised as a debt under the pension plans is thus equivalent to the present value of the defined benefit obligation.

Pre-retirement part-time agreements are based on the so-called block model. Two types of obligations arise in this connection – the repayment amount and the replenishment amount – both of which are recorded at their net present value in accordance with actuarial principles.

Stock-based compensation

The members of the Management Board are granted stock appreciation rights that can only be compensated in cash.

Where the Company receives services in return that cannot be identified individually or as a whole, these non-identifiable services are measured at the difference between the fair value of the stock-based compensation and the fair value of the non-identifiable services received at the time of the granting. This is then capitalised or charged as an expense.

The costs resulting from transactions with cash compensation are initially measured at the fair value at the time of the granting using a binominal model. The fair value is spread over the period up to the day the right may first be exercised and is then recognised in profit or less in respect of a corresponding liability. The liability is remeasured at every balance sheet date and on the settlement date. Changes in the fair value are recognised in profit or loss.

Other provisions

Provisions are created if a current legal or constructive obligation towards a third party exists in connection with a past event, which will probably result in an outflow of funds and for which a reliable estimate of the amount of the obligation can be made. Provisions for restructuring measures are established when a detailed, formal restructuring plan exists and when the parties concerned rightfully expect the restructuring measures to be implemented. If the interest rate impact is material, provisions are measured at net present value. If discounting takes place the increase in provisions occasioned by the passage of time is recorded as interest expense.

Liabilities

When measured for the first time, financial liabilities are recognised at the fair value of the counter-performance received. Following the first-time recognition, financial liabilities are measured at amortised cost using the effective interest method.

Trade payables and other liabilities are recorded at the nominal value or the repayment amount.

Leases

If the Ahlers Group bears all material opportunities and risks under lease agreements and is therefore considered the economic owner (finance leases), the leased object is capitalised at the lower of market value or the present value of future lease payments at the time that the contract is entered into. The payment obligations arising under the finance lease are recorded under financial liabilities in the equivalent amount. The interest portion of the lease liabilities is reported in the consolidated income statement over the term of the lease. If the future transfer of ownership of the leased asset is sufficiently certain, depreciation is undertaken over the useful economic life. Otherwise the depreciation period is based on the term of the lease.

In addition to finance lease agreements, the Ahlers Group has entered into lease agreements that qualify as operating leases. As a result, the leased objects – from an economic perspective – are attributable to the lessor and the operating lease instalments represent period expenses. The total of future lease payments for the basic period when the lease is uncancellable is reported under financial obligations.

Income recognition

Income is recognised when it is probable that economic benefit will flow to the Company and the amount can be reliably measured. Income is measured at the fair value of the consideration received. Income is stated net of discounts, rebates, VAT or other charges. Moreover, the following accounting criteria must be fulfilled in order to recognise income:

Proceeds from the sale of goods are recorded at the time when the major risks and opportunities associated with ownership of the goods and products sold have been transferred to the buyer.

Interest income is recorded pro rata temporis using the effective interest method.

License income and other income are recorded at the time that the Company's legal claim and the underlying contracts materialise.

Taxes

Actual tax refund claims and tax obligations for the current fiscal year and for earlier fiscal years are measured at the anticipated amount of the refund from, or payment to, the tax authorities.

Deferred tax assets and liabilities are created for all temporary differences between the values recorded for tax purposes by the individual companies and the values recorded in the consolidated financial statements according to IFRS, as well as in connection with specific consolidation processes. Deferred tax assets also include tax reduction claims arising from the expected use of existing tax loss carryforwards in subsequent years and the realisation of which can be assumed with a sufficient degree of probability. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply during the period in which an asset is realised or a liability is met. The tax rates (and tax laws) applicable on the balance sheet date are taken as the basis. Future changes in tax rates must be taken into account on the balance sheet date provided that their eventual enactment in the course of the legislative process is accepted as a given fact.

Income taxes related to items that are recorded directly under equity are recognised in equity and not in profit or loss.

Deferred tax assets and liabilities are netted in the consolidated balance sheet, provided that an enforceable right exists to offset the actual tax debt and the deferred taxes relate to the same tax subject and the same tax authority.

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

(1) Sales

Sales by region	2010/11 KEUR	2010/11 %	2009/10 KEUR	2009/10 %
Domestic	136,119	53.1%	134,318	53.6%
Foreign	120,094	46.9%	116,482	46.4%
	256,213	100.0%	**250,800**	100.0%

Sales revenues were generated almost without exception by the sale of clothing; licensing revenues from Otto Kern GmbH, Herford, in the amount of EUR 935 thousand (previous year: EUR 770 thousand), Baldessarini GmbH, Munich in the amount of EUR 790 thousand (previous year: EUR 402 thousand), Gin Tonic Special Mode GmbH, Sindelfingen, in the amount of EUR 166 thousand (previous year: EUR 155 thousand) and Pioneer Jeans-Bekleidung GmbH, Herford in the amount of EUR 16 thousand (previous year: EUR 16 thousand) are included in this figure. Foreign sales were achieved primarily in Europe.

(2) Other operating income

	2010/11 KEUR	2009/10 KEUR
Income from the disposal of fixed assets	629	196
Income from the reversal of valuation allowances on trade receivables	592	516
Income from re-invoicing	541	152
Rental income	471	618
Income from personal use of company cars	445	417
Income from the release of provisions/other liabilities	419	925
Exchange gains	344	1.152
Income unrelated to the reporting period	261	227
Income from damages	131	254
Income from insurance payments	65	112
Other	415	550
	4,313	**5,119**

During fiscal 2010/11, other operating income decreased by EUR 806 thousand. This is primarily attributable to the “exchange gains” item. Otherwise, other operating income consists of numerous individual items, none of which exceeds EUR 100 thousand.

(3) Cost of materials

	2010/11 KEUR	2009/10 KEUR
Cost of raw materials, supplies and supplies and purchased goods	110,815	102,340
Cost of purchased services	24,780	22,995
	135,595	**125,335**

The cost of materials, adjusted for changes in finished goods and work in progress, in an amount of EUR 9,367 thousand (previous year: EUR 1,366 thousand) increased at a moderately lower rate than sales revenues. This is attributable to higher Retail and licensing sales and the growing contribution to total sales revenues made by the premium brands.

(4) Personnel expenses

	2010/11 KEUR	2009/10 KEUR
Wages and salaries	44,353	42,506
Social security contributions	7,552	7,376
Retirement benefit and similar expenses	245	463
	52,150	**50,345**

Social security contributions include employer contributions to contribution-based pension plans in an amount of EUR 3,147 thousand (previous year: EUR 3,062 thousand).

The expansion of the production capacity of the Sri Lankan plant and of our own Retail activities made a significant contribution to the increase in personnel expenses.

(5) Other operating expenses

	2010/11 KEUR	2009/10 KEUR
Distribution expenses	30,302	29,634
General and administrative expenses	11,457	11,911
Advertising expenses	5,484	4,529
Maintenance expenses	2,088	1,944
Exchange differences	1,375	2,333
Insurance expenses	1,341	1,327
Valuation allowances	723	1,109
Banking fees	628	593
Other taxes	413	401
Other fees	328	247
Miscellaneous	6,558	6,502
	60,697	**60,530**

Distribution expenses are comprised chiefly of costs that vary with sales levels (commissions, travel costs, licenses, freight and removals from storage). Administrative expenses include legal, consultancy and EDP costs as well as general administrative costs. The cost of trade fairs and marketing, including trade marketing, constitutes advertising expenses.

With effect from December 1, 2008, euro-denominated receivables from the Polish distribution companies were converted into long-term loans with indefinite terms. They represent monetary items as part of a net investment in a foreign operation as defined in IAS 21.15. Since this date, the resulting exchange differences have been recognised in equity pursuant to IAS 21.32f; they are not recognised in profit/loss before realisation.

(6) Depreciation, amortisation on property, plant, and equipment and intangible assets and other non-current assets / impairment losses

	2010/11 KEUR	2009/10 KEUR
Property, plant, and equipment		
Land and buildings	570	863
Technical equipment and machines	569	564
Other equipment, plant, and office equipment	4.077	3.772
Intangible assets		
Trademark rights	380	764
Other non-current assets		
Other assets	-	-
	5.596	**5.963**
thereof impairment losses		
Land and buildings	-	-
Industrial property rights and similar rights	-	410
	-	**410**

The impairment of trademark rights in the previous year exclusively related to the Baldessarini brand.

(7) Net interest expense

	2010/11 KEUR	2009/10 KEUR
Other interest and similar income	508	368
Interest expenses	-1,397	-1,232
Addition of unaccrued interest	-237	-292
	-1,126	**-1,156**

Addition of unaccrued interest includes unaccrued interest on liabilities from the Baldessarini acquisition.

(8) Income taxes

	2010/11 KEUR	2009/10 KEUR
Current taxes		
Germany	3,552	3,330
Foreign	740	629
	4,292	**3,959**
Deferred taxes		
Germany	148	1,060
Foreign	158	467
	306	**1,527**
	4,598	**5,486**

Besides the tax expenses shown in the table, deferred taxes resulting from the measurement in equity of forward exchange contracts and exchange differences pursuant to IAS 21.32f in an amount of EUR -101 thousand (previous year: EUR -347 thousand) were directly recognised in equity.

As in the previous year, Ahlers AG had a domestic income tax rate of 29.94 percent, consisting of corporate tax at a rate of 15.0 percent and the solidarity surcharge imposed on corporate tax at a rate of 5.50 percent, as well as German municipal trade tax of 14.11 percent with an average multiplying factor of 403 percent. Foreign tax rates are between 10.00 and 33.33 percent.

The table below shows a reconciliation statement between the anticipated income tax expense that would theoretically have resulted if using an income tax rate of 29.94 percent (previous year: 29.94 percent) at the Group level and the income tax actually reported for the Group.

	2010/11 KEUR	2009/10 KEUR
Consolidated net income before income taxes	**14,729**	**13.956**
Expected tax expense at a rate of 29.94% (2009/10: 29.94%)	4,410	4,178
Tax rate differences at local tax rate	-499	-469
Effects from changes in tax rates	14	-21
Non-deductible business expenses	235	818
Taxes for previous fiscal years	583	1,001
Adjustments to recognition of deferred tax assets and other permanent differences	-82	102
Tax-free income	-22	-43
Other differences	-41	-80
Total adjustments	188	1,308
Current tax expense	**4,598**	**5,486**

As of November 30, 2011, no deferred taxes were recorded for tax loss carryforwards of EUR 4,072 thousand (previous year: EUR 4,369 thousand) that exist in the Group, as the Group considers their use to be unlikely. For Otto Kern GmbH, there are pre-integration loss carryforwards in an amount of EUR 1,342 thousand, which can be carried forward indefinitely and in an unlimited amount. In view of the integrated inter-company relationship, these carryforwards are unlikely to be utilised from today’s point of view. The remaining loss carryforwards in an amount of EUR 2,730 thousand cannot be carried forward indefinitely and in an unlimited amount. They will lapse successively over the next 20 years. Deferred taxes were recognised for the other tax loss carryforwards.

Tax deferrals are to be allocated to the following balance sheet accounts:

	Nov. 30, 2011		Nov. 30, 2010	
	Deferred tax assets KEUR	Deferred tax liabilities KEUR	Deferred tax assets KEUR	Deferred tax liabilities KEUR
Property, plant, and equipment	46	1,447	31	1,643
Intangible assets	34	1,132	35	826
Non-current financial assets	2	1	-	2
Inventories	464	-	293	45
Trade receivables and other current financial assets	134	406	208	210
Pension provisions	305	-	332	-
Other provisions	93	81	126	92
Financial liabilities	196	-	309	-
Other liabilities	299	86	182	182
	1,573	**3,153**	**1,516**	**3,000**
Losses carried forward	582	-	981	-
	2,155	**3,153**	**2,497**	**3,000**
Balance	-620	-620	-807	-807
	1,535	**2,533**	**1,690**	**2,193**

(9) Share in income of non-controlling interests

Companies in which Ahlers AG holds less than 100 percent are included in the consolidated financial statements. The shares relating to non-controlling interests are shown separately from equity attributable to equity holders of Ahlers AG under equity in the consolidated balance sheet. Non-controlling interests in the consolidated net income and comprehensive income are also shown separately in the consolidated income statement and the consolidated statement of comprehensive income.

(10) Earnings per share

Earnings per share are defined as net income (attributable to the shareholders of Ahlers AG) for the period divided by the weighted average number of shares outstanding during the fiscal year. An average of 13,681,520 no-par shares (previous year: 13,681,520) were outstanding in the year under review due to the acquisition of own shares in prior years and their redemption in the year under review. No shares existed either as of November 30, 2011, or November 30, 2010, that would have a diluting effect on earnings per share.

Result from discontinued operations / non-current assets held for sale

Due to the still ongoing liquidation of a Polish company, there were no facts that would lead to a treatment pursuant to IFRS 5.

6. NOTES TO THE BALANCE SHEET

Changes to the individual items of non-current assets during fiscal 2009/10 and 2010/11 are shown in the consolidated fixed and intangible assets schedule attached to the notes to the consolidated financial statements.

(11) Property, plant, and equipment

Capital expenditure was lower than scheduled depreciation in the fiscal year 2010/11. Additions to factory and office equipment of EUR 4,152 thousand primarily reflect shop systems and replacement expenditures.

(12) Intangible assets

Exclusive use of the company-owned Baldessarini and Otto Kern brands is assured by means of long-term, renewable industrial property rights. Consequently an indeterminable term of useful life can be deemed to exist in each case.

The carrying amount of intangible assets with indeterminable useful lives is comprised of the carrying amount of Otto Kern trademark rights of EUR 3,600 thousand (previous year: EUR 3,600 thousand) and Baldessarini trademark rights of EUR 5,970 thousand (previous year: EUR 5,970 thousand). Each forms a cash generating unit which serves to review the value.

In addition, goodwill in an amount of EUR 1,405 thousand (previous year: EUR 1,345 thousand) was recognised.

Impairment test to IAS 36

An annual impairment test is carried out at the level of the cash-generating units. For this purpose, the realisable revenues are calculated with the help of cash flow projections, which, in turn, are based on financial plans with a 5-year planning horizon. Material assumptions on which the cash flow projections are based include the sales trend and the related cost trend. New findings are incorporated on a rolling basis and may lead to a correction of existing plans. A discount rate of 10.2 percent is used for the cash flow projections. No trademarks were written down for impairment in the fiscal year.

The goodwill that was recognised in the context of the acquisition of Gin Tonic, Switzerland, and the takeover of the Stesa Group in Lithuania, was also tested for impairment. No impairment was identified.

(13) At-equity investments

Ahlers AG holds a 49 percent share in Jupiter Shirt GmbH, Tirschenreuth, which was established in 2010. The reporting date of the company is December 31, which means that the last available financial statements are for the stub fiscal year 2010. As the capital was not increased and no dividend was distributed, the investment was recognised at the same amount as in the previous year.

In the stub fiscal year 2010, the company, which is accounted for using the equity method, generated sales revenues of EUR 1,141 thousand and earnings after taxes of EUR -553 thousand. Total assets amounted to EUR 3,813 thousand.

(14) Other non-current assets

Other financial assets include two loans granted by Ahlers AG to Jupiter Shirt GmbH, Tirschenreuth, in an amount of EUR 500 thousand each. These interest-bearing bullet loans are used for working capital purposes of the newly established company.

This item also includes an interest-bearing long-term loan granted by Ahlers AG to Mr Otto Kern, Monte Carlo (Monaco), which was originally extended to finance a capital increase at Otto Kern GmbH, Herford. Half of the loan was repaid in the context of the acquisition of the minority interest, while the repayment of the rest has been contractually agreed. No collateral has been provided.

The item also comprises other interest-bearing and non-interest-bearing long-term loans, surrender values pertaining to life insurance policies as well as rent deposits.

Other financial assets mainly include works of art. These consist primarily of works of renowned expressionist artists and contemporary art. Additions of EUR 337 thousand mainly reflect works of art.

(15) Inventories

	Nov. 30, 2011 KEUR	Nov. 30, 2010 KEUR
Raw materials and consumables	22,835	20,979
Work in progress	301	331
Finished goods and merchandise	46,291	37,330
	69,427	**58,640**

The amount of impairment taken into consideration in measuring inventories is EUR 10,650 thousand (previous year: EUR 11,191 thousand). The carrying amount of inventories recorded at net realisable value is EUR 16,837 thousand (previous year: EUR 15,111 thousand).

The increase in inventories is mainly attributable to the quantity structure of finished goods and is a result of the lower sales revenues generated in the fourth quarter. Also, goods were ordered earlier to ensure that delivery deadlines were met. Inventories increased at a higher rate than sales.

(16) Trade receivables

Trade receivables are not interest-bearing as a rule and the average number of days outstanding is 55 (previous year: 59).
The changes in impairments included in trade receivables are shown below:

	2010/11 KEUR	2009/10 KEUR
As at Dec. 1	3,307	2,941
Utilisation	-320	-254
Reversal	-572	-513
Additions	692	1,094
Currency translation differences	-61	-39
As at Nov. 30	**3,046**	**3,307**

All expenses and income from the measurement of trade receivables are recognised in other operating expenses/income and reflected in the income statement.

The table below shows the age structure of the trade receivables as of November 30, 2011:

	Nov. 30, 2011 KEUR	Nov. 30, 2010 KEUR
Carrying amount on November 30	**34,888**	**36,069**
thereof neither overdue nor impaired	**27,761**	**29,589**
thereof overdue but not impaired	**6,504**	**4,733**
< 90 days	5,855	4,091
> 90 days to 180 days	370	430
> 180 days to 270 days	178	164
> 270 days to 360 days	17	23
> 360 days	84	25

With regard to the receivables that are overdue but not impaired, there are no indications that suggest that the debtors will fail to meet their obligations.

(17) Other current assets

Other financial assets include financial assets held for trading in Germany, Austria and Switzerland. The total carrying amount is EUR 574 thousand (previous year: EUR 531 thousand). This item also includes the positive value from the measurement of forward exchange contracts at the fair value in an amount of EUR 1,320 thousand (previous year: EUR 505 thousand). As in the previous year, financial assets were not impaired.

Receivables from affiliates of EUR 0 thousand (previous year: EUR 177 thousand) relate to the exchange of goods and services with these companies.

Other assets of EUR 3,670 thousand (previous year: EUR 4,330 thousand) primarily include value added tax, deferred license payments, bonus claims as well as receivables from insurance companies and suppliers.

(18) Cash and cash equivalents

	Nov. 30, 2011 KEUR	Nov. 30, 2010 KEUR
Cash on hand	129	136
Bank balances	13,599	21,186
	13,728	**21,322**

Bank balances include readily available cash and cash equivalents and invested overnight funds which bear interest at market rates. The fair value of cash and cash equivalents is EUR 13,728 thousand (previous year: EUR 21,322 thousand).

Cash and cash equivalents can be broken down as follows for cash flow statement purposes:

	Nov. 30, 2011 KEUR	Nov. 30, 2010 KEUR
Cash on hand	129	136
Bank balances	13,599	21,186
Overdraft facilities	-109	-324
	13,619	**20,998**

(19) Equity

Equity and its individual components are shown separately in the consolidated statement of changes in equity.

(20) Share capital

On December 9, 2010, the Management Board and the Supervisory Board decided to redeem the own shares acquired by Ahlers AG between November 2008 and April 2009. This transaction was completed with effect from January 24, 2011 in a simplified procedure without capital reduction by adjusting the imputed pro-rata amount of the other shares in the Company‘s share capital. The redemption involved 399,686 fully paid-up no-par common bearer shares and 318,794 fully paid-up non-voting no-par preferred shares.

Following the redemption of own shares, subscribed capital consists of a total of 13,681,520 no par shares. This total is composed of 7,600,314 common shares and 6,081,206 preferred shares with no voting rights. The 7,600,314 common shares include 500 registered shares with transfer restrictions. They confer the right to nominate members of the Supervisory Board. The remaining 13,681,020 shares are bearer shares.

After the redemption of own shares, the total number of shares outstanding remained unchanged from the previous year and stood at 13,681,520 shares as of November 30, 2011.

(21) Authorised capital

By resolution of the Annual Shareholders‘ Meeting held on May 15, 2008, the Management Board, with the approval of the Supervisory Board, was authorised to increase the Company‘s share capital prior to April 30, 2013, by issuing new common bearer shares and/or non-voting preferred shares in return for cash contributions on one or more occasions up to the amount of EUR 21,600 thousand. The Management Board is authorised to exclude the shareholders‘ subscription right with the consent of the Supervisory Board.

(22) Own shares

As of November 30, 2011, the Company held no own shares. For more information, refer to (20) - Share capital.

(23) Capital reserve

The capital reserve totals EUR 15,024 thousand; EUR 12,782 thousand of this amount is due to the premium on the capital increase against cash contributions that occurred at the time of the IPO, and EUR 1,610 thousand from the issue of preferred shares. The capital reserve in the consolidated IFRS financial statements was reduced by the costs of raising equity that were incurred during the IPO.

(24) Retained earnings

The revenue reserves in an amount of 56,252 thousand are made up of profit carryforwards (EUR 33,816 thousand), the net profit for the year attributable to the shareholders of Ahlers AG (EUR 9,806 thousand), the revenue reserves from the first-time adoption of IFRS (EUR 7,293 thousand) and other revenue reserves (EUR 5,337 thousand).

(25) Currency translation adjustments

The adjustment item for currency translations comprises the exchange differences arising from translation of the individual financial statements of foreign subsidiaries into euros, exchange differences from monetary items as part of a net investment in a foreign operation after tax pursuant to IAS 21.32f as well as from the recognition of currency forward transactions hedged in accordance with IAS 39 in equity after taxes. Deferred taxes accounted for in equity represented EUR 120 thousand (previous year: EUR 221 thousand).

Statement of provisions 2010/11

KEUR	Dec. 1, 2010	Utilisation	Release	Additions	Addition of unaccrued interest	Currency translation differences	Nov. 30, 2011
Non-current provisions							
Retirement benefit and similar obligations	**5,123**	484	5	301	-	-16	**4,919**
Other Anniversaries	184	17		44	-	-20	191
Part-time retirement	216	130	40	108	-	-	154
Miscellaneous	557	575	62	-	53	27	0
Sub-total	**957**	722	102	152	53	7	**345**
Current provisions							
Goods returned	1,404	1,388	0	1,589	-	-14	1,591
Severance payments	911	399	73	689	-	-8	1,120
Other	420	168	40	672	-	-9	875
Sub-total	**2,735**	1,955	113	2,950	-	-31	**3,586**
	8,815	3,161	220	3,403	53	-40	**8,850**

(26) Pension provisions

Pension obligations are calculated using the projected unit credit method by the Ahlers Group. In this approach, future obligations are computed taking into consideration dynamic developments using actuarial methods.

The following assumptions were used as the basis for calculation of pension obligations:

Parameter	2010/11	2009/10
Discount rate	5.1%	4.6%
Pension trend	2.0%	1.5%

Actuarial gains and losses are recorded immediately against pension expenses under net income for the period of the relevant fiscal year. Pension expenses are composed of personnel expenses and interest expenses.

Salary trends are omitted, since pension provisions relate exclusively to employees who have already left and no new pension commitments are being entered into for the future. The present values of the defined benefit obligations are recognised in the balance sheet.

The table below shows the development in the gross present values of defined benefit obligations:

		2010/11 KEUR	**2009/10** KEUR
	Present value of the defined benefit obligation as of December 1	4,429	4,372
+	Current service cost	17	15
+	Interest cost	206	238
-	Benefits paid	-483	-479
-/+	Actuarial gains/losses	34	254
-	Curtailments/settlements	-	-
	Present value of the defined benefit obligation as of November 30	4,203	4,400
	Currency translation	-16	29
		4,187	**4,429**

The present value of the defined benefit obligation amounted to EUR 4,372 thousand as of November 30, 2009, EUR 4,641 thousand as of November 30, 2008 and EUR 4,934 thousand as of November 30, 2007.

Expenses recorded in the income statement amount to EUR 241 thousand (previous year: EUR 537 thousand).

Pension provisions almost entirely are associated with former employees in Germany. The provision also includes legally stipulated termination indemnity claims relating to employees engaged abroad in the amount of EUR 732 thousand (previous year: EUR 694 thousand).

(27) Other non-current provisions

The anniversary bonus provisions included in this item are based on expert actuarial opinions, whose calculations are based on current assumptions and trends that apply at the balance sheet date.

Pre-retirement part-time employment provisions of net EUR 480 thousand (previous year: EUR 578 thousand) have also been recorded. These pre-retirement part-time employment provisions are secured by securities for insolvency insurance with a fair market value of EUR 326 thousand (previous year: EUR 362 thousand). The securities are offset against the pre-retirement part-time employment provision as they qualify as plan assets. Proceeds from the securities in the amount of EUR 5 thousand (previous year: EUR 0 thousand) were recognised in the income statement.

In the previous year, this item primarily included the variable portion of the second purchase price instalment for the Baldessarini business, which is compounded annually. As this is due in 2012, it is now shown under current trade payables.

(28) Financial liabilities

Non-current financial liabilities are interest-bearing and generally have terms of between two and nine years.

Other financial liabilities include leasing liabilities in an amount of EUR 503 thousand (previous year: EUR 733 thousand) and negative market values from the measurement of forward exchange contracts in an amount of EUR 166 thousand (previous year: EUR 306 thousand).

Due to the floating interest rates of the financial liabilities, the fair value is identical with the respective carrying amount.

The table below shows the remaining terms and the average interest rates of the financial liabilities on the respective balance sheet dates:

KEUR	Year		Remaining terms: up to 1 year	Remaining terms: 1 to 5 year	Remaining terms: > 5 years	**Total non-current**	**Total**
Liabilities to banks	**2011**	Carrying amount	2,910	17,454	4,379	21,833	**24,743**
		Interest rate	3.05 %	3.28 %	4.72 %		
	2010	Carrying amount	4,129	17,515	5,310	22,825	**26,954**
		Interest rate	2.71 %	2.63 %	4.63 %		
Trade payables	**2011**	Carrying amount	16,433	-	-	-	**16,433**
		Interest rate	-	-	-		
	2010	Carrying amount	15,062	1,808	-	1,808	**16,870**
		Interest rate	-	-	-		
Other liabilities	**2011**	Carrying amount	405	264	-	264	**669**
		Interest rate	2.95 %	2.95 %			
	2010	Carrying amount	559	480	-	480	**1,039**
		Interest rate	5.40 %	2.95 %			
Total amounts	**2011**		19,748	17,718	4,379	22,097	**41,845**
	2010		19,750	19,803	5,310	25,113	**44,863**

All liabilities to affiliated companies are due within one year. This item also includes trade payables. However, detailed itemisation was not done because of the group point of view and the regular intra-group settlement.

Obligations under finance leases

Factory and office equipment items are leased under finance lease arrangements. Future minimum lease payments under finance leases can be reconciled to their present values as follows:

	Nov. 30, 2011		Nov. 30, 2010	
	Minimum lease payments KEUR	Present value of minimum lease KEUR	Minimum lease payments KEUR	Present value of minimum lease KEUR
Maturity				
within a year	277	264	274	252
in over a year	244	239	499	481
Total minimum lease payments	**521**	**503**	**773**	**733**
minus the interest portion	-18		-40	
Present value of minimum lease payments	**503**		**733**	

Liabilities under finance leases are offset by assets in an amount of EUR 485 thousand (previous year: EUR 708 thousand) shown under property, plant and equipment.

Lease payments in fiscal 2010/11 totalled EUR 285 thousand (previous year: EUR 296 thousand).

(29) Non-current trade payables

In the previous year, non-current trade payables primarily related to the fixed portion of the second purchase price instalment for the Baldessarini business. As this is due in 2012, it is now shown under current trade payables.

(30) Other current provisions

Other current provisions contain primarily provisions for returns and discounts as well as for severance payments.

(31) Other current liabilities

	Nov. 30, 2011 KEUR	Nov. 30, 2010 KEUR
Liabilities to affiliated companies	4,441	3,386
Other liabilities	11,494	11,247
thereof		
Wages and salaries	5,772	5,315
Taxes	1,433	1,600
Social security	749	751
Miscellaneous	3,540	3,581
	15,935	**14,633**

Miscellaneous other liabilities include liabilities for bonuses and customs payments

(32) Other disclosures on financial instruments

The table below shows the carrying amounts and fair values of the financial assets and liabilities as at the balance sheet date:

KEUR	Measurement category as defined in IAS 39	Nov. 30, 2011 Carrying amount	Nov. 30, 2011 Fair value	Nov. 30, 2010 Carrying amount	Nov. 30, 2010 Fair value
Assets					
Cash and cash equivalents	LaR	13,728	13,728	21,322	21,322
Trade receivables	LaR	34,888	34,888	36,069	36,069
Other financial assets		3,736	3,736	2,037	2,037
thereof					
Other non-current financial assets	LaR	1,842	1,842	1,001	1,001
Hedge-related derivatives	n.a.	1,320	1,320	505	505
Other current financial assets	FAHfT	574	574	531	531
Liabilities					
Liabilities to banks	FLAC	24,743	24,743	26,954	26,954
Trade payables	FLAC	16,433	16,433	16,870	16,870
Other financial liabilities		669	669	1,039	1,039
thereof					
Liabilities from lease agreements	n.a.	503	503	733	733
Hedge-related derivatives	n.a.	166	166	306	306
Total per measurement category as defined in IAS 39:					
Loans and Receivables	**LaR**	**50,458**	**50,458**	**58,392**	**58,392**
Financial Assets Held for Trading	**FAHfT**	**574**	**574**	**531**	**531**
Financial Liabilities Measured at Amortised Cost	**FLAC**	**41,176**	**41,176**	**43,824**	**43,824**

The fair value is the amount at which the respective items could be exchanged between contractual parties at the present time. The above figures are based on the following assumptions:

Due to the short-term nature, there are no differences between amortised cost and the fair values of cash and cash equivalents, trade receivables, current liabilities to banks and current trade payables.

The fair values of other current financial assets are based on a price determined in an active market.

Non-current financial instruments and non-current liabilities to banks carry floating interest rates, which means that the discounted future cash flows are equivalent to the carrying amounts.

Derivative instruments eligible for hedge accounting are based on forward exchange contracts, which are measured using forward exchange rates.

Risks from financial instruments as defined in IFRS 7.31 also relate to financial covenants (written conditions attached to financial instruments, especially loan agreements, providing for legal consequences in the event of non-compliance with agreed financial ratios). The Ahlers Group has agreed to comply with financial covenants in credit agreements with various financial institutions. These relate to certain equity ratios and leverage ratios of the Ahlers Group. The financial covenants are monitored in the context of the risk management system. Regular reports are submitted to the banks. There is no indication that compliance with the financial covenants is not possible.

The table below shows the net results by measurement categories:

KEUR		from interest	Subsequent measurement: at fair value	Subsequent measurement: Currency translation	Subsequent measurement: Impairment	from disposal	Net result 2010/11	Net result 2009/10
Loan and Receivables	LaR	429	-	-1	-121	-61	**246**	**-607**
Financial Assets Held for Trading	FAHfT	18	-14	-	-	-	**4**	**36**
Financial Liabilities Measured at Amortised Cost	FLAC	-1,059	-	-76	-	-	**-983**	**-1,035**

All interest is shown in net interest income. Gains and losses from the measurement of forward exchange contracts not eligible for hedge accounting are recognised in the cost of materials. The effects from subsequent measurement and from the disposal of the other items are shown under other operating income/expenses.

(33) Contingent liabilities and other financial obligations

Contingent liabilities	Nov. 30, 2011 KEUR	Nov. 30, 2010 KEUR
Acceptance liabilities	2	33
thereof for affiliated companies	-	-
Guarantees	1,708	2,332
thereof for affiliated companies	-	-
	1,710	**2,365**

As of November 30, 2011, contractual obligations for the acquisition of property in the amount to EUR 53 thousand (previous year: EUR 97 thousand). This amount is mainly the result of the purchase commitments for the regular exchange of company cars. The outflow of funds will occur in the first few months of the next fiscal year. There is no possibility for refunds, not even of partial amounts.

Claims under operating leases - Group in the position of lessor

In the previous year, there were operating leases in the form of sub-letting agreements. The remaining terms of these uncancellable agreements ranged from three to eight years.

No minimum payment claims existed as of the balance sheet date, as the sub-letting agreements were terminated due to the termination of the underlying leases.

Maturity	Nov. 30, 2011 KEUR	Nov. 30, 2010 KEUR
within a year	-	94
in over a year	-	536
	-	**630**

Other financial liabilities

The following future minimum lease payments under uncancellable operating leases for factory and office equipment exist as of the balance sheet date:

Maturity	Nov. 30, 2011 KEUR	Nov. 30, 2010 KEUR
within a year	6,195	5,477
1 to 5 years	13,270	11,487
> 5 years	3,912	3,441
	23,377	**20,405**

The Group has entered into operating leases for factory and office equipment. The lease agreements do not contain renewal options. No limitations have been imposed on the Group in connection with the lease agreements. Conditional lease payments of EUR 318 thousand (previous year: EUR 328 thousand) have been recorded under lease expense. These conditional lease payments concern payments that vary according to sales levels. In fiscal 2010/11, payments under operating leases totalled EUR 6,181 thousand (previous year: EUR 5,701 thousand).

(34) Financial risk management and derivative financial instruments

To finance its business activity, the Ahlers Group mainly uses financial liabilities in the form of interest-bearing loans and trade payables. These are offset by cash and cash equivalents as well as short-term deposits and trade receivables. In addition, the Ahlers Group uses financial derivatives.

The Ahlers Group operates internationally and is, therefore, exposed to exchange rate, default and interest rate risks.

The Ahlers Group enters into forward exchange contracts to cover the risk of exchange rate fluctuations. The transactions are executed exclusively with marketable instruments. These serve to hedge future exchange rate fluctuations of the USD, the CHF, the CZK and the HUF against the EUR. Exchange rate fluctuations of the USD affect the Ahlers Group in the procurement of raw materials, manufactured products, and manufacturing services in international markets, while fluctuations in the exchange rates of the other currencies affect the Ahlers Group in the sale of goods in the respective countries (cash flow hedge).

The table below shows the volumes and fair values of the forward exchange contracts as of the respective balance sheet dates:

		Nov. 30, 2011			Nov. 30, 2010		
		Nominal value		Fair value	Nominal value		Fair value
Type	Currency	in thsd. currency units	in KEUR	in KEUR	in thsd. currency units	in KEUR	in KEUR
Purchases	USD	28,700	20,470	1,238	21,700	16,236	487
Sales	CHF	5,048	3,998	-166	6,778	4,911	-306
	CZK	15,000	623	38	28,000	1,124	18
	HUF	80,000	293	44	-	-	-

As of November 30, 2011, there were forward exchange deals with a positive market value of EUR 1,320 thousand (previous year: EUR 505 thousand) and forward exchange deals with a negative market value of EUR -166 thousand (previous year: EUR -306 thousand). Forward exchange deals with a positive market value are reported under other current financial assets and those with a negative market value under other current financial liabilities. All operating forward exchange contracts in the Ahlers Group have a remaining term of between one day and nine months and are realised in batches of between EUR 0.3 million and EUR 2.2 million over this period, with a focus on certain seasons. In addition, there is an interest rate and currency swap in Swiss francs with a remaining term of 34 months and semi-annual repayments. All contractual parameters of all the above forward exchange deals are fixed, which means that there are no bandwidth agreements and the contracts cannot be cancelled prematurely. The contractually fixed USD/EUR exchange rates range from 1.3469 and 1.4510. No collateral was furnished. The cash flow hedges for future purchases were expected to be highly effective, which means that the requirements for hedge accounting pursuant to IAS 39 were met. Accordingly, positive effects in an amount of EUR 808 thousand after deferred taxes (previous year: positive effects in an amount of EUR 139 thousand) from the measurement of forward exchange contracts were recognised in equity at the fair value.

The table below shows the sensitivity of the consolidated net income before tax (due to changes in realised exchange differences) and the equity capital (due to changes in the fair value of the forward exchange contracts and the after-tax results of the above pre-tax effects) towards possible and realistic changes in the exchange rates of the US dollar, the Swiss franc and the Polish zloty before debt consolidation:

	Changes in exchange rates		Impact on net income before tax		Impact on equity	
	2011	2010	2011	2010	2011	2010
			KEUR	KEUR	KEUR	KEUR
USD	+2%	+4%	66	154	46	108
USD	-5%	-4%	-165	-154	-116	-108
CHF	+5%	+2%	-292	-204	-205	-143
CHF	-2%	-3%	117	306	82	214
PLN	+4%	+2%	-81	-61	-57	-43
PLN	-3%	-4%	61	123	43	86

Credit limits are defined to minimise the risk concentration and reduce losses from the default of a business partner to a minimum. The maximum default risk is apparent from the carrying amount of each financial asset reported in the balance sheet. These risks are in part covered by appropriate insurance in the case of trade receivables. The Group therefore is of the opinion that the maximum default risk comprises the amount of trade receivables and the total of current assets, minus the allowances applied against these assets as of the balance sheet date as well as the insurance cover taken out for these assets.

In view of the high equity ratio, the Ahlers Group considers its exposure to interest rate risks to be negligible. Accordingly, no interest rate hedges are taken out, except for the above combined interest rate and currency swap. The interest rate level is monitored nevertheless.

The table below shows the sensitivity of the consolidated net income before tax towards possible and realistic changes in floating interest rates for floating rate non-current liabilities based on the assumption that the interest margin remains unchanged:

Increase/Decrease in basis points		Impact on net income before tax		Impact on equity	
2011	2010	2011	2010	2011	2010
		KEUR	KEUR	KEUR	KEUR
+25	+40	-48	-79	-34	-55
-35	-20	67	39	47	27

With regard to cash management, the Ahlers Group aims to maintain its flexibility through the use of overdrafts, bank loans and operating leases. The risk of a cash shortage is constantly monitored throughout the Group using a cash planning tool.

Capital management

The Ahlers Group's capital management activities are geared to supporting the business activity and maintaining a good equity ratio.

In managing its capital structure, the Company primarily takes changes in the economic environment into account. Capital can be managed through the adjustment of dividend payments, the issue of new shares or the repurchase or redemption of own shares. As of November 30, 2011, no modifications of the targets, principles or processes occurred.

The business activity of the Ahlers Group is mostly of a short-term nature, which means that the working capital is the adequate variable for monitoring the capital. The net working capital comprises inventories, trade receivables as well as current trade payables.

	Nov. 30, 2011	Nov. 30, 2010
Net Working Capital	KEUR	KEUR
Inventories	69,427	58,640
Trade receivables	34,888	36,069
Current trade payables	-16,433	-15,062
	87,882	**79,647**

POSTER FOR THE EXHIBITION

FRANÇOIS DUFRÊNE
RAYMOND HAINS

UNE AMITIÉ ENTRE L'ART ET LES MOTS
FRIENDSHIP BETWEEN ART AND WRITING

CURATED BY BERNARD BLISTÈNE,
CENTRE POMPIDOU, PARIS

STIFTUNG AHLERS PRO ARTE / KESTNER PRO ARTE,
HANOVER

AN AHLERS AG PROJECT

FRANÇOIS DUFRÊNE
RAYMOND HAINS

UNE AMITIÉ ENTRE L'ART ET LES MOTS
FREUNDSCHAFT ZWISCHEN KUNST UND WORT

16. April bis 31. Juli 2011
Stiftung Ahlers Pro Arte / Kestner Pro Arte
Warmbüchenstraße 16 · 30159 Hannover · Freitag bis Sonntag 12 bis 17 Uhr

EIN PROJEKT DER AHLERS AG

Ahlers Kulturstiftung / Fondation Restany

AN AHLERS AG PROJECT

FRANÇOIS DUFRÊNE
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UNE AMITIÉ ENTRE L'ART ET LES MOTS
FRIENDSHIP BETWEEN ART AND WRITING


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UNE AMITIÉ ENTRE L'ART ET LES MOTS
FRIENDSHIP BETWEEN ART AND WRITING

7. EXPLANATORY NOTES TO THE GROUP SEGMENT INFORMATION

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 190,191 thousand) result from the assets as derived from the segment information (EUR 186,789 thousand) plus deferred tax assets and current income tax assets (EUR 3,402 thousand). Accordingly, the liabilities stated in the balance sheet (EUR 74,870 thousand) result from the liabilities as derived from the segment information (EUR 67,371 thousand) plus deferred tax liabilities and current income tax liabilities (EUR 6,996 thousand) as well as leasing liabilities (EUR 503 thousand).

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

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

The following divisions constitute the reporting segments

Premium Brands

This segment consists of the manufacture and sale of the premium brands of the Ahlers Group. Pierre Cardin, Otto Kern and Baldessarini belong to this group.

Jeans & Workwear

This segment consists of the manufacture and sale of non-premium brand jeans, slacks, and casual pants made of flat-weave fabric as well as working clothes. This segment includes the brands Pionier Workwear, Pionier Jeans & Casuals and Pioneer Jeans.

Men's & Sportswear

This segment consists of the production and distribution of non-premium brand classic men‘s upper clothing, casual clothing, and young fashion. This segment covers the Gin Tonic and Jupiter brands.

Miscellaneous

Special items that cannot be appropriately allocated to the various business segments are listed in this section.

Secondary reporting format

In the breakdown by geographic regions, ‚Western Europe‘ encompasses the following countries: Belgium, Denmark, Finland, France, Greece, Great Britain, Ireland, Iceland, Italy, Luxembourg, the Netherlands, Norway, Austria, Portugal, Sweden, Switzerland and Spain. ‚Central/Eastern Europe/Other‘ covers all the remaining countries.

Segment data

The figures for the Group segment information are based on consolidated figures without adjusting for, inter-segment results, which are insignificant.

‚Segment result‘ is defined as pre-tax income. ‘Assets’ are total assets minus deferred tax assets and current tax claims. ‚Liabilities‘ includes the total of current and non-current liabilities minus deferred tax liabilities, current income tax obligations and liabilities under leases. The item ‚Other non-cash items‘ includes net additions to provisions.

8. OTHER DISCLOSURES

Compensation of the Supervisory Board and the Management Board

Please refer to the compensation report, which forms part of the group management report.

Share-based payment

Please refer to the compensation report, which forms part of the group management report.

Shareholdings

As of November 30, 2011, Supervisory Board member Mr Jan A. Ahlers held 51.5 percent of the shares of Ahlers AG, including shares attributable to him.

Westfälisches Textilwerk Adolf Ahlers KG, Herford, holds a majority interest in the voting share capital of Ahlers AG, mainly via its fully-owned subsidiary, WTW-Beteiligungsgesellschaft mbH, Herford. The Ahlers AG financial statements are included in the consolidated financial statements of Westfälisches Textilwerk Adolf Ahlers KG, Herford.

Related party disclosures

Mr. Jan A. Ahlers, general partner of Westfälisches Textilwerk Adolf Ahlers KG, Herford, announced that his share of voting rights in Ahlers AG exceeded the 75 percent threshold as of March 25, 2002. As of November 30, 2011, he held 76.1 percent of the voting rights, 75.8 percent of which is attributable to him pursuant to section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

Transactions with related parties were executed under conditions that pertain to arm‘s length transactions. The open positions at the end of the fiscal year - with the exception of goods deliveries that are supplied under retention of title as is customary in the industry - are not collateralised and will be paid in cash or by offset. There are no guarantees relating to claims or debts of related parties. As in the previous year, the Ahlers Group did not record allowances against receivables from related parties in the year under review. The need to create an allowance is examined on an annual basis by reviewing the financial situation of the related party. Key business relationships are explained below:

During fiscal 2010/11 there were

- supplies to Westfälisches Textilwerk Adolf Ahlers KG, Herford, and related parties in an amount of EUR 3.0 million (previous year: EUR 3.2 million);

- services from Westfälisches Textilwerk Adolf Ahlers KG, Herford, and related parties in an amount of EUR 11.9 million (previous year: EUR 10.8 million).

As of November 30, 2011, net liabilities in the amount of EUR 4.4 million (previous year: EUR 3.2 million) resulted from business relations between Ahlers AG and its subsidiaries on the one hand and related parties on the other.

Employees (annual average)

	Total	
	2010/11	**2009/10**
Blue collar	1,407	1,335
White collar	846	819
	2,253	**2,154**

Declaration of conformity pursuant to section 161 of the German Stock Corporation Act

The Management Board and Supervisory Board of Ahlers AG have submitted the declaration of conformity with the German Corporate Governance Code for 2010 pursuant to section 161 of the AktG and made the declaration permanently accessible to shareholders on the Ahlers AG website (www.ahlers-ag.com).

Exemption rule pursuant to sections 264 (3) and 264b of the German Commercial Code (HGB)

As of November 30, 2011, the exemption rule provided for in section 264 (3) and section 264b of the HGB was applied to the following subsidiaries:

Baldessarini GmbH, Munich, Gin Tonic Special Mode GmbH, Sindelfingen, Otto Kern GmbH, Herford, Concordia-Wohnungsbaugesellschaft mbH, Herford, Pionier Jeans & Casuals Deutschland GmbH, Herford, Ahlers Zentralverwaltung GmbH, Herford, a-fashion.com GmbH, Herford, Ahlers Vertrieb GmbH, Herford, Jupiter Bekleidung GmbH, Herford, Pionier Berufskleidung GmbH, Herford, Pioneer Jeans-Bekleidung GmbH, Herford, and Ahlers P.C. GmbH, Herford, as well as Ahlers Textilhandel GmbH & Co. KG, Herford. In addition, Hemina Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Herford KG, Pullach im Isartal, will exercise the exemption option provided for in section 264 (3) HGB for the financial statements for the period ended December 31, 2011.

Events after the balance sheet date

There were no incidents after the balance sheet date that had a material impact on the Group‘s earnings, financial and net worth position as of November 30, 2011.

Auditor‘s fee

The audit fee expensed in fiscal 2010/11 covered the following services:

	2010/11 KEUR	2009/10 KEUR
Audit of the financial statements	209	190
Other attestation and valuation services	-	-
Tax consulting services	23	70
Other services	-	-
	232	**260**

Distribution of profits of Ahlers AG

In fiscal 2010/11, Ahlers AG distributed a dividend of EUR 0.55 per common share and of EUR 0.60 per preferred share. The total dividend payments amounted to EUR 7,828,896.30.

9. CORPORATE BODIES

Supervisory Board

Prof. Dr. Carl-Heinz Heuer
Attorney, Königstein (Chairman), Attorneys Feddersen, Heuer & Partner

Jan A. Ahlers
Businessman, Herford (Deputy Chairman), Westfälisches Textilwerk Adolf Ahlers KG

Prof. Dr. Julia von Ah (since May 4, 2011)
Tax advisor, Zurich, Switzerland, von Ah & Partner AG

Heidrun Baumgart
Administrative assistant, Bielefeld (employee representative), Ahlers Zentralverwaltung GmbH

Dieter Hoppe
Technical employee, Herford (employee representative), Ahlers Zentralverwaltung GmbH

Andreas Kleffel
Former member of the Regional Board of Commerzbank AG, Düsseldorf

Hans Peter Vorpahl (until May 3, 2011)
Accountant, tax advisor, Pinneberg,
Wirtschaftsrat Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft mbH

Management Board

Dr. Stella A. Ahlers
Zurich (Chairwoman), Switzerland, CEO Ahlers AG

Dr. Karsten Kölsch
Herford, CFO Ahlers AG

Further disclosures relating to Supervisory/Management Board members

On November 30, 2011 members of the Supervisory/Management Board of the Company are represented on the following boards of other companies:

Prof. Dr. Carl-Heinz Heuer
- Deputy Chairman of the Supervisory Board of M.M. Warburg & CO KGaA, Hamburg

Prof. Dr. Julia von Ah
- Member of the Advisory Board of von Ah & Partner AG, Zurich (Switzerland)

Andreas Kleffel
- Member of the Supervisory Board of Imperial Mobility International B.V., Druten (Netherlands)

Dr. Stella A. Ahlers
- President of the Advisory Board of Adolf Ahlers AG, Cham (Switzerland)

Supervisory/Management Board members not mentioned above are not represented on other companies‘ boards.

Herford, February 28, 2012

Ahlers AG
The Management Board

Dr. Stella A. Ahlers Dr. Karsten Kölsch

Statement of changes in property, plant, and equipment and intangible assets

for fiscal 2010/11

	Accumulated costs				
KEUR	Dec. 1, 2010	Additions	Disposals	Reclassi-fications	Currency differences
Property, plant, and equipment					
Land, land rights and buildings	42,801	249	3,287	-	-341
Machinery	10,787	339	1,095	226	-512
Plant and office equipment	43,349	4,153	5,296	37	-186
Payments on account and plant under construction	278	33		-263	-15
	97,215	**4,774**	**9,678**	**0**	**-1,054**
Intangible assets					
Industrial property rights and similar rights and assets	26,696	481	933	-	-16
Goodwill	1,450	-	-	-	49
	28,146	**481**	**933**	**0**	**33**
	125,361	**5,255**	**10,611**	**0**	**-1,021**

for fiscal 2009/10

	Accumulated costs				
KEUR	Dec. 1, 2009	Additions	Disposals	Reclassi-fications	Currency differences
Property, plant, and equipment					
Land, land rights and buildings	45,740	233	3,402	-	230
Machinery	10,509	523	1,070	34	791
Plant and office equipment	41,707	2,840	1,433	52	183
Payments on account and plant under construction	96	253	-	-86	15
	98,052	**3,849**	**5,905**	**0**	**1,219**
Intangible assets					
Industrial property rights and similar rights and assets	26,588	128	25	-	5
Goodwill	1,308	-	-	-	142
	27,896	**128**	**25**	**0**	**147**
	125,948	**3,977**	**5,930**	**0**	**1,366**

		Accumulated depreciation/amortisation				Carrying amounts	
Nov. 30, 2011	Dec. 1, 2010	Additions	Disposals	Currency differences	Nov. 30, 2011	Nov. 30, 2011	Nov. 30, 2010
39,422	24,926	570	2,934	-128	22,434	16,988	17,875
9,745	8,995	569	1,079	-404	8,081	1,664	1,792
42,057	31,463	4,077	5,093	-124	30,323	11,734	11,886
33	-	-	-	-	-	33	278
91,257	**65,384**	**5,216**	**9,106**	**-656**	**60,838**	**30,419**	**31,831**
26,228	15,914	380	933	-16	15,345	10,883	10,782
1,499	105	-	-	-11	94	1,405	1,345
27,727	**16,019**	**380**	**933**	**-27**	**15,439**	**12,288**	**12,127**
118,984	**81,403**	**5,596**	**10,039**	**-683**	**76,277**	**42,707**	**43,958**

		Accumulated depreciation/amortisation				Carrying amounts	
Nov. 30, 2010	Dec. 1, 2009	Additions	Disposals	Currency differences	Nov. 30, 2010	Nov. 30, 2010	Nov. 30, 2009
42,801	25,868	863	1,924	119	24,926	17,875	19,872
10,787	8,867	565	1,023	586	8,995	1,792	1,642
43,349	28,644	3,771	1,070	118	31,463	11,886	13,063
278	-	-	-	-	-	278	96
97,215	**63,379**	**5,199**	**4,017**	**823**	**65,384**	**31,831**	**34,673**
26,696	15,168	764	22	4	15,914	10,782	11,420
1,450	103	-	-	2	105	1,345	1,205
28,146	**15,271**	**764**	**22**	**6**	**16,019**	**12,127**	**12,625**
125,361	**78,650**	**5,963**	**4,039**	**829**	**81,403**	**43,958**	**47,298**

Group Segment Informations

for fiscal 2010/11

by business segment

	Premium Brands		Jeans & Workwear	
KEUR	**2010/11**	**2009/10**	**2010/11**	**2009/10**
Sales	144,032	129,608	67,375	63,510
Intersegment sales	-	-	-	-
Segment result	9,442	7,783	7,875	7,658
thereof				
Depreciation and amortisation	2,861	3,250	1,352	1,234
Other non-cash items	1,044	1,536	290	628
Interest income	269	198	132	90
Interest expense	1,001	925	403	323
Net assets	105,996	99,573	34,793	34,186
Capital expenditure	3,263	2,123	1,057	995
Liabilities	42,024	40,710	14,930	14,687

by geographic region

	Premium Brands		Jeans & Workwear	
KEUR	**2010/11**	**2009/10**	**2010/11**	**2009/10**
Germany				
Sales	65,235	60,828	48,613	44,779
Net assets	77,759	70,501	17,244	18,267
Western Europe				
Sales	38,331	37,451	12,689	12,935
Net assets	7,303	6,858	12,870	10,526
Central/Eastern Europe/Other				
Sales	40,466	31,329	6,073	5,796
Net assets	20,934	22,214	4,679	5,392

Men´s & Sportswear		Miscellaneous		Total	
2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
44,569	57,451	237	231	256,213	250,800
-	-	-	-	-	-
-2,765	-1,454	177	-31	14,729	13,956
1,362	1,459	21	20	5,596	5,963
31	575	-	-	1,365	2,739
107	80	-	-	508	368
228	249	2	27	1,634	1,524
26,968	32,351	19,032	18,915	186,789	185,025
935	855	337	113	5,592	4,086
9,548	12,624	869	876	67,371	68,897

Men´s & Sportswear		Miscellaneous		Total	
2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
22,034	28,480	237	231	136,119	134,318
18,326	20,689	19,019	18,901	132,348	128,358
15,252	20,720	-	-	66,272	71,106
5,732	6,987	-	-	25,905	24,371
7,283	8,251	-	-	53,822	45,376
2,910	4,676	13	14	28,536	32,296

Audit Opinion

The following unqualified audit opinion has been issued for the consolidated financial statements and the Group management report for the fiscal year ended November 30, 2011 of Ahlers AG, Herford:

„Auditor's Report

We have audited the consolidated financial statements prepared by the Ahlers AG, Herford, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the business year from 1 December 2010 to 30 November 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to sec. 315a para. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to sec. 315a para. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development."

Hanover, February 28, 2012

BDO AG
Wirtschaftsprüfungsgesellschaft

Dr. Haferkorn	ppa. Weisner
Wirtschaftsprüfer	Wirtschaftsprüferin

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the earnings, financial and net worth position of the Group, and the Group management report 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.

Dr. Stella A. Ahlers Dr. Karsten Kölsch

Proposal for the appropriation of profits

The Management Board proposes to use the distributable profit amounting to EUR 14,199,399.51 at the end of the fiscal year 2010/11 to pay out a dividend of EUR 0.65 per common share (ISIN DE0005009708 and DE0005009740) and of EUR 0.70 per preferred share (ISIN DE0005009732), for a total payout of EUR 9,197,048.30 to the shareholders, and to carry forward the remaining profit of EUR 5,002,351.21 to new account.

History of Ahlers AG

1919 Establishment as a textile wholesale business in the Frisian town Jever

1932 Company moves to Herford/Westphalia

1975 Start of production shift to low-cost countries

1987 Initial public offering

1992 Licensing partnership with Pierre Cardin, Paris, begins

1996 Acquisition of Eterna Group

1998 Ahlers shares are traded in the Official Market segment of the German Stock Exchange

1999 Acquisition of Gin Tonic Special Mode GmbH

2000 Acquisition of the rights to the Otto Kern Brand

2004 Inclusion in the Prime Standard segment of the German Stock Exchange

2005 Dr. Stella A. Ahlers, granddaughter of Company founder Adolf Ahlers, is appointed to head the Management Board

2006 Sale of the Eterna Group to a financial investor
Acquisition of Baldessarini GmbH & Co. KG

2010 Spin-off of the Jupiter shirts business and foundation of a joint venture under the name of Jupiter Shirt GmbH (Ahlers share: 49 percent)

2011 Takeover of the remaining interests in Otto Kern GmbH

Financial Calendar

DATES

Annual accounts press conference in Düsseldorf	March 8, 2012
Interim report Q1 2011/12	April 12, 2012
Analysts' conference in Frankfurt am Main	April 18, 2012
Annual Shareholders' Meeting in Düsseldorf	May 3, 2012
Half year report 2011/12	July 11, 2012
Interim report Q3 2011/12	October 11, 2012
Analysts' conference in Frankfurt am Main	October 23, 2012

IMPRINT

Publisher
Ahlers AG
Herford

Design
TEXART Gesellschaft für Werbung
und Public Relations mbH
Herford

Print
Industrie+werbedruck,
Hermann Beyer GmbH & Co.KG
Herford

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