AHLERS AG, HERFORD

Interim Report Q3 2013/14

AHLERS AG

INTERIM REPORT Q3 2013/14
(December 1, 2013 to August 31, 2014)

BUSINESS PERFORMANCE IN THE FIRST NINE MONTHS OF FISCAL 2013/14

Q3 2013/14 - Highlights

- Strong revenue growth of 8.6 percent in Q3 2014.
- Total nine-month sales revenues climb 7.9 percent to EUR 197.9 million.
- Revenue growth leads to clear double-digit growth in all earnings figures.
- Equity ratio stays at a solid 56 percent.
- Earnings forecast for 2013/14 raised: net income now expected to increase moderately compared to the previous year (2012/13: EUR 5.6 million).
- All necessary measures initiated to close the Sindelfingen branch.

1. BUSINESS AND GENERAL CONDITIONS

The leading economic institutes had projected a moderate increase in Europe's 2014 gross domestic product (GDP), with nearly all countries contributing to the rise. After a difficult year 2013, which saw the eurozone GDP contract, this was a positive statement, which essentially remains intact. In recent weeks, however, the economic institutes have downgraded the projected growth rates moderately, mainly due to the fact that the Russia/Ukraine crisis is putting a damper on the European economy. Some countries such as France and Italy have therefore been sliding back to stagnation or recession. This has also led to more pessimistic business expectations. Accordingly the Ifo Index for the corporate sector continued to decline over the past three months, while the Ifo Index for the retail sector even dropped sharply.

The growth forecast for Germany's 2014 GDP has been downgraded from 2.0 percent to 1.5 percent (all forecasts by Commerzbank Research June and September 2014). The economic environment in Germany nevertheless remains positive, characterised by low unemployment and high consumer confidence (GfK July 2014). Due to this and the low prior year base, sales in the German clothing retail sector had originally been expected to grow in 2014. Instead, sales in the January to August period merely remained stable (Textilwirtschaft September 2014); this includes sharp declines in June and July and a strong August.

Save for a few exceptions, stagnation has probably also been the general trend in the retail clothing sectors across the rest of Europe. This also applies to the Russian market, which is important to clothing manufacturers. Due to the current political situation, the Russian economy is weak, and the weak rouble has additionally reduced Russia's purchasing power. This is giving retailers a hard time, all the more so as they have become used to steady growth rates; moreover, rents are often agreed in euros or dollars and have therefore become much more expensive in roubles.

2. EARNINGS, FINANCIAL AND NET WORTH POSITION

Revenue growth of 8.6 percent in the third quarter

Ahlers has been able to defy this general trend in 2014. The company's strong growth of the first half-year continued in the third quarter of 2014, when sales revenues rose by 8.6 percent. On the one hand, this was due to both increased pre-sales and very positive, higher-than-expected stock sales. On the other hand, autumn/winter apparel could be delivered earlier this year, which means that sales revenues were brought forward from the fourth quarter. Nine-month sales 2013/14 climbed 7.9 percent to EUR 197.9 million (previous year: EUR 183.4 million).

Growing as dynamically as ever, Ahlers‘ Premium segment reported an 8.2 percent increase in sales revenues, which was almost exactly in line with the company-wide trend, and again contributed 65 percent to total Group revenues. This pleasant performance was attributable to Pierre Cardin, which posted high single-digit growth, and to Baldessarini, which achieved double-digit growth.

The strongest growth in the 2013/14 reporting period was posted by the Jeans & Workwear segment, whose revenues grew by 10.4 percent to EUR 53.0 million. Both Pionier Workwear and the Pioneer/Pionier Jeans brands contributed to this growth. As this growth exceeded the company-wide trend, the segment's relative share in total sales revenues increased from 26 to 27 percent.

Jupiter posted strong revenue growth in the third quarter of 2014, which means that the decline in the Men's & Sportswear segment‘s sales of the previous months was almost entirely offset in the third quarter of 2014. Total nine-month sales revenues were down by only 1.8 percent or EUR 0.3 million on the previous year. The decline was primarily attributable to the discontinuation of Gin Tonic's Retail activities in the previous year. Gin Tonic's Wholesale business with retailers picked up this year.

In spite of the closure of Gin Tonic stores in the previous year, Ahlers‘ own Retail revenues increased by 3.1 percent. On the one hand, this was due to the opening of further Pierre Cardin, Baldessarini and multi-brand stores. On the other hand, like-for-like sales revenues also picked up by 8.2 percent in the reporting period. The company's own Retail operations contributed 10.0 percent to total sales revenues (previous year: 10.5 percent).

Posting a 55 percent increase, the e-commerce business continued to grow dynamically from a low base. The e-stores of Baldessarini and Otto Kern are particularly successful. Constant improvements in Pionier Workwear's Internet presence have led to growing sales revenues also in this e-store.

Sales by segments

in EUR million	Q1-Q3 2013/14	Q1-Q3 2012/13	Change in %
Premium Brands*	128.6	118.8	8.2
Jeans & Workwear	53.0	48.0	10.4
Men's & Sportswear	16.3	16.6	-1.8
Total	**197.9**	**183.4**	**7.9**

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

EBIT before special effects

in EUR million	Q1-Q3 2013/4	Q1-Q3 2012/13	Change in %
Premium Brands*	11.1	8.1	37.0
Jeans & Workwear	4.8	3.7	29.7
Men's & Sportswear	-2.1	-3.4	38.2
Total	**13.8**	**8.4**	**64.3**

* incl. "miscellaneous" EUR 0.4 million (previous year: EUR 0.0 million)

EARNINGS POSITION

Strong growth in all earnings figures

Due to the high revenue growth, gross profit also increased by a strong 6.9 percent to EUR 101.1 million (previous year: EUR 94.6 million). The moderate decline in the gross profit margin from 51.6 percent to 51.1 percent is attributable to higher revenues in the winter sale months at the beginning of the year and somewhat higher inventory write-downs.

Operating expenses, which comprise personnel expenses, other expenses and depreciation/amortisation before special effects, rose by only a very moderate 1.3 percent or EUR 1.1 million in the reporting period. This was mainly due to the increase in other operating expenses, which was primarily caused by sales-related expense items such as transport expenses, logistic expenses and commissions.

64 percent increase in operating result before special effects

Due to the strong EUR 6.5 million increase in gross profit and the much lower rise in expenses of EUR 1.1 million, the operating result before special effects rose by EUR 5.4 million or 64 percent to EUR 13.8 million (previous year: EUR 8.4 million).

The operating results in the Premium segment and the Jeans & Workwear segment increased by 37 percent and 30 percent, respectively, as a result of the revenue growth. Thanks to cost savings, the loss in the Men's & Sportswear segment declined by 38 percent from EUR 3.4 million to EUR 2.1 million.

Social plan signed for Gin Tonic

At the half-year stage of 2013/14, the Management Board of Ahlers AG had announced that the Sindelfingen branch would be closed within the next twelve months and that Gin Tonic would be relocated to the headquarter in Herford following successful reorganisation. A social plan for the employees affected was negotiated and signed with the staff council in the third quarter of 2014. The related costs were already recognised in the financial statements for Q3 2014. In addition, Baldessarini's creative department was reorganised, which also entailed extraordinary expenses. These special effects totalled EUR 2.4 million in the reporting period, compared to a balanced item without expenses in the previous year.

Earnings Position

in EUR million	Q1-Q3 2013/14	Q1-Q3 2012/13	Change in %
Sales	**197.9**	**183.4**	**7.9**
Gross profit	101.1	94.6	6.9
in % of sales	51.1	51.6	
Personnel expenses*	-39.8	-39.5	-0.8
Balance of other expenses/income*	-43.8	-42.8	-2.3
EBITDA*	**17.5**	**12.3**	**42.3**
Depreciation and amortisation*	-3.7	-3.9	5.1
EBIT*	**13.8**	**8.4**	**64.3**
Special effects	-2.4	0.0	
Financial result	-0.7	-0.5	-40.0
Pre-tax profit	**10.7**	**7.9**	**35.4**
Income taxes	-3.2	-1.8	-77,8
Net income	**7.5**	**6.1**	**23.0**

* before special effects

In the nine-month period 2013/14, the tax ratio stood at a "normal" 30 percent, while a positive one-time effect had reduced the tax ratio to 23 percent in the previous year.

In spite of the high extraordinary expenses, earnings before income taxes grew by 35 percent to EUR 10.7 million (previous year: EUR 7.9 million), while consolidated net income after taxes climbed 23 percent to EUR 7.5 million (previous year: EUR 6.1 million).

FINANCIAL AND NET WORTH POSITION

Equity ratio stays at a solid 56 percent

With an equity ratio of 55.8 percent (previous year: 56.3 percent) and equity of EUR 111.2 million, the balance sheet was largely unchanged as of August 31, 2014.

Key management and financial indicators

		Q1-Q3 2013/14	Q1-Q3 2012/13
Sales	in EUR million	197.9	183.4
Gross margin	in %	51.1	51.6
EBITDA*	in EUR million	17.5	12.3
EBIT*	in EUR million	13.8	8.4
EBIT margin*	in %	7.0	4.6
Net income	in EUR million	7.5	6.1
Profit margin before taxes	in %	5.4	4.3
Profit margin after taxes	in %	3.8	3.3
Earnings per share			
common shares	in EUR	0.52	0.41
preferred shares	in EUR	0.57	0.46
Net Working Capital**	in EUR million	114.4	106.5
Equity ratio	in %	55.8	56.3
Employees		2,254	2,192

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

Due to the strong revenue growth in August 2014, receivables temporarily increased by EUR 5.1 million, which sent total assets rising from EUR 195.9 million to EUR 199.4 million.

In the third quarter of 2014, Ahlers sold works of art in the amount of EUR 2.6 million, which breaks down into a carrying amount of EUR 2.1 million and an operating profit of EUR 0.5 million. As a result, other non-current assets declined from EUR 19.8 million to EUR 17.8 million in the reporting period.

Capital expenditures were more or less on a par with the previous year. This year has seen the first major investments in the new ERP system, which is scheduled to become operational in the first departments in 2015.

Good cash flow development

Due to the seasonal cycle of the fashion business, net working capital is always higher in the first and third quarter and returns to a normal level in the second and fourth quarter. This is why cash flow from operating activity is almost negative in these quarters. This year, however, cash flow, at EUR -4.7 million, is 63 percent higher than the previous year's EUR -12.6 million thanks to the good results and moderate inventory build-up.

3. POST BALANCE SHEET EVENTS

No events of special significance for the Ahlers Group occurred between the end of the first nine months and the publication of the interim report.

4. RISK REPORT

No changes with respect to risks related to future developments have occurred since the start of the new fiscal year. The statements made in the risk report of the 2012/13 consolidated financial statements remain valid.

5. EMPLOYEES

As of August 31, 2014, Ahlers employed 2,254 people, 62 more than one year ago (August 31, 2013: 2,192). Most of this growth is attributable to a moderate increase in production capacity at our Sri Lankan plant (+47 employees). Staff in our own Retail stores increased by 17, of whom 10 were hired in the Baltic states and the rest in Germany. Due to additional staff hired in the Retail segment, the number of employees in Germany rose moderately from 641 to 647.

6. PERFORMANCE OF THE AHLERS SHARES

On August 29, 2014, Ahlers shares traded at EUR 10.99 (common share) and EUR 10.80 (preferred share), up 2.2 percent and 7.9 percent, respectively, on the share price quoted on the last trading day of August 2013. Including the dividend paid out in May 2014, the share prices were up by 6.4 percent and 12.9 percent, respectively, on the previous year.

Including the dividend, the common shares have maintained their value since the end of the past fiscal year (+0.1 percent), while the preferred shares lost a moderate 4.2 percent.

7. FORECAST REPORT

Sector retail sales for the 2014 winter season expected to remain stable at least

The Management Board projects more or less stable sales for Europe's clothing retail sector. This expectation is based on the assumption that current developments do not change materially. At present, the conflict with Russia entails potential risks which may have an adverse impact on clothing manufacturers. These risks relate to the deliverability of the winter apparel as well as to the future cooperation with Russian retailers.

Stable revenues in Q4 2013/2014 and 5 to 6 percent increase in full-year sales revenues expected

Ahlers' deliveries in August 2014 clearly exceeded the prior month level. This means that the complete plus that was included in the pre-sales for the full winter season 2014 was realised already in the third quarter. Should stock sales continue at the prior year level and most of the goods ordered actually be sold, sales revenues should remain stable in the fourth quarter. This would result in full-year revenue growth of 5 to 6 percent for the Ahlers Group.

All earnings figures expected to pick up in spite of high extraordinary effects

The Management Board expects both the operating result before special effects and earnings before taxes to increase at a double-digit rate. In spite of high extraordinary expenses far in excess of EUR 2 million, consolidated net income after taxes should also pick up moderately. From today's point of view, we project a 5 to 10 percent increase in net income (2012/13 consolidated net income: EUR 5.6 million). The Management Board had previously expected consolidated net income to remain stable. Cash flow projections for the fiscal year 2013/14 are also positive and should enable payment of a satisfactory dividend.

Consolidated balance sheet as of August 31, 2014

ASSETS

KEUR	Aug. 31, 2014	Aug. 31, 2013	Nov. 30, 2013
A. Non-current assets			
I. Property, plant and equipment			
1. Land, land rights and buildings	15,339	15,595	15,507
2. Technical equipment and machines	1,250	1,032	969
3. Other equipment, plant and office equipment	10,433	11,124	11,184
4. Payments on account and plant under construction	113	350	24
	27,135	**28,101**	**27,684**
II. Intangible assets			
Industrial property rights and similar rights and assets	12,367	11,806	11,728
III. At-equity investments	211	211	211
IV. Other non-current assets			
1. Other financial assets	1,020	1,583	1,550
2. Other assets	17,825	19,769	19,609
	18,845	**21,352**	**21,159**
V. Deferred tax assets	1,313	1,034	1,432
Total non-current assets	**59,871**	**62,504**	**62,214**
B. Current assets			
I. Inventories			
1. Raw materials and consumables	20,897	22,129	24,896
2. Work in progress	272	462	367
3. Finished goods and merchandise	54,613	50,935	50,421
	75,782	**73,526**	**75,684**
II. Trade receivables	51,140	46,034	33,875
III. Other current assets			
1. Other financial assets	1,048	807	14
2. Receivables from affiliates	0	376	149
3. Current income tax claims	1,051	2,166	2,759
4. Other assets	4,061	4,009	3,825
	6,160	**7,358**	**6,747**
IV. Cash and cash equivalents	6,422	6,454	3,928
Total current assets	**139,504**	**133,372**	**120,234**
Total assets	**199,375**	**195,876**	**182,448**

EQUITY AND LIABILITIES

KEUR	Aug. 31, 2014	Aug. 31, 2013	Nov. 30, 2013
A. Equity			
I. Subscribed capital	43,200	43,200	43,200
II. Capital reserve	15,024	15,024	15,024
III. Retained earnings	51,342	51,015	50,472
IV. Equity difference from currency translation	-616	-1,186	-1,605
Equity attributable to shareholders of Ahlers AG	**108,950**	**108,053**	**107,091**
V. Non-controlling interest	2,274	2,146	2,249
Total equity	**111,224**	**110,199**	**109,340**
B. Non-current liabilities			
I. Pension provisions	4,480	4,903	4,642
II. Other provisions	314	323	363
III. Financial liabilities			
1. Other financial liabilities	21,804	20,062	24,171
2. Non-controlling interests in partnerships	1,303	1,302	1,229
	23,107	**21,364**	**25,400**
IV. Other liabilities	25	26	25
V. Deferred tax liabilities	2,793	2,347	2,455
Total non-current liabilities	**30,719**	**28,963**	**32,885**
C. Current liabilities			
I. Current income tax liabilities	2,328	438	279
II. Other provisions	2,921	3,241	2,901
III. Financial liabilities	24,029	26,846	6,409
IV. Trade payables	12,536	13,087	17,907
V. Other liabilites			
1. Liabilities to affiliates	836	96	1,872
2. Other liabilities	14,782	13,006	10,855
	15,618	**13,102**	**12,727**
Total current liabilities	**57,432**	**56,714**	**40,223**
Total liabilities	**88,151**	**85,677**	**73,108**
Total equity and liabilities	**199,375**	**195,876**	**182,448**

Consolidated income statement for Q1-Q3 of 2013/14

KEUR	Q1-Q3 2013/14	Q1-Q3 2012/13
1. Sales	197,908	183,375
2. Change in inventories of finished goods and work in progress	3,390	8,350
3. Other operating income	2,614	2,600
4. Cost of materials	-100,224	-97,128
5. Personnel expenses	-41,846	-39,550
6. Other operating expenses	-46,438	-45,345
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-4,008	-3,959
8. Interest and similar income	77	292
9. Interest and similar expenses	-762	-749
10. Pre-tax profit	**10,711**	**7,886**
11. Income taxes	-3,169	-1,824
12. Consolidated net income for the period	**7,542**	**6,062**
13. of which attributable to:		
- Shareholders of Ahlers AG	7,372	5,867
- Non-controlling interest	170	195
Earnings per share (EUR)		
- common shares	0.52	0.41
- preferred shares	0.57	0.46

Consolidated statement of comprehensive income for Q1-Q3 of 2013/14

KEUR	Q1-Q3 2013/14	Q1-Q3 2012/13
12. Consolidated net income for the period	**7,542**	**6,062**
Not to be reclassified to profit and loss		
14. Actuarial gains/losses on defined benefit pension plans	-	-
To be reclassified to profit and loss		
15. Net result from cash flow hedges	872	330
16. Currency translation differences	117	-375
17. Other changes	-145	-140
18. Other comprehensive income after taxes	**844**	**-185**
19. Comprehensive income	**8,386**	**5,877**
20. of which attributable to:		
- Shareholders of Ahlers AG	8,362	5,821
- Non-controlling interest	24	56

Consolidated income statement for Q3 of 2013/14

KEUR	Q3 2013/14	Q3 2012/13
1. Sales	73,986	68,145
2. Change in inventories of finished goods and work in progress	7,895	10,368
3. Other operating income	1,107	598
4. Cost of materials	-41,559	-41,559
5. Personnel expenses	-15,071	-13,292
6. Other operating expenses	-16,252	-15,702
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-1,495	-1,301
8. Interest and similar income	23	71
9. Interest and similar expenses	-262	-296
10. Pre-tax profit	**8,372**	**7,032**
11. Income taxes	-2,516	-1,963
12. Consolidated net income for the period	**5,856**	**5,069**
13. of which attributable to:		
- Shareholders of Ahlers AG	5,849	5,005
- Non-controlling interest	7	64
Earnings per share (EUR)		
- common shares	0.43	0.37
- preferred shares	0.43	0.37

Consolidated statement of comprehensive income for Q3 of 2013/14

KEUR	Q3 2013/14	Q3 2012/13
12. Consolidated net income for the period	**5,856**	**5,069**
Not to be reclassified to profit and loss		
14. Actuarial gains/losses on defined benefit pension plans	-	-
To be reclassified to profit and loss		
15. Net result from cash flow hedges	514	-191
16. Currency translation differences	-97	-165
17. Other changes	-7	-33
18. Other comprehensive income after taxes	**410**	**-389**
19. Comprehensive income	**6,266**	**4,680**
20. of which attributable to:		
- Shareholders of Ahlers AG	6,266	4,648
- Non-controlling interest	0	32

Consolidated cash flow statement

for Q1-Q3 of 2013/14

KEUR	Q1-Q3 2013/14	Q1-Q3 2012/13
Consolidated net income for the period	7,542	6,062
Income taxes	3,169	1,824
Interest income / Interest expenses	685	457
Depreciation and amortisation	4,008	3,959
Gains / losses from the disposals of non-current assets (net)	-515	151
Change in inventories and other current and non-current assets	-16,920	-21,357
Change in non-current provisions	-210	-286
Change in non-controlling interests in partnerships and other non-current liabilities	74	77
Change in current provisions	21	-128
Change in other current liabilities	-2,584	-1,950
Interest paid	-653	-639
Interest received	77	292
Income taxes paid	-1,673	-3,418
Income taxes received	2,302	2,346
Cash flow from operating activities	**-4,677**	**-12,610**
Cash receipts from disposals of items of property, plant, and equipment	129	659
Cash receipts from disposals of intangible assets	-	26
Cash receipts from disposals of other non-current assets	2,575	-
Payments for investment in property, plant, and equipment	-2,973	-4,139
Payments for investment in intangible assets	-1,183	-247
Payments for investment in other non-current assets	-317	-546
Cash flow from investing activities	**-1,769**	**-4,247**
Dividend payments	-6,502	-8,575
Repayment of non-current financial liabilities	-2,867	-3,229
Cash flow from financing activities	**-9,369**	**-11,804**
Net change in liquid funds	**-15,815**	**-28,661**
Effects of changes in the scope of exchange rates	-86	-230
Liquid funds as of December 1	2,669	11,783
Liquid funds as of August 31	**-13,232**	**-17,108**

Consolidated statement of changes in equity

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

	Equity attributable to shareholders of Ahlers AG						Non-controlling interest			
	Subscribed capital									
KEUR	Common shares	Preferred shares	Capital-reserve	Retained earnings	Equity diff. from currency translation	**Total Group holdings**	Capital	Accumulated other com-prehensive income	**Total non-con-trolling interest**	**Total equity**
Balance as of Dec. 1, 2012	**24,000**	**19,200**	**15,024**	**53,724**	**-1,140**	**110,808**	**1,454**	**635**	**2,089**	**112,897**
Total net income for the period				5,867	-46	5,821		57	57	5,878
Dividends paid				-8,576		-8,576				-8,576
Balance as of Aug. 31, 2013	**24,000**	**19,200**	**15,024**	**51,015**	**-1,186**	**108,053**	**1,454**	**692**	**2,146**	**110,199**
Balance as of Dec. 1, 2013	**24,000**	**19,200**	**15,024**	**50,472**	**-1,605**	**107,091**	**1,454**	**795**	**2,249**	**109,340**
Total net income for the period				7,372	990	8,362		25	25	8,387
Dividends paid				-6,503		-6,503				-6,503
Balance as of Aug. 31, 2014	**24,000**	**19,200**	**15,024**	**51,341**	**-615**	**108,950**	**1,454**	**820**	**2,274**	**111,224**

Group segment informations

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

by business segment

KEUR	Premium Brands 2013/14	Premium Brands 2012/13	Jeans & Workwear 2013/14	Jeans & Workwear 2012/13	Men´s & Sportswear 2013/14	Men´s & Sportswear 2012/13	Others 2013/14	Others 2012/13	Total 2013/14	Total 2012/13
Sales	128,410	118,636	53,014	47,943	16,256	16,609	228	187	197,908	183,375
Intersegment sales	-	-	-	-	-	-	-	-	-	-
Segment result	9,650	7,478	4,346	3,472	-3,758	-3,057	473	-7	10,711	7,886
thereof										
Depreciation and amortisation	2,460	2,329	1,023	1,050	509	564	16	16	4,008	3,959
Other non-cash items	2,561	1,702	1,187	1,097	1,569	164	-	-	5,317	2,963
Interest income	55	211	18	59	4	22	-	-	77	292
Interest expense	504	499	200	189	58	61	-	-	762	749
Net assets	130,813	123,091	31,476	32,328	16,307	16,876	18,415	20,381	197,011	192,676
Capital expenditure	2,865	2,932	1,010	936	282	519	317	546	4,474	4,933
Liabilities	53,574	53,084	20,216	20,337	8,739	8,653	7	12	82,536	82,086

by geographic region

KEUR	Premium Brands 2013/14	Premium Brands 2012/13	Jeans & Workwear 2013/14	Jeans & Workwear 2012/13	Men´s & Sportswear 2013/14	Men´s & Sportswear 2012/13	Others 2013/14	Others 2012/13	Total 2013/14	Total 2012/13
Germany										
Sales	60,544	55,141	38,728	34,881	7,805	7,673	228	187	107,305	97,882
Net assets	99,314	93,696	19,408	18,181	11,526	11,774	18,402	20,368	148,650	144,019
Western Europe										
Sales	34,099	31,769	10,208	9,418	6,207	6,560	-	-	50,514	47,747
Net assets	10,587	9,371	8,214	10,162	3,723	3,961	-	-	22,524	23,494
Central/ Eastern Europe/ Other										
Sales	33,767	31,726	4,078	3,644	2,244	2,376	-	-	40,089	37,746
Net assets	20,912	20,024	3,854	3,985	1,058	1,141	13	13	25,837	25,163

8. NOTES TO THE FINANCIAL STATEMENTS

Accounting and valuation principles

The interim financial statements for the first nine months of fiscal 2013/14 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee's interpretations of the IFRS (IFRIC). They comply in particular with the provisions of IAS 34 - Interim financial reporting.

The accounting and valuation principles and principles of consolidation are consistent with those applied in the preparation of the consolidated financial statements as of November 30, 2013. A detailed explanation of these principles has been published in the notes to the consolidated financial statements of the 2012/13 Annual Report.

The interim report is prepared in euros and all figures are given in thousands of euros (KEUR). Due to the fact that the report is prepared in EUR thousands, rounding differences can arise, since computations of individual items are based on figures in euros.

Earnings per share

Earnings per share are defined as net income (attributable to the shareholders of the Ahlers AG) divided by the weighted average number of shares outstanding during the reporting period. No shares existed either as of August 31, 2014, or August 31, 2013 that would have a diluting effect on earnings per share.

Contingent liabilities

Contingent liabilities have not changed materially since the last balance sheet date on November 30, 2013.

Segment reporting

The Ahlers Group defines its reporting segments by the type of products. This primarily reflects the internal reporting system as well as the internal decision-making processes.

The Group's reporting segments are Premium Brands, Jeans & Workwear and Men's & Sportswear. Expenses for central functions are charged to the segments with due consideration to the arm's length principle and based on actual usage. Due to the different positionings of the segments, no inter-segment revenues are generated. Where a clear allocation of assets and liabilities is not possible, these are allocated using appropriate distribution ratios. The segment result is the result before taxes, as income taxes are not segmented due to the central management. For the same reason, assets and liabilities do not include deferred or current tax assets and liabilities. This means that the total assets stated in the balance sheet (EUR 199,375 thousand) result from the assets as derived from the segment information (EUR 197,011 thousand) plus deferred tax assets and current income tax assets (EUR 2,364 thousand). Accordingly, the liabilities stated in the balance sheet (EUR 88,151 thousand) result from the liabilities as derived from the segment information (EUR 82,536 thousand) plus deferred tax liabilities and current income tax liabilities (EUR 5,121 thousand) as well as leasing liabilities (EUR 494 thousand).

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

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

Herford, October 2014

The Management Board

Forward-looking statements

This report contains forward-looking statements, which are subject to a number of uncertainties that could cause actual results to differ materially from expectations of future developments should one or more of these uncertainties, whether specified or not, materialise or if the assumptions underlying the statements above prove to be incorrect.

Financial calendar

DATES

Interim report Q3 2013/14	October 14, 2014
Analysts' conference in Frankfurt/ Main	October 21, 2014
German Equity Forum in Frankfurt/ Main	November 26, 2014
Annual accounts press conference	March 10, 2015
Interim report Q1 2014/15	April 14, 2015
Annual Shareholders' Meeting in Düsseldorf	May 7, 2015
Half year report 2014/15	July 14, 2015
Interim report Q3 2014/15	October 14, 2015

If you have any questions regarding
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Ahlers AG

- was established by Adolf Ahlers in 1919 and listed as a joint stock corporation in 1987
- is family-run in the third generation by Dr. Stella A. Ahlers
- is one of the biggest listed European manufacturers of menswear
- produces fashion under eight brands, tailored to its respective target groups
- generates approx. 65 percent of its sales revenues from premium brands
- produces 8,000,000 fashion items per year
- manufactures one third of the production volume in its own factories
- employs some 2,200 people

The brands

BALDESSARINI
pierre cardin
OTTO KERN
PIONEER® AUTHENTIC JEANS
PIONIER® JEANS & CASUALS
Pionier® workwear
JUPITER®
GIN TONIC®

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