



AHLERS AG

Herford
Half-year Report 2015/16



AHLERS AG

HALF-YEAR REPORT 2015/16

(December 1, 2015 to May 31, 2016)

BUSINESS PERFORMANCE IN THE FIRST SIX MONTHS OF FISCAL 2015/16

H1 2015/16 - Highlights

- Ahlers' revenues grow 3.5 percent in Q2 2016
- First-half 2015/16 revenues therefore slightly higher in spite of discontinued activities of Gin Tonic and the last remaining large private label customer
- Cost saving measures lead to substantially higher results
- Improved operating cash flow and reduced net debt
- Forecast for full year 2015/16 confirmed: earnings expected to pick up notably on stable sales revenues due to reduced expenses

1. BUSINESS AND GENERAL CONDITIONS

In the first quarter of 2016, the gross domestic product (GDP) of the eurozone was up by 0.6 percent on the previous quarter. In spite of this good start to the current year, most economic institutes do not expect an accelerated growth. Instead, they project a moderate increase of 1.3 percent for the full year 2016 (previous year: 1.5 percent; all forecasts: Commerzbank Research June 2016). This is primarily attributable to the slowdown in the emerging market countries since early 2015 and the resulting reduced demand for goods from the eurozone. Opposite effects such as the strong depreciation of the euro and the resulting improved conditions for buyers outside the eurozone as well as increased consumption stimulated by the slump in energy prices are having a stabilising effect on the slow growth. However, both effects should subside gradually over the next months. Moderate economic growth of 1.3 percent and 1.0 percent, respectively, is expected for France and Italy, the two large eurozone economies, which would be in line with the general trend. Following a good first quarter 2016, the GDP forecast for Germany has been upgraded

slightly to +1.5 percent (previously +1.3 percent) and is now a bit higher than the eurozone average. The reduced momentum of the emerging countries speaks against permanently higher growth for the export-dependent Germany economy, however. Consumer spending continues to provide strong support for economic activity in Germany, where consumer sentiment remains good. This is attributable to the good labour market situation, notably growing incomes and low inflation. The spending mood, which is reflected in a spending propensity at a 12-month high, is additionally fuelled by the discussion about negative interest on savings deposits (GfK Consumer Climate Survey May 2016).

By contrast, the German fashion industry still fails to benefit from the good consumer sentiment. Having declined by 3.8 percent in the same period of the previous year, sales in Germany's physical fashion retail stores dropped by another 1.2 percent between December 2015 and May 2016 (Textilwirtschaft 23_2016). The main reasons for the drop are growing online sales and the related lower footfall in the city centres. The growing online sales of fashion products have

not been sufficient to make up for the shortfall in stationary trade. In the more dynamic markets such as Poland or Spain, clothing retail sales should increase moderately. In the European countries whose economies are growing at lower rates, the relevant retail sales will stagnate or decline moderately, reflecting the trend in Germany.

The Russian economy contracted by 3.7 percent in 2015 primarily because of the oil price slump and the economic sanctions imposed by the west. While the decline has slowed down in 2016, Russia remains in a recession, with a 1.0 percent decline in GDP. In view of these developments, the continued inflation especially for imported products and the related decline in purchasing power, fashion spending will remain stable at best.

2. EARNINGS, FINANCIAL AND NET WORTH POSITION

Half-year revenues pick up – core activities grow noticeably

In the second quarter of 2016, Ahlers' sales revenues increased by a strong 3.5 percent or EUR 1.8 million. At EUR 118.3 million, the company's revenues for the first six months of the fiscal year 2015/16 thus exceeded the prior year level by a moderate EUR 0.2 million or 0.2 percent (previous year: EUR 118.1 million). Although the market as a whole declined, the Group's core activities grew by EUR 2.9 million or 2.6 percent in the first half of 2015/16 compared to the previous year. As had been expected, the discontinued Gin Tonic activities and business with the last remaining large private label customer declined by EUR 2.7 million. Business in Central and Eastern Europe was very solid, with sales revenues growing by 6.6 percent or EUR 1.4 million to EUR 22.4 million. Russia and Ukraine also contributed to this good result, as sales revenues in these countries picked up by 5.5 percent or EUR 0.3 million, thus reversing the negative trend of the previous year.

Growing revenues in the Premium segment and moderate growth in Russia

Sales revenues in the Premium segment picked up by EUR 1.7 million or 2.2 percent from EUR 76.8 million to EUR 78.5 million in the first half of 2015/16. Growing by 2.0 percent, Pierre Cardin made a major contribution to this result. While delayed deliveries had an adverse effect on sales revenues in the first three months, this effect was offset in the second quarter. Moreover, the suits division showed an extremely gratifying performance, with revenues up by as much as 15 percent. Baldessarini's revenues rose by 5.6 percent in the first half of the year; the brand primarily gained market share in Germany, where sales revenues picked up by a strong 9 percent. In Russia and Ukraine, the previous year's negative trend for the Premium segment was halted, with sales revenues growing by 6 percent. The Premium segment now accounts for 66 percent of total sales revenues, which is slightly higher than the previous year's 65 percent.

Growing revenues for core business of the Jeans, Casual & Workwear segment

The remaining brands of the Jeans, Casual & Workwear segment – Pioneer Authentic Jeans, Pionier Jeans & Casuals, Pionier Workwear and Jupiter – recorded an increase in sales revenues of EUR 1.2 million (3.4 percent) in the first six months of the current fiscal year. Pioneer Authentic Jeans achieved particularly strong, double-digit growth. Due to the discontinued activities of Gin Tonic and declining sales to the last remaining large private label customer (overall EUR -2.7 million), total sales revenues of the Jeans, Casual & Workwear segment dropped by EUR 1.5 million or 3.6 percent from EUR 41.3 million to EUR 39.8 million in the first half of 2015/16. As a result, the segment's share in total sales revenues declined moderately from 35 percent to 34 percent.

Sales by segments

EUR million	H1 2015/16	H1 2014/15	Change in %
Premium Brands*	78.5	76.8	2.2
Jeans, Casual & Workwear	39.8	41.3	-3.6
Total	118.3	118.1	0.2

* incl. "miscellaneous" EUR 0.2 million (previous year: EUR 0.1 million)

Further growth for own Retail and e-commerce operations

Sales revenues of the company's own Retail segment increased by 5.8 percent in the first half of 2015/16 and represented 12.4 percent of total sales revenues (previous year: 11.8 percent). Like-for-like revenues were

up by 1.2 percent on the prior year period. E-commerce revenues grew by a dynamic 17 percent in the first six months of the current fiscal year.

EARNINGS POSITION

Cost-saving measures taking effect – notable growth at all earnings levels

The cost-saving measures initiated last year led to a notable increase in earnings at all levels during the reporting period. EBIT before special effects amounted to EUR 2.2 million in the first half of 2015/16 (previous year: EUR 0.7 million; +214 percent). Consolidated net income increased from a balanced result in the previous year to EUR 0.8 million in H1 2015/16. The gross profit margin declined slightly from 49.1 percent to 48.9 percent (-0.2 percentage points), as the weak euro made purchases paid in US dollars more expensive. This was partly offset by lower write-downs and discounts on old merchandise. As a result of the moderate increase in revenues, gross profit was largely stable at EUR 57.8 million (previous year: EUR 58.0

million). Operating expenses declined to EUR 55.6 million (-3 percent; previous year: EUR 57.3 million) primarily due the reduction in personnel expenses by EUR 1.2 million or 4.5 percent beside lower other operating expenses and depreciation. Special effects increased by EUR 0.3 million to EUR 0.5 million in the reporting period (previous year: EUR 0.2 million). They included increased severance payments for employees and sales agents as well as early termination costs for the leases of the last Gin Tonic stores. At EUR 0.3 million, financial expenses in the reporting period were slightly below the prior year level (EUR 0.4 million), reflecting the company's reduced reliance on loans. Income taxes for the reporting period increased moderately due to one-time effects unrelated to the accounting period (EUR -0.2 million).

Earnings Position

EUR million	H1 2015/16	H1 2014/15	Change in %
Sales	118.3	118.1	0.2
Gross profit	57.8	58.0	-0.3
in % of sales	48.9	49.1	
Personnel expenses*	-25.6	-26.8	4.5
Balance of other expenses/income*	-27.5	-27.8	1.1
EBITDA*	4.7	3.4	38.2
Depreciation and amortisation	-2.5	-2.7	7.4
EBIT*	2.2	0.7	214
Special effects	-0.5	-0.2	
Financial result	-0.3	-0.4	25.0
Pre-tax profit	1.4	0.1	>500
Income taxes	-0.6	-0.1	<-200
Net income	0.8	0.0	>500

* before special effects

SEGMENT RESULTS

In the first half of 2015/16, the results contributed by the brands of the Premium segment – Pierre Cardin, Baldessarini and Otto Kern – were up slightly in year-on-year terms. The gross profit generated from the increased sales revenues was used, among other things, to strengthen the international sales operations and the product management. Between them, the Premium brands' EBIT before special effects was EUR 0.1 million higher than in the previous year. While book profits of EUR 0.5 million were generated in the previous year from the sale of works of art, no pictures were sold in the first

half of 2015/16. Accordingly, the result of the "Others" segment was reduced by the same amount.

The Jeans, Casual & Workwear segment's balanced result of the previous year climbed to EUR 1.9 million in fiscal 2015/16. The increased result is primarily attributable to the cost savings resulting from the discontinuation of the Gin Tonic operations but also to the increased revenues of Pioneer Authentic Jeans. The segment's personnel and other operating expenses declined by a total of EUR 2.5 million.

EBIT before special effects by segments

EUR million	H1 2015/16	H1 2014/15	Change in %
Premium Brands*	0.3	0.7	-57.1
Jeans, Casual & Workwear	1.9	0.0	n.a.
Total	2.2	0.7	214

* incl. "miscellaneous" EUR 0.0 million (previous year: EUR 0.5 million)

FINANCIAL AND NET WORTH POSITION

Increased cash flow and reduced net debt

With total assets amounting to EUR 176.8 million (previous year: EUR 181.7 million), the Ahlers Group's balance sheet at the 2015/16 interim reporting date was EUR 4.9 million leaner than in the previous year. The reduction was primarily due to lower inventories (EUR -1.7 million) and lower trade receivables (EUR -2.5 million). As trade payables increased moderately at the same time, the liquidity tied up in net working capital dropped by EUR 4.8 million or 5.2 percent.

Although equity also declined moderately from EUR 104.7 million to EUR 101.8 million, the equity ratio remained unchanged at a solid 57.6 percent due to the reduced total assets. Thanks to the lower net working capital, net debt was also reduced by EUR 4.1 million from EUR 33.0 million to EUR 28.9 million compared to the prior year reporting date. Operating cash flow climbed by EUR 0.4 million to EUR 1.4 million due to the increased results and the reduced cash tied up in net working capital.

Key management and financial indicators

		H1 2015/16	H1 2014/15
Sales	EUR million	118.3	118.1
Gross margin	in %	48.9	49.1
EBITDA*	EUR million	4.7	3.4
EBIT*	EUR million	2.2	0.7
EBIT margin*	in %	1.9	0.6
Net income	EUR million	0.8	0.0
Profit margin before taxes	in %	1.2	0.1
Profit margin after taxes	in %	0.6	0.0
Earnings per share			
common shares	in EUR	0.03	-0.03
preferred shares	in EUR	0.08	0.02
Net Working Capital**	EUR million	86.9	91.7
Equity ratio	in %	57.6	57.6
Employees		2,060	2,141

* before special effects

** inventories, trade receivables and trade payables

3. POST BALANCE SHEET EVENTS

No events of special significance for the Ahlers Group occurred between the end of the first six 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 2014/15 consolidated financial statements remain valid.

5. EMPLOYEES

On May 31, 2016, Ahlers employed 2,060 people, 81 fewer than a year ago (2,141). On the one hand, this change was due to the capacity-related reduction in staff numbers by 57 at our plant in Sri Lanka. On the other hand, 30 jobs were cut compared to the prior year reporting date due to the discontinuation of the Gin Tonic activities and in the central divisions. For the same reason Ahlers employed in Germany 30 people less than in the previous year (currently 618; 648 in the previous year).

6. PERFORMANCE OF THE AHLERS SHARES

The share prices of many German fashion companies reflect the more challenging market conditions in the clothing retail sector. The prices of the Ahlers shares have also dropped notably since mid-2015. This was due to the announcement of the reduced profit expectations for the fiscal year 2014/15 in June last year and the generally volatile stock market trend. On May 31, 2016, the Ahlers shares traded at EUR 6.99 (common share) and EUR 6.50 (preferred share), which was down by 34 percent and 38 percent, respectively, on the previous year (EUR 10.61 and EUR 10.42, respectively). Taking into account the dividend paid out in May 2016, the prices of the common shares and the preferred shares were down by 32 percent and 35 percent, respectively, on the previous year. Between the end of the past fiscal year on November 30, 2015 and the half-year reporting date, the common shares and the preferred shares lost 11 percent and 13 percent, respectively, taking into account the dividend.

7. FORECAST

Market environment for apparel to remain challenging also in second half of 2015/16

It was not before spring 2016 that the eurozone economy returned to the level seen prior to the outbreak of the financial crisis in early 2008. This illustrates the very slow economic recovery of the past years. Most economic institutes fail to see any signs of stronger growth rates for the eurozone economies in the second half of 2016. This means that the framework conditions for European consumer sentiment – i.e. labour market, income and price trend – are unlikely to change much in the coming months. Consumer spending in the European Union as a whole is expected to grow by 1.5 to 2 percent. Private consumption in Germany is projected to pick up by 2.0 percent (previous year: 1.9 percent). For Germany's physical retail stores, "Gesellschaft für Konsumforschung" projects moderate sales growth of 0.8 percent (GfK consumer surveys May and June 2016). It is difficult to predict whether stationary clothing retailers will be able to use this slightly upward trend to halt the creeping decline in sales of the past 18 months. The framework conditions for Ahlers are unlikely to change much in the second half of the fiscal year. Depending on the macroeconomic trend, clothing retail sales in the markets that are relevant for Ahlers should stagnate or show a slightly positive trend. The forecast for Russia is most uncertain, although the latest sales and preorder figures and the recovery of the rouble suggest that the situation will stabilise. As the Ahlers brands are hardly present in the UK at all, the immediate effects of the Brexit referendum will be very low.

Growing core business compensates for discontinued activities

The revenue trend of the first six months is likely to continue in the second half of 2016, when Ahlers should generate more or less stable revenues. This would be at the upper end of the growth range projected in the 2014/15 Annual Report. The Management Board had so far expected stable to moderately declining revenues. The company's core activities with the remaining segments Premium Brands (Pierre Cardin, Baldessarini, Otto Kern) and Jeans, Casual & Workwear (Pioneer Authentic Jeans, Pionier Jeans & Casuals, Pionier Workwear and Jupiter) should grow by approx. 3 percent, which would offset the discontinued activities. These assumptions are supported by the positive preorders for autumn/winter 2016.

Forecast confirmed: Notable increase in earnings expected

The results of the fiscal year 2015/16 should exceed the prior year results at all levels. The Management Board expects consolidated net income to increase by a high double-digit percentage compared to the previous year (EUR 1.4 million). The earnings forecast for the full year thus remains unchanged. The trends of the first six months are likely to continue in the second half of the year: cost reductions should lead to a much higher result and more than offset the slightly lower gross profit resulting from USD-denominated purchases in Asia. We do not anticipate any material special effects in the second half of the year.

Aiming for unchanged balance sheet structures and good operating cash flow

Ahlers continues to focus on reducing its net working capital, which means that its operating cash flow should again be additionally strengthened. Our aim for the full year is to generate positive free cash flow. Accordingly, the very solid balance sheet structure should hardly change at all and rather tend to improve.

Consolidated balance sheet as of May 31, 2016

ASSETS

KEUR	May 31, 2016	May 31, 2015	Nov. 30, 2015
A. Non-current assets			
I. Property, plant and equipment			
1. Land, land rights and buildings	14,767	15,218	15,101
2. Technical equipment and machines	1,234	1,494	1,273
3. Other equipment, plant and office equipment	10,059	10,461	10,581
4. Payments on account and plant under construction	6	11	6
	26,066	27,184	26,961
II. Intangible assets			
1. Industrial property rights and similar rights and assets	10,890	11,919	11,102
2. Payments on account	3,192	1,566	2,644
	14,082	13,485	13,746
III. At-equity investments	411	311	411
IV. Other non-current assets			
1. Other financial assets	1,738	557	2,030
2. Other assets	17,791	17,793	17,792
	19,529	18,350	19,822
V. Deferred tax assets	991	1,759	1,133
Total non-current assets	61,079	61,089	62,073
B. Current assets			
I. Inventories			
1. Raw materials and consumables	25,813	23,284	23,461
2. Work in progress	440	314	501
3. Finished goods and merchandise	45,270	49,580	49,547
	71,523	73,178	73,509
II. Trade receivables	29,305	31,847	33,466
III. Other current assets			
1. Other financial assets	268	1,695	1,091
2. Receivables from affiliates	991	669	0
3. Current income tax claims	1,574	1,316	1,324
4. Other assets	3,340	3,829	3,963
	6,173	7,509	6,378
IV. Cash and cash equivalents	8,734	8,050	5,200
Total current assets	115,735	120,584	118,553
Total assets	176,814	181,673	180,626

EQUITY AND LIABILITIES

KEUR	May 31, 2016	May 31, 2015	Nov. 30, 2015
A. Equity			
I. Subscribed capital	43,200	43,200	43,200
II. Capital reserve	15,024	15,024	15,024
III. Retained earnings	42,421	43,498	44,765
IV. Currency translation adjustments	-1,240	584	-128
Equity attributable to shareholders of Ahlers AG	99,405	102,306	102,861
V. Non-controlling interest	2,412	2,407	2,416
Total equity	101,817	104,713	105,277
B. Non-current liabilities			
I. Pension provisions	4,385	4,724	4,560
II. Other provisions	540	470	520
III. Financial liabilities			
1. Other financial liabilities	21,713	21,137	23,912
2. Non-controlling interests in partnerships	1,293	1,314	1,241
	23,006	22,451	25,153
IV. Other liabilities	22	24	22
V. Deferred tax liabilities	2,412	3,159	2,636
Total non-current liabilities	30,365	30,828	32,891
C. Current liabilities			
I. Current income tax liabilities	495	859	818
II. Other provisions	3,019	2,832	2,938
III. Financial liabilities	15,970	19,938	5,875
IV. Trade payables	13,894	13,331	20,628
V. Other liabilities			
1. Liabilities to affiliates	50	93	2,093
2. Other liabilities	11,204	9,079	10,106
	11,254	9,172	12,199
Total current liabilities	44,632	46,132	42,458
Total liabilities	74,997	76,960	75,349
Total equity and liabilities	176,814	181,673	180,626

Consolidated income statement

for the first half year 2015/16

KEUR	H1 2015/16	H1 2014/15
1. Sales	118,336	118,065
2. Change in inventories of finished goods and work in progress	-4,279	-5,518
3. Other operating income	1,789	2,486
4. Cost of materials	-56,234	-54,553
5. Personnel expenses	-26,183	-27,009
6. Other operating expenses	-29,208	-30,243
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-2,515	-2,717
8. Interest and similar income	86	47
9. Interest and similar expenses	-430	-417
10. Pre-tax profit	1,362	141
11. Income taxes	-599	-106
12. Consolidated net income for the period	763	35
13. of which attributable to:		
- Shareholders of Ahlers AG	697	-93
- Non-controlling interest	66	128
Earnings per share (EUR)		
- common shares	0.03	-0.03
- preferred shares	0.08	0.02

Consolidated statement of comprehensive income

for the first half year 2015/16

KEUR	H1 2015/16	H1 2014/15
12. Consolidated net income for the period	763	35
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	-568	-419
16. Currency translation differences	-545	703
17. Other changes	-70	-60
18. Other comprehensive income after taxes	-1,183	224
19. Comprehensive income	-420	259
20. of which attributable to:		
- Shareholders of Ahlers AG	-415	191
- Non-controlling interest	-5	68

Consolidated income statement

for Q2 of 2015/16

KEUR	Q2 2015/16	Q2 2014/15
1. Sales	52,111	50,328
2. Change in inventories of finished goods and work in progress	-4,799	-5,311
3. Other operating income	1,123	1,886
4. Cost of materials	-23,688	-22,427
5. Personnel expenses	-13,175	-13,445
6. Other operating expenses	-13,748	-14,264
7. Depreciation, amortisation, and impairment losses on property, plant, and equipment, intangible assets and other non-current assets	-1,254	-1,381
8. Interest and similar income	58	21
9. Interest and similar expenses	-236	-226
10. Pre-tax profit	-3,608	-4,819
11. Income taxes	848	1,391
12. Consolidated net income for the period	-2,760	-3,428
13. of which attributable to:		
- Shareholders of Ahlers AG	-2,804	-3,503
- Non-controlling interest	44	75
Earnings per share (EUR)		
- common shares	-0.20	-0.26
- preferred shares	-0.20	-0.26

Consolidated statement of comprehensive income

for Q2 of 2015/16

KEUR	Q2 2015/16	Q2 2014/15
12. Consolidated net income for the period	-2,760	-3,428
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	-168	-900
16. Currency translation differences	-222	148
17. Other changes	-28	-38
18. Other comprehensive income after taxes	-418	-790
19. Comprehensive income	-3,178	-4,218
20. of which attributable to:		
- Shareholders of Ahlers AG	-3,194	-4,254
- Non-controlling interest	16	36

Consolidated cash flow statement

for the first half year 2015/16

KEUR	H1 2015/16	H1 2014/15
Consolidated net income for the period	763	35
Income taxes	599	105
Interest income / Interest expenses	344	370
Depreciation and amortisation	2,515	2,717
Gains / losses from the disposals of non-current assets (net)	-16	-862
Increase / decrease in inventories and other current and non-current assets	6,094	11,732
Change in non-current provisions	-155	-163
Change in non-controlling interests in partnerships and other non-current liabilities	52	79
Change in current provisions	81	-948
Change in other current liabilities	-7,725	-11,418
Income taxes paid	-1,426	-838
Income taxes received	234	221
Cash flow from operating activities	1,360	1,030
Cash receipts from disposals of items of property, plant, and equipment	634	684
Cash receipts from disposals of other non-current assets	-	500
Payments for investment in property, plant, and equipment	-1,863	-2,201
Payments for investment in intangible assets	-718	-1,019
Interest received	87	47
Cash flow from investing activities	-1,860	-1,989
Dividend payments	-3,040	-5,818
Repayment of non-current financial liabilities	-2,449	-2,077
Interest paid	-350	-422
Cash flow from financing activities	-5,839	-8,317
Net change in liquid funds	-6,339	-9,276
Effects of changes in the scope of exchange rates	-603	97
Liquid funds as of December 1	4,404	1,631
Liquid funds as of May 31 (prev. year as of May 31)	-2,538	-7,548

Consolidated statement of changes in equity

as of May 31, 2016 (previous year as of May 31, 2015)

	Equity attributable to shareholders of Ahlers AG						Non-controlling interest			
	Subscribed capital									
	Common shares	Preferred shares	Capital-reserve	Retained earnings	Equity diff. from currency translation	Total Group holdings	Capital	Accumulated other comprehensive income	Total non-controlling interest	Total equity
KEUR										
Balance as of Dec. 1, 2014	24,000	19,200	15,024	49,409	300	107,933	1,454	884	2,338	110,271
Total net income for the period				-93	284	191		69	69	260
Dividends paid				-5,818		-5,818				-5,818
Balance as of May 31, 2015	24,000	19,200	15,024	43,498	584	102,306	1,454	953	2,407	104,713
Balance as of Dec. 1, 2015	24,000	19,200	15,024	44,765	-128	102,861	1,454	962	2,416	105,277
Total net income for the period				696	-1,112	-416		-4	-4	-420
Dividends paid				-3,040		-3,040				-3,040
Balance as of May 31, 2016	24,000	19,200	15,024	42,421	-1,240	99,405	1,454	958	2,412	101,817

Group segment informations

as of May 31, 2016 (previous year as of May 31, 2015)

by

business

segment

	Premium Brands		Jeans, Casual & Workwear		Others		Total	
KEUR	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Sales	78,329	76,666	39,799	41,261	208	138	118,336	118,065
Intersegment sales	-	-	-	-	-	-	-	-
Segment result	-624	-99	1,989	-225	-3	465	1,362	141
thereof								
Depreciation and amortisation	1,655	1,687	851	1,020	9	10	2,515	2,717
Other non-cash items	1,986	425	942	656	-	-	2,928	1,081
Interest income	61	31	26	16	-	-	87	47
Interest expense	285	277	145	140	0	0	430	417
Net assets	115,507	115,733	40,426	44,120	18,316	18,745	174,249	178,598
Capital expenditure	1,768	2,084	813	1,136	-	-	2,581	3,220
Liabilities	48,963	47,378	23,041	25,247	7	9	72,011	72,634

by

geographic

region

	Premium Brands		Jeans, Casual & Workwear		Others		Total	
KEUR	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Germany								
Sales	37,927	37,633	26,741	27,490	208	138	64,876	65,261
Net assets	87,039	86,266	25,896	27,649	18,301	18,729	131,236	132,644
Western Europe								
Sales	21,668	21,680	9,389	10,109	-	-	31,057	31,789
Net assets	8,509	9,586	9,324	10,979	-	-	17,833	20,565
Central/ Eastern Europe/ Other								
Sales	18,734	17,353	3,669	3,662	-	-	22,403	21,015
Net assets	19,959	19,881	5,206	5,492	15	16	25,180	25,389

8. NOTES TO THE FINANCIAL STATEMENTS

Accounting and valuation principles

The interim financial statements for the first six months of fiscal 2015/16 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, 2015. A detailed explanation of these principles has been published in the notes to the consolidated financial statements of the 2014/15 Annual Report. Differences merely result from the first-time adoption of DRS 21 – Cash Flow Statement. The prior year figures have been restated accordingly.

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 May 31, 2016, or May 31, 2015 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, 2015.

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.

As announced in the Annual Report for 2014/15, the “Men's & Sportswear” segment and the “Jeans & Workwear” segment have been merged into a new “Jeans, Casual & Workwear” segment as of the fiscal year 2015/16. The prior year figures have been restated accordingly. In the future there are two reporting segments, i.e. Premium Brands and Jeans, Casual & Workwear. 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 positioning 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 176,814 thousand) result from the assets as derived from the segment information (EUR 174,249 thousand) plus deferred tax assets and current income tax assets (EUR 2,565 thousand). Accordingly, the liabilities stated in the balance sheet (EUR 74,997 thousand) result from the liabilities as derived from the segment information (EUR 72,011 thousand) plus deferred tax liabilities and current income tax liabilities (EUR 2,907 thousand) as well as leasing liabilities (EUR 79 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.

9. OTHER INFORMATION

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Herford, July 2016
The Management Board

Review pursuant to section 37w para. 5 of the German Securities Trading Act (WpHG)

The abridged financial statements and the interim report have neither been reviewed by an auditor nor been audited in accordance with section 317 of the German Commercial Code (HBG).

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 any assumptions underlying the statements above prove to be incorrect.



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Financial calendar

Dates

Half-year report 2015/16	July 14, 2016
Interim report Q3 2015/16	October 12, 2016
Analysts' conference in Frankfurt am Main	October 13, 2016
Annual Shareholders' Meeting in Düsseldorf	May 3, 2017

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 seven brands, tailored to its respective target groups
- generates over 65 percent of its sales revenues from premium brands
- manufactures one third of the production volume in its own factories
- produces 8,000,000 fashion items per year
- employs some 2,000 people
- generates approx. 12 percent of its sales revenues from its own Retail activities





The brands



BALDESSARINI



OTTO KERN



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