



**AHLERS AG**

Financial Statement 2013/14  
December 1, 2013 - November 30, 2014



## NOTE ON THE COMBINED MANAGEMENT REPORT

The Management Report of Ahlers AG is combined with the Group Management Report in accordance with Section 315 Subsection 3 of the German Commercial Code (HGB) and published in the Group Annual Report 2013/14.

The Annual Financial Statements and the combined Management Report of

Ahlers AG for the year 2013/14 are filed with the operator of the German Federal Gazette and published in the German Federal Gazette.

The Annual Financial Statements of Ahlers AG and the Group Annual Report 2013/14 can be found in the “Investor Relations” section of our website.

## BALANCE SHEET

### ASSETS

EUR	Nov. 30, 2014	Nov. 30, 2013
<b>A. FIXED ASSETS</b>		
<b>I. Intangible assets</b>		
Industrial property rights and similar rights and assets	<b>4,401.00</b>	<b>5,436.00</b>
<b>II. Property, plant and equipment</b>		
1. Land and buildings	974.00	15,058.99
2. Plant and office equipment	233,901.40	152,133.40
	<b>243,875.40</b>	<b>167,192.39</b>
<b>III. Financial assets</b>		
1. Shares in affiliated companies	61,817,668.57	61,791,568.57
2. Loans to affiliated companies	234,353.06	3,020,342.93
3. Investment	210,650.00	210,650.00
4. Loans to companies in which an investment is held	500,000.00	1,000,000.00
5. Long-term investments	24,815.00	85,459.00
6. Other loans	155,662.08	203,920.59
7. Other financial assets	17,816,344.09	19,599,607.17
	<b>80,759,492.80</b>	<b>85,911,548.26</b>
	<b>80,998,769.20</b>	<b>86,084,176.65</b>
<b>B. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
1. Raw materials and consumables	9,519,206.11	10,345,739.21
2. Finished goods and merchandise	22,345,878.31	21,936,275.24
	<b>31,865,084.42</b>	<b>32,282,014.45</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables	9,410,297.85	9,152,184.77
2. Receivables from affiliates	23,932,911.15	15,940,257.71
3. Other assets	1,158,314.24	3,194,133.08
	<b>34,501,523.24</b>	<b>28,286,575.56</b>
<b>III. Bank balances</b>	<b>1,136,602.20</b>	<b>1,012,310.90</b>
<b>C. PREPAYMENTS AND ACCRUED INCOME</b>	<b>340,119.80</b>	<b>397,082.06</b>
<b>D. DEFERRED TAX ASSETS</b>	<b>110,700.00</b>	<b>105,100.00</b>
<b>Total assets</b>	<b>148,952,798.86</b>	<b>148,167,259.62</b>

EQUITY AND LIABILITIES

EUR	Nov. 30, 2014	Nov. 30, 2013
<b>A. EQUITY</b>		
<b>I. Subscribed capital</b>		
1. Common shares	24,000,000.00	24,000,000.00
2. Preferred shares	19,200,000.00	19,200,000.00
	<b>43,200,000.00</b>	<b>43,200,000.00</b>
<b>II. Capital reserve</b>		
	<b>15,575,841.00</b>	<b>15,575,841.00</b>
<b>III. Retained earnings</b>		
1. Other revenue reserves	34,281,526.96	34,281,526.96
	<b>34,281,526.96</b>	<b>34,281,526.96</b>
<b>IV. Accumulated profits</b>		
	<b>7,049,173.56</b>	<b>10,410,729.67</b>
	<b>100,106,541.52</b>	<b>103,468,097.63</b>
<b>B. PROVISIONS</b>		
1. Pension provisions	514,506.00	534,298.00
2. Provisions for taxation	381,197.05	55,208.12
3. Other provisions	3,231,800.00	3,140,840.00
	<b>4,127,503.05</b>	<b>3,730,346.12</b>
<b>C. LIABILITIES</b>		
1. Liabilities to banks	27,592,626.41	25,364,069.37
2. Trade payables	5,826,975.81	5,170,606.96
3. Liabilities to affiliated companies	10,553,180.85	9,462,309.03
4. Other liabilities	743,741.15	969,625.65
	<b>44,716,524.22</b>	<b>40,966,611.01</b>
<b>D. ACCRUALS AND DEFERRED INCOME</b>		
	<b>2,230.07</b>	<b>2,204.86</b>
<b>Total equity and liabilities</b>	<b>148,952,798.86</b>	<b>148,167,259.62</b>

## INCOME STATEMENT

EUR	2013/14	2012/13
<b>1. Sales</b>	<b>91,036,940.53</b>	<b>82,026,134.67</b>
2. Increases (+) / decreases (-) in inventories of finished goods and work in progress	362,179.07	4,623,035.58
3. Other operating income	2,301,612.44	2,722,088.07
4. Cost of materials		
a) Cost of raw materials, manufacturing and factory supplies as well as for goods purchased	-38,797,638.80	-38,124,761.86
b) Cost of purchased services	-17,758,749.27	-16,511,430.41
5. Personnel expenses		
a) Wages and salaries	-2,622,922.55	-2,126,064.57
b) Social insurance contributions and pension expenses and costs of employee support	-110,378.99	-120,700.81
6. Depreciation and amortisation on intangible assets and property, plant and equipment	-56,337.43	-59,229.49
7. Other operating expenses	-34,818,058.52	-33,283,353.15
8. Income from investments	1,198,062.03	3,095,869.42
9. Income from profit transfer agreements	10,730,049.25	8,377,267.35
10. Income from other investments and long-term loans	44,088.45	56,515.85
11. Other interest and similar income	659,311.11	934,465.00
12. Write-downs of financial assets	-1,568.39	-302,785.00
13. Expenses for losses taken over	-6,780,520.82	-5,099,503.83
14. Interest and similar expenses	-1,002,058.30	-1,030,412.19
<b>15. Result from ordinary activities</b>	<b>4,384,009.81</b>	<b>5,177,134.63</b>
16. Income taxes	-1,274,223.53	-351,803.27
17. Other taxes	-10,598.09	-4,592.84
<b>18. Net income for the period</b>	<b>3,099,188.19</b>	<b>4,820,738.52</b>
19. Profit carried forward from the previous year	3,949,985.37	5,589,991.15
<b>20. Accumulated profits</b>	<b>7,049,173.56</b>	<b>10,410,729.67</b>

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS, AHLERS AG

for fiscal year 2013/14

## I. BASIS OF PRESENTATION

The financial statements of Ahlers AG are prepared in accordance with the section 238 ff. and the particular regulations for corporations in the section 264 ff. of the German Commercial Code (HGB) together with the regulations of section 150 ff. of the German Stock Corporation Act (AktG).

For the sake of clarity and structure, the legally required comments on items in the balance sheet and the income statement as well as such comments that may optionally be made in the balance sheet, the income statement or the Notes are stated in the Notes. The nature of expense method is used for the income statement.

### **Accounting and valuation principles**

The accounting and valuation principles remained unchanged from the previous year. Valuation is performed in accordance with the regulations that are applicable to „Kapitalgesellschaften“ (corporations).

### **Currency translation**

Current receivables and liabilities in foreign currency with a remaining term of less than one year must be translated at the mean rate on the reporting date. The imparity and realization principle defined in section 253 para. 1 sentence 1 and section 252 para. 1 no. 4 semisentence 2 must be applied to receivables and liabilities in foreign currency with a remaining term of more than one year.

### **Intangible assets**

Purchased intangible assets are capitalised at cost plus side costs of the acquisition and amortised linearly over a period of 3 to 15 years.

### **Property, plant and equipment**

Property, plant and equipment are recognised at cost plus side costs of the acquisition and written off systematically where applicable. Write-offs are made using the declining balance method; otherwise the straightline method is used. The useful lives are determined using the official “AfA” (depreciation) tables. Write-downs of assets at the beginning of the fiscal year are continued systematically using the principles and methods applied in the previous years. The straight-line method of depreciation is adopted whenever this results in higher amounts of depreciation.

Additions to immovable property, plant and equipment are written down on a pro rata temporis basis in the year of addition. The annual depreciation amount for additions to movable property, plant and equipment is reduced by one twelfth for every month preceding the month of acquisition in the year of addition. Movable assets with finite useful lives acquired in the fiscal year whose acquisition cost is between EUR 150.00 and EUR 1,000.00 are booked as a collective item and written off over a period of five years using the straight-line method.

### **Financial assets**

Financial assets are recognised at cost plus incidental acquisition cost or at the lower fair value. As a general rule, the lower fair values are determined using the discounted cash flow method. Write-ups up to the acquisition cost are also determined using this method. Pieces of art were recognised at cost and are regularly tested for impairment.

### **Inventories**

Inventories are measured at the lower of cost or market value in accordance with section 253 para. 4 of the German Commercial Code (HGB). Manufacturing costs include cost of materials, direct labour and appropriate parts of production overheads as well as production-related depreciation of fixed assets. Interest on borrowed capital is not included. The lower of cost or market value principle is applied throughout.

### **Other current assets**

Other current assets are stated at the lower of nominal and fair value pursuant to section 253 para. 4 of the German Commercial Code (HGB). Specific risks are covered by specific allowances. Default risk arising from trade receivables is covered by a lump-sum allowance. Prepayments and accrued income comprise amounts that refer to expenses or income relating to periods after the balance sheet date.

### **Pension provisions**

Pension provisions are calculated actuarially using the projected unit credit method. Under this method, the interest rate stated in the table of the German Bundesbank is taken as a basis for a remaining period of 15 years. Pension provisions reflect the present value of the accrued pension entitlements which are calculated using a discount rate of 4.62 percent as well as a pension trend of 2 percent on the basis of the Heubeck 2005 G mortality tables. No salary trend was applied, given that the pension commitments are based on fixed amounts.

### **Tax and other provisions**

Tax provisions and other provisions adequately cover all discernible risks and uncertain liabilities. The provisions were determined on the basis of section 253 of the German Commercial Code (HGB). Provisions were recognised at the amount that is considered to be necessary based on prudent business judgement. All provisions with a remaining term of more than one year are discounted at the average market rate published by Deutsche Bundesbank (section 253 para. 2 HGB).

### **Liabilities**

Liabilities are shown at the repayment amount. Provisions have been established for contingent liabilities and liabilities whose amount is not known.

## II. FINANCIAL STATEMENTS

### Explanation of individual balance sheet items

#### Fixed assets

The changes in cumulative acquisition costs and cumulative depreciation per fixed asset item in the fiscal year 2013/14 are shown in the fixed-asset movement schedule for Ahlers AG in an exhibit to the Notes. The historical values are shown as acquisition costs for all intangible assets, property, plant and equipment and financial assets.

#### Intangible assets

The purchased industrial property rights and similar rights are trademark rights.

#### Property, plant and equipment

Capital expenditures in fiscal 2013/14 were lower than write-downs. Additions to factory and office equipment of EUR 145 thousand primarily reflect replacement expenditures.

#### Financial assets

The changes in shares in affiliated companies result from the acquisition of the remaining shares in Texart Verwaltungsgesellschaft m.b.H., Mariasdorf, Austria.

Loans to affiliated companies include an interest-bearing loan to „Ahlers-Poland“ Spolka z o.o., Opole, Poland, in the amount of EUR 0.2 million. Adolf Ahlers AG, Cham, Switzerland, repaid its liability in the fiscal year. It had a value of EUR 2.8 million in the previous year.

Jupiter Shirt GmbH repaid EUR 0.5 million of its interest-bearing loan in the fiscal year 2013/2014. The remaining claim amounted to EUR 0.5 million as of the balance sheet date. The 49 percent share in the company's capital is shown as an investment.

Other loans also include 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. No collateral has been provided. Repayments have been agreed for the following fiscal year.

Other financial assets mainly include works of art. These consist primarily of works by well-known contemporary and Classic Modernist artists. The additions in the amount of EUR 317 thousand and the disposals in the amount of EUR 2.099 thousand exclusively relate to works of art.

The table below shows the composition of other non-current assets:

KEUR	2013/14	2012/13
Contemporary Art	11,286	13,048
Classic Modernism	5,767	5,887
Other works of art	763	665
	<b>17,816</b>	<b>19,600</b>



### **Inventories**

Inventories amounted to EUR 31.9 million as of November 30, 2014 (previous year: EUR 32.3 million). Allowances have been established for all identifiable risks. The allowances for finished products and goods amounted to EUR 1,682 thousand (previous year: EUR 1,535 thousand), while the allowances for raw materials and supplies totalled EUR 793 thousand (previous year: EUR 681 thousand) as of the balance sheet date.

### **Receivables and other assets**

Appropriate itemised allowances have been established for all identifiable risks arising from trade receivables. The general allowance amounts to EUR 273 thousand (previous year: EUR 251 thousand). In addition, the majority of receivables are covered by trade credit insurance.

Receivables from affiliates relate to the exchange of goods and services with affiliated companies as well as short-term loans to domestic and foreign Group companies. Receivables from affiliated companies included trade receivables in an amount of EUR 3.2 million.

Other assets primarily include tax refund claims, loans, bonus claims as well as receivables from suppliers.

As in the previous year, none of the receivables has a remaining term of more than one year. Of the other assets, assets in an amount of EUR 274 thousand (previous year: EUR 411 thousand) have a term of more than one year.

### **Deferred tax assets**

In the fiscal year 2013/14, deferred tax assets were recognised for differences between the tax balance sheet and the commercial balance sheet using the asset and liability method. Deviations result from tax balancing items from the inter-company relationship as well as pension provisions and reserves for replacements. Deferred taxes were calculated on the basis of a tax rate of 30 percent.

### **Subscribed capital**

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.

On Jan. 9, 2014, Adolf Ahlers Familienstiftung, Speicher/Appenzell Ausserrhoden, Switzerland, notified in accordance with section 21 (1) of the German Securities Trading Act (WpHG) that its voting interest in Ahlers AG, Herford, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% on December 31, 2013 and amounted to 76.6% (which corresponds to 5,824,194 voting rights) on that date. Pursuant to section 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 76.6% (which corresponds to 5,824,194 voting rights) are attributable to Adolf Ahlers Familienstiftung.

Attributable voting rights are held through the following companies which are controlled by Adolf Ahlers Familienstiftung and whose voting interest in Ahlers AG amounts to 3% or more:

- Westfälisches Textilwerk Adolf Ahlers KG
- WTW-Beteiligungsgesellschaft mbH.

On Jan. 9, 2014, Dr. Stella A. Ahlers, notified in accordance with section 21 (1) of the German Securities Trading Act (WpHG) that her voting interest in Ahlers AG, Herford, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% on December 31, 2013 and amounted to 76.6% (which corresponds to 5,824,194 voting rights) on that date. Pursuant to section 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 76.6% (which corresponds to 5,824,194 voting rights) are attributable to Dr. Stella A. Ahlers.

Attributable voting rights are held through the following companies which are controlled by Dr. Stella A. Ahlers and whose voting interest in Ahlers AG amounts to 3% or more:

- Adolf Ahlers Familienstiftung, Switzerland
- Westfälisches Textilwerk Adolf Ahlers KG
- WTW-Beteiligungsgesellschaft mbH.

Westfälisches Textilwerk Adolf Ahlers KG has been renamed Westfälisches Textilwerk Adolf Ahlers Stiftung & Co. KG in the meantime.

#### **Authorised capital**

By resolution of the Annual Shareholders' Meeting held on May 3, 2012, the Management Board, with the approval of the Supervisory Board, was authorised to increase the Company's share capital prior to May 2, 2017, 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 21.6 million. The Management Board is authorised to exclude the shareholders' subscription right with the consent of the Supervisory Board.

#### **Capital reserve**

The capital reserve remained unchanged at EUR 15.6 million, of which EUR 12.8 related to the premium from the capital increase against cash contributions that occurred at the time of the IPO and EUR 1.6 million to the issue of preferred shares.

#### **Revenue reserves**

Other revenue reserves remained unchanged in the fiscal year and amounted to EUR 34.3 million on November 30, 2014.

#### **Accumulated profits**

Accumulated profits include profits carried forward in an amount of EUR 3,949,985.37.

#### **Amounts not available for distribution pursuant to section 268 No. 8 HGB**

Of the distributable profit including revenue reserves in an amount of EUR 41,331 thousand, the amount of the deferred tax assets of EUR 111 thousand cannot be distributed.

#### **Pension provisions**

Pension provisions have been established for all existing obligations. No shortfalls from the adoption of BilMoG exist.

### Provisions for taxation

Provisions for taxation primarily relate to corporate income tax and trade tax payments for prior years.

### Other provisions

Other provisions primarily include EUR 0.3 million for bonuses, EUR 0.9 million for

management bonuses and EUR 0.6 million for goods returned and price discounts as well as EUR 0.6 million for outstanding invoices. In addition, sufficient provisions were established for audit costs, Supervisory Board compensation, archiving expenses as well as all other discernible risks and obligations.

### Liabilities schedule

EUR million		Remaining term			Total
		up to 1 year	1 to 5 years	> 5 years	
1. Liabilities	<b>Nov. 30, 2014</b>	<b>8.3</b>	<b>19.3</b>	-	<b>27.6</b>
to banks	Nov. 30, 2013	5.4	20.0	-	25.4
2. Trade	<b>Nov. 30, 2014</b>	<b>5.8</b>	-	-	<b>5.8</b>
payables	Nov. 30, 2013	5.2	-	-	5.2
3. Liabilities	<b>Nov. 30, 2014</b>	<b>8.0</b>	-	<b>2.6</b>	<b>10.6</b>
to affiliates	Nov. 30, 2013	6.4	-	3.1	9.5
4. Other liabilities	<b>Nov. 30, 2014</b>	<b>0.7</b>	-	-	<b>0.7</b>
	Nov. 30, 2013	1.0	-	-	1.0
- thereof taxes	<b>Nov. 30, 2014</b>	<b>0.1</b>	-	-	<b>0.1</b>
	Nov. 30, 2013	0.1	-	-	0.1
- thereof social security	<b>Nov. 30, 2014</b>	-	-	-	-
contributions	Nov. 30, 2013	-	-	-	-
<b>Total</b>	<b>Nov. 30, 2014</b>	<b>22.8</b>	<b>19.3</b>	<b>2.6</b>	<b>44.7</b>
	<b>Nov. 30, 2013</b>	<b>18.0</b>	<b>20.0</b>	<b>3.1</b>	<b>41.1</b>

As in the previous year, all liabilities to banks are unsecured.

Liabilities to affiliates included trade

payables in an amount of EUR 1.1 million and other liabilities in the amount of EUR 9.4 million.

### Contingent liabilities

KEUR	Nov. 30, 2014	Nov. 30, 2013
Notes payable	0	0
Guarantees	65	66
	<b>65</b>	<b>66</b>

Contingent liabilities relate to guarantees for bank liabilities of various subsidiaries. As the subsidiaries are able to meet their obligations from current operating activities, it is safe to assume that no claims will be made under these guarantees.

### Other financial obligations

Other financial obligations are the result of rental, lease and maintenance agreements and are composed as follows:

due (KEUR)	Nov. 30, 2014	Nov. 30, 2013
in the following year	1,388	1,438
thereof towards affiliated companies	(946)	(946)
in the 2nd to 4th year	3,487	2,511
thereof towards affiliated companies	(2,257)	(2,257)
from the 5th year	2,270	2,194
thereof towards affiliated companies	(1,442)	(2,194)
	<b>7,145</b>	<b>6,143</b>

### Derivative financial instruments

Derivative financial instruments are used exclusively in the form of forward exchange contracts to hedge exchange rate risks in the operational area. As of the balance sheet

date, the forward exchange contracts had a volume of EUR 22.7 million (previous year: EUR 27.4 million).

	Currency	Contractual volume			
		in thousand currency units	in KEUR	positive fair value KEUR	negative fair value KEUR
<b>Purchases</b>	USD	27,000	19,721	1,974	
<b>Sales</b>	CHF	3,600	2,939		66
<b>Total</b>			<b>22,660</b>	<b>1,974</b>	<b>66</b>

The company uses forward exchange contracts to hedge against currency risks. In anticipation of purchases and sales in foreign currency that are highly likely to be made, forward exchange contracts are signed for a portion of the resulting open positions in foreign currency. Pursuant to section 254 HGB, this constitutes a hedge relationship in the form of an anticipated hedge, as open positions from anticipated hedged items in foreign currency are hedged with forward exchange contracts at matching maturities. The forward exchange contracts serve as hedges against the risk of exchange rate changes resulting from the company's operational transactions. The anticipated transactions relate to purchases and sales in foreign currency within the next

twelve months. Effectiveness is ensured by a critical term match. As of the balance sheet date, the forward exchange contracts had a market value of EUR 1.908 thousand. No currency risk arises throughout the term of the forward exchange contracts; the transactions were grouped in valuation portfolios and not recognised in the balance sheet.

#### **Explanation of individual items in the income statement**

Any analysis of the income statement should take into consideration the fact that production, purchasing and sales as well as administration and service activities are performed on the basis of servicing agreements with subsidiaries.

#### **Sales**

Sales break down by geographic markets as follows:

	<b>2013/14</b>		<b>2012/13</b>	
	EUR million	%	EUR million	%
Germany	67.6	74.3	63.0	76.9
Outside Germany	23.4	25.7	19.0	23.1
	<b>91.0</b>	100.0	<b>82.0</b>	100.0

Sales revenues were generated without exception by the sale of clothing. Foreign sales were generated primarily in Europe.

#### **Other operating income**

This item primarily includes income from the refund of costs, from the retransfer of provisions and allowances on receivables, from the disposal of fixed assets and from foreign exchange differences. Other operating income in an amount of EUR 0.1 million is unrelated to the reporting period. Other operating income comprises exchange gains in an

amount of EUR 82 thousand (previous year: EUR 107 thousand).

#### **Pension expenses**

The personnel expenses for the reporting year include pension expenses for the workforce in an amount of EUR 53 thousand (previous year: EUR 55 thousand).

### **Other operating expenses**

Other operating expenses mainly relate to compensation for services provided by affiliated companies in the context of servicing agreements in an amount of EUR 29.9 million (previous year: EUR 27.1 million). This item also includes counselling fees, insurance premiums, rents, foreign exchange losses and travel expenses. Other operating expenses comprise expenses from currency translation in the amount of EUR 193 thousand (previous year: EUR 125 thousand); expenses of EUR 25 thousand (previous year: EUR 0 thousand) are unrelated to the accounting period.

### **Income from investments**

Income from investments exclusively includes distributions from affiliated companies. It primarily relates to Ahlers Textilhandel GmbH & Co. KG, Herford (EUR 0.4 million) and Dial Textile Industries Ltd., Sri Lanka (EUR 0.8 million).

### **Income/expenses under profit transfer agreements**

This item represents the income of EUR 10.7 million (previous year: EUR 8.4 million) collected under various controlling and profit and loss transfer agreements in the fiscal year 2013/14. Under the controlling and profit and loss transfer agreements signed between Ahlers AG and Gin Tonic Special Mode GmbH, Sindelfingen, a-fashion.com GmbH, Herford, Otto Kern GmbH, Herford, Ahlers Retail GmbH, Herford as well as Ahlers Vertrieb GmbH, Herford, the losses accumulated in the fiscal year 2013/14 in an amount of EUR 6.8 million (previous year: EUR 5.1 million) were taken over.

### **Income from long-term loans**

This item includes interest income received from affiliated companies in the amount of EUR 39 thousand (previous year: EUR 49 thousand). The income in both years results from loans to Adolf Ahlers AG, CH-Cham.

### **Other interest and similar income**

This item comprises interest received from affiliated companies in an amount of EUR 0.6 million (previous year: EUR 0.7 million) and interest income from tax refunds in the amount of EUR 0.0 million (previous year: EUR 0.1 million).

### **Write-down of financial assets and current investments**

This item includes write-downs of long-term securities in an amount of EUR 1 thousand and scheduled depreciation of works of art in an amount of EUR 1 thousand.

### **Interest and similar expenses**

Expenses include interest payments to affiliated companies in an amount of EUR 0.1 million (previous year: EUR 0.1 million) and interest on tax repayments in an amount of EUR 0 thousand (previous year: EUR 25 thousand). EUR 24 thousand relate to interest expenses from accumulation (previous year: EUR 25 thousand).

### **Taxes on income**

This item comprises corporate income tax including solidarity surcharge as well as trade tax. Income taxes include an additional tax claim of EUR 34 thousand due to a company audit which was completed within this fiscal year. Revenues from deferred taxes in the amount of EUR 6 thousand (previous year EUR 76 thousand) are included in the taxes on income.

## **III. OTHER DISCLOSURES**

### **Number of employees (annual average)**

In fiscal 2013/14, Ahlers AG employed three people on average (previous year: three employees).

## CORPORATE BODIES

### Supervisory Board

**Prof. Dr. Carl-Heinz Heuer**

Attorney, Königstein  
(Chairman),  
Feddersen Heuer & Partner

**Prof. Dr. Julia von Ah**

Tax consultant, Feusisberg  
(Deputy Chairwoman),  
von Ah & Partner AG

**Heidrun Baumgart**

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

**Roswitha Galle**

Administrative assistant, Spenge  
(employee representative),  
Ahlers Zentralverwaltung GmbH

**Prof. Dr. Ulrich von Jeinsen**

Attorney, Hannover,  
Göhmman Rechtsanwälte und Notare

**Bernd A. Rauch**

Advertising expert,  
Bad Homburg

### Management Board

**Dr. Stella A. Ahlers**

Feusisberg,  
Chairwoman of the Management Board

**Jan Hilger**

Heidelberg, Chairman Procurement/  
Logistics/Foreign Facilities

**Dr. Karsten Kölsch**

Herford, Chief Financial Officer

### Further disclosures relating to Supervisory/Management Board members

On November 30, 2014 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

**Dr. Stella A. Ahlers**

- President of the Advisory Board of Adolf  
Ahlers AG, Cham (Switzerland)

**Prof. Dr. Julia von Ah**

- President of the Advisory Board of  
von Ah & Partner AG, Zurich, Switzerland

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

## Shareholdings

Westfälisches Textilwerk Adolf Ahlers Stiftung & Co. KG, Herford, holds a majority interest in the voting share capital of Ahlers AG, mostly 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 Stiftung & Co. KG, Herford, as the largest group of companies, and in the consolidated financial statements of Ahlers AG, Herford, as the smallest group of companies, pursuant to section 285 no. 14 of the German Commercial Code (HGB). The consolidated financial statements for the fiscal year 2012/13 of Ahlers AG were published in the Federal Gazette.

## Compensation of the Supervisory Board and the Management Board

The total compensation of the Supervisory Board for its activities during fiscal 2013/14 amounts to EUR 150 thousand (previous year: EUR 135 thousand). It comprises non-performance-related components of EUR 105 thousand (previous year: EUR 105 thousand), performance-related components of EUR 45 thousand (previous year: EUR 30 thousand) and components with a long-term incentive effect of EUR 45 thousand (previous year: EUR 27 thousand).

The total compensation of the Management Board of Ahlers AG for the year under review amounts to EUR 1,780 thousand (previous year: EUR 1,355 thousand). It comprises non-performance-related components of EUR 1.116 thousand (previous year: EUR 904 thousand) and performance-related components of EUR 664 thousand (previous year: EUR 451 thousand).

The Annual Shareholders' Meeting of Ahlers AG decided on May 4, 2011 to omit the itemised publication of the compensation of the members of the Management Board in accordance with section 285, sentence 1, no. 9 letter a sentences 5 to 8 of the German Commercial Code for a period of five years.

In late 2013 the Lawyers Feddersen Heuer & Partner, where Supervisory Board Chairman Prof. Dr. Heuer is a partner, provided the company with legal advice on an acquisition project and a corporate law issue, and received an amount of EUR 11 thousand for their services. 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 2013/14, for which an amount of EUR 24 thousand was invoiced. In accordance with section 114 of the German Stock Corporation Act (AktG), all benefits had previously been approved by the Supervisory Board.

Former members of the Management Board or management of Adolf Ahlers GmbH and their surviving next-of-kin received EUR 77 thousand (previous year: EUR 76 thousand). As of November 30, 2014, provisions for current pensions to this group of persons amounted to EUR 357 thousand (previous year: EUR 379 thousand).

## Declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG)

Ahlers AG has submitted the declaration of conformity for 2014 pursuant to section 161 of the German Stock Corporation Act (AktG) and made the declaration permanently accessible to shareholders on the Ahlers AG website ([www.ahlers-ag.com](http://www.ahlers-ag.com)).

## Auditor's fee

The audit fee expensed in fiscal 2013/14 amounted to EUR 126 thousand, of which EUR 108 thousand referred to the audit services, EUR 7 thousand for fiscal advice and EUR 11 thousand to other services. No attestation and valuation services were provided.

Herford, February 23, 2015

Ahlers AG  
The Management Board



## FIXED ASSET MOVEMENT SCHEDULE

for fiscal 2013/14

	Accumulated costs				Accumulated depreciation/amortisation				Carrying amounts	
	Dec. 1, 2013	Additions	Disposals	Nov. 30, 2014	Dec. 1, 2013	Additions	Appreciation	Nov. 30, 2014	Nov. 30, 2014	Nov. 30, 2013
KEUR										
<b>Intangible assets</b>										
Industrial property rights and similar rights and assets	757			757	751	1		752	5	6
<b>Property, plant, and equipment</b>										
Land and buildings	124		15	109	109		1	108	1	15
Machinery	43			43	43			43	0	0
Plant and office equipment	1,436	145	37	1,544	1,284	55	28	1,311	233	152
	<b>1,603</b>	<b>145</b>	<b>52</b>	<b>1,696</b>	<b>1,436</b>	<b>55</b>	<b>29</b>	<b>1,462</b>	<b>234</b>	<b>167</b>
<b>Financial assets</b>										
Shares in affiliated companies	120,602	26		120,628	58,810			58,810	61,818	61,792
Loans to affiliated companies	3,020		2,786	234	0			0	234	3,020
Investment	211			211	0			0	211	211
Loans to companies in which an investment is held	1,000		500	500	0			0	500	1,000
Long-term investments	94		60	34	9			9	25	85
Other loans	204		48	156	0			0	156	204
Other financial assets	19,681	317	2,099	17,899	82	1		83	17,816	19,599
	<b>144,812</b>	<b>343</b>	<b>5,493</b>	<b>139,662</b>	<b>58,901</b>	<b>1</b>	<b>0</b>	<b>58,902</b>	<b>80,760</b>	<b>85,911</b>
	<b>147,172</b>	<b>488</b>	<b>5,545</b>	<b>142,115</b>	<b>61,088</b>	<b>57</b>	<b>29</b>	<b>61,116</b>	<b>80,999</b>	<b>86,084</b>

## AUDIT OPINION

We have issued an unqualified auditor's report on the annual financial statements and the combined management report and group management report of Ahlers AG, Herford, for the financial year from December 1, 2013 to November 30, 2014 and signed in Hannover on February 24, 2015. The translation of the original German auditor's report states as follows:

### „Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the combined management report and group management report of Ahlers AG, Herford, for the business year from December 1, 2013 to November 30, 2014. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report and group management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report and group management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the HGB [„Handelsgesetzbuch“: „German Commercial Code“] 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 annual financial statements in accordance with German principles of proper accounting and in the combined management report and group management report are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the company 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 books and records, the annual financial statements and the combined management report and group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the combined management report and 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 annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The combined management report and group management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.“

Hannover, February 24, 2015

BDO AG  
Wirtschaftsprüfungsgesellschaft

Lilienblum  
Wirtschaftsprüfer  
(German Public Auditor)

Heesch  
Wirtschaftsprüfer  
(German Public Auditor)

## 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 combined 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

Jan Hilger

Dr. Karsten Kölsch

## PROPOSAL FOR THE APPROPRIATION OF PROFITS

The Management Board proposes to use the distributable profit amounting to EUR 7,049,173.56 at the end of the fiscal year 2013/14 to pay out a dividend of EUR 0.40 per common share (ISIN DE0005009708 and DE0005009740)

and of EUR 0.45 per preferred share (ISIN DE0005009732), for a total payout of EUR 5,776,668.30 to the shareholders, and to carry forward the remaining profit of EUR 1,272,505.26 to new account.

**AHLERS AG**

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