



REPORT ON THE **FIRST**
HALF OF
2016 *1 January – 30 June*

KEY FIGURES

Income statement		H1 2016	H1 2015	Change absolute	Change relative
Revenue	€ million	257.1	268.4	-11.3	-4.2%
EBITDA	€ million	0.7	4.5	-3.8	-84.4%
EBITDA margin		0.3%	1.7%	-1.4pp	-
EBIT	€ million	-7.5	-3.4	-4.1	-120.6%
EBIT margin		-2.9%	-1.3%	-1.6pp	-
Consolidated net loss	€ million	-8.0	-5.3	-2.7	-50.9%

Per-share figures		H1 2016	H1 2015	Change absolute	Change relative
Earnings per share	€	-0.43	-0.28	-0.15	-53.6%

Financial position		6/30/2016	12/31/2015	Change absolute	Change relative
Total assets	€ million	222.0	243.4	-21.4	-8.8%
Equity	€ million	87.6	104.9	-17.3	-16.5%
Equity ratio		39.5%	43.1%	-3.6pp	-
Debt / equity ratio		1.53	1.32	0.21	15.9%

Cash flows		H1 2016	H1 2015	Change absolute	Change relative
Cash flows from operating activities (net)	€ million	-2.9	4.8	-7.7	-160.4%
Cash flows from investing activities	€ million	-5.3	-11.0	5.7	51.8%
Free cash flow	€ million	-8.2	-6.3	-1.9	-30.2%

Employees		H1 2016	H1 2015	Change absolute	Change relative
Employees as at 30 June	Number	4,114	4,182	-68	-1.6%

Stores		H1 2016	H1 2015	Change absolute	Change relative
Stores as at 30 June	Number	180	179	1	0.6%

FINANCIAL CALENDAR

3 November 2016 Report on the third quarter of 2016

INTERIM GROUP MANAGEMENT REPORT AS AT 30 JUNE 2016

KEY FACTS

- // Total revenue declines by 4.2% in the first six months of 2016 (like-for-like revenue down 4.2%)
- // Revenue weighed by weather conditions and product range optimisation at ADLER Orange
- // Positive turnaround in May and June with revenue growth above industry average
- // Cost saving measures partly offset revenue decline
- // EBITDA almost level year on year in Q2 2016 despite lower revenue
- // Forecast for FY 2016 adjusted, measures to increase efficiency and new marketing concept already having a positive impact

ECONOMIC SITUATION & BUSINESS DEVELOPMENT

The International Monetary Fund (IMF) estimates that the eurozone's modest economic recovery will continue in 2016. In its World Economic Outlook published in April 2016, the IMF forecasts GDP growth of 1.5% for the current year.

There are also continued signs of growth in Germany – Adler Modernmärkte's most important market – although the momentum has eased off somewhat in comparison with the beginning of the year. The German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, "DIW Berlin") expects growth of 0.3% for the second quarter, against the figure of 0.7% in the first three months of the year. The IMF assumes that German economic output will improve by 1.5% for the year as a whole. Somewhat lower growth is expected in Austria and Switzerland, with the IMF putting the figure at 1.2% in both cases. The European Commission forecasts growth of 3.3% for Luxembourg.

THE ENVIRONMENT FOR THE GERMAN TEXTILE RETAIL INDUSTRY

According to industry trade journal "Textilwirtschaft", for many textile retailers in Germany the first half of 2016 was one of the most challenging periods in recent memory. Brick-and-mortar textile retailers were unable to benefit from the continuing overall healthy consumer sentiment, with the persistently poor weather eating into consumer appetite for the new spring and summer collections. In a survey conducted by Textilwirtschaft's Testclub, which boasts the largest panel of German textile retailers, respondents reported a revenue decline of 2% for the first quarter, as against the already weak prior-year figure. The second quarter only saw revenue growth in April (+2%), with retailers hit by slight losses in May (-1%) and June (-2%). Overall, income in the second quarter of 2016 remained static at the level recorded in 2015. Retailers recorded a 1% drop in revenue in the first half of 2016.

DEVELOPMENT AND ANALYSIS OF REVENUE

ADLER was unable to distance itself from the negative industry trend in the first half of 2016. While the German textile retail industry recorded a 1% drop in revenue in the first six months of 2016, ADLER's like-for-like revenue declined by 4.2%. The first half of the year is typically the weaker of the two for ADLER, in particular due to the clearance of winter merchandise.

On the one hand, the weather conditions had an adverse effect on revenue, while on the other the product range optimisation at the ADLER Orange stores and the associated clearance sales led to a €3.0 million decline in revenue.

ADLER implemented various measures to react to the weak growth in the first two months of financial year 2016; these have already resulted in the first cost savings in 2016.

Adler Modemärkte AG's total revenue (IFRSs) decreased in the first six months of 2016, dropping by 4.2% from €268.4 million in the first half of 2015 to €257.1 million.

ADLER opened a store in Chur in March 2016, its second in Switzerland. A new store was opened in Neumarkt in der Oberpfalz in April, followed by another in Hard near Bregenz, Austria, in June. No stores were closed in the reporting period. The stores in Georgsmarienhütte, Weiden and Gotha were extensively renovated under the programme to modernise older existing ADLER stores.

As at 30 June 2016, the total number of ADLER stores amounted to 180 (31 December 2015: 177).

FINANCIAL PERFORMANCE

The ADLER Group's cost of materials decreased by 2.7% from €125.3 million to €121.9 million due to the decline in revenue. Gross profit declined from €143.1 million to €135.2 million. The gross profit on goods sold fell from 53.3% to 52.6%.

Personnel expenses rose by 1.0% from €53.0 million in the first half of 2015 to €53.5 million in the reporting period. Costs for staff restructuring measures at ADLER Orange in the amount of €1.1 million were recognised in the first half of 2015. The growth in the reporting period is attributable to the costs of severance payments and a wage increase.

Other operating expenses decreased from €89.2 million in the first half of 2015 to €85.9 million in the first six months of 2016. ADLER reacted promptly to the decline in revenues by implementing cost savings programmes, the initial effects of which were already being felt. There were decreases in marketing costs (€3.6 million), rents (€0.1 million) and maintenance and modernisation expenses (€0.6 million).

EBITDA declined to €0.7 million from €4.5 million in the first half of 2015. At €8.2 million in the first half of 2016, depreciation, amortisation and write-downs were only slightly up on the prior-year figure of €8.0 million. Earnings before interest and taxes (EBIT) fell to €-7.5 million from €-3.4 million in the first half of 2015. Net finance costs amounted to €2.5 million, as against the prior-year figure of €2.4 million.

Earnings before taxes (EBT) fell from €-5.8 million to €-10.0 million in the first six months of 2016. ADLER reported a consolidated net loss of €8.0 million as at 30 June 2016 (H1 2015: consolidated net loss of €5.3 million).

Adjusted earnings per share amounted to €-0.43. Earnings per share totalled €-0.28 in the comparable period, based on 18,510,000 no-par value shares.

QUARTERLY COMPARISON

ADLER recorded a slight revenue decrease of just 1.0% to €151.8 million in the second quarter of 2016 (Q2 2015: €153.3 million). Like-for-like revenue was down 1.7% on the figure for the second quarter of 2015. The German textile retail industry recorded zero growth in the second quarter of 2016. ADLER recorded a positive turnaround in May and June, outpacing the industry average with growth of 0.2% and 4.3%, respectively.

The ADLER Group's cost of materials declined slightly from €67.1 million to €67.0 million in the second quarter of 2016. Gross decreased from €86.2 million to €84.7 million. The gross profit on goods sold fell from 56.2% to 55.8%.

Personnel expenses rose by 6.2% from €25.6 million in the second quarter of 2015 to €27.2 million as at the reporting date.

Other operating expenses declined by 3.7% during the period under review from €45.1 million in the second quarter of 2015 to €43.4 million. This was primarily attributable lower marketing expenses.

EBITDA amounted to €17.3 million in the reporting period, almost level with the figure of €17.5 million for the second quarter of 2015.

At €4.1 million, depreciation, amortisation and write-downs were only slightly up on the prior-year figure of €4.0 million. Earnings before interest and taxes (EBIT) declined from €13.5 million in the second quarter of 2015, to €13.2 million. Net finance costs remained unchanged as against the prior-year period, at €1.2 million.

FINANCIAL POSITION & CASH FLOWS

The ADLER Group's total assets amounted to €222.0 million as at 30 June 2016; this represents a €21.4 million decrease compared with total assets as at 31 December 2015 (€243.4 million).

Inventories declined by 2.3% to €79.4 million (31 December 2015: €81.3 million). Inventories were up 6.1% on the prior-year figure of €74.8 million as at 30 June 2015.

Intangible assets amounted to €6.8 million as at 30 June 2016 (31 December 2015: €6.7 million). Property, plant and equipment decreased to €80.8 million as against the end of 2015 (31 December 2015: €81.6 million).

Cash and cash equivalents declined from €52.1 million as at 31 December 2015 to €28.9 million. This was due to seasonal factors attributable to payment of the dividend, as well as the lower level of revenue and the corresponding increase in the consolidated net loss for the period.

On the equity and liabilities side of the statement of financial position, equity fell from €17.3 million as at 31 December 2015 to €87.6 million as at 30 June 2016. The decline is primarily due to payment of the dividend and the net loss for the reporting period. The equity ratio decreased from 43.1% as at 31 December 2015 to 39.5% as at 30 June 2016.

Finance lease obligations fell from €56.3 million as at 31 December 2015 to €55.5 million as at 30 June 2016. Trade payables declined to €25.0 million as at 30 June 2016, compared with €32.0 million as at 31 December 2015.

Other short- and long-term provisions declined from €4.9 million as at the end of financial year 2015 to €4.5 million as at 30 June 2016. Financial liabilities rose from €14.6 million to €17.9 million. Income tax liabilities fell by €0.2 million to €0.0 million. The debt/equity ratio increased from 1.32 as at 31 December 2015 to 1.53 as at 30 June 2016.

ADLER's working capital (inventories plus trade receivables less trade payables) is based on the pure retail business mainly from inventories less accounts payable to suppliers. Working capital rose from €51.2 million as at 31 December 2015 to €54.8 million as at 30 June 2016 due to the decrease in trade payables.

CASH FLOW MANAGEMENT

Net cash flows from operating activities amounted to €-2.9 million in the first six months of 2016 (H1 2015: €4.8 million). Net cash flows from investing activities amounted to €-5.3 million in the reporting period (H1 2015: €-11.0 million, of which €4.5 million for company acquisitions and the purchase of a building).

At €-8.2 million, free cash flow was down on the prior-year figure (H1 2015: €-6.3 million).

Net cash flows from financing activities amounted to €-14.9 million in the first six months of 2016 (H1 2015: €-14.8 million) and primarily include payment of the dividend in the amount of €9.3 million and payments in relation to finance lease liabilities. Cash decreased accordingly by a total of €23.2 million in the first six months of 2016 (decrease in cash in H1 2015: €21.0 million).

INVESTMENT

The ADLER Group's investments totalled €5.4 million in the first six months of 2016 (H1 2015: €7.0 million, including €1.0 million for the purchase of a building in St. Pölten). Of that amount, €4.1 million (H1 2015: €6.3 million) was attributable to property, plant and equipment (operating and office equipment) and €1.3 million (H1 2015: €0.8 million) to intangible assets. Investments in property, plant and equipment included costs incurred in the course of store modernisations in Georgsmarienhütte, Weiden and Gotha.

EMPLOYEES

The ADLER Group had a total of 4,114 employees as at 30 June 2016 (30 June 2015: 4,182), representing approximately 1.6% fewer employees than in the same period of the previous year. The number of FTEs as at the reporting date was 2,763 compared with 2,795 one year ago. This corresponds to a decrease of 1.1%.

As a company that takes on trainees, ADLER traditionally also assumes social responsibility for young people. The Company employed a total of 306 trainees and interns (across all apprenticeship years) as at 30 June 2016 (30 June 2015: 283). This corresponds to a 8.1% increase as compared to the prior-year figure.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Steilmann SE i.l. and Steilmann Holding AG i.l., which hold an indirect interest in Adler Modemärkte AG, filed for insolvency on 23 March 2016. ADLER does not expect that the insolvency of Steilmann SE i.l. and Steilmann Holding AG i.l. will significantly affect its operating business or its financial position, cash flows or financial performance. Adler Modemärkte AG is indirectly affiliated with Steilmann SE i.l. (formerly Steilmann-Boecker Fashion Point GmbH & Co. KG) as a subordinate company via the majority interest held by shareholder S&E Kapital GmbH. However, no control or profit transfer agreement exists. ADLER has not granted any loans to, or been granted any loans by, companies in the Steilmann Group. In addition, ADLER does not have any significant other receivables from companies in the Steilmann Group.

At the beginning of April, Steilmann SE i.l. announced that further Steilmann Group companies had filed for insolvency due to the inability to pay their debts as they fall due. In this regard, Adler Modemärkte AG reiterated its statement that it does not expect any significant effects on its operating business or its financial position, cash flows or financial performance.

ADLER continues to hold more than adequate liquidity for its business operations. Overall, the revenue that ADLER generated from the Steilmann brands in financial year 2015 represents only a very minor share of its total revenue in the amount of €566.1 million. Where purchasing is concerned, ADLER sources only a small part of its merchandise from procurement agent NTS, which is part of the Steilmann Group. Procurement organisation NTS Ltd, Shanghai, is only indirectly affected due to the insolvency of its majority shareholder Apanage Fashion Group i.l. NTS is 57.6% owned by Apanage Fashion Group i.l., a subsidiary of Steilmann SE i.l., which in turn is a wholly owned subsidiary of Steilmann Holding AG i.l. As a consequence, ADLER does not expect that the insolvencies of Steilmann SE i.l. and Steilmann Holding AG i.l. will have any restriction on its own business development and goals.

There were no other significant events during the reporting period.

RISK REPORT

Opportunities and risks may impact business development positively or negatively. ADLER employs a proven risk management and control system to identify in advance and effectively manage the relevant opportunities and risks. ADLER's risk management is an integral part of all of the Group's decisions and business processes and thus supports the long-term protection of our Company's future success. Against this background, the Group risks are finite and manageable. Currently, there are no material risks that jeopardise the Group's long-term financial position, financial performance or cash flows.

We have detailed the specific risks and opportunities that could have material long-term effects on our financial position, financial performance or cash flows, as well as the structure of ADLER's risk management system; see pages 50 to 53 of our report on the 2015 financial year.

REPORT ON EXPECTED DEVELOPMENTS & OVERALL ASSERTION

In light of the subdued development of the operating business in the first half of the year and what continues to be a challenging market environment for the German textile retail industry, ADLER is adjusting the forecast for the current year, as given in the 2015 Annual Report. As consolidated revenue in the second half of the year is anticipated to be at no more than the prior-year level, consolidated revenue for full-year 2016 is not expected to reach the previous year's figure of approximately €566 million. The new marketing campaign beginning in September should have a positive effect on the operating performance from the fourth quarter. Developments in the first half of the year and the outlook for the full year will correspondingly impact the development of earnings during the year as a whole. Thus, the Company is forecasting that EBITDA will be between €27 million and €30 million (prior-year: €33.3 million). The forecast again calls for significantly higher after-tax earnings. ADLER continues to expect personnel expenses to increase slightly, due to the increase in wages, salaries and benefits, as well as a slight rise in transport and logistics costs. ADLER expects only minor changes in the EUR/USD exchange rate. The same applies to the development of key commodity prices.

MEASURES TO INCREASE EFFICIENCY ALREADY HAVING A POSITIVE IMPACT

ADLER's Executive Board responded promptly to the difficult conditions by introducing a range of cost-saving measures since March 2016 and by launching a new marketing concept. As reported, this has already generated some initial positive effects in the second quarter. This initial success will continue to grow significantly, particularly as the year draws to a close, and above all will lay the foundation for substantial improvements for the 2017 financial year. The focus is on stabilising and improving profitability and enhancing competitiveness. The basis for the Company's previously-announced sustainable, long-term growth remains intact.

During the second half of the year, ADLER will continue to aim at further optimising the working capital and generating substantial positive free cash flow for the overall year, thus bringing liquidity in line with the prior-year figure. Requisite actions such as inventory management measures have already been implemented. In connection with this, ADLER will also postpone some new store openings and the modernisation of other stores that were planned for 2016.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no other material events after the end of the reporting period affecting the ADLER Group.

ADLER'S SHARE PRICE PERFORMANCE

The second quarter of 2016 saw a continuation of the general tension on the equity markets that had already become apparent in the first quarter. On top of the weak economic data from China, which was the primary factor weighing on the European equity indices at the beginning of the year, the upcoming referendum on the United Kingdom's membership in the European Union added another element of uncertainty into the mix as the year progressed.

In addition to the overall subdued stock market sentiment, ADLER's share price was also adversely impacted by the insolvency of Steilmann SE, with which ADLER is indirectly affiliated as a subordinate company via majority shareholder S&E Kapital GmbH. The unresolved issue surrounding a potential disposal of the block of shares held by S&E added to speculation about the potential adverse effects on Adler Modemärkte's operating business.

ADLER's shares closed at €9.85 on the first trading day of 2016, and then largely kept pace with the major indices in the first two months of the year. Significant losses in January were followed by a roughly three-week rally, which in turn gave way to a volatile sideways movement at the end of February. The shares reached their high for the second quarter of €9.25 on 15 April 2016. The shares continued to lose ground until the end of June, closing at €7.20 on 30 June 2016, down approximately 27% as against the beginning of the year.

The Executive Board of Adler Modemärkte AG continued its proactive dialogue with investors, analysts and business media in the first half of 2016 and was available to answer all of their questions, in particular with regard to the Steilmann insolvency.

In addition, ADLER held its first Capital Markets Day at its headquarters in Haibach on 1 June 2016, which was met with extremely positive feedback from the participants. The Executive Board and representatives of second-tier management reported on current developments in marketing, purchasing, operations, eCommerce, expansion and IT.

Eight research firms are currently monitoring and analysing ADLER shares on a regular basis. The majority of analysts continued to issue "buy" recommendations for ADLER shares, including following the news of Steilmann's insolvency.

INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD
FROM 1 JANUARY TO 30 JUNE 2016

€'000	01/01 – 30/06/2016	01/01 – 30/06/2015
Revenue	257,075	268,420
Other operating income	4,973	3,648
Cost of materials	-121,902	-125,335
Personnel expenses	-53,522	-52,987
Other operating expenses	-85,888	-89,221
EBITDA	735	4,525
Depreciation, amortisation and write downs	-8,194	-7,968
EBIT	-7,459	-3,433
Other interest and similar income	10	23
Interest and similar expenses	-2,513	-2,415
Net finance costs	-2,504	-2,392
Net income from operations	-9,962	-5,835
Income taxes	1,982	576
Consolidated net loss for the period	-7,981	-5,259
of which attributable to shareholders of Adler Modemärkte AG	-7,981	-5,259
Earnings per share* (continuing operations)		
Basic in €	-0.43	-0.28
Diluted in €	-0.43	-0.28

* Earnings per share were calculated on the basis of the weighted average of existing shares in the period from 1 January 2016 to 30 June 2016 in the amount of 18,510,000 shares. 18,510,000 shares were also taken into account in the prior-year period from 1 January 2015 to 30 June 2015.

INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM
1 APRIL 2016 TO 30 JUNE 2016

€'000	01/04 - 30/06/2016	01/04 - 30/06/2015
Revenue	151,752	153,295
Other operating income	3,196	2,073
Cost of materials	-67,028	-67,118
Personnel expenses	-27,194	-25,632
Other operating expenses	-43,416	-45,103
EBITDA	17,310	17,515
Depreciation, amortisation and write downs	-4,129	-4,003
EBIT	13,181	13,512
Other interest and similar income	0	11
Interest and similar expenses	-1,245	-1,198
Net finance costs	-1,245	-1,187
Net income from operations	11,936	12,325
Income taxes	-4,881	-4,065
Consolidated net loss for the period	7,055	8,260
of which attributable to shareholders of Adler Modemärkte AG	7,055	8,260
Earnings per share* (continuing operations)		
Basic in €	0.38	0.45
Diluted in €	0.38	0.45

* Earnings per share were calculated on the basis of the weighted average of existing shares in the period from 1 April 2016 to 30 June 2016 in the amount of 18,510,000 shares. 18,510,000 shares were also taken into account in the prior-year period from 1 April 2015 to 30 June 2015.

STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD
FROM 1 JANUARY TO 30 JUNE 2016

€'000	01/01 – 30/06/2016	01/01 – 30/06/2015
Consolidated net loss for the period	-7,981	-5,259
Currency translation gains from foreign subsidiaries	-2	-167
Remeasurement of defined benefit pension entitlements and similar obligations	0	0
Deferred taxes	0	0
Items that will not be recycled to the income statement going forward	-2	-167
Change in fair value of available-for-sale financial instruments	-3	10
Deferred taxes	0	0
Items that may subsequently be recycled to the income statement	-3	10
Other comprehensive income	-5	-157
Consolidated total comprehensive income	-7,986	-5,416

STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD
FROM 1 APRIL TO 30 JUNE 2016

€'000	01/04 – 30/06/2016	01/04 – 30/06/2015
Consolidated net profit for the period	7,055	8,260
Currency translation gains from foreign subsidiaries	-11	-6
Remeasurement of defined benefit pension entitlements and similar obligations	0	0
Deferred taxes	0	0
Items that will not be recycled to the income statement going forward	-11	-6
Change in fair value of available-for-sale financial instruments	-2	-6
Deferred taxes	0	0
Items that may subsequently be recycled to the income statement	-2	-6
Other comprehensive income	-13	-12
Consolidated total comprehensive income	7,043	8,248

STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

ASSETS		
€'000	30/06/2016	31/12/2015
Non-current assets		
Intangible assets	6,838	6,721
Property, plant and equipment	80,807	81,566
Investment property	413	413
Other non-current receivables and assets	454	470
Deferred tax assets	12,827	10,484
Total non-current assets	101,338	99,654
Current assets		
Inventories	79,401	81,266
Trade receivables	371	1,908
Other current receivables and assets	11,744	8,205
Available-for-sale financial assets	279	282
Cash and cash equivalents	28,894	52,076
Total current assets	120,690	143,737
TOTAL ASSETS	222,028	243,390

EQUITY AND LIABILITIES

€'000	30/06/2016	31/12/2015
Equity		
Subscribed capital	18,510	18,510
Capital reserves	127,408	127,408
Accumulated other comprehensive income	-2,168	-2,163
Net accumulated losses	-56,134	-38,899
Total equity	87,616	104,856
Liabilities		
Non-current liabilities		
Provisions for pensions and similar obligations	5,727	5,870
Other non-current provisions	1,436	1,499
Non-current financial liabilities	2,739	2,897
Non-current finance lease obligations	49,108	49,488
Other non-current liabilities	4,593	4,693
Deferred tax liabilities	128	129
Total non-current liabilities	63,731	64,576
Current liabilities		
Other current provisions	3,071	3,433
Current financial liabilities	15,202	11,705
Current financial lease obligations	6,357	6,769
Trade payables	25,012	32,027
Other current liabilities	21,034	19,807
Current income tax liabilities	5	217
Total current liabilities	70,681	73,958
Total liabilities	134,412	138,534
TOTAL EQUITY and LIABILITIES	222,028	243,390

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
FROM 1 JANUARY TO 30 JUNE 2016

€'000	Sub- scribed capital	Capital reserves	Accumulated other comprehensive income			Net accu- mulated losses	Total equity
			Securities	Currency translation	Other changes*		
As at 1 Jan. 2016	18,510	127,408	19	-134	-2,048	-38,899	104,856
Dividend payment	0	0	0	0	0	-9,255	-9,255
Transactions with share- holders	0	0	0	0	0	-9,255	-9,255
Consoli- dated net loss for the period	0	0	0	0	0	-7,981	-7,981
Other com- prehensive income	0	0	-3	-2	0	0	-5
Consolidat- ed total comprehen- sive income	0	0	-3	-2	0	-7,986	-7,986
As at 30 Jun. 2016	18,510	127,408	16	-136	-2,048	-56,134	87,616

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
FROM 1 JANUARY TO 30 JUNE 2015

€'000	Sub- scribed capital	Capital reserves	Accumulated other comprehensive income			Net accu- mulated losses	Total equity
			Securities	Currency translation	Other changes*		
As at 1 Jan. 2015	18,510	127,408	20	-14	-2,735	-37,559	105,630
Dividend payment	0	0	0	0	0	-9,255	-9,255
Transactions with share- holders	0	0	0	0	0	-9,255	-9,255
Consoli- dated net loss for the period	0	0	0	0	0	-5,259	-5,259
Other com- prehensive income	0	0	10	-167	0	0	-157
Consolidat- ed total comprehen- sive income	0	0	10	-167	0	-5,259	-5,416
As at 30 Jun. 2015	18,510	127,408	30	-181	-2,735	-52,073	90,959

* Other changes relate to actuarial gains and losses.

STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD
FROM 1 JANUARY TO 30 JUNE 2016

€'000	01/01 – 30/06/2016	01/01 – 30/06/2015
Consolidated loss for the period (-) before tax	-9,962	-5,835
(+) Depreciation of property, plant and equipment and amortisation of intangible assets	8,194	7,968
Increase (+)/decrease (-) in pension provisions	-143	-176
Gains (-)/losses (+) from the sale of non-current assets	33	34
Gains (-)/losses (+) from currency translation	-8	-206
Other non-cash expenses (+)/income (-)	2,641	1,538
Net interest income	2,504	2,392
Interest income	10	22
Interest expense	-103	-79
Income taxes paid	-2,157	-3,715
Increase (-)/decrease (+) in inventories	-451	4,181
Increase (-)/decrease (+) of trade receivables and other receivables	-3,060	-1,640
Increase (+)/decrease (-) of trade payables, other liabilities and other provisions	-3,028	-2,125
Increase (+)/decrease (-) in other items of the statement of financial position	2,629	2,403
Cash from (+)/used (-) in operating activities (net cash flow)	-2,903	4,764
Proceeds from disposals of non-current assets	72	135
Payments for investments in non-current assets	-5,411	-7,276
Payments for company acquisitions (net less cash received)	0	-3,877
Cash from (+)/used (-) in investing activities	-5,340	-11,018
Free cash flow	-8,243	-6,254
Payments in connection with the repayment of loan liabilities	-156	-153
Dividend distribution	-9,255	-9,255
Payments in connection with finance lease liabilities	-5,527	-5,364
Cash from (+)/used (-) in financing activities	-14,938	-14,772
Net decrease (-)/increase (+) in cash and cash equivalents	-23,182	-21,026
Cash and cash equivalents at beginning of period	52,076	69,656
Cash and cash equivalents at end of period	28,894	48,630
Net decrease (-)/increase (+) in cash	-23,182	-21,026

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

I. PRELIMINARY REMARKS

Adler Modemärkte AG is a corporation (Kapitalgesellschaft) in accordance with German law with its registered office at Industriestraße Ost 1-7, Haibach, Federal Republic of Germany. The relevant registration court is located in Aschaffenburg (registered under Number HRB 11581).

The ADLER Group (Adler Modemärkte AG and its subsidiaries) is engaged in apparel retailing and operates specialist clothing stores in Germany, Luxembourg, Austria and Switzerland. Under the trade name "ADLER", the Group operates specialist clothing stores on a stand-alone basis, as part of specialist store or shopping centres, or together with other retailers at locations operated jointly. The range of goods offered by the ADLER stores includes womenswear, menswear and kidswear.

The euro (€) is both the reporting currency and the functional currency of the ADLER Group. Unless stated otherwise, the figures in the notes to the consolidated financial statements are quoted in thousands of euros (€'000).

In its role as the ADLER Group's holding company, Adler Modemärkte AG assumes Group-wide responsibilities for all of its subsidiaries. In particular, these include procuring goods, marketing, providing IT infrastructure, financial accounting, audits, controlling and legal.

II. NOTES ON THE BASES AND METHODS EMPLOYED IN THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The consolidated financial statements of Adler Modemärkte AG were prepared in accordance with the requirements of the International Accounting Standards Board (IASB), London, in conformity with International Financial Reporting Standards (IFRSs), as adopted by the EU. The interpretations issued by the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee and the Standing Interpretations Committee) were also applied. Accordingly, these consolidated interim financial statements as at 30 June 2016 were prepared in accordance with IAS 34 "Interim Financial Reporting". Depreciation and amortisation, additions to provisions for pensions and interest payments are recognised as an expense in the period to which they relate during the year. Income and expenses in connection with taxes on income were determined on the basis of actual tax calculations.

Those International Financial Reporting Standards (IFRSs) were applied that had become mandatory by the end of the reporting period on 30 June 2016. There was no early adoption of standards whose application had not yet become mandatory as at 30 June 2016.

The notes to the 2015 consolidated financial statements apply accordingly in particular with respect to the significant accounting policies adopted.

GROUP OF CONSOLIDATED COMPANIES / SHAREHOLDINGS

The consolidated financial statements include Adler Modemärkte AG as well as four German and three foreign subsidiaries. These subsidiaries are listed in the table below.

Name, registered office	Share-holding in %	Currency	Subscribed capital/ limited partnership capital in local currency
Adler Modemärkte Gesellschaft m.b.H., Ansfelden, Austria	100	€'000	1,500
ADLER Mode S. A., Foetz, Luxembourg	100	€'000	31
Adler Mode GmbH, Haibach	100	€'000	25
Adler Mode AG Schweiz, Zug, Switzerland	100	CHF'000	100
Adler Orange GmbH & Co. KG, Haibach	100	€'000	4,000
Adler Orange Verwaltung GmbH, Haibach	100	€'000	1,040
A-Team Fashion GmbH, Munich	100	€'000	25

Due to the fact that the Group holds 100% of shares in the subsidiaries, there are no minority (non-controlling) interests.

ALASKA GmbH & Co. KG, Munich, in which the Group holds no interest, has also been included in the consolidated financial statements as a structured entity in accordance with IFRS 10 on the basis of a rental agreement with Adler Modemärkte AG, Haibach (relating to an administration building).

III. OTHER NOTES

1. SEASONAL EFFECTS

The Group's revenue is subject to seasonal fluctuations. For example, revenue and earnings in the third and particularly the fourth quarter are higher than in the other quarters due to the sale of winter merchandise with a higher average selling price for each product.

2. EARNINGS PER SHARE

There were 18,510,000 existing shares during the period under review. The weighted average of existing shares amounted to 18,510,000 shares (H1 2015: 18,510,000 shares).

Earnings per share amounted to €-0.43 (H1 2015: €-0.28).

There are no dilutive effects.

IV. SEGMENT REPORTING

Under the provisions of IFRS 8, operating segments are identified on the basis of the internal organisation and reporting structure. An operating segment is defined as a component of an entity which generates revenues and incurs expenses from its business activities, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The chief operating decision maker is the Executive Board of Adler Modemärkte AG.

As in the previous year, there was only one reportable segment in the reporting period: "Stores (Modemärkte)".

30/06/2016 (€'000)	Stores segment	Reconciliation with IFRS	ADLER Group
Total revenue (net)	256,858	217	257,075
EBITDA	-4,686	5,421	735

30/06/2015 (€'000)	Stores segment	Reconciliation with IFRS	ADLER Group
Total revenue (net)	268,163	257	268,420
EBITDA	-843	5,368	4,525

The reconciliation contains differences from various account allocations for internal control purposes and differences arising between national accounting standards and IFRSs. Where revenue is concerned, these differences relate primarily to customer discounts, while the differences relating to revenue from trading stem from logistics services and differences relating to total costs stem from differences in the accounting treatment for leases and pension provisions under HGB and IFRSs.

Non-current assets, defined as intangible assets, property, plant and equipment and investment property, are broken down by region as follows:

€'000	30/06/2016			31/12/2015		
	Germany	Inter-national	Group	Germany	Inter-national	Group
Non-current assets	79,980	8,077	88,057	80,804	7,896	88,700

V. RELATED PARTY DISCLOSURES

As at 25 April 2013, Adler Modemärkte AG is an associated company of S&E Kapital GmbH, Bergkamen, and indirectly an associated company of Steilmann Holding AG i.l., Bergkamen. Steilmann Holding AG i.l. and its subsidiaries are thus to be considered related parties.

Transactions with related parties are contractually agreed and carried out at arm's length prices.

The following transactions were entered into with related parties:

€'000	01/01 - 30/06/2016	01/01 - 30/06/2015
Services purchased from related parties:		
Steilmann Group	14,206	12,160
Sale of goods, services and non-current assets to related parties:		
Steilmann Group	227	646

The following balances with related parties were outstanding at the end of the reporting periods:

€'000	30/06/2016	31/12/2015
Trade receivables / services from related parties:		
Steilmann Group	46	1,075
Trade payables / services from related parties:		
Steilmann Group	822	3,302

Family members of individuals in key positions provided services to the ADLER Group in the amount of €0 thousand (H1 2015: €6 thousand). The services were remunerated at arm's length conditions. A member of the Executive Board was billed rent amounting to €1 thousand.

Goods and services amounting to €142 thousand were procured from Elan PVT Limited, Hong Kong, in the reporting period. In the previous year, goods amounting to €237 thousand were procured from G&C Enterprise S.p.a., Naples, Italy, and Elan PVT Limited, Hong Kong. These companies are associated with members of the Supervisory Board and are therefore treated as related parties in accordance with IAS 24. The outstanding liabilities to Elan PVT Limited, Hong Kong, for deliveries of goods amounted to €57 thousand as at the reporting date (31 December 2015: €52 thousand).

Remuneration for members of the Supervisory Board in their function as employees amounted to €138 thousand during the reporting period (H1 2015: €144 thousand).

The number of stock appreciation rights (SARs) issued during the reporting period totalled 25,000 (H1 2015: 50,000). The current gain for the period amounted to €112 thousand (gain of €38 thousand in H1 2015).

The valuation parameters have not changed. As at 30 June 2016, non-current provisions amounted to €6 thousand (31 December 2015: €118 thousand).

For information relating to the remuneration of the Executive Board, please refer to the details given in the consolidated financial statements as at 31 December 2015.

Haibach, 2 August 2016

Lothar Schäfer
Chairman of the Executive Board

Karsten Odemann
Member of the Executive Board



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