

REPORT ON THE FIRST QUARTER

— 2013 —



KEY FIGURES

Income statement		Q1 2013	Q1 2012	Change absolute	Change relative
Revenue	€ million	104.4	106.5	-2.1	-2.0%
EBITDA	€ million	-9.1	-7.6	-1.5	-20.1%
EBITDA margin	%	-8.7%	-7.1%	-1.6%	-22.6%
EBIT	€ million	-12.6	-11.2	-1.4	-12.3%
EBIT margin	%	-12.1%	-10.5%	-1.5%	-14.7%
Consolidated profit for the year	€ million	-10.6	-9.6	-1.0	-10.7%

Earnings per share		Q1 2013	Q1 2012	Change absolute	Change relative
Earnings per share	€	-0.60	-0.52	-0.08	-15.1%

Net assets		03/31/2013	12/31/2012	Change absolute	Change relative
Total assets	€ million	202.6	210.4	-7.8	-3.7%
Equity	€ million	68.9	79.9	-11.0	-13.8%
Equity ratio	%	34.0%	38.0%		
Debt equity ratio		1.94	1.63		

Financial position		Q1 2013	Q1 2012	Change absolute	Change relative
Net cash flows from operating activities	€ million	-11.9	-11.4	-0.5	-4.0%
Net cash flows from investing activities	€ million	-2.3	-2.2	-0.1	-3.2%
Free cash flow	€ million	-14.2	-13.6	-0.5	-3.8%

Employees		03/31/2013	03/31/2012	Change absolute	Change relative
Number of employees as of June 30	number	4,294	4,386	-73	-2.1%

Stores		03/31/2013	03/31/2012	Change absolute	Change relative
Total number of stores	number	169	167	2	1.2%

FINANCIAL CALENDAR

13 June 2013
8 August 2013
7 November 2013

Annual shareholders' meeting
Publication of the H1 2013 interim report
Publication of the Q3 2013 interim report

PERFORMANCE IN THE FIRST THREE MONTHS OF FINANCIAL YEAR 2013

HIGHLIGHTS:

- ADLER share price experiences strong rally
- Steilmann Group becomes new anchor shareholder
- ADLER barely phased by industry's weak quarterly performance
- KPIs just slightly below previous year
- Results in line with seasonal expectations
- Gross profit up 2.9 percentage points

ECONOMIC SITUATION AND BUSINESS DEVELOPMENT

According to predictions by economic researchers and economists, the developments in Europe will have a profound impact on business performance this year. The euro and sovereign debt crisis, particularly in southern Europe, continues to shape the business climate. Traditionally, the countries in southern Europe are key export markets for Germany, meaning that this will also noticeably impact German economic performance. The 0.6% decline in gross domestic product recorded in the fourth quarter of 2012 represented the first warning shot.

Accordingly, the German Council of Economic Experts lowered their growth forecast for 2013 at the end of last year from originally +0.8% to now just +0.3%. At the beginning of the year, the Deutsche Bundesbank and the German federal government forecast potential growth of only 0.4%. This reflects the expectation that positive momentum will not come from exports, but rather from domestic consumption, which has remained high due to low unemployment. No turnaround is in sight before the second half of the year, and the effects of any such trend reversal would not be felt until 2014.

However, according to the Bundesbank's estimates, the recent gloom will not divert the German economy from its general growth path. According to the most recent monthly report published by the Bundesbank, „The overall rather positive atmosphere, the ongoing expansion of employment and the reinvigorated demand for capital goods suggest that the upturn in the German economy will continue in the second quarter“. However, the 0.8% growth predicted for 2013 and recently published in the „spring forecasts“ – a joint forecast report compiled by four research institutes – is viewed on the whole as being far too optimistic.

CUSTOMER FREQUENCY CONTINUES TO SLIP IN THE GERMAN TEXTILE RETAIL INDUSTRY

As in financial year 2012, Q1 2013 also experienced significantly declining customer frequency at clothing stores in Germany. This was exacerbated by a seemingly unending winter which, save but a few days, held all of March in its icy grip and cost the German economy roughly two billion euros according to calculations by trade associations. For the first quarter of 2013, the FootFall index recorded an average decline of 3.8% in the number of visitors in the German textile retail industry compared to the already relatively weak previous year figures. According to the test panel conducted by the trade journal „TextilWirtschaft“, this continuing decrease in customer frequency even led to an average drop in revenue of 6.0%.

By contrast, Adler Modemärkte AG performed respectably, distancing itself from this considerable negative trend with a revenue decline of only 2.0%. However, ADLER had an inconsistent first quarter. As is typical for this reporting period, the business was shaped largely by the sale of the winter merchandise, particularly since the exceedingly long winter dampened any enthusiasm consumers had in the spring for the new seasonal merchandise. A sluggish January was followed by an encouraging February, although this positive trend was again reversed by a March that was much too cold.

DEVELOPMENT AND ANALYSIS OF REVENUE

The first quarter of the calendar year is typically the weakest quarter for ADLER. This is attributable to the seasonal sale of winter merchandise, ending with the seasonal clearance sale at the end of February. March ushers in the changeover to the new spring and summer collections. Although already reflected in the purchasing costs, the changeover's effects rarely have a noticeable impact on sale proceeds during this reporting period. The continuing decline in customer frequency in the German textile retail industry increased pressure on revenue during the first three months of 2013. Accordingly and as expected given the season, ADLER's income figures declined in first quarter of 2013 in terms of earnings performance. Given the comparatively more pronounced drop in revenue across the industry, Adler Modemärkte AG nevertheless performed exceptionally well during this difficult phase. The robust increase in the gross profit margin alone (discussed in detail below) is a reflection of this fact.

The Company's revenue decreased slightly from €106.5 million in the previous year to €104.4 million in the first quarter (-2.0%). This €2.1 million decline is attributable solely to the long winter and poor customer frequency in the retail industry. In Germany, the Company's traditional core market, revenue amounted to €84.3 million (previous year: €86.6 million) and thus declined by 2.7%. Income of €16.3 million in Austria just barely fell short of the previous year's figure (€16.5 million). Revenue in Luxembourg remained constant at €3.4 million (previous year: €3.4 million).

Although revenue (including that from newly opened stores) decreased by just 2.0%, revenue at existing stores (like-for-like revenue) fell by 5.3%. This shows that ADLER, too, could not completely escape the industry's downward trend in the first quarter. During the first quarter of 2013 ADLER

opened the retail store in Hilden near Düsseldorf. As was the case with the stores opened during the previous year, this store will require a certain amount of time to ramp up before it breaks even or generates its planned return on investment. One ADLER store in Linz was closed during the same period.

FINANCIAL PERFORMANCE

Cost of materials (€52.7 million) at the ADLER Group was considerably lower than the previous year's figure (€56.9 million). This 7.5% decrease in the cost of materials outpaced the 2.0% decline in revenue. This improvement in the cost of goods is reflected by the marked increase in the gross profit on goods sold (consolidated revenue less the cost of materials). Gross profit rose by €2.1 million, or 4.2%, from €49.6 million in the previous year to €51.7 million. The gross profit margin thus increased by 2.9 percentage points to 49.5%, up considerably on the previous year's figure of 46.6%. This positive trend is attributable to three specific measures: (1) foregoing excessive discounts for the Christmas holiday and seasonal clearance sales; (2) a targeted analysis and adjustment of the pricing structure for the entire product range; and (3) the increased ratio of directly purchased goods. The latter measures, in particular, are of a permanent nature and will thus have a sustainable and positive impact on ADLER's earnings situation.

ADLER's personnel expenses rose from €22.1 million in the previous year to €23.3 million in the first quarter of 2013. This effect was attributable primarily to the expired restructured collective bargaining agreement and the associated increase in wage costs. Other operating expenses increased to €39.0 million in the reporting period (previous year: €36.7 million). This was due to deliberate increases in marketing and promotional expenses for promotional mailers and advertising inserts. Furthermore, ADLER launched a new, high-profile TV advertising campaign, coupled with adverts in consumer publications at the end of the first quarter in order to further increase awareness of the ADLER umbrella brand and to sustainably boost customer frequency and revenue.

EBITDA

The ADLER Executive Board regards earnings before interest, taxes, depreciation and amortisation (EBITDA) to be the most important performance indicator for income since it largely excludes any non-recurring items. In line with Company expectations, EBITDA (€-9.1 million) was in the low seven-figure range during the reporting period, missing the previous year's figure (€-7.6 million) by €1.5 million. This was primarily attributable to lower revenue and slightly higher operating costs.

Write-downs totalled €3.5 million during the reporting period, down marginally from the previous year's figure of €3.6 million. Earnings before interest and taxes (EBIT) amounted to €-12.6 million (previous year: €-11.2 million). Net finance costs totalled €1.1 million (previous year: €0.9 million).

Earnings before taxes (EBT) amounted to €-13.7 million (previous year: €-12.1 million). Net income from continuing operations totalled €-10.6 million (previous year: €-9.6 million) following deferred taxes of €3.1 million (previous year: €2.6 million). The consolidated net loss for the period after taxes amounted to €-10.6 million (previous year: €-9.6 million), which was equal to the net income attributable to the shareholders of Adler Modemärkte AG.

The adjusted earnings per share amounted to €-0.60 (based on 17,621,197 no-par value shares). Earnings per share totalled €-0.52 in the comparable period.

FINANCIAL POSITION AND CASH FLOWS

The ADLER Group's total assets as at 31 March 2013 amounted to €202.6 million. Compared to the period ended 31 December 2012 (€210.4 million), this was a decrease of €7.8 million. As at 31 March 2013, inventories increased by €8.5 million from €78.2 million (31 December 2012) to €86.7 million. This overall rise in inventories was due to the seasonal inventory changeover to the new spring and summer collections at the stores. Intangible assets increased by €0.4 million to €6.3 million. Property, plant and equipment decreased by €2.8 million to €61.9 million (31 December 2012: €64.7 million) due to lease agreement adjustments for finance leases.

On the equity and liabilities side of the statement of financial position, equity fell to €68.9 million (31 December 2012: €79.9 million), down €11.0 million. This was due primarily to the consolidated net loss for the period and the recognition of actuarial losses under other comprehensive income in accordance with IAS 19. Accordingly, the equity ratio once again decreased from 38.0% (31 December 2012) to 34.0% as at the end of the reporting period. As at the end of the quarter, the debt/equity ratio rose from 1.63 (31 December 2012) to the present 1.94. This seasonally fluctuating value increased due to lower equity and higher trade payables.

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. As at 31 March 2013, working capital rose from €44.5 million (31 December 2012) to €46.8 million.

CASH FLOW AND CASH FLOW MANAGEMENT

Cash flow from operating activities is of crucial importance for ADLER's financial resources. As in the previous year, the cash used in operating activities for the seasonal increase in inventories amounted to €11.9 million in the first quarter of 2013 (previous year: €-11.4 million). By contrast, cash used in investing activities totalled €2.3 million (previous year: €2.2 million). Thus, free cash flow amounted to €-14.2 million (previous year: €-13.6 million). Cash used in financing activities in the first quarter of 2013 totalled €3.0 million (previous year: €1.7 million). As a consequence, total cash and cash equivalents in the reporting period decreased by €17.1 million (previous year: decrease of €15.3 million).

INVESTMENT

ADLER Group's investments during the first quarter of 2013 totalled €2.3 million (previous year: €2.2 million). Of that amount, €1.7 million (previous year: €1.8 million) was attributable to property, plant and equipment (operating and office equipment) and €0.6 million (previous year: €0.4 million) to intangible assets. In addition to expenses for maintenance and repairs, investments for the reporting period include costs for the new store opened in Hilden (and in part for the store in Aalen). The Hilden store was opened in March 2013 and the Aalen store is slated to join the retail chain in May 2013.

EMPLOYEES

As at 31 March 2013, the ADLER Group had a total of 4,294 employees, or 2.1% less employees than in the same period of the previous year. Measured in full-time equivalents, ADLER had 2,694.7 employees as compared to the 2,762.1 employees in the previous year (-2.5%). As a company that takes on trainees, ADLER traditionally also assumes social responsibility for young people. As at the end of the first quarter, the Company employed a total of 273 trainees (across all apprenticeship years), compared to exactly 281 trainees in the same period of the previous year.

RISK REPORT

In preparing an assessment of the Company's opportunities and risks, ADLER was not able to identify any changes or developments as at the end of the first quarter that required a reassessment of the Company's position as presented in its 2012 annual report. There were no risks to the Company as a going concern and neither have any been identified for the foreseeable future. Please refer to the „Report on risks and opportunities“ on pages 47 to 50 of the 2012 annual report for a description of the ADLER risk management system, including qualitative estimates.

PERSONNEL MATTERS

ADLER's Executive Board underwent personnel changes during the period under review. In an extraordinary meeting on 5 February, the Supervisory Board of Adler Modemärkte AG unanimously confirmed Lothar Schäfer to head the Company as its CEO for another three years until February 2016. By contrast, the service contract of the Chief Sales Officer, Thomas Wanke, was terminated by mutual agreement as at 22 February. The Supervisory Board justified this step with the desire to scale the Executive Board back down to three members, which is more in line with ADLER's revenue volume, after it was expanded to four members in May 2012. CEO Lothar Schäfer will assume Mr Wanke's sales, marketing, expansion and construction responsibilities.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Towards the end of the reporting period and subsequently until the publication of this interim financial report there were events that will substantially change the shareholder structure of the Company and its future strategic direction.

On 20 March 2013, the Steilmann Group, Bergkamen, Germany, announced that it had acquired a total of 49.96% of the ADLER shares from the previous principal shareholder, bluO (Cheverny Investment Ltd.), and that it intended, via a bidder company (Blitz 13-310 GmbH (the future S&E Kapital GmbH)), to submit to the remaining shareholders a voluntary public takeover offer for their ADLER shares. Shortly thereafter, an initial offer in line with the statutory minimum price of €6.29 per ADLER share was submitted. Taking into consideration all general conditions of the takeover offer and given the statements in their detailed opinion, specifically the „Fairness Opinion“ prepared by equinet Bank AG and the underlying examinations and analyses, the financial analyses submitted and the current stock exchange prices for ADLER shares, the Executive Board and the Supervisory Board, in their recommendation to the ADLER shareholders pursuant to § 27 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, „WpÜG“), have declared that this price cannot be considered appropriate. The two boards have emphasised that the offer price fails to reflect ADLER's long-term value and have therefore advised the ADLER shareholders against selling their shares at these conditions.

However, from an entrepreneurial perspective, the Executive Board and the Supervisory Board of ADLER generally welcome the offer submitted by the Steilmann Group and its bidder company. The two boards generally welcome the bidder's intention to maintain both ADLER's corporate strategy as an independent company which is listed on the Prime Standard of the Frankfurt Stock Exchange and also its business model. They consider that there is potential to continue driving forward ADLER's positive development.

ADLER's Executive Board and Supervisory Board are also open to the synergies raised in the offer in relation to procurement and distribution using the Steilmann Group's expertise and production capacities. The two boards welcome the fact that, according to the offer document, there is no intention to move or close the registered office or locations of key parts of the Company. They also welcome the bidder's intention to work together with the existing Executive Board. The Executive Board thus considers it is in a position to continue its previously successful work in the interest of all ADLER shareholders and to remain focused on moderate expansion and increased earnings. The Executive Board is therefore open to the future negotiations raised by the bidder with respect to co-operation.

The Steilmann Group has since acquired and received the block of shares from bluO; on 26 April 2013, ADLER received the corresponding voting rights notification that the Steilmann Group now holds a total of 49.96% of the ADLER shares. Since the antitrust authorities have also approved the transaction, the transaction is now legally concluded. At the time this report when to press the public purchase offer submitted to the remaining ADLER shareholders had not yet been completed.

Gerhard Wöhr, Nuremberg, an industry investor, filed notice on 27 March that his 5.033% voting interest in Adler Modemärkte AG had exceeded another disclosure requirement threshold. Gerhard Wöhr had initially acquired a 3.1% equity investment in Adler Modemärkte AG in January 2012. In a statement Mr Wöhr described his involvement purely as a financial investment that he had entered into believing firmly in the ADLER business model and the intrinsic value of the Company.

On 18 January, Farrington Capital Investments SA, Luxembourg, filed notice that its shareholding in Adler Modemärkte AG had exceeded the threshold of 3% and now amounted to 3.47% On 10

January, the investor Dr. Peter Löw filed notice that his shareholding in the Company had exceeded the threshold of 5% and amounted to exactly 5.01%. On the other hand, on 16 January, DWS Investment GmbH filed notice that its ADLER shareholding had fallen below the threshold of 5% and now totalled 4.95%. Other than that, there were no material changes to the shareholder structure.

ADLER SHARE PRICE PERFORMANCE

The shares of the ADLER Group experienced a strong rally in the first quarter of 2013. The share price improved in particular at the end of January following the announcement of ADLER's solid earnings in the 2012 financial year and the dividend proposal. Calculated on the basis of closing prices, the ADLER share price during the reporting period rose from €4.95 on 2 January to €6.50 on 28 March, the final trading day of the quarter. This corresponds to an increase of 31.3%. ADLER shares even gained €2.71 in value, or 56.0%, when measured against the lowest price of €4.84 on 9 January and the highest price of €7.55 on 11 March.

Between the closing of trading on 20 March and the opening of securities trading on the following day, the Steilmann Group published a statement announcing that it had acquired 49.96% of the ADLER shares pursuant to an agreement with the previous principal shareholder, bluO. It simultaneously announced that it intended to submit to the remaining shareholders a voluntary takeover offer for their shares in the amount of the average price of the ADLER shares of the previous three months. The ADLER share price consequently declined by €0.49 once trading opened. However, it remained consistently above the Steilmann offer price, which had shortly thereafter been fixed at €6.29.

The Executive Board of Adler Modemärkte AG held investor conferences and road shows in Frankfurt am Main and London during the first quarter in order to continue improving the climate for potential investors. The number of favourable reports about the Company and recommendations to purchase ADLER shares increased to large extent due to the solid 2012 annual result and Steilmann's offer as a strategic investor. Multiple investment firms published their assessments that they believed that the ADLER share price might not only considerably exceed the Steilmann offer price, but also the reporting period's highest price of €7.55.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement for the period from 1 January to 31 March 2013

k€	Jan. 1, - March 31, 2013	Jan. 1, - March 31, 2012**
Revenue	104,372	106,549
Other operating income	1,453	1,496
Material expenses	-52,674	-56,869
Personnel expenses	-23,312	-22,050
Other operating expenses	-38,960	-36,720
EBITDA	-9,122	-7,595
Depreciation and amortisation	-3,467	-3,611
EBIT	-12,589	-11,206
Other interest and similar income	12	48
Interest and similar expenses	-1,096	-947
Financial result	-1,085	-899
Net income from operations	-13,675	-12,104
Income taxes	3,108	2,554
Consolidated profit for the year	-10,566	-9,550
Of which attributable to shareholders of Adler Modemärkte AG	-10,566	-9,550
Earnings per share*		
Basic in €	-0.60	-0.52

* Earnings per share were calculated on the basis of the weighted average of existing shares in the period from 1 January to 31 March 2013 in the amount of 17,621,197 shares. 18,332,473 shares were taken into account in the previous year.

** Adjusted Values look at point 6, page 17.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income for the period from 1 January to 31 March 2013

k€	Jan. 1, - March 31, 2013	Jan. 1, - March 31, 2012
Consolidated loss for the period (-)	-10,566	-9,550
Change in fair value of available-for-sale financial instruments	-430	9
Other comprehensive income	-430	9
Consolidated total comprehensive income	-10,996	-9,541
Of which attributable to shareholders of Adler Modemärkte AG	-10,996	-9,541

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position as at 31 March 2013

ASSETS in k€	March 31, 2013	Dec. 31, 2012
Non-current assets		
Intangible assets	6,328	5,896
Property, plant and equipment	61,878	64,724
Investment property	2,002	2,002
Other non-current receivables and assets	494	483
Deferred tax assets	11,208	7,829
Total non-current assets	81,911	80,934
Current assets		
Inventories	86,705	78,168
Trade receivables	58	75
Other current receivables and assets	8,700	8,905
Available-for -sale financial assets	264	257
Cash and cash equivalents	24,994	42,111
Total current assets	120,720	129,516
Total ASSETS	202,630	210,450

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position as at 31 March 2013

ASSETS in k€	March 31, 2013	Dec. 31, 2012
EQUITY		
Capital and reserves		
Subscribed capital	17,621	17,621
Capital reserves	119,409	119,409
Accumulated other comprehensive income	-436	-4
Net accumulated losses	-67,685	-57,120
Total equity	68,908	79,906
LIABILITIES		
Non-current liabilities		
Provisions for pensions and similar obligations	4,641	4,131
Other non-current provisions	1,222	1,240
Non-current financial liabilities	3,840	3,838
Non-current financial lease obligations	38,401	41,092
Other non-current liabilities	632	1,316
Deferred tax liabilities	248	139
Total non-current liabilities	48,984	51,756
Current liabilities		
Other current provisions	2,653	2,536
Current financial liabilities	15,509	15,849
Current finance lease obligations	7,337	7,609
Trade payables	40,015	33,771
Other current liabilities	18,348	17,498
Current income tax liabilities	876	1,525
Total current liabilities	84,738	78,788
Total liabilities	134,722	130,544
Total EQUITY and LIABILITIES	202,630	210,450

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity for the period from 1 January to 31 March 2013

k€	Subscribed capital	Capital reserves	Accumulated other comprehensive income	Net accumulated losses	Total equity
As at Jan. 1, 2013	17,621	119,409	-5	-57,121	79,906
Share buyback	0	0	0	0	0
Total transactions with shareholders	17,621	119,409	-5	-57,121	79,906
Consolidated loss for the period	0	0	0	-10,566	-10,566
Other comprehensive income	0	0	-431	0	-431
Consolidated total comprehensive income	0	0	-436	-10,566	-10,996
As at March 31, 2013	17,621	119,409	-436	-67,687	68,909

Consolidated statement of changes in equity for the period from 1 January to 31 March 2012

k€	Subscribed capital	Capital reserves	Accumulated other comprehensive income	Net accumulated losses	Total equity
As at Jan. 1, 2012	18,510	123,521	-15	-67,436	74,580
Share buyback	- 430	-1,992	0	0	-2,422
Total transactions with shareholders	18,080	121,529	-15	-67,436	72,158
Consolidated loss for the period	0	0	0	-9,550	-9,550
Other comprehensive income	0	0	9	0	9
Consolidated total comprehensive income	0	0	9	-9,550	-9,541
As at March 31, 2012	18,080	121,529	-6	-76,986	62,617

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement for the period from 1 January to 31 March 2013

k€	Jan. 1, - March 31, 2013	Jan. 1, - March 31, 2012
Consolidated loss for the period (-) before taxes	-13,674	-12,104
(+) Depreciation of property, plant and equipment and amortisation of intangible assets	3,467	3,611
Increase (+) / Decrease (-) of provisions for pensions	510	-42
Profit (-) / Loss (+) resulting from the sale of non-current assets	146	30
Profit (-) / Loss (+) from translation of foreign operations	4	0
Other non-cash expenses	-1,153	8,046
Net interest income	1,085	828
Interest income	12	48
Interest expense	-87	-78
Income taxes paid	-1,218	-1,008
Increase (+) / Decrease (-) of inventories	-10,290	-14,706
Increase (-) of trade receivables and other receivables	61	-1,348
Decrease (-) in trade payables, other liabilities and other provisions	9,295	5,545
Increase (+)/Decrease (-) of other items contained in the statement of financial position	-31	-262
Net cash flows from operating activities	-11,874	-11,422
Proceeds from disposal of non-current assets	39	3
Payments for investments in non-current assets	-2,323	-2,217
Net cash flows from operating activities	-2,284	-2,214
Free cash flow	-14,159	-13,636
Payments resulting from the repayment (-)/ borrowing (+) of current financial liabilities	0	4,020
Payments for share buyback programme	0	-2,422
Payments in connection with the repayment of loan liabilities	-65	-63
Payments in connection with finance lease liabilities	-2,894	-3,204
Net cash flows from financing activities	-2,959	-1,669
Net change in cash and cash equivalents	-17,118	-15,305
Cash and cash equivalents at beginning of period	42,112	40,024
Cash and cash equivalents at end of period	24,994	24,719
Net change in cash and cash equivalents	-17,118	-15,305

DISCLOSURE REQUIREMENTS IN THE NOTES TO THE INTERIM REPORT AS AT 31 MARCH 2013

I. PRELIMINARY REMARKS

Adler Modemärkte AG, having its registered office in Haibach near Aschaffenburg, is the strategic and operating holding company of the ADLER Group. It operates the stores in Germany. Additional stores in Germany are operated by Adler Mode GmbH, Haibach. The Group operates its Austrian stores through the wholly-owned subsidiaries Adler Modemärkte Gesellschaft m.b.H. and Adler Asset GmbH, both in Ansfelden, Austria. Its stores in Luxembourg are operated by the wholly-owned subsidiary ADLER MODE S.A., Foetz, Luxembourg. The Group operates its Switzerland store through the wholly-owned subsidiary Adler Mode Schweiz AG, Zug, Switzerland.

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.

ADLER is engaged almost exclusively in the textile retail industry and operating specialist clothing stores as part of specialist stores or shopping centres. It also operates specialist clothing stores as retail stores or together with other retailers at locations operated jointly. The ADLER stores offer a wide range of product lines, including all major clothing categories as well as lingerie and accessories.

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 31 March 2013 were prepared in accordance with IAS 34. 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. The amendments to IAS 19 were applied for the first time in the period under review. Actuarial gains and losses are recognised directly in other comprehensive income. Furthermore, the return on plan assets may no longer be estimated according to the expected return based on the asset allocation; instead only a gain based on the expected return on plan assets in the amount of the discount rate may be recognised.

Those International Financial Reporting Standards (IFRSs) were applied that had become mandatory by the end of the reporting period on 31 March 2013. There was no early adoption of standards whose application had not yet become mandatory as at 31 March 2013.

The notes to the 2012 consolidated financial statements apply accordingly in particular with respect to the significant accounting policies adopted.

These interim financial statements were not subjected to an audit review (prüferische Durchsicht).

GROUP OF CONSOLIDATED COMPANIES/SHAREHOLDINGS

Pursuant to the notarised agreement dated 25 March 2013, Adler Asset GmbH, Ansfelden, Austria, was merged with Adler Modemärkte Gesellschaft m.b.H., Ansfelden, Austria, effective 31 December 2012. As at the end of the reporting period, the merger had not been entered into the register of companies.

III. OTHER NOTES

1. SEASONAL EFFECTS

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

2. EQUITY

No shares were bought back during the reporting period and subscribed capital amounted to €18,510 thousand. The reported subscribed capital relates to this share capital, less the shares acquired under the previous year's share buyback programme.

In the first quarter of 2012, 430,080 treasury shares were acquired and offset with the corresponding items in equity. Accordingly, €430 thousand in subscribed capital and €1,992 thousand in capital reserves were deducted directly.

3. EARNINGS PER SHARE

Shares bought back during a period are taken into account on a pro-rated basis for the period in which they are in circulation. No shares were bought back during the reporting period. There are no dilutive effects at the present time.

There were 18,510,000 existing shares during the period under review, of which 888,803 were held in treasury. The weighted average of existing shares in the reporting period amounted to 18,332,473 shares.

Earnings per share amounted to €-0.60 (previous year: €-0.52).

4. INVESTMENT PROPERTY

An increase in the Group's own use of investment property led to a reclassification under property, plant and equipment in 2012. There were no changes to the Group's own use of investment property in the first quarter of 2013.

5. FINANCIAL LIABILITIES

Customer discounts already redeemed were recorded and analysed on an interim basis for the first time in Q1 2013. This approach resulted in a €2,418 thousand reduction in income.

6. ADJUSTMENT OF COMPARATIVE INFORMATION FOR THE QUARTERLY FINANCIAL STATEMENTS AS AT 31 MARCH 2012

Since the fourth quarter of 2012 the compounding of pension obligations and return on plan assets are recognised under net finance costs instead of personnel expenses. Accordingly, the previous year's figures were adjusted by €71 thousand for the comparative period from 1 January to 31 March 2012.

k€	Jan. 1, - March 31, 2012 Published	Adjustment	Jan. 1, - March 31, 2012 Adjusted
Revenue	106,549	0	106,549
Other operating income	1,496	0	1,496
Material expenses	-56,869	0	-56,869
Personnel expenses	-22,121	71	-22,050
Other operating expenses	-36,720	0	-36,720
EBITDA	-7,665	71	-7,595
Depreciation	-3,611	0	-3,611
EBIT	-11,276	71	-11,206
Other interest and similar income	48	0	48
Interest and similar expenses	-876	-71	-947
Financial result	-828	-71	-899
Net income from operations	-12,105	0	-12,105
Income taxes	2,554	0	2,554
Consolidated profit for the year	-9,550	0	-9,550

7. OTHER COMPREHENSIVE INCOME

The Group has applied the amendments to IAS 19 since 1 January 2013. Had the amendments to IAS 19 already been applied in financial year 2012, the expense for pension commitments, severance payments, anniversary bonuses, death benefits and partial retirement obligations for the first quarter of 2012 would have decreased from €128 thousand to €98 thousand. The expenses to be recognised in other comprehensive income would have amounted to €282 thousand.

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)“. Therefore, we refer to the income statement of Adler Modemärkte AG.

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

k€	March 31, 2013			March 31, 2012		
	Germany	International	Group	Germany	International	Group
Non-current assets	58.741	11.467	70.209	49.380	15.991	65.371

Compared with the previous year, this includes assets of €357 thousand from the store opened in Switzerland in 2012.

V. RELATED PARTY DISCLOSURES

The related parties include the key management personnel of Adler Modemärkte AG. These persons are listed in the consolidated financial statements as at 31 December 2012. In the reporting period, only companies controlled by the principal shareholder bluO SICAV-SIF and its shareholders or legal representatives qualify as related parties. In the year under review, Adler Modemärkte AG was an associated company of bluO SICAV-SIF, Luxembourg.

Transactions with related parties are contractually agreed and carried out at prices that have also been agreed with third parties.

MOTEX Mode-Textil-Service Logistik und Management GmbH, Hörselgau, Germany, listed as a related party based on its relationship with bluO SICAV-SIF, lost its status as an affiliated company at the end of the first half of 2012. Therefore, outstanding balances shown below were no longer taken into account on a pro rata basis.

The following transactions were entered into with related parties:

k€	01.01.- 31.03.2013	01.01.- 31.03.2012
Services purchased from affiliated companies	0	4.169
Total	0	4.169
Sale of services to affiliated companies	0	4
Total	0	4

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

k€	31.03.2013	31.12.2012
Accounts receivable from affiliated companies	0	0
Total	0	0
Accounts payable to affiliated companies	0	24
Total	0	24

Family members of individuals in key positions provided services to the Adler Group in the amount of €20 thousand (1 Jan. 2012 – 31 Mar. 2012: €7 thousand). The services were remunerated at arm's length conditions. In the period under review and in the previous year, no property, plant or equipment was sold to or acquired by family members or by individuals in key positions of controlled companies.

Remuneration for members of the Supervisory Board in their function as employees amounted to €52 thousand (1 Jan. 2012 – 31 Mar. 2012: €64 thousand) during the reporting period.

The number of stock appreciation rights (SARs) issued during the reporting period totalled 357,500 (1 Jan. 2012 – 31 Mar. 2012: 425,000). The current expense for the period amounts to €14 thousand (1 Jan. 2012 – 31 Mar. 2012: €45).

The valuation parameters have not changed. As at the end of 31 March 2013, non-current provisions amounted to €16 thousand (31 December 2012: €2 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 2012.

Haibach, 14 May 2013

Lothar Schäfer
Chairman of the Executive Board

Karsten Odemann
Member of the Executive Board

Manuela Baier
Member of the Executive Board

