



Half-year financial report 2009/10

# Key Figures for the Wolford Group (May 1 to October 31, 2009)

Amounts in thousands of EUR	First quarter ended	Second quarter ended	Six months ended		Change (absolute/ % points)
	July 31, 2009	Oct. 31, 2009	Oct. 31, 2009	Oct. 31, 2008	
Sales	27,319	41,152	68,471	76,656	(8,185)
EBITDA	(1,377)	7,311	5,934	7,154	(1,220)
EBITDA margin	-5.04%	17.76%	8.67%	9.33%	(0.66)
Operating profit (EBIT)	(3,307)	5,364	2,057	3,668	(1,611)
Currency-adjusted EBIT (operating profit)*	(3,298)	5,507	2,209	2,623	(414)
Financial result	(339)	(431)	(770)	(2,655)	1,885
Result from continuing operations (before taxes)	(3,646)	4,933	1,287	1,013	274
Net result for the period	(3,295)	4,050	755	716	39
Earnings per share in EUR	(0.67)	0.82	0.15	0.15	0.00
Result from continuing operations before taxes, plus depreciation, amortization and impairment	(1,716)	6,879	5,163	4,499	664
Net cash from operating activities	(6,063)	6,496	433	(6,468)	6,901
Capital investments excluding financial assets	1,191	3,392	4,583	9,294	(4,711)
Shareholders' equity			77,437	78,958	(1,521)
Equity ratio based on total assets			48.20%	45.71%	2.49
Net debt			37,659	40,559	(2,900)
Debt/equity ratio			48.63%	51.37%	(2.74)
Number of full-time equivalents at period end			1,496	1,689	(193)

\*) Operating profit before realized currency translation differences = EBIT +/- currency translation differences

## Stock Data

	2009/10	2008/09
ISIN-Code		AT0000834007
Number of shares	5,000,000	5,000,000
of which dividend-bearing	4,900,000	4,900,000
Earnings per share for the period	0.15 EUR	0.15 EUR
Stock price on April 30	8.34 EUR	22.89 EUR
Stock price high for first half of fiscal year	12.35 EUR	24.25 EUR
Stock price low for first half of fiscal year	7.80 EUR	13.50 EUR
Stock price on Oct. 31	12.05 EUR	15.33 EUR
Market capitalization on Oct. 31	60,250,000 EUR	76,650,000 EUR
Trading volume (average daily number of shares)	24,824	11,711



# Half-year management report

## Macroeconomic development

The first six months of the 2009/10 fiscal year (May 1, 2009 – October 31, 2009) were characterized by an extremely tense market environment, in which most markets were confronted with an economic downturn compared to the first half of the previous fiscal year. In particular, the downswing negatively affected Europe and the USA, whereas

various countries led by China continued to post growth rates, though dampened and thus served as a stabilizing economic force. The economic situation on international markets eased somewhat towards the end of the calendar year 2009, and initial signs of a recovery were perceptible in individual countries.

## Sales development

### Sales improvement in the second quarter

On balance, total sales of the Wolford Group were down 10.7 percent in the first half of the 2009/10 fiscal year (May 1, 2009 – October 31, 2009), to EUR 68.5 million. This year-on-year decline has to be seen in light of the record sales of EUR 76.7 million achieved in the first half of the 2008/09 fiscal

year, which in turn was partly related to a much more favorable market environment. Whereas sales fell by 14.4 percent during the first three months of the current fiscal year, the situation improved slightly in the second quarter, with sales down 8.0 percent compared to the previous year.

## Sales development (in EUR million)



## Consistent increase in sales at proprietary stores

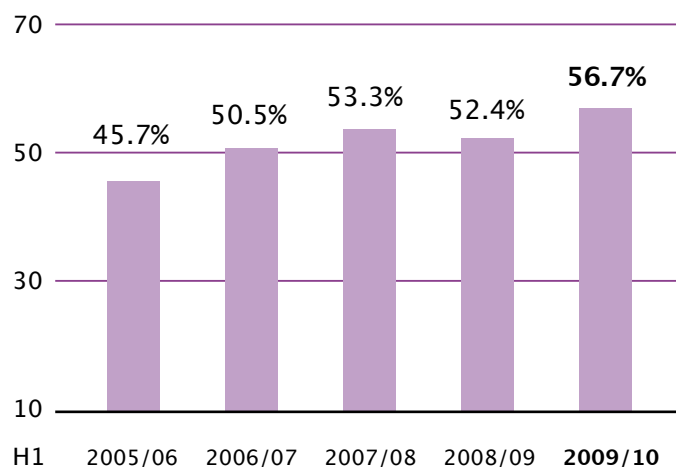
Wolford's proprietary stores (own boutiques, shop-in-shops and factory outlets) achieved a further increase in sales of 4.0 percent in the period under review, which is related to the strategic expansion of Wolford's distribution network. However, sales fell by 7.7 percent on a like-for-like basis. The retail segment increased its share of total Group sales to 44.3 percent, which in turn resulted in a rise of the share attributable to controlled distribution (via Wolford-owned and partner-operated boutiques, factory outlets and concession shop-in-shops) to 56.7 percent.

Considering the sales development of the individual distribution channels, sales with boutiques (Wolford-owned and partner-operated), which accounted for the largest share, or 45.0 percent of total sales in the first half of 2009/10, were down 6.5 percent. This development is due to

the declining business generated with partner-operated boutiques. In contrast, sales at the 107 Wolford-owned boutiques could be maintained at a stable level due to the opening of new stores or the takeover of existing partner-operated outlets. Department stores and multi-brand retailers posted a drop in sales, whereas factory outlets generated a gratifying sales increase of 8.8 percent.

Wolford determinedly pushed ahead with the roll-out of its store concept during the period under review. Accordingly, 11 points of sales were newly opened or redesigned to display the distinctive premium look in the first half of the 2009/10 fiscal year. As at October 31, 2009, a total of 210 outlets (93 proprietary and 117 partner-owned) embodied the modern and light look of the Wolford store concept.

## Sales share of controlled distribution



## Earnings

Improved result from continuing operations and net result for the period

Solid capital structure – further rise in the equity ratio

The result from continuing operations amounted to EUR 1.3 million in the first six months of 2009/10, improving by 27.1 percent in a year-on-year comparison. The net result for the period totaled EUR 0.8 million, a rise of 5.5 percent from the first half of the 2008/09 fiscal year (H1 2008/09: EUR 0.7 million). This development demonstrates that the cost reduction and efficiency-enhancing measures which were initiated have had a

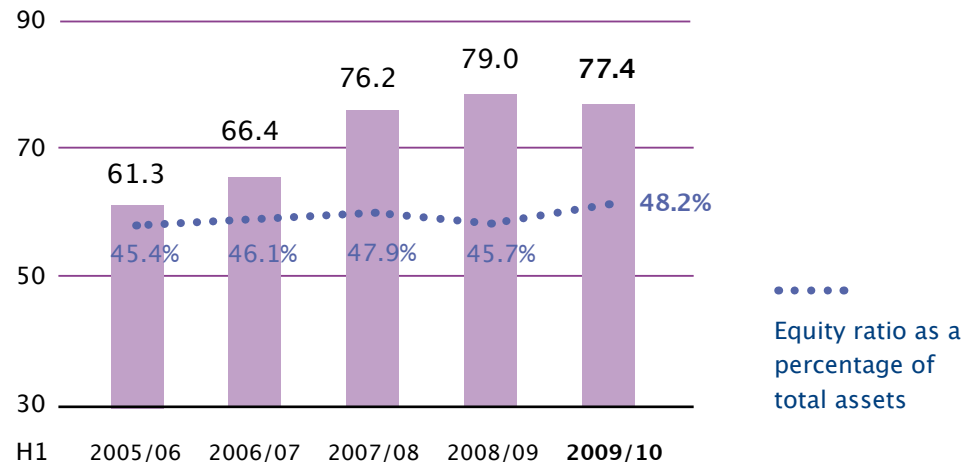
sustainable impact and positively affect the earnings situation of the Wolford Group.

The financial result improved significantly in the first six months of the current fiscal year, rising EUR 1.9 million due to the lower net interest expenses and a more favorable mark-to-market valuation of foreign currency transactions.

Inventories could be cut back by EUR 6.5 million compared to the previous year's level based on the implementation of inventory optimization measures. This represents a 13 percent inventory decrease, whereas delivery quality continues to remain high. The reduction in the financial resources tied up in working capital also had a very positive effect on the financial result. The Wolford Group will continue to determinedly pursue optimization measures in the second half of the fiscal year.

The persistent reduction of borrowings from banks and other financial liabilities combined with a lower level of capital expenditure resulted in a decline in net debt to EUR 37.7 million at the half-year balance sheet date of October 31, 2009, down from EUR 40.6 million as at October 31, 2008. Shareholders' equity of the Wolford Group totaled EUR 77.4 million on October 31, 2009, compared to the previous year's figure of EUR 79.0 million. The equity ratio climbed 2.5 percentage points in a year-on-year comparison to 48.2 percent as at the end of October 2009.

## Shareholders' equity (in EUR million)



## Favorable development of the Woford share in the first half-year

In the first six months of the 2009/10 fiscal year, the Woford share profited from the perceptible recovery on global stock markets, with the share price rising to EUR 12.05 as at October 31, 2009. This compares to a share price of EUR 8.34 on

April 30, 2009. The highest share price in the first half 2009/10 was reached on September 23, 2009, closing at EUR 12.35, with the lowest closing price of the first six months at EUR 7.80, posted on July 17, 2009.

## Woford in the future

### Well prepared for future growth

Although there were initial signs of a recovery in several markets during the second quarter, the Executive Board of Woford Aktiengesellschaft still expects a continuing difficult market environment to prevail in the second half of the 2009/10 fiscal year. Order volume for the spring/summer 2010 collection was rather restrained due to the ongoing uncertain economic situation. However,

demand slightly picked up in November and the first days of the Christmas trade. Based on the strategic orientation of the company accompanied by the consistent implementation of efficiency-enhancing measures, the Woford Group is well prepared for the future. From today's point of view, the Executive Board anticipates moderate growth once again in the 2010/11 fiscal year.

Consolidated balance sheet at October 31, 2009 (IFRS)

In thousands of EUR	Oct. 31, 2009	Oct. 31, 2008	Apr. 30, 2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	65,336	65,965	65,022
Goodwill	1,133	1,207	1,180
Intangible assets excluding goodwill	10,692	8,589	10,672
Non-current available-for-sale financial assets	4,956	7,593	4,780
Non-current receivables and other assets	1,194	1,342	1,327
	<b>83,311</b>	<b>84,696</b>	<b>82,981</b>
<b>Deferred tax assets</b>	<b>4,973</b>	<b>4,964</b>	<b>5,220</b>
<b>Current assets</b>			
Inventories	43,365	49,856	44,747
Current receivables and other assets	21,013	25,521	16,137
Prepaid expenses	3,337	3,512	2,102
Current available-for-sale financial assets	38	37	38
Cash and cash equivalents	4,609	4,168	3,752
	<b>72,362</b>	<b>83,094</b>	<b>66,776</b>
<b>Total assets</b>	<b>160,646</b>	<b>172,754</b>	<b>154,977</b>



In thousands of EUR	Oct. 31, 2009	Oct. 31, 2008	Apr. 30, 2009
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital and capital reserves	38,168	38,168	38,168
Other reserves	32,726	32,243	32,551
Currency translation differences	(3,408)	(2,239)	(3,102)
Retained earnings	14,615	15,450	13,865
Treasury stock	(4,664)	(4,664)	(4,664)
	<b>77,437</b>	<b>78,958</b>	<b>76,818</b>
<b>Deferred tax liabilities</b>	<b>329</b>	<b>334</b>	<b>349</b>
<b>Non-current liabilities</b>			
Long-term debt	7,459	4,739	18,614
Provisions for employee benefits	13,763	16,144	13,756
Other non-current liabilities	163	150	158
	<b>21,385</b>	<b>21,033</b>	<b>32,528</b>
<b>Current liabilities</b>			
Current portion of long-term debt	2,313	3,382	2,903
Bank loans and overdrafts	36,200	42,996	19,729
Current provisions	5,196	6,443	4,741
Trade payables	4,362	4,881	4,051
Advance payments received	953	906	1,024
Other current liabilities	12,471	13,821	12,834
	<b>61,495</b>	<b>72,429</b>	<b>45,282</b>
<b>Total shareholders' equity and liabilities</b>	<b>160,646</b>	<b>172,754</b>	<b>154,977</b>

## Consolidated income statement (IFRS)

In thousands of EUR	Second quarter ended		Six months ended	
	Oct. 31, 2009	Oct. 31, 2008	Oct. 31, 2009	Oct. 31, 2008
Sales	41,152	44,743	68,471	76,656
Other operating income	861	1,649	1,766	2,292
Change in inventories of finished goods and work-in-process	(4,714)	(3,862)	(1,061)	1,013
Own work capitalised	37	52	59	76
<b>Operating output</b>	<b>37,336</b>	<b>42,582</b>	<b>69,235</b>	<b>80,037</b>
Cost of materials and purchased services	(4,544)	(7,425)	(12,538)	(18,410)
Staff costs	(15,747)	(17,723)	(32,620)	(37,082)
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets	(1,946)	(1,798)	(3,876)	(3,486)
Other operating expenses	(9,735)	(9,351)	(18,144)	(17,391)
<b>Operating profit (EBIT)</b>	<b>5,364</b>	<b>6,285</b>	<b>2,057</b>	<b>3,668</b>
Net interest cost	(246)	(1,823)	(399)	(2,333)
Net investment securities income	2	76	3	105
Interest cost of employee benefit liabilities	(187)	(214)	(374)	(427)
<b>Financial result</b>	<b>(431)</b>	<b>(1,961)</b>	<b>(770)</b>	<b>(2,655)</b>
<b>Profit from continuing operations (before taxes)</b>	<b>4,933</b>	<b>4,324</b>	<b>1,287</b>	<b>1,013</b>
Income taxes	(883)	(708)	(532)	(297)
<b>Net profit for the period</b>	<b>4,050</b>	<b>3,616</b>	<b>755</b>	<b>716</b>

## Condensed consolidated cash flow statement (IFRS)

In thousands of EUR	Six months ended	
	Oct. 31, 2009	Oct. 31, 2008
<b>Net cash from operating activities</b>	433	(6,468)
<b>Net cash used in investing activities</b>	(4,258)	(8,619)
<b>Net cash from financing activities</b>	4,727	16,154
Net increase in cash and cash equivalents	902	1,067
Cash and cash equivalents at beginning of period	3,752	2,957
Effect of exchange rate fluctuations on cash and cash equivalents at beginning of period	(45)	144
<b>Cash and cash equivalents at end of period</b>	<b>4,609</b>	<b>4,168</b>

## Consolidated statement of changes in equity (IFRS)

In thousands of EUR	Six months ended	
	Oct. 31, 2009	Oct. 31, 2008
<b>Shareholders' equity at beginning of period</b>	<b>76,818</b>	<b>79,018</b>
Net profit for the period	755	716
Dividends	0	(2,107)
Increase in share capital	0	0
Sale of treasury stock	0	0
Currency translation	(306)	1,765
Other changes	170	(434)
<b>Shareholders' equity at end of period</b>	<b>77,437</b>	<b>78,958</b>

## Stock data

	Oct. 31, 2009	Oct. 31, 2008
Earnings per share in EUR (diluted = undiluted)	0.15	0.15
Weighted average number of shares outstanding in '000	4,900	4,900

## Notes on the interim financial report at October 31, 2009

**General information**

The consolidated interim financial statements of the Woldford Group for the first half of the 2009/10 fiscal year were prepared under the responsibility of the Executive Board in compliance with the International Financial Reporting Standards (IFRS) on the basis of IAS 34 (Interim Financial Reporting).

The accounting and valuation policies applied to the consolidated financial statements of the Woldford Group for the 2008/09 fiscal year remained unchanged.

The consolidated interim financial statements do not include all information and explanatory notes which are required in relation to the consolidated financial statements for the fiscal year as a whole. For this reason, this interim report should be read together with the Annual Report 2008/09 of the Woldford Group applying to the balance sheet date of April 30, 2009.

In all financial reporting of the Woldford Group, amounts are reported in thousands of euros (TEUR). Rounding differences may occur due to the use of automated calculation aids.

## Operating segment report (by region; IFRS)

<b>2009/10</b> <b>In thousands of EUR</b>	Austria	Rest of Europe	North America	Asia	Consolidations/ Eliminations	Group
Sales	45,047	43,095	9,312	772	(29,755)	68,471
thereof inter-segment	29,755	0	0	0	(29,755)	0
External sales	15,292	43,095	9,312	772	0	68,471
Operating result (earnings before interest and taxes)	2,139	688	(238)	(75)	(457)	2,057
Net interest cost	(346)	(47)	(6)	0	0	(399)
Net income from securities	(3)	0	0	0	6	3
Interest cost from employee benefit liabilities	(374)	0	0	0	0	(374)
Result from continuing operations (before taxes)	1,416	641	(244)	(75)	(451)	1,287
Segment assets	159,573	50,289	13,217	1,147	(63,580)	160,646
thereof non-current	90,345	19,487	3,808	394	(30,723)	83,311
Segment liabilities	71,582	35,111	6,240	779	(30,503)	83,209
Investments	1,232	2,941	407	3	0	4,583
Depreciation and amortization	2,442	1,056	343	35	0	3,876
Total number of employees	1,071	524	110	19		1,724

The basis for segment reporting and the valuation of the segment profit have remained unchanged since the consolidated financial statements for the 2008/09 fiscal year.

**Changes in the scope of consolidation**

The number of companies included in the scope of consolidation has not changed since the last reporting date.

**Seasonality of business operations**

Compared with the first quarter, the second quarter of the fiscal year is traditionally a stronger period, as reflected by figures for total sales as well as earnings indicators. The Wolford Group traditionally generates the most sales in the third quarter of the fiscal year, due to the Christmas shopping season.

**Non-current assets**

The Wolford Group invested a total of TEUR 4,583 during the first six months of the 2009/10 fiscal

year, which represents a decrease of TEUR 4,711 from the comparable period of the previous year. The reduced investment volume had a positive effect on the company's liquidity situation.

**Inventories**

The launch of a new production planning system has enabled more precise production planning which was accompanied by a reduction in production throughput time. In addition, retail inventories are coordinated by means of an automatic replenishment system. Due to the implementation of these inventory optimization measures, Wolford has successfully cut back on inventories by 13 percent, or TEUR 6,491, compared to the level at October 31, 2008. In addition, delivery quality was once again improved, and the reduction

**2008/09**

	Austria	Rest of Europe	North America	Asia	Consolidations/ Eliminations	Group
Sales	53,148	48,110	10,129	524	(35,255)	76,656
thereof inter-segment	35,255	0	0	0	(35,255)	0
External sales	17,893	48,110	10,129	524	0	76,656
Operating result (earnings before interest and taxes)	3,562	816	122	(65)	(767)	3,668
Net interest cost	(2,330)	(7)	4	0	0	(2,333)
Net income from securities	105	0	0	0	0	105
Interest cost from employee benefit liabilities	(427)	0	0	0	0	(427)
Result from continuing operations (before taxes)	910	809	126	(65)	(767)	1,013
Segment assets	177,039	46,969	13,952	1,155	(66,361)	172,754
thereof non-current	95,814	13,481	3,441	431	(28,471)	84,696
Segment liabilities	86,482	36,059	5,281	633	(34,659)	93,796
Investments	4,303	4,355	432	204	0	9,294
Depreciation and amortization	2,310	904	258	14	0	3,486
Total number of employees	1,313	458	118	20		1,909

in financial resources tied up in working capital had an extremely positive impact on the financial result.

The Wolford Group will continue to determinedly pursue optimization measures in the second half of the fiscal year.

#### **Financing activities and financial result**

Financial liabilities declined by TEUR 5,144 during the reporting period compared to the first half of 2008/09, which can be attributed to the reduction in capital employed and the lower level of investments. Lower interest rates and the positive market-to-market valuation of foreign exchange forward contracts resulted in an improvement of the financial result, which increased by TEUR 1,885.

#### **Contingent liabilities**

There have been no material changes in contingent liabilities since the last reporting date.

#### **Related party transactions**

There are immaterial business relationships with related companies and individuals. All transactions are conducted at normal market prices, terms and conditions.

#### **Significant events after the reporting date**

There were no significant events requiring disclosure between the balance sheet date of October 31, 2009 and the publication of this interim financial report.

#### **Report on the auditor's review**

These consolidated interim financial statements were neither subject to a comprehensive audit nor to an auditor's review by chartered accountants.

#### **Statement of all Legal Representatives according to § 87 Abs. 1 Z 3 BörseG**

The members of the Executive Board of the Wolford Aktiengesellschaft confirm to the best of their knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards. The group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year, and of the major related party transactions to be disclosed.

Bregenz, December 2009

The Executive Board signed:

**Holger Dahmen**, Chairman of the Executive Board  
**Peter Simma**, Dep. Chairman of the Executive Board

More information is available at [www.wolford.com](http://www.wolford.com)  
/ Investor Relations / Investor Information /  
Financial Reports / Interim Reports.

Definitions of financial indicators are contained in the latest annual report for the 2008/09 fiscal year.

#### **Contacts**

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## Financial calendar

<b>Friday</b>	<b>March 19, 2010</b>	Results Q3 2009/10
<b>Friday</b>	<b>July 23, 2010</b>	Press conference on results for 2009/10 fiscal year, 9:30 a.m., Vienna
<b>Tuesday</b>	<b>September 14, 2010</b>	Annual shareholder's meeting, 2:00 p.m., Bregenz
<b>Friday</b>	<b>September 17, 2010</b>	Results Q1 2010/11
<b>Thursday</b>	<b>September 23, 2010</b>	Ex-dividend date
<b>Thursday</b>	<b>September 30, 2010</b>	Dividend payment date
<b>Friday</b>	<b>December 17, 2010</b>	Results H1 2010/11



## About this report

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#### **Disclaimer**

The consolidated interim financial statements of the Wolford Group have been put together with the greatest possible diligence. All data has been carefully checked. Nevertheless, rounding off, compositor's or printing errors cannot be excluded.

This interim financial report has also been prepared in English. However, the definitive version is the German one. This interim financial report contains forward-looking statements which reflect the opinions and expectations of the Executive Board, and involve risks and uncertainties which could have a significant impact on actual circumstances and thus actual results. For this reason, readers are cautioned not to place undue reliance upon any forward-looking statements. Wolford Aktiengesellschaft does not undertake any obligation to publish any update or revision of the forward-looking statements contained in this report, unless otherwise required by law.