

## CONSOLIDATED STATEMENTS OF INCOME

in thousands of euros	Second quarter ended		First six months ended	
	Oct. 31, 2003	Oct. 31, 2002	Oct. 31, 2003	Oct. 31, 2002
Sales	33,347	35,645	56,883	61,741
Other operating income	721	1,039	1,593	1,695
Change in inventories of finished goods and work-in-process	(2,044)	(2,749)	(880)	(2,664)
Other own work capitalized	45	98	69	147
<b>Operating output</b>	<b>32,069</b>	<b>34,033</b>	<b>57,665</b>	<b>60,919</b>
Cost of materials and purchased services	(5,050)	(5,468)	(11,086)	(10,162)
Staff costs	(13,620)	(14,589)	(28,597)	(30,581)
Amortization, depreciation and write-downs	(1,637)	(1,938)	(3,259)	(3,787)
Goodwill amortization and write-downs	(59)	(78)	(121)	(207)
Other operating expenses	(7,547)	(8,005)	(13,625)	(15,386)
<b>Operating profit (loss) (EBIT)</b>	<b>4,156</b>	<b>3,955</b>	<b>977</b>	<b>796</b>
Financial result	(482)	(620)	(891)	(1,138)
<b>Profit (loss) before taxes</b>	<b>3,674</b>	<b>3,335</b>	<b>86</b>	<b>(342)</b>
Income taxes	(894)	(1,269)	425	47
<b>Net profit (loss) for the period</b>	<b>2,780</b>	<b>2,066</b>	<b>511</b>	<b>(295)</b>

## STOCK DATA

Basic earnings (loss) per share in euros	0.11	(0.06)
Diluted earnings (loss) per share in euros	0.10	(0.06)
Average number of shares outstanding (basic) in thousands	4,750	4,750
Average number of shares outstanding (diluted) in thousands	5,000	5,000

## CONSOLIDATED STATEMENTS OF CASH FLOWS

in thousands of euros	First six months ended	
	Oct. 31, 2003	Oct. 31, 2002
<b>Cash flow from operating activities</b>	<b>1,221</b>	<b>(361)</b>
<b>Cash flow from investing activities</b>	<b>2,209</b>	<b>(962)</b>
<b>Cash flow from financing activities</b>	<b>(2,900)</b>	<b>2,784</b>
Change in cash and cash equivalents	530	1,461
Cash and cash equivalents at beginning of period	4,460	5,044
Effect of exchange rates on cash and cash equivalents at beginning of period	(401)	(730)
<b>Cash and cash equivalents at end of period</b>	<b>4,589</b>	<b>5,775</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

in thousands of euros	First six months ended	
	Oct. 31, 2003	Oct. 31, 2002
<b>Shareholders' equity at beginning of fiscal year</b>	<b>64,397</b>	<b>60,968</b>
Net profit (loss) for the period	511	(295)
Dividend	0	0
Capital increase	0	0
Purchase of treasury stock	0	0
Currency translation	(573)	(149)
Other changes	559	530
<b>Shareholders' equity at end of period</b>	<b>64,894</b>	<b>61,054</b>

## FOR FURTHER INFORMATION:

### WOLFORD AG

Investor Relations

Peter Simma, Chief Financial Officer

Tel. (+43 5574) 690 1213

Nikolaus Kogler, Investor Relations Officer

Tel. (+43 5574) 690 2448

Fax (+43 5574) 690 1219

E-mail: [investor@wolford.com](mailto:investor@wolford.com)

### Cover:

The cover features Wolford's latest innovation: PURE ENERGY – intelligent pantyhose that use a unique pressure pattern to achieve optimum circulation. As well, a perfect fit around the foot, combined with a cloth waistband, makes wearing PURE ENERGY feel like complete freedom.



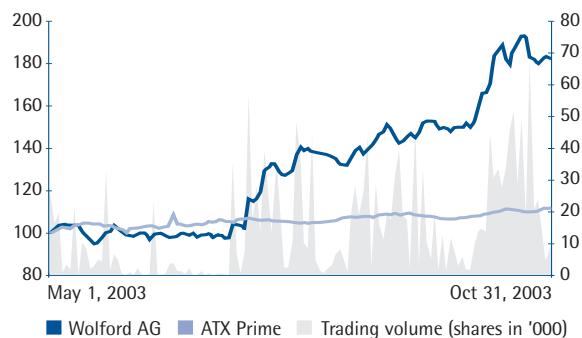
QUARTERLY REPORT  
FIRST HALF\_2003/04



## KEY FIGURES FOR THE WOLFORD GROUP

in thousands of euros	(First six months ended)		Change in %
	Oct. 31, 2003	Oct. 31, 2002	
Sales	56,883	61,741	- 7.9%
EBITDA	4,357	4,791	- 9.1%
EBITDA margin	7.7%	7.8%	
EBIT	977	796	+22.7%
EBIT margin	1.7%	1.3%	
Financial result	(891)	(1,138)	+21.7%
EBT	86	(342)	-
Net profit (loss) for the period	511	(295)	-
Total assets	144,512	158,945	- 9.1%
Gross liquidity	15,268	18,878	- 19.1%
Bank and other debt	49,306	68,008	- 27.5%
Net debt	34,038	49,131	- 30.7%
Shareholders' equity	64,894	61,054	+6.3%
Equity ratio based on total assets	44.9%	38.4%	
Gearing	52.5%	80.5%	
Cash flow from operating activities	1,221	(361)	-
Capital expenditure	710	2,264	- 68.6%
Amortization, depreciation and write-downs	3,380	3,994	- 15.4%
Number of employees (average for period, in full-time equivalents)	1,439	1,614	- 10.8%

## STOCK PERFORMANCE (indexed)



## STOCK DATA

in euros except share counts	2003	2002
ISIN		AT0000834007
Number of shares		5,000,000
of which dividend-bearing		4,750,000
Earnings (loss) per share for the period	0.11	(0.06)
Stock price on April 30	9.44	16.80
Stock price high for first half of fiscal year	19.34	17.00
Stock price low for first half of fiscal year	9.50	9.07
Stock price on October 31	18.26	10.42
Market capitalization on October 31	91,300,000	52,100,000
Trading volume (average daily number of shares)	13,921	7,484

## MARKET DEVELOPMENTS

The economic trend remains ambiguous and without clear direction. The growth in Asia and the United States, as well as hopes kindled for Europe, should not obscure the fact that no distinct, sustained, and broad-based growth trend is discernible as yet.

Consumer reluctance in the luxury goods and fashion market remained palpable until past the middle third of the six-month reporting period. The International Chamber of Commerce expects sales in the sector to decrease in the full year 2003. Similarly, Wolford's immediate market environment is still one of declining revenues. Nonetheless, some segments of the business are showing early signs of a fledgling increase in demand.

## BUSINESS TREND

Viewed against this backdrop, the business trend at the Wolford Group in the first six months of the 2003/04 fiscal year was respectable. From May to October 2003, despite easing sales, Wolford achieved a double-digit improvement in earnings (EBIT). For the first time since 2000, the company is reporting straight positive figures in its income statement at mid-year (up to and including net profit for the period). This is all the more significant in that, for reasons of seasonality, less than one-half of the year's sales, but a full one-half of the year's costs, are posted during the first half of the fiscal year. The positive trend also reaffirms the continuing success of the restructuring program.

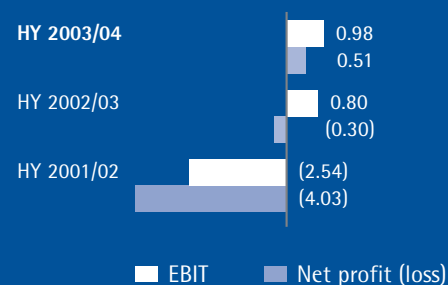
The business trend in the completed second quarter of 2003/04 differed markedly from that of the first three months. For the six months ended October 31, 2003 (the first half of the 2003/04 fiscal year), Wolford posted sales of EUR 56.9 million, a decrease of 7.9 percent from the first half of the prior year. In the second quarter, the sales decline eased to 6.4 percent, thus halting the declining trend of the first quarter. Contributing to this trend, especially in September and October, were new orders for immediate delivery. These orders, which can be promptly converted into sales, rose at a double-digit rate.

More than one-half (4.0 percentage points) of the sales decrease in the first half of the fiscal year represented exchange rate movements. Another one-quarter was caused by the closing of unprofitable Wolford-owned retail outlets. Corrected for these factors, the sales reduction from the first half of 2002/03 only amounted to 1.9 percent.

### Sales (in millions of euros)



### Earnings (in millions of euros)



### Cash flow from operating activities (in millions of euros)





In a significant development, the sales trend in the retail operations markedly outperformed that in the other distribution channels. In same-store terms, sales in the retail segment rose 4.0 percent. This proves the effectiveness of Wolford's strategy of controlling the entire business process from design to point of sale and thus ensuring, among other success factors, a product mix and marketing that do justice to the brand.

Regarding the business performance in individual countries, the trend is particularly good in the United States: Sales in local currency grew 18.3 percent in the first six months of the fiscal year to USD 10.1 million – with growth reaching a compelling 37.9 percent in the second quarter. This major sales region, accounting for 16.2 percent of Wolford's total sales revenues, also generated a clearly positive contribution to profit in the first half of the year.

## EARNINGS

The lasting success of the restructuring measures is impressively borne out by the trend in earnings. Net profit for the first half of the fiscal year was EUR 0.5 million, an improvement of EUR 0.8 million from one year earlier. This corresponds to earnings per share of EUR 0.11 for the first six months of the year, up from a loss of EUR 0.06 per share for the prior-year period. Operating result (EBIT) was boosted by 22.7 percent to EUR 1.0 million. Like net profit, earnings before taxes were again positive for the first time since the corresponding half of fiscal 2000/01; EBT rose to EUR 0.1 million from a year-ago loss of EUR 0.3 million.

The significant earnings improvement, which already began in the first quarter, resulted from the further optimization of the cost structure. Staff costs were down EUR 2.0 million from the first half of the previous year; the number of employees fell by 55 during the first six months of this fiscal year. This and the further reduction in other operating expenses (which were down EUR 1.8 million, or 11.4 percent) led to an improvement in operating result. Cash flow from operating activities was positive in the first half of the year at EUR 1.2 million, thanks in part to a further decrease in the amount of capital tied up in inventories. This contrasted with the first half of the previous year, when cash flow was still negative at EUR –0.4 million.

The financial result improved from EUR –1.1 million to EUR –0.9 million. Net debt fell from EUR 49.1 million to EUR 34.0 million and the gearing eased from 80.5 percent one year earlier to 52.5 percent. The equity ratio rose from 38.4 to 44.9 percent.

## FINANCIAL CALENDAR

### **February 9, 2004**

Sales for third quarter of 2003/04

### **March 12, 2004**

Earnings for third quarter of 2003/04

### **May 10, 2004**

Sales for fiscal year 2003/04

### **July 16, 2004**

Annual press conference



The clear turnaround in the earnings trend is also reflected in the demand for Wolford stock. The stock price gained more than 100 percent from its low for 2003, advancing to EUR 19.34 in mid-October. The average daily trading volume of Wolford shares increased five-fold over the same period.

## FASHION HIGHLIGHTS

Growth in sales and repeat business was particularly brisk for a hosiery novelty, Magic Touch 12. Likewise, Wolford's joint collection with Lagerfeld Gallery continues to enjoy an enthusiastic reception, with demand remaining high. Sporteve, the sports and wellness collection brought to market in the summer of 2003, is also stimulating sales and invigorating the Wolford brand. An especially promising new development is the launch of PURE ENERGY – "intelligent" pantyhose that ensure optimum circulation by means of a perfect pressure pattern and thus offer the wearer a sensation of greater physical vitality. Wolford's strong commitment is underscored by the Pink Ribbon campaign underway worldwide in Wolford boutiques. This initiative supports measures for the early detection of breast cancer.

## OUTLOOK

Through improved processes and heightened operational flexibility, Wolford benefitted substantially of the rise in demand since September 2003, a fact that is expressed in the increased share of orders for immediate delivery. The short-term nature of these orders allows Wolford's distribution partners to react nimbly to fluctuations in consumer demand, but at the same time makes it more difficult for Wolford to forecast its business performance. An additional element of uncertainty that has an influence on the ability to project sales accurately is the future trend in exchange rates, notably for the U.S. dollar and the British pound. In view of the sluggish sales during the first quarter and the thus-far slow forward orders for the coming season, the management expects that full-year sales will be slightly below last year's level. But even on this assumption, as it stands today, thanks to the sound cost structure and the continuing rewards of the restructuring measures, earnings will improve compared to the prior-year level.

## CONSOLIDATED BALANCE SHEETS

in thousands of euros	Oct. 31, 2003	Oct. 31, 2002	Apr. 30, 2003
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	64,707	70,024	67,052
Goodwill	1,288	2,267	1,464
Other intangible assets	2,901	3,593	3,236
Securities held as non-current assets	11,663	16,222	16,304
Long-term receivables and assets	862	1,055	821
	<b>81,421</b>	<b>93,161</b>	<b>88,877</b>
<b>Deferred tax assets</b>	<b>6,444</b>	<b>4,995</b>	<b>6,198</b>
<b>Current assets</b>			
Inventories	22,911	25,918	23,764
Current receivables and other assets	27,046	29,095	22,861
Securities held as current assets	2,101	1	1
Cash and cash equivalents	4,589	5,775	4,460
	<b>56,647</b>	<b>60,789</b>	<b>51,086</b>
<b>Total assets</b>	<b>144,512</b>	<b>158,945</b>	<b>146,161</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Capital stock and additional paid-in capital	38,167	38,167	38,167
Other reserves	36,475	32,635	35,978
Treasury stock	(9,748)	(9,748)	(9,748)
	<b>64,894</b>	<b>61,054</b>	<b>64,397</b>
<b>Non-current liabilities</b>			
Long-term debt	16,372	21,978	21,582
Provisions for employee benefits	12,738	11,826	12,118
Other non-current liabilities	427	527	484
	<b>29,537</b>	<b>34,331</b>	<b>34,184</b>
<b>Current liabilities</b>			
Bank loans and overdrafts	32,935	46,030	30,498
Current provisions	7,812	6,817	3,156
Trade payables	3,664	4,205	4,177
Other current liabilities	5,670	6,508	9,749
	<b>50,081</b>	<b>63,560</b>	<b>47,580</b>
<b>Total shareholders' equity and liabilities</b>	<b>144,512</b>	<b>158,945</b>	<b>146,161</b>