



Report on the 1st quarter of the fiscal year 2008/09

Key figures for the Wolford Group

Overview of sales and financial data for the first quarter of the 2008/09 fiscal year
(May 1 - July 31, 2008)

	Q1 2008/09	Q1 2007/08	Change absolute / in % points	Change in %
Sales	31,913	30,517	1,396	4.6 %
EBITDA	-929	-1,427	498	34.9 %
EBITDA margin	-2.9 %	-4.7%	1.8	
EBIT (operating profit)	-2,617	-3,066	449	14.6 %
EBIT margin	-8.2 %	-10.1 %	1.9	
Result from continuing operations (before taxes)	-3,311	-3,544	233	6.6 %
Net result for the first quarter	-2,900	-2,999	99	3.3 %
Result from continuous operations (before taxes) plus DA&Im ¹	-1,623	-1,905	282	14.8 %
Capital investments excluding financial assets	5,210	2,665	2,545	95.5 %
Shareholders' equity	75,693	71,449	4,244	5.9 %
Average number of employees (in full time equivalents)	1,704	1,602	102	6.4 %

Report

The Wolford Group, which is listed on the Vienna Stock Exchange, continued its positive business development, posting a 4.6 percent rise in sales and a significant improvement in all relevant earnings indicators in the first quarter of the 2008/09 fiscal year. The international luxury brand raised sales to EUR 31.9 million in the first three months of the current fiscal year, up from EUR 30.5 million in the comparable period of 2007/08. The fact that the Wolford Group once again achieved sales growth is even more gratifying considering the 16.9 percent increase in sales it had achieved in the first quarter of the previous year. Adjusted for currency effects, total sales of the Wolford Group climbed by 8.1 percent in the period May 1, 2008 – July 31, 2008. *“Despite an increasingly difficult business environment and noticeably cautious consumer spending, we once again strengthened our good market position as an international luxury brand and, at the same time, significantly improved earnings”,* says Holger Dahmen, CEO of Wolford AG, in positively reviewing the company’s performance during the first three months of 2008/09.

Further improvement in profitability

All relevant earnings indicators developed even more favourably than sales. First quarter figures must generally be put into perspective, due to the fact that total sales of the Wolford Group are by far the lowest in the first three months of a given fiscal year, whereas costs are disproportionately high. As a consequence, Wolford traditionally posts negative earnings in the first quarter. In the first three months of the current fiscal year, operating result before depreciation, amortisation and impairment (EBITDA) increased by 34.9 percent, to EUR -0.9 million, compared to EUR -1.4 million in the first quarter of 2007/08. As a result, the EBITDA margin in the first quarter 2008/09 climbed by 1.8 percentage points. The operating result (EBIT) rose by 14.6 percent, to EUR -2.6 million (Q1 2007/08: EUR -3.1 million), and the result from continuing operations improved compared to the previous year’s figure, amounting to EUR -3.3 million (Q1 2007/08: EUR -3.5 million).

A sound equity capital structure as the basis for further growth

At the balance sheet date of July 31, 2008, shareholders' equity of the Wolford Group was EUR 75.7 million, an increase of 5.9 percent compared to the previous year. This corresponds to an equity ratio of 44.9 percent. The result from continuing operations before taxes plus depreciation, amortization and impairment in the first three months of the 2008/09 fiscal year improved to EUR -1.6 million, compared to EUR -1.9 million in the comparable period of 2007/08. Net debt rose to EUR 43.4 million. This development can be primarily attributed to the pre-financing of inventories required for the delivery of Wolford's fall/winter collection 2008/09 in the months of August and September 2008, the improved supply availability of basic products, the higher level of customer receivables, and the increased investment volume related to the expansion of the company's retail business activities.

Gratifying sales increase in almost all geographic markets

Sales of the Wolford Group developed gratifyingly in almost all of the company's geographic markets, driven by the qualitative improvement in its distribution activities and the continuation of the worldwide roll-out of the Wolford store concept. In particular, a markedly positive trend in sales featuring double-digit growth was achieved in Central and Eastern Europe (+ 50.4 percent), the Netherlands (+ 17.1 percent), France (+ 12.4 percent), the Scandinavian markets (+ 11.0 percent) and in local currency in the UK (+ 10.8 percent). Sales also increased significantly in Germany, Wolford's traditionally largest market, expanding by 8.4 percent, and rose slightly in the USA, where sales were up by 1.6 percent (in local currency). In contrast, sales in Wolford's domestic market of Austria were slightly below the previous year's level, following extremely strong growth in the first quarter of 2007/08 (+ 23.0 percent).

Sales growth in all distribution channels

In particular, Wolford's distribution with multi-brand retailers (+ 10.8 percent) and with department stores (+ 6.0 percent) developed in an extremely positive manner in the first quarter of the 2008/09 fiscal year. The Wolford boutiques (proprietary and partner-operated) registered a slight sales increase in the first three months of 2008/09, based on a disproportionately strong first quarter of the previous 2007/08 fiscal year, which posted a 30.2 percent rise in sales.

In recent months, Wolford successfully continued the roll-out of its store concept, so that the Wolford collection could be presented in the new look as per end of July 2008 at a total of 155 redesigned outlets (65 proprietary, 90 partner-operated). Nine sales locations were newly opened or redesigned in the first quarter of 2008/09 alone.

EUR 0.43 dividend per ordinary share for 2007/08

The Annual General Meeting of Wolford AG held on September 16, 2008 approved the distribution of a dividend for the 2007/08 fiscal year amounting to EUR 0.43 for each no par value bearer share (2006/07 fiscal year: EUR 0.30 per share). This represents a dividend payout ratio of 29.4 percent in relation to the net profit for the year of the Wolford Group.

Outlook

In the upcoming months, Wolford will continue to focus on achieving its strategic targets, i.e. the systematic enhancement of the Wolford brand, the sustainable positioning in the luxury segment and the expansion of monobrand distribution. For example, in the second quarter 2008/09, Wolford plans to open three boutiques in Paris as well as additional boutiques in Geneva, Berne, Luxembourg, Macao and Hong Kong.

Despite the more difficult business environment, the Executive Board of the Wolford Group is optimistic that a positive development of sales and earnings will be achievable in the 2008/09 fiscal year.

Overview sales and finance figures

1st quarter 2008/09 (May 1 – July 31, 2008)

Consolidated balance sheet at July 31, 2008

in EUR '000

ASSETS	Q1 acc. July 31, 2008	Q4 acc. April 30, 2008	Q1 acc. July 31, 2007
<i>Non-current assets</i>			
Property, plant and equipment	63,183	61,937	61,846
Goodwill	1,115	1,087	706
Intangible assets excluding goodwill	8,666	6,483	5,671
Financial assets	8,311	8,376	8,643
Non-current receivables	1,205	1,108	1,152
	<u>82,480</u>	<u>78,991</u>	<u>78,018</u>
<i>Deferred tax assets</i>	4,991	4,828	6,431
<i>Current assets</i>			
Inventories	52,348	47,752	41,882
Current receivables and other assets	20,728	18,533	17,351
Prepaid expenses	4,102	2,031	3,739
Current securities and other financial investments	37	37	36
Cash and cash equivalents	3,989	2,957	4,276
	<u>81,204</u>	<u>71,310</u>	<u>67,284</u>
TOTAL ASSETS	<u>168,675</u>	<u>155,129</u>	<u>151,733</u>

Consolidated balance sheet at July 31, 2008

in EUR '000

SHAREHOLDERS' EQUITY AND LIABILITIES	Q1 acc. July 31, 2008	Q4 acc. April 30, 2008	Q1 acc. July 31, 2007
<i>Shareholders' equity</i>			
Share capital and capital reserves	38,168	38,168	38,168
Other reserves	28,247	23,243	24,461
Result of the year	13,942	22,271	13,484
Treasury stock	(4,664)	(4,664)	(4,664)
	<u>75,693</u>	<u>79,018</u>	<u>71,449</u>
<i>Deferred tax liabilities</i>	344	354	451
<i>Non-current liabilities</i>			
Non-current financial liabilities	6,933	16,265	7,842
Provisions for employee benefits	15,926	15,693	14,632
Other non-current liabilities	145	114	174
	<u>23,004</u>	<u>32,072</u>	<u>22,648</u>
<i>Current liabilities</i>			
Bank loans and overdraft and non-current financial liabilities	45,520	16,590	32,460
Current provisions	6,373	5,632	6,180
Trade payables	4,427	6,952	5,303
Payments received on account	919	981	841
Other current liabilities	12,395	13,530	12,401
	<u>69,634</u>	<u>43,685</u>	<u>57,185</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u>168,675</u>	<u>155,129</u>	<u>151,733</u>

Consolidated income statement for the 1st quarter 2008/09

in EUR '000

PROFIT AND LOSS ACCOUNT	Q1 acc. 2008/09	Q1 acc. 2007/08
Sales	31,913	30,517
Other operating income	643	729
Change in inventories of finished goods and work-in-progress	4,875	5,979
Own work capitalized	24	40
OPERATING OUTPUT	37,455	37,265
Cost of material and purchased services	(10,985)	(11,349)
Staff costs	(19,359)	(18,740)
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets excluding goodwill	(1,688)	(1,639)
Other operating expenses	(8,040)	(8,603)
OPERATING RESULT	(2,617)	(3,066)
Net interest cost	(510)	(302)
Net investment securities income	29	26
Interest cost of employee benefit liabilities	(213)	(202)
RESULT FROM CONTINUING OPERATIONS	(3,311)	(3,544)
Income taxes	411	545
CONSOLIDATED LOSS	(2,900)	(2,999)
Earnings per share in EUR	(0.59)	(0.61)
Number of weighted average shares outstanding (in '000)	4,900	4,900

Consolidated cash flow statement for the 1st quarter 2008/09

in EUR '000

CASH FLOW STATEMENT	Q1 acc. 2008/09	Q1 acc. 2007/08
<i>NET CASH FROM OPERATING ACTIVITIES</i>	(13,125)	(10,364)
<i>NET CASH USED IN INVESTMENT ACTIVITIES</i>	(5,436)	(2,950)
<i>NET CASH USED IN FINANCING ACTIVITIES</i>	19,597	14,154
Net increase / decrease in cash and cash equivalents	1,036	840
Cash and cash equivalents at beginning of period	2,957	3,434
Effect of exchange rate fluctuations on cash and cash equivalents at beginning of period	(4)	2
<i>CASH AND CASH EQUIVALENTS AT END OF PERIOD</i>	3,989	4,276

Consolidated statement of changes in equity for the 1st quarter 2008/09

in EUR '000

SHAREHOLDERS' EQUITY	Q1 acc. July 31, 2008	Q1 acc. July 31, 2007
Equity at beginning of business year	79,018	74,442
Net profit of the period	(2,900)	(2,999)
Translation component	(29)	(412)
Other changes	(396)	418
Equity at end of period	75,693	71,449

Annex

Notes on the interim financial report at July 31, 2008

General information

The consolidated interim financial statements of the Wolford Group for the first quarter of the 2008/09 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 Financing Reporting).

The accounting and valuation policies applied to the consolidated financial statements of the Wolford Group for the 2007/08 fiscal year remain unchanged. The interim financial report does not contain all information and explanatory notes which are required in relation to the consolidated financial statements for the 2007/08 fiscal year as contained in the annual report. For this reason, this interim report should be read together with the Annual Report 2007/08 of the Wolford Group applying to the balance sheet date of April 30, 2008.

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

Changes in the scope of consolidation

Compared to the previous reporting date, the number of companies which are included in the scope of consolidation remains unchanged.

Seasonality of business operations

Sales of the Woford Group are traditionally the weakest in the first quarter of the fiscal year, as reflected by figures for total sales as well as earnings indicators.

Segment reporting

<i>in EUR '000</i>	Austria	Rest of Europe	North America	Asia	Eliminations	Group
as at July 31, 2008						
Sales	22,396	19,259	4,111	242	(14,095)	31,913
Result from continuing operations	(2,004)	(1,124)	(163)	24	(44)	(3,311)
as at July 31, 2007						
Sales	21,539	18,281	4,717	295	(14,315)	30,517
Result from continuing operations	(2,801)	(1,087)	(21)	47	(402)	(3,544)

Contingent liabilities

Contingent liabilities have remained unchanged since the last reporting date.

Related party transactions

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

Significant events after the reporting date

Sales offices were established in Luxemburg and in Macao/China between the reporting date of July 31, 2008 and the publication is interim financial report for the first quarter of the 2007/08 fiscal year. The open of the new boutique in Luxemburg enables the Wolford Group to further expand its retail activities in that market. Setting up a sales office in Macao/China will provide the Wolford Group with the opportunity to strengthen its position on the Asian market.

Report on the auditor's review

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

Statement by the Executive Board pursuant to § 87 Austrian Stock Exchange Act

The Executive Board of the Wolford Group certifies, to the best of its knowledge, that the consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards, in particular IAS 34 (Interim Financial Reporting), and present a fair and accurate picture of the profit, asset and financial position of the Wolford Group.

Bregenz, September 2008

The Executive Board
Signed:

Holger Dahmen
Chairman

Peter Simma
Deputy Chairman

More information is available at:

www.wolford.com/business_world/investor_relations/financial_reports

Definitions of financial indicators are contained in the latest annual report for the 2007/08 fiscal year.

Contacts

Holger Dahmen, Vorsitzender des Vorstandes
Peter Simma, Vorsitzender-Stellvertreter des Vorstandes

WOLFORD AKTIENGESELLSCHAFT

Wolfordstraße 1

A-6901 Bregenz am Bodensee

Tel.: +43 (0) 5574/690-0

E-Mail: investor@wolford.com

Financial calendar

Thursday	September 25, 2008	Ex-dividend date
Thursday	October 2, 2008	Dividend payment date
Friday	December 19, 2008	Press conference on results H1 2008/09, Vienna
Wednesday	March 18, 2009	Results Q3 2008/09

We have prepared this English translation of the German report with great care, but cannot rule out the possibility of discrepancies between them. The English translation is provided solely for readers' convenience and is non-binding. Only the German report is definitive.