Report on the 3rd quarter of the fiscal year 2007/08

Key Figures for the Wolford Group

in TEUR	Q1-2 ended Oct. 31, 2007	Q3 ended Jan. 31, 2008	Q1-3 Jan. 31, 2008	 Jan. 31, 2007
Sales	76,507	48,446	124,953	107,791
EBITDA	8,415	7,413	15,828	11,707
EBITDA margin based on sales	11.00%	15.30%	12.67%	10.86%
EBIT (operating profit)	5,096	5,630	10,726	6,994
EBIT margin based on sales	6.66%	11.62%	8,58%	6.49%
Profit from continuing operations before taxes	4,007	5,220	9,227	5,797
Net profit for the period	3,614	3,130	6,744	5,866
Earnings per share in EUR	0.74	0.64	1.38	1.20
Profit from continuing operations before taxes and DA&Im	7,326	7,004	14,330	10,510
Capital expenditure excluding financial assets	4,388	2,101	6,489	5,690
Net dept			20,580	17,877
Dept/equity ratio			26.13%	24.24%
Shareholders' equity			78,756	73,739
Average staff count for period (in full-time equivalents)			1,655	1,457

Report

The Wolford Group, which is listed on the Vienna Stock Exchange, impressively confirmed its success path in the first nine months of this current fiscal year. Sales rose by 15.9 percent, to EUR 125.0 million, up from EUR 107.8 million in the first three quarters of the previous year, whereas EBITDA (operating profit before depreciation, amortization and impairment), EBIT (operating profit) and the profit from continuing operations before taxes rose even more steeply than sales. “Double digit revenue growth in most key markets and in all strategic distribution channels and major product segments as well as the sustainable rise in earnings are convincing proof of the strong market position we have gained in recent years despite a very competitive business environment“, says Holger Dahmen, CEO of Wolford AG in reviewing the first three quarters of fiscal 2007/08.

Ongoing positive development of earnings

The earnings performance of the Austrian luxury brand Wolford was even better than the sales trend. In the first nine months of fiscal 2007/08, EBITDA rose by 35.2 percent, to EUR15.8 million (Q1-3 2006/07: EUR 11.7 million). EBIT even jumped by 53.4 percent, to EUR 10.7 million (Q1-3 2006/07: EUR 7.0 million). Accordingly, the EBITDA margin increased by 1.8 percentage points to 12.7 percent, whereas the EBIT margin improved in the same period by 2.1 percentage points to 8.6 percent. In the first nine months of the 2007/08 fiscal year, profit from continuing operations before taxes amounted to EUR 9.2 million, an increase of 59.2 percent (Q1-3 2006/07: EUR 5.8 million).

In the third quarter alone, EBIT of the Wolford Group climbed 64.0 percent, to EUR 5.6 million (Q3 2006/07: EUR 3.4 million), which corresponds to a third quarter EBIT margin of 11.6 percent (Q3 2006/07: 8.0 percent).

Sound equity capital base

At the reporting date of January 31, 2008, shareholders’ equity was EUR 78.8 million, a rise of 6.8 percent above the year-earlier level. This brought the equity ratio to 49.7 percent. Profit from continuing operations before taxes, depreciation, amortization and impairment was EUR 14.3 million at January 31, 2008, thus 36.3 percent higher than in the first nine months of the 2006/07 fiscal year.

Gratifying sales growth in all main geographic markets

As to market regions, in the first nine months of the fiscal year, the Wolford Group achieved double-digit growth rates in almost all major markets. Wolford posted considerable growth in the Netherlands (up 29.0 percent), the United Kingdom (up 26.4 percent in Group currency; 29.6 percent in British pounds), Scandinavia (up 21.1 percent), France (up 16.4 percent), Switzerland (up 15.1 percent in Group currency, 20.4 percent in Swiss francs), on the company's domestic market of Austria (up 12.4 percent) and in Italy (up 12.4 percent). Sales were also significantly expanded in Spain (up 9.2 percent), Germany (up 7.3 percent), and the USA (up 5.9 percent in Group currency, 16.1 percent in US dollars). Moreover, Wolford succeeded in considerably boosting sales in the growth regions of Asia/Oceania (up 52.8 percent) and Central and Eastern Europe (up 37.3 percent).

Double-digit growth in all major product groups

By the end of the first three quarters of 2007/08, Wolford had achieved a tangible increase in brand sales in every important product group.

Legwear showed growth of 11 percent, while the Ready-to-Wear products which Wolford has strategically focused on in recent years have gained increasingly broad acceptance in the market, pushing up sales. Thus sales continued to develop very promisingly, climbing 26 percent in the first nine months of fiscal 2007/08. Brand sales in the Lingerie and Accessories product groups likewise grew at double-digit rates.

Wolford boutiques remain key growth drivers

Wolford's proprietary stores – boutiques, shop-in-shops and factory outlets – achieved a 20.5 percent expansion of sales (or 8.8 percent on a like-for-like basis in Group currency, or 11.9 percent adjusted for currency effects).

In the first three quarters of 2007/08, the prime movers of revenue remained Wolford-owned boutiques, whose sales increased by 21.2 percent, as well as partner-operated boutiques, with which Wolford saw sales growth of 18.4 percent. Overall, the Wolford boutiques (88 Wolford owned boutiques and 138 partner-operated boutiques as per end of January 2008) registered sales growth of 20.3 percent in the nine-month reporting period compared to the first three quarters of the preceding year, thus continuing their major contribution to total sales revenue.

The other strategic distribution channels – department stores, multi-brand retailers and factory outlets – also developed very positively, posting double-digit growth rates despite a, for the most part, extraordinarily strong comparison period during 2006/07.

Outlook

In the fourth quarter of 2007/08, the Wolford Group will once again focus on the continuous expansion and qualitative improvement of the monobrand stores.

Based on the good business performance in the first three quarters, the Executive Board expects an increase in sales to about EUR 157 million as well as a disproportionately high rise in earnings for the current 2007/08 fiscal year as a whole.

Wolford Group Financial Statements
Q1-Q3 2007/08 (May 1, 2007 – Jan. 31, 2008)

in TEUR

ASSETS	Q3 acc. 31.1.2008	Q3 acc. 31.1.2007	Last B.Y. / Period 30.4.2007
Non-current assets			
Property, plant and equipment	61.085	61.585	61.898
Goodwill	667	672	646
Intangible assets excluding goodwill	6.690	5.161	4.659
Financial assets	8.438	8.635	8.685
Non-current receivables	1.141	1.071	1.151
	78.021	**77.124**	**77.039**
Deferred tax assets	**5.251**	**5.036**	**5.782**
Current assets			
Inventories	39.280	29.914	34.338
Current receivables and other assets	22.662	20.178	18.576
Prepaid expenses	3.556	2.870	1.346
Current securities and other financial investments	36	35	36
Cash and cash equivalents	9.684	8.047	3.434
	75.218	**61.044**	**57.730**
TOTAL ASSETS	**158.490**	**143.204**	**140.551**

SHAREHOLDERS' EQUITY AND LIABILITIES	Q3 acc. 31.1.2008	Q3 acc. 31.1.2007	Last B.Y. / Period 30.4.2007
Shareholders' equity			
Share capital and capital reserves	38.168	38.167	38.167
Other reserves	23.465	25.277	24.871
Result of the year	21.787	15.360	16.067
Treasury stock	-4.664	-5.065	-4.663
	78.756	**73.739**	**74.442**
Deferred tax liabilities	**425**	**144**	**152**
Non-current liabilities			
Non-current financial liabilities	7.315	7.965	10.922
Provisions for employee benefits	15.860	13.711	14.488
Other non-current liabilities	118	155	166
	23.293	**21.831**	**25.576**
Current liabilities			
Bank loans and overdraft and non-current financial liabilities	30.317	24.599	15.226
Current provisions	7.457	5.620	5.507
Trade payables	4.611	4.853	5.901
Payments received on account	1.053	949	893
Other current liabilities	12.578	11.469	12.854
	56.016	**47.490**	**40.381**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**158.490**	**143.204**	**140.551**

in TEUR

PROFIT AND LOSS ACCOUNT	Q3 31.1.2008	Q3 31.1.2007	Q3 acc. 31.1.2008	Q3 acc. 31.1.2007
Sales	48.446	43.055	124.953	107.791
Other operating income	915	746	2.909	3.046
Change in finished goods and work-in-process	-1.341	-1.747	3.837	817
Own work capitalized	6	1	63	25
OPERATING OUTPUT	**48.026**	**42.055**	**131.762**	**111.679**
Cost of material and services	-9.634	-8.945	-30.564	-23.324
Staff costs	-20.668	-18.517	-56.814	-50.162
Depreciation, amortization & impairment losses on property, plant & equipment and intangible assets, excluding goodwill	-1.783	-1.571	-5.102	-4.713
Other operating expenses	-10.311	-9.590	-28.556	-26.486
OPERATING PROFIT (EBIT)	**5.630**	**3.432**	**10.726**	**6.994**
Net interest cost	-453	-295	-1.201	-929
Net investment securities income	245	241	307	288
Interest cost of employee benefit liabilities	-202	-185	-605	-556
PROFIT FROM CONTINUING OPERATIONS	**5.220**	**3.193**	**9.227**	**5.797**
Income taxes	-2.090	130	-2.483	69
NET PROFIT FOR THE PERIOD	**3.130**	**3.323**	**6.744**	**5.866**
Earnings per share in EUR*			1,38	1,20
*Earnings per share for the previous year represent basic earnings per share, as there was no dilution effect				
Weighted average shares outstanding in Tpcs.			4.900	4.892

in TEUR

CASH FLOW - STATEMENT	Q3 acc. 31.1.2008	Q3 acc. 31.1.2007
NET CASH FROM OPERATING ACTIVITIES	**2.532**	**3.789**
NET CASH USED IN INVESTING ACTIVITIES	**-6.200**	**-6.186**
NET CASH FROM FINANCING ACTIVITIES	**10.013**	**8.128**
Net increase in cash and cash equivalents	6.345	5.731
Cash and cash equivalents at beginning of period	3.434	2.320
Effect of exchange rate fluctuations cash and cash equivalents at beginning of period	-95	-4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9.684**	**8.047**

SHAREHOLDERS' EQUITY	3. Quarter acc. 31.1.2008	3. Quarter acc. 31.1.2007
Equity at beginning of business year	74.442	63.972
Net profit of the period	6.744	5.866
Dividends	-1.470	0
Sale of own shares	0	4.683
Translation component	-1.216	12
Other changes	256	-794
Equity at end of period	78.756	73.739

Annex

Comments on the interim financial report at Jan. 31, 2008

General information

This interim financial report for the first three quarters of the fiscal year 2007/2008 of the Wolford Group was prepared in accordance with International Financial Reporting Standards, specifically IAS 34 (Interim Reporting).

The accounting policies of the fiscal year 2006/2007 were applied unchanged. This report and these financial statements have not been audited or reviewed by an independent auditor.

Enlarged basis of consolidation

Compared to the previous reporting date, the number of companies which are included in the scope of consolidation has been enlarged by Wolford Belgium N.V. which was founded on May 1, 2007.

Seasonality

The third quarter has been affected by a strong Christmas trade. Both sales and profit figures reflect the positive business trend.

Segment information

in TEUR	Austria	Europe	North America	Asia	Consolidation & transition	Group
Sales	82,604	76,544	19,149	1,022	-54,366	124,953
Profit from continuing operations	2,175	6,014	3,827	322	-3,110	9,227

Profit tax

The increased tax expenditure has resulted from the German and the US related tax calculations, which is just a one-time effect arising from the adapted deferred tax assets.

Contingent liabilities

Since the last reporting date the contingent liabilities have remained unchanged.

Occurrences

Since the reporting date of January 1, 2008 and the publication of this interim report there have been no occurrences which are subject to report.

Further information can be found at

www.wolford.com / Business World / Investor Relations / Reports Sales and Earnings

Definitions of financial indicators are contained in the latest annual report for the 2006/07 fiscal year.

We have prepared this English translation of the German interim financial 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.

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