Report on the third quarter of the fiscal year 2008/09

Key Figures for the Wolford Group

Overview of sales and financial data for the first three quarters of the 2008/09 fiscal year (May 1, 2008-January 31, 2009)

in EUR '000	Q 1-3 2008/09	Q 1-3 2007/08	Change (absolute/% points)
Sales	118,450	124,953	(6,503)
EBITDA	10,093	15,828	(5,735)
EBITDA margin	8.5%	12.7%	(4.2)
EBIT (operating profit)	4,693	10,726	(6,033)
EBIT margin	4.0%	8.6%	(4.6)
Profit from continuing operations	2,060	9,227	(7,167)
Net profit for the first three quarters	1,184	6,744	(5,560)
Earnings per share in EUR	0.24	1.38	(1.14)
Profit from continuing operations (before taxes) plus DA & Im *)	7,460	14,330	(6,870)
Net cash from operating activities	2,018	2,532	(514)
Capital investments excluding financial assets	12,423	6,489	5,934
Net debt	35,481	20,580	14,901
Debt/equity ratio (Gearing)	44.6%	26.1%	18.5
Shareholders‘ equity	79,480	78,756	724
Equity-to-assets ratio	48.6%	49.7%	(1.1)
Number of full-time equivalents at period end	1,620	1,715	(95)

*) *Profit from continuing operations before taxes plus depreciation, amortization and impairment*

Report

- § Sales reach EUR 118.5 million – decrease of 5.2 percent
- § Earnings indicators decline following strong previous year's performance
- § Core markets in Western Europe adjusted for currency effects show stable sales development

Against the backdrop of an extremely challenging business environment and in spite of continuing restrained consumer demand, the Wolford Group achieved sales of EUR 118.5 million in the first nine months of the 2008/09 fiscal year (Q 1-3 2007/08: EUR 125.0 million). “In these economically turbulent times, we are focusing on our core business in the Legwear, Ready-to-wear and Lingerie product groups and relying on our strengths as an internationally established fashion brand in the premium segment with high customer loyalty. Furthermore, we are intensifying our efforts to further exploit cost savings potential and optimize monobrand distribution, and will determinedly pursue the strategy we have adopted, enabling us to emerge even stronger from this difficult global economic situation”, comments Holger Dahmen, Chief Executive Officer of Wolford AG.

Sales decline – earnings significantly burdened

On balance, total sales of the Wolford Group in the first three quarters of the current fiscal year declined by 5.2 percent in a year-on-year comparison, to EUR 118.5 million. Adjusted for currency effects, the sales decrease totaled only 3.2 percent. This development is based on a disproportionately strong performance in the previous fiscal year (Q 1-3 2007/08: EUR 125.0 million), which in turn had raised sales by 15.9 percent compared to 2006/07. In addition to the ongoing perceptible consumer restraint, the additional costs relating to newly-opened retail sales locations during the reporting period and the effects of foreign currency developments negatively impacted earnings indicators. The operating result before depreciation, amortization and impairment (EBITDA) amounted to EUR 10.1 million (Q 1-3 2007/08: EUR 15.8 million), which corresponds to an EBITDA margin of 8.5 percent (Q 1-3 2007/08: 12.7 percent). The operating profit (EBIT) reached a level of EUR 4.7 million, down from EUR 10.7 million in the previous fiscal year. Accordingly, the EBIT margin in the reporting period was 4.0 percent (Q 1-3 2007/08: 8.6 percent). The profit from continuing operations in the first three quarters of the 2008/09 fiscal year amounted to EUR 2.1 million (Q 1-3 2007/08: EUR 9.2 million).

Solid equity base

As at the balance sheet date of January 31, 2009, shareholders' equity of the Wolford Group totaled EUR 79.5 million, above the comparable figure of EUR 78.8 million on January 31, 2008. This corresponds to an equity ratio of 48.6 percent, underlining the Wolford Group's success in maintaining the high level achieved in previous years. Investments rose to EUR 12.4 million in the first nine months of the 2008/09 fiscal year. During the reporting period, Wolford primarily invested in the expansion and optimization of its distribution activities as well as the implementation of new enterprise resource planning (ERP) and development systems designed to optimize processes and capacities and thus sustainably reduce costs.

Varied development in Wolford's core geographic markets

Considering sales development from a regional perspective, the Wolford Group maintained the high level of sales in most of its core geographic markets in Western Europe. The markets Belgium (+24.6 percent), Switzerland (+9.5 percent in the Group currency, +4.2 percent in CHF) and France (+6.3 percent) developed gratifyingly. In Great Britain, sales climbed 13.2 percent in GBP (-3.7 percent in Group currency). The previous year's sales level could be maintained in Austria, whereas sales dropped in Germany (-2.5 percent) and the Netherlands (-5.5 percent). Consumer restraint was even more perceptible in Scandinavia (-8.0 percent) and in Southern Europe, where sales fell even more significantly, at -9.9 percent in Italy and -15.7 percent in Spain. The USA, which has been particularly affected by the current economic crisis, registered a 16.4 percent drop in sales (-14.1 percent in USD). In contrast, the Asia/Oceania region reported a 6.4 percent increase in sales.

Slight sales growth at Wolford’s proprietary stores

Wolford’s proprietary stores continued to develop positively in the first nine months of the 2008/09 fiscal year. Wolford-owned boutiques, shop-in-shops and factory outlets increased sales by 2.7 percent year-on-year. Sales at Wolford’s own boutiques rose 0.7 percent, whereas Wolford-owned and partner-operated boutiques together saw sales decline by 4.1 percent. Sales generated by department stores and multi-brand retailers were down 6.7 percent and 5.4 percent respectively from the previous year’s figures.

Outlook

The Executive Board of the Wolford Group expects the difficult economic conditions to continue in the short to medium term, and to be accompanied by a further weakening in consumer demand.

However, the Wolford Group is prepared to meet the challenges of the future based on the persistent adherence to strategic targets as well as the initiation of process optimization and cost savings measures.

The start-up of the company’s own production facility in Slovenia is planned to take place in the 2010/11 fiscal year. This investment will not only lay the groundwork for the further expansion of the brand in the future, but also contribute towards safeguarding the long-term success of the company.

Overview of sales and financial data

Q 1-3 2008/09 (May 1, 2008 - January 31, 2009)

Consolidated balance sheet at January 31, 2009 (IFRS)

ASSETS	**Q 1-3**	**Q 1-3**	**Q 1-4**
in EUR '000	**Jan. 31, 2009**	**Jan. 31, 2008**	**April 30, 2008**
Non-current assets			
Property, plant and equipment	67,067	61,085	61,937
Goodwill	1,196	667	1,087
Intangible assets excluding goodwill	8,649	6,690	6,483
Non-current financial assets	5,532	8,438	8,376
Non-current receivables and other assets	1,321	1,141	1,108
	83,765	**78,021**	**78,991**
Deferred tax assets	**5,154**	**5,251**	**4,828**
Current assets			
Inventories	44,730	39,280	47,752
Current receivables and other assets	21,504	22,662	18,533
Prepaid expenses	4,390	3,556	2,031
Current available-for-sale financial assets	37	36	37
Cash and cash equivalents	4,078	9,684	2,957
	74,739	**75,218**	**71,310**
TOTAL ASSETS	**163,658**	**158,490**	**155,129**

Consolidated balance sheet at January 31, 2009 (IFRS)

SHAREHOLDERS' EQUITY AND LIABILITIES	Q 1-3	Q 1-3	Q 1-4
in EUR '000	**Jan. 31, 2009**	**Jan. 31, 2008**	**April 30, 2008**
Shareholders' equity			
Share capital and capital reserves	38,168	38,168	38,168
Other reserves	29,728	23,465	23,243
Retained earnings	16,248	21,787	22,271
Treasury stock	(4,664)	(4,664)	(4,664)
	79,480	**78,756**	**79,018**
Deferred tax liabilities	**323**	**425**	**354**
Non-current liabilities			
Long-term debt	10,946	7,315	16,265
Provisions for employee benefits	15,308	15,860	15,693
Other non-current liabilities	1,492	118	114
	27,746	**23,293**	**32,072**
Current liabilities			
Bank loans and overdraft and current portion of long-term debt	32,985	30,317	16,590
Current provisions	6,153	7,457	5,632
Trade payables	4,205	4,611	6,952
Advance payments received	1,089	1,053	981
Other current liabilities	11,677	12,578	13,530
	56,109	**56,016**	**43,685**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**163,658**	**158,490**	**155,129**

Consolidated income statement Q 1-3 2008/09 (IFRS)

PROFIT AND LOSS ACCOUNT *in EUR '000*	Q3 Jan. 31, 2009	Q3 Jan. 31, 2008	Q 1-3 Jan. 31, 2009	Q 1-3 Jan. 31, 2008
Sales	41,794	48,446	118,450	124,953
Other operating income	380	915	2,672	2,909
Change in inventories of finished goods and work-in-process	(3,052)	(1,341)	(2,039)	3,837
Own work capitalized	31	6	107	63
OPERATING OUTPUT	**39,153**	**48,026**	**119,190**	**131,762**
Cost of materials and purchased services	(8,400)	(9,634)	(26,810)	(30,564)
Staff costs	(17,420)	(20,668)	(54,502)	(56,814)
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets excluding goodwill	(1,914)	(1,783)	(5,400)	(5,102)
Other operating expenses	(10,394)	(10,311)	(27,785)	(28,556)
OPERATING PROFIT (EBIT)	**1,025**	**5,630**	**4,693**	**10,726**
Net interest cost	94	(453)	(2,239)	(1,201)
Net investment securities income	143	245	248	307
Interest cost of employee benefit liabilities	(215)	(202)	(642)	(605)
FINANCIAL RESULT	**22**	**(410)**	**(2,633)**	**(1,499)**
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXES	**1,047**	**5,220**	**2,060**	**9,227**
Income taxes	(579)	(2,090)	(876)	(2,483)
NET PROFIT FOR THE PERIOD	**468**	**3,130**	**1,184**	**6,744**
Earnings per share in EUR	0.09	0.64	0.24	1.38
Weighted average number of shares outstanding in '000	4,900	4,900	4,900	4,900

Consolidated cash flow statement Q 1-3 2008/09 (IFRS)

CASH FLOW STATEMENT *in EUR '000*	Q 1-3 Jan. 31, 2009	Q 1-3 Jan. 31, 2008
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXES PLUS DEPRECIATION, AMORTIZATION AND IMPAIRMENT	**7.460**	**14.330**
NET CASH FROM OPERATING ACTIVITIES	**2.018**	**2.532**
NET CASH FROM INVESTING ACTIVITIES	**(9.803)**	**(6.200)**
NET CASH FROM FINANCING ACTIVITIES	**8.968**	**10.013**
Net increase in cash and cash equivalents	1.183	6.345
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	(62)	(95)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4.078**	**9.684**

Consolidated statement of changes in equity Q 1-3 2008/09 (IFRS)

SHAREHOLDERS' EQUITY *in EUR '000*	Q 1-3 Jan. 31, 2009	Q 1-3 Jan. 31, 2008
SHAREHOLDERS' EQUITY AT BEGINNING OF PERIOD	**79.018**	**74.442**
Net profit of the period	1.184	6.744
Dividends	(2.107)	(1.470)
Increase of share capital	0	0
Sale of treasury stock	0	0
Currency translation	1.521	(1.216)
Other changes	(136)	256
SHAREHOLDERS' EQUITY AT END OF PERIOD	**79.480**	**78.756**

Annex

Notes on the interim financial report at January 31, 2009

General information

The consolidated interim financial statements of the Wolford Group for the first three quarters 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 Financial Reporting).

The accounting and valuation policies applied to the consolidated financial statements of the Wolford Group for the 2007/08 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 2007/08 of the Wolford Group applying to the balance sheet date of April 30, 2008.

In all financing 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

The number of companies included in the scope of consolidation has changed compared to the previous reporting date, due to the founding of Wolford proizvodnja in trgovina d.o.o., Slovenia. The company was established on August 28, 2008, and is a 100% subsidiary of Wolford AG. The purpose of the new entity is to build a new facility for production and trading.

Moreover, sales offices were set up in Luxembourg and Macao. The opening of a boutique in Luxembourg will enable the Wolford Group to further expand its retail activities. In Macao, the founding of a sales office provides the Wolford Group with the means to further strengthen its position on the Asian market.

Seasonality of business operations

Sales in the third quarter of the fiscal year are usually driven by the Christmas shopping season. However, due to the increasing level of consumer restraint starting in the third quarter, the traditionally strong third quarter period in terms of sales and earnings turned out to be weaker than in the previous year.

Condensed primary segment information (by region, IFRS)

in EUR '000	Austria	Other European countries	North America	Asia	Consolidation	Group
Jan. 31, 2009						
Sales	**79,154**	**74,908**	**15,595**	**1,166**	**(52,373)**	**118,450**
Profit from continuing operations before taxes	**(886)**	**3,153**	**570**	**17**	**(794)**	**2,060**
Jan. 31, 2008						
Sales	82,604	76,544	19,149	1,022	(54,366)	124,953
Profit from continuing operations before taxes	2,175	6,014	3,827	322	(3,110)	9,227

Non-current assets

The Wolford Group invested a total of TEUR 12,423 during the first nine months of the 2008/09 fiscal year (previous year: TEUR 6,489). The investments primarily focused on the expansion and optimization of its distribution activities as well as the implementation of new enterprise resource planning (ERP) and development systems designed to optimize processes and capacities and thus sustainably reduce costs.

Inventories

The optimization of inventory management will also be consistently implemented in the next fiscal year, aiming to improve delivery quality and reduce the capital employed. Compared to the second quarter of 2008/09, inventories could be reduced by TEUR 5,126.

Shareholders' equity/dividends

The Annual Shareholders' Meeting held on September 16, 2008 approved the distribution of a dividend of the profit amounting to TEUR 2,107, which was distributed to the shareholders of Wolford AG on October 2, 2008. This corresponds to a dividend of EUR 0.43 for each no par value bearer share (previous year: EUR 0.30).

Financial result

The higher capital employed, the higher average interest rates despite interest rate reductions in the last few months, and the mark-to-market valuation of foreign exchange forward contracts led to a change in the financial result of TEUR minus 1,134, to TEUR minus 2,633. Of this amount, a total of TEUR 523 are comprised of mark-to-market valuation of foreign currency hedges. The situation improved by TEUR 657 due to the favorable mark-to-market valuation compared to the second quarter of 2008/09.

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. Any 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 on January 31, 2009 and the publication of this interim financial report.

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, March 2009

The Executive Board
Signed:

Holger Dahmen   Peter Simma

This interim report about the first nine months of the 2008/09 fiscal year is available on the Internet at:
www.wolford.com/en/business_world/investor_relations/financial_reports/interim_reports

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

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Financial calendar

Friday	July 24, 2009	Press conference on results for 2008/09 fiscal year, 9:30 a.m., Vienna
Tuesday	Sept. 15, 2009	Annual Shareholders' Meeting, 2:00 p.m., Bregenz
Friday	Sept. 18, 2009	Sales/earnings for first quarter of 2009/10
Thursday	Sept. 24, 2009	Ex-dividend date
Thursday	Oct. 1, 2009	Dividend payment date
Friday	Dec. 18, 2009	Press conference on results for the first half of 2008/09 fiscal year, 9:30 a.m., Vienna

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