Interim report on the third quarter of the 2009/10 fiscal year

(May 1, 2009 – January 31, 2010)

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Key Figures for the Wolford Group

(May 1, 2009 – January 31, 2010)

Amounts in EUR '000	9 months ended Jan. 31, 2010	Jan. 31, 2009	Change abolute	Change % points
Sales	112,641	118,450	(5,809)	-4.9%
EBITDA	12,123	10,093	2,030	20.1%
EBITDA margin	10.8%	8.5%	2.3%	
Operating profit (EBIT)	6,227	4,693	1,534	32.7%
EBIT margin	5.5%	4.0%	1.5%	
Result from continuing operations (before taxes)	4,630	2,060	2,570	124.8%
Net result for the period	3,753	1,184	2,569	216.9%
Earnings per share in EUR	0.77	0.24	0.53	216.9%
Net cash from operating activities	16,524	2,018	14,506	718.8%
Result from continuing operations before taxes, plus depreciation, amortization and impairment	10,526	7,460	3,066	41.1%
Capital investments excluding financial assets	7,154	12,423	(5,268)	-42.4%
Net debt	24,700	35,481	10,781	30.4%
Debt/equity ratio	30.7%	44.6%	13.9%	
Shareholders' equity	80,533	79,480	1,053	1.3%
Equity ratio based on total assets	52.5%	48.6%	3.9%	
Number of full-time equivalents at period end	1,466	1,620	(154)	-9.5%

Management Report
(May 1, 2009 – January 31, 2010)

Upward sales trend

Whereas the Wolford Group was faced with a decline in sales during the first two quarters of the 2009/10 fiscal year, sales picked up again in the third quarter compared to the previous year's quarter. The sales increase of 5.7 percent in the third quarter was not extensive enough to completely compensate for the 10.7 percent drop in sales in the first half of 2009/10, but marked the start of Wolford's return to the growth path. On balance, total sales of the Wolford Group fell by 4.9 percent in the first nine months, to EUR 112.6 million. The positive development in the third quarter is also the result of intensive training measures targeting employees at the point of sale, which were implemented in order to further improve service quality.

From a regional perspective, almost all of Wolford's core geographic markets increased sales in the third quarter of the 2009/10 fiscal year. The luxury brand particularly succeeded in generating gratifying sales growth in Spain (+17.8 percent), USA (+16.7 percent in USD, +3.6 percent in Group currency), Great Britain (+9.8 percent in GBP, +4.8 percent in Group currency) as well as in the regions CEE (+16.3 percent) and Asia/Oceania (+12.8 percent). Sales also rose between 4 and 7 percent in Germany, Scandinavia, Italy and Switzerland. Whereas sales in Belgium and Austria were maintained at a stable high level, France and the Netherlands were the only markets facing a downswing.

Further sales growth of proprietary stores

Wolford's proprietary stores showed a positive sales development in the first nine months of the 2009/10 fiscal year. Accordingly, Wolford-owned boutiques, shop-in-shops and factory outlets increased sales by 7.4 percent during the period under review. This improvement was primarily due to the strategic expansion of Wolford's own distribution network. In the first nine months of the current fiscal year, Wolford opened or took over from existing partner-operated outlets a total of four boutiques, eight concession shop-in-shops and three factory outlets. As a result, the Retail segment increased its share of total Group sales to a record level of 47.4 percent. In turn, this 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 59.1 percent.

Management Report
(May 1, 2009 – January 31, 2010)

Considering the sales development of the individual distribution channels, the largest distribution channel consisting of Wolford-owned and partner-operated boutiques further increased its share of total sales to 46.6 percent. Whereas third quarter sales with boutiques climbed by 4.1 percent, cumulative sales with boutiques in the first three quarters of 2009/10 were down 2.3 percent overall. Department stores and multi-brand retailers continued to post a drop in sales over the first nine months.

Earnings clearly above the previous year's level

During the period under review, the development of key earnings indicators, which the Wolford Group significantly improved, was very gratifying. Accordingly, EBITDA of the Wolford Group totaled EUR 12.1 million in the first nine months of 2009/10, corresponding to a 20.1 percent rise year-on-year (Q1-3 2008/09: EUR 10.1 million). The related EBITDA margin was at a level of 10.8 percent in the first nine months, up from 8.5 percent in the comparable period of the previous year. At the same time, operating profit (EBIT) improved by 32.7 percent, to EUR 6.2 million (Q1-3 2008/09: EUR 4.7 million). The result from continuing operations rose to EUR 4.6 million (Q1-3 2008/09: EUR 2.1 million) in the first three quarters of the current fiscal year, whereas the financial results climbed by EUR 1.0 million. As a consequence, the net result for the period amounted to EUR 3.8 million (Q1-3 2008/09: EUR 1.2 million). Thus the earnings per share in the first nine months of 2009/10 were EUR 0.77, up from EUR 0.24 in the prior-year period.

Non-current assets

The Wolford Group invested a total of TEUR 7,154 during the first nine months of 2009/10 (January 1, 2009: TEUR 12,423). The reduced investment volume had a positive impact on the company's liquidity situation.

Management Report
(May 1, 2009 – January 31, 2010)

Inventories

The launch of a new production planning system has enabled even more precise production planning, which has been accompanied by a reduction in production throughout times. Moreover, retail inventories are being coordinated by means of an automatic replenishment system. Due to the implementation of these inventory optimization measures, the Wolford Group has successfully cut back on inventories by TEUR 7,710 compared to the previous year's level as at January 31, 2009, a decline of 17.2 percent year-on-year. The Wolford Group will determinedly press ahead with these optimization measures in the upcoming months.

Solid capital structure – further improvement in net debt, cash flow and financial result

The consistent implementation of inventory optimization measures as well as the low level of investment contributed towards reducing net debt to EUR 24.7 million at the balance sheet date of January 31, 2010, a year-on-year decrease of 30.4 percent. The gearing ratio improved by 13.9 percentage points compared to the previous year, to EUR 30.7 percent. In the same period, shareholders' equity of the Wolford Group rose form EUR 79.5 million to EUR 80.5 million, corresponding to a solid equity ratio of 52.5 percent (January 31, 2009: 48.6 percent). The net cash from operating activities amounted to EUR 16.5 million, an increase of EUR 14.5 million. The considerably lower net debt and the strong improvement in cash flow positively affected the financial result, which improved by 39.3 percent, or TEUR 1,036, from the comparable level at January 31, 2009.

Outlook

Although there were initial signs of a recovery in the second and third quarters of the 2009/10 fiscal year and order volume for the fall/winter collection 2010/11 indicates a slight upturn in demand, the Executive Board of Wolford Aktiengesellschaft expects the market environment to remain challenging. From today's perspective, the Executive Board anticipates positive earnings for the 2009/10 fiscal year as a whole.

Interim Consolidated Financial Statements
(May 1, 2009 – January 31, 2010)

Consolidated balance sheet at January 31, 2010 (IFRS)

in EUR '000

ASSETS	Jan. 31, 2010	Jan. 31, 2009	Apr. 30, 2009
Non-current assets			
Property, plant and equipment	66,053	67,067	65,022
Goodwill	1,163	1,196	1,180
Intangible assets excluding goodwill	10,720	8,649	10,672
Non-current available-for-sale financial assets	4,837	5,532	4,780
Non-current receivables and other assets	1,209	1,321	1,327
	83,982	**83,765**	**82,981**
Deferred tax assets	**4,923**	**5,154**	**5,220**
Current assets			
Inventories	37,020	44,730	44,747
Current receivables and other assets	17,595	21,504	16,137
Prepaid expenses	3,125	4,390	2,102
Current available-for-sale financial assets	38	37	38
Cash and cash equivalents	6,683	4,078	3,752
	64,461	**74,739**	**66,776**
TOTAL ASSETS	**153,366**	**163,658**	**154,977**

Consolidated balance sheet at January 31, 2010 (IFRS)

in EUR '000

SHAREHOLDERS' EQUTIY AND LIABILITIES	Jan. 31, 2010	Jan. 31, 2009	Apr. 30, 2009
Shareholders' equity			
Share capital and capital reserves	38,168	38,168	38,168
Other reserves	32,606	32,211	32,551
Currency translation differences	(3,191)	(2,483)	(3,102)
Retained earnings	17,614	16,248	13,865
Treasury stock	(4,664)	(4,664)	(4,664)
	80,533	**79,480**	**76,818**
Deferred tax liabilities	**315**	**323**	**349**
Non-current liabilities			
Long-term debt	7,849	10,946	18,614
Provisions for employee benefits	13,902	15,308	13,756
Other non-current liabilities	145	1,492	158
	21,896	**27,746**	**32,528**
Current liabilities			
Current portion of long-term debt	2,313	3,153	2,903
Bank loans and overdrafts	24,945	29,832	19,729
Current provisions	6,303	6,153	4,741
Trade payables	4,101	4,205	4,051
Advance payments received	1,121	1,089	1,024
Other current liabilities	11,839	11,677	12,834
	50,622	**56,109**	**45,282**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**153,366**	**163,658**	**154,977**

Consolidated income statement for the third quarter of 2010 (IFRS)

in EUR '000	Third quarter ended Jan. 31, 2010	Third quarter ended Jan. 31, 2009	Nine months ended Jan. 31, 2010	Nine months ended Jan. 31, 2009
Sales	44,171	41,794	112,641	118,450
Other operating income	693	380	2,459	2,672
Change in inventories of finished goods and work-in-process	(5,165)	(3,052)	(6,226)	(2,039)
Own work capitalised	16	31	77	107
Operating output	**39,715**	**39,153**	**108,951**	**119,190**
Cost of materials and purchased services	(6,148)	(8,400)	(18,686)	(26,810)
Staff costs	(17,676)	(17,420)	(50,297)	(54,502)
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets	(2,020)	(1,914)	(5,896)	(5,400)
Other operating expenses	(9,701)	(10,394)	(27,845)	(27,785)
Operating profit (EBIT)	**4,170**	**1,025**	**6,227**	**4,693**
Net interest cost	(823)	94	(1,221)	(2,239)
Net investment securities income	183	143	185	248
Interest cost of employee benefit liabilities	(187)	(215)	(561)	(642)
Financial result	**(827)**	**22**	**(1,597)**	**(2,633)**
Profit from continuing operations (before taxes)	**3,343**	**1,047**	**4,630**	**2,060**
Income taxes	(345)	(579)	(877)	(876)
Net profit for the period	**2,998**	**468**	**3,753**	**1,184**
Earings per share in EUR (diluted = undiluted)			0.77	0.24
Weighted average number of shares outstanding in '000			4,900	4,900

Interim Consolidated Financial Statements

(May 1, 2009 – January 31, 2010)

Condensed consolidated cash flow statement (IFRS)

in EUR '000	9 months ended Jan. 31, 2010	9 months ended Jan. 31, 2009
Net cash from operating activities	**16,524**	**2,018**
Net cash used in investing activities	**(7,468)**	**(9,803)**
Net cash from financing activities	**(6,138)**	**8,968**
Net increase in cash and cash equivalents	2,918	1,183
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	13	(62)
Cash and cash equivalents at end of period	**6,683**	**4,078**

Consolidated statement of changes in equity (IFRS)

in EUR '000	9 months ended Jan. 31, 2010	9 months ended Jan. 31, 2009
Shareholders' equity at beginning of period	**76,818**	**79,018**
Net profit for the period	3,753	1,184
Dividends	0	(2,107)
Increase in share capital	0	0
Sale of treasury stock	0	0
Currency translation	(88)	1,521
Other changes	50	(136)
Shareholders' equity at end of period	**80,533**	**79,480**

Interim Consolidated Financial Statements

(May 1, 2009 – January 31, 2010)

Operating segment report (by region; IFRS)

in EUR '000	2009/10						2008/09					
	Austria	Rest of Europe	North America	Asia	Consolidations/ Eliminations	Group	Austria	Rest of Europe	North America	Asia	Consolidations/ Eliminations	Group
Sales	71,065	70,570	15,429	1,633	(46,055)	112,641	79,154	74,908	15,596	1,166	(52,373)	118,450
thereof inter-segment	46,055	0	0	0	(46,055)	0	52,373	0	0	0	(52,373)	0
External sales	25,010	70,570	15,429	1,633	0	112,641	26,781	74,908	15,596	1,166	0	118,450
Operating result (earnings before interest and taxes)	2,573	3,047	268	138	202	6,227	1,746	3,158	566	17	(794)	4,693
Net interest cost	(1,213)	(2)	(7)	0	0	(1,221)	(2,239)	(5)	4	0	0	(2,239)
Net income from securities	179	0	0	0	6	185	248	0	0	0	0	248
Interest cost from employee benefit liabilities	(561)	0	0	0	0	(561)	(641)	0	0	0	0	(641)
Financial result	(1,595)	(2)	(7)	0	6	(1,597)	(2,632)	(5)	4	0	0	(2,633)
Result from continuing operations (before taxes)	979	3,045	261	138	208	4,630	(886)	3,153	570	17	(794)	2,060
Segment assets	148,795	46,450	12,843	1,410	(56,133)	153,366	159,520	47,846	13,246	1,141	(58,094)	163,658
thereof non-current	90,976	20,637	3,881	452	(31,964)	83,982	94,597	13,756	4,230	453	(29,272)	83,765
Segment liabilities	61,184	28,063	4,607	802	(21,823)	72,833	70,888	35,204	4,244	527	(26,686)	84,178
Investments	1,994	4,587	515	58	0	7,154	5,569	5,159	1,454	241	0	12,423
Depreciation and amortization	3,663	1,596	584	53	0	5,896	3,526	1,430	415	29	0	5,400
Total number of employees	1,028	531	113	19		1,691	1,221	487	114	22		1,844

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

Notes on the Interim Financial Report
at January 31, 2010

General information

The consolidated interim financial statements of the Wolford Group for the first three quarters 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 Wolford 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 Wolford Group applying to the balance sheet date of April 30, 2009.

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.

Change 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

Sales in the third quarter of the fiscal year are usually driven by the Christmas shopping season. However, due to rising consumer demand in the third quarter (November 1, 2009 – January 31, 2010), sales rose by 5.7 percent from the comparable period of the previous year. Third quarter earnings indicators improved even more. The result from continuing operations more than tripled from the prior-year quarter.

Notes on the Interim Financial Report

at January 31, 2010

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 on January 31, 2010 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 of all Legal Representatives

according to § 87 Sect. 1 (3) Austrian Stock Exchange Act

The members of the Executive Board of 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 and loss of the group as required by the applicable accounting standards. The interim report of the Wolford Group for the first three quarters of the fiscal year 2009/10 give a true and fair view of important events that have occurred during the first nine months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining three months of the financial year, and of the major related party transactions to be disclosed.

Bregenz, March 2010

The Executive Board signed:

Holger Dahmen
Chairman of the Executive Board

Management responsibility for Marketing, Sales, Production and Technology, Strategic License Management and Designer Partnerships

Peter Simma
Deputy Chairman of the Executive Board

Management Responsibility for Finance, Human Resources, IT, Procurement and Legal

Financial Calendar

Friday	July 23, 2010	Press conference on results for the 2009/10 fiscal year, 9:30 a.m., Vienna
Tuesday	Sept. 14, 2010	Annual shareholder's meeting, 2:00 p.m., Bregenz
Friday	Sept. 17, 2010	Results Q1 2010/11
Thursday	Sept. 29, 2010	Ex-dividend date
Thursday	Sept. 30, 2010	Dividend payment date
Friday	Dec. 17, 2010	Results H1 2010/11
Friday	March 18, 2011	Results Q3 2010/11

Notes

This interim report is available in German and English at the Investor Relations pages of the corporate site www.wolford.com.
Definitions of financial indicators are contained in the latest annual report for the 2008/09 fiscal year.

Contact

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Peter Simma, Deputy Chairman of the Executive Board

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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, and all data has been carefully checked. Nevertheless, rounding off, compositor's or printing errors can not 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.