Wolford

Report on the first half of the fiscal year 2008/09

Key Figures for the Wolford Group (May 1 to October 31, 2008)

	First quarter ended	Second quarter ended		onths ded	Change (absolute/
Amounts in thousands of EUR	July 31, 2008	Oct. 31, 2008	Oct. 31, 2008	Oct. 31, 2007	% points)
Sales	31,913	44,743	76,656	76,507	149
EBITDA	(929)	8,083	7,154	8,415	(1,261)
EBITDA margin	-2.91%	18.07%	9.33%	11.00%	(1.7)
EBIT	(2,617)	6,285	3,668	5,096	(1,428)
EBIT margin	-8.20%	14.05%	4.79%	6.66%	(1.9)
Result from continuing operations before taxes	(3,311)	4,324	1,013	4,007	(2,994)
Net result for the period	(2,900)	3,616	716	3,614	(2,898)
Earnings per share in EUR	(0.59)	0.74	0.15	0.74	(0.59)
Result from continuing operations before taxes,					
plus depreciation, amortization and impairment	(1,623)	6,122	4,499	7,326	(2,827)
Capital investments excluding financial assets	5,210	4,084	9,294	4,388	4,906
Depreciation, amortization and impairment	1,688	1,798	3,486	3,319	167
Net debt			40,559	29,098	11,461
Shareholders' equity			78,958	76,187	2,771
Equity ratio based on total assets			45.71%	47.92%	(2.2)
Debt/equity ratio			51.37%	38.19%	13.2
Number of full-time equivalents at period end			1,689	1,685	4

Stock Data

	2008/09	2007/08
ISIN		AT0000834007
Number of shares	5,000,000	5,000,000
of which dividend-bearing	4,900,000	4,900,000
Earnings per share for the period	0.15 EUR	0.74 EUR
Stock price on April 30	22.89 EUR	34.99 EUR
Stock price high for first half of fiscal year	24.25 EUR	39.74 EUR
Stock price low for first half of fiscal year	13.50 EUR	30.50 EUR
Stock price on Oct. 31	15.33 EUR	30.70 EUR
Market capitalization on Oct. 31	76,650,000 EUR	153,500,000 EUR
Trading volume (average daily number of shares)	11,711	16,725



Market environment

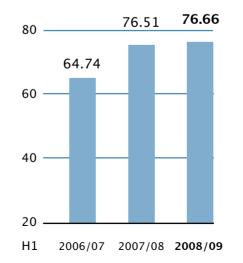
The first six months of the Wolford Group's 2008/09 fiscal year (May 1 – October 31, 2008) were characterized by an extremely tense business situation on the international financial, energy and raw material markets. These developments and their perceptible impact on the real economy led to a global cyclical slowdown, prompting experts in several countries to warn that a recession is already beginning. Combined with a negative business outlook, these unfavorable perspectives have resulted in a considerably restrained demand on the part of consumers in private households. The turbulences on international markets particularly affected the U.S. economy, but also had a negative influence on developments in the eurozone and in Asia.

Sales development

Stable sales level despite a difficult market environment Despite the tense market environment and the perceptible consumer restraint, the Wolford Group increased sales by 0.2 percent to EUR 76.7 million in the first half of the 2008/09 fiscal year, once again slightly improving upon the high sales posted in the previous year (H1 2007/08: EUR 76.5 million, up 18.2 percent from 2006/07). Whereas Wolford generated a significant rise in first quarter sales of 4.6 percent, the second quarter of 2008/09 developed less favorably, with sales declining 2.7 percent following an extremely strong second quarter of the preceding fiscal year (+19.1 percent). Adjusted for currency effects, sales growth in the first six months of the current fiscal year amounted to 2.5 percent.

Sales

(in EUR million)



Proprietary stores grow sales

In particular, Wolford's proprietary stores continued to develop positively in the first six months of the 2008/09 fiscal year. As a consequence of the clearly-focused investments in sales locations, Wolford's own boutiques, shop-in-shops and factory outlets succeeded in raising sales by 3.5 percent year-on-year.

Sales at Wolford's own boutiques in the first half-year 2008/09 climbed 2.0 percent from the previous fiscal year, whereas sales with the partner-operated boutiques were considerably below the previous year's level. On balance, Wolford-owned and partner-operated boutiques together registered a 2.4 percent sales decrease in the first six months of the 2008/09 fiscal year. As at the balance sheet date of October 31, 2008, Wolford had 259 monobrand sales outlets at its disposal, of which 130 were Wolford's own points of sale. Wolford's sales with department stores and multi-brand retailers rose slightly compared to the previous fiscal year.

Sales outlets feature the Wolford store concept throughout the world

The roll-out of the Wolford store concept continued during the reporting period. As of October 31, 2008, a total of 176 outlets (76 proprietary, 100 partner-operated) had been redesigned to display the new look in line with the Wolford store concept. In the second quarter of 2008/09 alone, 21 sales locations were redesigned to embody the modern, light look, including new boutiques opened in Paris, Luxembourg, Hong Kong and Macao.

Ongoing positive development in most core geographic markets

Considering sales development from a regional perspective, the international luxury brand further improved sales during the period under review in Belgium (+32.5 percent), Switzerland (+12.7 percent in the Group currency, +10.1 percent in CHF), France (+11.4 percent), Germany (+5.2 percent) and Great Britain (+2.2 percent in Group currency, +18.9 percent in GBP). The previous year's sales level could be maintained in Central and Eastern European markets, Austria, Netherlands and in Asia/ Oceania, whereas sales fell slightly in Italy and Scandinavia. The Wolford sales markets which have been significantly affected by the current economic crisis, namely the USA (-14.9 percent in Group currency, -6.0 percent in USD) and Spain (-17.7 percent), registered a sharp decline in sales in the first half of 2008/09 from the strong comparable period of the previous fiscal year.

Demand for Wolford legwear remains strong

In the first half of 2008/09, the Legwear product group, which has comprised Wolford's core business for close to 60 years, managed to maintain the very high sales level achieved in the first six months of the previous fiscal year. During the reporting period, Legwear contributed 49.5 percent of total brand sales. The Ready-to-wear product group generated a further 38.9 percent of total brand sales. The Lingerie, Swimwear and Accessories product groups combined for 11.6 percent of brand sales in the first half-year 2008/09.

Earnings

Earnings decline due to exceedingly strong performance in the previous fiscal year

Consumer restraint in the luxury segment was also reflected in the development of relevant earnings indicators. Moreover, earnings were negatively impacted by the costs relating to newly-opened Wolford-owned sales locations, as well as the effects of foreign currency developments, primarily relating to the US dollar and the British pound.

Against this backdrop, the EBITDA fell by 17.9 percent in the second guarter of the current fiscal year, to EUR 8.1 million, based on an extremely strong performance in the comparable period of the previous year (Q2 2007/08: +53.9 percent). The operating profit (EBIT) was down 23.0 percent, to EUR 6.3 million, taking account of the fact that the 71.0 percent rise in operating profit achieved in the second guarter of the preceding fiscal year ranked among the strongest guarterly improvements in Wolford's history. Accordingly, the EBITDA margin declined to 18.1 percent, and the EBIT margin of 14.1 percent was also below the previous year's figure (Q2 2007/08: 17.8 percent).

Considering the first half of the 2008/09 fiscal year as a whole, the Austrian luxury brand generated an EBITDA of EUR 7.2 million, a decrease of 15.0 percent year-on-year (H1 2007/08: EUR 8.4 million). In the same period, EBIT fell 28.0 percent, to EUR 3.7 million.

The valuation of current foreign currency hedging instruments as at October 31, 2008 resulted in a negative effect on the financial result of EUR 1.2 million, which can be attributed to the massive exchange rate fluctuations of the US dollar and the British pound. Furthermore, the high level of interest rates, which are a consequence of the global banking crisis. and the rise in capital employed compared to the previous year increased the net interest cost by EUR 0.4 million. Primarily due to the two above-mentioned developments, the profit from continuing operations declined to EUR 1.0 million (H1 2007/08: EUR 4.0 million).

78.96

45.7%

2007/08 2008/09

Shareholders' equity

(in EUR million)

.

76.19 80 Equity ratio as a per-66.37 centage of total assets 60 40 47.9% **46.1%** 20

0

HJ 2006/07

Strong equity capital structure as the basis for further growth At the balance sheet date of October 31, 2008, shareholders' equity of the Wolford Group was EUR 79.0 million (October 31, 2007: EUR 76.2 million). This corresponds to an equity ratio of 45.7 percent. Capital expenditure more than doubled in a year-on-year comparison. In the first six months of the 2008/09 fiscal year, Wolford invested a total of EUR 9.3 million, of which 62 percent was designed to expand and optimize the company's monobrand distribution.

The Wolford share

In the first six months of the current fiscal year, the Wolford share was not immune from general trends on the Vienna Stock Exchange. At the end of the first half of the 2008/09 fiscal year, the Wolford share closed trading at EUR 15.33. The highest share price in the first half 2008/09 was reached on June 30, 2008, closing at EUR 24.25, with the lowest closing price of the year, at EUR 13.50, posted on October 28, 2008.

Outlook

Laying the groundwork for further growth/ focus on improving efficiency In the second half of the 2008/09 fiscal, the Wolford Group will continue to concentrate on the strategic cornerstones of its business operations, which have enabled it to achieve a sustainable position as an international fashion brand in the premium segment, i.e. the optimization of its product offering to ensure that its fashion collection comprises a harmoniously matching wardrobe from head to toe, as well as the expansion and qualitative improvement of monobrand distribution accompanied by the consistent focus on efficiency-raising measures.

In order to set the stage for expected future growth, the Wolford Group is accelerating the implementation of a project which was evaluated a fairly long time ago due to the long-term planning horizon – namely the development of sewing production capacities at its own clothing manufacturing facility in Slovenia. The start-up of operations is scheduled for the 2010/11 fiscal year. With this investment project, Wolford is on the one hand laying the groundwork for the further expansion of the brand in the future and on the other hand making a contribution towards ensuring the long-term success of the company.

Due to the difficult cyclical environment, the Executive Board of the Wolford AG currently assumes that total Group sales as well as earnings in 2008/09 will be below the previous year's level.

Consolidated balance sheet at October 31, 2008 (IFRS)

In thousands of EUR	Oct. 31, 2008	Apr. 30, 2008	Oct. 31, 2007
ASSETS			
ASSETS			
Non-current assets			
Property, plant and equipment	65,965	61,937	60,934
Goodwill	1,207	1,087	683
Intangible assets excluding goodwill	8,589	6,483	6,497
Non-current available-for-sale financial assets	7,593	8,376	8,680
Non-current receivables and other assets	1,342	1,108	1,167
	84,696	78,991	77,961
Deferred tax assets	4,964	4,828	5,890
Current assets			
Inventories	49,856	47,752	41,276
Current receivables and other assets	25,521	18,533	26,381
Prepaid expenses	3,512	2,031	3,178
Current available-for-sale financial assets	37	37	36
Cash and cash equivalents	4,168	2,957	4,250
	83,094	71,310	75,121
	05,094	/1,510	/ 5,121
Total assets	172,754	155,129	158,972

In thousands of EUR	Oct. 31, 2008	Apr. 30, 2008	Oct. 31, 2007
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital and capital reserves	38,168	38,168	38,168
Other reserves	30,004	23,243	24,051
Retained earnings	15,450	22,271	18,632
Treasury stock	(4,664)	(4,664)	(4,664)
	78,958	79,018	76,187
Deferred tax liabilities	334	354	438
Non-current liabilities			
Long-term debt	4,739	16,265	8,140
Provisions for employee benefits	16,144	15,693	14.762
Other non-current liabilities	150	114	110
	21,033	32,072	23,012
Current liabilities			
Bank loans and overdraft, and			
current portion of long-term debt	46,378	16,590	32,817
Current provisions	6,443	5,632	6,201
Trade payables	4,881	6,952	5.686
Advance payments received	906	981	841
Other current liabilities	13,821	13,530	13,790
	72,429	43,685	59,335
Total shareholders' equity and liabilities	172,754	155,129	158,972

Consolidated income statement (IFRS)

	Second qu	arter ended	Six months ended	
In thousands of EUR	Oct. 31, 2008	Oct. 31, 2007	Oct. 31, 2008	Oct. 31, 2007
	44 742	45.000	76.656	76 507
Sales Other exercting income	<u> </u>	<u>45,990</u> 1,265	<u>76,656</u> 2,292	76,507
Other operating income Change in inventories of finished goods	1,049	1,205	2,292	1,994
and work-in-process	(3,862)	(800)	1,013	5,179
Own work capitalized	50	16	,	57
Operating output	42,582	46,471	80,037	83,737
Cost of materials and purchased services	(7,425)	(9,581)	(18,410)	(20,930)
Staff costs	(17,723)	(17,406)	(37,082)	(36,146)
Depreciation, amortization and impairment losses on property, plant and equipment and intangible	(1 - 20)			
assets excluding goodwill		(1,680)	(3,486)	(3,319)
Goodwill impairment Other operating expenses	0 (9,351)	0 (9,642)	0 (17,391)	0 (18,246)
Operating profit (EBIT)	6,285	8,162	3,668	5,096
Net interest cost	(1,823)	(447)	(2,333)	(749)
Net investment securities income	76	37	105	62
Interest cost of employee benefit liabilities	(214)	(201)	(427)	(402)
Profit from continuing operations before taxes	4,324	7,551	1,013	4,007
Income taxes	(708)	(938)	(297)	(393)
Net profit for the period	3,616	6,613	716	3,614

Condensed consolidated cash flow statement (IFRS)

	Six n	onths ended
In thousands of EUR	Oct. 31, 2008	Oct. 31, 2007
Result from continuous operations before taxes,		
plus depreciation, amortization and impairment	4,499	7,326
Net cash from operating activities	(6,468)	(8,064)
Net cash used in investing activities	(8,619)	(4,404)
Net cash from financing activities	16,154	13,334
Net increase in cash and cash equivalents	1,067	866
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	144	(50)
· ·		
Cash and cash equivalents at end of period	4,168	4,250

Consolidated statement of changes in equity (IFRS)

	Six mo	onths ended
In thousands of EUR	Oct. 31, 2008	Oct. 31, 2007
Shareholders' equity at beginning of period	79,018	74,442
Net profit for the period	716	3,614
Dividends	(2,107)	(1,470)
Increase in share capital	0	0
Sale of treasury stock	0	0
Currency translation	1,765	(858)
Other changes	(434)	459
Shareholders' equity at end of period	78,958	76,187
Stock data	Oct 21 2008	Oct 31 2007

SLOCK UALA	Oct. 31, 2008	Oct. 31, 2007
Earnings per share in EUR	0.15	0.74
Weighted average number of shares outstanding in '000	4,900	4,900

Notes on the interim financial report at October 31, 2008

General information

The consolidated interim financial statements of the Wolford Group for the first half 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 fundamentally unchanged.

The interim financial report does not include all information and explanatory notes which are required in relation to the consolidated financial statements for the fiscal year. For this reason, this interim report should be read together with the Annual Report 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

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

Compared with the first quarter, the second quarter of the fiscal year is traditionally a stronger period, as reflected by figures for total sales as well as earnings indicators.

The Wolford Group traditionally generates the most sales in the third quarter of the fiscal year, due to the Christmas shopping season.

Non-current assets

The Wolford Group invested a total of TEUR 9,294 during the first six months of the 2008/09 fiscal year, which represents an increase of TEUR 4,906 from the comparable period of the previous year.

Condensed primary segment information (by region; IFRS)

In thousands of EUR Oct. 31, 2008	Austria	Other European countries	North America	Asia	Consolidation	Group
<u>Sales</u>	53,148	48,110	10,129	524	(35,255)	76,656
EBIT	3,562	816	122	(65)	(767)	3,668
Profit from continuing						
operations before taxes	910	809	126	(65)	(767)	1,013

Inventories

In the 2007/08 fiscal year, inventories of finished goods and merchandise rose by TEUR 10,095. This development can be primarily attributed to higher inventories for basic products to boost delivery quality, to support the "Never-out-ofstock program" and the expansion of global Retail activies.

The launch of a new production planning system enables more precise production planning accompanied by a reduction in throughput time. Accordingly, Wolford has already successfully cut back on inventories by TEUR 2,492 from the first quarter of 2008/09.

By the end of the 2008/09 fiscal year, Wolford aims to reduce inventories by at least TEUR 4,000 compared to the level at the end of 2007/08.

Shareholders' equity/dividends

The Annual General 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).

Financing activities and financial result

Financial liabilities increased by TEUR 10,160 during the reporting period, to TEUR 51,177, which is due to the high level of investments and increased inventories. Higher interest rates, the rise in capital employed and the mark-to-market valuation of foreign exchange forward contracts and options resulted in a decline of the financial result by TEUR 1,566, to TEUR minus 2,655.

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

There were no significant events requiring disclosure between the balance sheet date on October 31, 2008 and the publication of this interim financial report.

Effects of exchange rate changes

Foreign currency transactions are hedged by foreign exchange forward contracts and options.

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, December 2008

The Executive Board Signed: Holger Dahmen Peter Simma More information is available at: www.wolford.com/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.

Contacts

Holger Dahmen, Chairman of the Executive Board Peter Simma, Deputy Chairman of the Executive Board

Investor@wolford.com Wolford AG, Wolfordstraße 1 6901 Bregenz, Austria Phone: (+43 5574) 690-0 www.wolford.com

Financial calendar

<u>Wednesday</u>	March 18, 2009	Sales/earnings for third quarter of 2008/09
Friday	July 24, 2009	Press conference on results for 2008/09 fiscal year,
		<u>9:30 a.m., Vienna</u>
Tuesday	September 15, 2009	Annual shareholders' meeting, 2:00 p.m., Bregenz
Friday	September 18, 2009	Sales/earnings for first quarter of 2009/10
Thursday	September 24, 2009	Ex-dividend date
Thursday	October 1, 2009	Dividend payment date
Friday	December 18, 2009	Press conference on results for first half
		<u>of 2009/10 fiscal year, 9.30 a.m., Vienna</u>

Disclaimer

The consolidated interim financial statements of the Wolford Group has been put together with the greatest possible diligence, and all data have 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 AG 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.



About this report

WOLFORD AKTIENGESELLSCHAFT

Wolfordstraße 1 6901 Bregenz on Lake Constance, Austria

For further information: WOLFORD AKTIENGESELLSCHAFT

Almira Pusch Phone: (+43 5574) 690-1268 Fax: (+43 5574) 690-1219 E-mail: investor@wolford.com Website: www.wolford.com

The report on the first half of 2008/09 in German or English can be ordered by calling (+43 5574) 690 1268. It is also available on the Internet at www.wolford.com.

Consulting: Pleon Publico Public Relations & Lobbying Layout: www.gruenberg4.at Photography: Wolford Aktiengesellschaft Translation: Clifford Stevens Printing: Buchdruckerei Lustenau Millennium Park 10 Paper: Hello Silk

© WOLFORD AKTIENGESELLSCHAFT