



Press Release
Financial results for the first quarter of 2007/08

Wolford sustains its growth trajectory in Q1 2007/08

- **Sales up by 16.9 percent**
- **Profit reduced by seasonality and by capacity expansion**
- **Wolford boutiques are key growth drivers**
- **Dividend of EUR 0.30 per common share for 2006/07 fiscal year**
- **Forecast for full year: sales of at least EUR 150 million and earnings growth in excess of sales growth**

Bregenz, Austria, September 21, 2007

The Wolford Group remained on its growth path in the first three months of this fiscal year with a sales increase of 16.9 percent to EUR 30.52 million, pushing up revenues at double-digit rates in almost all markets and strategic distribution channels.

With EBIT of EUR -3.07 million (Q1 2006/07: EUR -1.21 million) and a result from continuing operations (before taxes) of EUR -3.54 million (Q1 2006/07: EUR -1.65 million), it was not possible for the Austrian luxury label to match the exceptionally strong first quarter of the prior year. To place the profitability data for the Wolford Group's first quarter into perspective, it is important to note that the period from May to July traditionally represents the quarter with by far the lowest sales of the year, coinciding with disproportionately high expenses. This pattern is normal and has always resulted in a negative first-quarter earnings contribution.

"The expansion of our range by Ready-to-Wear products and the clear focus on the improvement and expansion of our monobrand store network are bearing fruit in the form of the powerful sales growth now underway for nine quarters. We are very pleased with the order situation and early sales results for the fall/winter 2007/08 collection, which is being welcomed with great enthusiasm by retailers and consumers worldwide. Even if the increased costs from capacity expansion on the production side and investment in distribution have led to poorer profitability in the first quarter of this year than in the year-

earlier quarter, we continue to expect profit for the year as a whole to rise more rapidly than sales and predict that sales will reach at least EUR 150 million by the end of the fiscal year,” says Wolford CEO Holger Dahmen regarding the results of the Wolford Group in the first quarter of 2007/08.

Sound equity base

At the reporting date of July 31, 2007, shareholders' equity was EUR 71.45 million, or 14.4 percent higher than the prior-year amount. This brought the equity ratio to 47.1 percent. Net debt in the reporting period was at the year-earlier level.

Double-digit sales growth in nearly all markets and distribution channels

The purposeful optimization of the product range, the quality improvement in the monobrand distribution network and the continued roll-out of the new store concept resulted in substantial revenue growth. Sales in the first quarter rose by 16.9 percent, from EUR 26.11 million in the prior year's first quarter to EUR 30.52 million. The largest contribution to total sales again came from the Wolford boutiques, which collectively increased their sales by 30.2 percent and attained revenue growth in the double digits in almost every market. However, the sales expansion is also partly attributable to the strategic positioning of the Wolford brand in the luxury segment. As Holger Dahmen says in commenting on the Wolford Group's sales growth, “the Wolford brand is entrenched as a luxury label in the upper premium segment of the international fashion markets.” He adds: “Our five product groups – Legwear, Ready-to-Wear, Lingerie, Swimwear and Accessories – complement one another perfectly and are the basis for our ability to focus our competencies in the luxury segment even more efficiently on meeting customers' needs to the highest possible degree.”

Dividend of EUR 0.30 per common share for fiscal year 2006/07

The Annual Shareholder Meeting on September 14, 2007 approved the payment of a dividend of EUR 0.30 per share.

Outlook

Wolford will continue to concentrate on the strategic goals of systematically developing the brand and permanently positioning it in the luxury goods segment of the fashion market. Besides the optimization of the product portfolio expanded by the Ready-to-Wear lines, Wolford will also maintain the emphasis on improving distribution, particularly on the expansion and quality enhancement of the network of monobrand locations through the ongoing consistent implementation of the new store concept.

Thanks to the very encouraging order situation for the fall/winter 2007/08 collection, which will also include the first co-branded styles with Italian couture house Valentino, the Executive Board of Wolford AG expects continuing sales growth for this fiscal year to a total of at least EUR 150 million and believes full-year earnings will rise at a pace exceeding the rate of sales growth.

Key financials for the first quarter of 2007/08 (May 1 to July 31, 2007)

Amounts in EUR million	First quarter ended July 31		Change in EUR million
	2007/08	2006/07	
Sales	30.52	26.11	4.41
EBITDA	(1.43)	0.31	(1.74)
EBIT	(3.07)	(1.21)	(1.86)
Net financial items	(0.48)	(0.44)	(0.04)
Result from continuing operations before taxes	(3.54)	(1.65)	(1.89)
Result for Q1	(3.00)	(1.31)	(1.69)
Shareholders' equity	71.45	62.48	8.97
Equity ratio based on total assets	47.1%	45.4%	1.7%-points
Gross liquidity	9.49	9.13	0.36
Bank debt and other borrowings	40.30	39.68	0.62
Net debt	30.82	30.55	0.27
Debt/equity ratio	43.1%	48.9%	5.8%-points

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	1. Quarter acc. 31.07.2007 TEUR	1. Quarter acc. 31.07.2006 TEUR	Last B.Y. / Period 30.04.2007 TEUR
ASSETS			
Non-current assets			
Property, plant and equipment	61.846	60.971	61.898
Goodwill	706	679	646
Intangible assets excluding goodwill	5.671	5.012	4.659
Financial assets	8.643	8.726	8.685
Non-current receivables	1.152	972	1.151
	78.018	76.360	77.039
Deferred tax assets			
	6.431	5.106	5.782
Current assets			
Inventories	41.882	31.751	34.338
Current receivables and other assets	17.351	18.507	18.576
Prepaid expenses	3.739	3.467	1.346
Current securities and other financial investments	36	0	36
Cash and cash equivalents	4.276	2.568	3.434
	67.284	56.293	57.730
TOTAL ASSETS	151.733	137.759	140.551
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital and capital reserves	38.168	38.167	38.167
Other reserves	24.461	24.135	24.871
Result of the year	13.484	9.922	16.067
Treasury stock	-4.664	-9.748	-4.663
	71.449	62.476	74.442
Deferred tax liabilities			
	451	144	152
Non-current liabilities			
Non-current financial liabilities	7.842	8.572	10.922
Provisions for employee benefits	14.632	13.516	14.488
Other non-current liabilities	174	165	166
	22.648	22.253	25.576
Current liabilities			
Bank loans and overdraft and non-current financial liabilities	32.460	31.112	15.226
Current provisions	6.180	5.974	5.507
Trade payables	5.303	3.896	5.901
Payments received on account	841	777	893
Other current liabilities	12.401	11.127	12.854
	57.185	52.886	40.381
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	151.733	137.759	140.551



	1. Quarter acc. 31.07.2007 TEUR	1. Quarter acc. 31.07.2006 TEUR
PROFIT AND LOSS ACCOUNT		
Sales	30.517	26.111
Other operating income	729	1.197
Change in inventories of finished goods and work-in-process	5.979	4.528
Own work capitalized	40	21
OPERATING OUTPUT	37.265	31.857
Cost of material and services	-11.349	-8.441
Staff costs	-18.740	-15.953
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets excluding goodwill	-1.639	-1.518
Goodwill impairment	0	0
Other operating expenses	-8.603	-7.156
OPERATING RESULT	-3.066	-1.211
Net interest cost	-302	-277
Net investment securities income	26	23
Interest cost of employee benefit liabilities	-202	-185
RESULT FROM CONTINUING OPERATIONS	-3.544	-1.650
Income taxes	545	345
NET LOSS FOR THE PERIOD	-2.999	-1.305
Earnings per share in EUR*	-0,61	-0,27
* Earnings per share represent both basic and diluted earnings, as there was no dilution effect.		
Weighted average shares outstanding in Tpcs.	4.900	4.750



CASH FLOW - STATEMENT

	1. Quarter acc. 31.07.2007 TEUR	1. Quarter acc. 31.07.2006 TEUR
NET CASH FROM OPERATING ACTIVITIES	-10.364	-8.474
NET CASH USED IN INVESTMENT ACTIVITIES	-2.950	-1.845
NET CASH USED IN FINANCING ACTIVITIES	14.154	10.564
Net increase in cash and cash equivalents	840	245
Cash and cash equivalents at beginning of period	3.434	2.321
Effect of exchange rate fluctuations on cash and cash equivalents at beginning of period	2	2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4.276	2.568



SHAREHOLDERS' EQUITY

	1. Quarter acc. 31.07.2007 TEUR	1. Quarter acc. 31.07.2006 TEUR
Equity at the beginning of business year	74.442	63.972
Net loss of the period	-2.999	-1.305
Translation component	-412	-147
Other changes	418	-44
Equity at the end of period	<u>71.449</u>	<u>62.476</u>