



## Press Release

### Earnings for the first quarter of 2005/06

#### WOLFORD IMPROVES PROFITABILITY RESULT IN FIRST QUARTER

- EBIT better by 5.6 percent, EBT by 0.7 percent
- Profitability of operating activities significantly higher
- Sales up 1.9 percent

Bregenz, Austria, September 22, 2005

#### Earnings data for first quarter of 2005/06 (May 1 to July 31, 2005)

Amounts in millions of Euro	First quarter		Change in %
	2005/06	2004/05	
Sales	24.59	24.14	+1.9
EBITDA	-0.91	-0.88	-3.4
EBITDA margin	-3.7%	-3.7%	-
EBIT	-2.34	-2.48	+5.6
EBIT margin	-9.5%	-10.3%	-
Financial result	-0.40	-0.27	-48.1
EBT	-2.74	-2.76	+0.7
Net profit for the period	-1.67	-1.74	+4.0
Cash flow from operating activities	-6.55	-5.26	-24.5
Earnings per share in Euro	-0.35	-0.37	+5.4

The Wolford Group, a listed company, had an encouraging start to the new fiscal year. In addition to the first-quarter sales growth of 1.9 percent already reported at the beginning of August 2005, the earnings situation also showed a positive trend compared to the previous year. Especially EBIT improved by 5.6 percent compared to the year-ago quarter, to EUR -2.3 million. The operating portion of EBIT in the first quarter improved by EUR 0.9 million or 27.2 percent.

“Naturally, we cannot be satisfied with negative earnings, but the first-quarter result must be put in perspective: the three months from May to July are traditionally our weakest quarter by far in terms of sales, while bringing disproportionately high costs,” notes Wolford CEO Holger Dahmen, adding, “But in principle, a profitability improvement of about EUR 900,000 from operating activities in the first three months makes me optimistic for the coming quarters.”

As a result of a slightly larger deficit in the financial result\* (EUR -0.4 million compared to EUR -0.3 million in the first quarter of 2004/05), the pre-tax loss (EBT) improved by only 0.7 percent to EUR -2.7 million. The operating portion of EBT improved by EUR 0.8 million or 21.5 percent. Also changing in the company’s favor, the net loss for the quarter was 4.0 percent smaller at EUR -1.7 million. Earnings per share reached EUR -0.35 (Q1 2004/05: EUR -0.37).

The sustained rigorous cost management is documented by a slight decline of 0.8 percent in staff costs to EUR 14.9 million. Despite increased advertising expenditure as part of the announced measures to strengthen the brand, other operating expenses were also reduced by 5.2 percent to EUR 6.5 million.

The Austrian producer of luxury fashion demonstrated continuity in debt reduction as well. Net debt was slashed by EUR 6.1 million (19.6 percent) compared to twelve months earlier.

### **Sales**

As previously reported, sales of the Wolford Group grew by 1.9 percent in the first quarter to EUR 24.6 million.

This attractive trend is driven by the positive course of business with the partner-operated and Wolford’s own boutiques. In the latter distribution channel alone, sales increased by 16.0 percent compared to the previous year’s first quarter.

In the Retail segment as a whole (boutiques, shop-in-shops and factory outlets), sales expanded by 11.0 percent. The proportion of total revenues that was generated by the Wolford-owned points of sale therefore rose to 29.1 percent.

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\* The “financial result” represents the balance of total interest expenses and net investment securities income





	1. Quarter acc. 31.07.2005 TEUR	1. Quarter acc. 31.07.2004 TEUR	Last B.Y. / Period 30.04.2005 TEUR
<b>ASSETS</b>			
<i><b>Non-current assets</b></i>			
Tangible assets	60.796	63.756	61.203
Goodwill	895	1.795	847
Intangible assets	4.160	2.820	4.226
Financial investments	8.979	10.620	10.721
Long-term receivables and assets	421	731	427
	<b>75.251</b>	<b>79.722</b>	<b>77.424</b>
<i><b>Deferred tax assets</b></i>			
	<b>5.803</b>	<b>7.886</b>	<b>4.571</b>
<i><b>Current assets</b></i>			
Inventory	24.098	24.398	22.762
Receivables and other assets	17.538	20.124	16.550
Prepaid expenses	3.247	3.199	1.127
Securities and shares	2.200	2.000	1.500
Cash and cash equivalents	2.550	3.746	2.379
	<b>49.633</b>	<b>53.467</b>	<b>44.318</b>
<b>TOTAL ASSETS</b>	<b>130.687</b>	<b>141.075</b>	<b>126.313</b>
<b>EQUITY AND LIABILITIES</b>			
<i><b>Shareholder's Equity</b></i>			
Share capital and capital reserves	38.167	38.167	38.167
Other reserves	32.619	32.949	32.656
Result of the year	-1.926	2.091	-181
Treasury stock	-9.748	-9.748	-9.748
	<b>59.112</b>	<b>63.459</b>	<b>60.894</b>
<i><b>Long-term liabilities</b></i>			
Long-term financial liabilities	6.516	15.498	13.624
Accrued expenses	14.987	12.981	14.884
Other long-term liabilities	138	514	129
	<b>21.641</b>	<b>28.993</b>	<b>28.637</b>
<i><b>Short-term liabilities</b></i>			
Bank loans and overdraft	30.316	29.189	17.458
Short-term accruals	4.173	4.460	3.939
Accounts payable-trade	3.790	4.075	4.279
Payments received on account of orders	762	733	799
Deferred revenues	10.893	10.166	10.307
	<b>49.934</b>	<b>48.623</b>	<b>36.782</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>130.687</b>	<b>141.075</b>	<b>126.313</b>



	1. Quarter acc. 31.07.2005 TEUR	1. Quarter acc. 31.07.2004 TEUR
<b>PROFIT AND LOSS ACCOUNT</b>		
Sales revenues	24.589	24.142
Other operating income	766	1.457
Change in finished goods and work in progress	1.269	1.471
Own work capitalized	17	64
<b>OPERATING OUTPUT</b>	<b>26.641</b>	<b>27.134</b>
Cost of material and services	-6.138	-6.124
Personnel expenses	-14.872	-14.996
Amortisation and depreciation of intangible and tangible assets	-1.430	-1.537
Amortisation of goodwill	0	-59
Other operating expenses	-6.544	-6.901
<b>OPERATING RESULT</b>	<b>-2.343</b>	<b>-2.483</b>
Finance income	-230	-195
Income from investments	40	104
Interest on employee benefit obligations	-206	-183
<b>RESULT ON ORDINARY ACTIVITIES</b>	<b>-2.739</b>	<b>-2.757</b>
Total taxes on income	1.069	1.021
<b>CONSOLIDATED LOSS / NET INCOME</b>	<b>-1.670</b>	<b>-1.736</b>
Earnings per share (basic) in EUR	-0,35	-0,37
Earnings per share (diluted) in EUR	-0,33	-0,35
Weighted average shares outstanding (basic) in Tpcs.	4.750	4.750
Weighted average shares outstanding (diluted) in Tpcs.	5.000	5.000



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	1. Quarter acc. 31.07.2005 TEUR	1. Quarter acc. 31.07.2004 TEUR
<b>CASH FLOW - STATEMENT</b>		
<i>CASH FLOW FROM OPERATING ACTIVITIES</i>	-6.549	-5.259
<i>CASH FLOW FROM INVESTING ACTIVITIES</i>	1.201	-931
<i>CASH FLOW FROM FINANCING ACTIVITIES</i>	5.496	6.090
Change in cash and cash equivalents	148	-100
Cash and cash equivalents at the beginning of the period	2.379	3.845
Foreign currency translation adjustment at the beginning of the period	23	1
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>2.550</b>	<b>3.746</b>



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SHAREHOLDER'S EQUITY

	1. Quarter acc. 31.07.2005 TEUR	1. Quarter acc. 31.07.2004 TEUR
Equity at the beginning of the business year	60.894	65.054
Net income / Net loss of the period	-1.670	-1.736
Dividends	0	0
Increase of share capital	0	0
Purchase of own shares	0	0
Translation component	-147	-73
Other changes	35	214
Equity at the end of the period	<u>59.112</u>	<u>63.459</u>