



Press release
Results for first quarter 2006/07
Bregenz, September 21, 2006

Wolford: continued earnings improvement in first quarter 2006/07

- **Sales up 6.2 percent**
- **EBITDA (earnings before depreciation and amortization) up 133.6 percent**
- **EBIT 48.3 percent higher than for the same period last year**
- **Profit from continuing operations increased by 39.8 percent**

Wolford Group began the new financial year not only by posting a sales increase of 6.2 percent for first quarter 2006/07, but also with a significant improvement in earnings trends compared with the same period last year.

The Group achieved a considerable increase in EBITDA (earnings before depreciation and amortization) for the first quarter of the current year: EBITDA climbed 133.6 percent, from EUR –0.91m in first quarter 2005/06 to EUR 0.31m, as a result of improved recovery of fixed costs through higher sales. EBIT (earnings before interest and tax) improved by 48.3 percent, from EUR –2.34m to EUR –1.21m. The profit from continuing operations in the first three months increased by 39.8 percent, from EUR –2.74m in 2005/06 to EUR –1.65m in 2006/07.

Holger Dahmen, Wolford Chief Executive Officer, comments: “We are pleased to have been successful in following up the positive achievements of 2005/06 with improvements in all earnings measures in the first quarter of the new financial year. However, it should also be noted that the results for these three months are not entirely representative, in that the May to July period is traditionally by far the weakest quarter for Wolford sales, while costs are disproportionately high.”

Cash flow before working capital changes improved from EUR –1.31m to EUR -0.13m. Cash flow from continuing operations compared with first quarter 2005/06 decreased by EUR 1.92m to EUR –8.47m, which was principally the result of more funds being tied up in working capital.

First quarter earnings per share improved by 21.9 percent, from EUR –0.35 in 2005/06 to EUR –0.27 in 2006/07.

Equity at the end of the quarter, at EUR 62.48m, was 5.7 percent up on last year's figure, while net debt rose by 22.5 percent, from EUR 24.95m to EUR 30.55m.

Sales

As reported at the beginning of August, Wolford Group posted total sales for the first quarter of EUR 26.1m, a more than 6 percent increase on the EUR 24.6m achieved in the comparable period last year. The Austrian luxury label recorded double-digit growth in many of its most important markets.

Holger Dahmen, Wolford CEO, attributes the increase to the decision to clearly position the brand in the luxury segment of the market: "The strategic decision to gradually add ready-to-wear outerwear to the Wolford portfolio was extremely well received by customers, and the majority of growth was accounted for by this new departure. At the same time, we have successfully relaunched the Wolford brand appearance, starting from our core markets. The new store design, which has already been introduced in numerous points of sales, conveys the revised brand message visually."

The fast-paced growth of Wolford boutiques continued into the first quarter of 2006/07. Together with the points of sales in department stores, which increased sales by 16.1 percent, they were the growth drivers in the first quarter.

The Wolford boutiques (both Wolford's own and partner-operated stores) increased sales by 18.4 percent, and continued to make the largest contribution to overall sales revenues, with double-digit growth in most markets. The performance of the multibrand retail business in the first three months remained muted, and sales by this distribution channel were down on the same period last year.

With growth rates in double figures in the majority of markets the Wolford Group's performance with its own stores was highly successful. Wolford-operated stores, shop-in-shops and factory outlets recorded a combined increase in sales of 25.3 percent compared with the first three months of the previous year. Comparing like with like (i.e., factoring out new stores), first quarter sales were up 8.4 percent.

Outlook

Wolford will continue to implement the new store concept in the second quarter, hence is planning to open a number of new stores and to refit existing ones. In the light of the strong start to business year 2006/07, the double-digit increase in pre-orders for the autumn/winter collection and positive early feedback on the spring/summer collection – the first designed by new creative director Antonio Berardi – the Executive Board forecasts an increase in sales for the whole financial year to at least EUR 128m.

Summary sales and financial indicators first quarter 2006/07 (May 1–July 31, 2006)

EUR m	Quarter 1		Change %
	2006/07	2005/06	
Sales	26.11	24.59	6.2%
EBITDA	0.31	-0.91	133.6%
EBITDA margin	1.18	-3.71	-
EBIT	-1.21	-2.34	48.3%
EBIT margin	-4.64	-9.53	-
Profit from continuing operations	-1.65	-2.74	39.8%
Result for quarter	-1.31	-1.67	21.9%
Cash flow before working capital changes	-0.13	-1.3	90.0%
Cash flow from operating activities	-8.47	-6.55	-29.4%
Earnings per share (EUR) _{er}	-0.27	-0.35	21.9%

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	1. Quarter acc. 31.07.2006 TEUR	1. Quarter acc. 31.07.2005 TEUR	Last B.Y. / Period 30.04.2006 TEUR
ASSETS			
<i>Non-current assets</i>			
Tangible assets	60.971	60.796	60.924
Goodwill	679	895	687
Intangible assets	5.012	4.160	5.009
Financial investments	8.726	8.979	8.747
Long-term receivables and assets	972	421	442
	76.360	75.251	75.809
<i>Deferred tax assets</i>			
	5.106	5.803	4.861
<i>Current assets</i>			
Inventory	31.751	24.098	27.107
Receivables and other assets	18.507	17.538	16.662
Prepaid expenses	3.467	3.247	1.199
Securities and shares	0	2.200	0
Cash and cash equivalents	2.568	2.550	2.321
	56.293	49.633	47.289
TOTAL ASSETS	137.759	130.687	127.959
EQUITY AND LIABILITIES			
<i>Shareholder's Equity</i>			
Share capital and capital reserves	38.167	38.167	38.167
Other reserves	24.135	32.619	32.300
Result of the year	9.922	-1.926	3.253
Treasury stock	-9.748	-9.748	-9.748
	62.476	59.112	63.972
<i>Deferred tax liabilities</i>			
	144	0	147
<i>Long-term liabilities</i>			
Long-term financial liabilities	8.572	6.516	11.361
Accrued expenses	13.516	14.987	13.292
Other long-term liabilities	165	138	159
	22.253	21.641	24.812
<i>Short-term liabilities</i>			
Bank loans and overdraft	31.112	30.316	17.758
Short-term accruals	5.974	4.173	4.822
Accounts payable-trade	3.896	3.790	5.830
Payments received on account of orders	777	762	821
Deferred revenues	11.127	10.893	9.797
	52.886	49.934	39.028
TOTAL EQUITY AND LIABILITIES	137.759	130.687	127.959



	1. Quarter acc. 31.07.2006 TEUR	1. Quarter acc. 31.07.2005 TEUR
PROFIT AND LOSS ACCOUNT		
Sales revenues	26.111	24.589
Other operating income	1.197	766
Change in finished goods and work in progress	4.528	1.269
Own work capitalized	21	17
OPERATING OUTPUT	31.857	26.641
Cost of material and services	-8.441	-6.138
Personnel expenses	-15.953	-14.872
Amortisation and depreciation of intangible and tangible assets	-1.518	-1.430
Amortisation of goodwill	0	0
Other operating expenses	-7.156	-6.544
OPERATING RESULT	-1.211	-2.343
Finance income	-277	-230
Income from investments	23	40
Interest on employee benefit obligations	-185	-206
RESULT FROM DISCONTINUED OPERATIONS	-1.650	-2.739
Total taxes on income	345	1.069
CONSOLIDATED LOSS / NET INCOME	-1.305	-1.670
Earnings per share (basic) in EUR	-0,27	-0,35
Earnings per share (diluted) in EUR	-0,26	-0,33
Weighted average shares outstanding (basic) in Tpcs.	4.750	4.750
Weighted average shares outstanding (diluted) in Tpcs.	5.000	5.000



WOLFORD GROUP
2006/07

	1. Quarter acc. 31.07.2006 TEUR	1. Quarter acc. 31.07.2005 TEUR
CASH FLOW - STATEMENT		
<i>CASH FLOW FROM OPERATING ACTIVITIES</i>	-8.474	-6.549
<i>CASH FLOW FROM INVESTING ACTIVITIES</i>	-1.845	1.201
<i>CASH FLOW FROM FINANCING ACTIVITIES</i>	10.564	5.496
Change in cash and cash equivalents	245	148
Cash and cash equivalents at the beginning of the period	2.321	2.379
Foreign currency translation adjustment at the beginning of the period	2	23
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2.568	2.550



SHAREHOLDER'S EQUITY

	1. Quarter acc. 31.07.2006 TEUR	1. Quarter acc. 31.07.2005 TEUR
Equity at the beginning of the business year	63.972	60.894
Net income / Net loss of the period	-1.305	-1.670
Dividends	0	0
Increase of share capital	0	0
Purchase of own shares	0	0
Translation component	-147	-147
Other changes	-44	35
Equity at the end of the period	<u>62.476</u>	<u>59.112</u>