

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.

^{*} The "financial result" represents the balance of total interest expenses and net investment securities income

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Germany, as Wolford's most important market, continued to perform well. Defying the

persistent difficult macroeconomic environment, sales in the German market maintained the

recent positive trend with growth of 8 percent compared to the first quarter of 2004/05. In

addition to a rise of 3 percent in the home market of Austria, particularly significant rates of

expansion were achieved in Spain (35 percent), Scandinavia (26 percent) and the Eastern

European countries (18 percent). First-quarter sales were down in the United States, Great

Britain, France and the Netherlands.

The number of Wolford boutiques rose from 223 to 226 during the twelve months to July 31.

In August 2005 – after the end of the first quarter – a proprietary boutique was opened in

Cologne and a partner-owned one began operation in Zurich, both in prime locations. These

two outlets already use the new store design, leading the way in the roll-out of Wolford's

fresh boutique concept.

Outlook

Wolford's newest co-branding partner is Missoni, the world-renowned Italian fashion house.

The first joint "Missoni & Wolford" designer collection will be launched in the 2006

spring/summer season.

The Executive Board expects the positive trend to continue and remains confident for the

business performance going forward. The target for the full fiscal year remains an increase

in sales to at least EUR 120 million and an accompanying improvement in profitability at a

rate exceeding the pace of sales growth.

Contacts:

Holger Dahmen, Chief Executive Officer

Peter Simma, Chief Financial Officer

investor@wolford.com, www.wolford.com

Wolford AG, Wolfordstraße 1, A-6901 Bregenz, Austria

Tel. +43 (0) 5574/690 0



	1. Quarter acc. 31.07.2005 TEUR	1. Quarter acc. 31.07.2004 TEUR	Last B.Y. / Period 30.04.2005 TEUR
ASSETS			
Non-current assets			
Tangible assets	60.796	63.756	61.203
Goodwill Intangible assets	895 4.160	1.795 2.820	847 4.226
Financial investments	8.979	10.620	10.721
Long-term receivables and assets	421	731	427
	75.251	79.722	77.424
Deferred tax assets	5.803	7.886	4.571
Current assets			
Inventory	24.098	24.398	22.762
Receivables and other assets	17.538	20.124	16.550
Prepaid expenses Securities and shares	3.247 2.200	3.199 2.000	1.127 1.500
Cash and cash equivalents	2.550	3.746	2.379
out. and out. oquitable	49.633	53.467	44.318
TOTAL ASSETS	130.687	141.075	126.313
EQUITY AND LIABILITIES			
Shareholder's Equity			
Share capital and capital reserves	38.167	38.167	38.167
Other reserves	32.619	32.949	32.656
Result of the year Treasury stock	-1.926 -9.748	2.091 -9.748	-181 -9.748
Treasury Stock	59.112	63.459	60.894
Long-term liabilities			
Long-term financial liabilities	6.516	15.498	13.624
Accrued expenses	14.987	12.981	14.884
Other long-term liabilities	138 21.641	514 28.993	129 28.637
	21.041	20.993	20.037
Short-term liabilities			
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 Deferred revenues	762 10.893	733 10.166	799 10.307
Deletion revoluces	49.934	48.623	36.782
TOTAL EQUITY AND LIABILITIES	130.687	141.075	126.313

WOLFORD GROUP 2005/06



	1. Quarter acc. 31.07.2005 TEUR	1. Quarter acc. 31.07.2004 TEUR
PROFIT AND LOSS ACCOUNT	TEUR	TEUR
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
OPERATING OUTPUT	26.641	27.134
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
OPERATING RESULT	-2.343	-2.483
Finance income	-230	-195
Income from investments	40	104
Interest on employee benefit obligations	-206	-183
RESULT ON ORDINARY ACTIVITIES	-2.739	-2.757
Total taxes on income	1.069	1.021
CONSOLIDATED LOSS / NET INCOME	-1.670	-1.736
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

WOLFORD GROUP 2005/06



	1. Quarter acc. 31.07.2005 TEUR	1. Quarter acc. 31.07.2004 TEUR
CASH FLOW - STATEMENT		
CASH FLOW FROM OPERATING ACTIVITIES	-6.549	-5.259
CASH FLOW FROM INVESTING ACTIVITIES	1.201	-931
CASH FLOW FROM FINANCING ACTIVITIES	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
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2.550	3.746





	1. Quarter acc. 31.07.2005 TEUR	1. Quarter acc. 31.07.2004 TEUR
SHAREHOLDER'S EQUITY		
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	59.112	63.459