HALF-YEAR REPORT 2016/17

(MAY 2016 – OCTOBER 2016)

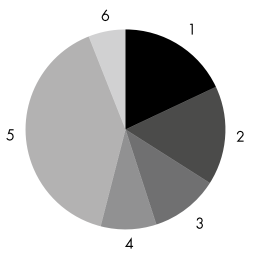
Wolford Group Key Data

Earnings Data		**05 -10/16**	**05 -10/15**	**Chg. in %**	**2015/16**
Revenues	in € mill.	67.62	79.24	-15	162.40
EBIT	in € mill.	-8.24	-0.28	>100	1.55
Earnings before tax	in € mill.	-8.64	-0.80	>100	0.62
Earnings after tax	in € mill.	-8.45	-0.90	>100	-6.19
Capital expenditure	in € mill.	4.89	3.60	+36	7.30
Free cash flow	in € mill.	-18.70	-7.33	>100	-2.35
Employees (on average)	FTE	1,558	1,578	-1	1,571

Balance Sheet Data		**31.10.2016**	**31.10.2015**	**Chg. in %**	**30.04.2016**
Equity	in € mill.	58.73	73.28	-20	68.15
Net debt	in € mill.	40.47	25.50	+59	20.86
Working capital	in € mill.	56.61	43.74	+29	43.15
Balance sheet total	in € mill.	153.02	154.28	-1	139.25
Equity ratio	in %	38	48	-21	49
Gearing	in %	69	35	+97	31

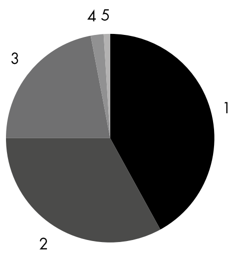
Stock Exchange Data		**05 -10/16**	**05 -10/15**	**Chg. in %**	**2015/16**
Earnings per share	in €	-1.73	-0.18	>100	0.21
Share price high	in €	26.01	23.98	+8	24.12
Share price low	in €	22.67	20.89	+9	18.75
Share price at end of period	in €	22.85	22.42	+2	24.00
Shares outstanding (weighted)	in 1,000	4,912	4,900	+1	4,900
Market capitalization (ultimo)	in € mill.	114.25	112.10	+2	120.00

REVENUES BY MARKET



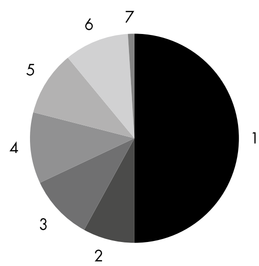
1 North America 19 %
2 Germany 16 %
3 Austria 10 %
4 France 10 %
5 Rest of Europe 40 %
6 Asia/Oceania 5 %

REVENUES BY PRODUCT GROUP



1 Legwear 50 %
2 Ready-to-wear 30 %
3 Lingerie 17 %
4 Accessories 2 %
5 Trading goods 1%

REVENUES BY DISTRIBUTION



1 Boutiques 46 %
2 Concession-Shop-in-shops 7 %
3 Online Business 10 %
4 Factory Outlets 10 %
5 Department Stores 12 %
6 Multi-brand Retailers 14 %
7 Private Label 1 %

Contents

Letter from the Board

Axel Dreher and Ashish Sensarma, Management Board of Wolford AG

Dear shareholders,

Ladies and Gentlemen,

Wolford has gone through a difficult first half-year, and revenues are considerably below our expectations. The market environment in our most important markets was extremely difficult. For example, following a weak August, the fashion sector in Germany suffered from what experts called an "historic" drop in sales in September of more than 12% against the backdrop of summer-like temperatures. Moreover, during this period, Wolford had to deal with internal challenges relating to sales planning, which we have overcome meanwhile for the most part.

Recovery expected in the wholesale business

Now we are in the middle of the third quarter and thus the traditionally strongest period of the year in terms of revenues. The last month gives us ground for hope. In November we broke the downward revenue trend and once again achieved slight growth in our own retail stores on a like-for-like basis. The third-quarter recovery is more pronounced in our wholesale business. Here Wolford will partly be able to compensate for the revenue drop in the first half of 2016/17 after delaying the last delivery date for this year's fall/winter collection to the beginning of November. In this way we ensured that the products would be newly on display at the point of sale at an optimal time to reflect seasonal shopping behavior.

The new shop concept has apparently passed its initial test. Wolford succeeded in increasing sales at its new store in Berlin by more than 20% since it was opened at the beginning of September. At present we are thinking through various scenarios to find out how we can best successively roll out the shop concept to other stores after concluding the test and optimization phase.

Implementation of new corporate structures

Naturally the restructuring of our sales activities in Europe and the setting up of a central EMEA sales platform in Bregenz did not proceed completely smoothly. However, relevant processes have been tried and tested in the meantime and function well. Accordingly, the first positive cost effects should already be perceptible in the second half of this financial year. The B2B online platform for wholesale customers launched in September is off to a good start. It already provides the basis for processing about 30% of customer orders. We are confident this will also enable us to generate significant medium-term increases in efficiency. The centralized customer service recently established in Antwerp is functioning smoothly, and has already achieved the same level of service as before the changeover.

Additional sales potential in the summer months

The positive feedback to the new beachwear collection which we presented to a professional audience at the end of July gives reason for cautious optimism. It encompasses products ranging from swimsuits to pareos, and will be available at selected Wolford-owned retail stores and sales partners as of the beginning of April. These new "eye-catchers" are likely to have a positive impact on customer frequency at the POS, promising additional sales potential for the previously weak summer months. Initial positive effects arising from the beachwear collection should already be perceptible in the fourth quarter of this financial year.

Dear shareholders, in the light of developments in the first half of 2016/17, it will be a big challenge for us to meet our performance targets for the entire financial year. The decisive factor is how things play out in the third quarter. In the short and medium term, our efforts will focus on realizing additional revenue potential through all our sales channels.

We would like to thank you for the confidence you have placed in us, and hope that you will continue to accompany us on our path.

Ashish Sensarma, CEO

Axel Dreher, COO/CFO

Management Report

EARNINGS (MAY TO OCTOBER 2016)

Revenue decline in both the retail and wholesale segments

The Wolford Group generated revenues of € 67.62 million in the first half of the 2016/17 financial year, comprising a decrease of 14.7% from the prior-year level of € 79.24 million. The revenue drop equaled 13.1% when adjusted to take account of currency effects, especially the decrease in value of the British pound.

A substantial portion of the revenue decline of € 11.62 million in the first six months of the current financial year can be attributed to the development of the wholesale business. As a consequence of the delay in a delivery date for the fall/winter collection, first quarter figures did not include revenues from so-called pre-season orders to the amount of € 3.19 million. Up until now Wolford has only succeeded in partly compensating for the revenue shortfall. In addition, Wolford delayed another delivery date for this collection to be closer to the Christmas season and thus to the third quarter, so that second-quarter revenues were also down by about € 3.0 million from the prior-year level. On balance, revenues of the wholesale segment fell by 20% in the first half of the 2016/17 financial year.

However, Wolford-owned retail stores also reported a perceptible drop in revenues totaling € 5.56 million (-12%), thus performing below expectations. This was not least due to the lack of customer frequency in the boutiques. Wolford's own online business was confronted with a slight revenue decline of € 0.17 million (-3%).

Falling customer frequency in the core markets

The underlying conditions impacting the business development of the Wolford Group were very difficult in the first half of the 2016/17 financial year. The garment sector in the important European markets was sluggish during this period. For example, the fashion market in Germany suffered from extremely weak customer frequency in the months of August and September 2016. Following a 3% drop in August, sales on the German fashion market even fell by more than 12% in September in a year-on-year comparison. According to the Institut Francais de la Mode (IFM), clothing and textile sales in France also declined by close to 12% in September 2016.

Wolford faced a double-digit revenue decline in the USA (-14%), Great Britain (-28%), Switzerland (-16%), France (-13%), Italy (-11%), Belgium (-16%), Scandinavia (-20%) and the Netherlands (-12%). This was the result of the weak market environment combined with internal difficulties in sales planning (resolved in the meantime) as well as the above-mentioned revenue effects of the two delayed delivery dates in the wholesale segment.

The markets of Austria (-7%), Germany (-9%) and Spain (-4%) reported a single-digit drop in revenues, even if there were a few glimmers of hope. The shop in Berlin, which featured a new look as of the beginning of September, succeeded in increasing sales by more than 20% over the last three months, providing initial proof of the potential of the new shop concept.

The weak market development in Hong Kong, Macau and China led to a double-digit drop in revenues in Wolford's relevant Asian markets. Similarly, Central and Eastern Europe also showed a double-digit decrease in revenues as a consequence of the difficult situation on the Russian market.

The downward revenue trend in the first half-year impacted all product groups. The Legwear (-16%), Ready-to-wear (-11%), Lingerie (-14%) and Accessories (-36%) product groups showed a double-digit downturn in revenues, whereas Trading Goods reported a single-digit decline (-8%).

EBIT below the previous year

The weak revenue development in the first six months of the current financial year was also reflected in the company's operating earnings. Moreover, Wolford was faced with higher costs for severance payments totaling about € 1.1 million within the context of implementing new corporate structures designed to achieve a sustainable increase in revenues and profitability. The Wolford Group had an average of 1,558 employees (FTE) in the first half of 2016/17, compared to 1,578 people in the prior-year period.

As a result of the revenue decrease, operating earnings (EBIT) in the first six months of the current financial year amounted to € -8.24 million, compared to € -0.28 million in the previous year. EBIT in the prior-year period benefited from the sale of non-core rental apartments (other operating income to the amount of € 1.09 million). Adjusted for this special effect, EBIT in the first six months of the 2016/17 financial year was € 6.87 million below the comparable figure in 2015/16.

Group earnings significantly below the prior-year level

The financial result at € -0.40 million represents an improvement from the prior-year figure of € -0.51 million, which can be particularly attributed to the positive valuation effects on financial assets. Against the backdrop described above, earnings before tax in the first half-year totaled € -8.64 million, down from € -0.80 million in the previous year. The income tax expense amounted to € 0.19 million (previous year: € -0.10 million). Accordingly, earnings after tax equaled € -8.45 million compared to the prior-year figure of € -0.90 million. Earnings per share were € -1.73 (previous year: € -0.18).

CASH FLOW (MAY TO OCTOBER 2016)

Higher working capital due to build-up of inventories

The cash flow from operating activities (operating cash flow) fell by € 8.88 million in the first six months of the current financial year to € -13.96 million. This development was mainly due to the negative earnings before tax as well as the increase in inventories. The higher level of inventories was a consequence of the long lead time between the time of procurement and actual production. In this case, adjustments to the considerably lower sales figures only took place with a time delay. The cash flow from investing activities amounted to € -4.74 million during the period under review, comprising a rise of € 2.49 million from the previous year. In the first six months of 2016/17, Wolford primarily invested in its new shop concept in Berlin and Shanghai as well as the new store in Macau.

On the basis of the above-mentioned effects, the free cash flow (cash flow from operating activities less the cash flow from investing activities) fell from € -7.33 million to € -18.70 million in the first six months of the financial year. During the same period, the cash flow from financing activities climbed from € 8.71 million to € 19.02 million due to the financing of the increased working capital. Cash and cash equivalents amounted to € 4.15 million at the end of the period under review, compared to € 6.14 million in the previous year.

ASSETS AND FINANCIAL POSITION (AS OF OCTOBER 31, 2016)

Equity ratio of 38%

Non-current assets of the Wolford Group declined to € 70.44 million in the first half of the current financial year, down from € 80.14 million as reported in the consolidated interim financial statements as at October 31, 2015. This decrease was mainly attributable to the reversal of a large part of deferred tax assets. Current assets rose from € 74.14 million to € 82.57 million, primarily as a consequence of the increased inventories. Accordingly, the balance sheet total of the Wolford Group only fell slightly from € 154.28 million at the end of the prior-year period to € 153.02 million as at October 31, 2016.

Equity of the Wolford Group at the balance sheet date amounted to € 58.73 million, comprising a drop of € 14.55 million from the first half of the previous financial year. Above all, this decline is attributable to the reduction in other reserves related to the weak earnings development. Net debt as at October 31, 2016 rose to € 40.47 million compared to the prior-year level of € 25.50 million, not least as a result of higher current financial liabilities required to finance inventories. The equity ratio was 38% (October 31, 2015: 48%), and gearing equaled 69% (October 31, 2016: 35%).

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No major events occurred after the balance sheet date that would have had a significant effect on the financial position, financial performance or cash flow of the Wolford Group.

OUTLOOK

Third quarter crucial for the entire year

Most recently Wolford predicted a slight drop in revenues and negative operating earnings in the low single-digit range for the current financial year. The ongoing program of measures designed to sustainably increase revenues and profitability should show initial positive cost effects in the second half of the financial year, whereas a large part of the restructuring expenses was reported in the first six-month period. Nevertheless, in the light of the company's revenue development in the first half of 2016/17, it will be a challenge to attain the communicated business targets. The third-quarter revenue development will be the decisive factor in this regard.

Interim Financial Statements (IFRS)

Statement of Comprehensive Income

in TEUR	08 -10/16	08 -10/15	05 -10/16	05 -10/15
Revenues	**39,878**	**45,252**	**67,621**	**79,235**
Other operating income	266	252	812	1,585
Changes in inventories of finished goods and work-in-process	649	-514	5,992	3,099
Own work capitalized	71	19	83	28
Operating output	**40,864**	**45,009**	**74,508**	**83,947**
Cost of materials and purchased services	-5,574	-7,057	-14,223	-14,767
Personnel expenses	-19,313	-18,273	-38,128	-37,180
Other operating expenses	-13,745	-25,995	-25,995	-27,665
Depreciation and amortization	-2,199	-2,325	-4,405	-4,619
EBIT	**33**	**2,757**	**-8,243**	**-284**
Net interest cost	-124	-168	-264	-330
Net investment securities income	-27	12	26	-36
Interest cost of employee benefit liabilities	-81	-73	-161	-146
Financial result	**-232**	**-229**	**-399**	**-512**
Earnings before tax	**-199**	**2,528**	**-8,642**	**-796**
Income tax	-32	-874	189	-103
Earnings after tax	**-231**	**1,654**	**-8,453**	**-899**
Amounts that will not be recognized through profit and loss in future periods	0	0	0	0
thereof actuarial gains and losses	0	0	0	0
Amounts that will potentially be recognized through profit and loss in future periods	9	138	15	331
thereof currency translation differences	9	138	15	326
thereof change from cash flow hedges	0	0	0	5
Other comprehensive income [1]	**9**	**138**	**15**	**331**
Total comprehensive income	**-222**	**1,792**	**-8,438**	**-568**
Attributable to the equity holders of the parent company	-222	1,792	-8,438	-568
Earnings after tax attributable to equity holders of the parent company	-231	1,654	-8,453	-899
Earnings per share (diluted = basic)	**-0.05**	**0.34**	**-1.73**	**-0.18**

[1] The items presented under other comprehensive income are shown after tax..

Cash Flow Statement

in TEUR	05 -10/16	05 -10/15
Earnings before tax	**-8,642**	**-796**
Depreciation and amortization	4,413	4,619
Interest result	238	366
Gains / losses from disposal of property, plant and equipment	142	-936
Changes in non-current provisions	-125	-456
Changes in inventories	-7,290	-3,355
Changes in trade receivables	-4,754	-3,748
Changes in other assets	-1,103	271
Changes in trade payables	-854	353
Changes in current provisions	4,250	-2,027
Changes in other liabilities	-24	965
Changes in the cash flow hedge reserve	0	6
Currency translation differences	0	262
Net interest paid	-305	-277
Income taxes paid / received	98	-320
Cash flow from operating activities	**-13,956**	**-5,073**
Investments in property, plant and equipment and other intangible assets	-4,881	-3,641
Proceeds from the sale of property, plant and equipment and other intangible assets	18	1,389
Proceeds from the disposal of securities	123	0
Cash flow from investing activities	**-4,740**	**-2,252**
Payment received from current and non-current financing liabilities	21,101	10,904
Repayment of current and non-current financing liabilities	-1,104	-1,219
Dividends paid	-982	-980
Cash flow from financing activities	**19,015**	**8,705**
Change in cash and cash equivalents	**319**	**1,380**
Cash and cash equivalents at the beginning of the period	3,870	4,785
Effects of exchange rate fluctuations on cash and cash equivalents	-35	-22
Cash and cash equivalents at the end of the period	**4,154**	**6,143**

Balance Sheet

in TEUR	31.10.2016	31.10.2015	30.04.2016
Property, plant and equipment	51,861	52,688	51,444
Goodwill	1,286	1,280	1,263
Other Intangible assets	11,330	11,875	11,570
Financial assets	1,331	1,559	1,305
Non-current receivables and assets	1,749	2,112	1,931
Deferred tax assets	2,885	10,622	2,898
Non-current assets	**70,442**	**80,136**	**70,411**
Inventories	55,249	45,556	47,836
Trade receivables	13,341	13,829	8,758
Other receivables and assets	5,618	5,020	5,111
Prepaid expenses	4,211	3,593	3,262
Cash and cash equivalents	4,154	6,143	3,870
Non-current assets held for sale	0	0	0
Current assets	**82,573**	**74,141**	**68,837**
Total assets	**153,015**	**154,277**	**139,248**
Share capital	36,350	36,350	36,350
Capital reserves	1,817	1,817	1,817
Other reserves	21,363	36,026	30,790
Currency translation differences	-797	-913	-812
Equity	**58,733**	**73,280**	**68,145**
Financial liabilities	0	4,972	974
Other liabilities	950	1,018	972
Provision for long-term employee benefits	17,751	18,764	17,896
Deferred tax liabilities	83	54	60
Non-current liabilities	**18,784**	**24,808**	**19,902**
Financial liabilities	45,954	28,225	25,060
Trade payables	4,225	5,463	5,086
Other liabilities	13,373	15,203	13,476
Income tax liabilities	1,423	1,481	1,464
Other provisions	10,523	5,817	6,115
Current liabilities	**75,498**	**56,189**	**51,201**
Total equity and liabilities	**153,015**	**154,277**	**139,248**

Statement of Changes in Equity

in TEUR	Share capital	Capital reserves	Hedging reserve	Actuarial gain/loss	Other reserves	Treasury stock	Currency translation	Total equity
	Attributable to equity holders of the parent company							
01.05.2015	**36,350**	**1,817**	**-5**	**-3,867**	**46,437**	**-4,663**	**-1,241**	**74,828**
Dividends 2014/15	0	0	0	0	-980	0	0	-980
Income after tax	0	0	0	0	-900	0	0	-900
Total comprehensive income	0	0	5	0	0	0	327	332
31.10.2015	**36,350**	**1,817**	**0**	**-3,867**	**44,557**	**-4,663**	**-914**	**73,280**
01.05.2016	**36,350**	**1,817**	**6**	**-4,070**	**39,268**	**-4,413**	**-813**	**68,145**
Dividends 2015/16	0	0	0	0	-982	0	0	-982
Income after tax	0	0	0	0	-8,453	0	0	-8,453
Total comprehensive income	0	0	0	0	8	0	16	24
31.10.2016	**36,350**	**1,817**	**6**	**-4,070**	**29,840**	**-4,413**	**-797**	**58,733**

Segment Reporting

05 -10/16 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**39,309**	**41,807**	**13,038**	**2,578**	**-29,111**	**67,621**
thereof intersegment	24,334	4,777	0	0	-29,111	0
External revenues	**14,975**	**37,030**	**13,038**	**2,578**	**0**	**67,621**
EBIT	**-1,911**	**-2,260**	**-890**	**-1,088**	**-2,094**	**-8,243**
Segment assets	171,220	50,454	14,867	4,321	-87,847	153,015
Segment liabilities	79,015	42,877	13,126	4,372	-45,108	94,282
Investments	**2,680**	**1,184**	**393**	**640**	**-6**	**4,891**
Depreciation and amortization	2,493	1,387	301	233	-9	4,405
Employees on average (FTE)	690	728	108	32	0	1,558

05 -10/15 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**48,841**	**48,460**	**15,135**	**3,459**	**-36,660**	**79,235**
thereof intersegment	32,493	4,167	0	0	-36,660	0
External revenues	**16,348**	**44,293**	**15,135**	**3,459**	**0**	**79,235**
EBIT	**3,237**	**-1,171**	**-1,304**	**-486**	**-561**	**-285**
Segment assets	171,247	55,457	19,204	3,789	-95,420	154,277
Segment liabilities	70,460	45,930	13,552	2,827	-51,771	80,998
Investments	**1,368**	**1,719**	**283**	**250**	**-24**	**3,596**
Depreciation and amortization	2,577	1,513	361	181	-12	4,620
Employees on average (FTE)	720	721	101	36	0	1,578

Notes to the Interim Financial Statements

GENERAL INFORMATION

These consolidated interim financial statements of the Wolford Group for the first six months of the 2016/17 financial year (May 1, 2016 to October 31, 2016) were prepared in accordance with the stipulations contained in the International Financial Reporting Standards (IFRS) on the basis of IAS 34 (Interim Financial Reporting). The accounting and valuation policies applied in preparing the consolidated interim financial statements reflect the policies applied to the consolidated financial statements for the 2015/16 financial year. The following new or revised standards and interpretations require mandatory application in the 2016/17 financial year for the first time:

Standard/ Interpretation	Description	Effective date
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	January 1, 2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	January 1, 2016
Amendments to IAS 1	Presentation of Financial Statements	January 1, 2016
Improvements to IFRS 2012-2014	Changes to IFRS 5, IFRS 7, IAS 19 and IAS 34	January 1, 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	January 1, 2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Applying the Consolidation Exception	January 1, 2016
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
Amendments to IAS 7	Disclosure Initiative	January 1, 2017

The application of the new standards and interpretations has no effect on the consolidated interim financial statements of the Wolford Group. These consolidated interim financial statements do not include all information and disclosures required for the consolidated annual financial statements. For this reason, the consolidated interim financial statements should also be read in connection with the latest consolidated financial statements as of April 30, 2016. The amounts included in this half-year report are presented in thousands of euros (TEUR). Rounding differences may arise from the application of commercial rounding principles.

SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation since the last balance sheet date on April 30, 2016.

SEASONALITY OF BUSINESS

Wolford generates lower revenues in the first and last months of the financial year compared to the middle of the year due to the weather. These seasonal fluctuations are reflected in revenues for the first and fourth quarters, which are generally lower than the comparable figures for the second and third quarters.

NOTES ON THE STATEMENT OF COMPREHENSIVE INCOME

Revenues recorded by the Wolford Group declined by 14.7% or TEUR 11,615 in the first six months of the 2016/17 financial year to TEUR 67,621 (previous year: TEUR 79,235). The revenue decrease can be attributed to the difficult market environment. Operating output also fell by TEUR 9,439 to TEUR 74,508 (previous year: TEUR 83,947).

The negative revenue development was also reflected in the operating earnings for the first half of the 2016/17 financial year. EBIT in the first six months of 2016/17 amounted to TEUR -8,243, compared to TEUR -284 in the previous year, which was impacted by the sale of rental apartments. Adjusted for this special effect, EBIT in the first six months of the 2016/17 financial year was TEUR 6,686 below the comparable figure in the first half of 2015/16.

Due to the positive valuation effects for financial assets in securities held to the amount of TEUR 26 (previous year: TEUR -36), the financial results in the first half of the current financial year improved by 113 TEUR to TEUR -399.

The reported tax income totaled TEUR 189 in the first half of 2016/17 (previous year: TEUR -103). Accordingly, earnings after tax amounted to TEUR -8,453 (previous year: TEUR -899).

Positive currency translation differences of TEUR 15 (previous year: TEUR 326) which were recorded without recognition through profit or loss as well as an unchanged hedging reserve of TEUR 0 (previous year: TEUR 5) led to other comprehensive income of TEUR 15 (previous year: TEUR 331). The total comprehensive income resulted in a decline in equity in the reporting period by TEUR 8,438 (previous year: TEUR 568).

NOTES ON SEGMENT REPORTING

The four reportable segments of the Wolford Group are classified into four regions: Austria, Other Europe, North America and Asia. Segment reporting is based on the same accounting and valuation policies applied in preparing the consolidated financial statements.

External sales declined in all segments, falling by 8% in the Austria segment, 16% in the Other Europe segment, 14% in the North America segment and 25% in the Asia segment. Due to the negative revenue development, EBIT of the Austria segment was down TEUR 5,148 from the previous year. EBIT in the Other Europe segment fell by TEUR 1,089 in a year-on-year comparison. In the North America segment, EBIT rose by TEUR 414 to TEUR -890 as a consequence of positive currency effects, amongst other reasons. In contrast, EBIT of the Asia segment decreased by TEUR 602 during the period under review. Segment assets declined by TEUR 1,262 from the previous year to TEUR 153,015. This can be mainly attributed to the lower level of trade receivables as well as the drop in deferred tax assets.

NOTES ON THE CASH FLOW STATEMENT

The cash flow from operating activities (operating cash flow) fell by TEUR 8,883 to TEUR -13,956 in the first six months of the current financial year. This development is mainly due to the lower earnings before tax compared to the previous year as well as the increase in inventories. The cash flow from investing activities amounted to TEUR -4,740 during the reporting period, comprising a year-on-year rise of TEUR 2,488. In the first half of 2016/17, the company primarily invested in its new shop concept for its flagship store in Berlin, which reopened at the beginning of September and is the first Wolford store in the world to feature the new design. Furthermore, Wolford also invested in its new shop in Macau and in its flagship store in Shanghai.

The above-mentioned developments led to a decline in the free cash flow (cash flow from operating activities less the cash flow from investing activities) during the reporting period from TEUR -7,325 to TEUR -18.696.

As a result of the increase in working capital, the cash flow from financing activities rose from TEUR 8,705 to TEUR 19,015 during the period under review. Cash and cash equivalents totaled TEUR 4,154 at the end of the first half of 2016/17, compared to TEUR 6,143 in the previous year.

NOTES ON THE BALANCE SHEET

The balance sheet total amounted to TEUR 153,015 as at the balance sheet date of October 31, 2016, which represents a decline of 1% from the level at October 31, 2015. Non-current assets fell by 12% to TEUR 70,442, accounting for 46% of total assets. Investments of TEUR 4,891 in intangible assets and property, plant and equipment were in contrast to scheduled amortization and depreciation of TEUR 4,405. Current assets equaled about 54% of total assets as of October 31, 2016. Inventories rose by 21% to TEUR 55,249 or 36% of total assets, whereas trade receivables fell by 4% to TEUR 13,341, comprising about 9% of total assets.

Equity of the Wolford Group amounted to TEUR 58,733 as of October 31, 2016, which represents an equity ratio of 38% (previous year: 48%). Non-current liabilities declined in the first half of the current financial year by TEUR 6,024, from TEUR 24,808 to TEUR 18,784, or 12% of the balance sheet total, mainly due to the decrease in non-current financial liabilities. Current liabilities rose to TEUR 75,498 (previous year: TEUR 56,189), primarily owing to an increase in current financial liabilities by TEUR 17,729 to TEUR 45,954, as well as an increase in other provisions by TEUR 4,706 to TEUR 10,523. Working capital climbed year-on-year from TEUR 43,739 to TEUR 56,610 as a result of the increase in inventories. Net debt totaled TEUR 40,417 at the reporting date, representing a rise of TEUR 14,973 from the comparable figure at October 31, 2015.

FINANCIAL INSTRUMENTS

The following hierarchy is used to determine and report the fair value of financial instruments:

Level 1: Quoted prices for identical assets or liabilities on active markets

Level 2: Valuation factors other than quoted prices that can be directly (i.e. as prices) or indirectly (i.e. derived from prices) monitored for assets and liabilities

Level 3: Valuation factors for assets and liabilities that are not based on observable market data.

The financial assets classified under Level 1 consist of publicly traded investment fund shares, while the securities and financial assets reported under current assets in the prior year represent securities used to hedge rental and leasing obligations. The other receivables and other liabilities included under Level 2 result from the valuation of outstanding foreign currency derivative transactions. No financial instruments are valued in accordance with Level 3, and there continued to be no reclassifications between the fair value hierarchy levels during the reporting period.

in TEUR	**Level**	**31.10.2016 Carrying Amount**	**31.10.2016 Fair Value**	**31.10.2015 Carrying Amount**	**31.10.2015 Fair Value**
Financial assets	1	1,331	1,331	1,559	1,559
Trade receivables		13,341	13,341	13,829	13,829
Other receivables and assets		5,618	5,618	5,020	5,020
thereof derivatives	2	13	13	0	0
Prepaid expenses		4,211	4,211	3,593	3,593
Cash and cash equivalents		4,154	4,154	6,143	6,143
Total financial assets		**28,655**	**28,655**	**30,144**	**30,144**
Financial liabilities, non-current		-212	-212	4,972	4,972
Financial liabilities, current		46,166	46,166	28,225	28,225
Trade payables		4,225	4,225	5,463	5,463
Other liabilities		13,373	13,373	15,203	15,203
thereof derivatives	2	1	1	0	0
Total financial liabilities		**63,552**	**63,552**	**53,863**	**53,863**

OTHER DISCLOSURES

There were no material changes in contingent liabilities since the last balance sheet date.

RELATED PARTY TRANSACTIONS

The company maintains business relationship with several members of the Supervisory Board, which is immaterial in scope and is billed at ordinary market rates.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No major events occurred after that balance sheet date that would have had a significant effect on the financial position, financial performance or cash flows of the Wolford Group.

WAIVER OF REVIEW

This report on the first half of the 2016/17 financial year was neither audited nor reviewed by a certified public accountant.

DECLARATION OF THE MANAGEMENT BOARD PURSUANT TO SECTION 87 PARA. 1 (3) AUSTRIAN STOCK EXXCHANGE ACT

The Management Board of Wolford AG hereby confirms, to the best of its knowledge, that these condensed consolidated interim financial statements as at October 31, 2016 provide a true and fair view of the asset, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards. The interim financial report for the first half-half of the 2016/17 financial year provide a true and fair view of the assets, liabilities, financial position, and profit or loss of the Wolford Group with respect to the important events that occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Bregenz, December 16, 2016

Ashish Sensarma
CEO

Responsible for Marketing, Sales and Coordination of the Corporate Strategy

Axel Dreher
Deputy CEO

Responsible for Product Development, Production and Technology, Procurement, Distribution Logistics, Quality Management, Market Services, Merchandising, Finance, Internal Audit, Investor Relations, Legal Affairs and Human Resources

Financial Calender

Datum	**Event**
March 17, 2017	Q3 Report 2016/17
July 14, 2017	Press conference on 2016/17 annual results in Vienna
September 04, 2017	Record date AGM
September 08, 2017	Q1 Report 2017/18
September 14, 2017	30th Annual General Meeting
September 19,2017	Deduction of dividends (ex-day)
September 20, 2017	Record date dividend
September 21, 2017	First day of dividend payment
December 15, 2017	Half-Year Report 2017/18
March 16, 2018	Q3 Report 2017/18

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Wolford AG
Wolfordstraße 1, 6900 Bregenz, Austria

This report on the first half of 2016/17 is available in the Internet under company.wolford.com in the Investor Relations section.

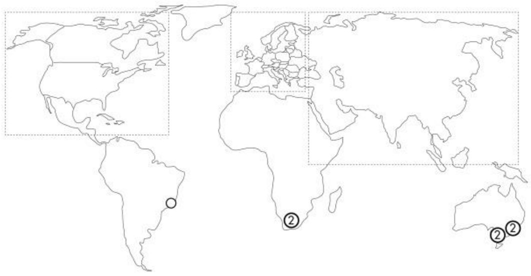
To ensure readability, statements referring to her or she are intended to be gender neutral and are equally valid for both women and men.

Disclaimer

This quarterly report was prepared with the greatest possible care, and all data were subjected to multiple reviews by Wolford AG. Nevertheless, rounding, typesetting or printing errors cannot be excluded. This report is also published in English, but only the German text is binding. The quarterly report contains forward-looking statements which reflect the opinions and expectations of the Management Board and are subject to risks and uncertainties that could have a significant impact on actual results. Readers are therefore cautioned not to place undue reliance on these forward-looking statements. Wolford AG is not required to publish any updates or revisions of the forward-looking statements contained in this report unless required by law.

Monobrand Points of Sale

WORLDWIDE
Monobrand points of sale
October 31, 2016: 274



● Thereof Wolford-owned points of sale:
111 boutiques
51 concession shop-in-shops
24 factory outlets

○ Thereof partner-operated points of sale:
88 boutiques
approx. 3,000 other distribution partners

NORTH AMERICA: 37

● Thereof Wolford-owned points of sale:
24 boutiques
7 concession shop-in-shops
3 factory outlets

○ Thereof partner-operated points of sale:
3 boutiques

ASIA: 33 [1)]

● Thereof Wolford-owned points of sale:
6 boutiques
2 concession shop-in-shop
1 Factory Outlet

○ Thereof partner-operated points of sale:
24 boutiques

1) Including Russia, Ukraine

EUROPE: 197 [2)]

● Thereof Wolford-owned points of sale:
81 boutiques
42 concession shop-in-shops
20 factory outlets

○ Thereof partner-operated points of sale:
54 boutiques

2) Excluding Russia, Ukraine