Wolford

Annual Report 2011/12

Key figures for the Wolford Group

in TEUR	2011/12	2010/11	Change absolute	Change in %
Sales	**154,064**	152,151	1,913	1.3%
EBITDA	**15,318**	15,740	(422)	–2.7%
EBITDA margin	**9.9%**	10.3%	(0.4)	
EBIT	**6,996**	7,327	(331)	–4.5%
Result from continuing operations (Result before taxes)	**5,173**	5,811	(638)	–11.0%
Net result for the year	**1,361**	5,050	(3,689)	–73.1%
Net result for the year adjusted for special effects *)	**4,318**	5,531	(1,213)	–21.9%
Total assets	**145,504**	144,458	1,046	0.7%
Liabilities to banks and other financial liabilities	**20,891**	18,622	2,269	12.2%
Net debt	**15,383**	12,693	2,690	21.2%
Debt / equity ratio (gearing)	**18.4%**	15.1%	3.3	
Shareholders' equity	**83,607**	83,853	(246)	–0.3%
Equity-to-assets ratio	**57.5%**	58.0%	(0.5)	
Cash generated from operations	**9,877**	15,702	(5,825)	–37.1%
Capital investments excluding financial assets	**7,942**	6,397	1,545	24.1%
Investments / sales ratio	**5.2%**	4.2%	1.0	
Depreciation, amortization, impairment and reversal of impairment	**8,322**	8,413	(91)	–1.1%
Number of employees at year-end (in full-time equivalents incl. apprentices)	**1,630**	1,649	(19)	–1.1%
Staff costs / sales ratio	**47.5%**	48.6%	(1.1)	

Share data

in EUR	2011/12	2010/11	Change absolute	Change in %
Net result for the year per share	**0.28**	1.03	(0.75)	–72.8%
Net result for the year adjusted for special effects per share *)	**0.88**	1.13	(0.25)	–22.1%
Cash generated from operations per share	**2.02**	3.20	(1.18)	–36.9%
Share price at end of fiscal year	**23.31**	27.00	(3.69)	–13.7%
Share price high for fiscal year	**27.48**	28.50	(1.02)	–3.6%
Share price low for fiscal year	**21.03**	13.78	7.25	52.6%
Market capitalization at end of fiscal year	**116,525,000**	135,000,000	(18,475,000)	–13.7%
Trading volume (average daily number of shares)	**6,024**	12,844	(6,820)	–53.1%

* Special effects: external tax audit in Austria (2011/12) and Germany (2010/11)

Financial calendar

Friday	**July 20, 2012**	Press conference on 2011/12 annual results, 9.30 a.m., Vienna
Tuesday	**September 11, 2012**	Annual Shareholders‘ Meeting, 2.00 p.m., Bregenz
Friday	**September 14, 2012**	Results Q1 2012/13
Monday	**September 17, 2012**	Ex-dividend date
Thursday	**September 27, 2012**	Dividend payment date
Friday	**December 14, 2012**	Results H1 2012/13
Friday	**March 15, 2013**	Results Q3 2012/13

Updates are available at www.wolford.com

Contents

Annual Report 2011/12

Wolford Aktiengesellschaft
Wolfordstrasse 1, Bregenz on Lake Constance, Austria

Structure of the Wolford Group

Wolford Aktiengesellschaft
Bregenz A, 1950

- Wolford Beteiligungs GmbH
  Bregenz A, 2007
  - Wolford (Schweiz) AG
    Glattbrugg CH, 1971
  - Wolford Deutschland GmbH
    Munich D, 1975
  - Wolford Paris S.A.R.L.
    Paris F, 1987
  - Wolford London Ltd.
    London UK, 1988
    - Wolford London Ltd.
      Ireland, 2007
  - Wolford Italia S.r.L.
    Milan I, 1992
  - Wolford España, S.L.
    Madrid E, 1993
    - Wolford España S.L.
      Portugal, 2011
  - Wolford Scandinavia ApS
    Copenhagen DK, 1995
    - Wolford Scandinavia ApS
      Norway, 1999
    - Wolford Scandinavia ApS
      Finland, 1999
    - Wolford Scandinavia ApS
      Sweden, 1999
  - Wolford America, Inc.
    New York USA, 1996
    - Wolford Boutiques, LLC.
      New York USA, 1998
  - Wolford Nederland B.V.
    Amsterdam NL, 1998
  - Wolford Canada Inc.
    Vancouver CDN, 2000
  - Wolford Asia Limited
    Hong Kong HK, 2006
    - Wolford Asia Limited
      Macao, 2008
  - Wolford Belgium N.V.
    Antwerp BE, 2007
    - Wolford Belgium N.V.
      Luxembourg, 2008
  - Wolford (Shanghai) Trading Co., Ltd.
    Shanghai CN, 2011
- Wolford proizvodnja in trgovina d.o.o.
  Murska Sobota SI, 2008

Key:

■ Wholly-owned subsidiary

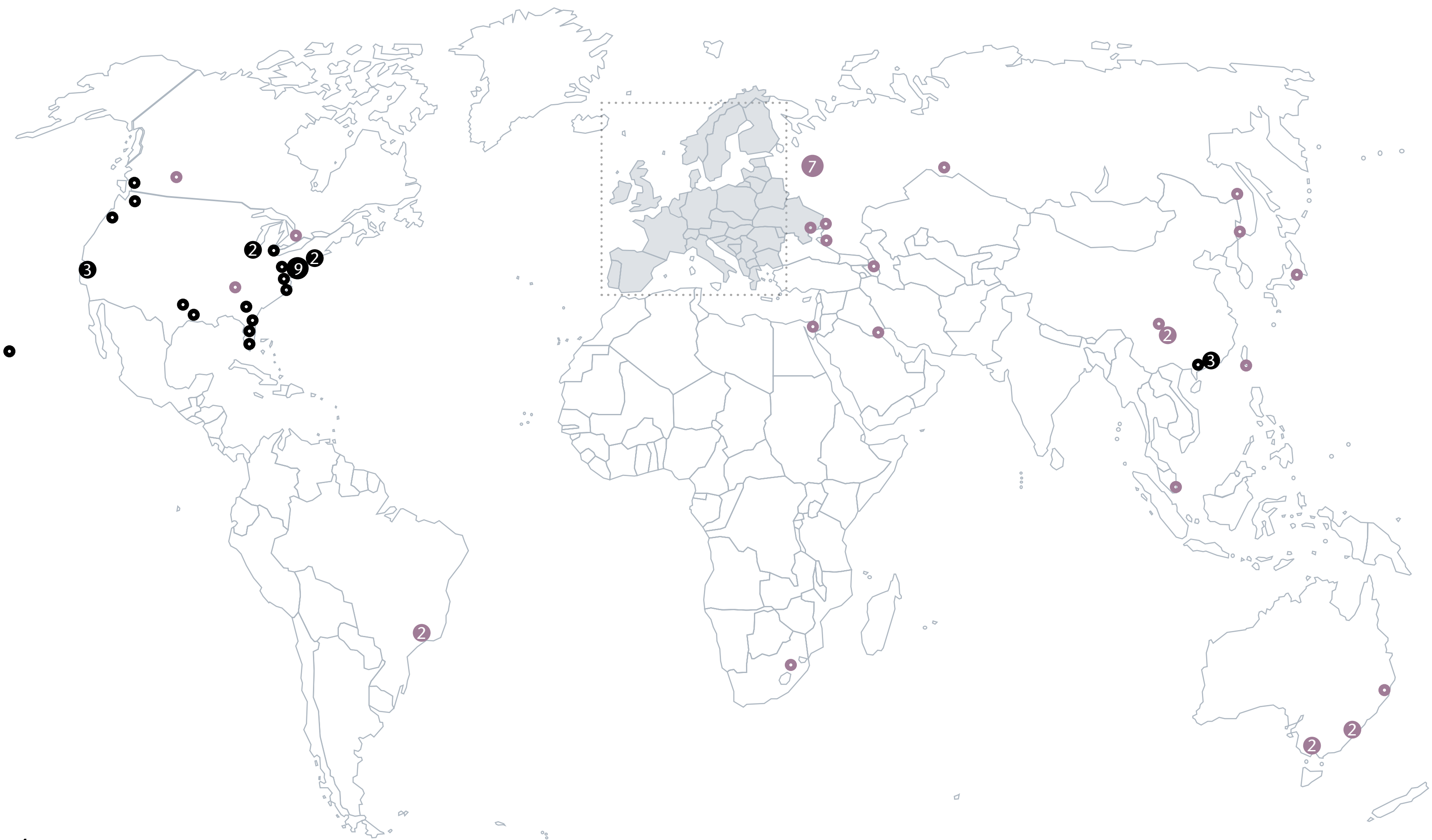
■ Branch office

Monobrand points of sale

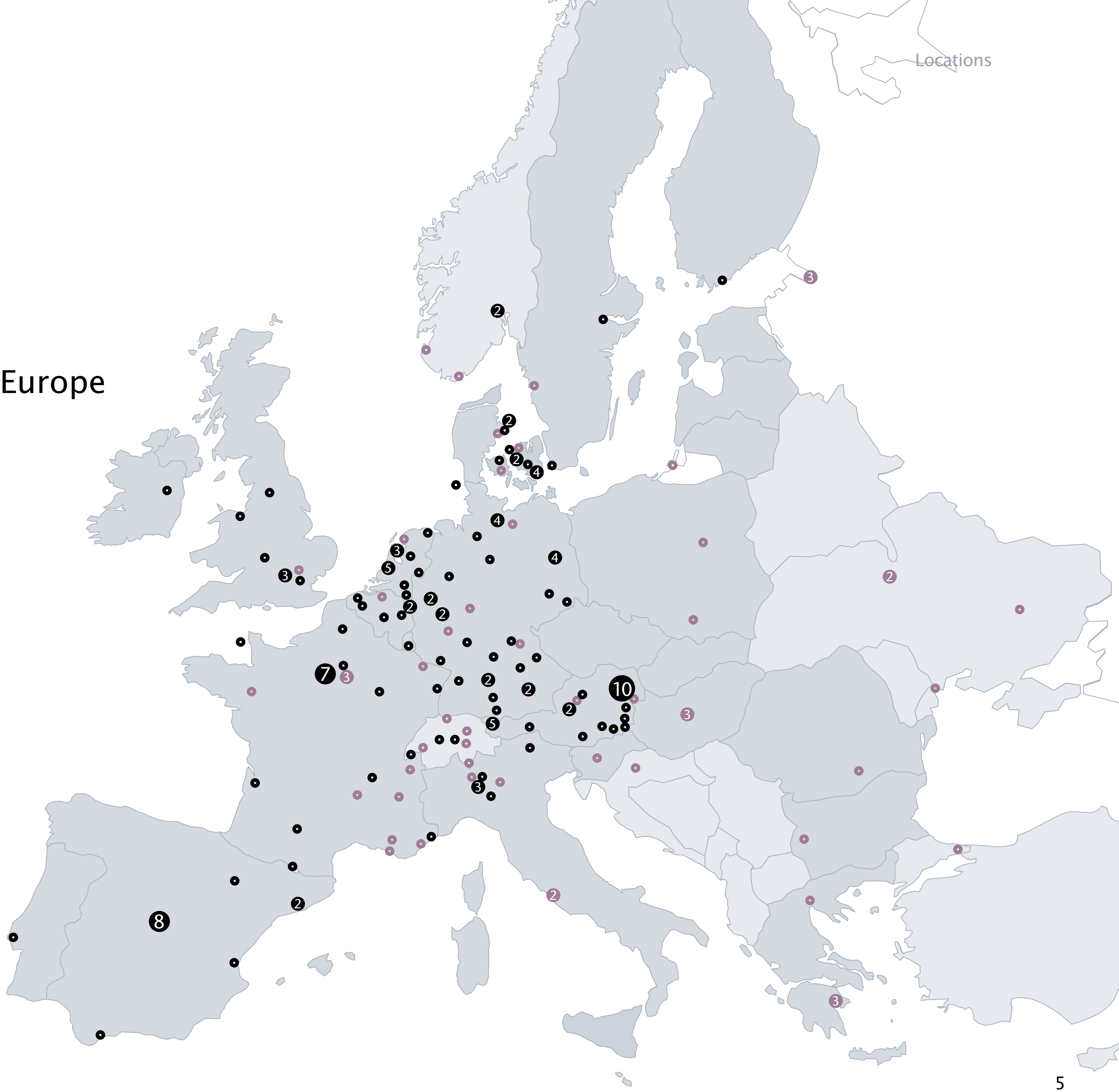
April 30, 2012: 265

- thereof **own points of sale**: 118 boutiques, 32 concession shop-in-shops, 25 factory outlets
- thereof **partner-operated points of sale**: 90 boutiques and about 3,000 other distribution partners

Worldwide



Europe



An Interview with the Chief Executive Officer

An Interview with Holger Dahmen, Chief Executive Officer of Wolford Aktiengesellschaft

Mr. Dahmen, in the 2011/12 fiscal year Wolford once again succeeded in increasing sales. How do you see the development of sales compared to the previous fiscal year?

In the 2010/11 fiscal year we had managed to considerably increase sales. This positive trend continued in the past fiscal year, although in a less dynamic manner. Based on the high prior-year level, total sales rose by 1.3 percent to EUR 154.1 million. This moderate growth should be seen against the backdrop of the past fiscal year which was shaped by the European sovereign debt and bank crises, and the fact that the fashion industry was negatively impacted in the first half-year by unusually warm weather conditions in several core European markets in September and October 2011. These developments depressed the consumer climate. As a result of a gratifying second half-year, we were able to achieve a slight rise in sales for the entire 2011/12 fiscal year.

How do you view the development of Wolford's earnings indicators?

As part of our efforts to expand the number of our international monobrand points of sale we increasingly take advantage of opportunities which frequently arise in the short-term in the current volatile market environment. In the past fiscal year we opened numerous own boutiques and thus significantly increased the density of our retail network. On balance, this investment activity with its related initial start-up costs combined with preparations for expanding distribution in China, the effects of a tax audit and buying restraint in the second quarter of 2011/12 ended up having a dampening effect on earnings indicators in spite of the continued and consistent implementation of our cost reduction and efficiency enhancement programs. I generally consider the development of our operating earnings indicators to be clearly linked to our targeted, future-oriented activities designed to strengthen our global presence.

What determining factors caused the increase in sales?

In the past fiscal year we consistently pursued our business strategy. The priority was our focus on monobrand distribution as well as the expansion of the retail business via Wolford-owned points of sale. Moreover, the intensification of our online business, the strategic customer loyalty program launched in 2010/11 and related activities in the field of social media have served as the basis for us to come closer to fulfilling the wishes and needs of consumers. We have made it also possible for younger target groups to experience the “World of Wolford”. This customer proximity and the consistent orientation to ongoing innovations create products which consumers like to purchase. We achieved particularly gratifying growth in the small but exquisite Accessories segment. Above-average growth rates were also generated with our extensive Shape & Control product line with which we have decisively influenced developments on the lingerie market as well as the current shapewear trend. Today

Wolford has developed into an international premium brand with a broad product portfolio."

Wolford ranks among the leading providers of high-quality body shaping products. The positive feedback of our customers around the world confirms our intention to consequently continue along this path.

In recent years you constantly referred to the major role played by Wolford-controlled distribution channels and their good development. Has the sales share of monobrand distribution further increased?

Wolford-controlled distribution channels encompass all proprietary and partner-operated boutiques, the factory outlets, concession shop-in-shops and the online business thus all points of sale in which only Wolford products are offered. This category thus includes those points of sale which ensure that the greatest possible attention is paid to the presentation of the Wolford brand. Against this backdrop, the importance of these distribution channels for the sales development of the Wolford Group is indeed very high. The focus on the continuing expansion of monobrand distribution and on the retail business comprises an essential component of our corporate strategy. In recent years we have further increased annual sales via this distribution channel. We succeeded in continuing this positive trend in the 2011/12 fiscal year as demonstrated by the sales increase of 5.3 percent. Accordingly, over the last five years the share of monobrand sales outlets as a percentage of total sales has risen considerably, from 53.6 percent in the 2006/07 fiscal year to 64.6 percent at present.

The sales share of monobrand distribution is now significantly above the 60 percent threshold. Do you still see further growth potential here?

As in past years we will further pursue our controlled growth strategy in the future, and thus plan to achieve growth in all areas. This applies to the five product groups as well as the various distribution channels. We will also continue to place particular emphasis on our retail business, and in this connection continuously increase the number of monobrand stores. This especially applies to the network of Wolford-owned boutiques, which will be expanded also in the coming years. However, partner-operated boutiques are just as important to us. Thus we are engaged in ongoing talks with potential new Wolford partners. The objective is to significantly increase the number of partner-operated boutiques worldwide. In addition to traditional monobrand stores, we also aim to considerably intensify our online business.

How has the retail business specifically developed?

Sales growth via monobrand distribution was primarily shaped by the positive development of our proprietary points of sale, whose sales grew at a disproportionately high rate in comparison to other distribution channels. The biggest contribution was made by the international network of our own boutiques, which we further expanded over the last few years both in quantitative terms – as measured by the number of boutiques – as well as

"In addition to traditional monobrand points of sale, we want to significantly intensify our online business."

qualitatively based on the ongoing roll-out of our store concept. On balance, sales via our own points of sale rose by 8.4 percent, thus increasing the sales share of the retail segment to close to 55 percent.

You mentioned online sales as a growing segment. To what extent will Wolford intensify e-commerce activities in the future?

We consider our online business to be a strategically important complement to traditional distribution channels, in order to offer both regular and new customers the opportunity to shop around the clock and also specifically appeal to consumers outside of urban centers. For this reason we adapted the contents and design of Wolford's online shopping world, and made it even more user-friendly. Customers appreciate this, and are increasingly taking advantage of this service which we currently offer in 14 countries. Our social media activities complement and round off our online business. On the basis of all these measures we have succeeded in also attracting a younger customer base to the World of Wolford.

Several years ago the Wolford brand still stood almost exclusively for high-quality legwear. Today, the Wolford Group boasts a significantly broader product portfolio. What are the main product groups today?

Legwear comprises the cornerstone, but for many years now has no longer exclusively comprised Wolford's core business. Since the beginning of the 1990s, when the first steps were taken to sensibly broaden and complement the product range based on the market launch of the first bodies made by Wolford, the company has continuously developed into an international premium brand featuring an extensive product portfolio. Flattering the female silhouette is always the focus of the creations, which claim to be unique and distinctive. Supplemented by accessories, five strong product groups – Legwear, Ready-to-wear, Lingerie, Swimwear and Accessories – comprise a well-rounded portfolio which is in a position of dressing women appropriately feminine and elegant 24 hours a day, 7 days a week to suit every occasion. We also offer our customers functional Shape & Control products with an ideal effect to ensure a perfect figure. The Legwear product group constitutes a solid basis, generating 55.2 percent of the Group's brand sales and thus continuing to represent the largest product group.

An international luxury brand such as Wolford is confronted with numerous competitors. How do you safeguard your competitive edge?

Creativity, long-term experience, engineering ingenuity and an innovative spirit were and continue to be the primary success factors underlying the numerous innovations emerging from Wolford. The strong fusion of tradition and innovation serves as the basis for Wolford's global success. However, in addition to creativity and innovative strength, Wolford also boasts a series of additional success factors which make Wolford products unique and distinctive. For one thing, I am referring to an extremely specialized knitting technology, highly qualified employees and a careful production process featuring a high intensity of manual quality controls. Our products are fashionable, elegant and sophisticated, of the absolute highest quality, but nevertheless easy-care and guarantee long life. All this and

We will further enhance the international presence of the Wolford brand.“

the ongoing development of the previously-mentioned success factors have turned Wolford into an internationally successful company in the fashion industry.

You mentioned the fusion of tradition and innovation as a success factor which make Wolford products unique. With which products have you recently been particularly successful?

Wolford repeatedly sets dominant fashion trends in all its product areas. At the present time Wolford scores points with customers thanks to its highly innovative Shape & Control products. Wolford was a pioneer of the current shapewear trend on the basis of its extensive offering in the Legwear and Lingerie segments. In 1977 we already introduced the first transparent pantyhose with body shaping panty and leg parts. Since then we have continuously expanded our product range, so that we now offer shapewear products in three different strengths – Light, Medium and Strong – in the Legwear, Lingerie and Swimwear product groups. You see that our customers today can choose their personal favorite items from a broad selection of products. This makes our products unique and differentiates us from other fashion brands. No doubt, Wolford ranks among the leading international providers of high quality Shape & Control products today.

Women all over the world are your customers. However, your current focus is mainly on markets in Europe and the USA. Where will your geographical priorities be in the future?

Naturally in the future we are going to continue focusing on our core markets, which are primarily located in Europe and the USA. But we are already operating in growth regions in South East Asia with an emphasis on Greater China as well as in the Middle East, and want to more intensively develop these markets in the future in order to secure further growth and further expand the international presence of the Wolford brand. We are convinced that we will be able to lure consumers with greater purchasing power in these regions from the very beginning thanks to both our classic essentials as well as the seasonal trend collections. However, Europe and the USA will remain the core markets for our business activities.

Finally, a look ahead into the future. What are your expectations for the upcoming years?

In the medium and long-term, we will also make every effort in upcoming fiscal years to anchor Wolford in the hearts and minds of consumers as an international luxury fashion brand. The Wolford Group, which has stood for luxurious legwear for decades, has been able to successfully implement its vision of a “feminine wardrobe from head to toe“. This is the result of numerous innovations, and has only been possible due to the dedication and commitment of the entire staff. I would like to take this opportunity to extend my sincere thanks to all employees, and my recognition of their achievements in the 2011/12 fiscal year.

Thank you for this interview.

Claudia Müller-Stralz carried out the interview.

Boards

Executive Board

Holger Dahmen
Chief Executive Officer

Management responsibility for Marketing, Sales, Production and Technology

Member of the Executive Board since January 2004

Peter Simma
Deputy Chief Executive Officer

Management responsibility for Finance/Controlling, Legal, Human Resources, IT and Procurement

Member of the Executive Board since August 2001

Supervisory Board

Theresa Jordis
Chairwoman of the Supervisory Board

Emil Flückiger
Deputy Chairman of the Supervisory Board

Birgit G. Wilhelm

Werner Baldessarini

Representatives of the Staff Council:

Anton Mathis

Peter Glanzer

From left to right:
Peter Simma
Holger Dahmen

World of Wolford

Product groups

Legwear

Since its founding in the year 1950, Wolford has inspired its customers with fashionable and innovative legwear, the highest wearing comfort and a perfect fit. In addition to classic year-round essentials, the offering of the Legwear product group also encompasses seasonable trend designs which complement the product range with fashionable creations. Wolford offers an extensive range of clothing from pantyhose, stockings, stay-ups and knee-highs to leggings and socks which are complemented by functional Shape & Control products with a highly innovative character. In the 2011/12 fiscal year, the Legwear product group generated 55.2 percent of the Group's brand sales.

Ready-to-wear

Wolford offers timeless classic chic as well as trendy products for women's outerwear which can appropriately and stylishly dress women from head to toe for every occasion 24 hours a day, 7 days a week. Thanks to the ongoing expansion of this product group, Wolford has evolved from an exclusive producer of legwear and bodywear to an international premium brand with an extensive product portfolio. The Ready-to-wear collection offers numerous designs which highlight women's femininity, featuring jackets, coats, skirts, trousers, dresses, pullovers and blouses, tops, shirts and bodies. In the past fiscal year the Ready-to-wear product group accounted for about 31.2 percent of total brand sales.

Lingerie

The Lingerie collection of Wolford features exclusive and timeless design. Refined details, body-flattering materials and a perfect fit are offered by both the seasonal trend collections as well as by the classic year-round essentials. Wolford also offers body shaping lingerie products with an ideal effect in its Shape & Control product line, both in the classic as well as the decorative series. In addition to bras, strings, tangas and panties, the extensive range of body shaping products also encompasses modeling bodies and dresses for the perfect silhouette. The Lingerie product group contributed 10.3 percent of brand sales in the 2011/12 fiscal year.

Accessories

The Accessories product group complements the Wolford collection in terms of style and colors, and thus ensures a holistic fashionable appearance. The items harmonize with Wolford's entire collection with respect to materials and choice of color. Thus the Accessories product group offers the perfect complement to every outfit. Scarves, caps as well as shawls, hair bands, belts and leg accessories set distinctive accents based on their effective details and patterns. The accessories show themselves to be both timeless and fashionable creations which claim our entire attention thanks to exciting details. The Accessories segment accounts for 2.3 percent of total brand sales in the 2011/12 fiscal year.

Swimwear

Wolford has offered circular-knitted, seamless swimbody creations since 1996 as a consistent expansion of its entire product range. Today the product line consists of creative swimsuits and bikinis and is optimally complemented by stylish beach accessories. The seasonal swimwear collection impresses with its exclusive materials and feminine cuts. With a small but beautiful seasonable collection, Wolford's swimwear designs made of high quality materials fulfill customer demands for luxury, also for sunbathing. The Swimwear product group rounds off the product portfolio and generated 1.0 percent of brand sales in the 2011/12 fiscal year.

Distribution channels

Wolford's creations are currently being sold in 68 countries via a network of proprietary stores and retail partners, and impress discerning customers around the world with their uniqueness and distinctiveness.

The monobrand success story of Wolford began with the opening of the first Wolford boutique in New York. The subsequent rapid expansion of boutiques created an extensive network spanning the most prestigious locations in the fashion capitals of the world. In the year 2005 Wolford sent a clear signal to the fashion world within the context of a gradual standardization of its brand image based on a redefinition of its corporate identity and the launch of a new store concept. The expansion of monobrand distribution, which ensures that the greatest possible attention is paid to the presentation of the Wolford brand, serves as the strategic focus of Wolford's sales strategy, which thus increasingly relies on Wolford-owned and partner-operated boutiques, concession shop-in-shops as well as factory outlets. Wolford also successfully sells its products via exclusive department stores as well as multi-brand retailers. In any cases, sales activities are focused at the specific locations where the products are ensured the necessary exclusivity in order to be correspondingly perceived by customers.

Against this backdrop, Wolford will continually expand the number of monobrand sales outlets in the future as well. The international network of **boutiques** – either owned by Wolford or partner-operated – was by far the most important distribution channel, accounting for 49.0 percent and thus the highest share of total Group sales in the 2011/12 fiscal year. Of the 208

boutiques as of the end of April 2012, 118 were owned and managed by Wolford, whereas 90 of these stores were operated by partners. Numerous fashion and specialized retailers which carry exclusive brands also offer Wolford creations in their portfolio. These **multi-brand retailers** are specifically chosen and trained in order to ensure a suitable presence of the products and competent consulting for customers. Sales generated via multi-brand retailers comprised 18.4 percent of Group sales during the period under review.

Wolford products are offered in **department stores** such as Harrods in London and Bergdorf Goodman in New York in exclusive shop-in-shops featuring the appealing Wolford ambience. In its **concession shop-in-shops** i.e. areas in department stores operated by Wolford, the company focuses on an open presentation of its Ready-to-wear and Lingerie portfolio in addition to Legwear as a means of highlighting the products. The distribution channel of department stores including concession shop-in-shops generated 21.0 percent of total sales in the 2011/12 fiscal year. During the reporting period **factory outlets** accounted for 9.5 percent of total Group sales. The **online business** has gained in importance for Wolford as a complement to traditional distribution channels in order to increasingly market its product portfolio to younger target groups and consumers outside of urban centers. At present consumers in 14 countries can order their favorite creations around the clock in Wolford's own online boutiques, for example in Austria, Germany, Netherlands, Great Britain, Spain, France and the USA. www.wolford.com

Innovation and Tradition

As a trend-setter in the industry, the Wolford Group has set important **milestones** in its more than 60-year history thanks to numerous product innovations. The development of Wolford has always been shaped by engineering ingenuity and a strong innovative approach without losing sight of the core competencies and technologies which have become deeply rooted in the company over the years. This strong fusion of tradition and innovation comprises a key building block along the path to success Wolford has pursued on the international fashion market.

Initially the company was positioned as a provider of legwear. During the last 20 years Wolford has strategically expanded its product range in several steps, evolving into an international brand with an extensive product portfolio in five product groups. At the same time, the consistent orientation towards ongoing innovation has served as the basis for stringent product diversification. Most recently

1977

Miss Wolford Tights – the first transparent tights with a shaping panty and leg section

1988

Velvet de Luxe Tights – the exclusive matt and opaque tights

1992

the first **seamless body** is launched

1994

Fatal – the world's first completely seamless tights, also in the panty section

Wolford has significantly shaped developments on the lingerie market and the actual shapewear trend with an extensive Shape & Control product line in the Lingerie and Legwear segments, and has become one of the world's leading suppliers of high quality body forming products. All these innovations are based on Wolford's proprietary development of a highly specialized knitting technology, and are the result of ongoing and intensive **research and development activities**. This work has a clearly defined objective: to create unique and distinctive products and thus further expand the company's **innovation leadership**. With an in-house research and development department, a doubling mill, knitting mill, sewing room and dyeing room, a color laboratory and flexible partners in the supply industry, Wolford boasts a correspondingly high level of innovative strength to enable it to astound the industry time and again with new products. The beginning of every product is always a thread, from which dream-like knitting creations are made in a perfectly coordinated **production process**. The creations developed by Wolford are turned into reality within the context of many perfectly harmonized manufacturing steps. Each individual step is followed by manual inspections. Highly qualified employees and an uncompromising commitment to quality embraced by every area of the company distinguish this luxury brand. This approach guarantees the best possible quality, a perfect fit and the uncompromising comfort of Wolford products.

1996

Support & Forming – supporting and shaping tights

1996

Swimbody –The first seamless one-piece swimwear featuring refined designs and proven body knit technology

1999

bodyCulture – the first purist range of lingerie

1999

Fatal Tubes – further development of the multi-purpose, seamless tubes in different materials

Today Wolford is positioned as an internationally recognized **premium brand** with a broad product range in the Legwear, Ready-to-wear, Lingerie, Swimwear and Accessories segments, standing for the highest quality and innovative knitting technology. Wolford products simultaneously embody timeless elegance and luxury. The female silhouette accentuated with refined cuts and exclusive materials is the focus of all of Wolford's fashion creations. The elegant, trendy and functional **Shape & Control** products can conceal small-scale imperfections of the woman's figure and optimally shape it in different strengths. Wolford was one of the pioneers in the current shapewear trend on the basis of its extensive product range in the Lingerie and Legwear product groups. As a global player it has a leading position in the field of high quality Shape & Control products.

By gently incorporating current trends into its fashion collection, Wolford has succeeded in gradually rejuvenating its brand image while remaining loyal to its distinctive style. The uniqueness and distinctiveness of the Wolford styles are convincing selling points year after year for customers in 68 countries around the world.

2001

Long Distance Tights – support stockings with anatomically and medically correct pressure profile when sitting for long periods.

2005

Ready-to-wear – the gradual extension of the product portfolio in the women's outerwear segment

2007

Accessories – the ideal complement for the wardrobe

2009

Individual 5 Tights – the super-transparent tights with high elasticity and an optimal fit

In addition to its innovative products and creations, Wolford has also caused a stir internationally in its visual presentation by using a **sophisticated visual imagery**. The main messages are conveyed by the products themselves, whose features are expressed by staging and stylizing the female figure. Top international photographers such as Helmut Newton, Howard Schatz, Francis Giacobetti, Markus Klinko & Indrani and Rankin have effectively put Wolford's fashions in the limelight. Today puristic orchestrations dominate the visual imagery, putting the product at the forefront and using a clear background to project an overall image of elegance at the point of sale.

2010

Karen Tights – innovative knitting technology for fishnet patterns using the finest hosiery material

2011

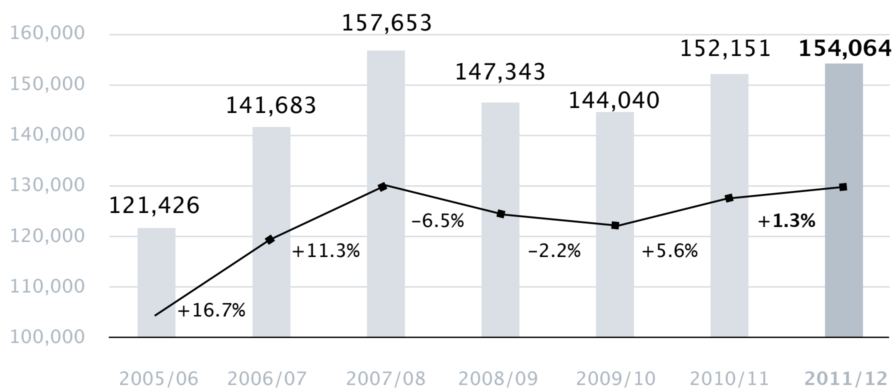
Focus on **Shape & Control** – the further development of body shaping products

Wolford's Fiscal Year 2011/12

Business development of the Wolford Group

The 2011/12 fiscal year (May 1, 2011 – April 30, 2012) was characterized by the European sovereign debt and bank crisis and the related challenging economic conditions on international markets. Moreover, the unusually warm weather prevailing in large areas of Europe during the period September to October 2011 had a negative impact on the consumer climate in the fashion industry in several European core markets. This environment also affected the sales and earnings development of the Wolford Group. Sales in the first half-year could be maintained at the prior-year level, whereas customer demand perceptibly improved in the course of the year. As a result the Wolford Group succeeded in slightly increasing sales for the entire 2011/12 fiscal year thanks to an improved performance in the second half-year. At the same time, earnings indicators were affected by costs relating to the expansion of the company's retail stores, weather-related buying restraint and general cost increases in spite of the continuation of the cost reduction and efficiency-enhancement measures.

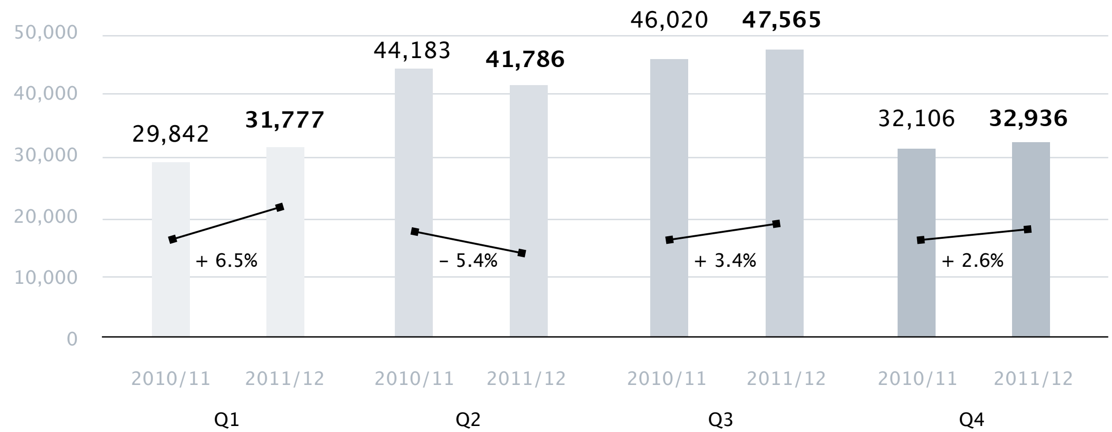
Sales development (TEUR)



Slight sales improvement

Based on the strong sales achieved in the 2010/11 fiscal year, featuring an increase of more than five percent from the previous year and a much more favorable business environment, the Wolford Group succeeded in slightly raising sales in the past fiscal year. Whereas sales in the first six months of the reporting period amounted to EUR 73.6 million and thus nearly matched the prior-year level, sales in the second half of the 2011/12 fiscal year improved by 3 percent year-on-year to EUR 80.5 million. On balance, total sales of the Wolford Group climbed 1.3 percent to EUR 154.1 million.

Sales development on a quarterly basis (TEUR)



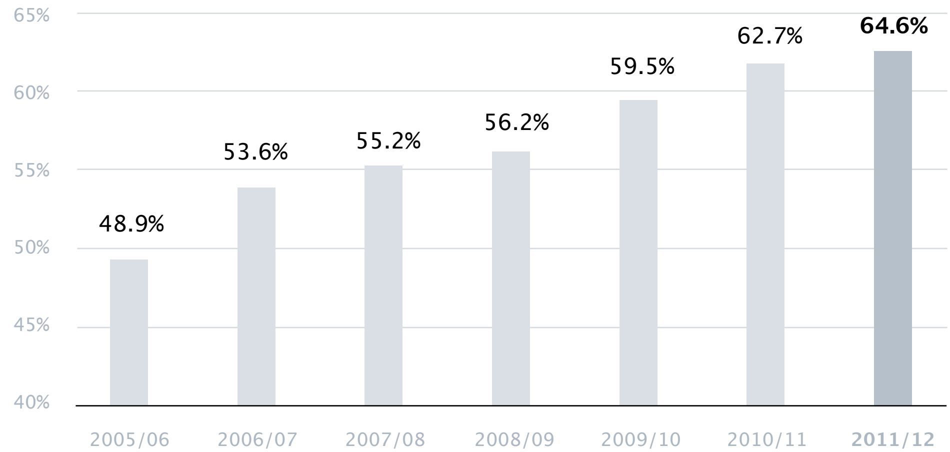
Development of earnings indicators

The expansive investment activity related to the increase in the number of retail stores and the accompanying initial costs along with the weather-related buying restraint on the part of consumers and the retail sector in the second quarter of 2011/12 had a dampening effect on the development of earnings indicators. As a consequence, EBITDA in the past fiscal year was EUR 15.3 million (previous year: EUR 15.7 million), and EBIT reached a level of EUR 7.0 million (previous year: EUR 7.3 million). Accordingly, the EBITDA margin of the Wolford Group was 9.9 percent and the EBIT margin 4.5 percent.

Monobrand distribution clearly above the 60 percent threshold

Similar to previous fiscal years, the points of sale at which Wolford products are exclusively offered showed a particularly good development during the period under review. Sales via Wolford-controlled distribution channels consisting of its own and partner-operated boutiques, factory outlets as well as concession shop-in-shops and e-commerce rose by 5.3 percent. Thus the share of total sales generated with the monobrand stores has increased considerably over the last five years, from 53.6 percent in the 2006/07 fiscal year to 64.6 percent at present (2010/11: 62.7 percent). This development can be largely attributed to the determined expansion of the retail business via Wolford-owned points of sale.

Sales share of controlled distribution



Ongoing expansion of proprietary stores

Within the context of its monobrand distribution efforts, the Wolford Group is concentrating in particular on the consistent expansion of the retail business via Wolford-owned points of sale. Wolford's proprietary stores (own boutiques, shop-in-shops, factory outlets and e-commerce), supported by the strategic customer loyalty program launched in 2010/11, complementary activities in the field of social media and the increasing importance of online business, managed to increase sales in the 2011/12 fiscal year by 8.4 percent. Accordingly, the share of total sales generated by retail outlets rose to 54.9 percent by the end of the 2011/12 fiscal year (2010/11: 51.4 percent). This growth in the past fiscal year can be partially attributed to the expansion of Wolford's own distribution network. However, on a like-for-like basis, a gratifying sales growth of 3.3 percent was achieved.

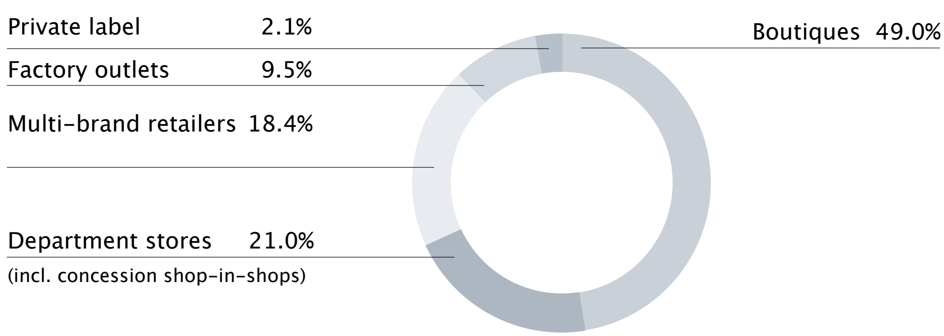
Sales increase in most distribution channels

A detailed analysis once again shows the positive sales development with the distribution channel of boutiques, which on balance increased sales by 3.4 percent year-on-year. This growth was due to the performance of Wolford's own boutiques, which achieved a 7.0 percent rise in sales in the 2011/12 fiscal year. In contrast, sales with partner-operated boutiques declined by 9.1 percent. All in all, at the reporting date of April 30, 2012, Wolford distributed its products via a network of 208 boutiques, of which 118 are owned and managed by Wolford and 90 are operated by partners (April 30, 2011: 209 boutiques, thereof 106 Wolford-owned and 103 partner-operated).

Sales also improved with factory outlets (+ 11.4 percent) and department stores (+ 2.8 percent), whereas sales with multi-brand retailers declined 7.3 percent. During the period under review the Wolford Group achieved gratifying growth rates in its online business, which is available to consumers in 14 countries.

The focus on monobrand distribution reflects the increasing importance of boutiques for total sales of the Wolford Group. Boutiques accounted for 49.0 percent (2010/11: 48.6 percent) of total sales, by far the biggest contribution of any single distribution channel. 21.0 percent of sales were generated by department stores, whereas 18.4 percent were derived from multi-brand retailers and 9.5 percent from factory outlets.

Sales share by distribution channel in 2011/12



Standardization of brand image continued

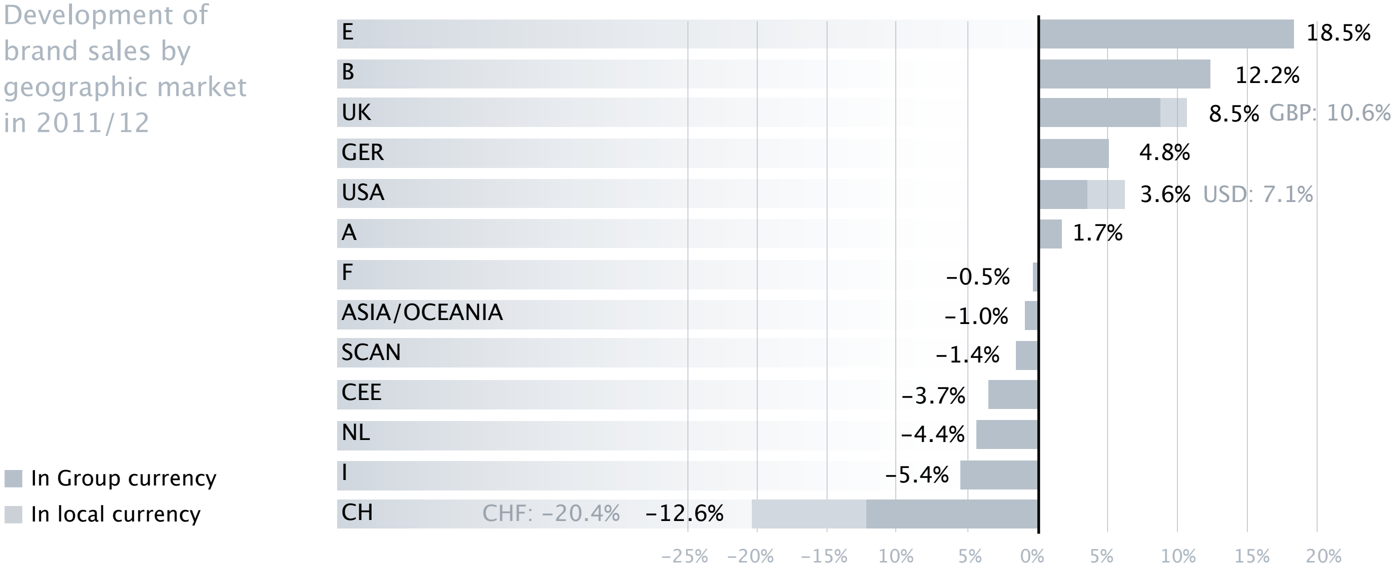
Wolford developed a new store concept in the year 2005 and has been continually moving forward with its implementation since then. This is a strategic measure designed to strengthen the brand identity, clearly position the brand in the luxury segment and support global brand recognition. The Wolford Store Concept follows a uniform, appealing and unmistakable look, which embraces the luxury claim of the brand at the point of sale with a bright, clear and consistent interior design. The color white, satined glass and rounded shapes put the product world in the spotlight and provide a backdrop which does justice to the products. The modular system allows the boutique design to reflect the varying conditions at the different sales stores. In this way it can be implemented globally in the various distribution channels. By the end of the past fiscal year close to all important points of sale had been redesigned to reflect the new uniform corporate identity.

In the spirit of ensuring a unified market presence, the contents and design of Wolford's online shopping world were adapted and made even more user-friendly in the 2011/12 fiscal year. The online business is being continuously expanded as a strategically important addition in order to offer Wolford's regular and new customers the opportunity to shop around the clock and outside of urban centers. This is supported and complemented by targeted social media activities also designed to appeal to a younger customer base.

Positive development in most core geographic markets

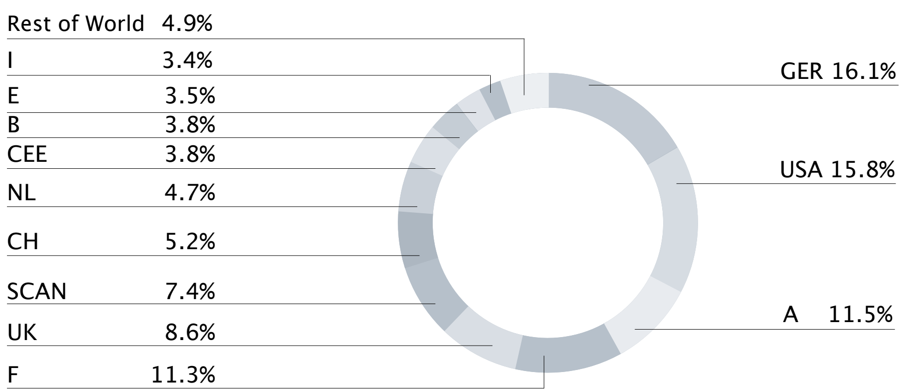
From a regional perspective, a positive picture generally emerged from Wolford's core geographic markets. In particular, Spain showed a very good development, with sales up 18.5 percent on the basis of adaptations made to distribution structures. Wolford also succeeded in generating significant sales increases in some cases, with sales up in Belgium (+ 12.2 percent), UK (+ 8.5 percent in Group currency, + 10.6 percent in local currency), Germany (+ 4.8 percent), USA (+ 3.6 percent in Group currency, + 7.1 percent in local currency) and Austria (+ 1.7 percent). In contrast, sales fell slightly in France (– 0.5 percent) and Scandinavia (– 1.4 percent). The sales decline was more pronounced in CEE (– 3.7 percent), Netherlands (– 4.4 percent) and Italy (– 5.4 percent). In Switzerland Wolford was faced with a sales drop of 12.6 percent in Group currency (– 20.4 percent in local currency) as a consequence of the strong Swiss franc and the related outflow of purchasing power to neighboring countries. Sales in the Asia/Oceania region came close to matching the comparable level in the 2010/11 fiscal year, which was characterized by strong sales growth. The slight decrease (– 1.0 percent) was due to adaptations in the distribution structure and the exchange rate situation.

Development of brand sales by geographic market in 2011/12



In the 2011/12 fiscal year, the European Union (EU-27) accounted for about 70.5 percent (2010/11: 69.7 percent) of sales. Accordingly, 29.5 percent (2010/11: 30.3 percent) of total Group sales were generated outside of the EU. The export ratio was 88.5 percent and shows a constant performance.

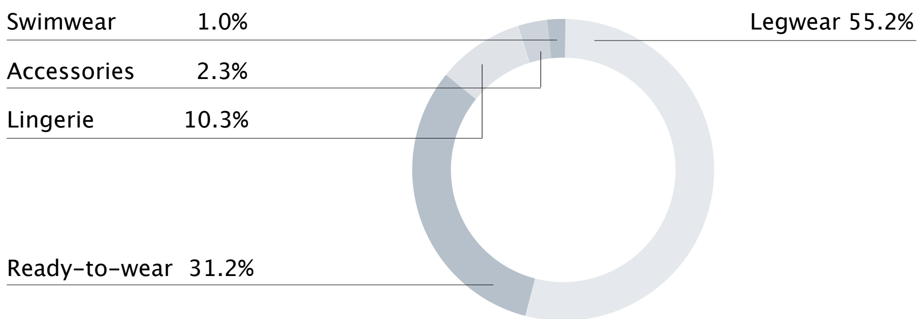
Sales by geographic market in 2011/12



Balanced product portfolio

With its five product groups (Legwear, Ready-to-wear, Lingerie, Swimwear and Accessories), the Wolford Group boasts a balanced and well-rounded product portfolio. The Legwear product group made the biggest contribution to total brand sales, with its share amounting to 55.2% in the reporting period. Ready-to-wear accounted for 31.2 percent of total brand sales, and Lingerie 10.3 percent. The Accessories product group posted a strong rise in sales, with its share of total brand sales almost doubling from 1.2 percent in the 2010/11 fiscal year to 2.3 percent in 2011/12. The Swimwear product group contributed 1.0 percent of the Group's brand sales.

Brand sales by product group in 2011/12



Innovation based on creativity and quality

In addition to its high level of creativity and an uncompromising commitment to quality, Wolford's position as a dynamic top brand in the premium segment of the global fashion world can be attributed to its unbroken innovative strength. Time and again, Wolford sets the dominant trends in all five product groups. Wolford continuously carries out intensive research and development activities aimed at creating new unique and distinctive products and further expanding its innovation leadership.

The creative team is responsible for the unmistakable imprint which runs as a consistent thread throughout all product groups. Wolford would not be able to fulfill the highest quality demands without the employees, who are committed to Wolford quality with the utmost concentration, great skill and attention to detail. Each individual stage of production is followed by a manual inspection, for which the human eye, haptic skill and an appropriate level of experience are indispensable.

Together with its highly motivated employees and business partners, Wolford is continuously working on ensuring sustainable business success. Sustainability encompasses not only economic but also social and ecological responsibility. Thinking and operating sustainably comes naturally to Wolford. This particularly applies to the production process, which is oriented towards protecting the environment as well as a prudent and efficient use of natural resources, the reduction of CO_2 emissions and the minimization of solid and liquid wastes.

Targeted measures designed to protect and preserve surrounding ecosystems are part and parcel of the overall responsibility assumed by the globally operating company. Based on a decades-long tradition, the Wolford Group can defend its innovation leadership and safeguard its role as a trendsetter in a very dynamic market thanks to the closed cycle of innovation, creativity, resource-saving production and the highest quality demands.

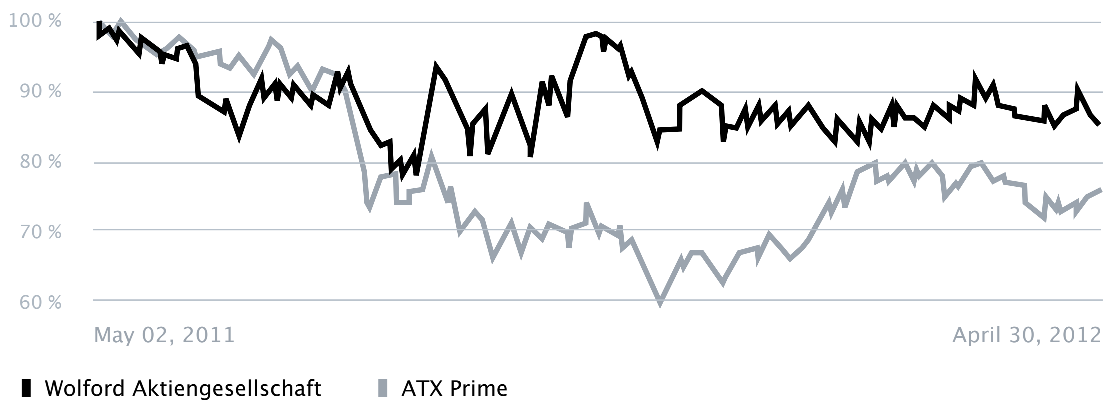
The innovative strength for which Wolford has stood for about 60 years is also reflected in its current product range. At present, Wolford is increasingly focusing, amongst other things, on functional, body shaping Shape & Control products, both in essentials and fashion trends. Demand remains consistently strong for Wolford's tried and tested longsellers, which have been convincing to consumers for decades thanks to their perfect fit and timeless elegance.

Wolford Share

Share price development

The development of international capital markets in the 2011/12 fiscal year initially benefited from the brightening economic indicators in the USA and parts of Europe. In the course of the year there were considerable stock market corrections caused by the intensifying sovereign debt crisis in the eurozone and the USA, political unrest in the Middle East and North Africa. Financial and capital markets managed to recover slightly at the end of the year 2011, supported by the purchase of government bonds and interest rate reductions on the part of the European Central Bank as well as stable economic data from the USA and Germany. On balance, Austria as a financial center showed a negative development in Wolford's 2011/12 fiscal year. This was also reflected in the price of the Wolford share, which nevertheless developed much more positively than the ATX Prime. On May 2, 2011, the first day of trading in the 2011/12 fiscal year, the share of the Austrian luxury brand started at a price of EUR 27.48 which was simultaneously the highest closing price during the period under review. The Wolford share ended the 2011/12 fiscal year at a price of EUR 23.31 on April 30, 2012. The share price low for the reporting period of EUR 21.03 was reached on August 22, 2011.

Stock price performance (indexed)



Trading volume

Total trading volume of Wolford shares was 1,409,718 shares (counted twice) during the 2011/12 fiscal year. The average daily turnover of Wolford stock on the Vienna Stock Exchange was 6,024 shares on the 234 days of trading. Volume peaked on August 18, 2011 at 72,504 shares, whereas the lowest daily turnover was two shares on May 6, 2011 (counted twice in each case).

Analyst coverage

During the 2011/12 fiscal year, Erste Group Bank AG (till 02/2012) as well as Raiffeisen Centrobank AG published analyst reports about Wolford Aktiengesellschaft in regular intervals.

Investor relations

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As a publicly listed company, the Wolford Group considers professional and reliable financial market communications to be a top priority. In the past fiscal year, Wolford once again carried out a variety of activities in order to continue the open dialogue with private and institutional investors as well as to further expand its presence on international financial markets.

In this regard, Wolford adheres to the principles of continuity, a transparent and consistent information policy, as well as personal credibility.

The extensive range of communications activities is not only designed to provide comprehensive information to existing but also to potential shareholders. Wolford presents the company's development in regular personal talks held with financial journalists, analysts and investors in the financial hubs of the Anglo-American and European markets. Wolford also makes all relevant information available to the financial community electronically in the investor relations section of the company's Website at www.wolford.com

Ownership structure

Wolford Aktiengesellschaft boasts a stable and balanced shareholder structure. At the reporting date of April 30, 2012, the WMP family private trust held more than 25 percent of total shares. The "Bartel 2006 Trust" (trust according to Gibraltar law) held more than 17 percent of voting rights and the Sesam private trust more than 15 percent. Wolford Aktiengesellschaft holds another two percent as treasury stock. The rest of the shares were in free float, and were primarily held by national and international institutional investors, as well as private shareholders.

General information on the Wolford share

ISIN Code	AT0000834007
Listing exchange	Vienna Stock Exchange (Prime Market Segment), Frankfurt (OTC segment), New York (ADR program, Level 1)
Date of initial listing	February 14, 1995
Stock type	No par value bearer shares
Total number of outstanding shares	5,000,000
thereof entitled to dividends	4,900,000
Authorized capital	EUR 36,350,000
Index	ATX Prime
Ticker symbols	Reuters: WLFD.VI, Bloomberg: WOL AV

Management Report

of the Wolford Group for the Fiscal Year

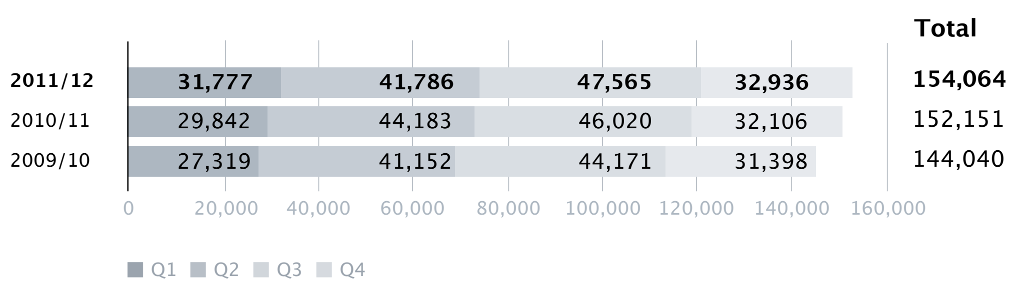
2011/12

1. Business development, results and financial position

The 2011/12 fiscal year (May 1, 2011 – April 30, 2012) was characterized by the European sovereign debt and bank crises and the related economic conditions on international markets. Of all European countries, Germany continues to be one of the expansion markets for producers of luxury brands in addition to the Asian countries generating growth rates. The increasing uncertainties on financial markets attributable to the deterioration of the debt crisis in the eurozone and the USA negatively affect consumer confidence.

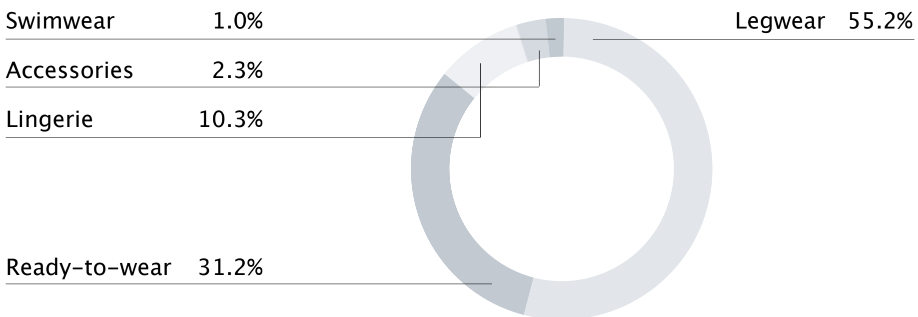
This environment also impacted the Wolford Group. Whereas sales prior to October 2011 were slightly below the previous year's level, customer demand perceptibly improved starting in November 2011, which in turn had a positive effect on the development of sales in the second half-year. Despite a difficult economic environment, Wolford succeeded in increasing total sales for the 2011/12 fiscal year by 1.3 percent, or EUR 1.9 million, to EUR 154.1 million thanks to an improved performance in the second half.

Sales development on a quarterly basis (TEUR)



The Legwear product group accounted for 55.2 percent (previous year: 57.3 percent) or more than half of total brand sales in the 2011/12 fiscal year. Once again, the Ready-to-wear range comprised the second largest product group in the past fiscal year, contributing 31.2 percent of the Group's brand sales (previous year: 32.0 percent), followed by the Lingerie, Accessories and Swimwear product groups, which combined to generate 13.6 percent of total brand sales (previous year: 10.7 percent).

Brand sales by product group in 2011/12



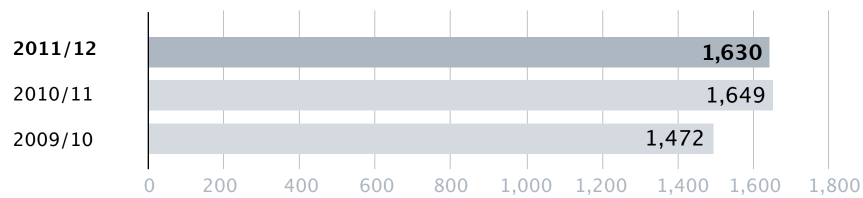
The increase of EUR 3.2 million in the inventory of finished goods and work-in-process was lower than in the previous year. The higher inventory of finished goods and work-in-process can be attributed for the most part to products with low fashion risk.

The costs of materials and purchased manufacturing services rose by 0.8 percent or EUR 0.2 million, which is due to the higher operating output.

Staff costs in the 2011/12 fiscal year declined to EUR 73.2 million (previous year: EUR 73,9 million), which corresponds to an improvement of 1.1 percentage points in the ratio of staff costs to sales. This decrease is related to the reduced overtime hours and accompanying overtime pay in the 2011/12 fiscal year, as well as the increased use of the Wolford plant proizvodnja in trgovina d.o.o. in Murska Sobota, Slovenia for manufacturing garments and the end to the termination benefit obligation for a departing member of the Executive Board.

On balance, a total of 1,630 people (full-time equivalents) were employed by the Wolford Group as at the balance sheet date of April 30, 2012 (April 30, 2011: 1,649 full-time equivalents). Despite the expansion of the company's retail business, the number of employees could be maintained at close to the same level as in the previous year thanks to internal efficiency enhancement measures. As at April 30, 2012, there were 23 apprentices in training at Wolford. In order to ensure a sufficient supply of skilled employees in the future, Wolford will hire eight additional apprentices in the autumn of 2012.

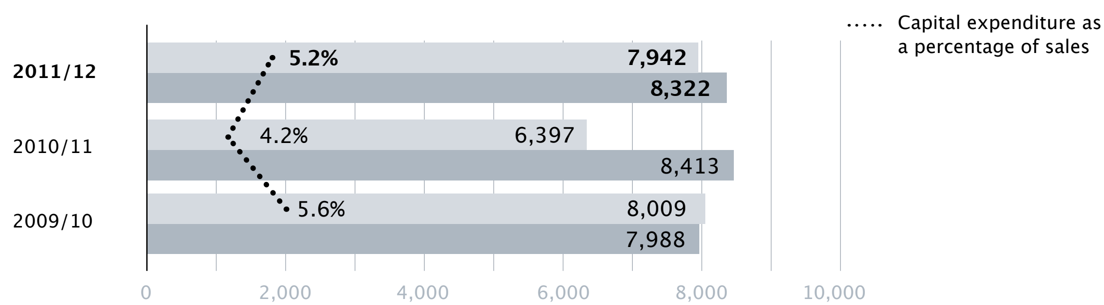
Number of employees at year-end (in full-time equivalents including apprentices)



Depreciation, amortization, impairment losses and reversals of impairment on intangible assets and property, plant and equipment amounted to EUR 8.3 million (previous year: EUR 8.4 million). Capital expenditure on intangible assets and property, plant and equipment during the period under review totaled EUR 7.9 million (previous year: EUR 6.4 million). All investments could be completely financed by the company's cash flow generated from operations. The investment ratio (capital expenditure as a percentage of sales) was 5.2 percent (previous year: 4.2 percent).

Capital expenditure, depreciation, amortization, impairment and reversal of impairment excluding financial assets (TEUR)

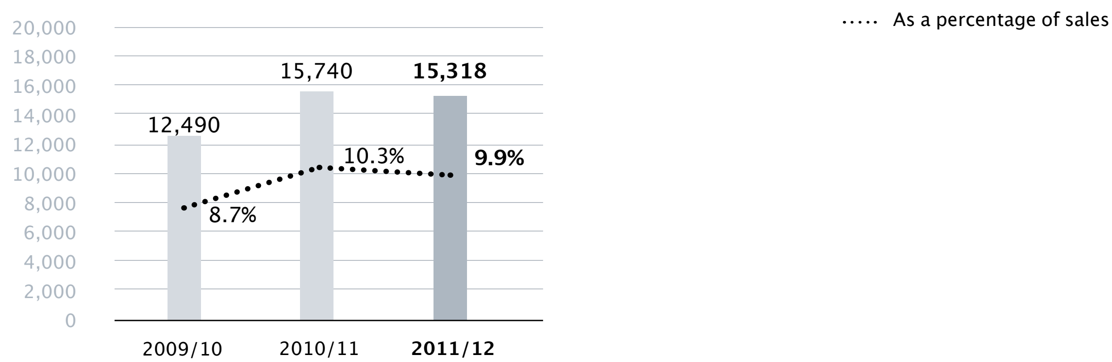
Capital expenditure
Depreciation, amortization, impairment and reversal of impairment



Other operating expenses increased by 6.7 percent from the previous year or EUR 2.8 million to EUR 44.5 million (previous year: EUR 41.7 million). The increase is mainly due to higher marketing expenses, rental and lease payments and consulting costs.

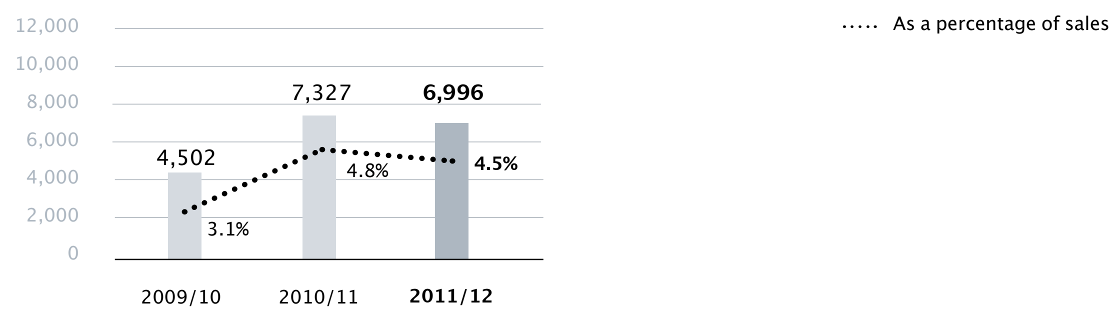
EBITDA amounted to EUR 15.3 million in the 2011/12 fiscal year (previous year: EUR 15.7 million), a slight decline of 2.7 percent or EUR 0.4 million. Accordingly, the EBITDA margin (ratio of EBITDA to sales) was 9.9 percent.

EBITDA
(TEUR)



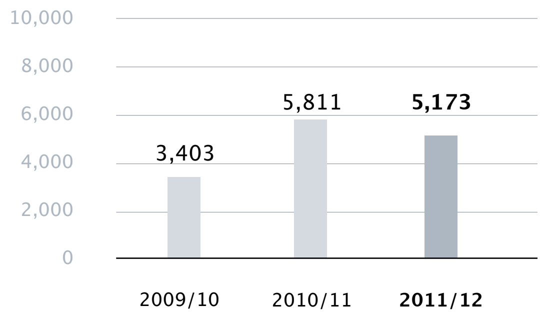
The operating profit (EBIT) totaled EUR 7.0 million (previous year: EUR 7.3 million), corresponding to an EBIT margin of 4.5 percent (previous year: 4.8 percent).

EBIT
(TEUR)



The financial result in the reporting period was EUR –1.8 million (previous year: EUR –1.5 million). The change in the financial result can be attributed to the disposal of securities as well as impairment on financial assets each amounting to EUR 0.2 million. During the period under review the Wolford Group posted a result from continuing operations of EUR 5.2 million (previous year: EUR 5.8 million).

Result from continuing operations (Result before taxes) (TEUR)



In July 2011 an external tax audit began at Wolford Aktiengesellschaft for the audit period 2003/04 – 2009/10. This audit had not yet been completed when the consolidated financial statements were prepared. Due to this long audit period (seven years) it is likely that a subsequent tax expense of EUR 0.4 million will be recognized.

In addition, reported tax loss carry-forwards and current value depreciations on investments in affiliated companies amounting to EUR 2.5 million were not recognized. On balance, the total additional expense resulting from the tax audit was EUR 3.0 million (of which the cash payment amounts to EUR 0.5 million for the period of the tax audit and EUR 0.7 million for the 2010/11 fiscal year).

The tax audit of Wolford Aktiengesellschaft had a negative effect on earnings. Accordingly, the net profit for the 2011/12 fiscal year was EUR 1.4 million (previous year: EUR 5.1 million).

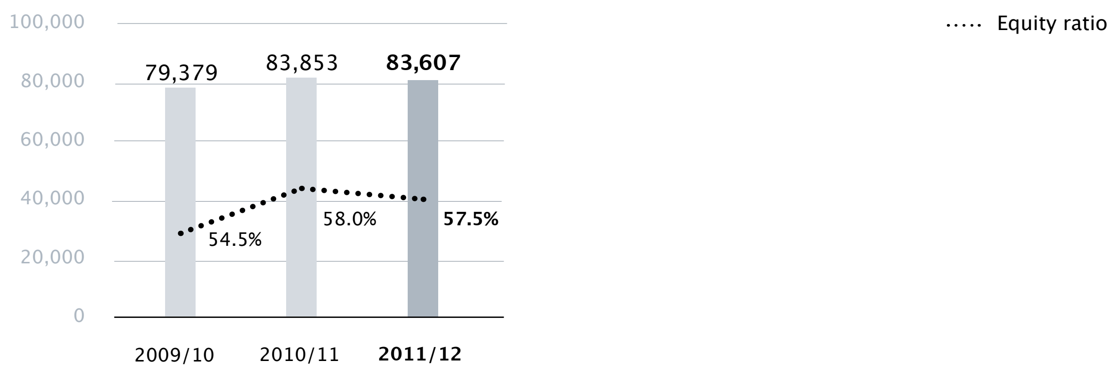
The dividend of EUR 0.40 per no par value bearer share of the share capital entitled to a dividend came to a total of EUR 2.0 million and was distributed to shareholders on September 29, 2011.

As at the balance sheet date of April 30, 2012, non-current assets of the Wolford Group declined by EUR 1.6 million to EUR 76.1 million, which is primarily related to the disposal of securities in the 2011/12 fiscal year to the amount of EUR 1.3 million.

Current assets rose by EUR 3.2 million to EUR 64.2 million. This rise can be attributed to the increased inventories as well as the higher level of cash and cash equivalents.

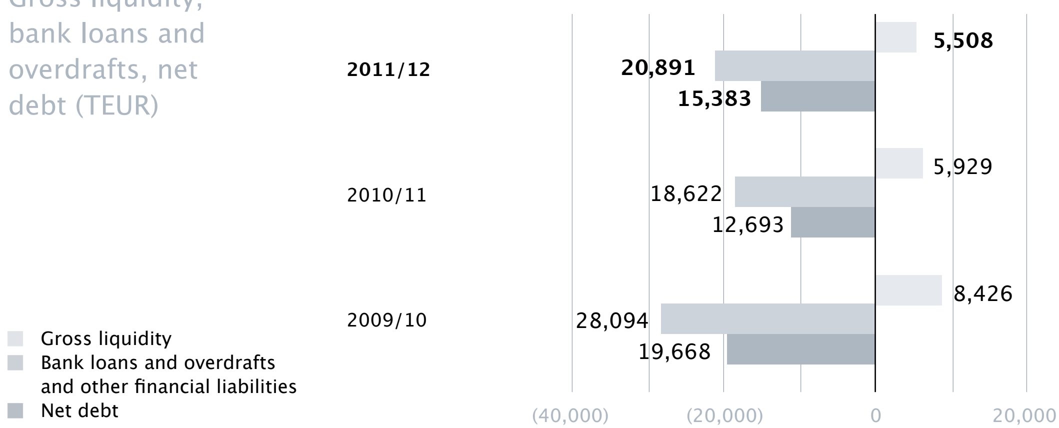
Shareholders' equity on the balance sheet date totaled EUR 83.6 million (previous year: EUR 83.9 million). The equity ratio was 57.5 percent (previous year: 58.0 percent).

Shareholders' equity (TEUR)



Current and non-current financial liabilities as well as bank loans and overdrafts amounted to EUR 20.9 million, which corresponds to a change of EUR 2.3 million from the prior-year level. Net debt totaled EUR 15.4 million (previous year: EUR 12.7 million), corresponding to a gearing ratio of 18.4 percent (previous year: 15.1 percent).

Gross liquidity, bank loans and overdrafts, net debt (TEUR)



2. Risk management

The internal control and risk management system (ICS) defines all processes required to ensure profitability, reliability and accuracy with regard to invoicing, accounting and financial reporting, and all other operational processes. It is designed to reduce the error susceptibility of transactions, protect assets against damages and fraud, ensure the reliability of financial reporting and its conformity with the Articles of Association, Group guidelines and valid regulations.

Responsibility for the implementation and monitoring of the internal control and risk management system lies with the management in charge of the process. Valid cross-divisional, Group-wide framework conditions and rules applying to all business areas are centrally defined by the Executive Board. Line management is responsible for implementing these guidelines in the respective business processes.

All accounting and financial reporting processes are subject to strict rules and guidelines designed to avoid any risk connected to them. These measures and rules include the strict separation of duties and signature rules according to the basic principle of joint signature rights. The uniform accounting software used throughout the Group comprises standard software protected against unauthorized access.

The main accounting and valuation principles have been summarized in a Group handbook which is being continually updated and is binding for all Wolford Group subsidiaries.

Monitoring of the internal control system occurs on the basis of a regular system-supported self-assessment of key controls by the implementing control owner. In the future, random checks will be increasingly carried out by the internal auditing department. The status of the ICS and control results will be reported by the internal auditing department to the Executive Board and the Supervisory Board.

The Wolford Group has bundled these crucial tasks in a four-pillar strategy, providing extensive support to the organizational units to assist them in achieving their goals:

I) The **opportunity and risk management system** serves the purpose of strategically identifying and evaluating potential opportunities and risks for Wolford over the next four-year period, incorporating the parallel development and implementation of targeted measures to exploit opportunities and prevent risk. Workshops are regularly held for all areas of operation and subsidiaries of the Wolford Group, and comprehensive action plans are developed and their implementation is monitored.

II) The **internal control system (ICS)** is the basis for the operational safeguarding of compliance, an accurate presentation of the profit, asset and financial position of the Wolford Group, support for all important operational processes, as well as ensuring proper and optimal controlling and management. A functional and risk evaluation of all operational processes serves as the basis for closely examining the most important processes, and initiating improvement measures if required.

The employees responsible for the crucial key controls provide feedback to the system at predefined intervals on the compliance and quality of “their controls” in the form of a self-assessment. Inadequate controls are immediately improved. Internal auditing continually carries out random checks to determine whether the self-assessments are realistic, thus ensuring the comprehensive safeguarding of the effectiveness and quality of the ICS.

III) **Internal auditing** comprises a risk-based auditing and consulting instrument on the basis of the first two pillars, and a further guarantee for adhering to compliance rules and quality assurance standards in the Wolford Group. All important management, organizational, process, cost and performance parameters are analyzed with respect to a broad range of thematic issues, and suitable improvement measures are developed together with the management. The systematic pursuance of the agreed-upon measures ensures their prompt and effective implementation.

IV) The **implementation and realization of measures** defined as a consequence of the three above-mentioned strategies, as well as other important tasks for the company’s management, are centrally pursued. The focus is on the prompt realization of these measures and the quarterly monitoring of the implementation progress.

All strategic opportunity and risk management functions in the Wolford Group are supported by an integrated, Group-wide software solution, enabling the identification and evaluation of risks and opportunities as well as the centralized coordination and implementation of appropriate improvement measures. The evaluation and development takes place within the context of regular assessments, in which the divisional managers identify the ten to sixteen primary strategic opportunities and risks, which could have a medium-term effect on the company’s ability to achieve its business targets.

The ICS is evaluated via this software platform by means of a regular risk evaluation of control and steering processes, as well as an ongoing self-assessment pertaining to key controls of the company. This enables identification and analysis of control processes with the highest operational risks. Targeted improvement measures (target processes) are developed as needed. In turn, their implementation is monitored and ensured, based on the support provided by the system.

The following guidelines apply to Wolford’s risk management policies:

- No action or decision may put the company’s future in jeopardy.
- The Group’s internal guidelines must be complied with.
- Unavoidable risks must be insured to the extent that this is economically feasible.
- Residual risks must be managed using risk management tools.

The main risks faced by the Wolford Group are:

Market risks
Market risks represent the risk of losses resulting from deviations in market prices (i.e. raw materials, foreign exchange rates, interest rates, competitors and the overall market environment).

Operational risks
Operational risks represent the danger involved in a potential change in the value of assets due to poor management, defective processes, insufficient resources, system malfunctions, inadequate qualifications and diligence of employees, fraud and natural disasters. These risks are counteracted by the company by applying a Group-wide, internal control system (ICS) as well as the use of risk management tools and internal auditing.

Credit risks
Credit risks refer to the risk of losses due to irrecoverable debts. The company limits credit risk by taking out credit insurance with Prisma Kreditversicherungs AG and OeKB Versicherungs AG.

Business risks
Business risks represent the risk of loss arising from business activities (i.e. fluctuations in demand, projects, fashions, strategy, legal and political risks or cooperation agreements with external partners).

Financial instruments are contractual business transactions that encompass a right to cash or another financial asset. This includes both primary financial instruments, such as trade receivables and payables, cash, bank balances, loans receivable and borrowings. Primary financial instruments held by the company that may involve credit risk are receivables, cash and cash equivalents, and securities. On the other hand, there are also derivative financial instruments whose value changes in response to the change in an underlying interest rate or security price, that require little or no initial net investment, and that are settled at a future date.

Derivative financial instruments are used in the Wolford Group to hedge against risks arising from changes in exchange rates and interest rates. The purpose of hedging currency risk is to create sufficient predictability in order for the budgeting process to be carried out at least six and at most twelve months in advance. Management's aim is to reduce interest rate risk with respect to assets as well as shareholders' equity and liabilities.

Default risk
On the assets side, the reported carrying amounts also represent the maximum credit risk and default risk.

However, the risk actually incurred can be regarded as low, as most of the financial institutions involved have good credit ratings.

Interest rate risk
On the assets side, the risk remains unchanged due to the ongoing low interest rates during the reporting period. The level of risk can be

regarded as low due to the short remaining terms to maturity.

On the liabilities side, interest rate risk relates to fluctuations in floating rate liabilities.

The carrying amount of bank debt at April 30, 2012 represents the outstanding principal.

Foreign exchange risk
Exchange rate risks arising from existing foreign currency receivables and from forecasted transactions are largely hedged by the Group treasury department by means of foreign currency forwards and options.

Derivative financial instruments
The Wolford Group treasury department uses derivative financial instruments in the form of foreign currency forwards and options.

The outstanding financial derivatives as at April 30, 2012 had a remaining term to maturity of less than twelve months.

The market values of the derivative foreign exchange instruments represent the market values of the forward exchange contracts that would have to be concluded at the balance sheet date in order to settle the respective currency derivative, without regard to any adverse changes in the value of the hedged items.

3. Significant events after the balance sheet date

There were no significant events after the balance sheet date for the 2011/12 fiscal year requiring disclosure which had a material impact on Wolford's business operations.

4. Research and development

Wolford's research and development activities are closely linked to the Group's strategic goal of maintaining and extending its leadership in innovation, to ensure a continuing solid foundation for sustained business success.

The intensive developmental work has enabled Wolford to put special emphasis on another segment in addition to its fashion collection, namely body shaping lingerie (Shape & Control). The seamlessly knitted undergarments made of soft velvet materials are transformed into elegant body shaping lingerie by using a soft lace. The group of velvet products encompasses soft, seamlessly knitted designs which shape the entire waistline. Moreover, the thin silicon applied directly to the knitted hose provides the necessary support and ensures optimal wearing comfort.

The very successful body shaping segment in the legwear product group is being complemented by the product "Satin Touch 20 Control Top" which shapes legs and hips and thus visually ensures a slim figure.

New high quality legwear products such as “Fine-Merino Tights“ and “Fine-Merino-Rib Tights“ will be available on the market as part of the upcoming autumn/winter 2012/13 fashion collection. These products for sophisticated customers particularly feature a unique and exclusive wearing comfort.

In the Ready-to-wear segment, the perfect fit is achieved by using extra-fine wool together with a very consistent look. These products are both beautifully designed and stylish as well as very comfortable to wear. Additional customer groups should be attracted by expanding products made of natural fibers.

In the Accessories product group, the product line has been extended with the “multi-functional scarf“, a high quality trend product. This allows individual styling and fashionable wearing options for different events.

Details on all new product innovations can be found at www.wolford.com.

5. Non-financial performance indicators

Wolford is continually investing in the training and professional development of its employees in order to further enhance their skills, qualifications and motivation. The focus in the 2011/12 fiscal year was sales trainings to improve customer service and contact, as well as the increased understanding of leadership and management issues on the part of monobrand store managers. Each year up to 1,000 employees are trained by Wolford’s own trainers. A further training priority was the enhancement of foreign language skills to optimally support and expand customer relationships.

Standardized performance appraisal interviews reviews were carried out in order to be able to evaluate and purposefully promote the personal development potential and career opportunities for each employee.

The training of young people enables Wolford to ensure a sufficient availability of skilled employees in the future. For this reason Wolford attaches great importance to training future key employees. Quality is a guiding principle which also applies to the education of young people. Wolford trains textile chemists, stitch technicians, machine mechanics and electricians, retail saleswomen and storage logisticians. In order to provide the most informal setting possible in order to get to know each other, as well as to promote a team spirit, traineeships at Wolford begin with a two-day mountain hut seminar. In addition to getting to know each other, the focus is on conveying the philosophy of the company and details about the vocational training program.

An employee potential analysis has proven to be an indispensable tool to support the recruiting process and professional development opportunities of employees. Employees around the world can use this analysis tool via online access. The evaluation methodology is based on a value psychology in which deviations from a logical mathematical benchmark are determined with the objective of systematically showing the aptitudes and skills of a person.

Occupational health care for employees is an annual priority of Wolford's health promotion efforts. In order to support the good state of health of the staff with suitable methods and measures, a separate therapy room was set up, for example for acupuncture treatment.

As of April 1, 2012, two occupational physicians are providing support to the company on health care issues. Dr. Christl Berchtold and Dr. Walter Tonko are now responsible for occupational health care and health monitoring.

The issue of "gentle mobility" was further pursued in cooperation with the Vorarlberg Transport Association, as a means of fulfilling the company's responsibility to neighboring residents of its production facility in Bregenz. The main objective was to motivate employees to use public transportation or bicycles to get to work instead of their cars.

In the past fiscal year the energy control system was re-engineered and adapted. In the 2012/13 fiscal year the conversion of the heating facility and improvements in steam generation should result in greater energy efficiency and thus to a reduction in energy costs.

6. Disclosures pursuant to Austrian Takeover Amendment Act

In accordance with § 243a Amendment Act of the Austrian Business Enterprise Code, Wolford is required to disclose the following information: The share capital of Wolford Aktiengesellschaft, which is listed on the Prime Market of the Vienna Stock Exchange, is divided among five million no par values shares, each representing an equal ownership interest in the company. All shares are made out to the bearer.

At the balance sheet date of April 30, 2012, Wolford Aktiengesellschaft still owned 100,000 shares of its own stock. The Executive Board is not aware of any restrictions regarding voting rights or the transfer of shares, other than the legal restrictions applicable to treasury stock.

The shareholder structure of Wolford Aktiengesellschaft as at April 30, 2012 was as follows: the WMP family trust owned more than 25 percent of Wolford's shares. The Sesam private trust held more than 15 percent. The Bartel 2006 Trust held a further 17.23 percent of the shares in the company. Wolford Aktiengesellschaft itself continued to own 2 percent. The rest of the shares were in free float.

Other provisions contained in § 243a of the Austrian Business Enterprise Code do not apply to the Wolford Group.

7. Expected business development of the company

The first weeks of the new fiscal year began very promisingly for the Wolford Group, both in terms of daily order volume as well as sales development. Thus up until the end of June a significant rise in sales was achieved compared to the prior-year period. However, this positive sales start is clouded somewhat by the decline in fixed orders for the 2012/13 winter season. Nevertheless, from today's perspective Wolford's Executive Board expects sales to increase in the entire 2012/13 fiscal year. The overall economic environment continues to be difficult due to the fact that market participants are continually confronted with new problems and challenges, which could lead to an even greater crisis of confidence and uncertainty.

Wolford will continually strengthen its retail business and increase the number of its mono-brand sales stores in the future. In addition to concentrating on its European core markets, the Wolford Group plans to extend its business activities in China in the coming years in order to safeguard future growth and expand distribution of the Wolford brand.

Against this backdrop and on the basis of the measures which are being implemented, the Executive Board of the Wolford Group is optimistic with respect to its prospects for generating further growth in the 2012/13 fiscal year via higher market penetration in existing markets, entering new markets and the continuation of the efficiency-enhancement measures which have already been initiated.

Bregenz, July 5, 2012

Signed

Holger Dahmen Peter Simma

Statement of all Legal Representatives

Statement of all legal representatives

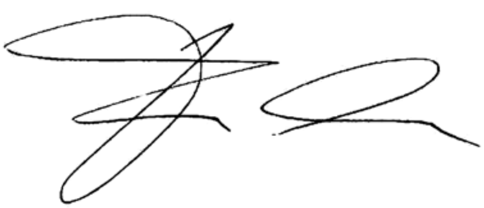
Statement by the Executive Board pursuant to § 82 paragraph 4 (3) of the Stock Exchange Act

The Executive Board of Wolford Aktiengesellschaft confirms to the best of its knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Wolford Group, as required by applicable accounting standards, and that the Group Management Report presents the business development, earnings and the situation of the Group in such a manner as to give a true and fair view of the principal risks and uncertainties which the Group faces from today's perspective.

Furthermore, the Executive Board of Wolford Aktiengesellschaft confirms to the best of its knowledge that the annual financial statements of the parent company as at April 30, 2012 give a true and fair view of the assets, liabilities, financial position and profit and loss of the company, and that the Management Report presents the business development, earnings and the situation of the company in such a manner as to give a true and fair view of the principal risks and uncertainties which the company faces from today's perspective.

Bregenz, July 5, 2012

The Executive Board of Wolford Aktiengesellschaft



Holger Dahmen
Chairman of the
Executive Board

Peter Simma
Deputy Chairman of the
Executive Board

Consolidated Financial Statements 2011/12

Consolidated financial statements of the Wolford Group for 2011/12 prepared in accordance with IFRS

Consolidated income statement for the fiscal year 2011/12

in TEUR	**Note**	**2011/12**	**2010/11**
Sales	(1)	154,064	152,151
Other operating income	(2)	3,970	3,545
Changes in inventories of finished goods and work-in-process		3,206	3,685
Own work capitalized		211	191
Operating output		**161,451**	**159,572**
Cost of materials and purchased services		(28,515)	(28,292)
Staff costs	(3)	(73,161)	(73,880)
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets excluding goodwill	(4)	(8,322)	(8,413)
Other operating expenses	(5)	(44,457)	(41,660)
Operating profit (EBIT)		**6,996**	**7,327**
Net interest cost	(6)	(730)	(773)
Net investment securities income	(7)	(295)	16
Interest cost of employee benefit liabilities		(798)	(759)
Financial result		**(1,823)**	**(1,516)**
Result from continuing operations (Result before taxes)		**5,173**	**5,811**
Income tax	(8)	(3,812)	(761)
Net result for the year		**1,361**	**5,050**
Earnings per share in EUR (diluted = undiluted)		**0.28**	**1.03**

The following notes to the consolidated financial statements form an integral part of this consolidated income statement.

Consolidated statement of comprehensive income for the fiscal year 2011/12

in TEUR	**Note**	**2011/12**	**2010/11**
Net result for the year		**1,361**	**5,050**
Other comprehensive income			
Currency translation differences of foreign business operations		189	5
Net (loss)/gain from the disposal of available-for-sale financial assets	(15)	541	(25)
Income tax effects	(15)	(135)	6
Net (loss)/gain from cash flow hedges	(15)	(322)	557
Income tax effects	(15)	80	(139)
Other comprehensive income after taxes		**353**	**404**
Total comprehensive income (after taxes)		**1,714**	**5,454**
Attributable to:			
Equity holders of the parent company		1,714	5,454
Minority interest		0	0

The following notes to the consolidated financial statements form an integral part of this consolidated statement of comprehensive income.

Consolidated balance sheet as at April 30, 2012

ASSETS

in TEUR	Note	30.04.2012	30.04.2011
Non-current assets	(9)		
Property, plant and equipment		62,414	62,173
Goodwill		1,193	1,137
Intangible assets		9,955	10,461
Investments in affiliated companies		3	3
Non-current available-for-sale financial assets		1,485	2,772
Non-current receivables and assets	(10)	1,068	1,127
		76,118	**77,673**
Deferred tax assets	(11)	**5,208**	**5,855**
Current assets			
Inventories	(12)	44,170	41,432
Current receivables and other assets	(13)	12,161	12,750
Prepaid expenses		2,555	2,336
Current available-for-sale financial assets and financial investments	(14)	46	44
Cash and cash equivalents	(22)	5,246	4,368
		64,178	**60,930**
Total assets		**145,504**	**144,458**

SHAREHOLDERS' EQUITY AND LIABILITIES

in TEUR	Note	30.04.2012	30.04.2011
Shareholders' equity	(15)		
Share capital		36,350	36,350
Capital reserves		1,817	1,817
Other reserves		48,322	48,757
Currency translation differences		(2,882)	(3,071)
		83,607	**83,853**
Non-current liabilities			
Long-term debt	(16)	18,052	10,330
Provisions for employee benefits	(17)	13,940	14,633
Other non-current liabilities	(18)	2,371	1,401
		34,363	**26,364**
Deferred tax liabilities	(11)	**203**	**314**
Current liabilities			
Current portion of long-term debt	(19)	2,839	8,293
Current tax liabilities		3,085	1,646
Other current provisions	(20)	4,804	4,906
Trade payables		4,858	5,816
Other current liabilities	(21)	11,745	13,266
		27,331	**33,927**
Total shareholders' equity and liabilities		**145,504**	**144,458**

The following notes to the consolidated financial statements form an integral part of this consolidated balance sheet.

Consolidated cash flow statement for the fiscal year 2011/12

in TEUR		Note	2011/12	2010/11
Result from continuing operations (Result before taxes)			5,173	5,811
–	Interest and similar income		(112)	(199)
+	Interest and similar expenses		774	827
+	Depreciation, amortization and impairment losses on non-current assets		8,505	8,542
+(–)	Loss (gain) from the disposal of property, plant and equipment and intangible assets		121	(14)
+(–)	Loss (gain) from the disposal of securities		180	119
+(–)	Currency translation differences		(472)	935
+(–)	Increase (decrease) in provisions for employee benefits		(693)	740
–(+)	Increase (decrease) in inventories		(2,738)	(3,876)
–(+)	Increase (decrease) in receivables and other assets		103	1,326
+(–)	Increase (decrease) from the cash flow hedge reserve		322	(557)
+(–)	Increase (decrease) in other current provisions		(102)	66
+(–)	Increase (decrease) in trade payables		(636)	711
+(–)	Increase (decrease) in other current liabilities		(548)	1,271
= Cash generated from operations			**9,877**	**15,702**
–(+)	Income taxes paid (credited)		(1,906)	(903)
+	Interest received		99	207
–	Interest paid		(801)	(822)
= Net cash from operating activities			**7,269**	**14,184**
+	Proceeds from the disposal of securities		1,316	2,040
–	Purchase of available-for-sale financial assets		0	0
+	Proceeds from the disposal of property, plant and equipment and intangible assets	(24)	54	62
–	Purchase of intangible assets	(24)	(1,010)	(1,144)
–	Purchase of property, plant and equipment	(24)	(7,256)	(4,923)
= Net cash from investing activities			**(6,896)**	**(3,965)**
+(–)	Changes in current borrowings		(5,453)	(3,442)
+(–)	Changes in non-current borrowings		7,722	(6,029)
–	Dividends paid		(1,960)	(980)
= Net cash from financing activities			**309**	**(10,451)**
Net increase (decrease) in cash and cash equivalents			**682**	**(232)**
+(–)	Effects of exchange rate fluctuations on cash and cash equivalents		186	(72)
	Cash and cash equivalents at beginning of period	(23)	4,043	4,347
Cash and cash equivalents at end of period		(23)	**4,911**	**4,043**

The following notes to the consolidated financial statements form an integral part of this consolidated cash flow statement.

Consolidated statement of changes in equity for the fiscal year 2011/12

in TEUR	Note	Transactions with shareholders of the parent company: Share capital	Capital reserves	Fair value reserve for available-for-sale financial assets	Cash flow hedging reserve	Other reserves	Currency translation differences	Treasury stock	Total equity
At April 30, 2010		**36,350**	**1,817**	**(387)**	**(185)**	**49,523**	**(3,076)**	**(4,663)**	**79,379**
Dividends 2009/10	(15)	0	0	0	0	(980)	0	0	(980)
Total comprehensive income		0	0	(19)	418	5,050	5	0	5,454
At April 30, 2011		**36,350**	**1,817**	**(406)**	**233**	**53,593**	**(3,071)**	**(4,663)**	**83,853**
Dividends 2010/11	(15)	0	0	0	0	(1,960)	0	0	(1,960)
Total comprehensive income		0	0	406	(242)	1,361	189	0	1,714
At April 30, 2012		**36,350**	**1,817**	**0**	**(9)**	**52,994**	**(2,882)**	**(4,663)**	**83,607**

The following notes to the consolidated financial statements form an integral part of this consolidated statement of changes in equity.

Notes

WOLFORD GROUP
Notes to the IFRS consolidated financial statements for the fiscal year ending April 30, 2012

The Wolford Group is an international group of companies specializing in the production and marketing of high-quality Legwear, which represents the core business of the Wolford Group, as well as exclusive Ready-to-wear garments and Lingerie, seasonal Swimwear and complementary Accessories positioned in the luxury segment of the market. The headquarters of the Wolford Group are located in Austria at Wolfordstraße 1, 6901 Bregenz.

The business activity of the subsidiaries comprises the marketing and sales of the products obtained from the parent company.

I. SIGNIFICANT ACCOUNTING PRINCIPLES

1. Basis of preparation

Explicit and unreserved compliance with IFRS
The consolidated financial statements of Wolford Aktiengesellschaft for the 2011/12 fiscal year (May 1, 2011 – April 30, 2012) were prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

All updated versions of the valid and binding standards issued by the IASB and the interpretations of the International Financial Reporting Interpretations Committees (IFRIC) for the 2011/12 fiscal year were applied.

On the basis of §245a of the Austrian Business Enterprise Code in line with Regulation (EC) Nr. 1606/2002 adopted by the European Parliament and the EU Council on July 19, 2002, all publicly listed companies domiciled in the EU are required to prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) for the fiscal year beginning on or after January 1, 2005.

The following standards and interpretations were applied for the first time for the 2011/12 fiscal year and/or previous years:

Standard/Interpretation	Description	Effective date
IFRS 7	Financial Instruments: Disclosures – Transfer of Financial Assets	July 1, 2011

Standards, amendments and interpretations which are not yet binding and thus not yet applied for lack of recognition by the EU or due to the stipulations contained in these changes:

Standard/Interpretation	Description	Effective date
IFRS 7	Disclosures: Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2013
IFRS 9	Financial Instruments: Classification and Measurement (Financial Assets)	Jan. 1, 2015
	Additions for Financial Liability Accounting	Jan, 1, 2015
IFRS 10	Consolidated Financial Statements	Jan. 1, 2013
IFRS 11	Joint Arrangements	Jan. 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	Jan. 1, 2013
IFRS 13	Fair Value Measurement	Jan. 1, 2013
IAS 1	Presentation of Items of Other Comprehensive Income (Revised in 2011)	July 1, 2012
IAS 12	Amendments to IAS 12 Income Tax	Jan. 1, 2012
IAS 19	Amendments to IAS 19 Employee Benefits	Jan. 1, 2013
IAS 27	Separate Financial Statements (Revised in 2011)	Jan. 1, 2013
IAS 28	Investments in Associates and Joint Ventures (Revised in 2011)	Jan. 1, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Jan. 1, 2013

The initial application of these revised standards and the application of the new or revised interpretations are not likely to have any material effect on the presentation of the consolidated financial statements of the Wolford Group.

The preparation of the consolidated financial statements is the responsibility of the Executive Board.

In all financial reporting by the Wolford Group for the 2011/12 fiscal year, amounts are reported in thousands of Euros (TEUR). Rounding differences may occur due to the use of automated calculation aids.

2. Basis of consolidation

The scope of consolidation is determined in accordance with IAS 27 (Consolidated and Separate Financial Statements). In addition to the parent company, the following subsidiaries are included in the consolidated financial statements:

Company	Registered office	Direct interest in %
Wolford Beteiligungs GmbH, *)	Bregenz	100
Wolford proizvodnja in trgovina d.o.o.	Murska Sobota	100

*) Wolford Beteiligungs GmbH owns all shares in the following companies:

Company	Registered office	Direct interest in %
Wolford Deutschland GmbH,	Munich	100
Wolford (Schweiz) AG,	Glattbrugg	100
Wolford Paris S.A.R.L.,	Paris	100
Wolford London Ltd.,	London	100
Wolford Italia S.r.L.,	Milan	100
Wolford España S.L.,	Madrid	100
Wolford Scandinavia ApS,	Copenhagen	100
Wolford America, Inc.,	New York	100
Wolford Nederland B.V.,	Amsterdam	100
Wolford Canada Inc.,	Vancouver	100
Wolford Boutiques, LLC. **)	New York	100
Wolford Asia Limited,	Hong Kong	100
Wolford Belgium N.V.,	Antwerp	100
Wolford (Shanghai) Trading Co., Ltd.	Shanghai	100

**) Wolford Boutiques, LLC., New York, is a 100% subsidiary of Wolford America, Inc.

Subsidiaries are operated in Norway, Finland and Sweden by Wolford Scandinavia ApS, in Ireland by Wolford London Ltd., in Luxembourg by Wolford Belgium N.V., in Macao by Wolford Asia Limited and in Portugal by Wolford España S.L.

In the 2010/11 fiscal year, Wolford's shareholdings in Wolford Asia Limited and Wolford Belgium N.V. were integrated into Wolford Beteiligungs GmbH pursuant to Article III of the Austrian Reorganization Tax Act, retroactively as of April 30, 2010. In February 2012 Wolford (Shanghai) Trading Co., Ltd. was established in Shanghai, China. This company will be responsible for coordinating sales activities in the growth market of China.

The year-end balance sheet date of the consolidated financial statements is that of the parent company, on April 30th.

The balance sheet date of all consolidated companies is April 30th.

The preparation of the financial statements of all companies included in consolidation is based on uniform, Group-wide accounting policies.

3. Accounting principles applied

Property, plant and equipment are reported at their production or acquisition cost in accordance with IAS 16. Depreciation is carried out over the expected useful life using the straight-line method.

Interest expenses are capitalized if the asset fulfills the criteria of a qualified asset, pursuant to IAS 23.

Straight-line depreciation of **property, plant and equipment** is based on the following expected useful lives:

Site values (in line with rental agreements)	max. 10 years
Land, land rights and buildings	10 – 50 years
Technical equipment and machinery	4 – 20 years
Other equipment, furniture and fittings	2 – 10 years

In the event of significant impairment that exceeds depreciation, assets are written down, if required, by recognizing an impairment loss, in conformity with IAS 36 (Impairment of Assets).

Repair and maintenance costs relating to property, plant and equipment are principally recorded as an expense. Such costs are only capitalized if it is expected that the additional expenditures will expand the future economic benefits from the use of the respective asset.

Items leased or rented under all lease or rental contracts are treated as operating leases, due to the fact that beneficial ownership is retained by the landlord or the lessor. The rental payments are recognized as an expense.

Goodwill resulting from acquisitions is recognized as an asset. An annual impairment test is carried out in accordance with IAS 36.

Other amortizable intangible assets are recorded at cost, and amortized over their useful lives of three to ten years using the straight-line method.

Goodwill and intangible assets (open-ended contracts) with an indefinite useful life are subject to an annual impairment test, even if there is no indication of a potential impairment loss. Property, plant and equipment are tested for impairment if there is an indication of a potential impairment loss.

Impairment is tested by comparing the recoverable amount (the higher of net selling price and value in use) of every cash generating unit (CGU) to the carrying amount at the balance sheet date. If the asset's recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount.

The management's estimates to determine the recoverable amount primarily refer to the estimated cash flows, discount rates, growth rates, as well as the expected changes in selling prices and related direct costs.

The interest rate of 8.0 percent (2010/11: 8.0 percent) which has been used represents a pre-tax rate that reflects current market forecasts and takes into account the specific risks of the individual CGUs. The expected changes in selling prices and related direct costs are calculated in terms of past experience and potential future market changes, and range from 1.0 percent to 5.0 percent annually.

The Wolford Group prepares its cash flow projections, based on the latest budgets as presented by the Supervisory Board for the next four years.

Research costs may not be capitalized in accordance with IAS 38 (Intangible Assets), and are reported as an expense in the period in which they are incurred.

Development costs are generally also reported as expenses when incurred. They are only capitalized if the development activities are expected, with reasonable certainty, to result in future inflows of financial resources that will cover not only the normal costs but also the respective development costs. Beyond this, development projects must fulfill all the criteria stipulated in IAS 38. No developments costs eligible for capitalization were incurred in the 2010/11 and 2011/12 fiscal years.

In the 2011/12 fiscal year, research and development costs of TEUR 7,128 (2010/11: TEUR 6,949) were reported as an expense in the income statement.

Financial instruments: Transactions in financial instruments are recognized at the settlement date, in accordance with IAS 39. **Financial assets** encompass other securities and investment funds. In accordance with IAS 39, these are held as available-for-sale financial assets and recognized at fair value. The fair value is deemed to be the market price of these financial instruments at the balance sheet date. The valuation gain or loss is reported in the consolidated statement of comprehensive income as well as in the consolidated statement of changes in equity ("Fair value reserve for available-for-sale financial assets"). In the case of a disposal or impairment of the securities, the accumulated gains and losses previously recognized in equity are reported as a gain or loss under net investment securities income.

Inventories: Raw materials and supplies are reported at the lower of cost or market value.

Work-in-process and finished goods are recognized at the lower of production cost or net realizable value. Production cost includes all expenses which are directly related to the product. Appropriate write-downs are made to reflect inventory risks arising from slow-moving items requiring long storage periods and reductions in net realizable value.

Borrowing costs which can be directly assigned to the acquisition, construction or production of a qualified asset are capitalized as expenses to the asset pursuant to IAS 23. No external borrowing costs were capitalized in the 2010/11 and 2011/12 fiscal years.

Receivables and other assets: Receivables are capitalized at the fair value of the services provided in return, in accordance with IAS 39. Other assets are capitalized at cost. Identifiable risks are recognized by setting up bad debt reserves in the corresponding amounts.

The company classifies all **cash holdings and current financial investments** encompassed in the item cash holdings and current financial investments at the time of acquisition and which meet all other requirements as cash and cash equivalents. With a maximum term to maturity of 90 days, these assets are reported in the consolidated cash flow statement as cash and cash equivalents. These assets are reported at their current value at the balance sheet date. The amounts included in this item which were subject to restrictions and the reconciliation of the item cash holdings and current financial investments as cash and cash equivalents are described in Section IV, NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT.

Treasury stock is reported in the balance sheet as a deduction from equity, pursuant to IAS 32.

Income taxes: The provision for current taxes covers all tax liabilities which exist at the balance sheet date. In addition, deferred tax assets and liabilities were recognized according to the balance sheet liability method prescribed by IAS 12. This involves accruing deferred taxes for the temporary differences in valuation and in recognition between the tax bases and the commercial IFRS financial statements of the Group companies, and for eliminations. The tax rate applied in the underlying calculation is the rate that is expected to prevail for the period in which the asset will be realized or the liability settled. In addition, deferred tax assets are recognized for all loss carry-forwards that are realistically expected to be reversed in the foreseeable future.

For domestic entities, the calculation of deferred taxes is based on a tax rate of 25 percent. For foreign entities, the respective local tax rate is used.

Liabilities: At initial recognition, liabilities are capitalized at the fair value of the services provided in return. At the balance sheet date, long-term debt is subsequently reported at amortized cost.

Provisions for employee benefits: The method used to determine employee benefit obligations is explained in the note to this balance sheet item.

Provisions: Other provisions are set up in accordance with IAS 37 where the company has a current obligation arising from a past event. Long-term provisions are discounted if the interest component included in the obligation is considered to be material.

Earnings per share are determined by dividing net profit or loss for the year by the number of outstanding shares.

The basis for the calculation of earnings per share was determined as followed:

	BY 2011/12	**BY 2010/11**
Total number of outstanding shares	5,000,000	5,000,000
Less the average number of treasury stock	(100,000)	(100,000)
	4,900,000	4,900,000

Revenue recognition: Revenue is recognized at the point in time in which the significant risks and potential rewards of ownership have been transferred or when the service has been rendered, also taking the other revenue recognition criteria set out in IAS 18 into account. For the first time the customer loyalty program “My Wolford” is applied in accordance with IFRIC 13. Interest income is recognized on a pro-rata basis in accordance with the effective interest method. Income from royalties and rentals is likewise recognized on a pro-rata basis.

Foreign currency translation: Differences resulting from the translation of foreign currency-denominated monetary items in the individual financial statements which are caused by exchange rate fluctuations between the time of initial recognition of a transaction and the balance sheet date are recognized in profit or loss in the respective period. In the 2011/12 fiscal year, translation differences amounting to TEUR 440 (2010/11: TEUR -556) were recognized in the income statement. This includes negative currency translation differences of TEUR 248 (2010/11: TEUR 285) realized through the application of cash flow hedge accounting pursuant to IAS 39, which arose in the course of redeeming the currency forward contracts.

Exchange rate movements for major currencies were as follows:

Currency	Middle rate at the balance sheet date		Average rate for the fiscal year	
	April 30, 2012	April 30, 2011	2011/12	2010/11
1 EUR / USD	1.3243	1.4878	1.36775	1.31579
1 EUR / GBP	0.8125	0.8900	0.86434	0.85027
1 EUR / CHF	1.2014	1.2866	1.21737	1.33441
1 EUR / CAD	1.2980	1.4107	1.35813	1.34180
1 EUR / DKK	7.4410	7.4590	7.44593	7.45068
1 EUR / NOK	7.5920	7.7810	7.75967	7.93550
1 EUR / SEK	8.8980	8.9370	9.02868	9.25283
1 EUR / HKD	10.2500	11.5200	10.65028	10.20809

Hedging / derivative financial instruments: In order to hedge its exposure to the effects of foreign currency fluctuations on the value of assets, liabilities and future transactions, Wolford holds derivatives positions in the form of forward-currency contracts and options.

In concluding hedging contracts, certain derivatives are assigned to certain basic types of transactions. Accordingly, the prerequisites contained in IAS 39 to qualify the transaction as hedging are fulfilled. In line with IAS 39, all derivative financial instruments are recognized at their fair value. Changes in the fair value of the derivative financial instruments are recognized in the income statement. If the financial instruments are effective hedging transactions within the context of a hedging relationship pursuant to the stipulations of IAS 39 (cash flow hedges), fluctuations in fair value do not have an effect on the net result for the period during maturity.

Methods of consolidation: For business combinations which took place before March 31, 2004, capital is consolidated by the benchmark method set out in IAS 22. Accordingly, the cost of acquisition or creation of the equity interest in the respective entity is offset against the fair value of the identifiable assets and liabilities of the consolidated subsidiary at the time of its acquisition or establishment. Business combinations arising after March 31, 2004 were accounted for in accordance with IFRS 3.

Intra-Group balances are eliminated by netting trade receivables, borrowings and other receivables with the corresponding liabilities and provisions between the consolidated subsidiaries.

Intra-Group revenues and expenses are eliminated by netting all expenses and revenues originating from intra-Group sales and services.

Intra-Group gains or losses from the transfer of assets are eliminated in the income statement if material. The same procedure is applied to material intra-Group profits from inventories.

Non-current and current assets and liabilities: Assets and liabilities with a term to maturity of up to one year are classified as current (short-term), whereas those with a term to maturity of more than one year are non-current (long-term). The term to maturity is calculated from the balance sheet date.

Government grants pursuant to IAS 20 in the Wolford Group totaling TEUR 601 (2010/11: TEUR 680) were deducted from the respective expenses. They are recognized as revenue on the basis of binding commitments, official notifications and legal entitlement.

Assumptions: In preparing consolidated financial statements, it is necessary to some extent to make estimates and assumptions regarding the carrying amounts of assets, provisions and liabilities, the disclosure of other obligations at the balance sheet date and the presentation of income and expenses during the reporting period. The actual future amounts may differ from such estimates.

II. NOTES TO THE CONSOLIDATED INCOME STATEMENT

(1) Sales

Detailed information on sales is provided in Segment Reporting in Section V. OTHER INFORMATION.

(2) Other operating income

in TEUR	2011/12	2010/11
Rental income	460	418
Reimbursement of staff costs	1,017	1,097
Insurance benefits	596	619
Gain on disposal of property, plant and equipment and intangible assets	54	62
Refunds	86	27
Restaurant revenue	225	230
Grants for advertising and other purposes	231	429
Premiums	148	106
Currency translation differences	440	0
Other	713	557
Total	**3,970**	**3,545**

The reimbursement of staff costs primarily results from the invoicing of staff costs to department stores for the sales people working there, as well as labor market subsidies.

(3) Staff costs

in TEUR	2011/12	2010/11
Wages	12,644	12,873
Salaries	44,478	43,880
Expenses for statutory social security contributions, pay-based levies and other compulsory contributions	13,871	13,562
Expenses for severance pay and pensions	854	2,238
thereof Executive Board	(289)	506
thereof Management	45	51
Other employee benefits	1,314	1,327
Total	**73,161**	**73,880**

(4) Depreciation, amortization, impairment losses and reversal of impairment

Impairment losses of TEUR 294 (2010/11: TEUR 442) were recognized in the 2011/12 fiscal year. The impairment losses or reversal of impairment losses recognized as the result of impairment tests are assigned to depreciation and amortization for the affected areas. Impairment losses or reversal of impairment losses apply to property, plant and equipment for individual retail boutiques.

(5) Other operating expenses

in TEUR	2011/12	2010/11
Rental and lease payments (incl. operating and incidental costs)	17,581	15,982
Advertising expenses	6,016	5,517
Legal and consulting fees	3,385	2,496
Freight costs	3,022	2,997
Travel costs	1,593	1,425
Custom duties	1,568	1,672
B2C expenses	1,225	965
Credit card fees	1,163	1,092
Insurance premiums	1,090	1,048
IT expenses	970	1,037
Car expenses	763	736
Taxes (excluding income taxes)	689	592
Telephone costs	609	584
Postal fees	568	525
Duties and fees	436	424
Office supplies	404	417
Commissions	326	362
Losses resulting from the disposal of property, plant and equipment and intangible assets	174	48
Currency translation differences	0	556
Other	2,875	3,185
Total	**44,457**	**41,660**

Fees paid for services rendered by the Group's auditor were comprised of the following:

in TEUR	2011/12	2010/11
Audit of financial and consolidated financial statements	147	146
Other assurance/valuation services	0	0
Tax consulting services	0	0
Other services	3	5
Total	**150**	**151**

(6) Net interest cost

in TEUR	2011/12	2010/11
Interest and similar income	44	54
Interest and similar expenses	(774)	(827)
Total	**(730)**	**(773)**

The reduced interest expense is the result of the significantly reduced need for bank loans on average, and the ongoing low interest rates compared to previous years.

(7) Net income from securities

in TEUR	2011/12	2010/11
Income from investments in securities	68	145
Expenses from investments in securities	(363)	(129)
Total	**(295)**	**16**

In the 2011/12 fiscal year, losses arose from the disposal of securities amounting to TEUR 180 (2010/11: TEUR 129) and from impairment losses on financial assets of TEUR –183 (2010/11: TEUR 0). Gains from the disposal of securities in the 2011/12 fiscal year totaled TEUR 0 (2010/11: TEUR 10).

(8) Income taxes

Current tax expenditures are mainly comprised of the following:

in TEUR	2011/12	2010/11
Consolidated income statement		
Actual income taxes:		
Tax expense in the current fiscal year	(2,996)	(1,896)
Deferred taxes:		
Formation and reversal of temporary differences	(816)	1,135
Total	**(3,812)**	**(761)**

in TEUR	2011/12	2010/11
Development of the deferred tax balance		
Balance of deferred tax assets and liabilities as at May 1st	5,541	4,675
Currency translation differences	200	(136)
Deferred taxes recognized in the consolidated income statement	(816)	1.135
Deferred taxes recognized in other comprehensive income	80	(133)
Balance of deferred tax assets and liabilities as at April 30th	**5,005**	**5,541**

In the 2011/12 fiscal year, TEUR 80 (2010/11: TEUR –133) in taxes were recognized directly in equity.

The reconciliation of the tax expenses based on the Austrian corporate tax rate of 25 percent to the effective tax rate for the period is based on the following calculation:

in TEUR	**2011/12**	**2010/11**
Result from continuing operations (Result before taxes)	**5,173**	**5,811**
Tax expense at the rate of 25%	(1,293)	(1,453)
Foreign tax rates	146	56
Tax audit effects	(2,957)	(481)
Effects relating to loss carry-forwards	71	789
Losses for which no deferred tax assets were recognized	(91)	(129)
Permanent differences	86	76
Taxes from previous periods	48	67
Other	178	314
Effective tax expense	**(3,812)**	**(761)**
Effective tax rate	**74%**	**13%**

In July 2011 an external tax audit began at Wolford Aktiengesellschaft for the audit period 2003/04 – 2009/10. This audit had not yet been completed when the consolidated financial statements were prepared. Due to this long audit period (seven years) it is likely that a subsequent tax expense of TEUR 417 will be recognized.

In addition, reported tax loss carry-forwards and current value depreciations on investments in affiliated companies amounting to TEUR 2,540 were not recognized. On balance, the total additional expense resulting from the tax audit was TEUR 2,957 (of which the cash payment amounts to TEUR 512 for the period of the tax audit and TEUR 702 for the 2010/11 fiscal year).

III. NOTES TO THE CONSOLIDATED BALANCE SHEET

ASSETS

(9) Non-current assets

The detailed presentation of the development of assets is presented in the consolidated statement of changes in non-current assets. The exchange rate effect resulting from the translation of the assets and liabilities of foreign entities at the beginning of the period compared to end-of-period exchange rates is likewise disclosed separately.

Property, plant and equipment
A detailed presentation of changes in the item property, plant and equipment is included in the consolidated statement of changes in non-current assets, which forms an integral part of these consolidated financial statements.

The total commitments to acquire property, plant and equipment amounted to TEUR 391 at the balance sheet date (April 30, 2011: TEUR 888).

On the basis of impairment tests, the impairment losses of TEUR 294 (2010/11: TEUR 442) relating to retail boutiques are recognized as an expense in the income statement.

Intangible assets
A detailed presentation of changes in the item intangible assets is included in the consolidated statement of changes in non-current assets, which forms an integral part of these consolidated financial statements.

There were no commitments in the 2011/12 and the previous fiscal year to acquire intangible assets within the context of ongoing projects.

The amortization and impairment of intangible assets are shown in the consolidated statement of changes in non-current assets, and included in the consolidated income statement under the item “Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment”.

At the balance sheet date, key money (payment for rental rights) totaling TEUR 5,187 (April 30, 2011: TEUR 5,629) was capitalized. This includes key money with indefinite lives amounting to TEUR 3,153 (April 30, 2011: TEUR 3,813) and key money with definite lives of TEUR 2,034 (April 30, 2011: TEUR 1,816).

Pursuant to IAS 38, goodwill and intangible assets with indefinite lives are classified as assets with indefinite lives.

No impairment loss was necessary for intangible assets in the 2011/12 and 2010/11 fiscal years.

Non-current financial assets

The securities and investment funds included under this item in accordance with IAS 39 are classified as available-for-sale financial assets and reported at their fair value, which corresponds to the market value of the financial instruments at the balance sheet date. The change of TEUR 178 in their fair value during the 2011/12 fiscal year (2010/11: TEUR –144) is recognized in the consolidated statement of comprehensive income. In 2011/12 fiscal year, the disposal of securities led to losses amounting to TEUR 180 (2010/11: TEUR 129), and due to an impairment test a loss of TEUR –183 (2010/11: TEUR 0) was recognized in profit and loss in the income statement. In the 2011/12 fiscal year gains of TEUR 0 (2010/11: TEUR 0) were recognized in profit and loss in the income statement.

(10) Non-current receivables

This item primarily relates to advance rental and lease payments and security deposits.

(11) Deferred taxes

Net deferred tax assets and liabilities arise from the following temporary reporting and valuation differences between IFRS carrying amounts and the corresponding tax base:

	April 30, 2012		April 30, 2011	
in TEUR	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Property, plant and equipment, intangible assets	1,454	(265)	1,035	(320)
Valuation of inventories	57	(54)	0	(51)
Accrued rental costs	381	(168)	300	(44)
Provisions for employee benefits	907	0	866	0
Other provisions	135	(7)	246	0
Treasury stocks	0	(583)	0	(491)
Untaxed reserves	0	(297)	0	(297)
Foreign currency translation	0	(15)	48	0
Deferred taxes on loss carry-forwards and on write-downs to fair value	1,872	0	2,961	0
Eliminations	1,615	0	1,382	0
Other	211	(238)	89	(183)
Deferred tax assets/liabilities	**6,632**	**(1,627)**	**6,927**	**(1,386)**
Offset within legal tax units and jurisdictions	**(1,424)**	**1,424**	**(1,072)**	**1,072**
Net deferred tax assets and liabilities	**5,208**	**(203)**	**5,855**	**(314)**

In accordance with IAS 12 deferred tax assets of TEUR 1,872 (April 30, 2011: TEUR 2,764) were recognized for loss carry-forwards which are expected to be reversed in the future. No deferred taxes were recognized for tax loss carry-forwards of TEUR 2,731 (April 30, 2011: TEUR 2,553). The amount of unrecognized deferred taxes was TEUR 695 (April 30, 2011: TEUR 759). The utilization of unrecognized deferred taxes is subject to the following terms to maturity:

in TEUR	April 30, 2012	April 30, 2011
1 year	0	75
2-5 years	27	1,200
More than 5 years	538	0
Vested loss carry-forwards	2,166	1,278
Total	**2,731**	**2,553**

Current assets

(12) Inventories

Inventories were comprised of the following:

in TEUR	April 30, 2012	April 30, 2011
Raw materials and supplies	6,613	7,082
Work-in-process	7,154	7,695
Finished goods and merchandise	30,403	26,655
Total	**44,170**	**41,432**

A product-specific valuation approach is applied, which takes into account the differences in resell-ability between basic and trend items, as well as the product age.

(13) Current receivables and other assets

in TEUR	April 30, 2012	April 30, 2011
Trade receivables	9,596	10,228
Receivables and other assets	2,565	2,522
thereof cash flow hedge	20	345
Total	**12,161**	**12,750**

Trade receivables include TEUR 9 (April 30, 2011: TEUR 55) evidenced by bills of exchange.

Provisions totaling TEUR 527 (April 30, 2011: TEUR 743) were set up for the impairment of trade receivables.

The provisions for the impairment of trade receivables developed as follows:

in TEUR	2011/12	2010/11
May 1st	743	786
Additions (+) / Release (–)	79	255
Used	(314)	(293)
Currency translation differences	19	(5)
April 30th	**527**	**743**

Changes in the credit rating since the stipulated payment date was initially determined up until the balance sheet date are taken into consideration when determining the recoverability of trade receivables. There is no material concentration in the credit risk, due to the fact that the Wolford Group has a broad customer base, and no correlation exists.

In the sale of merchandise, Wolford customers are granted appropriate terms of payment, depending on the particular subsidiary. Generally, a credit assessment of the prospective new customer is carried out at the point in time in which the companies of the Wolford Group are about to enter into a business relationship with the customer. Merchandise is supplied to these customers on the basis of advance payments.

The balance of trade receivables is monitored on an ongoing basis. If payments are overdue, the trade receivables are collected by external service providers. The company reduces its risk by concluding credit insurance.

in TEUR	April 30, 2012	April 30, 2011
Trade receivables	10,123	10,971
Provisions for the impairment of trade receivables	(527)	(743)
Trade receivables after impairment	**9.596**	**10.228**
thereof neither impaired nor overdue at the balance sheet date	5.853	5.968
thereof overdue at the balance sheet date and subject to the following terms to maturity (Net amounts):		
less than 30 days	1,588	2,052
30–90 days	1,279	953
91–180 days	396	409
181–365 days	75	252
more than 1 year	405	594

Trade receivables deleted from the accounts due to their irrecoverability amounted to TEUR 381 in the 2011/12 fiscal year (2010/11: TEUR 345). This does not include insurance income from credit insurance.

Regarding the total volume of trade receivables which are neither impaired nor overdue, there were no indications on the balance sheet date that customers owing payment to the company were unable to meet their contractual obligations. For this reason, the Executive Board is convinced that no additional risk provisions for trade receivables are necessary above and beyond those already made.

The terms to maturity of trade receivables and other assets and the prepaid expenses and deferred charges are less than one year.

(14) Current available-for-sale financial assets

This item contains available-for-sale securities totaling TEUR 46 (April 30, 2011: TEUR 44).

EQUITY AND LIABILITIES

(15) Shareholders' equity

The composition and development of shareholders' equity is presented in a separate schedule, i.e. the consolidated statement of changes in equity.

Share capital
The issued capital of the company consists of 5,000,000 no par value shares, each share holding an equal interest in the share capital.

Capital reserves
The capital reserves consist of additional paid-in capital and represent net proceeds (less issuing costs) from the sale of stock in the 1995 fiscal year.

Other reserves
A dividend of EUR 0.40 per share in circulation was distributed for the 2010/11 fiscal year. The dividend was paid on September 29, 2011. In September 2010 a dividend of EUR 0.20 per share in circulation was distributed for the 2009/10 fiscal year.

Valuation reserve for available-for-sale financial instruments
The valuation reserve applying to gains or losses resulting from the revaluation of financial instruments is adjusted by applicable income taxes.

in TEUR	2011/12	2010/11
May 1st	406	387
Fair value valuation of available-for-sale financial instruments	(178)	144
Accumulated loss carry-forward in the income statement from the disposal of available-for-sale financial instruments	(180)	(119)
Impairment loss	(183)	0
Applicable income taxes	135	(6)
April 30th	**0**	**406**

Cash flow hedging reserve

The cash flow hedging reserve resulting from the valuation of the cash flow hedge was adapted to the applicable income taxes.

in TEUR	2011/12	2010/11
May 1st	(233)	185
Fair value measurement of derivatives	570	(272)
Hedged transactions	(248)	(285)
Applicable income taxes	(80)	139
April 30th	**9**	**(233)**

Treasury stock

In the year under review, Wolford Aktiengesellschaft held 100,000 shares of its own stock, and thus presently holds 2.0 percent of its share capital (April 30, 2011: 2.0 percent).

Pursuant to a resolution passed at the 24th annual shareholders' meeting held in September 2011, Wolford Aktiengesellschaft is required to sell all its treasury stock on the stock market by March 6, 2015.

Non-current liabilities

(16) Financial liabilities

Financial liabilities were composed of the following:

in TEUR	April 30, 2012	April 30, 2011
Loans from banks, variable interest rates of 1.1% to 2.5% (April 30, 2011: 1.9% to 2.5%)	15,700	10,851
Loans from banks, fixed interest rates of 3.7% to 5.1% (April 30, 2011: 3.0% to 5.1%)	3,620	5,825
Loans from the Austrian Research Promotion Agency, fixed interest rates of 2.0% to 2.5% (April 30, 2011: 2.0% to 2.5%)	1,285	1,646
Interest-free loan from the Federal Province of Vorarlberg	286	300
Total	**20,891**	**18,622**
thereof current portion of borrowings	2,839	8,293

To secure non-current liabilities, no securities were pledged as collateral in the 2011/12 fiscal year (April 30, 2011: TEUR 0). Additional securitization is also ensured on the basis of surety obligations on the part of the Republic of Austria with refinancing commitments by the Oesterreichische Kontrollbank Aktiengesellschaft.

The repayment of the financial liabilities is based on the following terms to maturity:

in TEUR	Up to 1 year	1–5 years	More than 5 years
April 30, 2012	2,839	18,052	0
April 30, 2011	8,293	7,130	3,200

The market value of the fixed-interest financial liabilities as at April 30, 2012 is TEUR 327 (April 30, 2011: TEUR 165) higher than the cost of acquisition.

(17) Provisions for employee benefits

Provisions for employee benefits (pensions, severance and jubilee payments) are calculated in accordance with IAS 19.

in TEUR	April 30, 2012	April 30, 2011
Provisions for pensions	3,862	3,513
Provisions for severance payments	8,420	9,527
Provisions for jubilee payments	1,658	1,593
Total	**13,940**	**14,633**

Provisions for pensions

Wolford Aktiengesellschaft has direct pension obligations for former members of the Executive Board due to individual contractual agreements. Pension provisions were calculated on the basis of generally accepted actuarial rules, taking account of the calculation rules contained in IAS 19.

The provisions allocated in accordance with the projected unit credit method were based on the following parameters:

Biometric data	AVÖ 2008 – P
Interest rate	4.45% p.a. (2010/11: 5.75%)
Increase in wages and salaries	2.60% p.a. (2010/11: 3.00%)

Provisions for severance payments

Under current legislation, employees of the Austrian parent company are entitled to a onetime severance payment in the event of termination of employment by the company or on retirement. The total severance payment is determined by the number of years of service and the relevant wage or salary level in the case of termination of employment.

The provisions for severance payment obligations for the Austrian parent company were calculated by the projected unit credit method, using the following parameters:

Biometric data	AVÖ 2008 – P
Interest rate	4.45% p.a. (2010/11: 5.75%)
Increase in wages and salaries	2.60% p.a. (2010/11: 3.50%)
Retirement age	61.5–65 / 56.5–60 years
Staff turnover distribution by length of service	
0 – 3 years	19%
3 – 5 years	13%
5 – 10 years	9%
10 – 15 years	5%
15 – 20 years	1%
More than 20 years	0%

In calculating provisions for severance payments at the company's subsidiaries, locally applicable biometric data, interest rates, increase in wages and salaries and correspondingly adjusted retirement ages were used.

The provisions for pensions and severance payments developed as follows:

in TEUR	2011/12	2010/11	2009/10	2008/09	2007/08
Present value of obligations as at May 1st	13,040	12,414	12,180	14,046	12,964
Current service cost	745	668	599	805	698
Past service cost	(103)	26	0	0	363
Interest expense	707	675	663	763	720
Pension and severance payments made	(1,862)	(1,256)	(952)	(1,774)	(1,251)
Actuarial gain/loss	(245)	513	(76)	(585)	552
Present value of obligations as April 30th	12,282	13,040	12,414	13,255	14,046
Reclassification as other current liabilities	0	0	0	(1,075)	0
Provisions reported on the balance sheet date as at April 30th	**12,282**	**13,040**	**12,414**	**12,180**	**14,046**

TEUR 222 (2010/11: TEUR 191) for defined contribution plans were reported as an expense.

In addition to the performance-oriented obligations at the Austrian parent company, performance-oriented plans exist in respect of severance payments in Switzerland, in Italy, Hong Kong, Slovenia and for pensions in France.

For the 2012/13 fiscal year performance-oriented payments for pensions and severance payments are planned to the amount of TEUR 560 (2011/12: TEUR 706).

Provisions for jubilee payments

The provisions for jubilee payments (anniversary bonuses) amounting to TEUR 1,658 (April 30, 2011: TEUR 1,593) were also calculated in accordance with IAS 19.

The following parameters were used in calculating according to the project unit credit method:

Biometric data	**AVÖ 2008 – P**
Interest rate	4.45% p.a. (2010/11: 5.75%)
Increase in wages and salaries	2.60% p.a. (2010/11: 3.50%)
Retirement age	61.5–65 / 56.5–60 years
Staff turnover distribution by length of service	
0 – 3 years	19%
3 – 5 years	13%
5 – 10 years	9%
10 – 15 years	5%
15 – 20 years	1%
More than 20 years	0%

The provisions for jubilee payments developed as follows:

in TEUR	**2011/12**	**2010/11**	**2009/10**	**2008/09**	**2007/08**
Present value of obligations for jubilee payments as at May 1st	1,593	1,479	1,576	1,647	1,524
Current service cost	140	129	132	140	127
Interest expense	91	84	85	92	85
Jubilee payments made	(31)	(39)	(192)	(85)	(104)
Actuarial gain/loss	(135)	(60)	(122)	(218)	15
Provisions reported on the balance sheet date as at April 30th	**1,658**	**1,593**	**1,479**	**1,576**	**1,647**

Performance-oriented payments for the provisions for jubilee payments amounting to TEUR 62 are planned for the 2012/13 fiscal year (2011/12: TEUR 39).

Provisions for pensions, severance and jubilee payments

Actuarial gains and losses are immediately recognized in profit and loss.

The current and past service cost and actuarial gains or losses are recognized in the item "Expenses for severance payments and pensions". Interest cost is recognized under "Interest expense of employee benefit liabilities".

in TEUR	2011/12	2010/11	2009/10	2008/09	2007/08
Expenses for pensions, severance and jubilee payments	402	1,276	533	1,217	1,755
Interest on employee benefits	798	759	748	855	805

(18) Other non-current liabilities

The analysis of non-current liabilities shows the following:

in TEUR	April 30, 2012	April 30, 2011
Government grant for Slovenia project	2,259	1,251
Other	112	150
Total	**2,371**	**1,401**

In the 2011/12 fiscal year a public grant amounting to TEUR 1,080 was approved and paid for expanding the production facility in Slovenia. This subsidy was recognized on the basis of corresponding write-downs or expenses (staff costs). The grant is linked to obligations which could require repayment should specified criteria not be fulfilled.

Current liabilities

(19) Financial liabilities

An analysis of short-term financial liabilities shows the following:

in TEUR	April 30, 2012	April 30, 2011
Loans and borrowings	1,089	2,942
Variable-rate export promotion loans	0	2,600
Short-term cash facility in Euro	1,750	2,751
Total	**2,839**	**8,293**

The carrying amount of the bank liabilities as at April 30, 2012 and April 30, 2011 corresponds to the costs of purchase.

(20) Other current provisions

The development of the most important other provisions recognized under IAS 37 are summarized below:

in TEUR	May 1, 2011	Currency translation differences	Used	Reversed	Added	April 30, 2012
Sales bonuses	550	14	(452)	(31)	624	705
Staff	2,262	87	(2,111)	(72)	1,546	1,712
Advertising	307	4	(249)	(61)	449	450
Tax consulting / auditing	437	14	(429)	(1)	504	525
Legal fees	39	1	(31)	(4)	27	32
Other	1,311	65	(871)	(29)	904	1,380
Total	**4,906**	**185**	**(4,143)**	**(198)**	**4,054**	**4,804**

The provision for sales bonuses comprise provisions for open claims resulting from customer sales and the related bonus entitlements which were not yet recognized. Staff provisions primarily relate to provisions for variable salary components. Other provisions relate amongst others to the outstanding remuneration for the Supervisory Board and outstanding commissions on sales.

(21) Other current liabilities

Other current liabilities include the following amounts owed:

in TEUR	April 30, 2012	April 30, 2011
Vacation pay	2,452	3,016
Special payments	1,972	1,979
Overtime pay	333	885
Social security obligations	1,201	1,260
Obligations to Austrian tax authorities	1,702	1,711
Obligations to staff	729	876
Obligations from vouchers	1,103	1,117
Accrued rental and lease payments	1,156	953
Other	1,097	1,469
thereof cash flow hedge	31	34
Total	**11,745**	**13,266**

IV. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement outlines the changes in the cash and cash equivalents of the Wolford Group over the fiscal year as a result of cash inflows and outflows.

The consolidated cash flow statement distinguishes between cash flows associated with operating activities, investing activities and financing activities.

Net cash from operating activities is determined by the indirect method. The starting point is the profit from continuing operations (Result before taxes), which is adjusted for non-cash expenses and revenues. The result plus the movements in net working capital (excluding cash and cash equivalents) shown in the consolidated balance sheet comprise the item “cash flow generated from operations”.

Cash inflows and outflows from interest receipts and payments are then added to or deducted from the cash generated from operations to arrive at the “net cash flow from operating activities”. As a rule, all interest expense and interest income result in cash flows, with the exception of the interest component in the provisions for employee benefits.

(22) Liquid financial assets

In addition to the cash on hand and cash equivalents, liquid financial assets consist of demand deposits at banks which are not freely available and which have a term to maturity of more than three months.

(23) Cash and cash equivalents

The reconciliation of liquid financial assets to cash and cash equivalents consists of the balance sheet items cash on hand and cash equivalents adjusted for demand deposits at banks which are not freely available and which feature a term to maturity of more than three months.

in TEUR	April 30, 2012	April 30, 2011	April 30, 2010
Cash on hand and cash equivalents	5,246	4,368	4,677
Not freely available	(335)	(325)	(330)
Total	**4,911**	**4,043**	**4,347**

(24) Investments in property, plant and equipment and other intangible assets

During the period under review, the Wolford Group acquired property, plant and equipment and intangible assets totaling TEUR 7,942 (April 30, 2011: 6,397). The related cash outflow amounted to TEUR 7,600 (April 30, 2011: TEUR 5,730).

Capital expenditures in the 2011/12 fiscal year resulted in cash outflows of TEUR 666 (April 30, 2011: TEUR 337). Property, plant and equipment and intangible assets of TEUR 54 (2010/11: TEUR 62) were disposed of.

V. OTHER INFORMATION

Acquisitions
No acquisitions were carried out in the 2011/12 and 2010/11 fiscal years.

Discontinued operations
No business operations of the Wolford Group were discontinued in the past two fiscal years.

Segment reporting
The Wolford Group is organized according to regions, pursuing the goal of achieving the highest possible level of market penetration. Every sales company has a market director on location, who can best evaluate the specific characteristics of the country and adapt business operations accordingly. These subsidiaries are responsible for the distribution of all products developed by the Wolford Group. This encompasses high-quality Legwear, which represents the core business of the Wolford Group, as well as exclusive Ready-to-wear garments, Lingerie, Swimwear and complementary Accessories specific to each region.

The segments subject to reporting requirements are classified in four geographic areas: Austria, the Rest of Europe, North America and Asia. Austria encompasses all production and sales activities for Austria and all countries in which Wolford does not have its own sales companies. The Rest of Europe segment includes all European subsidiaries outside of Austria, including the manufacturing subsidiary in Slovenia. The segment for North America bundles the company's operations in the USA and Canada, whereas Asia includes the companies in Hong Kong and Shanghai.

Management of the regional sales companies is oriented to the respective profit from continuing operations. Monthly reports are prepared on the sales companies, including an evaluation of Wolford-owned retail points of sale on a boutique level. A report on the Wholesale segment focuses on the most important key accounts.

Intersegment pricing is based on uniform wholesale prices less country-specific discounts.

Segment reporting is basically subject to the same disclosure and valuation methods as those used in the consolidated financial statements. There are no customers or customer groups which account for more than 10 percent of total sales. Information on net interest income and expenses are netted and reported as net interest costs. In the 2011/12 fiscal year, the Legwear product group accounted for 55.2 percent or more than half of total brand sales (previous year: 57.3 percent). Once again, the Ready-to-wear range comprised the second largest product group, contributing 31.2 percent of brand sales in 2011/12 (previous year: 32.0 percent). Lingerie, Swimwear and Accessories combined generated 13.6 percent of total brand sales (previous year: 10.7 percent).

Operating segment report (by region)

2011/12 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations/ Eliminations	Group
Sales	96,166	97,053	24,393	3,326	(66,874)	154,064
thereof intersegment	63,019	3,855	0	0	(66,874)	0
External sales	33,147	93,198	24,393	3,326	0	154,064
thereof Germany		24%				
France		18%				
Great Britain		13%				
Scandinavia		12%				
Switzerland		7%				
Rest of Europe		26%				
thereof USA			94%			
Canada			6%			
Operating profit	**5,721**	**1,432**	**(167)**	**959**	**(949)**	**6,996**
Net interest cost	(718)	(14)	0	0	2	(730)
Net income from securities	4,516	0	0	0	(4,811)	(295)
Interest cost from employee benefit liabilities	(798)	0	0	0	0	(798)
Financial result	**3,000**	**(14)**	**0**	**0**	**(4,809)**	**(1,823)**
Result from continuing operations (Result before taxes)	**8,721**	**1,418**	**(167)**	**959**	**(5,758)**	**5,173**
Income taxes	(3,334)	(387)	41	(132)	0	(3,812)
Net result for the year	**5,387**	**1,031**	**(126)**	**827**	**(5,758)**	**1,361**
Segment assets	154,446	40,891	13,735	1,892	(65,460)	145,504
thereof non-current	95,030	15,669	3,328	378	(38,287)	76,118
Segment liabilities	48,829	28,582	6,356	383	(22,253)	61,897
Investments	3,924	2,779	1,200	77	(38)	7,942
Depreciation and amortization	4,866	2,531	950	80	(105)	8,322
Impairment losses (excl. financial assets) *)	0	24	270	0	0	294
Number of employees at year-end (full-time equivalents incl. apprentices)	877	614	114	25		1,630

2010/11 in TEUR	Austria	Rest of Europe	North America	Asia	Consoli dations/ Elimi- nations	Group
Sales	93,679	94,385	23,834	3,117	(62,864)	152,151
thereof intersegment	60,347	2,517	0	0	(62,864)	0
External sales	33,332	91,868	23,834	3,117	0	152,151
thereof Germany		24%				
France		18%				
Great Britain		12%				
Scandinavia		12%				
Switzerland		8%				
Rest of Europe		25%				
thereof USA			93%			
Canada			7%			
Operating profit	**5,034**	**2,585**	**16**	**848**	**(1,156)**	**7,327**
Net interest cost	(698)	(75)	0	0	0	(773)
Net income from securities	2,982	0	0	0	(2,966)	16
Interest cost from employee benefit liabilities	(759)	0	0	0	0	(759)
Financial result	**1,525**	**(75)**	**0**	**0**	**(2,966)**	**(1,516)**
Result from continuing operations (Result before taxes)	**6,559**	**2,510**	**16**	**848**	**(4,122)**	**5,811**
Income taxes	145	(933)	145	(118)	0	(761)
Net result for the year	**6,704**	**1,577**	**161**	**730**	**(4,122)**	**5,050**
Segment assets	152,371	38,928	10,969	1,341	(59,151)	144,458
thereof non-current	96,929	15,576	2,798	367	(37,997)	77,673
Segment liabilities	48,033	25,958	4,067	207	(17,661)	60,604
Investments	3,316	2,537	641	5	(102)	6,397
Depreciation and amortization	4,792	2,609	1,039	79	(106)	8,413
Impairment losses (excl. financial assets)*)	0	97	345	0	0	442
Number of employees at year-end (full-time equivalents incl. apprentices)	985	551	95	18		1,649

*) Impairment losses amounting to TEUR 294 were recognized in the 2011/12 fiscal year (2010/11: TEUR 442). This resulted from the impairment losses on retail stores, which were directly recognized in profit or loss in the income statement.

Financial risk management (Group treasury)

Aims and methods of financial risk management
The aim of financial risk management is to recognize and evaluate uncertainty factors, which could have a negative impact on the performance of the company, to safeguard liquidity, ensure a Group-wide and efficient management of liquidity flows, increase the financial strength of the Group and reduce financial risk by using financial instruments. The most important goal of the Wolford Group's financial and capital management is to make sufficient liquidity available at any time in the event of seasonal, sector-related fluctuations and to lay the groundwork for further strategic corporate growth.

The major risks affecting the Wolford Group regarding financial instruments comprise interest-related cash flow risks as well as liquidity, default, currency and credit risks. The Executive Board develops strategies and processes to manage the individual types of risks.

The most important significant financial liabilities incurred by the Wolford Group – with the exception of derivative financial instruments – encompass borrowings from banks and bank overdrafts, as well as liabilities relating to trade payables. The main purpose of these financial liabilities is to finance the business operations of the Wolford Group. The company has a variety of financial assets, such as trade receivables, bank balances, cash and cash equivalents and short-term investments resulting directly from its business activities.

The Wolford Group also makes use of derivative financial instruments, in particular options and forward currency contracts. Derivative financial instruments are financial instruments whose value changes in response to a change in an underlying interest rate or security price, that require little or no initial net investment, and that are settled at a future date. Derivative financial instruments are used in the Wolford Group to hedge against risks arising from changes in currency exchange rates and interest rates. The purpose of hedging currency risk is to create a sufficient level of predictability to permit budgeting at least six and at most twelve months in advance.

In accordance with internal Group guidelines, no trading with derivatives was carried out in the 2011/12 and 2010/11 fiscal years. This policy will continue in the future.

Capital risk management
The main goal of capital risk management is to ensure that the company achieves a high credit rating and equity ratio as the basis for supporting its business operations and maximizing margins.

The Group manages and carries out adjustments in its capital structure in line with changes in the overall business environment. The strategy of the Wolford Group has remained unchanged since the previous fiscal year.

Capital risk management is oriented to the gearing ratio, the main indicator for the level of net debt. Based on medium-term assumptions, the Wolford Group plans a long-term capital structure with a gearing of about 20%.

The targeted level of gearing, which is determined by calculating the ratio of net debt to equity, has developed in recent years as follows:

in %	April 30, 2012	April 30, 2011	April 30, 2010	April 30, 2009
Debt / equity ratio (gearing)	18.4%	15.1%	24.8%	44.1%

Credit and default risk management
The Wolford Group only concludes business transactions with creditworthy business partners. All customers who aim to enter into a business relationship with Wolford are subject to a credit assessment. In addition, trade receivables are continually monitored to ensure that the Group is not subject to any major default risk. At the same time, the company limits potential credit or default risk with respect to customers by concluding credit insurance policies. There is no significant concentration of default risk in the Wolford Group.

The risk is considered to be low in respect of other financial assets held by the Wolford Group, such as cash and cash equivalents, available-for-sale financial investment and certain derivative financial instruments. This can be attributed to the fact that most of the financial institutions involved have good credit ratings.

Interest rate risk management
On the assets side, there continues to be a low risk due to the low interest rates. The overall interest rate risk can be regarded as low due to the short remaining terms to maturity and the low interest rates.

On the liabilities side, interest rate risk relates to fluctuations in floating rate financial liabilities.

The management of interest expense on the part of the Wolford Group involves a combination of fixed-interest and variable-interest borrowed capital. Interest rate swaps can be used as hedging instruments.

The following table shows the potential impact on Group profit from continuing operations before taxes arising from changes in interest rates applying to financial liabilities based on variable rate lines of credit. The sensitivity refers to an interest rate change of +/– 0.5 percentage points:

in TEUR	2011/12	2010/11
Interest rate risk	+/– 103	+/– 86

The following table shows the sensitivity of interest rates on social capital in the case of a potential interest rate change of +/– 1.0 percentage points:

in TEUR	2011/12	2010/11
Interest rate risk	+/– 64	+/– 54

Foreign exchange risk management

Exchange rate risks arising from existing foreign currency receivables and forecasted transactions are largely hedged by the Group treasury department by means of forward exchange contracts (currency forwards) and currency options.

The following table shows the potential impact on Group profit 2011/12 before taxes, based on cash flows within the Wolford Group arising from a change in exchange rates +/– 10 percentage points:

in TEUR for currency	April 30, 2012	April 30, 2011
GBP	+/– 307	+/– 309
CHF	+/– 72	+/– 137
USD	+/– 370	+/– 291
DKK	+/– 138	+/– 202
SEK	+/– 42	+/– 41
NOK	+/– 71	+/– 70
CAD	+/– 31	+/– 27
HKD	+/– 77	+/– 142

The carrying amount of the assets and liabilities of the Wolford Group held in foreign currencies on the balance sheet date is as follows:

in TEUR for currency	Assets April 30, 2012	Assets April 30, 2011	Liabilities April 30, 2012	Liabilities April 30, 2011
GBP in England	2,728	2,042	1,002	916
CHF in Switzerland	1,666	1,522	178	171
USD in USA	7,881	6,128	1,246	985
Other	5,105	4,520	348	186
Total	**17,380**	**14,212**	**2,774**	**2,258**

The following table shows the potential impact on the Group profit before taxes, based on changes in the carrying amounts of assets and liabilities arising from an exchange rate change of +/– 10 percentage points:

in TEUR for currency	April 30, 2012	April 30, 2011
GBP	+/– 192	+/– 125
CHF	+/– 165	+/– 150
USD	+/– 737	+/– 571
Other	+/– 564	+/– 482

For derivative financial instruments, a currency exchange rate change of +/– 10 percentage points would result in a currency sensitivity of TEUR +/– 529 (April 30, 2011: TEUR +/– 746).

Liquidity risk management

The Wolford Group manages liquidity risks by means of Group-wide liquidity planning, based on a cash management system, and the monitoring of risks by the treasury department. The treasury department prepares monthly liquidity planning for the entire Group, and reports about the current financial status.

The underlying purpose is to ensure a balanced liquidity situation by means of concluding suitable lines of credit at banks, as well as the continual monitoring of forecasted and actual cash flows, and coordinating the terms to maturity of financial assets and liabilities.

The following table shows the contractually stipulated time to maturity of the financial liabilities held by the Wolford Group. The figures are based on undiscounted cash flows (interest and repayment) for the financial liabilities:

in TEUR	Carrying amount April 30, 2012	Cash flows 2012/13	Cash flows 2013/14 to 2016/17	Cash flows 2017/18 ff
Interest-bearing liabilities	20,605	3,190	18,486	0
Non interest-bearing liabilities	286	93	193	0
Total		**3,283**	**18,679**	**0**

in TEUR	Carrying amount April 30, 2011	Cash flows 2011/12	Cash flows 2012/13 to 2015/16	Cash flows 2016/17 ff
Interest-bearing liabilities	18,322	8,605	7,708	3,269
Non interest-bearing liabilities	300	119	181	0
Total		**8,724**	**7,889**	**3,269**

In order to counteract liquidity risk, the Wolford Group has existing lines of credit, of which Wolford has only used 20 percent as of April 30, 2012 (April 30, 2011: 18 percent). Wolford has not obtained written commitments for all the lines of credit disclosed here. Short-term qualified liabilities to banks can be extended.

Original financial instruments

The portfolio of original financial instruments is contained in the balance sheet. On the assets side, this consists of securities, cash and cash equivalents, trade receivables and other receivables. On the equity and liabilities side, original financial instruments include trade payables, other liabilities and interest-bearing financial liabilities. The carrying amount of the original financial instruments reported on the balance sheet basically corresponds to the market value. The amounts recognized also comprise the maximum default and credit risk, due to the fact that no netting agreements exist.

Derivative financial instruments

The Group treasury department uses derivative financial instruments in the form of foreign currency forwards and options to hedge risks resulting from the change in exchange rates. The derivatives positions open as at April 30, 2012 had terms of less than twelve months.

	Nominal amount		Fair value	
April 30, 2012	**Foreign currency ('000)**	**TEUR**	**positive TEUR**	**negative TEUR**
Currency forwards				
GBP	1,400	1,694	0	(25)
USD	1,700	1,301	16	0
NOK	1,900	248	1	(2)
SEK	1,200	135	1	0
CHF	1,050	872	0	(2)
CAD	300	229	0	(2)
DKK	4,500	605	0	0
HKD	2,000	197	2	0

	Nominal amount		Fair value	
April 30, 2011	**Foreign currency ('000)**	**TEUR**	**positive TEUR**	**negative TEUR**
Currency forwards				
GBP	1,700	2,019	108	0
USD	2,250	1,699	178	0
NOK	2,600	325	0	(8)
SEK	2,200	240	0	(6)
CHF	2,950	2,322	37	(20)
CAD	300	224	11	0
DKK	5,500	737	0	(1)
HKD	2,200	202	11	0

All **currency forwards** are recognized at their fair value pursuant to IAS 39. For the most part, unrealized gains and losses are recognized in the income statement, with the exception of hedge accounting (reporting of hedging relationships).

In the case of cash flow hedge accounting, the effective part of the change in fair value is recognized directly in equity, whereas the ineffective portion is immediately reported in the income statement. If the cash flow hedge leads to an asset or a liability, the amounts accrued in equity are simultaneously reported in the income statement, in which the hedged item influences earnings. All cash flow hedges were effective in the 2011/12 and 2010/11 fiscal years.

The market values of the derivative foreign exchange instruments represent the market values of the forward exchange contracts and options that would have to be concluded at the balance sheet date in order to settle the respective currency derivative, regardless of any adverse changes in the value of the hedged items

Fair value

The carrying amounts of cash and cash equivalents, current receivables and other assets, trade payables, current liabilities and current provisions can be regarded as reasonable estimates of their current values in view of the short-term nature of these assets and liabilities.

Fair value hierarchy

April 30, 2012

in TEUR	Level 1	Level 2	Level 3
Non-current assets			
Financial investments	1,485	0	0
Current assets			
Other receivables	0	20	0
Securities and financial investments	46	0	0
Current liabilities			
Other liabilities	0	(31)	0
Total	**1,531**	**(11)**	**0**

April 30, 2011

in TEUR	Level 1	Level 2	Level 3
Non-current assets			
Financial investments	2,772	0	0
Current assets			
Other receivables	0	345	0
Securities and financial investments	44	0	0
Current liabilities			
Other liabilities	0	(35)	0
Total	**2,816**	**310**	**0**

The following hierarchy is applied to determine and report the value of financial instruments depending on the valuation method:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: method according to which all input parameters that have a material effect on the recognized fair value are either directly or indirectly observable.

Level 3: method according to which all input parameters that have a material effect on the recognized fair value are not based on observable market data.

Financial investments classified as Level 1 consist of investment fund shares of publicly listed companies, whereas securities and financial investments are classified as current assets related to securities for the purpose of hedging rental and leasing obligations. Other receivables and other liabilities included in Level 2 result from the valuation of outstanding foreign currency derivative transactions.

The **cost, market values and carrying amounts** of non-current financial assets held for sale were as follows:

April 30, 2012 in TEUR	Cost	Market value = carrying amount	recognized gains/losses	thereof recognized as profit or loss
Non-current securities				
Investment fund shares	1,668	1,485	(183)	(183)
Total	**1,668**	**1,485**	**(183)**	**(183)**

April 30, 2011 in TEUR	Cost	Market value = carrying amount	recognized gains/losses	thereof recognized as profit or loss
Non-current securities				
Investment fund shares	3,313	2,772	(541)	0
Total	**3,313**	**2,772**	**(541)**	**0**

No securities were pledged as collateral for non-current liabilities at the balance sheet date of April 30, 2012 (April 30, 2011: TEUR 0).

In the 2011/12 fiscal year, losses arose from the disposal of securities amounted to TEUR 180 (2010/11: TEUR 119). Due to an impairment test a loss of TEUR -183 (2010/11: TEUR 0) was reported in the income statement.

Carrying amounts, valuation rates and fair values of financial instruments according to measurement criteria, maturities and classes

The following table shows the reconciliation of the carrying amounts of financial instruments according to the IAS 39 measurement criteria:

April 30, 2012 in TEUR	Measurement criteria pursuant to IAS 39	Carrying amount	Amortized costs	Fair value not affecting income	Fair Value recognized as profit or loss	Current	Non-current
Cash and cash equivalents	L&R	5,246	5,246	0	0	5,246	0
Securities and financial investments	AfS	46	0	46	0	46	0
Trade receivables and prepayments	L&R	12,151	12,151	0	0	12,151	0
Other receivables	L&R	3,613	3,613	0	0	2,545	1,068
Derivatives	CFH	20	0	20	0	20	0
Other financial assets	AfS	1,485	0	1,485	0	0	1,485
Total financial assets		**22,561**	**21,010**	**1,551**	**0**	**20,008**	**2,553**
Trade payables	FL	4,858	4,858	0	0	4,858	0
Bank loans and overdrafts	FL	1,750	1,750	0	0	1,750	0
Non-current financial liabilities	FL	18,052	18,052	0	0	0	18,052
Current financial liabilities	FL	1,089	1,089	0	0	1,089	0
Derivatives	CFH	31	0	31	0	31	0
Other liabilities	FL	14,084	14,084	0	0	11,713	2,371
Total financial liabilities		**39,864**	**39,833**	**31**	**0**	**19,441**	**20,423**

A distinction is made among the following categories pursuant to IAS 39:

Loans and receivables (L&R):	TEUR 21,010
Cash flow hedge (CFH):	TEUR (11)
Available-for-sale assets (AfS):	TEUR 1,531
Other financial obligations (FL):	TEUR 39,833

April 30, 2011 in TEUR	Measurement criteria pursuant to IAS 39	Carrying amount	Amortized costs	not affecting income	recognized as profit or loss	Current	Non-current
Cash and cash equivalents	L&R	4,368	4,368	0	0	4,368	0
Securities and financial investments	AfS	44	0	44	0	44	0
Trade receivables and prepayments	L&R	12,565	12,565	0	0	12,565	0
Other receivables	L&R	3,303	3,303	0	0	2,176	1,127
Derivatives	CFH	345	0	345	0	345	0
Other financial assets	AfS	2,772	0	2,772	0	0	2,772
Total financial assets		**23,397**	**20,236**	**3,161**	**0**	**19,498**	**3,899**
Trade payables	FL	5,816	5,816	0	0	5,816	0
Bank loans and overdrafts	FL	5,351	5,351	0	0	5,351	0
Non-current financial liabilities	FL	10,330	10,330	0	0	0	10,330
Current financial liabilities	FL	2,942	2,942	0	0	2,942	0
Derivatives	CFH	35	0	35	0	35	0
Other liabilities	FL	14,632	14,632	0	0	13,231	1,401
Total financial liabilities		**39,106**	**39,071**	**35**	**0**	**27,375**	**11,731**

A distinction is made among the following categories pursuant to IAS 39:

Loans and receivables (L&R):	TEUR 20,236
Cash flow hedge (CFH):	TEUR 310
Available-for-sale assets (AfS):	TEUR 2,816
Other financial obligations (FL):	TEUR 39,071

Net result according to classes

2011/12 in TEUR	Interest income	Other*)	Subsequent valuation at fair value	Disposal	Total in profit or loss	Total without recognition to profit or loss
Loans and receivables (L&R)	44	0	0	0	44	0
Derivatives (cash flow hedge)	0	0	570	(248)	(248)	570
Available-for-sale assets (AfS)	60	8	(361)	(180)	(295)	(178)
Other financial liabilities (FL)	(664)	(110)	0	0	(774)	0
Net result	**(560)**	**(102)**	**209**	**(428)**	**(1,273)**	**392**

2010/11 in TEUR	Interest income	Other*)	Subsequent valuation at fair value	Disposal	Total in profit or loss	Total without recognition to profit or loss
Loans and receivables (L&R)	54	0	0	0	54	0
Derivatives (cash flow hedge)	0	0	310	(285)	(285)	310
Available-for-sale assets (AfS)	144	1	(144)	(119)	25	(144)
Other financial liabilities (FL)	(708)	(119)	0	0	(827)	0
Net result	**(510)**	**(118)**	**166**	**(404)**	**(1,033)**	**166**

*) Other: fees and other premiums, not directly classifiable as interest income

Contingent liabilities

Provisions are made for contingent liabilities which are likely to lead to obligations. The Executive Board is convinced that these legal issues which are not covered by provisions or insurance policies will not have a material effect on the net assets, financial position or profit and loss of the Wolford Group.

Number of employees

The Wolford Group employed the following number of employees (full-time equivalents):

Number of full-time equivalents	**2011/12**	**2010/11**
Total average number	1,665	1,560
thereof wage earners	586	535
thereof salaried employees	1,067	1,013
thereof apprentices	12	12

Significant events after the balance sheet date

No major events took place after the balance sheet date which had a significant effect on the net assets, financial position or profit and loss of the Wolford Group.

Related party transactions

DORDA BRUGGER JORDIS Rechtsanwälte GmbH, a law firm whose managing partner, Theresa Jordis, is a member of the Supervisory Board of Wolford Aktiengesellschaft, advises the company in legal matters. A fee schedule in line with market rates has been agreed for these services, which are billed on the basis of time worked. The total fees billed for the 2011/12 fiscal year amounted to TEUR 33 (2010/11: TEUR 35). All outstanding invoices were paid as of April 30, 2012. In view of the level of her partnership interest in the law firm, Theresa Jordis does not derive any material economic benefit from this relationship.

The Swiss company RCI Unternehmensberatung AG, whose member of the administrative board is Emil Flückiger, a member of the Supervisory Board of Wolford Aktiengesellschaft, advises the company in business matters. A fee schedule in line with market rates has been agreed for these services, which are billed on the basis of time worked. The total fees billed for the 2011/12 fiscal year amounted to TEUR 11 (2010/11: TEUR 13). As of April 30, 2012, invoices amounting to TEUR 4 (2010/11: TEUR 5) were still outstanding. In view of the level of his partnership interest in the consulting firm, Emil Flückiger does not derive any material economic benefit from this relationship.

The Supervisory Board member Werner Baldessarini advises the company on individual marketing issues. A fee schedule in line with market rates has been agreed for these services, which are billed on the basis of time worked. The total fees billed for the 2011/12 fiscal year amounted to TEUR 8 (2010/11: TEUR 0). All outstanding invoices were paid as of April 30, 2012.

Other financial obligations

Wolford has the following obligations under long-term rental agreements and operating leases:

in TEUR (incl. sales-related rents)	April 30, 2012	April 30, 2011
Minimum rental and lease payments due in		
Less than 1 year	13,294	11,423
1-5 years	22,116	19,886
More than 5 years	541	1,308

in TEUR (excl. sales-related rents)	April 30, 2012	April 30, 2011
Minimum rental and lease payments due in		
Less than 1 year	5,958	5,629
1-5 years	7,607	7,954
More than 5 years	186	480

A considerable number of rental agreements are concluded, which are to be classified as operating leases on the basis of their contractual contents. Thus, the object of the operating lease is considered to be owned by the lessor.

In particular, operating leases refer to global retail activities of the Wolford Group, as well as office space used by the Group subsidiaries, which for the most part are based on minimum leasing payments. Moreover, rental agreements have also been concluded stipulating conditional payments, in particular linked to sales revenues.

The total rental and leasing expenditure of the Wolford Group for the 2011/12 fiscal year was TEUR 13,758 (2010/11: TEUR 11,883), including contingent rental payments through sales-based rental costs (rents including ancillary costs) amounting to TEUR 7,146 (2010/11: TEUR 5,881).

On the basis of sub-leases, the Wolford Group expects future payments from sub-leases to amount to TEUR 838 as at April 30, 2012 (April 30, 2011: TEUR 1,040).

Information on the Executive Board and Supervisory Board

2011/12 in TEUR	**Salaries**	**Severance payments**	**Pensions**	**Total remu-neration**
Breakdown of expenditures				
for Executive Board members	1,538	(862)	0	676
thereof variable components	633	0	0	633
Former Executive Board members	0	0	573	573
Total	**1,538**	**(862)**	**573**	**1,249**

2010/11 in TEUR	**Salaries**	**Severance payments**	**Pensions**	**Total remu-neration**
Breakdown of expenditures				
for Executive Board members	2,073	310	0	2,383
thereof variable components	1,192	0	0	1,192
Former Executive Board members	0	0	196	196
Total	**2,073**	**310**	**196**	**2,579**

Remuneration paid to members of the Supervisory Board amounted to TEUR 80 (2010/11: TEUR 80), with the individual amounts depending on the particular position and function on the board.

In the 2011/12 fiscal year, the Executive Board consisted of the following members:

Holger Dahmen, Chief Executive Officer
Peter Simma, Deputy Chief Executive Officer

In the 2011/12 fiscal year, the Supervisory Board consisted of the following members:

Theresa Jordis, Chairwoman
Emil Flückiger, Vice Chairman
Birgit G. Wilhelm
Werner Baldessarini

The Staff Council’s representatives on the Supervisory Board were:

Anton Mathis
Peter Glanzer

The terms of office of the members of the Supervisory Board are as follows:

Theresa Jordis	First elected on September 3, 2003, appointed by the 22nd Shareholders' Meeting on September 15, 2009 for the present term ending at the 25th Shareholders' Meeting resolving upon the discharging of the Executive and Supervisory Boards for the 2011/12 fiscal year
Emil Flückiger	First elected on December 14, 1992, appointed by the 23rd Shareholders' Meeting on September 14, 2010 for the present term ending at the 26th Shareholders' Meeting resolving upon the discharging of the Executive and Supervisory Boards for the 2012/13 fiscal year
Birgit G. Wilhelm	First elected on September 12, 2006, appointed by the 22nd Shareholders' Meeting on September 15, 2009 for the present term ending at the 25th Shareholders' Meeting resolving upon the discharging of the Executive and Supervisory Boards for the 2011/12 fiscal year
Werner Baldessarini	First elected on September 14, 2010, appointed by the 23rd Shareholders' Meeting on September 14, 2010 for the present term ending at the 26th Shareholders' Meeting resolving upon the discharging of the Executive and Supervisory Boards for the 2012/13 fiscal year
Anton Mathis	representing the Staff Council since December 16, 1999
Peter Glanzer	representing the Staff Council since March 19, 2001

The Executive Committee (Remuneration Committee for Executive Board issues) consisting of Theresa Jordis and Emil Flückiger deals with the remuneration of the members of the Executive Board, succession planning, the contents of Executive Board employment contracts and the annual assessment of the appropriateness of their salaries.

The Audit Committee, consisting of all Supervisory Board members is responsible for the auditing and preparation of the Report of the Supervisory Board approving the financial statements, the proposal pertaining to the distribution of the profit and the Management Report, as well as the consolidated financial statements and the Group Management Report. Furthermore, it develops a proposal for the selection of the auditors.

Bregenz, July 5, 2012

Signed

Holger Dahmen　　　　Peter Simma

Consolidated statement of changes in non-current assets for the fiscal year 2011/12

in TEUR	Costs					
	May 1, 2011	Currency translation differences	Additions	Disposals	Reclassi-fication	April 30, 2012
Property, plant and equipment						
Land, land rights and buildings, including buildings on third-party land	88,715	666	2,286	1,030	373	91,010
of which: land	6,177	0	241	0	0	6,418
Technical equipment and machinery	32,427	0	265	898	1,255	33,049
Other equipment, furniture and fixtures	28,812	444	2,808	1,883	179	30,360
Prepayments made and plant under construction	509	0	1,573	0	(1,864)	218
	150,463	**1,110**	**6,932**	**3,811**	**(57)**	**154,637**
Goodwill	**1,297**	**71**	**0**	**0**	**0**	**1,368**
Intangible assets						
Concessions, patents and licenses	12,460	14	973	58	57	13,446
Security deposits paid for leased and rented real estate	10,624	85	37	221	0	10,525
Customer relationship	799	8	0	80	0	727
	23,883	**107**	**1,010**	**359**	**57**	**24,698**
Total	**175,643**	**1,288**	**7,942**	**4,170**	**0**	**180,703**

Accumulated depreciation, amortization impairment losses and reversals						Carrying amounts	
May 1, 2011	**Currency translation differences**	**Impairment**	**Additions**	**Disposals**	**April 30, 2012**	**May 1, 2011**	**April 30, 2012**
36,955	438	259	3,201	926	39,927	51,760	51,083
0	0	0	0	0	0	6,177	6,418
28,109	0	0	948	887	28,170	4,318	4,879
23,226	354	35	2,299	1,788	24,126	5,586	6,234
0	0	0	0	0	0	509	218
88,290	**792**	**294**	**6,448**	**3,601**	**92,223**	**62,173**	**62,414**
160	**15**	**0**	**0**	**0**	**175**	**1,137**	**1,193**
7,992	10	0	1,007	58	8,951	4,468	4,495
4,995	49	0	482	188	5,338	5,629	5,187
435	8	0	91	80	454	364	273
13,422	**67**	**0**	**1,580**	**326**	**14,743**	**10,461**	**9,955**
101,872	**874**	**294**	**8,028**	**3,927**	**107,141**	**73,771**	**73,562**

Consolidated statement of changes in non-current assets for the fiscal year 2010/11

	Costs					
in TEUR	**May 1, 2010**	**Currency translation differences**	**Additions**	**Disposals**	**Reclassi-fication**	**April 30, 2011**
Property, plant and equipment						
Land, land rights and buildings, including buildings on third-party land	87,705	(481)	1,681	332	142	88,715
of which: land	6,177	0	0	0	0	6,177
Technical equipment and machinery	32,392	0	592	685	128	32,427
Other equipment, furniture and fixtures	28,089	(242)	1,789	890	66	28,812
Prepayments made and plant under construction	97	0	1,191	188	(591)	509
	148,283	**(723)**	**5,253**	**2,095**	**(255)**	**150,463**
Goodwill	**1,361**	**(64)**	**0**	**0**	**0**	**1,297**
Intangible assets						
Concessions, patents and licenses	11,432	(8)	551	93	578	12,460
Security deposits paid for leased and rented real estate	10,017	31	593	32	15	10,624
Customer relationship	807	(8)	0	0	0	799
Prepayments made and plant under construction	338	0	0	0	(338)	0
	22,594	**15**	**1,144**	**125**	**255**	**23,883**
Total	**172,238**	**(772)**	**6,397**	**2,220**	**0**	**175,643**

Accumulated depreciation, amortization impairment losses and reversals						Carrying amounts	
May 1, 2010	**Currency translation differences**	**Impairment**	**Additions**	**Disposals**	**April 30, 2011**	**May 1, 2010**	**April 30, 2011**
34,179	(366)	362	3,087	307	36,955	53,526	51,760
0	0	0	0	0	0	6,177	6,177
27,901	0	0	872	664	28,109	4,491	4,318
21,784	(222)	80	2,449	865	23,226	6,305	5,586
1	(1)	0	0	0	0	96	509
83.865	**(589)**	**442**	**6,408**	**1,836**	**88,290**	**64,418**	**62,173**
173	**(13)**	**0**	**0**	**0**	**160**	**1,188**	**1,137**
7,164	(8)	0	929	93	7,992	4,268	4,468
4,498	(15)	0	544	32	4,995	5,519	5,629
352	(8)	0	91	0	435	455	364
0	0	0	0	0	0	338	0
12,014	**(31)**	**0**	**1,564**	**125**	**13,422**	**10,580**	**10,461**
96,052	**(633)**	**442**	**7,972**	**1,961**	**101,872**	**76,186**	**73,771**

Auditor’s Report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Wolford Aktiengesellschaft, Bregenz, for the financial year extending from May 1, 2011 to April 30, 2012. These consolidated financial statements comprise the consolidated balance sheet as of April 30, 2012, the consolidated income statements, the consolidated statement of comprehensive income, the consolidated cash flow statement, the statement of changes in shareholders’ equity for the fiscal year ending April 30, 2012, as well as the consolidated notes to the accounts.

Management’s responsibility for the consolidated financial statements
Management is responsible for the maintenance of consolidated accounts and for the preparation of the consolidated financial statements, derived from them in a way providing the fairest and most accurate possible depiction of the Wolford Group’s assets, finances and earnings. These accounts and statements are in accordance with the International Financial Reporting Standards (IFRSs) in the way in which they are applied in the EU. Comprised in this responsibility is the designing, implementing and maintaining of an internal control system capable of facilitating the preparation of the consolidated financial statements, and of depicting in a fair and accurate way Wolford Group’s assets, finances and earnings. This precludes material misstatements, whether they be due to intentional or unintentional errors; the selection or application of accounting and valuation policies; the making of accounting estimates that seem reasonable under the circumstances given.

Auditor’s responsibility and description of the manner and scope of the legally mandated audit of financial statements
Our responsibility is to use our audit to form and express an opinion on these consolidated financial statements. We conducted our audit in accordance with the laws and regulations applicable in Austria and with the International Standards on Auditing (ISAs), which are issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

These principles stipulate that we comply with professional requirements, and that we plan and perform the audit in a way yielding the reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures yielding verifications of the amounts and other items reported in the consolidated financial statements.

The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to intentional or unintentional errors.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements and of the entity's assets, finances and earnings in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluations of the appropriateness of accounting policies applied, and of the reasonableness of accounting estimates made by management, as well as an assessment of the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinion.

Auditor's opinion

Our audit did not give rise to any objections. Based on the results of our audit, in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of April 30, 2012, and of its financial performance and its cash flows for the financial year from May 1, 2011 to April 30, 2012 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Statements on the Group Management Report

The Group Management Report is to be audited using the applicable legal codes, which stipulate that the report has to be in accordance with the consolidated financial statements. This includes assessing whether or not the other items contained in the Group Management Report misrepresent the Group's situation. The auditor's certificate also has to comprise statements on whether or not the Group Management is consistent with the consolidated financial statements, and whether or not the former fulfills the requirements of § 243a of Austria's Corporate Code.

In our opinion, the consolidated Management Report for the Group is consistent with the consolidated financial statements and the disclosures made are in accordance with the stipulations contained in § 243a Austria's Corporate Code.

Vienna, July 5, 2012

Deloitte Audit Wirtschaftsprüfungs GmbH

Signed

Walter Müller	Michael Schober
Officially certified auditor	Officially certified auditor

The publication or transmission of the consolidated financial statements bearing our official auditors' certificate has to be confirmed by us. This certificate applies only to the complete German version of the consolidated financial statements (including the Consolidated Group Management Report). For any versions not meeting these stipulations the regulations established in § 281 paragraph 2 of the Austrian Business Enterprise Code apply.

Report of the Supervisory Board of Wolford Aktiengesellschaft

Dear shareholders,

In the fiscal year under review, the Supervisory Board fulfilled the responsibilities assigned to it by Austria's legal code and by the company's Articles of Association. The focus of its work was the regular consultation with the Executive Board on the key aspects of corporate development and the strategic orientation of the company. The Executive Board provided the Supervisory Board, in both writing and verbally, and on a regular, prompt and comprehensive basis, with reports covering all relevant issues pertaining to the company's business development, including the exposure to risk, its risk management, as well as in major corporate participations.

Meetings of the Supervisory Board
The Supervisory Board convened four times during the fiscal year. Each member attended at least half of its meetings.

The following key issues were dealt with at these meetings:
The first meeting in the 2011/12 fiscal year examined the Auditor's and Management Report of Wolford Aktiengesellschaft for 2010/11 as well as the proposal of the Executive Board regarding the distribution of the profit, and approved them in accordance with the recommendation issued by the Audit Committee and in accordance with Section 96 Austrian Stock Corporation Act. It also examined and approved the consolidated financial statements for 2010/11 including the Management Report of the Wolford Group and the proposal of the Executive Board regarding the distribution of the profit.

In the following meetings, the Supervisory Board focused on the further strategic development of the company, and in particular discussed brand orientation and the opening of new points of sale in potential new markets.

The Executive Board discussed individual relevant issues and decisions with the Chairwoman of the Supervisory Board or with her deputy. In accordance with the company's Articles of Association, the approval of the Supervisory Board was secured for each transaction requiring such said approval.

Supervisory Board committees
These include the Executive Committee, which administers the agenda of the Remuneration Committee on matters pertaining to the Executive Board, and the Audit Committee, to which all members of the Supervisory Board belong.

The Executive Committee convened four times, whereas the Audit Committee met twice during the year under review.

In its meeting on July 21, 2011, which was attended by the official auditor, the Audit Committee examined the financial statements for the 2010/11 fiscal year. In its second meeting, which was held on December 15, 2011, the Audit Committee dealt with the internal audit as well as the operational capabilities of the company's ICS, and with the opportunity and risk management system and the audit being carried out.

Corporate governance

The Supervisory Board of Wolford Aktiengesellschaft is fully committed to complying with the Austrian Corporate Governance Code, and thus to assuring responsible and accountable corporate management and supervision with the aim of achieving sustained value creation.

An overview of the corporate governance policies of Wolford Aktiengesellschaft is provided in the Corporate Governance section of this annual report and is also published on the Website of Wolford Aktiengesellschaft.

Financial statements for the fiscal year

The financial statements and Management Report as well as the consolidated financial statements, Group Management Report and Notes to the Accounts for the 2011/12 fiscal year were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna. The results of the audit did not give rise to any objections, and thus an unqualified auditor's certificate was issued.

Representatives of the independent auditors participated in the meetings of the Audit Committee and Supervisory Board, and provided further explanations.

The Supervisory Board examined and concurred with the conclusions of the financial statements audit, and approved the proposal of the Executive Board for the distribution of the profit. Pursuant to § 96 paragraph 4 of Austria's Stock Corporation Act, the financial statements for the 2011/12 fiscal year were thus formally adopted. The Management Report, consolidated financial statements, Group Management Report and Corporate Governance Report were also examined and approved by the Supervisory Board.

The Supervisory Board wishes to take this opportunity to express its sincere thanks and recognition to the Executive Board and to all employees of the Wolford Group for their personal commitment and dedication during this challenging fiscal year.

Theresa Jordis — Vienna, July 2012
Chairwoman of the Supervisory Board

Corporate Governance

Corporate Governance in the Wolford Group

Wolford is convinced that diligently implementing and embracing corporate governance makes a significant contribution to strengthening the confidence of the capital market in the company. In September 2002, the Austrian Working Group for Corporate Governance issued a framework of rules for responsible corporate governance and management based on sustained value creation. These guidelines aim to safeguard the interests of all stakeholders whose well-being is linked to the success of the company.

The Austrian Corporate Governance Code ensures a high degree of transparency for all stakeholders of the company. Wolford has already committed itself to complying with the code's principles since the 2002/03 fiscal year. The currently valid version of the Austrian Corporate Governance Code is published by the Austrian Working Group for Corporate Governance and can be downloaded at www.corporate-governance.at.

Executive Board

The Executive Board of Wolford Aktiengesellschaft is comprised of **Holger Dahmen** (born in 1960) and **Peter Simma** (born in 1960). The internal rules of procedure for the Executive Board, as stipulated by the Supervisory Board, regulate the mode of operation and responsibilities of the Executive Board.

The two Executive Board members keep each other informed on an ongoing basis. Responsibilities have been allocated as follows:

Holger Dahmen
Chief Executive Officer
Responsible for Marketing, Sales, Production and Technology.
Member of the Executive Board since January 2004.

The term of office of Holger Dahmen as a Member of the Executive Board expires in August 2015.

Since October 2009, Holger Dahmen has also served on the Advisory Board of Winter Holding GmbH & Co. KG, Germany, D-69226 Nußloch.

Peter Simma
Deputy Chief Executive Officer
Management responsibility for Finance/Controlling, Legal, Human Resources, IT and Procurement.
Member of the Executive Board since August 2001.

The term of office of Peter Simma as a Member of the Executive Board already expires on September 14, 2012 at his own request instead of August 2014.

Since 2008, Peter Simma has also served as a Deputy Chairman of the Supervisory Board of Hefel Textil GmbH in 6858 Schwarzach, Austria.

The remuneration system for the Executive Board basically encompasses fixed and variable salary components. The variable salary component is oriented to the success of the company and the performance of each individual Executive Board member, and is particularly linked to achieving qualitative and quantitative objectives as well as sustainable, long-term and strategic targets.

There is no contractually stipulated ratio of the fixed to variable salary components for the Executive Board, due to the fact that the variable remuneration depends on the achievement of performance targets in the particular fiscal year. Wolford does not disclose details pertaining to the total remuneration paid to each Executive Board member, in order to take account of competitive considerations in the textile and clothing industry.

No pension fund agreement has been concluded with active members of the Executive Board. Upon termination of the management contract, the particular member of the Executive Board is entitled to remuneration corresponding to the stipulations contained in the Salaried Employees Act.

Supervisory Board

The Supervisory Board of Wolford Aktiengesellschaft consists of four independent shareholder representatives elected by the Annual General Meeting as well as two employee representatives designated by the Staff Council. The majority of the Supervisory Board members elected by the Annual General Meeting are independent of the company and its Executive Board.

- **Theresa Jordis**
  (born in 1949) Chairwoman of the Supervisory Board, first appointed September 3, 2003, serving until the 25th Annual General Meeting resolving upon the discharging of the Executive and Supervisory boards for the 2011/12 fiscal year.
- **Emil Flückiger**
  (born in 1939) Deputy Chairman, first appointed December 14, 1992, serving until the 26th Annual General Meeting resolving upon the discharging of the Executive and Supervisory boards for the 2012/13 fiscal year.
- **Birgit G. Wilhelm**
  (born in 1975) Member of the Supervisory Board since September 12, 2006 until the 25th Annual General Meeting resolving upon the discharging of the Executive and Supervisory boards for the 2011/12 fiscal year.
- **Werner Baldessarini**
  (born in 1945) Member of the Supervisory Board since September 14, 2010 until the 26th Annual General Meeting resolving upon the discharging of the Executive and Supervisory boards for the 2012/13 fiscal year.
- **Anton Mathis**
  (born in 1960) Appointed by the Staff Council since December 16, 1999.
- **Peter Glanzer**
  (born in 1954) Appointed by the Staff Council since March 19, 2001.

The internal rules of procedure for the Supervisory Board regulate the work performed by the Supervisory Board. Among the responsibilities delegated to the Supervisory Board are consulting the Executive Board on managing the company and monitoring its activities, compliance with obligations laid down in legal regulations and the company statutes, and approving the internal rules of procedure for the Executive Board.

The Supervisory Board convened four times during the 2011/12 fiscal year.

The Supervisory Board has established the following committees, consisting of its own members and approved internal rules of procedure for each:

Executive Committee
(Remuneration Committee)
Members:

- **Theresa Jordis** (Chairwoman)
- **Emil Flückiger** (Deputy Chairman)

The Remuneration Committee deals with issues pertaining to the remuneration of the members of the Executive Board, succession planning, the contents of their employment contracts and the annual assessment of the appropriateness of their salaries.

Audit Committee
This function is carried out by the entire Supervisory Board.

Members

- **Theresa Jordis** (Chairwoman)
- **Emil Flückiger** (Deputy Chairman, financial expert)
- **Birgit G. Wilhelm**
- **Werner Baldessarini**
- **Anton Mathis**
- **Peter Glanzer**

The Audit Committee carries out the tasks assigned to it by § 92 paragraph 4a of the Austrian Stock Corporation Act, working in close cooperation with the Executive Board and the independent auditor of the annual accounts.

Each of the committees executes at least twice during the particular fiscal year.

The majority of the members of the Supervisory Board fulfill the criteria defining the independence of Supervisory members as stipulated in C-Rule 53 and the criteria contained in C-Rule 54 of the Austrian Corporate Governance Code.

Remuneration for the work performed by the elected members of the Supervisory Board as well as fees for attending Supervisory Board sessions are determined by the Annual General Meeting. In the reporting year, a total remuneration of EUR 80,000 was paid to Supervisory Board members for the 2010/11 fiscal year, divided among the members as follows:

- **Theresa Jordis**
  EUR 26,550
- **Emil Flückiger**
  EUR 21,550
- **Birgit G. Wilhelm**
  EUR 15,050
- **Werner Baldessarini**
  EUR 7,550
- **Hansjörg Geiger**
  EUR 7,500
- **Anton Mathis**
  EUR 900 (attendance fee)
- **Peter Glanzer**
  EUR 900 (attendance fee)

DORDA BRUGGER JORDIS Rechtsanwälte GmbH, a law firm whose managing partner, Theresa Jordis, is a member of the Supervisory Board of Wolford Aktiengesellschaft, advised the company on specific legal matters. A fee schedule in line with prevailing market rates was agreed upon for these services, which are billed on the basis of time worked (total fees for the 2011/12 fiscal year: EUR 32,559.04). In view of the level of her partnership interest in the above-mentioned law firm, Theresa Jordis does not derive any material economic benefit from this relationship.

RCI Unternehmensberatung AG, a consulting firm based in Switzerland whose member of the administrative board is Emil Flückiger, also a member of the Supervisory Board of Wolford Aktiengesellschaft, advised the company in business matters. A fee schedule in line with prevailing market rates was agreed upon for these services, which are billed on the basis of time worked (total fees for the 2011/12 fiscal year: EUR 10,837.70). In view of the level of his partnership interest in the above-mentioned consulting firm, Emil Flückiger does not derive any material economic benefit from this relationship.

Werner Baldessarini advised the company on specific marketing issues, and was paid a total of EUR 8,000 on the basis of the time worked and in line with prevailing market rates.

In addition to their positions on the Supervisory Board of Wolford Aktiengesellschaft, the following Supervisory Board member holds supervisory board mandates in other companies which are independent of Wolford Aktiengesellschaft:

- **Theresa Jordis**
  - Miba AG (Chairwoman of the Supervisory Board)
  - Erste Group Bank AG (Second Vice Chairwoman)

A directors and officers (D&O) insurance policy has been concluded for members of the Supervisory and Executive Boards, as well as top managers of the company. In addition, insurance protection exists for the managing directors of Wolford's subsidiaries in Austria and abroad.

The Executive Board and Supervisory Board of the Wolford Aktiengesellschaft jointly pursue the goal of sustainably enhancing shareholder value, particularly the further development of the Wolford brand. For this reason, communications between the two corporate bodies is particularly intensive. The Executive and Supervisory Board regularly exchange information and views on relevant issues. The Executive Board provides timely and comprehensive information to the Supervisory Board, in both written and oral form. The Executive Board immediately informs the Supervisory Board about any deviations from the initial business objectives or strategies.

The specific transactions subject to authorization as defined in the internal rules of procedure generally require the approval of the Supervisory Board.

The company will regularly take part in an evaluation of its compliance with the C-R-Rules of the Austrian Corporate Governance Code on the basis of a questionnaire developed by the Austrian Working Group for Corporate Governance.

Wolford Aktiengesellschaft has not developed a specific plan to promote the advancement of women to the Executive Board, Supervisory Board or top positions in the company and its subsidiaries. The selection of candidates is based on identifying the best qualified person for vacant positions, regardless of gender, age and ethnic origin. Women hold various management positions at Wolford Aktiengesellschaft and its subsidiaries. Attractive part-time working models are offered to women returning from maternity leave in order to promote the compatibility of family and career.

Women comprise some 80 percent of the staff of the Wolford Group, which can be attributed to the international of the company and the fashion products which almost exclusively target female consumers.

Two of the four shareholder representatives on the Supervisory Board of Wolford Aktiengesellschaft are women, which corresponds to a female quota of 50 percent.

Glossary

NON FINANCIAL

Accessories	The product group comprising items made of fabric or leather that seasonally round out and complement the fashion collection
Bodywear	Classic bodysuits and all close-fitting knitwear such as tops and shirts
Brand products	Any products distributed under the Wolford label
Concession shop-in-shops	Wolford-operated sales areas in department stores
Contract/ Private label	Used in the sense of contract manufacturing and private label products – these terms mean any products sold under a third-party label, or manufacturing done for such a label
Controlled distribution	Proprietary and partner-operated boutiques, concession shop-in-shops and factory outlets
Distribution channel	Generic term for any one category of sales stores – Wolford's main distribution channels are boutiques, department stores and multi-brand retailers
Factory outlets	Outlets for (factory) clearance sales, seconds and other discounted merchandise
Legwear	The product group comprising hosiery products: pantyhose, stockings, stay-ups, knee-highs and socks
Lingerie	The product group comprising bras, briefs, corsages, garter belts and slips – with or without shaping function
Multi-brand stores	Specialty retailers that sell both Wolford's and other brands' products
Partner boutiques	Wolford boutiques that are owned and operated by non-Group merchants – distinct from Wolford-owned boutiques
Product groups	The major product categories offered by Wolford – these are: Legwear, Ready-to-wear (including Bodywear), Swimwear, Lingerie and Accessories

Proprietary stores	Also referred to as "Wolford-owned" stores or Retail segment, sales stores owned and operated by Wolford (boutiques, shop-in-shops and factory outlets)
Ready-to-wear	The product group comprising women's outer garments: the established bodywear line as well as knitted and fabric items such as sweaters, dresses, blouses, coats, skirts and trousers
Retail (segment)	Retail when spelled with a capital "R" refers to a Wolford business segment – it comprises all Wolford-owned sales stores, in other words, all direct sales to consumers – it does not include partner-operated Wolford store
Season	The spring/summer collection is largely available for sale starting in January; the autumn/winter collection in July
Shape & Control	Form-fitting products in the Legwear, Ready-to-wear, Lingerie and Swimwear segments
Shop-in-shop	A subset of both the multi-brand retail and department store distribution channels – a shop-in-shop exists where a multi-brand store or department store dedicates separate floor space to Wolford's products and thus highlights the brand
Store concept	Visual and functional design of the salesroom as a defined and universally usable concept for the Wolford brand
Stores	Sales locations, shops or retail stores, may also refer to points of sale
Swimwear	The product group comprising all beachwear: swimbodies, swimkinis, and beach accessories such as pareos, tops, caftans and dresses, consists of a seasonal collection only
Trend products	All designs that are only seasonal, i.e. offered only in the spring/summer or autumn/winter collection and not available off-season
Wholesale (segment)	A Wolford business segment involving sales to other businesses, including partner-operated Wolford stores, which in turn sell merchandise to end customers
Wolford Boutique/ monobrand stores	Single-brand stores selling only Wolford merchandise

FINANCIALS

AngG	Austrian Salaried Employees Act
Available for Sale (AfS)	Financial assets available for disposal
Brand sales	Sales of products under the Wolford label
CFH	"Cash flow hedging" is designed to ensure protection against the danger of cash flow fluctuations
CGU (cash generating unit)	Smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets
DA&Im	Depreciation, amotization and impairment
Debt/equity ratio	Net debt as a percentage of shareholders' equity
D&O	Directors and Officers Insurance
Earnings per share (EPS)	Net profit for the year divided by the number of shares entitled to dividend payments (4,900,000 shares at April 30, 2012 balance sheet date; 4,900,000 shares at April 30, 2011)
EBIT	Earnings before interest and taxes – this represents operating profit
EBITDA	Earnings before interest, taxes, depreciation, amortization, impairment losses and reversal of impairment losses
Equity ratio	Shareholders' equity as a percentage of total assets
Financial Liabilities (FL)	Other financial obligations

FY	Fiscal year
GDP	Gross Domestic Product
Gross cash flow = Net result for the period	+/- Depreciation, amortization, impairment losses / reversals of impairment losses on intangible assets and property, plant and equipment +/- Gains/losses on the disposal of property, plant and equipment +/- Change in non-current provisions = Gross cash flow
Gross liquidity	The sum of cash and cash equivalents, current available-for-sale financial assets, and financial investments that can be converted into cash at any time (excluding securities required to cover employee benefit obligations)
Held for Trading (HfT)	Assets held for trading purposes
Loans and Receivables (L&R)	Credit lines and customer receivables
Market capitalization	Number of shares outstanding multiplied by the closing market price of the stock – in this report, market capitalization is understood to be as at the balance sheet date
Net debt	Bank debt (loans and overdrafts) plus interest-bearing liabilities to other lenders (Austrian federal/regional government or similar institutions) less gross liquidity
Sales	Net sales revenue less any sales deductions
Total assets	Balance sheet total
UGB	The amended Austrian Commercial Code
Working capital	Current assets less current liabilities

About this Report

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To ensure good readability statements referring to people are considered to be neutral and are equally valid for both women and men.

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