



CONSOLIDATED STATEMENTS OF INCOME

in thousands of euros	Second quarter ended		First six months ended	
	Oct. 31, 2004	Oct. 31, 2003	Oct. 31, 2004	Oct. 31, 2003
Sales	31,830	33,347	55,972	56,883
Other operating income	728	721	2,186	1,593
Change in inventories of finished goods and work-in-process	(1,478)	(2,044)	(8)	(880)
Other internally generated assets	63	45	128	69
<b>Operating output</b>	<b>31,143</b>	<b>32,069</b>	<b>58,278</b>	<b>57,665</b>
Cost of materials and purchased services	(5,428)	(5,050)	(11,553)	(11,086)
Staff costs	(13,517)	(13,620)	(28,513)	(28,597)
Amortization, depreciation and write-downs	(1,547)	(1,637)	(3,084)	(3,259)
Goodwill amortization and write-downs	(53)	(59)	(112)	(121)
Other operating expenses	(7,098)	(7,547)	(13,999)	(13,625)
<b>Operating profit (EBIT)</b>	<b>3,500</b>	<b>4,156</b>	<b>1,017</b>	<b>977</b>
Financial result	(497)	(482)	(771)	(891)
<b>Profit before taxes (EBT)</b>	<b>3,003</b>	<b>3,674</b>	<b>246</b>	<b>86</b>
Income taxes	(945)	(894)	76	425
<b>Net profit for the period</b>	<b>2,058</b>	<b>2,780</b>	<b>322</b>	<b>511</b>

STOCK DATA

Basic earnings per share in euros	0.07	0.11
Diluted earnings per share in euros	0.06	0.10
Average number of shares outstanding (basic) in thousands	4,750	4,750
Average number of shares outstanding (diluted) in thousands	5,000	5,000



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

in thousands of euros	First six months ended	
	Oct. 31, 2004	Oct. 31, 2003
<b>Cash flow from operating activities</b>	<b>(1,541)</b>	<b>1,221</b>
<b>Cash flow from investing activities</b>	<b>(1,465)</b>	<b>2,209</b>
<b>Cash flow from financing activities</b>	<b>3,863</b>	<b>(2,900)</b>
Change in cash and cash equivalents	857	530
Cash and cash equivalents at beginning of period	3,845	4,460
Effect of exchange rates on cash and cash equivalents at beginning of period	(32)	(401)
<b>Cash and cash equivalents at end of period</b>	<b>4,670</b>	<b>4,589</b>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

in thousands of euros	First six months ended	
	Oct. 31, 2004	Oct. 31, 2003
<b>Shareholders' equity at beginning of fiscal year</b>	<b>65,054</b>	<b>64,397</b>
Net profit for the period	322	511
Dividend	0	0
Capital increase	0	0
Purchase of treasury stock	0	0
Currency translation	(481)	(573)
Other changes	772	559
<b>Shareholders' equity at end of period</b>	<b>65,667</b>	<b>64,894</b>

QUARTERLY REPORT ON THE FIRST HALF OF 2004-2005

FOR FURTHER INFORMATION:

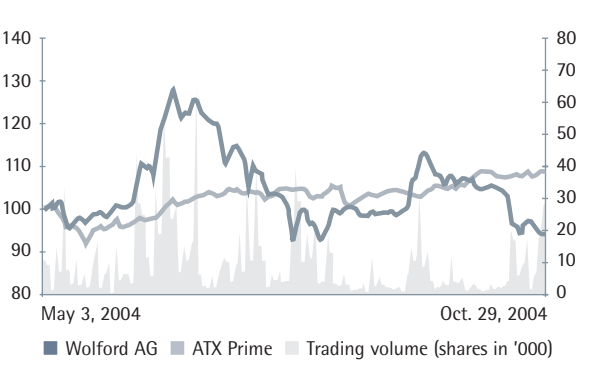
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KEY FIGURES FOR THE WOLFORD GROUP

in thousands of euros	(First six months ended)		Change in %
	Oct. 31, 2004	Oct. 31, 2003	
Sales	55,972	56,883	- 1.6%
EBITDA	4,214	4,357	- 3.3%
EBITDA margin	7.5%	7.7%	
EBIT	1,017	977	+ 4.1%
EBIT margin	1.8%	1.7%	
Financial result	(771)	(891)	+ 13.5%
EBT	246	86	+ 186.0%
Net profit for the period	322	511	- 37.0%
Total assets	141,605	144,512	- 2.0%
Gross liquidity	14,578	15,268	- 4.5%
Bank and other debt	42,460	49,306	- 13.9%
Net debt	27,882	34,038	- 18.1%
Shareholders' equity	65,667	64,894	+ 1.2%
Equity ratio based on total assets	46.4%	44.9%	
Gearing	42.5%	52.5%	
Cash flow from operating activities	(1,541)	1,221	-
Capital expenditure	2,832	710	+ 298.9%
Amortization, depreciation and write-downs	3,197	3,380	- 5.4%
Number of employees (average for the period, in full-time equivalents)	1,380	1,439	-4.1%

STOCK PERFORMANCE (indexed)



STOCK DATA

	2004	2003
ISIN		AT0000834007
Number of shares outstanding		5,000,000
of which dividend-bearing		4,750,000
Earnings per share for the period	EUR 0.07	EUR 0.11
Stock price on April 30	EUR 22.45	EUR 9.44
Stock price high for first half of fiscal year	EUR 28.80	EUR 19.34
Stock price low for first half of fiscal year	EUR 20.86	EUR 9.50
Stock price on October 31	EUR 21.17	EUR 18.26
Market capitalization on October 31	EUR 105,850,000	EUR 91,300,000
Trading volume (average daily number of shares)	10,285	13,921



**MARKET DEVELOPMENTS**

The global macroeconomic trend was shaped by the pronounced rise in oil prices and slowing economic growth in the United States and Asia. The rate of economic growth in the United States fell by one-half, from 1.8 to 0.9 percent, in the year to September 30, 2004. In Japan growth ebbed from 0.6 to a mere 0.1 percent and expansion in the Euro Area also tapered off.

Influences of particular significance for Wolford were consumer reluctance in the U.S. which became evident suddenly at the beginning of August, and the weakening of the dollar. The combined effect of high energy prices, stagnating household incomes and the diminishing stimulus from monetary and fiscal policy was to curb consumer spending. In the German-speaking countries as well, consumer confidence was sluggish.

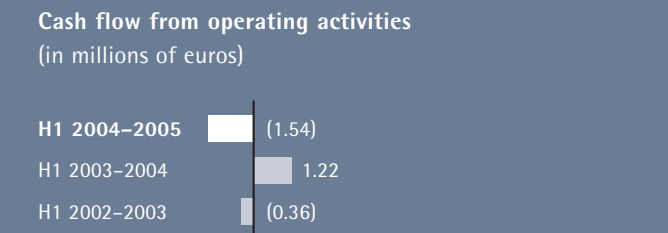
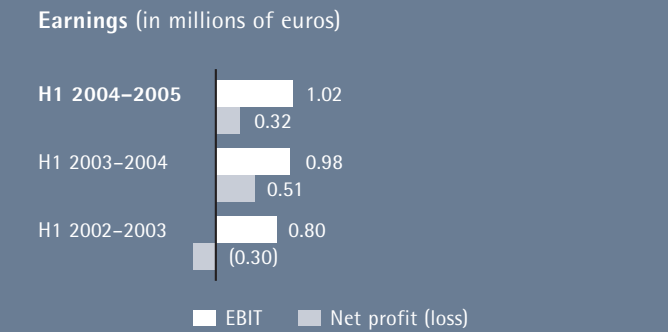
**SALES**

The environment outlined above set the stage for the sales results of the Wolford Group in the first two quarters of the 2004–2005 fiscal year. Compared to the first half of the prior year, sales eased by 1.6 percent from EUR 56.9 million to EUR 56.0 million. Adjusted for exchange rate movements, the decrease in sales was only 1.0 percent.

Whilst the first quarter of this fiscal year saw the first year-on-year sales growth in three years, the positive trend did not continue in the months from August to October 2004.

In the U.S. especially, Wolford's second most important market, the second quarter brought a significant cooling in shoppers' willingness to spend. This led to a cumulative dip in sales in the first two quarters of 0.7 percent on a local-currency basis, which translated into a decline of 6.9 percent in euros as a result of the rise in the euro exchange rate. By contrast, in Germany the sales reduction of 6.6 percent in the second quarter represented a certain improvement compared to the first three months, when sales were down 15.9 percent.

Aside from the U.S. and Germany, the only markets to experience a contraction in the first half of the fiscal year were Switzerland and (owing to the change in distribution structure) the Far East region. A look at the other markets shows double-digit sales growth in Britain, Central and Eastern Europe, Italy, the Netherlands and Scandinavia. Sales in Austria and France grew at single digit rates.



The total number of boutiques remained unchanged at 226. At the end of October there were 172 partner-owned boutiques versus 180 at the end of April 2004. The change reflected 12 closures, 14 new openings and Wolford's acquisition of ten partner boutiques from Palmers. The number of Wolford-owned boutiques, after two closures in Japan, thus rose to 54 locations from 46 at the end of April 2004.

**EARNINGS**

Thanks to increased operating output, EBIT rose by 4.1 percent to more than EUR 1 million, from EUR 977,000 in the first half of 2003–2004. While the financial result was negative at EUR -0.8 million, it improved by 13.5 percent from the previous year. Accordingly, earnings before taxes more than doubled to EUR 246,000.

The announced cut in the Austrian corporate income tax rate from 34 to 25 percent led to a reduction in the deferred tax income. This had a large impact on net profit for the period, which reached EUR 0.3 million, down from EUR 0.5 million in the previous year. Earnings per share were EUR 0.07 compared to EUR 0.11 a year ago.

Net debt was reduced by 18.1 percent over the reporting period, from EUR 34.0 million to EUR 27.9 million. The debt-equity gearing improved from 52.5 to 42.5 percent. As a result, the equity ratio rose from 44.9 percent in the first half of 2003–2004 to 46.4 percent.

In June 2004 Wolford's stock price reached EUR 28.80, its highest level since the year 2000. The stock then declined to just over EUR 20 by mid-August and then advanced again to EUR 21.17 by the end of the first two quarters.

**FASHION HIGHLIGHTS**

Both Wolford's classic and trend seasonal legwear were highly popular with consumers in the first half of the fiscal year. Legwear's contribution to brand sales thus grew to 50 percent. The second most important product group, Bodywear, which represents the outerwear segment of Wolford's portfolio, now accounts for 37 percent of brand sales.

Sales of the Armani collection were satisfactory. Building on the early success with the Armani-branded products, the key task remains to establish long-term distribution structures. At present, distribution is carried out through several hundred retailers.



The first, limited Pucci collection was shipped completely and can be considered a total success. In light of the strong wholesale demand, the collaboration will continue with a collection for the coming spring.

**OUTLOOK**

Essentially, Wolford is currently in a stage of brand development. In the past twelve months, sustainable measures have been taken to attain the target of a double-digit EBIT margin in the medium term. As a consequence, product management was reorganized and the assignment of responsibility for the various regions was rearranged in order to strengthen the Group's market focus. The brand will be presented with greater impact in important markets through a new retail architecture concept currently in development. The goal is to achieve a clear and distinctive presentation that positively affects both brand and product perception as well as business performance and as a consequence, future growth.

The month of November just completed reveals an emerging positive trend. For the full 2004–2005 fiscal year management aims for a slight increase in sales and earnings.

**FINANCIAL CALENDAR**

- February 9, 2005**  
Sales for third quarter of 2004–2005
- March 15, 2005**  
Earnings for third quarter of 2004–2005
- May 11, 2005**  
Sales for fiscal year 2004–2005
- July 21, 2005**  
Earnings for fiscal year 2004–2005  
Annual press conference



**CONSOLIDATED BALANCE SHEETS**

in thousands of euros	Oct. 31, 2004	Oct. 31, 2003	Apr. 30, 2004
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	62,679	64,707	63,922
Goodwill	1,776	1,288	1,140
Other intangible assets	2,715	2,901	2,911
Financial assets	10,728	11,663	10,702
Long-term receivables and assets	379	862	901
	<b>78,277</b>	<b>81,421</b>	<b>79,576</b>
<b>Deferred tax assets</b>			
	<b>7,076</b>	<b>6,444</b>	<b>6,727</b>
<b>Current assets</b>			
Inventories	23,089	22,911	22,268
Current receivables and other assets	26,493	27,046	21,034
Current securities and financial investments	2,000	2,101	2,500
Cash and cash equivalents	4,670	4,589	3,845
	<b>56,252</b>	<b>56,647</b>	<b>49,647</b>
<b>Total assets</b>	<b>141,605</b>	<b>144,512</b>	<b>135,950</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Capital stock and additional paid-in capital	38,167	38,167	38,167
Other reserves	37,248	36,475	36,635
Treasury stock	(9,748)	(9,748)	(9,748)
	<b>65,667</b>	<b>64,894</b>	<b>65,054</b>
<b>Non-current liabilities</b>			
Long-term debt	13,943	16,372	12,634
Provisions for employee benefits	13,281	12,738	12,645
Other non-current liabilities	495	427	520
	<b>27,719</b>	<b>29,537</b>	<b>25,799</b>
<b>Current liabilities</b>			
Bank loans and overdrafts	28,517	32,935	25,138
Current provisions	4,310	7,812	3,929
Trade payables	4,199	3,664	5,052
Other current liabilities	11,193	5,670	10,978
	<b>48,219</b>	<b>50,081</b>	<b>45,097</b>
<b>Total shareholders' equity and liabilities</b>	<b>141,605</b>	<b>144,512</b>	<b>135,950</b>