



Press Release

Earnings for the first three quarters of the 2005/06 fiscal year

WOLFORD CONTINUES TO PUSH UP EARNINGS IN THIRD QUARTER

- **EBIT boosted by 30.0 percent, EBT by 39.6 percent**
- **Net profit for the quarter more than doubled to EUR 2.7 million**
- **Sales expanded 2.7 percent to EUR 92.9 million**

Bregenz, Austria, March 15, 2006

Earnings data for first three quarters of 2005/06 (May 1, 2005 to January 31, 2006)

Amounts in millions of euros except for per-share data	First three quarters of		Change in %
	2005/06	2004/05	
Sales	92.88	90.48	+2.7
EBITDA	8.56	7.97	+7.4
EBITDA margin	9.2%	8.8%	-
EBIT	4.20	3.23	+30.0
EBIT margin	4.5%	3.6%	-
Financial result	-1.03	-0.96	-7.3
EBT	3.17	2.27	+39.6
Net profit for the period	2.66	1.09	+144.0
Earnings per share in euros	0.56	0.23	+143.5
Gearing	30.0%	33.0%	-
Equity ratio (% of total assets)	49.7%	49.1%	-

The positive momentum for Austria's number one luxury fashion brand continues and is slightly increasing. As already reported, sales revenues in the first three quarters of the current fiscal year (May 1, 2005 to January 31, 2006) grew 2.7 percent to EUR 92.9 million. As in the first half of the year, profit figures rose disproportionately more than sales over the first nine-month period.

Thanks to successful cost management and despite higher marketing costs, earnings of the publicly traded company expanded significantly. While EBITDA for the first three quarters was lifted 7.4 percent from the year-earlier level to EUR 8.6 million, EBIT increased 30.0 percent to EUR 4.2 million. EBT, or profit before tax, was EUR 3.2 million (2004/05: EUR 2.3 million), up 39.6 percent.

“The new store concept and new advertising campaign, the updated and attractive product portfolio as well as internal efficiency gains all contributed to this good interim profit”, commented Wolford AG’s pleased CEO, Holger Dahmen. “The numbers demonstrate that we are on track”.

Management’s prediction at the last annual press conference that sales growth would translate into disproportionately more rapid growth in profits was borne out especially by the trend in this fiscal year’s interim net income to date: The cumulative net profit for the first three quarters more than doubled year-over-year from EUR 1.1 million to EUR 2.7 million. Earnings per share for the first nine months of the fiscal year increased from EUR 0.23 to EUR 0.56.

Debt reduction continues apace at Wolford. The decrease of EUR 4.5 million in bank loans and overdrafts during the reporting period led to a corresponding improvement in net debt. As a consequence, the debt-equity gearing fell from 33.0 percent to the long-term target of 30.0 percent. The company’s equity base meanwhile remains consistently solid. Thus, the equity ratio rose somewhat further in the reporting period, to 49.7 percent.

Sales

The trend in business with the partner-operated boutiques and at Wolford’s own boutiques is broadly positive. In this distribution channel, growth for the first three quarters of the fiscal year was 12.7 percent, bringing boutiques’ share of total sales to more than 40 percent as of the end of January 2006. In the Retail segment as a whole, which represents all direct sales (Wolford-owned boutiques, shop-in-shops and factory outlets), the company achieved a revenue expansion of 21.8 percent that was attributable to every channel in the segment.

Wolford attained continuing double-digit growth compared to the prior-year period (May to the end of January) in Spain (up 35 percent), the Eastern European countries (17 percent) and Scandinavia (11 percent). The positive trend in Germany, the largest market, persisted with growth of 4 percent. Similarly, sales increased in Austria (by 3 percent), Switzerland (6 percent), the Netherlands (6 percent) and Italy (5 percent). Decreases were seen in the United Kingdom, the United States and France. It should be emphasized, however, that in all three of these latter markets the Wolford boutiques posted sales growth, and that total sales both in the U.S. and U.K. already rose again in the third quarter.

Sales in the multibrand channel did not keep pace with the general upturn. Revenues from department stores were marginally lower than a year ago. Meanwhile, there was growth in the private-label business, which expanded by about one-quarter in the first nine months of 2005/06.

The recent announcement of the new designer collaborations with French luxury label Kenzo and young U.S. star designer Zac Posen has elicited extremely positive reactions from the fashion community and retailers. Both partnerships will debut with the fall/winter 2006/07 season. Following the creative joining of forces with Missoni – the collection for the current spring/summer 2006 season is already available in stores – Wolford has thus attracted additional designer talent of great international renown.

Outlook

The Executive Board expects the positive course of business to continue. The targets for the fiscal year to the end of April 2006 remain an increase in sales to at least EUR 120 million and an accompanying improvement in profitability at a rate exceeding the pace of sales growth.

The full consolidated balance sheet and income statement are available on the Internet at www.wolford.com.

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	3. Quarter acc. 31.01.2006 TEUR	3. Quarter acc. 31.01.2005 TEUR	Last B.Y. / Period 30.04.2005 TEUR
ASSETS			
<i>Non-current assets</i>			
Tangible assets	60.898	62.102	61.203
Goodwill	895	1.853	847
Intangible assets	4.472	2.771	4.226
Financial investments	8.835	10.693	10.721
Long-term receivables and assets	416	389	427
	75.516	77.808	77.424
<i>Deferred tax assets</i>			
	4.462	5.883	4.571
<i>Current assets</i>			
Inventory	20.093	20.971	22.762
Receivables and other assets	18.607	21.283	16.550
Prepaid expenses	3.095	3.598	1.127
Securities and shares	1.848	1.500	1.500
Cash and cash equivalents	3.933	4.606	2.379
	47.576	51.958	44.318
TOTAL ASSETS	127.554	135.649	126.313
EQUITY AND LIABILITIES			
<i>Shareholder's Equity</i>			
Share capital and capital reserves	38.167	38.167	38.167
Other reserves	32.616	32.758	32.656
Result of the year	2.405	5.378	-181
Treasury stock	-9.748	-9.748	-9.748
	63.440	66.555	60.894
<i>Long-term liabilities</i>			
Long-term financial liabilities	5.891	8.285	13.624
Accrued expenses	13.237	13.586	14.884
Other long-term liabilities	153	479	129
	19.281	22.350	28.637
<i>Short-term liabilities</i>			
Bank loans and overdraft	25.658	27.741	17.458
Short-term accruals	4.265	4.638	3.939
Accounts payable-trade	4.415	4.342	4.279
Payments received on account of orders	885	872	799
Deferred revenues	9.610	9.151	10.307
	44.833	46.744	36.782
TOTAL EQUITY AND LIABILITIES	127.554	135.649	126.313



	3. Quarter 31.01.2006 TEUR	3. Quarter 31.01.2005 TEUR	3. Quarter acc. 31.01.2006 TEUR	3. Quarter acc. 31.01.2005 TEUR
PROFIT AND LOSS ACCOUNT				
Sales revenues	35.626	34.507	92.883	90.479
Other operating income	719	609	2.643	2.794
Change in finished goods and work in progress	-1.389	-1.795	-2.767	-1.803
Own work capitalized	9	65	47	193
OPERATING OUTPUT	34.965	33.386	92.806	91.663
Cost of material and services	-6.544	-6.466	-17.711	-18.019
Personnel expenses	-15.498	-15.456	-44.031	-43.968
Amortisation and depreciation of intangible and tangible assets	-1.459	-1.488	-4.359	-4.572
Amortisation of goodwill	0	-53	0	-165
Other operating expenses	-8.484	-7.708	-22.503	-21.707
OPERATING RESULT	2.980	2.215	4.202	3.232
Finance income	-235	-250	-703	-803
Income from investments	238	245	302	393
Interest on employee benefit obligations	-268	-183	-630	-550
RESULT ON ORDINARY ACTIVITIES	2.715	2.027	3.171	2.272
Total taxes on income	-688	-1.263	-510	-1.186
CONSOLIDATED LOSS / NET INCOME	2.027	764	2.661	1.086
Earnings per share (basic) in EUR			0,56	0,23
Earnings per share (diluted) in EUR			0,53	0,22
Weighted average shares outstanding (basic) in Tpcs.			4.750	4.750
Weighted average shares outstanding (diluted) in Tpcs.			5.000	5.000



WOLFORD GROUP
2005/06

	3. Quarter acc. 31.01.2006 TEUR	3. Quarter acc. 31.01.2005 TEUR
CASH FLOW - STATEMENT		
<i>CASH FLOW FROM OPERATING ACTIVITIES</i>	3.662	5.739
<i>CASH FLOW FROM INVESTING ACTIVITIES</i>	-2.348	-2.369
<i>CASH FLOW FROM FINANCING ACTIVITIES</i>	214	-2.571
Change in cash and cash equivalents	1.528	799
Cash and cash equivalents at the beginning of the period	2.379	3.845
Foreign currency translation adjustment at the beginning of the period	26	-38
<i>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</i>	3.933	4.606



WOLFORD GROUP
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	3. Quarter acc. 31.01.2006 TEUR	3. Quarter acc. 31.01.2005 TEUR
SHAREHOLDER'S EQUITY		
Equity at the beginning of the business year	60.894	65.054
Net income / Net loss of the period	2.661	1.086
Dividends	0	0
Increase of share capital	0	0
Purchase of own shares	0	0
Translation component	-129	-659
Other changes	14	1.074
Equity at the end of the period	<u>63.440</u>	<u>66.555</u>