REPORT ON THE FIRST QUARTER OF 2014/15

(MAY – JULY 2014)

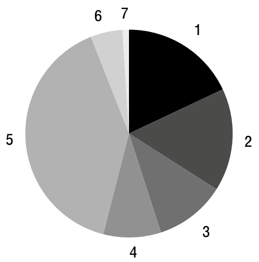
Wolford Group Key Data

Earnings Data		05 - 07/14	05 - 07/13	Chg. in %	2013/14
Revenues	in € mill.	31.91	32.28	-1	155.87
EBITDA adjusted	in € mill.	1.94	-3.19	>100	7.11
EBIT adjusted	in € mill.	-0.17	-5.18	+97	-0.97
EBIT	in € mill.	3.02	-5.18	>100	-4.72
Earnings before tax	in € mill.	2.79	-5.49	>100	-5.89
Earnings after tax	in € mill.	1.49	-4.35	>100	-2.81
Capital expenditure	in € mill.	2.07	1.40	+48	7.87
Free cash flow	in € mill.	-1.03	-12.82	+92	-0.97
Employees (on average)	FTE	1,555	1,564	-1	1,562

Balance Sheet Data		31.07.2014	31.07.2013	Chg. in %	30.04.2014
Equity	in € mill.	75.99	73.72	+3	74.38
Net debt	in € mill.	17.95	28.80	-38	17.04
Working capital	in € mill.	38.11	43.26	-12	33.72
Balance sheet total	in € mill.	142.54	147.96	-4	138.12
Equity ratio	in %	53	50	-	54
Gearing	in %	24	39	-	23

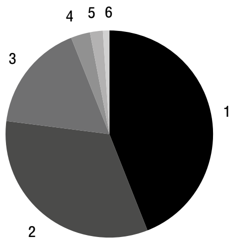
Stock Exchange Data		05 - 07/14	05 - 07/13	Chg. in %	2013/14
Earnings per share	in €	0.30	-0.89	>100	-0.57
Share price high	in €	24.05	22.77	+6	22.77
Share price low	in €	18.75	17.80	+5	16.81
Share price at end of period	in €	23.00	18.00	+28	19.10
Shares outstanding (weighted)	in 1,000	4,900	4,900	0	4,900
Market capitalization (ultimo)	in € mill.	112.70	90.00	+25	95.48

REVENUES BY MARKET



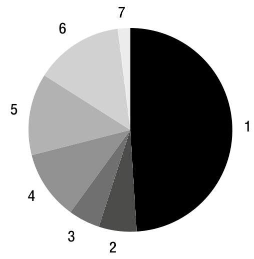
1 Germany 18%
2 North America 16%
3 Austria 11%
4 France 9%
5 Rest of Europe 40%
6 Asia / Oceania 5%
7 Rest of World 1%

REVENUES BY PRODUCT GROUP



1 Legwear 44%
2 Ready-to-wear 33%
3 Lingerie 17%
4 Accessories 3%
5 Swimwear 2%
6 Trading goods 1%

REVENUES BY DISTRIBUTION



1 Boutiques 49%
2 Concession Shop-in-shops 6%
3 Online Business 5%
4 Factory Outlets 11%
5 Department Stores 13%
6 Multi-brand Retailers 14%
7 Private Label 2%

Contents

From the Essential Collection: Individual 10 Tights

Management Board Review

Axel Dreher and Thomas Melzer, Management Board of Wolford AG

Dear Shareholders, Dear Ladies and Gentlemen,

Slight decline in Group revenues, retail business +1%, wholesale business -4%

The Wolford Group recorded a slight 1.1%, or € 0.37 million decline in revenues to € 31.91 million in the first quarter of the current financial year, whereby an adjustment for foreign exchange effects reduces this decline to 0.8%. The closing of locations as part of our strategic refocusing had a negative effect of € 0.76 million on revenues, and the spring-summer 2014 Trend collection was, as expected, not very well received by the market. Wolford's retail business again made a positive contribution to Group revenues with a year-on-year increase of 1%. In particular, our online business recorded sound development with revenue growth of 29%. Wholesale revenues were 4% lower, but the downward trend from the previous quarters was further reduced.

Significant improvement in earnings based on the sale of a lease option and non-core land as well as a reduction in personnel expenses

The development of earnings was sound, and we recorded positive net profit for the first time in the three-month period from May to July. Adjusted EBIT improved substantially from € -5.18 million to € -0.17 million, above all due to the sale of a lease option for a location in Switzerland. This transaction generated net proceeds of € 4.04 million, which will be invested in the expansion of our retail network. We also made further progress in the operating area and realized additional cost savings, above all through a reduction in personnel expenses. Despite an increase in marketing expenditures to strengthen the brand, adjusted EBIT improved by roughly € 1 million – even after an adjustment for the above-mentioned sale of a lease option. The sale of non-core land generated net proceeds of € 6.71 million and a book gain of € 3.37 million. This led to a significant improvement in earnings: EBIT improved from € -5.18 million to € +3.02 million and earnings after tax from € -4.35 million to € +1.49 million.

Strong improvement in operating cash flows despite increase in inventories to prepare for expected revenue growth

Cash flow from operating activities improved by € 5.83 million to € -5.42 million in the first quarter of the reporting year, whereby this development was supported by the sale of a lease option and our strict working capital management. Cash flow from investing activities equaled € +4.39 million and was influenced by the sale of non-core land in Bregenz as well as investments in new locations and the modernization of production machinery. The asset and capital structure of the Wolford Group was very solid as of the balance sheet date on July 31, 2014: equity totaled € 75.99 million, the equity ratio equaled 53%, and net debt was reduced substantially from € 28.80 million to € 17.95 million.

Regional developments differ, business influenced by closing of locations

The development of revenues in the Wolford regions differed during the first quarter of 2014/15 and was influenced by the closing of locations. We recorded lower revenues in the USA, Austria, Switzerland, Belgium and Central and Eastern Europe, and slight growth in Germany and the Netherlands. Great Britain and Scandinavia reported revenue declines, but the Wolford-owned retail business grew on a like-for-like basis. Revenues were stable in France, and growth was solid in Italy and Spain. In the growth market of Asia we saw a further double-digit increase in revenues, above all due to the opening of new locations and the expansion of the partner business.

Growth in Lingerie, Swimwear and Accessories; declines in Ready-to-wear and Legwear, above all in wholesale business

The trend to figure-shaping lingerie with a functional character remains strong and was reflected in higher first quarter revenues for our Lingerie segment. We also recorded revenue growth in the Accessories and Swimwear product groups. Revenues were slightly lower in the Legwear and Ready-to-wear product groups, primarily due to the wholesale business. Slight declines were also recorded in the Trading goods segment.

First positive effects of strategic refocusing visible on the market, key goal: improvement in earning power

Our goal for the strategic refocusing that was launched during the past year is to return to the profit zone and sustainably strengthen the earning power of the Wolford Group. The reporting period brought the first successful results in all key areas. We redefined our mission statement and anchored it throughout the company with workshops. In the area of product development, our activities are designed to refocus the Wolford brand on its core expertise of Legwear, Lingerie and figure-embracing products. The fall-winter 15/16 collection is the first to follow this new orientation – it will be launched in January 2015 and we are optimistic that it will be well received by our business partners and customers all over the world. We have already optimized our internal processes and structures to make even better use of the company's strong innovation potential. Innovative products like PURE 50 Tights and the Sheer Touch Lingerie series are now available with the current fall-winter 14/15 collection. At the same time, we are intensifying our marketing activities to create a stronger awareness of our innovations and the USPs of the brand: since July the "Unforgettable Touch of Wolford" can also be experienced at Wolford's points of sale in the new, emotional imagery created by star photographer Mario Testino. Many well-known personalities are fans of the Wolford brand. We want to actively communicate this in the future to inspire our regular customers and fascinate new target groups for our products.

Verticalization of distribution, new openings in top locations, integration of sales channels

We are committed to the verticalization of distribution and will continue to establish our own boutiques in key strategic cities and top locations, as is illustrated by our recent openings in Barcelona and New York. At the same time, we are strengthening the integration of individual sales channels to utilize the momentum and growth potential of the online business. We are also continuing our activities to strengthen the wholesale business and, in this connection, will further expand the share of retail space under Wolford's direct operation.

Top priority for 2014/15: positive operating earnings

One goal stands out for the 2014/15 financial year based on the measures we have initiated and implemented to date: Wolford's operating turnaround. We made good progress in generating positive EBIT during the past months, even though revenues were slightly below our expectations. The arrival of the fall-winter collection 14/15 and the first successful results of our improved marketing activities have turned the revenue curve upward. If this trend continues, we will also be looking at a successful financial year with revenue growth.

Axel Dreher, COO/CTO

Thomas Melzer, CFO

Management Report

EARNINGS DEVELOPMENT IN THE FIRST QUARTER (MAY TO JULY 2014)

1% decline in Group revenues, retail business with 1% revenue growth, wholesale business with 4% decline

Revenues recorded by the Wolford Group fell by a slight 1.1%, or € 0.37 million, to € 31.91 million in the first quarter of 2014/15. After an adjustment for foreign exchange effects, the reduction in revenues equaled 0.8%. The closing of Wolford-owned locations in the previous financial year had a negative effect of € 0.76 million on revenues. The spring-summer 2014 trend collection was also not very well received by the market, as expected. However, the full availability of the fall-winter 2014/15 collection was reflected in higher revenues during August. Wolford's retail business made a positive contribution to Group revenues in the first quarter with a year-on-year increase of 1%. Sound development was recorded, above all, in the online business with revenue growth of 29%. Wholesale revenues were 4% lower, but the downward trend from the previous quarters was further reduced.

Different developments in regional markets, business influenced by closing of locations and Ukraine crisis

The development of revenues in the first quarter differed by region, in part due to the strategic refocusing and the related closing of locations. Germany replaced the USA as the largest single market for the Wolford Group and recorded slight growth. Revenues in the USA, Switzerland and Austria were lower, among others due to the closing of locations. Great Britain and Scandinavia reported revenue declines, but the Wolford-owned retail business grew on a like-for-like basis. Revenues were stable in France, but lower in Belgium. In the Netherlands, good development in the retail business led to an increase in revenues. Solid revenue growth was recorded in the recovering South European countries of Italy and Spain. Revenues in Central and Eastern Europe declined slightly due to the Ukraine crisis, which also had a negative effect on our business in the European capitals due to the absence of Russian tourists. In Asia, Wolford generated double-digit revenue growth, above all based on the opening of new locations and the expansion of the partner business.

Improvement in adjusted EBIT based on lower personnel expenses and proceeds from the sale of a lease option

Earnings showed sound development in the first quarter, with positive net profit recorded for the first time in the three-month period from May to July. Adjusted EBIT improved from € -5.18 million to € -0.17 million, above all due to the sale of a lease option for a location in Switzerland. This transaction generated net proceeds of € 4.04 million. After an adjustment for this effect, adjusted EBIT rose by € 0.97 million. This improvement resulted primarily from further workforce-related cost savings, which reduced personnel expenses from € 18.68 million to € 17.80 million. In contrast, the expansion of marketing activities to strengthen the brand led to a year-on-year increase of € 0.34 million in the related expenses.

Non-recurring income from the sale of non-core land

Non-recurring expenses include the major costs for the strategic refocusing, e.g. expenses for closing company-owned locations as well as changes in concepts and strategy. In the first quarter, this position included € 0.19 million to update the Essential collection and to close locations. Non-recurring income includes book gains from the sale of non-core assets. The sale of non-core land in Bregenz resulted in a book gain of € 3.37 million. Including non-recurring items, Wolford generated positive EBIT of € 3.02 million in the first quarter (previous year: € -5.18 million).

Financial results improved from € -0.31 million to € -0.23 million due to the positive fair value measurement of securities. Earnings before tax totaled € +2.79 million, compared with € -5.49 million in the previous year. Income tax expense amounted to € 1.30 million (previous year: tax income of € 1.14 million) and reflected the taxable proceeds on the sale of a lease option in 2014/15 (previous year: recognition of a tax refund). Earnings after tax rose from € -4.35 million to € +1.49 million, and earnings per share increased from € -0.89 to € +0.30.

CASH FLOW (MAY TO JULY 2014)

Operating cash flow negative in Q1 for seasonal reasons; strong positive effects from improvement in working capital and sale of lease option

Cash flow from operating activities improved by € 5.83 million to € -5.42 million in the first quarter, whereby this development was supported by the sale of a lease option and a substantial reduction in working capital. Inventories were increased in preparation for expected revenue growth, while positive effects resulted from trade receivables and other liabilities. Cash flow from investing activities totaled € +4.39 million for the reporting period and was € 5.97 million higher than the previous year. This increase includes the sale of non-core land as well as higher cash outflows of € 0.90 million for investments. Investments were made in two new strategic locations in Barcelona and New York and in the modernization of production machinery and the expansion of the online business.

Sale proceeds allow for substantial reduction in use of working capital credit lines

The above-mentioned activities supported a sound improvement in free cash flow (cash flow from operating activities less cash flow from investing activities) from € -12.82 million to € -1.03 million in the first quarter of 2014/15. Cash flow from financing activities fell from € 14.08 million to € 2.69 million for the reporting period. The use of working capital credits declined in year-on-year comparison as a result of the proceeds generated by the sale of assets. Cash and cash equivalents totaled € 6.38 million as of July 31, 2014, compared with € 6.25 million in the previous year.

ASSET AND FINANCIAL POSITION (AS OF JULY 31, 2014)

Solid balance sheet structure, equity ratio equals 53%

The asset and capital structure of the Wolford Group remained very solid as of the balance sheet date on July 31, 2014. The balance sheet structure improved significantly over the first quarter of the previous year due to the sale of non-core land and positive earnings. The balance sheet total increased from € 138.12 million as of April 30, 2014 to € 142.54 million for seasonal reasons. The Wolford Group's equity amounted to € 75.99 million as of July 31, 2014, which represents an increase of € 1.61 million over the last annual financial statements. Net debt declined from € 28.80 million as of July 31, 2013 to € 17.95 million as of July 31, 2014 due the proceeds generated by the sale of assets. The equity ratio rose to 53% (July 31, 2013: 50%) and gearing equaled 24% (July 31, 2013: 39%).

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

Interim Financial Statements (IFRS)

STATEMENT OF COMPREHENSIVE INCOME

in TEUR	05 - 07/14	05 - 07/13[1]
Revenues	31,910	32,281
Other operating income	4,514	244
Changes in inventories of finished goods and work-in-process	3,488	2,274
Own work capitalized	13	4
Operating output	39,925	34,803
Cost of materials and purchased services	-8,242	-7,728
Personnel expenses	-17,802	-18,682
Other operating expenses	-11,944	-11,579
Depreciation and amortization	-2,105	-1,997
EBIT adjusted	-168	-5,183
Non-recurring expenses	-186	0
Non-recurring income	3,370	0
EBIT	3,016	-5,183
Net interest cost	-161	-144
Net investment securities income	45	-31
Interest cost of employee benefit liabilities	-115	-130
Financial result	-231	-305
Earnings before tax	2,785	-5,488
Income tax	-1,295	1,137
Earnings after tax	1,490	-4,351
Amounts that will not be recognized through profit and loss in future periods	0	0
thereof actuarial gains and losses	0	0
Amounts that will potentially be recognized through profit and loss in future periods	116	-82
thereof currency translation differences	162	-125
thereof change from cash flow hedges	-46	43
Other comprehensive income[2]	116	-82
Total comprehensive income	1,606	-4,433
Attributable to the equity holders of the parent company	1,606	-4,433
Earnings after tax attributable to equity holders of the parent company	1,490	-4,351
Earnings per share (diluted = basic)	0.30	-0.89

1) Adjustment to reflect the offsetting of other operating income from the invoicing of costs with the related expense items.

2) The items presented under other comprehensive income are shown after tax.

CASH FLOW STATEMENT

in TEUR	05 - 07/14	05 - 07/13
Earnings before tax	**2,785**	**-5,488**
Depreciation	2,105	1,997
Amortization	0	0
Interest result	116	144
Gains / losses from disposal of property, plant and equipment	-3,494	89
Changes in non-current provisions	60	161
Changes in inventories	-3,653	-1,971
Changes in trade receivables	-690	-2,122
Changes in other assets	-1,730	-1,353
Changes in trade payables	-320	-696
Changes in current provisions	-550	-1,148
Changes in other liabilities	563	-898
Changes in the cash flow hedge reserve	61	-45
Currency translation differences	-136	679
Net interest paid	-150	-191
Income taxes paid / received	-384	-403
Cash flow from operating activities	**-5,417**	**-11,245**
Investments in property, plant and equipment and other intangible assets	-2,480	-1,579
Proceeds from the sale of property, plant and equipment and other intangible assets	6,870	2
Proceeds from the disposal of securities	0	0
Cash flow from investing activities	**4,390**	**-1,577**
Payment received from current and non-current financing liabilities	2,967	14,420
Repayment of current and non-current financing liabilities	-274	-343
Dividends paid	0	0
Cash flow from financing activities	**2,693**	**14,077**
Change in cash and cash equivalents	**1,666**	**1,255**
Cash and cash equivalents at the beginning of the period	4,653	4,990
Effects of exchange rate fluctuations on cash and cash equivalents	65	6
Cash and cash equivalents at the end of the period	**6,384**	**6,251**

BALANCE SHEET

in TEUR	31.07.2014	31.07.2013 [1)]	30.04.2014
Property, plant and equipment	53,259	59,096	53,005
Goodwill	1,182	1,191	1,168
Other Intangible assets	10,026	9,404	10,205
Financial assets	1,519	1,502	1,473
Non-current receivables and assets	1,373	1,244	1,451
Deferred tax assets	7,532	5,995	7,922
Non-current assets	**74,891**	**78,432**	**75,224**
Inventories	43,721	44,663	40,068
Trade receivables	9,480	10,955	8,790
Other receivables and assets	2,908	3,221	3,015
Prepaid expenses	4,863	4,441	2,710
Cash and cash equivalents	6,384	6,251	4,653
Non-current assets held for sale	289	0	3,659
Current assets	**67,645**	**69,531**	**62,895**
Total assets	**142,536**	**147,963**	**138,119**
Share capital	36,350	36,350	36,350
Capital reserves	1,817	1,817	1,817
Other reserves	40,640	38,257	39,196
Currency translation differences	-2,819	-2,708	-2,981
Equity	**75,988**	**73,716**	**74,382**
Financial liabilities	5,676	11,947	6,392
Other liabilities	1,085	1,206	1,096
Provision for long-term employee benefits	15,758	15,383	15,697
Deferred tax liabilities	105	135	112
Non-current liabilities	**22,624**	**28,671**	**23,297**
Financial liabilities	20,177	24,606	16,767
Trade payables	4,679	3,742	5,410
Other liabilities	13,321	11,836	12,744
Income tax liabilities	978	1,110	200
Other provisions	4,769	4,282	5,319
Current liabilities	**43,924**	**45,576**	**40,440**

1) Adjustment to reflect the reclassification of funds that are not available for discretionary use to other receivables and assets.

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company							
in TEUR	Share capital	Capital reserves	Hedging reserve	Actuarial gain/loss	Other reserves	Currency translation	Treasury stock	Total equity
01.05.2013	36,350	1,817	-5	-985	48,218	-4,663	-2,583	78,149
Dividends 2012/13	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	43	0	-4,351	0	-125	-4,433
31.07.2013	36,350	1,817	38	-985	43,867	-4,663	-2,708	73,716
01.05.2014	36,350	1,817	-3	-1,542	45,404	-4,663	-2,981	74,382
Dividends 2013/14	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	-46	0	1,490	0	162	1,606
31.07.2014	36,350	1,817	-49	-1,542	46,894	-4,663	-2,819	75,988

SEGMENT REPORTING

05 - 07/14 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	20,180	19,787	5,191	1,138	-14,386	31,910
thereof intersegment	13,028	1,358	0	0	-14,386	0
External revenues	7,152	18,429	5,191	1,138	0	31,910
EBIT adjusted	-713	1,522	-1,910	-255	1,188	-168
Non-recurring expenses	-172	-14	0	0	0	-186
Non-recurring income	3,370	0	0	0	0	3,370
EBIT	2,485	1,508	-1,910	-255	1,188	3,016
Segment assets	158,726	45,614	12,410	4,028	-78,242	142,536
Segment liabilities	57,018	33,813	8,636	2,145	-35,064	66,548
Investments	1,507	351	155	60	-4	2,069
Depreciation and amortization	1,264	655	109	84	-7	2,105
Employees on average (FTE)	713	686	119	37	0	1,555

05 - 07/13 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	21,004	19,674	5,957	902	-15,256	32,281
thereof intersegment	14,116	1,140	0	0	-15,256	0
External revenues	6,888	18,534	5,957	902	0	32,281
EBIT	-2,007	-2,604	-862	-208	498	-5,183
Segment assets	162,143	41,983	14,075	3,934	-74,172	147,963
Segment liabilities	61,374	33,063	8,635	1,699	-30,524	74,247
Investments	521	636	-15	274	-17	1,399
Depreciation and amortization	1,231	616	128	48	-26	1,997
Employees on average (FTE)	770	636	125	33	0	1,564

NOTES TO THE INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

The consolidated interim financial statements of the Wolford Group for the first three months of the 2014/15 financial year (May 1 to July 31, 2014) were prepared in accordance with International Financial Reporting Standards (IFRS) on the basis of IAS 34 (Interim Financial Reporting). The accounting and valuation policies applied in preparing the consolidated interim financial statements reflect the policies applied to the consolidated financial statements for the 2013/14 financial year. The following new or revised standards and interpretations require mandatory application in the 2014/15 financial year.

Standard/ Interpretation	Description	Effective date
IFRS 10	Consolidated financial statements	January 1, 2014
IFRS 11	Joint arrangements	January 1, 2014
IFRS 12	Disclosure of interests in other entities	January 1, 2014
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition requirements	January 1, 2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities	January 1, 2014
Amendments to IAS 27	Separate financial statements	January 1, 2014
Amendments to IAS 28	Investments in associates and joint ventures	January 1, 2014
Amendments to IAS 32	Offsetting financial assets and financial liabilities	January 1, 2014
Amendments to IAS 36	Recoverable amount disclosures	January 1, 2014
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting	January 1, 2014

The application of the new standards and interpretations had no effect on the consolidated interim financial statements of the Wolford Group. These consolidated interim financial statements do not include all information and disclosures required for consolidated annual financial statements. Therefore, the consolidated interim financial statements should also be read in connection with the latest consolidated financial statements as of April 30, 2014. The amounts included in this quarterly report are presented in thousand euros (TEUR). The use of automated data processing equipment may lead to rounding differences. The prior year data were adjusted to reflect the offsetting of other operating income from the invoicing of costs with the related expense items to more clearly represent the respective expense items in relation to revenues. This led to the following changes in the amounts previously reported for the first quarter of 2013/14: a reduction of TEUR 382 in other operating income, a reduction of TEUR 15 in the cost of materials, a reduction of TEUR 262 in personnel expenses and a reduction of TEUR 105 in other operating expenses. Furthermore, bank balances that are not available for discretionary use were reclassified from liquid funds to other receivables and assets to reconcile cash and cash equivalents as reported on the cash flow statements directly with the balance sheet. The prior year amount reported for the new balance sheet position “cash and cash equivalents“ is TEUR 195 lower than the former position “liquid funds”. Other receivables and assets increased by the same amount.

In order to more transparently present the development of the Wolford Group‘s operating business, all non-recurring effects are excluded from the calculation of adjusted EBITDA and adjusted EBIT and are reported separately as non-recurring items on the statement of comprehensive income according to IAS 1.98. These non-recurring items include expenses for updating the Essential collection and closing company-owned locations as well as income from the sale of non-core land that will be used to finance the strategic refocusing.

SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation since the balance sheet date on April 30, 2014.

SEASONALITY OF BUSINESS

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

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Revenues recorded by the Wolford Group declined by 1% or TEUR 371 to TEUR 31,910 during the first three months of 2014/15 (previous year: TEUR 32,281). Operating output rose by TEUR 5,122 to TEUR 39,925 TEUR (previous year: TEUR 34,803) due to other operating income generated by the sale of a lease option for a location in Switzerland and an increase in the change in inventories from TEUR 2,274 to TEUR 3,488 based on higher production volumes in preparation for revenue growth.

The development of operating profit was influenced by an increase of TEUR 514 in the cost of materials, a reduction of TEUR 880 in personnel expenses and higher advertising costs of TEUR 338 to strengthen the brand. These factors led to a substantial improvement in adjusted EBIT to TEUR -168 in the first quarter of 2014/15 (previous year: TEUR -5,183). The non-recurring expenses represent expenses for updating the Essential collection and closing locations, while non-recurring income represents the book gain on the sale of non-core land.

Financial result improved slightly by TEUR 74 to TEUR -231 in the first quarter of 2014/15 due to an increase of TEUR 45 in the fair value measurement of securities (previous year: TEUR -31).

Tax expense amounted to TEUR 1,295. The year-on-year increase of TEUR 2,432 reflects a tax refund in the prior year that led to tax income of TEUR 1,137 as well as the taxable sale of a lease option in 2014/15. Earnings after tax were positive at TEUR 1,490 (previous year: TEUR -4.351).

Other comprehensive income totaled TEUR +116 (previous year: TEUR -82) and comprised positive currency translation differences of TEUR 162 (previous year: TEUR -125), which were recorded without recognition through profit or loss, as well as a negative change of TEUR 46 in the hedging reserve (previous year: TEUR +43). Total comprehensive income led to an increase of TEUR 1,606 in equity for the first quarter of the reporting year (previous year: TEUR -4,433).

NOTES ON SEGMENT REPORTING

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

External revenues in the North America segment fell by 13% year-on-year, among others due to the closing of locations. External revenues were 4% higher in the Austria segment, while Other Europe nearly matched the prior year level. In Asia, the opening of several new locations in China supported a 26% increase in external revenues. The Austria segment recorded a sound 65% improvement in adjusted EBIT based on workforce-related cost savings and an increase in inventories. Adjusted EBIT in Other Europe rose by 158% based on the sale of a lease option in Switzerland. Asia recorded a 23% decline in adjusted EBIT due to higher rental expenses, but North America reported a temporary increase of 122% in adjusted EBIT due to a valuation effect in inventories. Improved procurement conditions for Wolford's US subsidiary led to write-downs to the lower purchasing costs in the first quarter, which will be neutralized by higher profit margins in the following quarters. In the consolidated financial statements, the contra item is found in higher adjusted EBIT from Group eliminations in the transition column (+139%).

Segment assets fell by TEUR 5,427 year-on-year to TEUR 142,536. This decline reflected the book value disposal from the sale of non-core land as well as a reduction in inventories and trade receivables.

NOTES TO THE CASH FLOW STATEMENT

Cash flow from operating activities was clearly negative, as expected, in the first quarter. This development is attributable to the fact that the production for the fall/winter collection takes place during the first three months of the financial year, while deliveries are generally carried out in the following quarter and, in addition, the lowest revenues are recorded in the first quarter for seasonal reasons. The decline was contrasted by positive effects from the sale of a lease option in Switzerland as well as lower trade receivables and higher other liabilities. Cash flow from operating activities improved by TEUR 5,828 to TEUR -5,417 for the first three months of 2014/15. Cash flow from investing activities rose by TEUR 5,967 to TEUR +4,390 and included net proceeds of TEUR 6,713 from the sale of non-core land as well as an increase of TEUR 901 in cash outflows for investments. Investments were made in two new strategic locations in Barcelona and New York and in the modernization of production machinery and the online business. The above developments led to a sound improvement in free cash flow (cash flow from operating activities minus cash flow from investing activities) from TEUR -12,822 to TEUR -1,027 in the reporting period.

Cash flow from financing activities declined from TEUR 14,077 to TEUR 2,693. Cash and cash equivalents totaled TEUR 6,384 as of July 31, 2014, compared with TEUR 6,251 on July 31, 2013.

NOTES TO THE BALANCE SHEET

The balance sheet total amounted to TEUR 142,536 as of July 31, 2014, which represents a 4% decline below the level on July 31, 2013. Non-current assets fell 5% to TEUR 74,891 and remained constant at 53% of total assets. Investments of TEUR 2,069 in intangible assets and property, plant and equipment were contrasted by scheduled amortization and depreciation of TEUR 2,105. Current assets equaled 47% of total assets as of July 31, 2014. Inventories declined by 2% to TEUR 43,721, or 31% of total assets, and trade receivables by approx. 14% to TEUR 9,480, or 7% of total assets. The non-current assets classified as held for sale represent rental apartments that are designated for sale.

Equity totaled TEUR 75,988 as of July 31, 2014, which represents an equity ratio of 53% (previous year: 50%). Non-current liabilities declined by TEUR 6,047 from TEUR 28,671 to TEUR 22,624, primarily due to the reduction of non-current financial liabilities, and equaled 16% of the balance sheet total. Current liabilities fell to TEUR 43,924 (previous year: TEUR 45,576), chiefly due to a TEUR 4,429 decrease in current financial liabilities to TEUR 20,177 that was partly offset by an increase in other tax-related liabilities. Working capital declined from TEUR 43,261 in the first quarter of the previous year to TEUR 38,109, above all due to a decrease in inventories and trade receivables with a parallel increase in other liabilities. Net debt totaled TEUR 17,953 as of July 31, 2014, for a reduction of TEUR 10,850 below the level on July 31, 2013.

FINANCIAL INSTRUMENTS

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

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

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

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

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

in TEUR		31.07.2014		31.07.2013	
	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets	1	1,519	1,519	1,502	1,502
Trade receivables		9,480	9,480	10,955	10,955
Other receivables and assets		2,848	2,848	3,125	3,125
thereof derivatives	2	2	2	52	52
Prepaid expenses		4,863	4,863	4,441	4,441
Securities and financial investments	1	60	60	96	96
Cash and cash equivalents		6,384	6,384	6,446	6,446
Total financial assets		**25,154**	**25,154**	**26,565**	**26,565**
Financial liabilities, non-current		5,676	5,676	11,947	11,947
Financial liabilities, current		20,177	20,177	24,606	24,606
Trade payables		4,679	4,679	3,742	3,742
Other liabilities		13,321	13,321	11,836	11,836
thereof derivatives	2	66	66	0	0
Total financial liabilities		**43,853**	**43,853**	**52,131**	**52,131**

OTHER INFORMATION

There were no material changes in contingent liabilities since the last balance sheet date. Legal proceedings are pending in connection with the sale of a lease option in Switzerland, whereby the probability of a positive outcome for Wolford is estimated as good.

RELATED PARTY TRANSACTIONS

The company maintains business relationships with individual members of the Supervisory Board, which are immaterial in scope and are billed at ordinary market rates.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

WAIVER OF REVIEW

This report on the first quarter of 2014/15 was neither audited nor reviewed by a certified public accountant.

Bregenz, September 12, 2014

Axel Dreher
Speaker of the Management Board

Responsible for the Wholesale and E-Commerce Distribution Channels, Marketing, Market Services, Product Development, Production and Technology, Procurement, Distribution Logistics and Quality Management

Thomas Melzer
Member of the Management Board

Responsible for the Monobrand (Retail) Distribution Channel, Finance, Internal Audit, Investor Relations, Legal Affairs, Human Resources and IT

FINANCIAL CALENDAR

Datum	Event
September 18, 2014	27th Annual General Meeting in Bregenz, 1:00 pm
December 12, 2014	Half-Year Report 2014/15
March 13, 2015	Q3 Report 2014/15
July 17, 2015	Press conference on 2014/15 annual results
September 14, 2015	Q1 Report 2015/16
September 17, 2015	28th Annual General Meeting
September 22, 2015	Deduction of dividends (ex-day)
September 24, 2015	First day of dividend payment
December 14, 2015	Half-Year Report 2015/16
March 18, 2016	Q3 Report 2015/16

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This report on the first quarter of 2014/15 is available in the Internet under company.wolford.com / Investor Relations.

Disclaimer

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

Monobrand Points of Sale

WORLDWIDE
Monobrand points of sale
July 31, 2014: 267

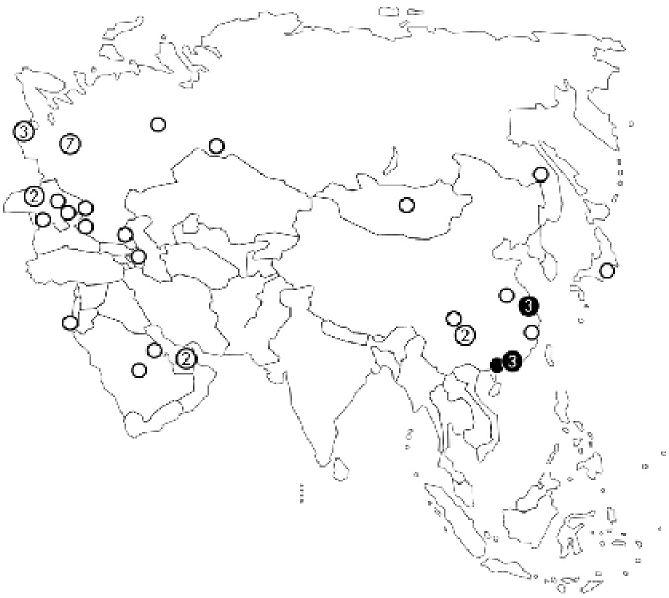
- ● Thereof Wolford-owned points of sale:
  116 boutiques
  32 concession shop-in-shops
  26 factory outlets

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

NORTH AMERICA: 30

- ● Thereof Wolford-owned points of sale:
  25 boutiques
  3 factory outlets

- ○ Thereof partner-operated points of sale:
  2 boutiques



ASIA: 41 [1)]

- ● Thereof Wolford-owned points of sale:
  6 boutiques
  1 concession shop-in-shops

- ○ Thereof partner-operated points of sale:
  34 boutiques

1) Including Russia, Ukraine

EUROPE: 188 [2)]

● Thereof Wolford-owned points of sale:
85 boutiques
31 concession shop-in-shops
23 factory outlets

○ Thereof partner-operated points of sale:
49 boutiques

2) Excluding Russia, Ukraine