Wolford

Annual Report 2010/11

Key figures for the Wolford Group

in TEUR	2010/11	2009/10	Change (absolute / in % points)	Change in %
Sales	**152,151**	144,040	8,111	5.6%
EBITDA	**15,740**	12,490	3,250	26.0%
EBITDA margin	**10.3%**	8.7%	1.6	
EBIT	**7,327**	4,502	2,825	62.7%
Result from continuing operations (Result before taxes)	**5,811**	3,403	2,408	70.8%
Net result for the year	**5,050**	2,561	2,489	97.2%
Total assets	**144,458**	145,535	(1,077)	-0.7%
Liabilities to banks and other financial liabilities	**18,622**	28,094	(9,472)	-33.7%
Net debt	**12,693**	19,668	(6,975)	-35.5%
Debt/equity ratio (gearing)	**15.1%**	24.8%	(9.7)	
Shareholders' equity	**83,853**	79,379	4,474	5.6%
Equity-to-assets ratio	**58.0%**	54.5%	3.5	
Cash generated from operations	**15,702**	23,497	(7,795)	-33.2%
Net cash from operating activities	**14,184**	22,141	(7,957)	-35.9%
Capital investments excluding financial assets	**6,397**	8,009	(1,612)	-20.1%
Depreciation, amortization, impairment and reversal of impairment	**8,413**	7,988	425	5.3%
Average number of employees (in full-time equivalents)	**1,560**	1,484	76	5.1%
Number of employees at year-end (in full-time equivalents incl. apprentices)	**1,649**	1,472	177	12.0%

Share data

in EUR	2010/11	2009/10	Change (absolute)	Change in %
Earnings per share	**1.03**	0.52	0.51	98.1%
Cash generated from operations per share	**3.20**	4.80	(1.60)	-33.3%
Share price at end of fiscal year	**27.00**	16.56	10.44	63.0%
Share price high for fiscal year	**28.50**	16.80	11.70	69.6%
Share price low for fiscal year	**13.78**	7.80	5.98	76.7%
Market capitalization at end of fiscal year	**135,000,000**	82,800,000	52,200,000	63.0%
Trading volume (average daily number of shares)	**12,844**	20,412	(7,568)	-37.1%

Financial calendar

Friday	**July 22, 2011**	Press conference on 2010/11 annual results, 9.30 a.m., Vienna
Thursday	**September 15, 2011**	Annual Shareholders' Meeting, 2.00 p.m., Bregenz
Friday	**September 16, 2011**	Results Q1 2011/12
Thursday	**September 22, 2011**	Ex-dividend date
Thursday	**September 29, 2011**	Dividend payment date
Friday	**December 16, 2011**	Results H1 2011/12
Friday	**March 16, 2012**	Results Q3 2011/12

Updates are available at www.wolford.com

Contents

Structure of the Wolford Group	3
Monobrand points of sale	4
• Interview with the CEO	7
• Boards	13
• World of Wolford	17
The brand	18
Product groups	20
Shape & Control	22
Distribution channels	24
• Wolford's Fiscal Year 2010/11	27
Business performance of the Wolford Group	28
• Wolford Share	37
• Corporate Social Responsibility	41
• Management Report of the Wolford Group	45
Wolford's business trends, results and financial position	46
Risk management	53
Subsequent events	56
Research and development	56
Non-financial performance indicators	57
Disclosures pursuant to Austrian Takeover Amendment Act	58
Expected business development of the company	59
• Statement of all Legal Representatives	60
• Consolidated Financial Statements 2010/11	63
Consolidated income statement	66
Consolidated statement of comprehensive income	67
Consolidated balance sheet	68
Consolidated cash flow statement	70
Consolidated statement of changes in equity	71
• Notes	72
• Consolidated statement of changes in non-current assets	122
• Auditor's report	126
• Report of the Supervisory Board	128
• Corporate Governance	131
• Glossary	137
• About this Report	142

Annual Report 2010/11

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.
      Irland, 2007
  - Wolford Italia S.r.L.
    Milan I, 1992
  - Wolford España, S.L.
    Madrid E, 1993
    - Wolford España S.L. in the founding phase
      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 proizvodnja in trgovina d.o.o.
  Murska Sobota SI, 2008

Key:

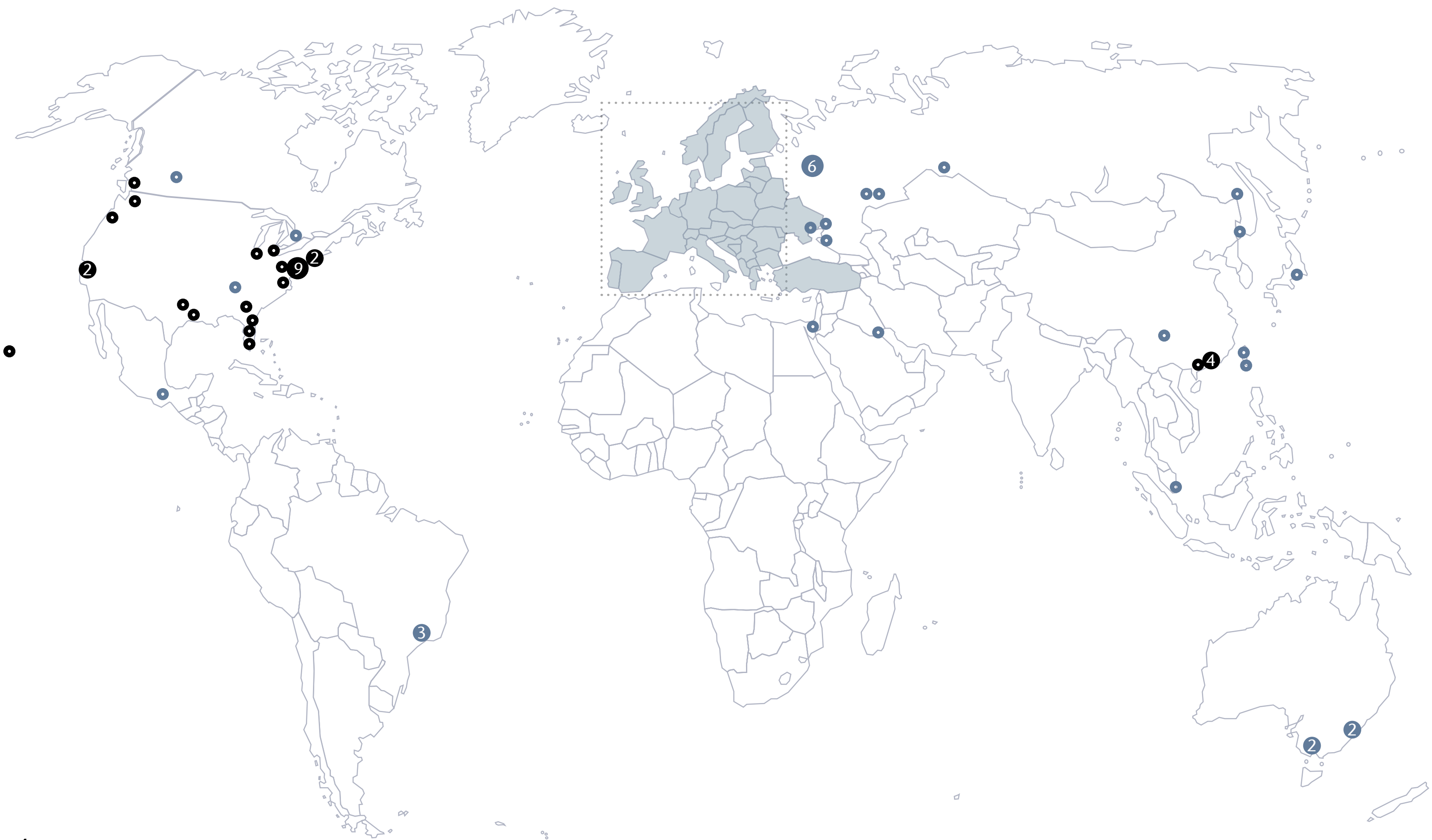
- ■ Wholly-owned subsidiary
- ■ Branch office

Monobrand points of sale

April 30, 2011: 264

- thereof **own points of sale**: 106 boutiques, 30 concession shop-in-shops, 25 factory outlets
- thereof **partner-operated points of sale**: 103 boutiques and about 3,000 other distribution partners

Worldwide



Europe

Interview with the CEO

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

In the past fiscal year, the Wolford Group achieved very positive results. Sales and earnings could be increased, the equity ratio and gearing improved, new outlets were opened and last but not least, successful fashion collections were presented on the marketplace. To what extent is this positive development due to the generally favorable situation on the market for luxury goods, and what were Wolford's own success factors?

The positive development shown by the Wolford Group in the past fiscal year can naturally be partly attributed to the improved global business environment. However, Wolford's business results in 2010/11 mainly show that we created the necessary pre-requisites to sustainably position the Wolford brand as an international luxury label and to maintain the company on a steady growth path. The significant growth we managed to achieve in almost all key geographic markets and distribution channels is mainly due to the last two fashion collections which were very positively received by customers. The sales increase is also equally the consequence of our expansion drive in the retail segment. Even on a like-for-like basis, our toughest indicator, sales generated with our own outlets rose by 6.0 percent from the prior-year level. On the earnings side, we are being rewarded today for the fact that we increasingly focused on implementing functioning cost controlling mechanisms at an early stage.

I would like to return to the issue of the brand for a moment. What makes the Wolford brand stand out after 60 years on the market?

First of all, for many decades Wolford consumers have been able to rely on getting the highest possible quality in all product categories. The handwork-intensive production and highly-qualified employees with a meticulous attention to detail guarantee adherence to our high quality standards, which we also maintained even in challenging times, and which we will also not lose sight of in the future. In addition to our unconditional quality orientation, we also worked hard in recent years to sharpen our positioning as a luxury brand in the clothing segment. The focus on Wolford-controlled distribution, the resolute implementation of the Wolford store concept and direct communications with end consumers on the basis of an appealing visual imagery comprise the decisive elements of our marketing mix, and serve to suitably present our brand at the point of sale.

Wolford has continually increased its total sales in every quarterly period since the third quarter of 2009/10? What are the reasons for this growth?

It is a fact that the Wolford Group has raised its sales compared to the previous year's period for six consecutive quarters in almost all key distribution, channels and markets. In addition to other influencing factors, this improvement is mainly attributable to Wolford's increasingly eye-catching and extravagant fashion items in its collections. The sales growth of 5.6 percent also reflects our concentration on continually expanding monobrand distribution, as well as focusing on the retail segment, i.e. our own boutiques, shop-in-shops and factory outlets.

Earnings indicators improved even more than sales during the reporting period. What can this be attributed to?

At the beginning of the crisis we invested in cost-optimizing planning, development and steering instruments, in a timely and extremely targeted manner. Now, these investments have shown a sustainable effect and have considerably enhanced efficiency. The very significant earnings improvement in some cases not only reflects the rise in sales but is above all the result of consistently implementing cost reduction and efficiency-enhancing measures. In the context of the improved earnings indicators, other company-relevant factors have also improved significantly. On the basis of the good liquidity situation we were able to once again markedly reduce net debt in the past fiscal year. The equity ratio amounted to 58.0 percent on the reporting date, while consequently gearing in the 2010/11 fiscal year also improved to 15.1 percent. On balance, we have an outstanding financial structure.

You previously mentioned the importance of monobrand distribution and its increasing share of total sales. Do you plan to further expand this distribution channel?

The focus on monobrand distribution is of central importance within the context of our corporate strategy. For this reason, we will continue to systematically further expand distribution channels controlled by us. In the medium-term, the share of monobrand distribution (own boutiques, concession shop-in-shops, factory outlets as well as partner-operated boutiques), which has risen to over 60 percent at the present time, should be increased to about 70 percent. As part of our efforts to expand monobrand distribution, we will particularly focus on our own boutiques and the concession shop-in-shops in department stores. Thus, in the medium-term we want to generate about 60 percent of total sales with our own outlets.

From a regional perspective, the Wolford Group succeeded in significantly increasing sales in almost every region. This applies particularly to the Asia/Oceania region. Will Wolford be more strongly represented in this growth region in the future?

In the past fiscal year, we achieved in part substantial sales growth in almost all markets. This especially applies to the Asia/Oceania region, where sales were up by about 37 percent. The results were particularly gratifying in Hong Kong and Macao, where sales could even be increased by more than 40 percent. Encouraged by this development, we want to specifically target the Chinese market in strengthening our Asian activities, in order to considerably expand Wolford's presence in the big megacities. As in most other markets, we will clearly rely on Wolford-controlled distribution, based on a combination of our own and partner-operated outlets.

Are you also going to open new boutiques in Europe and America in the 2011/12 fiscal year? Do you also plan to expand in the company's core markets?

Even if we already have a very good market position in our core markets today, we will continue pushing ahead with targeted growth in the core markets of Europe and North America in addition to expanding our activities in Asia. In most countries we see extensive growth potential which we want to exploit on Wolford's behalf. As previously mentioned, the focus is on the strategic expansion of our controlled distribution. This means, we also plan to further concentrate on monobrand operations in these markets in the future and thus promote our positioning in the luxury segment.

Acquisitions could easily be imaginable considering Wolford's high equity ratio, low net debt and a positive cash flow. Are there any plans to move in this direction?

From today's perspective, the Wolford Group is very well positioned for future developments. There won't be any problem for us to implement our plans to achieve organic growth by virtue of our own efforts. Even if we do not have any specific plans for external growth at the present time, we keep ourselves informed and are principally open to looking at different options in this regard. However, this will only take place if the acquisition comprises a meaningful addition to our core competencies.

How will Wolford present itself in the future in order to remain interesting to customers and investors?

The very positive development which was temporarily interrupted by the economic and financial crisis shows that we are pursuing the right strategy. Therefore, we will focus on continuity and remain faithful to the principles underlying our business operations in the future as well. In other words, we will maintain our quality standards and innovativeness at a high level and continually improve our distribution quality. By simultaneously concentrating our activities on the Ready-to-wear product group, we should be able to position ourselves in the luxury segment of the international fashion world even more strongly than in the past. Of course, in order to remain sustainably interesting for investors, we will continue to attach great importance in the future to cost reduction and efficiency enhancement measures in addition to driving sales growth. Our declared aim has not only been to raise sales but also to achieve disproportionately high growth in earnings, an objective we will continue pursuing.

After reviewing the company's medium-term prospects, can you now provide us with your outlook for the 2011/12 fiscal year?

We have emerged strengthened from the latest crisis, and are equipped for further growth. The management and the employees, whom I would like to sincerely thank at this time for their commitment and hard work, will do everything they can to ensure the continuation of Wolford's success story. More specifically, we expect further sales growth as well as a disproportionately high increase in earnings in the fiscal year 2011/12.

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, 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
Member since September 14, 2010

Hansjörg Geiger
Member until September 14, 2010

Representatives of the Staff Council:

Anton Mathis

Peter Glanzer

From left to right:
Peter Simma
Holger Dahmen

World of Wolford

The brand

The Wolford brand stands for the highest quality and innovative knitting technology. At the same time, it embodies timeless elegance and luxury. In its more than 60-year history, the company has evolved from a producer of legwear and bodywear to an internationally recognized premium brand with an extensive product portfolio. With its five product groups Legwear, Ready-to-wear, Lingerie, Swimwear and Accessories, Wolford offers essentials and fashionable items for a woman's wardrobe from head to toe. The luxury label features an uncompromising focus on quality in all aspects of the company's operations.

Creativity, the most advanced technologies, state-of-the-art knitting technology, handwork and a high level of dex-

terity comprise the principles underlying Wolford's production process. They are the basis for the art of knitting in the world of tomorrow. As in the past, Wolford's fashion creations are realized in perfectly harmonized manufacturing steps. Moreover, each of these individual steps is manually checked. Highly qualified employees and a high density of quality controls thus guarantee a perfect fit and the best possible wearing comfort.

The female figure, which is accentuated and highlighted by refined cuts and exclusive materials, is the focus of all the company's creations. By gently incorporating current trends into its fashion collections, Wolford has succeeded in consistently rejuvenating its brand image while remaining loyal to its distinctive styles. The uniqueness and distinctiveness of the Wolford styles are the convincing selling points year after year for customers in 65 countries across the globe. Reponsibility lies with the creative team, who have left their distinctive imprint on all product groups.

Another important cornerstone of Wolford's marketing strategy is the brand identity at the point of sale based on the optimization of monobrand distribution. These are the distribution channels which pay undivided attention to the brand presence or enable Wolford to actively influence it. In this connection, the Wolford store concept will be further rolled out, in order to ensure a unified and modern look. This will serve to promote the global recognition of the brand and further strengthen Wolford's brand image.
In addition to innovative products and creations, Wolford has caused a stir internationally again and again in its visual presentation by using a sophisticated visual imagery. The main messages are conveyed by the products themselves. Their features are expressed by staging and stylizing the female figure. Top international photographers such as Helmut Newton, Howard Schatz, Jean Baptiste Mondino, Bruno Bisang, Thiemo Sander, Günther Kathrein, Francis Giacobetti, Markus Klinko & Indrani and Rankin have effectively put Wolford's fashions in the limelight.

Product groups

Legwear

For more than 60 years, Wolford has won over its demanding customers thanks to its aesthetic and innovative legwear. The offering of the Legwear product group ranges from pantyhose, stockings, stay-ups and knee-highs to leggings and socks. It goes without saying that Wolford products offer the utmost wearing comfort and a perfect fit. Classic year-round essentials are complemented by the seasonal trend collections. In the 2010/11 fiscal year, Legwear generated 57.3 percent of the Group's brand sales.

Ready-to-wear

As an international premium brand, Wolford offers an extensive portfolio in the Ready-to-wear segment: classic bodies, shirts, tops, blouses, pullovers, dresses, skirts, trousers and coats. These designs stand out due to their modern cuts and use of exclusive materials. In the past fiscal year, the Ready-to-wear product group accounted for 32.0 percent of total brand sales.

Lingerie

Wolford's exclusive and timeless lingerie collection features a subtle design. The classic all-year products consist of essentials made of high-quality materials which offer a perfect fit, such as bras, strings, tangas, panties and bodies, complemented by seasonable trendy designs. The lingerie collection of the spring/summer 2011 season enhanced the expressiveness of vigorous femininity, based on corsage effects and formative cuts. The Lingerie product group contributed 8.6 percent of brand sales in the 2010/11 fiscal year.

Swimwear

Wolford's seasonal swimwear collection impresses thanks to its use of exclusive materials and flattering cuts. The product line ranges from elegant and comfortable swim suits and bikinis to tankinis, capris and dresses – for a strong appearance in the water and at the beach bar. The colors black, white and flaming red dominated the fashion of the last summer season. The Swimwear product group generated about 1 percent of brand sales in the 2010/11 fiscal year.

Accessories

The Accessories product group comprises a modern addition to the Wolford collection, and perfectly fits the fashionable themes in respect to style and colors. In addition to textile accessories, such as scarves and shawls, the product portfolio also encompasses a selection of belts made of high quality leather. This segment rounds off Wolford's portfolio, accounting for 1.2 percent of total brand sales in the past fiscal year.

Shape & Control

Wolford Shape & Control encompasses products which have an ideal effect on different customer needs, whether this involves cutting a good figure or giving legs the feeling of vitality and lightness. Wolford's functional creations with their instant effect can conceal small-scale imperfections and highlight the female figure.

Back in 1977, Wolford already launched “Miss Wolford” (today “Miss W“), a pantyhose with a forming panty and leg section, which was followed by other body-forming legwear and lingerie products.

Today, Wolford does justice to developments on the lingerie market and the current shapewear trend by offering an extensive product portfolio in its Lingerie and Legwear product groups. Wolford considers itself to be a global player with a leading position in high quality shape & control products.

The selection of lingerie comprises everything from panties slimming your waistline, stomach and hips to capri hugging everything from your waist to your knees – and yielding a perfect derriere. This range of products is ideally complemented by functional bodies and dresses with built-in frames or preformed cups.

Magically elegant is also the legwear, whose models either cling to the stomach or derriere or which – like a corsage – slim waist, hips, behind and upper thighs. Several models not only shape, but also facilitate leg compression. This fosters the circulation of blood and enables long days at work or nights on the dance floor to end with slender ankles and calves. Knee socks featuring an optimized pressure contouring give the legs under the pants vitality and a light step all day long.

Distribution channels

Wolford continually invests into optimizing its distribution quality. Wolford-controlled distribution encompasses its own and partner-operated boutiques, concession shop-in-shops as well as factory outlets. Monobrand distribution, ensuring that the greatest possible attention is paid to the presentation of the brand, continues to be a strategic focus of the company's business operations. Exclusive department stores as well as multi-brand retailers are other distribution channels for Wolford products. In addition to traditional approaches, the online business is becoming increasingly important to Wolford.

Boutiques

Wolford-owned and partner-operated boutiques are by far the most important distribution channel, accounting for 48.6 percent and thus the highest share of total Group sales. Of the 209 Wolford boutiques as of the end of April 2011, 106 boutiques were owned and managed by Wolford and 103 of these outlets were operated by partners. During the reporting period, Wolford opened boutiques in Dusseldorf (D), Tokyo (J), Singapore (SGP) and Calgary (CAN), amongst others.

Concession Shop-in-Shops

Concession shop-in-shops are largely based on the Wolford store concept and thus symbolize the combination of elegant design, exclusive materials and functionality. The focus is on an open presentation of the Ready-to-wear and Lingerie portfolio in order to attract attention to the product and make it "tangible" so to speak. The Wolford-operated concession shop-in-shops are mostly located in department stores.

Department stores

Department stores represent an important distribution channel for Wolford. Thus, Wolford's exclusive products can be purchased, for example, at Harrods in London or Bergdorf Goodman in New York. In department stores, Wolford's products are mostly offered in exclusive shop-in-shops, featuring a noble Wolford ambience. All in all, department stores generated 20.7 percent of the Group's total sales in the 2010/11 fiscal year.

Multi-brand retailers

Numerous fashion and other specialized shops offer Wolford's creations in addition to other exclusive brands. These multi-brand retailers are purposefully selected by Wolford, and trained to ensure a suitable product presentation and assist customers with competent advice. In the past fiscal year, 19.8 percent of sales derived from this distribution channel.

Factory outlets

Factory outlets are shops where designs from preceding collections are offered at reduced prices. The largest of the 25 factory outlets is located at the company headquarters in Bregenz, Austria. In the 2010/11 fiscal year, one additional factory outlet was opened in Cheshire Oaks (UK). In the 2010/11 fiscal year, the Wolford factory outlets accounted for 8.6 percent of total Group sales.

Online business

Consumers in 14 countries can already order their favorite Wolford creations around the clock by using Wolford's online boutiques – for example in Austria, Germany, Netherlands, Great Britain, Spain, France and the USA. At the same time, e-factory outlets are also available to Wolford customers in six markets parallel to the respective online boutiques. Visit our Website at www.wolford.com.

Wolford's Fiscal Year 2010/11

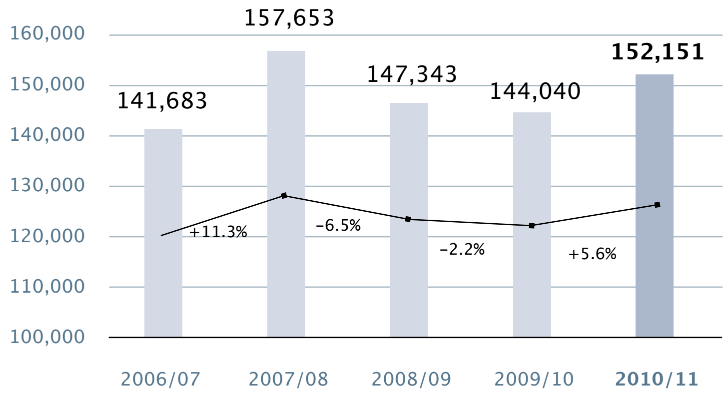
Business performance of the Wolford Group

The 2010/11 fiscal year (May 1, 2010 – April 30, 2011) was shaped by the economic stabilization or slight recovery in the most important economic regions of the world. However, very significant regional differences in the growth momentum were perceptible. Against this backdrop, the international brand resolutely pursued its business strategy, focusing on its core competencies and markets as well as Wolford-controlled distribution. Together with the ongoing implementation of the targeted cost reduction and efficiency-enhancing measures, the Wolford Group not only succeeded in considerably increasing sales but simultaneously achieved a disproportionately high rise in earnings.

Considerable sales improvement

Following a challenging fiscal year 2009/10, the Wolford Group returned to its growth path in the past fiscal year and increased sales in almost all its markets and distribution channels. On balance, total sales of the Wolford Group climbed 5.6 percent to EUR 152.1 million.

Sales development (TEUR)



Disproportionately high growth of earnings indicators

The positive development of earnings indicators was even more pronounced, posting disproportionately growth compared to the rise in sales. Accordingly, EBITDA of the Wolford Group amounted to EUR 15.7 million, representing a rise of 26.0 percent from the comparable prior-year level of EUR 12.5 million in 2009/10. The increase in the operating profit (EBIT) was even more impressive, climbing 62.7 percent year-on-year to EUR 7.3 million (2009/10: EUR 4.5 million). As a result, the EBITDA margin improved to 10.3 percent. In addition to the growth in sales, the gratifying development in the operating performance indicators also reflects the persistent implementation of far-reaching cost reduction and efficiency enhancement measures.

Proprietary stores as the growth driver

During the reporting period, Wolford's proprietary stores (own boutiques, shop-in-shops and factory outlets) in particular showed a positive sales development, featuring a 13.5 percent rise in sales. This growth was partially due to the consistent expansion of Wolford's own distribution network. On a like-for-like basis, sales of the Wolford Group gratifyingly rose by 6.0 percent. Thus, Wolford once again further increased the share of total sales generated by retail outlets during the period under review, rising from 48.1 percent in the 2009/10 fiscal year to 51.4 percent at the end of 2010/11.

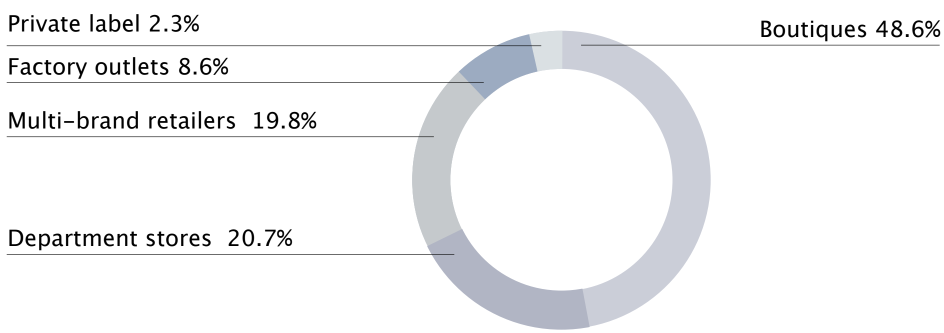
Similar to previous fiscal years, Wolford's own boutiques showed a very positive development. Thus, the Wolford Group raised its sales with this distribution channel by 12.0 percent. As a consequence, the share of total sales generated with Wolford's own boutiques climbed from 35.4 percent to 37.3 percent in the course of the 2010/11 fiscal year. The sales improvement with concession shop-in-shops in department stores was even more pronounced, amounting to 62.0 percent.

Sales increases in all key distribution channels

Considering the sales development of the individual distribution channels in greater detail, Wolford's own boutiques achieved a 12.0 percent rise in sales in the 2010/11 fiscal year. At the same time, sales with partner-operated boutiques also improved by 5.4 percent. As a result, Wolford succeeded in improving sales with boutiques, the most important distribution channel, by 10.4 percent. At the reporting date of April 30, 2011, Wolford distributed its products via a network of 209 boutiques, of which 106 are owned and managed by Wolford and 103 are operated by partners. Whereas sales with multi-brand retailers fell slightly in the 2010/11 fiscal year by 1.9 percent, sales with the department store distribution channel climbed considerably by 11.6 percent. In addition to the impressive 62.0 percent rise in sales with concession shop-in-shops, department store chains in the wholesale segment also made a positive contribution. Sales with factory outlets remained stable at the previous year's level. In contrast, the Wolford Group posted significant growth rates in its online business during the period under review. Online sales were up 24.8 percent on a like-for-like basis, continuing the clear upward trend.

The ongoing dynamic development of sales with boutiques is reflected in its increasing importance as a share of total sales. Boutiques accounted for 48.6 percent (2009/10: 46.8 percent) of sales generated by the Wolford Group, by far the biggest contribution of any single distribution channel. Thus, their share of total sales has continually increased in recent years. 8.6 percent of sales were generated by factory outlets, whereas 19.8 percent were derived from multi-brand retailers and 20.7 percent from department stores.

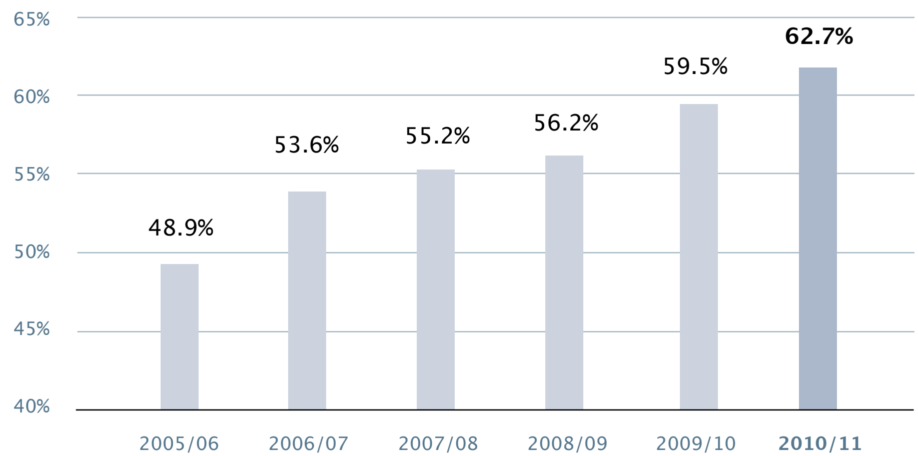
Sales share by distribution channel in 2010/11



Monobrand distribution surpasses the 60 percent threshold

The strategy designed to continually improve distribution quality, and focus on Wolford-controlled distribution showed clearly perceptible successes in 2010/11. The positive development of Wolford-owned and partner-operated boutiques, factory outlets and concession shop-in-shops was also demonstrated by the growing importance of monobrand distribution as a percentage of sales. It surpassed the 60 percent threshold for the first time in the company’s history at 62.7 percent of total sales in the 2010/11 fiscal year (2009/10: 59.5 percent).

Sales share of controlled distribution (in %)

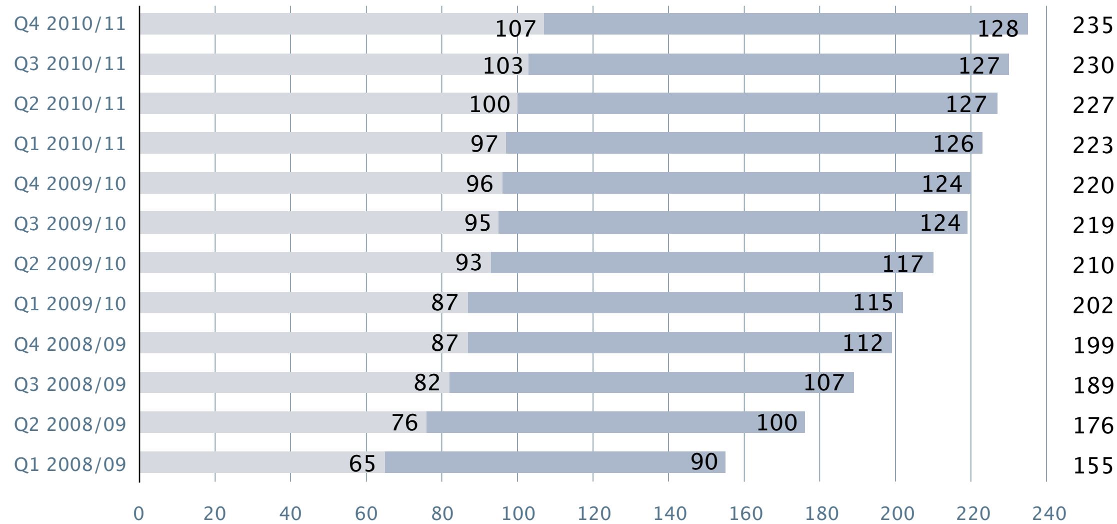


Further improvement of distribution quality – majority of boutiques redesigned to reflect unified store concept

Within the context of its efforts to expand and optimize monobrand distribution, Wolford is focusing on those distribution channels which ensure that undivided attention is devoted to the brand identity. Against this backdrop, the Wolford Group is determinedly striving to continuously improve its product presentation at the point of sale. In this regard, the roll-out of the Wolford store concept designed to promote the global recognition of the brand continued, so that 15 outlets were redesigned in the 2010/11 fiscal year to embody Wolford’s premium look. Since 2005, Wolford has equipped a total of 235 outlets (107 proprietary and 128 partner-operated) to reflect its unified corporate design and brand identity.

The expansion of Wolford’s online business comprises a major cornerstone of Wolford’s ongoing improvement of distribution quality. For this reason, the Wolford Group once again further optimized the user-friendliness of its virtual boutiques in the 2010/11 fiscal year. At the end of 2010/11, consumers in 14 countries could already purchase Wolford products in its exclusive virtual shopping world. These online shops have been complemented by e-factory outlets in six countries.

Cumulative number of store concept implementations

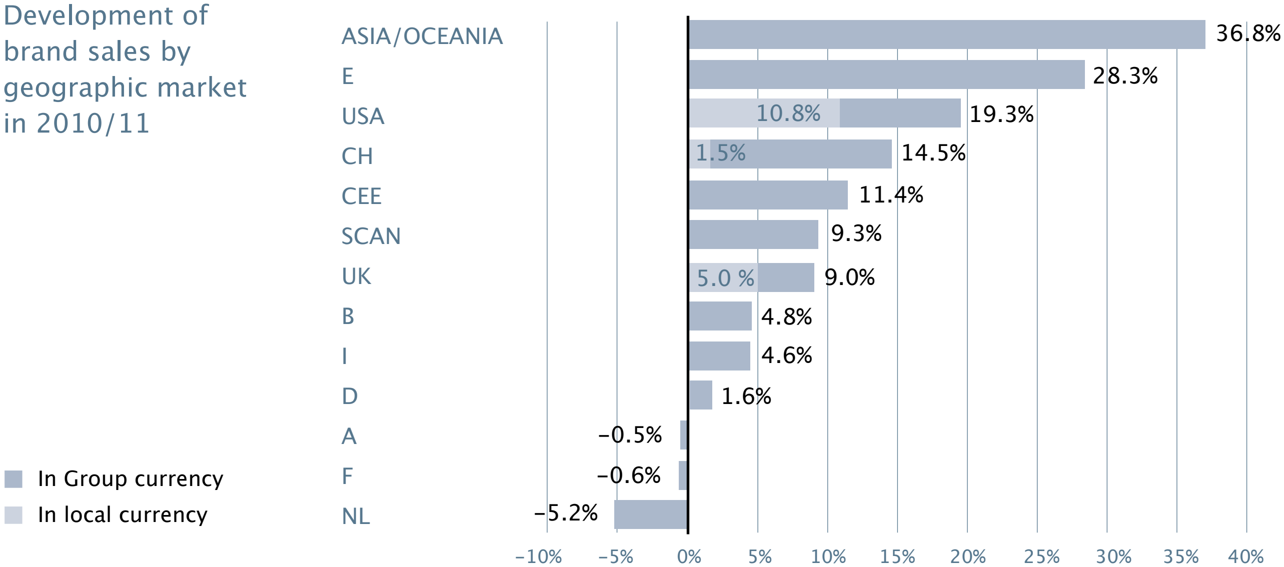


Proprietary outlets
Partner-operated outlets

Sales growth in almost all core geographic markets

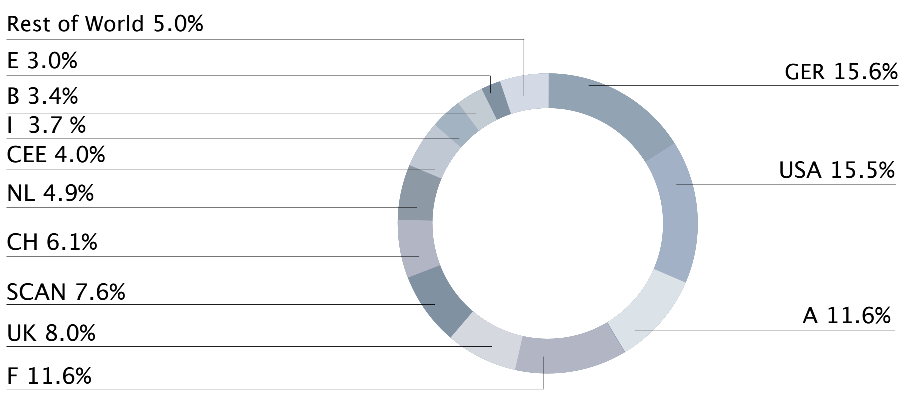
From a regional perspective, the Wolford Group succeeded in generating in part significant sales increases in almost all of its core geographic markets in the 2010/11 fiscal year. In particular, Wolford expanded its sales in the Asia/Oceania region by 36.8 percent as a consequence of the intensified growth strategy implemented there. Fourth-quarter sales alone in this region were up 46.7 percent. Sales in the USA showed a very good development, rising by 19.3 percent in 2010/11. The Wolford brand also attracted consumer interest in its established European markets thanks to its product portfolio, posting growth rates of 28.3 percent (Spain), 14.5 percent (Switzerland), 11.4 percent (CEE), 9.3 percent (Scandinavia) and 9.0 percent (UK). Wolford also increased sales in Belgium (+ 4.8 percent), Italy (+ 4.6 percent) and Germany (+ 1.6 percent). In contrast, sales were down slightly in Austria (– 0.5 percent) and France (– 0.6 percent), and fell by 5.2 percent in the Netherlands.

Development of brand sales by geographic market in 2010/11



In the 2010/11 fiscal year, the European Union (EU 27) accounted for 69.7 percent of total sales (2009/10: 72.5 percent). Furthermore, 30.3 percent of total sales were generated outside of the EU (2009/10: 27.5 percent). The export ratio was 88.4 percent, slightly above the previous year's level of 87.3 percent.

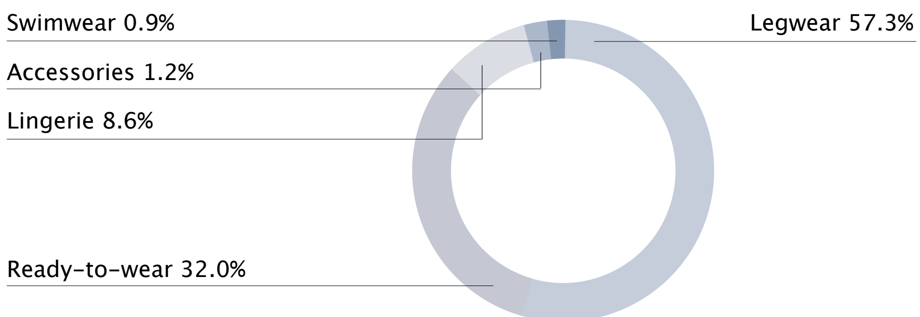
Sales by geographic market in 2010/11



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, traditionally accounting for the highest sales generated by the Wolford Group, further increased its share of total brand sales to approximately 57 percent. The second largest product group, Ready-to-wear, also showed a positive sales development, contributing 32 percent of total brand sales. The Lingerie product group accounted for about 9 percent of brand sales. The two smaller product groups, Swimwear and Accessories, together contributed a total of about 2 percent.

Brand sales by product group in 2010/11



High level of innovative strength

In its more than 60-year history, Wolford has set important milestones within the clothing sector due to its numerous product innovations. In 1994, Wolford was the first company to introduce pantyhose on the global market without any seams, also in the panty section. Based on its ongoing research and development, Wolford is in a position today to knit grid-hole patterns even using the finest pantyhose material, thus achieving exciting effects in the garments encompassed in the Legwear and Ready-to-wear product groups. This innovative strength is also reflected in the product portfolio. In the 2010/11 fiscal year, more than one third of Wolford's total brand sales were derived from products less than three years old. Products in the very first year of their life cycle also accounted for a considerable share of brand sales. Demand remained strong for Wolford's perennially popular long-running products that have captivated people for many years with their perfect fit and timeless elegance.

Investments

The Wolford Group's investment volume totalled EUR 6.4 million in the year under review.

Major investments were made to modernize machinery, the technical infrastructure and flood control measures at the Bregenz facility.

Part of the total investment volume was also devoted to the refurbishment and upgrading of Wolford's own factory outlet in Bregenz. In addition to modernizing the interior, the outer façade was completely renovated. A large-scale visual motif, appealing exterior lighting and the overall modern look and feel of the building ideally suits the overall architecture of the site.

Wolford continually invests in optimizing distribution quality as part of its resolute efforts to increase its retail share. Accordingly, Wolford invested in its proprietary distribution network, such as boutiques and concession shop-in-shops during the year under review, which was positively reflected in the company's sales development.

Wolford successfully implemented a customer relationship program (CRM) entitled „My Wolford". Within the context of this customer loyalty initiative, all registered customers around the world regularly receive information about new fashion collections, invitations to special sales promotions and fashion shows or other exclusive Wolford events.

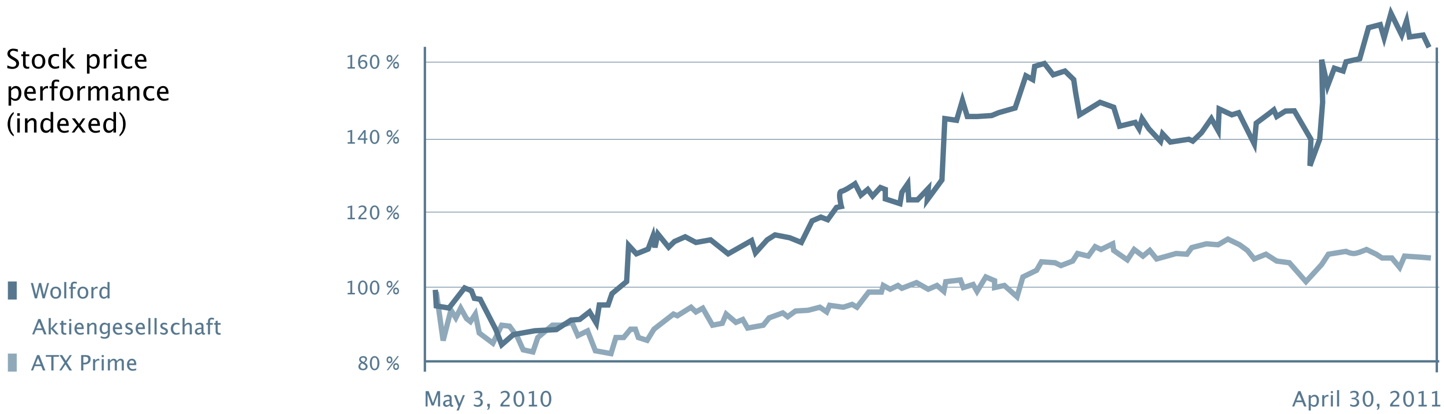
Wolford Share

Share price development

The perceptible recovery of stock markets which became evident in the second half of the 2009/10 fiscal year continued in the course of 2010/11. The clear economic recovery in Europe, the ongoing low interest rate policies of central banks as well as the significant improvement in corporate earnings had a positive effect on stock prices.

Against this backdrop, the Austrian financial market also showed a positive development. The overall positive stock exchange trend was also reflected in the development of the Wolford share, which significantly outperformed the ATX Prime. The share of the Austrian luxury brand started the new fiscal year at a price of EUR 16.60 on May 3, 2010, and closed the period under review on April 30, 2011 at EUR 27.00. This corresponds to a share price increase of 62.7 percent in the course of the 2010/11 fiscal year, whereas the ATX Prime only climbed by 8.2 percent. The lowest closing price of the Wolford share during the reporting period was EUR 13.78 on May 28, 2010, whereas the year's high of EUR 28.50 was reached on April 14, 2011.

Stock price performance (indexed)



Trading volume

Total trading volume of Wolford shares was 3,159,700 shares (counted twice) during the 2010/11 fiscal year. The average daily turnover of Wolford stock on the Vienna Stock Exchange was 12,844 shares on the 246 days of trading. Volume peaked on February 18, 2011 at 78,614 shares, whereas the lowest daily turnover was 100 shares on March 9, 2011 (counted twice in each case).

Analyst coverage

During the 2010/11 fiscal year, the following banks and investment banks published analyst reports about Wolford Aktiengesellschaft at regular intervals: Deutsche Bank AG, Erste Group Bank AG, Raiffeisen Centrobank AG, as well as UniCredit Bank Austria AG.

Investor relations

Investor Relations:
Peter Simma
(Deputy Chief
Executive Officer)
Tel.: +43 5574/690-1213
Fax: +43 5574/690-1219
E-Mail: investor@wolford.com

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 adhered 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. CFO Peter Simma is the personal contact partner for the financial community, and presents the company's development at regular 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, 2011, the WMP family private trust held more than 25 percent of total shares, and the Sesam private trust more than 15 percent. The Bartel 2006 Trust and Bartel Family Trust foundations control 8 percent of the voting rights combined, whereas Wolford Aktiengesellschaft holds another two percent as treasury stock. The rest of the shares are in free float, and are 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
Indices	ATX Prime
Ticker symbols	Reuters: WLFD.VI, Bloomberg: WOL AV

Corporate Social Responsibility

The corporate strategy of the Wolford Group is oriented to insure a long-term enhancement of brand value, without neglecting short-term consumer and capital market requirements. Thus, Wolford continually works together with employees and business partners to ensure sustainable business success.

Since its foundation more than 60 years ago, the Wolford Group has always been aware of its special responsibility towards society and the environment. Accordingly, it has oriented its corporate strategy and business operations according to the three pillars encompassing ecological, social and economic values. In this context, Wolford makes a considerable contribution to the sustainable protection of the environment and people's health, and continuously optimizes its currently high safety standards.

This particularly applies to the production process, which is oriented to environmentally sustainable behavior as well as the prudent and efficient use of resources, the reduction of CO_2 emissions and the minimization of solid and liquid wastes. For a globally operating company such as Wolford it goes without saying that targeted measures are implemented to protect and preserve the surrounding ecosystems. The Wolford Group recognizes that motivated and dedicated employees are a key success factor. It pays a great deal of attention to continually enhancing the qualifications of its employees, as well as to attracting and promoting talented junior employees. In this connection, the company implemented a large number of activities again during the reporting year with respect to professional training and further education. In particular, Wolford attaches considerable importance to the targeted and cross-functional training of young people. At present, 24 young individuals are taking part in apprenticeship or extensive trainee programs at Wolford. The trainings range from traditional textile professions to commercial education.

The campaign “Employees recruit employees” was very successfully launched in the fall of 2010. As a result, several positions, such as store managers or sales consultants, were filled on the basis of employee recommendations.

Furthermore, an employee potential analysis tool provides the basis for a standardized and objective recruiting to complement the personal interview. It has become an indispensable instrument for Wolford’s recruiting efforts. Wolford once again carried out numerous activities in the field of occupational health care during the reporting year, in light of the fact that occupational health care continues to be a focal point within the context of its health promotion measures. The following selected focal points were defined within the context of efforts to promote physical and mental health:

- Eyesight checks for employees

- Tailor-made expert presentations by prominent physicians, for example on preventing burnout

- Creation of a working group consisting of the occupational physician, the works council and two employees from the human resources department to support employees in dealing with problem situations

- Inspection of all workstations by experienced occupational physicians with respect to ergonomic improvements

Management Report

of the Wolford Group for the Fiscal Year

2010/11

1. Wolford's business trends, results and financial position

Following the challenging economic conditions prevailing in the 2009/10 fiscal year, the past fiscal year for the Wolford Group was characterized by clear signs of recovery in its core geographic markets.

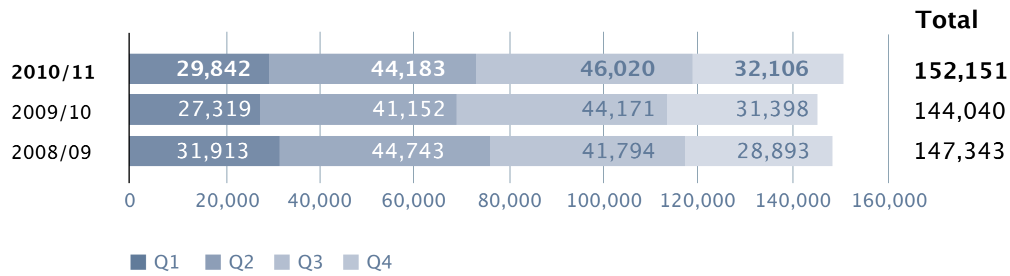
After the serious recession in 2009, the global economy posted a dynamic economic recovery in 2010 in all regions, though significant differences were evident in the growth momentum in the individual regions of the world. On balance, the global economy started with a strong upturn in the first half-year, followed by a period of weaker growth in the second half of the year. The recovery was primarily driven by solid GDP growth in the emerging markets.

Accordingly, economic growth in Asia and South America proved to be very robust throughout the year, whereas economic growth in Europe and the USA was much lower. The European economy developed very moderately in 2010, marked by considerable differences within the eurozone. The German economy expanded by more than 3.5 percent, mainly driven by strong export activity. At the same time, Greece already applied for bailout aid from the eurozone countries and the IMF in April 2010. It has to expect negative GDP growth along with Spain as well as Ireland, which applied for financial assistance in November 2010. The high unemployment rate in most EU member states along with government programs initiated to consolidate and reduce budget deficits comprise considerable burdens on economic recovery efforts in Europe. Central and Eastern Europe also did not develop uniformly, but on balance the region achieved considerably higher growth. The USA showed a moderate upward trend on average in 2010, achieving an economic growth rate of 2.9 percent. An expansionary fiscal and monetary policy provided strong impetus to growth. Private consumption, which accounts for about two-thirds of the gross domestic product, continued to be weak in the light of an unemployment rate of about 10 percent.

Asia once again featured considerable growth rates in 2010, with China and India continuing to be the growth drivers. In China, the government's economic stimulus program as well as rising exports had a positive impact and led to an expected GDP growth of about 10 percent.

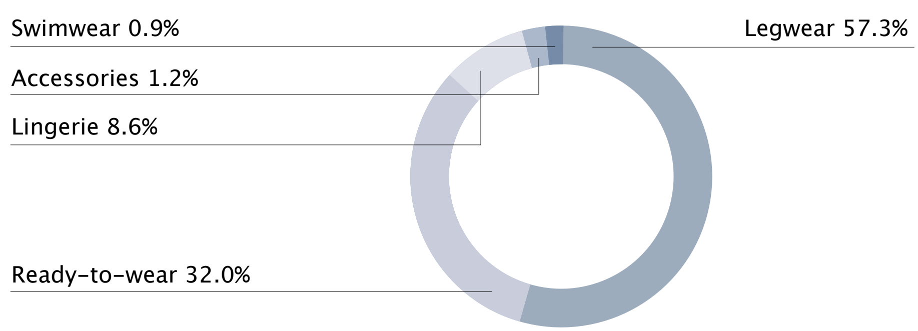
Due to the improved overall economic environment, total sales of the Wolford Group in the 2010/11 fiscal year rose by 5.6 percent to EUR 152.2 million from the comparable period in the previous fiscal year.

Sales development on a quarterly basis (TEUR)



The Legwear product group accounted for 57.3 percent (previous year: 55.4 percent) or more than half of total brand sales in the 2010/11 fiscal year. Once again, the Ready-to-wear range comprised the second largest product group, contributing 32.0 percent of the Group's brand sales (previous year: 32.9 percent). Lingerie, Swimwear and Accessories combined to generate 10.7 percent of total brand sales (previous year: 11.7 percent).

Brand sales by product group in 2010/11



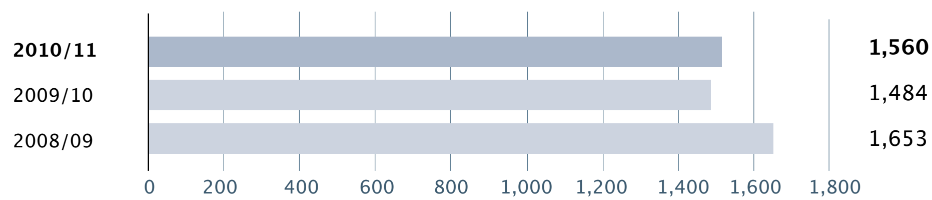
The increase of EUR 3.7 million in the inventory of finished goods and work-in-process was designed to enhance the supply availability of basic products as well as to improve the efficiency of production. The higher inventory of finished goods and work-in-process is almost exclusively related to basic products.

The costs of materials and purchased manufacturing services were mainly affected by the higher operating output, as well as the considerably higher share of costs for purchased services.

Staff costs climbed from EUR 68.1 million in the 2009/10 fiscal year to EUR 73.9 million in 2010/11, which corresponds to a rise of 8.6 percent from the previous year's level. Personnel capacities were increased, particularly in production, in order to meet growing demand for Wolford products. In addition, considerable overtime was required in order to fulfill customer needs. The accompanying overtime pay had a negative effect on staff costs.

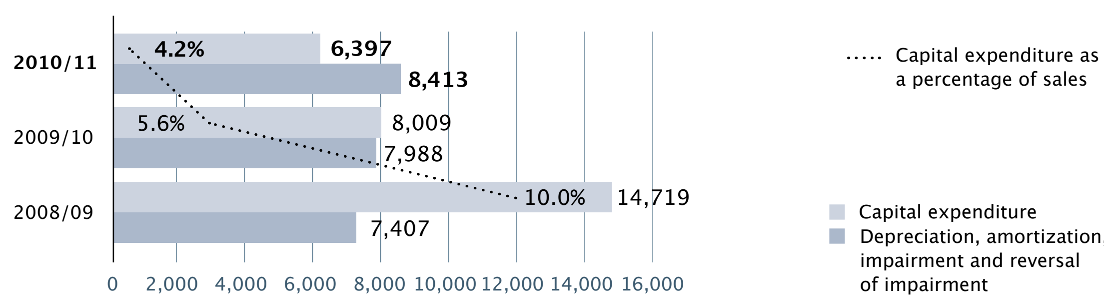
On balance, a total of 1,560 people were employed by the Wolford Group in the 2009/10 fiscal year, a rise of 76 full-time equivalents on average. As at April 30, 2011, there were 24 apprentices in training at Wolford. In order to ensure a sufficient supply of skilled employees in the future, Wolford will hire 9 additional apprentices in the autumn of 2011.

Average number of employees (full-time equivalents)



Depreciation, amortization, impairment losses and reversal of impairment on intangible assets and property, plant and equipment amounted to EUR 8.4 million (previous year: EUR 8.0 million). Capital expenditure on intangible assets and property, plant and equipment totaled EUR 6.4 million during the period under review. This corresponds to an investment ratio (capital expenditure as a percentage of sales) of 4.2 percent. All investments could be completely financed by the company's own cash flow.

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

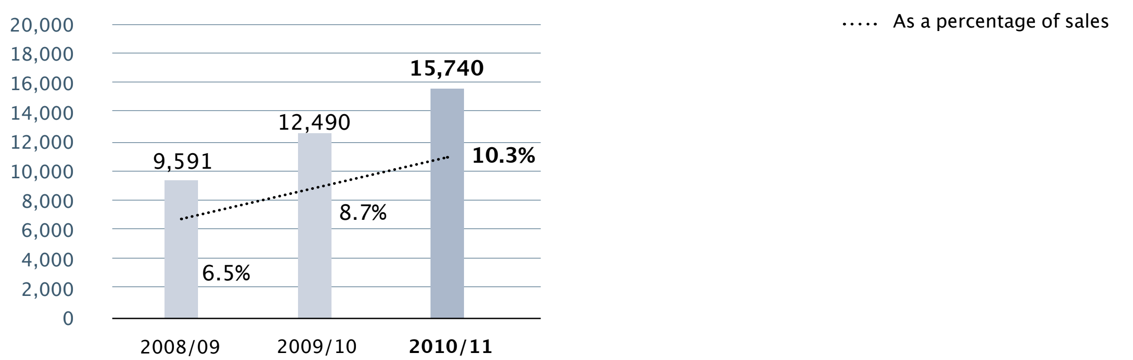


Wolford's shareholdings, Wolford Asia Limited, Hong Kong and Wolford Belgium N.V., Antwerp were integrated into Wolford Beteiligungs GmbH pursuant to Article III Austrian Reorganization Tax Act.

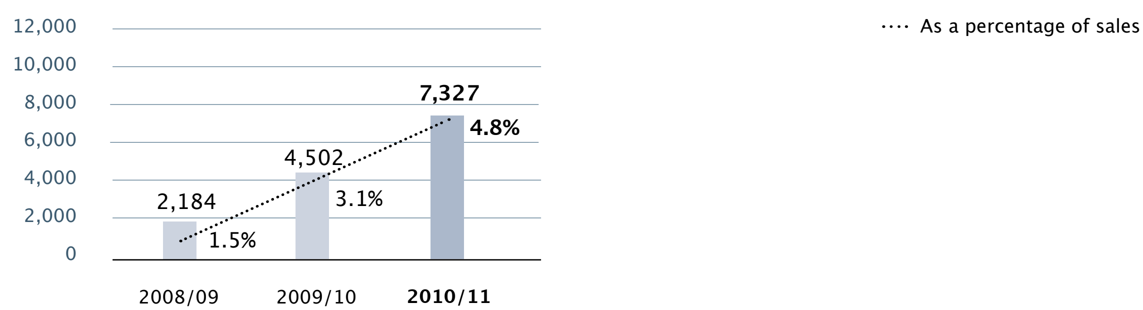
Other operating expenses were up to EUR 41.7 million, an increase of 10.5 percent or EUR 4.0 million from the comparable period in the previous year. This increase can be primarily attributed to higher rental and lease payments, marketing expenses, freight costs and customs duties, currency translation differences, as well as a rise in expenditures for the B2C business (Internet-based sales platform).

EBITDA in the 2010/11 fiscal year was EUR 15.7 million (previous year: EUR 12.5 million). Accordingly, the EBITDA margin (ratio of EBITDA to sales) improved to 10.3 percent, up 1.6 percentage points from the prior-year level. EBIT (operating profit) increased in the same period by 62.7 percent to EUR 7.3 million.

EBITDA
(TEUR)

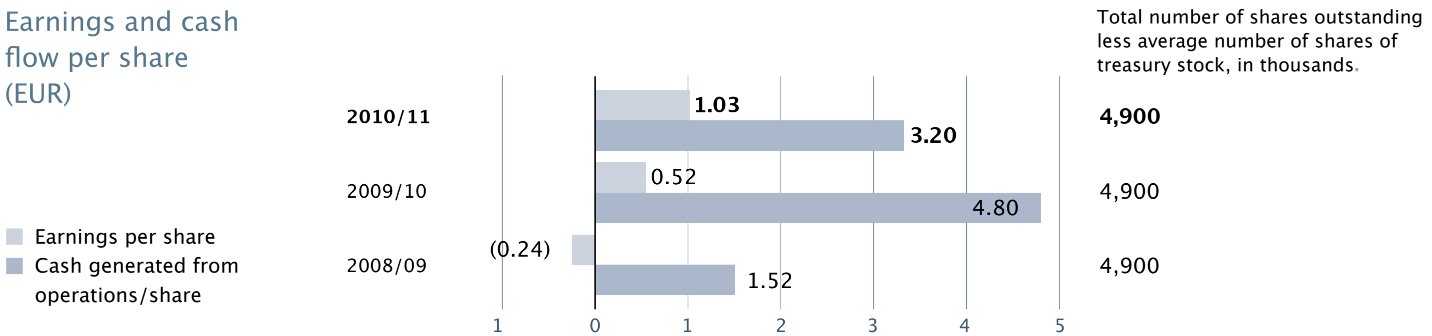


EBIT
(TEUR)



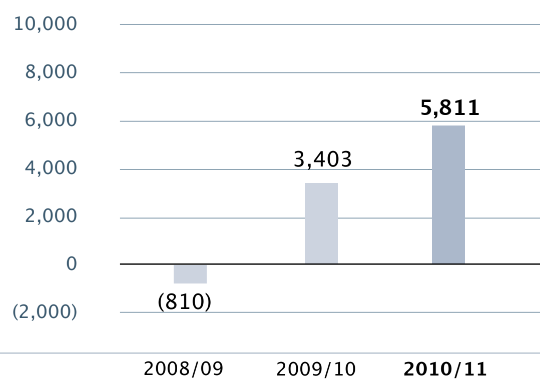
The net cash from operating activities amounted to EUR 14.2 million (previous year: EUR 22.1 million), which is mainly related to the higher level of financial resources tied up in inventories. The cash generated from operations per share totaled EUR 3.20 (previous year: EUR 4.80).

Earnings and cash flow per share (EUR)



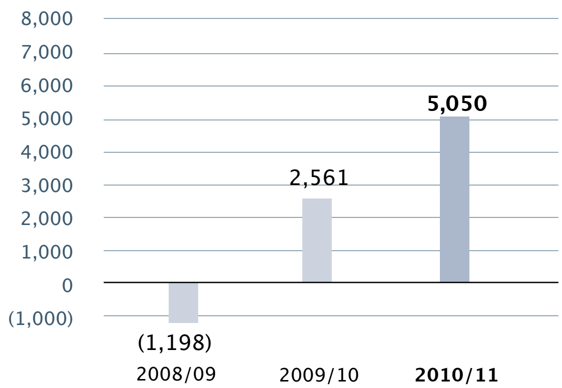
The result from continuing operations (Result before taxes) could be increased by 70.8 percent to EUR 5.8 million.

Result from continuing operations before taxes (TEUR)



The net profit for the 2010/11 fiscal year amounted to EUR 5.1 million, an improvement of 97.2 percent or EUR 2.5 million from the previous year. Accordingly, earnings per share improved by EUR 0.51 to EUR 1.03 (previous year: EUR 0.52).

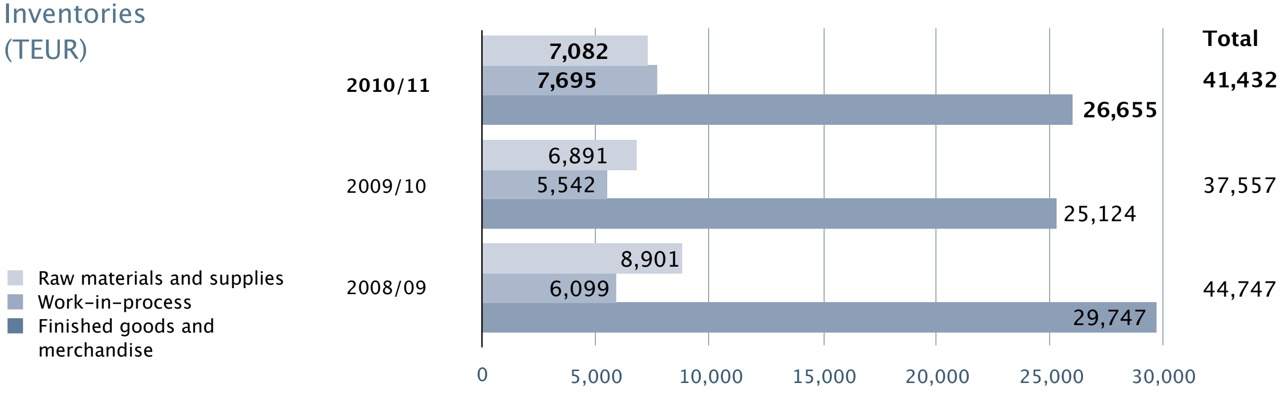
Net profit/loss for the year (TEUR)



As at the balance sheet date of April 30, 2011, non-current assets of the Wolford Group were down by EUR 4.6 million to EUR 77.7 million, which is related to the lower investment activity of the company as well as the disposal of securities in the 2010/11 fiscal year, totaling EUR 2.0 million.

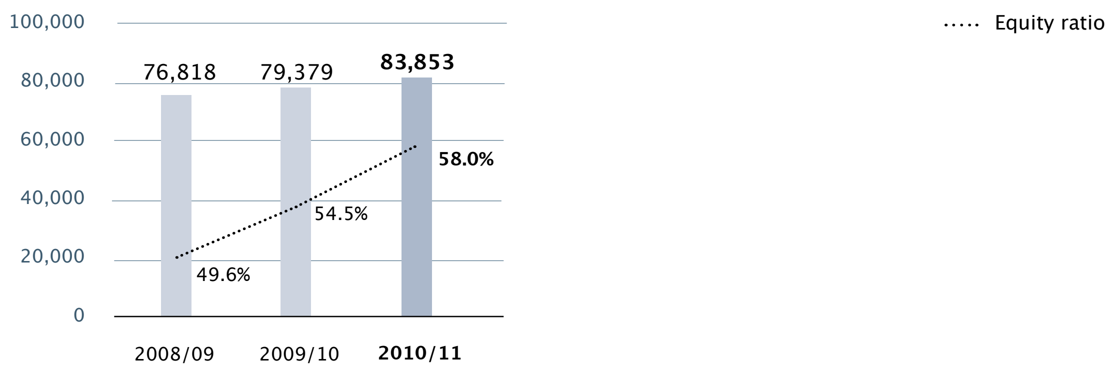
Current assets rose by EUR 2.6 million to EUR 60.9 million. This increase can be attributed to the higher level of inventories.

Inventories (TEUR)



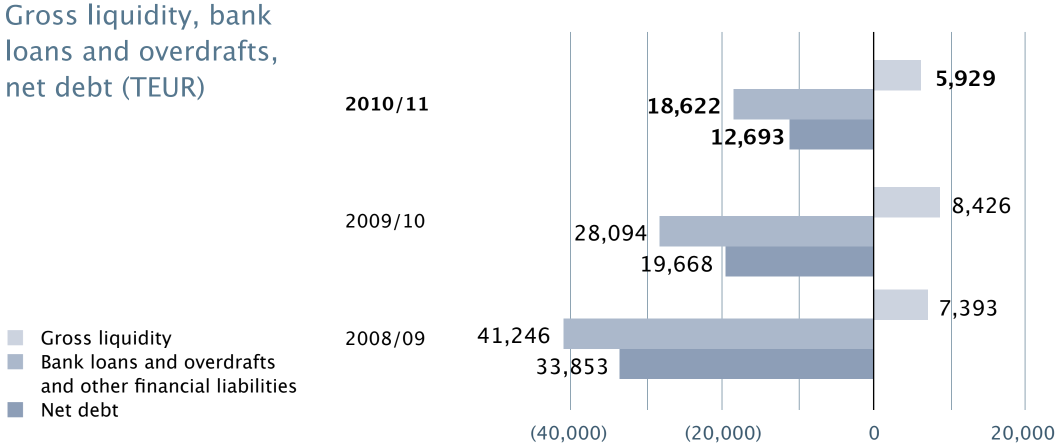
In contrast, current receivables and other assets fell by EUR 1.2 million, which significantly reduced the financial resources tied up in this area. Shareholders' equity totaled EUR 83.9 million at the balance sheet date (previous year: EUR 79.4 million). The equity ratio improved considerably to 58.0 percent (previous year: 54.5 percent).

Shareholders' equity (TEUR)



Long-term debt and the current portion of long-term debt, as well as bank loans and overdrafts, amounted to EUR 18.6 million, a decline of EUR 9.5 million from the previous year. Net debt totaled EUR 12.7 million, corresponding to a gearing ratio of 15.1 percent (previous year: 24.8 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 regular reporting to the Supervisory Board and reviews by the auditing department, which works closely with the Executive Board and 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 for Wolford over the next four-year period, incorporating the 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 positon 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 quailty assurance standards in the Wolford Group. All important management, organization, process, cost and performance parameters are analyzed with respect to a broad range of thematic issues, and suitable improvement measures are developed. 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 potential change in the value of assets due to defective processes, system malfunctions, inadequate qualifications or diligence of employees, fraud and disasters.

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 matters 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 excellent 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, 2011 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, 2011 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. Subsequent events

There were no significant events after the balance sheet date for the 2010/11 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 create unique and distinctive products featuring innovative knitting technologies developed by the company itself.

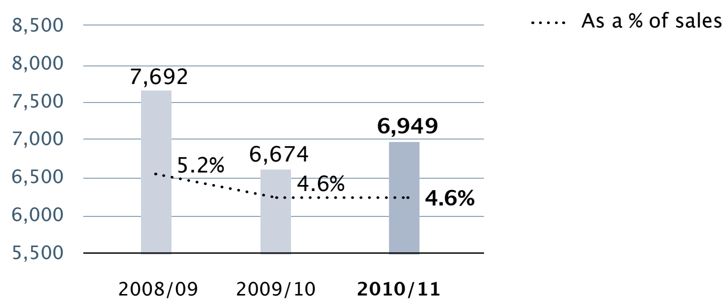
One example are the new legwear products with a grid hole-patterned effect. On the basis of this new type of product Wolford succeeded in patenting its know-how. This technology is being increasingly used in producing Wolford's ready-to-wear products.

By expanding its FATAL product line, Wolford will set new standards in its Legwear and Ready-to-wear product groups with respect to wearing options and potential applications based on its new tube dress.

The "FATAL 80 Seamless Stayup", a world-first innovation, enabled Wolford to create a product in its Legwear product group without ridges, bumps or seams. This new technology creates an absolutely harmonious and well-proportioned look.

The very successful Forming segment is being complemented by several new products. All the above-mentioned innovations are available for sale in shops during the 2011/12 fiscal year.

Research and development expenditures (TEUR)



5. Non-financial performance indicators

Wolford is continually investing in the training and professional development of its employees in order to strengthen their skills, qualifications and motivation. The focus in the 2010/11 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. A further training priority was the enhancement of foreign language skills. Standardized performance reviews were carried out in order to be able to evaluate and individually promote the personal development potential and career opportunities for each employee.

The education of young people is a social responsibility which concerns all of us. Young people must be able to experience the fact that they are needed, and that their skills are positively received, even if they still need to be developed. 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. The vocational trainings range from traditional textile professions, such as textile chemistry, to commercial training. 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 was a focal point of Wolford's health promotion efforts. The emphasis in the past fiscal year were eyesight checks for employees and the further optimizing of workplaces, taking ergonomic aspects into account.

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 all cooling and heating systems were evaluated with respect to energy optimization, and specific projects were launched to achieve energy savings. The measures initiated will lead to a considerable reduction of energy use during the 2011/12 fiscal year and in subsequent years, based on the optimization of Wolford's heat recovery system.

6. Disclosures pursuant to Austrian Takeover Amendment Act

In accordance with § 243 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 value 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, 2011, 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, 2011 was as follows: the WMP family trust owned more 25 percent of Wolford's shares. The Sesam private trust held more than 15 percent. The Bartel 2006 Trust and Bartel Family Trust jointly held 8 percent of the shares. 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 with a slight increase in sales for the Wolford Group. This positive sales development was bolstered by a notable rise in fixed orders for the fall/winter collection 2011/12, compared to the previous year, which points to a gratifying sales development for the entire 2011/12 fiscal year. These factors point to a gratifying development of sales in the 2011/12 fiscal year. The overall business environment has brightened. However, market participants are continually confronted by new problems and challenges, leading to a degree of uncertainty.

In the future, Wolford will continue its efforts to strenghen its Retail segment, and continually expand the number of monobrand points of sale. In addition to systematically focusing on its core geographical markets, Wolford will also more strongly devote attention to expanding in China over the next few years, in order to ensure future growth and the broadening of the Wolford brand.

Against this backdrop, the management of the Wolford Group is optimistic that the planned market launch of new products, the measures implemented to expand market penetration, and enter new markets, as well as the initiated efficiency enhancement steps will enable Wolford to achieve a further improvement in sales and earnings in the 2011/12 fiscal year.

Bregenz, July 7, 2011

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, 2011 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 7, 2011

Signed

Holger Dahmen
Chairman of the Executive Board

Peter Simma
Deputy Chairman of the Executive Board

Consolidated Financial Statements 2010/11

Consolidated financial statements of the Wolford Group for 2010/11 prepared in accordance with IFRS

Consolidated income statement	66
Consolidated statement of comprehensive income	67
Consolidated balance sheet	68
Consolidated cash flow statement	70
Consolidated statement of changes in equity	71
Notes	72
I. Significant accounting principles	72
II. Notes to the consolidated income statement	82
III. Notes to the consolidated balance sheet	87
IV. Notes to the consolidated cash flow statement	101
V. Other information	102
Acquisitions	102
Discontinued operations	102
Segment reporting	102
Financial risk management (Group treasury)	106
Contingent liabilities	118
Number of employees	118
Significant events after the balance sheet date	118
Related party transactions	118
Other financial obligations	119
Information on the Executive Board and Supervisory Board	121
Consolidated statement of changes in non-current assets	122
Auditor’s report	126
Report of the Supervisory Board	128

Consolidated income statement for the year ended April 30, 2011

in TEUR	Note	2010/11	2009/10
Sales	(1)	152,151	144,040
Other operating income	(2)	3,545	3,461
Changes in inventories of finished goods and work-in-process		3,685	(5.129)
Own work capitalized		191	152
Operating output		**159,572**	**142,524**
Cost of materials and purchased services		(28,292)	(24,291)
Staff costs	(3)	(73,880)	(68,055)
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets excluding goodwill	(4)	(8,413)	(7,988)
Other operating expenses	(5)	(41,660)	(37,688)
Operating profit (EBIT)		**7,327**	**4,502**
Net interest cost	(6)	(773)	(538)
Net investment securities income	(7)	16	187
Interest cost of employee benefit liabilities		(759)	(748)
Financial result		**(1,516)**	**(1,099)**
Result from continuing operations (Result before taxes)		**5,811**	**3,403**
Income tax	(8)	(761)	(842)
Net result for the period		**5,050**	**2,561**
Earnings per share in EUR (diluted=undiluted)		**1.03**	**0.52**

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

Consolidated statement of comprehensive income for the year ended April 30, 2011

in TEUR	Note	2010/11	2009/10
Net result for the period (after taxes)		**5,050**	**2,561**
Other comprehensive income			
Currency translation differences of foreign business operations		5	26
Net (loss)/gain from cash flow hedges	(15)	(25)	184
Tax effects	(15)	6	(25)
Net (loss)/gain from cash flow hedges	(15)	557	(246)
Tax effects	(15)	(139)	61
Other comprehensive income after taxes		**404**	**0**
Total comprehensive income (after taxes)		**5,454**	**2,561**
Attributable to:			
Equity holders of the parent company		5,454	2,561
Minority interest		0	0

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

Consolidated balance sheet as at April 30, 2011

ASSETS

in TEUR	Note	April 30, 2011	April 30, 2010
Non-current assets	**(9)**		
Property, plant and equipment		62,173	64,418
Goodwill		1,137	1,188
Intangible assets		10,461	10,580
Investments in affiliated companies		3	3
Non-current available-for-sale financial assets		2,772	4,974
Non-current receivables and assets	(10)	1,127	1,120
		77,673	**82,283**
Deferred tax assets	**(11)**	**5,855**	**4,903**
Current assets			
Inventories	(12)	41,432	37,557
Current receivables and other assets	(13)	12,750	13,933
Prepaid expenses		2,336	2,144
Current available-for-sale financial assets and financial investments	(14)	44	38
Cash and cash equivalents	(21)	4,368	4,677
		60,930	**58,349**
Total assets		**144,458**	**145,535**

SHAREHOLDERS' EQUITY AND LIABILITIES

in TEUR	Note	April 30, 2011	April 30, 2010
Shareholders' equity	**(15)**		
Share capital		36.350	36,350
Capital reserves		1,817	1,817
Other reserves		48,757	44,288
Currency translation differences		(3,071)	(3,076)
		83,853	**79,379**
Non-current liabilities			
Long-term debt	(16)	10,330	16,359
Provisions for employee benefits	(17)	14,633	13,893
Other non-current liabilities		1,401	1,470
		26,364	**31,722**
Deferred tax liabilities	**(11)**	**314**	**228**
Current liabilities			
Current portion of long-term debt		2,942	2,235
Bank loans and overdrafts	(18)	5,351	9,500
Current tax liabilities		1,646	714
Other current provisions	(19)	4,906	4,840
Trade payables		5,816	4,776
Other current liabilities	(20)	13,266	12,141
		33,927	**34,206**
Total shareholders' equity and liabilities		**144,458**	**145,535**

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

Consolidated cash flow statement for the year ended April 30, 2011

in TEUR	Note	April 30, 2011	April 30, 2010
Result from continuing operations before taxes		5,811	3,403
– Interest and similar income		(199)	(690)
+ Interest and similar expenses		827	1,041
+ Depreciation, amortization and impairment losses on non-current assets		8,542	7,988
+(–) Loss (gain) from the disposal of property, plant and equipment and intangible assets		(14)	57
+(–) Loss (gain) from the disposal of securities		119	0
+(–) Currency translation differences		935	0
+(–) Increase (decrease) in provisions for employee benefits		740	137
–(+) Increase (decrease) in inventories		(3,876)	7,191
–(+) Increase (decrease) in receivables and other assets		1,326	2,819
+(–) Increase (decrease) from the cash flow hedge reserve		(557)	246
+(–) Increase (decrease) in other current provisions		66	647
+(–) Increase (decerease) in trade payables		711	1,063
+(–) Increase (decrease) in other current liabilities		1,271	(405)
= Cash generated from operations		**15,702**	**23,497**
–(+) Income taxes paid (credited)		(903)	(284)
+ Interest received		207	25
– Interest paid		(822)	(1,097)
= Net cash from operating activities		**14,184**	**22,141**
+ Proceeds from the disposal of securities		2,040	0
– Purchase of available-for-sale financial assets		0	(13)
+ Proceeds from disposal of property, plant and equipment and intangible assets	(22)	62	239
– Purchase of intangible assets	(22)	(1,144)	(1,732)
– Purchase of property, plant and equipment	(22)	(4,923)	(6,615)
= Net cash used in investing activities		**(3,965)**	**(8,121)**
+(–) Change in current borrowings		(3,442)	(10,897)
+(–) Change in non-current borrowings		(6,029)	(2,254)
– Dividends paid		(980)	0
= Net cash from financing activities		**(10,451)**	**(13,151)**
+(–) Net increase (decrease) in cash and cash equivalents		(232)	869
+(–) Cash and cash equivalents at beginning of period	(21)	4,677	3,752
+(–) Effects of exchange rate fluctuations on cash and cash equivalents at beginning of period		(77)	56
Cash and cash equivalents at end of period	**(21)**	**4,368**	**4,677**

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 year ended April 30, 2011

		Transactions with shareholders of the parent company							Total equity
in TEUR	Note	Share capital	Capital-reserves	Fair value reserve for available-for-sale financial assets	Cash flow hedging reserve	Other reserves	Currency translation differences	Treasury stock	
At April 30, 2009		**36,350**	**1,817**	**(546)**	**0**	**46,962**	**(3,102)**	**(4,663)**	**76,818**
Dividends 2008/09		0	0	0	0	0	0	0	0
Consolidated statement of comprehensive income		0	0	159	(185)	2,561	26	0	2,561
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)
Consolidated statement of 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**

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, 2011

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 2010/11 fiscal year (May 1, 2010 – April 30, 2011) 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 2010/11 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 fiscal years beginning on or after January 1, 2005.

The following standards and interpretations were applied for the first time for the 2010/11 fiscal year and/or previous years:

Standard/Interpretation	Description	Effective date
Diverse standards	Improvements to IFRS (revisions in 2009)	Jan. 1, 2011
IAS 24	Related Party Disclosures	Jan. 1, 2011
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendment to Prepayment of a Minimum Funding Requirement	Jan. 1, 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

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	Financial Instruments: Disclosures – Amendments: Transfer of Financial Assets	Jan. 1, 2013
IFRS 9	Financial Instruments	Jan. 1, 2013
IFRS 10	Consolidated Financial Statements	Jan. 1, 2013
IFRS 11	Joint Agreements	Jan. 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	Jan. 1, 2013
IAS 12	Income Taxes – Amendments: Realization	Jan. 1, 2013
IAS 27	Consolidated and Separate Financial Statements (revisions in 2011)	Jan. 1, 2013
IAS 28	Investments in Associates and Joint Ventures (revisions in 2011)	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 2010/11 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 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. and in Macao by Wolford Asia Limited.

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.

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 with an indefinite useful life are subject to an annual impairment test, even if there is no indication of a potential impairment. 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 (2009/10: 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 approved 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 2009/10 and 2010/11 fiscal years.

In the 2010/11 fiscal year, research and development costs of TEUR 6,949 (2009/10: TEUR 6,674) 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 non-current, available-for-sale financial assets and recognized at fair value without deducting transaction costs. 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 not reported in the income statement but in equity, without recognition of profit or loss, in the fair value reserve for available-for-sale financial assets. In the case of a disposal of or impairment of the securities, the accumulated gains and losses previously recognized in equity are reported as a gain or loss under net income from securities.

Securities held as **current assets** are classified as available-for-sale and, in accordance with IAS 39, are reported at their fair value as determined by reference to market prices at the balance sheet date. Temporary fluctuations in market value are recorded in equity (in the fair value reserve for available-for-sale financial assets). Impairment losses are recognized in profit or loss if there are objective indications for a permanent decline in value. When the securities are sold, the corresponding amount released from the reserve is recognized as a gain or loss under net income from securities.

Inventories: Raw materials and supplies are reported at the lower of cost or market value. As a rule, their consumption is recognized at cost.

Work-in-process and finished goods are valued 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 2009/10 and 2010/11 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.

All **cash holdings and current financial investments** with a term to maturity of 90 days or less at the time of acquisition that are included in cash and cash equivalents are classified as liquid assets if they also meet all other requirements. These assets are reported at their current value at the balance sheet date. The amounts included in this item which were subject to restrictions 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 2010/11	BY 2009/10
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. 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 2010/11 fiscal year, translation differences amounting to TEUR -556 (2009/10: TEUR 69) were recognized in the income statement. This includes negative currency translation differences of TEUR 285 (2009/10: TEUR 222) realized through the application of cash flow hedge accounting pursuant to IAS 3, 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, 2011	**April 30, 2010**	**2010/11**	**2009/10**
1 EUR / USD	1.4878	1.3335	1.31579	1.41324
1 EUR / GBP	0.8900	0.8699	0.85027	0.88043
1 EUR / CHF	1.2866	1.4357	1.33441	1.49686
1 EUR / CAD	1.4107	1.3395	1.34180	1.53251
1 EUR / DKK	7.4590	7.4424	7.45068	7.44358
1 EUR / NOK	7.7810	7.8550	7.93550	8.48688
1 EUR / SEK	8.9370	9.6240	9.25283	10.30248
1 EUR / HKD	11.5200	10.2900	10.20809	10.95918

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. Fair value fluctuations are recognized in the "cash flow hedging reserve" without recognition to profit or loss.

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 680 (2009/10: TEUR 715) were deducted from the respective expenses. They are recognized as revenue on the basis of binding commitments, official notifications and legal entitlement, and are reported as other operating income.

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	2010/11	2009/10
Rental income	418	368
Reimbursement of staff costs	1,097	1,227
Insurance benefits	619	373
Gain on disposal of property, plant and equipment and intangible assets	62	239
Refunds	27	59
Restaurant revenue	230	204
Grants for advertising and other purposes	429	473
Premiums	106	142
Other	557	376
Total	**3,545**	**3,461**

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	2010/11	2009/10
Wages	12,873	11,501
Salaries	43,880	41,406
Expenses for statutory social security contributions, pay-based levies and other compulsory contributions	13,562	13,016
Expenses for severance pay and pensions	2,238	902
thereof Executive Board	506	355
thereof Management	51	(7)
Other employee benefits	1,327	1,230
Total	**73,880**	**68,055**

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

Impairment losses of TEUR 442 (2009/10: TEUR 75) were recognized in the 2010/11 fiscal year, whereas reversal of impairment losses amounting to TEUR 28 were recognized in the 2009/10 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	2010/11	2009/10
Taxes (excluding income taxes)	592	585
Advertising expenses	5,517	4,654
Legal and consulting fees	2,496	2,395
Rental and lease payments (incl. operating and incidental costs)	15,982	14,975
Freight costs	2,997	2,632
Travel costs	1,425	1,312
Duties and fees	424	323
Insurance premiums	1,048	1,045
Licences	16	114
Car expenses	736	781
IT expenses	1,037	967
Credit card fees	1,092	976
B2C expenses	965	686
Customs duties	1,672	1,361
Commissions	362	402
Postal fees	525	455
Office supplies	417	391
Telephone costs	584	552
Losses resulting from the disposal of property, plant and equipment and intangible assets	48	295
Currency translation differences	556	(69)
Other	3,169	2,856
Total	**41,660**	**37,688**

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

in TEUR	2010/11	2009/10
Audit of financial and consolidated financial statements	146	146
Other assurance/valuation services	0	0
Tax consulting services	0	0
Other services	5	0
Total	**151**	**146**

(6) Net interest cost

in TEUR	2010/11	2009/10
Interest and similar income	54	503
Interest and similar expenses	(827)	(1.041)
Total	**(773)**	**(538)**

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.

The net interest cost in the 2009/10 fiscal year contains currency translation differences for realized currency forward transactions which were still open at the balance sheet date of April 30, 2009, not qualified as a cash flow hedge and terminated in the 2009/10 fiscal year. Positive currency translation differences of TEUR 470 were realized from the termination of currency forwards in the 2009/10 fiscal year. Excluding these effects, the comparable net interest cost for the 2009/10 fiscal year would be TEUR –1,008.

(7) Net income from securities

in TEUR	2010/11	2009/10
Income from investments in securities	145	187
Expenses from investments in securities	(129)	0
Total	**16**	**187**

Due to the disposal of securities in the 2010/11 fiscal year, losses amounting to TEUR 129 (2009/10: TEUR 0) and gains of TEUR 10 (2009/10: TEUR 0) arose.

(8) Income taxes

Current tax expenditures are mainly comprised of the following:

in TEUR	2010/11	2009/10
Consolidated income statement		
Actual income taxes:		
Tax expense in the current fiscal year	(1,963)	(653)
Adjustment of actual income taxes incurred in the previous fiscal year	67	0
Deferred taxes:		
Formation and reversal of temporary differences	1,135	(189)
Total	**(761)**	**(842)**

in TEUR	2010/11	2009/10
Development of the deferred tax balance		
Balance of deferred tax assets and liabilities as at May 1st	4,675	4,871
Currency translation differences	(136)	(43)
Deferred taxes recognized in the consolidated income statement	1,135	(189)
Deferred taxes recognized in other comprehensive income	(133)	36
Balance of deferred tax assets and liabilities as at April 30th	**5,541**	**4,675**

In the 2010/11 fiscal year TEUR –133 (2009/10: TEUR 36) 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	2010/11	2009/10
Result from continuing operations (Result before taxes)	**5,811**	**3,403**
Tax expense at the rate of 25%	(1,453)	(851)
Foreign tax rates	56	(8)
Tax audit effects	(481)	0
Effects relating to loss carry-forwards	789	319
Losses for which no deferred tax assets were recognized	(129)	(312)
Permanent differences	76	23
Taxes from previous periods	67	0
Other	314	(13)
Effective tax expense	**(761)**	**(842)**
Effective tax rate	**13%**	**25%**

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 888 at the balance sheet date (April 30, 2010: TEUR 16).

On the basis of impairment tests, the impairment losses of TEUR -442 (2009/10: TEUR -75) relating to retail boutiques are recognized as an expense in the income statement. Reversals of impairment losses reported in the 2009/10 fiscal year totaling TEUR 28 were recognized directly 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 2010/11 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 5,629 (April 30, 2010: TEUR 5,519) was capitalized. This includes key money with indefinite lives amounting to TEUR 3,813 (April 30, 2010: TEUR 3,003) and key money with definite lives of TEUR 1,816 (April 30, 2010: TEUR 2,516).

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 2010/11 and 2009/10 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 -144 in their fair value during the 2010/11 fiscal year (2009/10: TEUR 184) is recognized directly in equity. In the 2010/11 fiscal year, the disposal of securities led to losses amounting to TEUR 129 and gains of TEUR 10 which were recognized in profit and loss in the income statement (2009/10: TEUR 0).

(10) Non-current receivables and other assets

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, 2011		April 30, 2010	
in TEUR	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Property, plant and equipment, intangible assets	1,035	(320)	883	(522)
Valuation of inventories	0	(51)	0	(23)
Accrued rental costs	300	(44)	278	0
Provisions for employee benefits	866	0	833	0
Other provisions	246	0	82	0
Treasury stocks	0	(491)	0	(752)
Untaxed reserves	0	(297)	0	(297)
Foreign currency translation	48	0	0	(46)
Deferred taxes on loss carry-forwards and on write-downs to fair value	2,961	0	2,997	0
Eliminations	1,382	0	1,099	0
Other	89	(183)	193	(50)
Deferred tax assets/liabilities	**6,927**	**(1,386)**	**6,365**	**(1,690)**
Offset within legal tax units and jurisdictions	**(1,072)**	**1,072**	**(1,462)**	**1,462**
Net deferred tax assets and liabilities	**5,855**	**(314)**	**4,903**	**(228)**

In accordance with IAS 12, deferred tax assets of TEUR 2,764 (April 30, 2010: TEUR 2,705) 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 2,553 (April 30, 2010: TEUR 5,999). The amount of unrecognized deferred taxes was TEUR 759 (April 30, 2010: TEUR 1,612). The utilization of unrecognized deferred taxes is subject to the following terms to maturity:

in TEUR	April 30, 2011	April 30, 2010
1 year	75	84
2-5 years	1,200	1,337
More than 5 years	0	46
Vested loss carry-forwards	1,278	4,532
Total	**2,553**	**5,999**

Current assets

(12) Inventories

Inventories were comprised of the following:

in TEUR	April 30, 2011	April 30, 2010
Raw materials and supplies	7,082	6,891
Work-in-process	7,695	5,542
Finished goods and merchandise	26,655	25,124
Total	**41,432**	**37,557**

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, 2011	April 30, 2010
Trade receivables	10,228	11,623
Receivables and other assets	2,522	2,310
thereof cash flow hedge	345	3
Total	**12,750**	**13,933**

Trade receivables include TEUR 55 (April 30, 2010: TEUR 11) evidenced by bills of exchange.

Provisions totaling TEUR 743 (April 30, 2010: TEUR 786) were set up for the impairment of trade receivables.

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

in TEUR	2010/11	2009/10
May 1st	786	764
Additions (+) / Release (–)	255	245
Used	(293)	(238)
Currency translation differences	(5)	15
April 30th	**743**	**786**

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, 2011	April 30, 2010
Trade receivables	10,971	12,409
Provisions for the impairment of trade receivables	(743)	(786)
Trade receivables after impairment	**10,228**	**11,623**
thereof neither impaired nor overdue at the balance sheet date	5,968	7,776
thereof not impaired at the balance sheet date and subject to the following terms to maturity:		
less than 30 days	2,052	1,729
30–90 days	953	805
91–180 days	409	408
181–365 days	252	192
more than 1 year	594	713

Trade receivables deleted from the accounts due to their irrecoverability amounted to TEUR 345 in the 2010/11 fiscal year (2009/10: TEUR 510). 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 44 (April 30, 2010: TEUR 38).

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 0.20 per share in circulation was distributed for the 2009/10 fiscal year. The dividend was paid on September 30, 2010. No dividend was distributed for the 2008/09 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	2010/11	2009/10
May 1st	387	546
Increase in the fair value valuation of available-for-sale financial instruments	144	(184)
Accumulated loss carry-forward in the income statement from the disposal of available-for-sale financial instruments	(119)	0
Applicable income taxes	(6)	25
April 30th	**406**	**387**

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. Cash flow hedge accounting was applied in the 2009/10 fiscal year for the first time.

in TEUR	2010/11	2009/10
May 1st	185	0
Fair value measurement of derivatives	(272)	246
Hedged transactions	(285)	0
Applicable income taxes	139	(61)
April 30th	**(233)**	**185**

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, 2010: 2.0 percent).

Pursuant to a resolution passed at the 21st annual shareholders' meeting held in September 2008, Wolford Aktiengesellschaft is required to sell all its treasury stock on the stock market by March 6, 2012.

Non-current liabilities

(16) Financial liabilities

Financial liabilities were composed of the following:

in TEUR	April 30, 2011	April 30, 2010
Loans from banks, variable interest rates of 1.9% to 2.5%	5,500	9,279
Loans from banks, fixed interest rates of 3.0% from 5.1%	5,825	7,155
Loans from the Austrian Research Promotion Agency	1,646	1,792
Interest-free loan from the Federal Province of Vorarlberg	301	368
Total	**13,272**	**18,594**
thereof current portion of borrowings	2,942	2,235

To secure non-current liabilities, no securities were pledged as collateral in the 2010/11 fiscal year (April 30, 2010: TEUR 3,490). As at April 30, 2010, only TEUR 250 was actually required at the balance sheet date to cover outstanding liabilities. 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 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, 2011	2,942	7,130	3,200
April 30, 2010	2,235	13,159	3,200

The market value of the fixed-interest financial liabilities as at April 30, 2011 is 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, 2011	April 30, 2010
Provisions for pensions	3,513	3,540
Provisions for severance payments	9,527	8,874
Provisions for jubilee payments	1,593	1,479
Total	**14,633**	**13,893**

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 used the same actuarial assumptions as in the previous year:

Biometric data	AVÖ 2008 – P
Interest rate	5.75% p.a.
Increase in wages and salaries	3.0% p.a. (2009/10: 3.0%)

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	5.75% p.a.
Increase in wages and salaries	3.5% p.a. (2009/10: 3.5%)
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 during the fiscal year developed as follows:

in TEUR	**2010/11**	**2009/10**	**2008/09**	**2007/08**	**2006/07**
Present value of obligations as at May 1st	12,414	12,180	14,046	12,964	12,032
Current service cost	668	599	805	698	698
Past service cost	26	0	0	363	0
Interest expense	675	663	763	720	659
Pension and severance payments made	(1,256)	(952)	(1,774)	(1,251)	(1,106)
Actuarial gain/loss	513	(76)	(585)	552	681
Present value of obligations as April 30th	13,040	12,414	13,255	14,046	12,964
Reclassification as other current liabilities	0	0	(1,075)	0	0
Provisions reported on the balance sheet date as at April 30th	**13,040**	**12,414**	**12,180**	**14,046**	**12,964**

TEUR 191 (2009/10: TEUR 168) 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 and Slovenia and for pensions in France.

For the 2011/12 fiscal year performance-oriented payments for pensions and severance payments are planned to the amount of TEUR 706.

Provisions for jubilee payments

The provisions for jubilee payments (anniversary bonuses) amounting to TEUR 1,593 (April 30, 2010: TEUR 1,479) were also calculated in accordance with IAS 19.

The jubilee payment obligations were calculated by the projected unit credit method, using the following parameters:

Biometric data	**AVÖ 2008 – P**
Interest rate	5.75 % p.a.
Increase in wages and salaries	3.5 % p.a.(2009/10: 3.5%)
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	**2010/11**	**2009/10**	**2008/09**	**2007/08**	**2006/07**
Present value of obligations for jubilee payments as at May 1st	1,479	1,576	1,647	1,524	1,458
Current service cost	129	132	140	127	121
Interest expense	84	85	92	85	81
Jubilee payments made	(39)	(192)	(85)	(104)	(98)
Actuarial gain/loss	(60)	(122)	(218)	15	(38)
Provisions reported on the balance sheet date as at April 30th	**1,593**	**1,479**	**1,576**	**1,647**	**1,524**

Performance-oriented payments for the provisions for jubilee payments amounting to TEUR 39 are planned for the 2011/12 fiscal year.

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	2010/11	2009/10	2008/09	2007/08	2006/07
Expenses for pensions, severance and jubilee payments	1,276	533	1,217	1,755	1,462
Interest on employee benefits	759	748	855	805	740

Current liabilities

(18) Bank loans and overdrafts

An analysis of current borrowings from banks shows the following:

in TEUR	April 30, 2011	April 30, 2010
Variable-rate export promotion loans	2,600	6,500
Variable-rate equity financing	0	800
Short term cash facility in EUR	2,751	2,200
Total	**5,351**	**9,500**

The carrying amount of the bank liabilities as at April 30, 2011 and April 30, 2010 corresponds to the costs of purchase.

(19) Other current provisions

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

in TEUR	May 1, 2010	Currency translation differences	Used	Reversed	Added	April 30, 2011
Sales bonuses	510	5	(455)	(18)	508	550
Staff	2,297	(47)	(2,184)	(84)	2,280	2,262
Advertising	197	3	(146)	(52)	305	307
Tax consulting / auditing	433	(7)	(432)	(1)	444	437
Legal fees	74	(1)	(57)	(6)	29	39
Licenses	7	0	(6)	(4)	3	0
Other	1,322	(58)	(938)	(3)	988	1,311
Total	**4,840**	**(105)**	**(4,218)**	**(168)**	**4,557**	**4,906**

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.

(20) Other current liabilities

Other current liabilities include the following amounts owed:

in TEUR	April 30, 2011	April 30, 2010
Vacation pay	3,016	2,679
Special payments	1,979	1,872
Overtime pay	885	854
Social security obligations	1,260	1,129
Obligations to Austrian tax authorities	1,711	1,953
Obligations to staff	876	650
Obligations from vouchers	1,117	1,058
Accrued rental and lease payments	953	705
Other	1,469	1,241
thereof cash flow hedges	34	249
Total	**13,266**	**12,141**

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.

(21) Cash and cash equivalents

In addition to the cash on hand, cash and cash equivalents consist of demand deposits at banks.

(22) 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 6,397 (April 30, 2010: 8,009). The related cash outflow amounted to TEUR 5,730 (April 30, 2010: TEUR 7,672).

Capital expenditures in the 2010/11 fiscal year resulted in cash outflows of TEUR 337 (April 30, 2010: TEUR 676). Property, plant and equipment and intangible assets of TEUR 62 (2009/10: TEUR 239) were disposed of.

V. OTHER INFORMATION

Acquisitions
No acquisitions were carried out in the 2010/11 and 2009/10 fiscal years.

Discontinued operations
No business operations of the Wolford Group were continued 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 and Swimwear as well as 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 company in Hong Kong.

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 2010/11 fiscal year, the Legwear product group accounted for 57.3 percent or more than half of total brand sales (previous year: 55.4 percent). Once again, the Ready-to-wear range comprised the second largest product group, contributing 32.0 percent of brand sales in 2010/11 (previous year: 32.9 percent). Lingerie, Swimwear and Accessories combined generated 10.7 percent of total brand sales (previous year: 11.7 percent).

Operating segment report (by region)

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
Reversal of impairment losses	0	0	0	0	0	0
Impairment losses*)	0	97	345	0	0	442
Number of employees at year-end (in full-time equivalents incl. apprentices)	985	551	95	18		1,649

2009/10 in TEUR	Austria	Rest of Europe	North America	Asia	Consoli dations/ Elimi- nations	Group
Sales	90,365	89,798	19,986	2,165	(58,274)	144,040
thereof intersegment	57,669	605	0	0	(58,274)	0
External sales	32,696	89,193	19,986	2,165	0	144,040
thereof Germany		25%				
France		20%				
Great Britain		12%				
Scandinavia		12%				
Netherlands		8%				
Rest of Europe		23%				
thereof USA			94%			
Canada			6%			
Operating profit	**3,048**	**1,410**	**(211)**	**170**	**85**	**4,502**
Net interest cost	(516)	(18)	(7)	0	3	(538)
Net income from securities	1,912	0	0	0	(1,725)	187
Interest cost from employee benefit liabilities	(748)	0	0	0	0	(748)
Financial result	**648**	**(18)**	**(7)**	**0**	**(1,722)**	**(1,099)**
Result from continuing operations (Result before taxes)	**3,696**	**1,392**	**(218)**	**170**	**(1,637)**	3,403
Income taxes	(297)	(619)	104	(30)	0	(842)
Net result for the year	**3,399**	**773**	**(114)**	**140**	**(1,637)**	**2,561**
Segment assets	148,803	37,810	12,337	1,004	(54,419)	145,535
thereof non-current	96,804	15,514	3,510	421	(33,966)	82,283
Segment liabilities	52,933	25,398	4,675	267	(17,117)	66,156
Investments	2,497	5,351	293	96	(228)	8,009
Depreciation and amortization	4,901	2,159	870	74	(16)	7,988
Reversal of impairment losses*)	0	28	0	0	0	28
Impairment losses*)	0	6	69	0	0	75
Number of employees at year-end (in full-time equivalents incl. apprentices)	932	419	103	18		1,472

*) A reversal of impairment losses totaling TEUR 28 and impairment losses amounting to TEUR 75 were recognized in the 2009/10 fiscal year. This resulted from the valuation of retail sales outlets, which were directly recognized in the income statement. In the 2010/11 fiscal year, impairment losses arising from the valuation of retail sales outlets were recognized to the amount of TEUR 442.

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 2010/11 and 2009/10 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, 2011	April 30, 2010	April 30, 2009	April 30, 2008
Debt/equity ratio (gearing)	15.1%	24.8%	44.1%	28.6%

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 the financial institutions involved have excellent 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 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	2010/11	2009/10
Interest rate risk	+/- 86	+/- 146

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 from continuing operations 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, 2011	April 30, 2010
GBP	+/- 309	+/- 258
CHF	+/- 137	+/- 170
USD	+/- 291	+/- 154
DKK	+/- 202	+/- 71
SEK	+/- 41	+/- 21
NOK	+/- 70	+/- 65
CAD	+/- 27	+/- 12
HKD	+/- 142	+/- 102

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	Assets April 30, 2011	Assets April 30, 2010	Liabilities April 30, 2011	Liabilities April 30, 2010
GBP in England	2,042	2,138	916	675
CHF in Switzerland	1,522	1,187	171	132
USD in USA	6,128	6,992	985	990
Other	4,520	3,892	186	270
Total	**14,212**	**14,209**	**2,258**	**2,067**

The following table shows the potential impact on the Group profit from continuing operations 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, 2011	April 30, 2010
GBP	+/– 125	+/– 163
CHF	+/– 150	+/– 117
USD	+/– 571	+/– 667
Other	+/– 482	+/– 402

For derivative financial instruments, a currency exchange rate change of +/– 10 percentage points would result in a currency sensitivity of TEUR +/– 746 (April 30, 2010: TEUR +/– 654).

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, 2011	Cash flows 2011/12	Cash flows 2012/13 to 2015/16	Cash flows 2016/17 ff
Bank loans and overdrafts	5,351	5,437	0	0
Interest-bearing financial liabilities	12,971	3,168	7,708	3,269
Non interest-bearing financial liabilities	300	119	181	0
Total		**8,724**	**7,889**	**3,269**

in TEUR	Carrying amount April 30, 2010	Cash flows 2010/11	Cash flows 2011/12 to 2014/15	Cash flows 2015/16 ff
Bank loans and overdrafts	9,500	9,629	0	0
Interest-bearing financial liabilities	18,226	2,544	14,156	3,435
Non interest-bearing financial liabilities	368	113	255	0
Total		**12,286**	**14,411**	**3,435**

In order to counteract liquidity risk, the Wolford Group has existing lines of credit, of which Wolford has only used 18 percent as of April 30, 2011 (April 30, 2010: 30 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, 2011 had terms of less than twelve months.

	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

	Nominal amount		Fair value	
April 30, 2010	**Foreign currency ('000)**	**TEUR**	**positive TEUR**	**negative TEUR**
Currency forwards				
GBP	1,150	1,294	1	(27)
USD	2,150	1,513	1	(103)
NOK	2,300	277	0	(15)
SEK	2,350	232	0	(12)
CHF	2,950	1,995	0	(64)
CAD	300	202	0	(22)
DKK	5,500	737	0	(2)
HKD	2,500	239	1	(4)

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 2010/11 fiscal year.

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, 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**

April 30, 2010

in TEUR	Level 1	Level 2	Level 3
Non-current assets			
Financial investments	4,974	0	0
Current assets			
Other receivables	0	3	0
Securities and financial investments	38	0	0
Current liabilities			
Other liabilities	0	(249)	0
Total	**5,012**	**(246)**	**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, 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**

April 30, 2010 in TEUR	Cost	Market value = carrying amount	recognized gains/losses	thereof recognized as profit or loss
Non-current securities				
Investment fund shares	4,698	4,366	(332)	0
Investment certificates and other investment fund shares	982	608	(374)	(350)
Total	**5,680**	**4,974**	**(706)**	**(350)**

No securities were pledged as collateral for non-current liabilities at the balance sheet date of April 30, 2011 (April 30, 2010: TEUR 3,490). At the balance sheet date April 30, 2010, only securities totaling TEUR 250 were actually required for this purpose.

Wolford acquired additional investment fund shares in the course of the 2010/11 fiscal year. In the year under review the entire portfolio of investment certificates and other investment fund shares and part of the investment fund shares were disposed of. The sale of securities led to losses amounting to TEUR 119 in the 2010/11 fiscal year (2009/10: TEUR 0), of which TEUR 94 were related to the sale of investment fund shares and TEUR 25 to the sale of investment certificates and other investment fund shares.

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, 2011 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	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 hedges (CFH):	TEUR 310
Available-for-sale assets (AfS):	TEUR 2,816
Other financial obligations (FL):	TEUR 39,071

April 30, 2010 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	4,677	4,677	0	0	4,677	0
Securities and financial investments	AfS	38	0	38	0	38	0
Trade receivables and prepayments	L&R	13,767	13,767	0	0	13,767	0
Other receivables	L&R	3,426	3,426	0	0	2,307	1,119
Derivatives	CFH	3	0	3	0	3	0
Other financial assets	AfS	4,974	0	4,974	0	0	4,974
Total financial assets		**26,885**	**21,870**	**5,015**	**0**	**20,792**	**6,093**
Trade payables	FL	4,776	4,776	0	0	4,776	0
Bank loans and overdrafts	FL	9,500	9,500	0	0	9,500	0
Non-current financial liabilities	FL	16,359	16,359	0	0	0	16,359
Current financial liabilities	FL	2,235	2,235	0	0	2,235	0
Derivatives	CFH	249	0	249	0	249	0
Other liabilities	FL	13,362	13,362	0	0	11,892	1,470
Total financial liabilities		**46,481**	**46,232**	**249**	**0**	**28,652**	**17,829**

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

Loans and receivables (L&R):	TEUR 21,870
Cash flow hedges (CFH):	TEUR (246)
Available-for-sale assets (AfS):	TEUR 5,012
Other financial obligations (FL):	TEUR 46,232

Net result according to classes

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 (HfT)	0	0	0	0	0	0
Derivatives (cash flow hedges)	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**

2009/10 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)	33	0	0	0	33	0
Derivatives (HfT)	0	0	0	470	470	0
Derivatives (cash flow hedges)	0	0	(246)	(222)	(222)	(246)
Available-for-sale assets (AfS)	187	0	184	0	187	184
Other financial liabilities (FL)	(911)	(130)	0	0	(1,041)	0
Net result	**(691)**	**(130)**	**(62)**	**248**	**(573)**	**(62)**

*) 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

In the 2010/11 fiscal year, the Wolford Group employed the following number of employees (full-time equivalents):

Number of full-time equivalents	2010/11	2009/10
Total average number	1,560	1,484
thereof wage earners	535	447
thereof salaried employees	1,013	1,026
thereof apprentices	12	11

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 2010/11 fiscal year amounted to TEUR 35 (2009/10: TEUR 10). All outstanding invoices were paid as of April 30, 2011. 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 2010/11 fiscal year amounted to TEUR 13 (2009/10: TEUR 2). As of April 30, 2011, invoices amounting to 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.

Other financial obligations

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

in TEUR (incl. sales-related rents)	April 30, 2011	April 30, 2010
Minimum rental and lease payments due in		
less than 1 year	11,423	11,101
1–5 years	19,886	27,156
more than 5 years	1,308	7,643

in TEUR (excl. sales-related rents)	April 30, 2011	April 30, 2010
Minimum rental and lease payments due in		
less than 1 year	5,629	5,600
1–5 years	7,954	11,036
more than 5 years	480	3,062

A considerable number of rental agreements were 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 2010/11 fiscal year was TEUR 11,883 (2009/10: TEUR 12,403). Contingent rental payments through sales-based rental costs (rents including ancillary costs) amounted to TEUR 5,881 (2009/10: TEUR 5,231).

On the basis of sub-leases, the Wolford Group expects future payments from sub-leases to amount to TEUR 1,040 as at April 30, 2011 (April 30, 2010: TEUR 962).

Information on the Executive Board and Supervisory Board

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**

2009/10 in TEUR	**Salaries**	**Severance payments**	**Pensions**	**Total remu-neration**
Breakdown of expenditures				
for Executive Board members	1,930	227	0	2,157
thereof variable components	1,062	0	0	1062
Former Executive Board members	0	0	128	128
Total	**1,930**	**227**	**128**	**2,285**

Remuneration paid to members of the Supervisory Board amounted to TEUR 70 (2009/10: TEUR 70), the individual amounts depending on the particular position and function on the board.

In the 2010/11 fiscal year, the Executive Board consisted of the following members:

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

In the 2010/11 fiscal year, the Supervisory Board consisted of the following members:

Theresa Jordis, Chairwoman
Emil Flückiger, Vice Chairman
Birgit G. Wilhelm
Werner Baldessarini (as of September 14, 2010)
Hansjörg Geiger (until September 14, 2010)

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 Shareholder's 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 Shareholder's 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 Shareholder's 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 Shareholder's 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 Remuneration Committee consisting of Theresa Jordis and Emil Flückiger deals with the employment relationships between the company and the members of the Executive Board. The Remuneration Committee met four times during the 2010/11 fiscal year.

The Audit Committee, consisting of all Supervisory Board members is responsible for the auditing and preparing 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. The Audit Committee convened twice during the 2010/11 fiscal year.

Bregenz, July 7, 2011

Signed

Holger Dahmen　　　　Peter Simma

Consolidated statement of changes in non-current assets for the year ended April 30, 2011

	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**
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**	**Reversal of impairment losses**	**April 30, 2011**	**May 1, 2010**	**April 30, 2011**
34,179	(366)	362	3,087	307	0	36,955	53,526	51,760
0	0	0	0	0	0	0	6,177	6,177
27,901	0	0	872	664	0	28,109	4,491	4,318
21,784	(222)	80	2,449	865	0	23,226	6,305	5,586
1	(1)	0	0	0	0	0	96	509
83,865	**(589)**	**442**	**6,408**	**1,836**	**0**	**88,290**	**64,418**	**62,173**
173	**(13)**	**0**	**0**	**0**	**0**	**160**	**1,188**	**1,137**
7,164	(8)	0	929	93	0	7,992	4,268	4,468
4,498	(15)	0	544	32	0	4,995	5,519	5,629
352	(8)	0	91	0	0	435	455	364
0	0	0	0	0	0	0	338	0
12,014	**(31)**	**0**	**1,564**	**125**	**0**	**13,422**	**10,580**	**10,461**
96,052	**(633)**	**442**	**7,972**	**1,961**	**0**	**101,872**	**76,186**	**73,771**

Consolidated statement of changes in non-current assets for the year ended April 30, 2010

	Costs					
in TEUR	**May 1, 2009**	**Currency translation differences**	**Additions**	**Disposals**	**Reclassi-fication**	**April 30, 2010**
Property, plant and equipment						
Land, land rights and buildings, including buildings on third-party land	83,912	42	3,797	97	51	87,705
of which: land	6,228	0	0	51	0	6,177
Technical equipment and machinery	32,187	0	377	867	695	32,392
Other equipment, furniture and fixtures	27,134	93	1,359	668	171	28,089
Prepayments and construction in process	598	0	631	182	(950)	97
	143,831	**135**	**6,164**	**1,814**	**(33)**	**148,283**
Goodwill	**1,354**	**7**	**0**	**0**	**0**	**1,361**
Concessions, patents and licenses	9,619	0	1,639	223	397	11,432
Security deposits paid for leased and rented real estate	10,427	36	17	463	0	10,017
Customer relationship	731	0	76	0	0	807
Prepayments made and plant under construction	589	0	113	0	(364)	338
	21,366	**36**	**1,845**	**686**	**33**	**22,594**
Total	**166,551**	**178**	**8,009**	**2,500**	**0**	**172,238**

Accumulated depreciation, amortization impairment losses and reversals							Carrying amounts	
May 1, 2009	**Currency translation differences**	**Impairment**	**Additions**	**Disposals**	**Reversal of impairment losses**	**April 30, 2010**	**May 1, 2009**	**April 30, 2010**
31,279	43	27	2,927	91	6	34,179	52,633	53,526
0	0	0	0	0	0	0	6,228	6,177
27,692	0	0	1,029	820	0	27,901	4,495	4,491
19,837	80	48	2,463	622	22	21,784	7,297	6,305
1	0	0	0	0	0	1	597	96
78,809	**123**	**75**	**6,419**	**1,533**	**28**	**83,865**	**65,022**	**64,418**
174	**(1)**	**0**	**0**	**0**	**0**	**173**	**1,180**	**1,188**
6,557	0	0	813	206	0	7,164	3,062	4,268
3,953	11	0	547	13	0	4,498	6,474	5,519
184	5	0	163	0	0	352	547	455
0	0	0	0	0	0	0	589	338
10,694	**16**	**0**	**1,523**	**219**	**0**	**12,014**	**10,672**	**10,580**
89,677	**138**	**75**	**7,942**	**1,752**	**28**	**96,052**	**76,874**	**76,186**

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, 2010 to April 30, 2011. These consolidated financial statements comprise the consolidated balance sheet as of April 30, 2011, 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, 2011, 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 judgment, 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 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, 2011, and of its financial performance and its cash flows for the financial year from May 1, 2010 to April 30, 2011 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 7, 2011

Deloitte Audit Wirtschaftsprüfungs GmbH

Signed

Walter Müller — Michael Schober

Officially Certified Auditors

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 Austria’s Corporate 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. 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 2010/11 fiscal year examined the Auditor´s and Management Report of the Wolford Aktiengesellschaft for 2009/10 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. It also examined and approved the consolidated financial statements for 2009/10 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 outlets in potential new markets.

The Executive Board discussed individual topical issues and decisions with the Chairwoman of the Supervisory Board or with her deputies. 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, 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 22, 2010, which was attended by the official auditor, the Audit Committee examined the financial statements for the 2009/10 fiscal year. In its second meeting, which was held on December 16, 2010, 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.

Corporate Governance

The Supervisory Board of Wolford AG 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 AG is provided in the Corporate Governance section of this annual report and is also published on the Website of Wolford AG.

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 2010/11 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 financial statements review meetings of the Executive Board and of the 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 have thus been 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 the challenging 2010/11 fiscal year.

Theresa Jordis
Chairwoman of the Supervisory Board

Vienna, July 2011

Corporate Governance

Corporate Governance in the Wolford Group

Wolford is convinced that diligently practicing and embracing good corporate governance makes a significant contribution to increasing the level of confidence on the part of investors and the capital market. 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.

A high degree of transparency for all stakeholders of the company is ensured on the basis of the Austrian Code of Corporate Governance. 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 AG 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, 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 expires in August 2014.

Since 2008, Peter Simma has also served as a Member 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 AG consists of four independent shareholder representatives elected by the Annual General Meeting (AGM), as well as two employee representatives designated by the Staff Council:

- **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.

- **Hansjörg Geiger**
  (born in 1943)
  Member of the Supervisory Board since September 12, 2006 until the 23rd Annual General Meeting held of September 14, 2010.

- **Anton Mathis**
  (born in 1960)
  Appointed by the Staff Council, Member of the Supervisory Board since December 16, 1999.

- **Peter Glanzer**
  (born in 1954)
  Appointed by the Staff Council, Member of the Supervisory Board 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 2010/11 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** (since September 14, 2010)
- **Hansjörg Geiger** (until September 14, 2010)
- **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 convenes at least twice during the particular fiscal year.

All members of the Supervisory Board fulfill the criteria defining the independence of Supervisory members as stipulated in C-Rule 53 and 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 70,000 was paid to Supervisory Board members for the 2009/10 fiscal year, divided among the members as follows:

- **Theresa Jordis**
  EUR 24,100

- **Emil Flückiger**
  EUR 19,500

- **Birgit G. Wilhelm**
  EUR 12,300

- **Hansjörg Geiger**
  EUR 12,300

- **Anton Mathis**
  EUR 900 (attendance fees)

- **Peter Glanzer**
  EUR 900 (attendance fees)

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 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 2010/11 fiscal year: EUR 35,494). 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, 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 2010/11 fiscal year: EUR 13,385). 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.

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

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

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. 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.

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 outlet – 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 outlets	Specialty retailers that sell both Wolford's and other brands' products
Outlets	Sales locations, shops or retail stores, may also refer to points of sale
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 outlets	Also referred to as "Wolford-owned" outlets or Retail segment, sales outlets 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 outlets, in other words, all direct sales to consumers – it does not include partner-operated Wolford outlets
Season	The spring/summer collection is largely available for sale starting in January; the fall/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 outlet 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
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 fall/winter collection and not available off-season
Wholesale (segment)	A Wolford business segment involving sales to other businesses, including partner-operated Wolford outlets, which in turn sell merchandise to end customers
Wolford Boutique/ monobrand outlets	Single-brand outlets selling only Wolford merchandise

FINANCIALS

AngG	Austrian Salaried Employees Act
AGM	Annual Shareholders’ Meeting
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, 2011 balance sheet date; 4,900,000 shares at April 30, 2010)
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 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
PDM	Product Development Management system
PPS	Production, Planning and Scheduling system
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

WOLFORD AKTIENGESELLSCHAFT
Wolfordstraße 1
A-6901 Bregenz on Lake Constance

For further information:
WOLFORD AKTIENGESELLSCHAFT
Karolina Tasek
Tel.: +43 5574/690-1268
Fax: +43 5574/690-1219
E-mail: investor@wolford.com
Website: www.wolford.com

The annual report in German or English can be ordered by calling (+43 5574) 690-1268. It is also available on the Internet at www.wolford.com.

Consulting: MSC Müller Stralz GmbH
Layout: gruenberg 4
Photography: Wolford Aktiengesellschaft
Printing: Buchdruckerei Lustenau, Millennium Park 10
Paper: Hello Silk

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

Disclaimer
The consolidated annual report of the Wolford Group has been put together with the greatest possible care. All data has been carefully checked. Nevertheless, rounding off, typesetting or printing errors cannot be excluded.

This annual report has also been prepared in English. However, only the German version is definite. This annual report contains forward-looking statements which reflect the opinions and expectations of the Executive Board, and include risks and uncertainties which could have a significant impact on actual circumstances and thus actual results. For this reason, readers are cautioned not to place undue reliance upon any forward-looking statements. Wolford Aktiengesellschaft is not obliged to publish any update or revision of the forward-looking statements contained in this report, unless otherwise required by law.