Half-year Financial Report 2010/11

(May 1, 2010 – October 31, 2010)

Contents

Half-year Financial Report 2010/11

Key Figures for the Wolford Group

May 1, 2010 – October 31, 2010

in EUR '000	Q1	Q2	Six months ended		Change from previous year	
	July 31, 2010	Oct. 31, 2010	Oct. 31, 2010	Oct. 31, 2009	*absolute*	*percent*
Sales	29,842	44,183	**74,025**	68,471	5,554	8.1%
EBITDA	-459	7,600	**7,141**	5,934	1,207	20.3%
EBITDA margin	-1.5%	17.2%	**9.6%**	8.7%	0.9	
Operating profit (EBIT)	-2,446	5,651	**3,205**	2,057	1,148	55.8%
EBIT margin	-8.2%	12.8%	**4.3%**	3.0%	1.3	
Financial result	-371	-367	**-738**	-770	32	4.2%
Result from continuing operations (before taxes)	-2,817	5,284	**2,467**	1,287	1,180	91.6%
Net result for the period	-2,512	4,422	**1,910**	755	1,155	152.8%
Earnings per share in EUR	-0.51	0.90	**0.39**	0.15	0.24	152.8%
Gross cash flow *	-291		**6,349**	4,649	1,700	36.6%
Gross liquidity	7,316		**9,735**	8,313	1,422	17.1%
Capital investments excluding financial assets	805		**2,832**	4,583	-1,751	-38.2%
Depreciation and amortization	1,987		**3,936**	3,876	60	1.5%
Shareholders' equity	77,186		**80,963**	77,437	3,526	4.6%
Equity-to-assets ratio	51.3%		**52.5%**	48.2%	4.3	
Liabilities to banks and other financial liabilities	34,815		**33,267**	45,972	-12,705	-27.6%
Net debt	27,499		**23,533**	37,659	-14,126	-37.5%
Debt/equity ratio (gearing)	35.6%		**29.1%**	48.6%	-19.5	
Average number of employees (in full-time equivalents)	1,469		**1,501**	1,499	2	0.1%
Number employees at period end (in full-time equivalents)	1,494		**1,554**	1,496	58	3.9%

**Gross cash flow =* Net profit/loss for the period
+ / - Depreciation, amortization, impairment losses/reversals of impairment losses on intangible assets and property, plant and equipment
- / + Gains/losses on the disposal of property, plant and equipment
+ / - Change in non-current provisions
= ***Gross cash flow***

Management Report

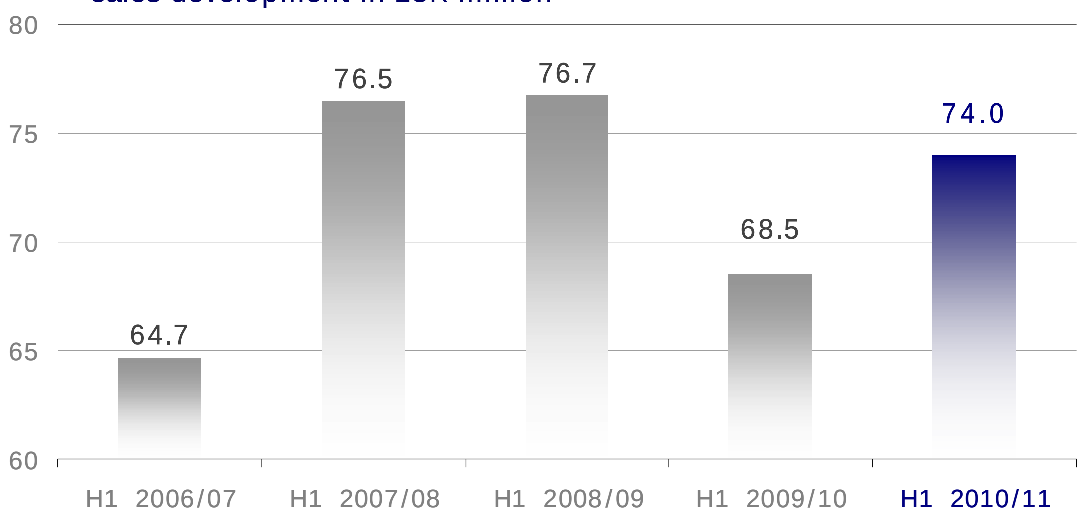
May 1, 2010 – October 31, 2010

Sales development

On balance, total sales of the Wolford Group rose 8.1 percent in the first half of the 2010/11 fiscal year, amounting to EUR 74.0 million (H1 2009/10: EUR 68.5 million). This development can primarily be attributed to the gratifying performance of Wolford's proprietary stores, which raised sales by 16.1 percent in the first half of the current fiscal year.

Most of Wolford's core geographic markets generated double-digit growth rates in sales in the reporting period. In particular, the promising future market of Asia/Oceania once again achieved a significant expansion of sales, which rose 37.0 percent in the first half-year 2010/11. Considerable growth was also posted in the USA (+24.3 percent), Switzerland (+18.6 percent) and Great Britain (+17.9 percent). The market in Spain and Belgium achieved a sales increase of about 15 percent, compared to approximately 12 percent in Italy and Scandinavia. Whereas Germany (+5.4 percent) also boosted sales and Central and Eastern Europe matched the previous year's figures, declining sales were reported in Austria (-0.3 percent), the Netherlands (-3.4 percent) and France (-3.5 percent).

Sales development in EUR million



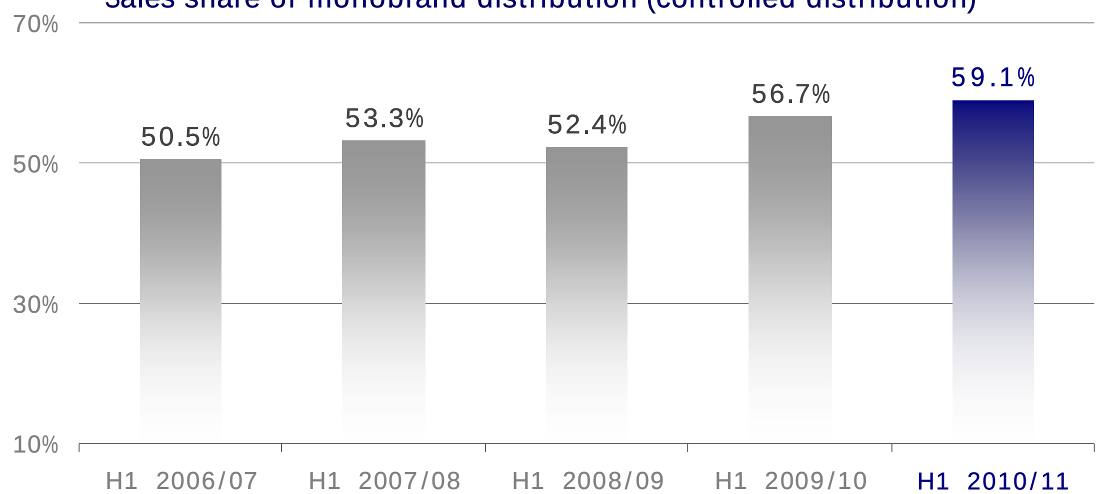
Management Report

May 1, 2010 – October 31, 2010

Sales in Wolford's proprietary stores (boutiques, shop-in-shops and factory outlets) as well as with distribution partners both increased in the first six months of the 2010/11 fiscal year, with retail outlets generating a much higher sales increase of 16.1 percent. In part, this was due to expanded distribution of Wolford-owned locations. On a like-for-like basis, sales were up 7.7 percent. As a consequence, the retail segment increased its share of total Group sales to 47.4 percent (H1 2009/10: 44.3 percent).

Considering the sales development of the individual distribution channels in greater detail, Wolford's own boutiques developed particularly positively (+14.2 percent). Due to the fact that sales with partner-operated boutiques also improved by 4.2 percent, the most important distribution channel "boutiques", which accounted for 46.0 percent of sales in the reporting period, generated an overall sales growth of 11.4 percent. As at the reporting date of October 31, 2010, Wolford distributed its products via a network of 217 boutiques (105 owned by Wolford and 112 operated by partners). The business with department stores (+12.4 percent) also developed particularly gratifyingly in the first half of the 2010/11 fiscal year, which is mainly related to growth at Wolford's own concession shop-in-shops. Taking account of the nine additional concession shop-in-shops opened in Spain by the end of October 2010, this category achieved a 53.1 percent jump in sales during the reporting period. Whereas sales at factory outlets were up 10.4 percent, business with multi-brand retailers remained stable at the prior-year level. Wolford's online business further gained in importance in the reporting period, with e-commerce sales rising 60.2 percent on a like-for-like basis compared to the previous year.

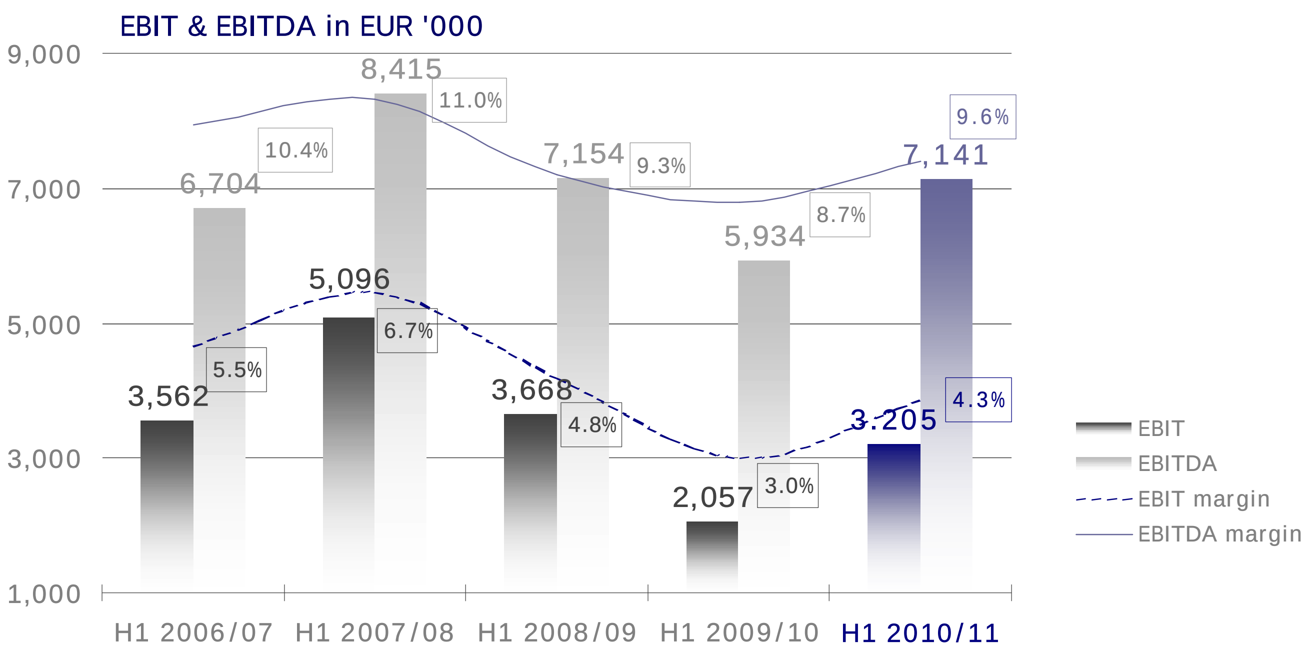
Sales share of monobrand distribution (controlled distribution)



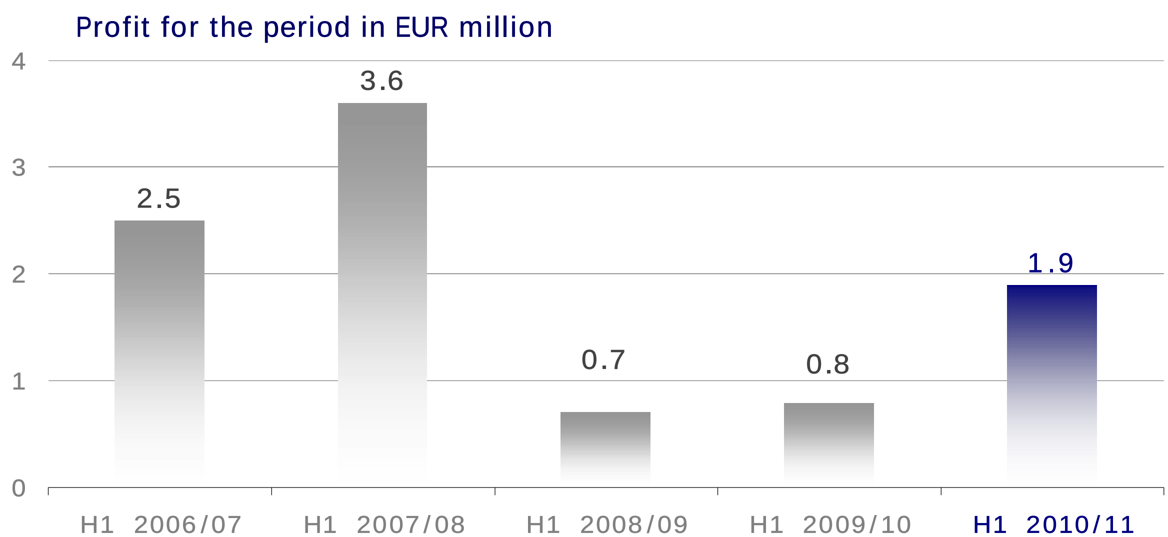
Based on the good performance of Wolford's controlled distribution channels (own and partner-operated boutiques, factory outlets and concession shop-in-shops), the sales share of monobrand distribution was up to 59.1 percent (H1 2009/10: 56.7 percent) in the reporting period.

Development of earnings

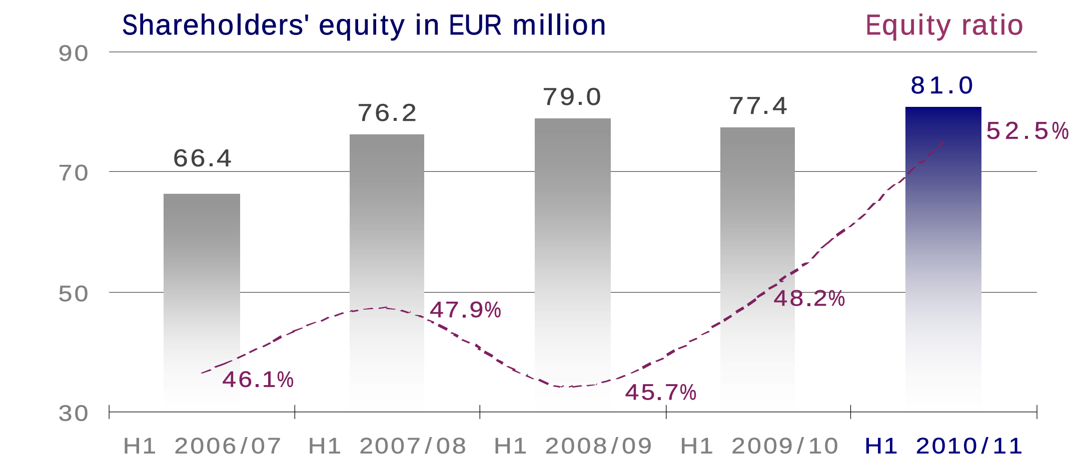
The positive development of key earnings indicators was even more pronounced in the reporting period, posting disproportionate growth compared to the rise in sales. Accordingly, EBITDA of the Wolford Group amounted to EUR 7.1 million, an increase of 20.3 percent from the level of EUR 5.9 million in the first half of 2009/10. The corresponding EBITDA margin improved from 8.7 to 9.6 percent. The increase in the operating profit (EBIT) was even more impressive, climbing by 55.8 percent to EUR 3.2 million, up from EUR 2.1 million in the first six months of the previous year. The gratifying development in the operating earnings indicators is the result of the ongoing persistent implementation of cost reduction and efficiency-enhancement measures.

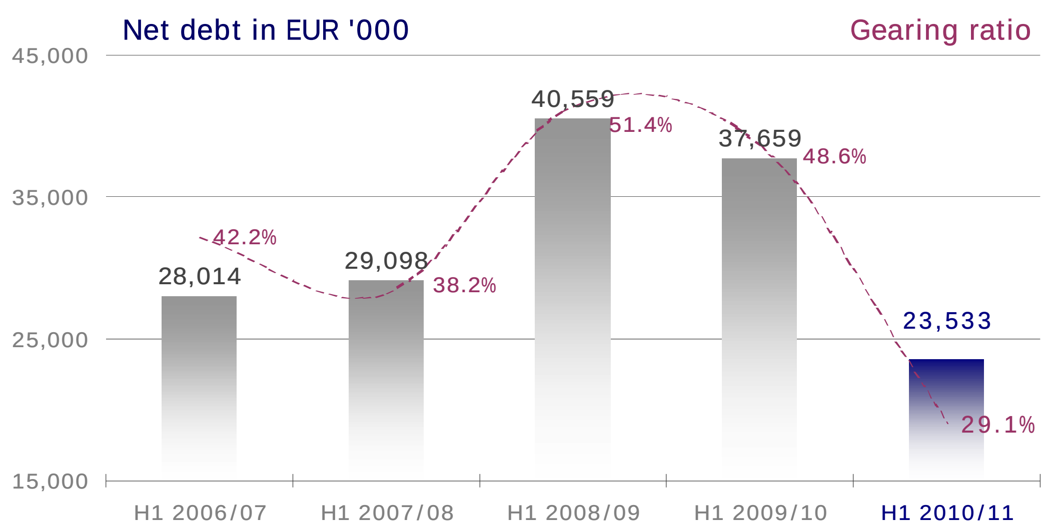


Against this backdrop, the Wolford Group came close to doubling the result from continuing operations, which totaled EUR 2.5 million in the reporting period (H1 2009/10: EUR 1.3 million). The profit for the period rose to EUR 1.9 million compared to EUR 0.8 million in the first half of the previous year, an improvement of 152.8 percent. Earnings per share were EUR 0.39 (H1 2009/10: EUR 0.15).



In the first half of the current fiscal year, Wolford continued its efforts to optimize financial resources tied up in working capital. An efficient inventory management reduced inventories by EUR 5.7 million from the level at the reporting date for the first half of the 2009/10 fiscal year. At the same time, the Wolford Group succeeded in reducing liabilities to banks, which in turn resulted in a significant reduction of net debt to EUR 23.5 million at present, down from EUR 37.7 million at the end of previous year's reporting period.The gearing ratio fell from 48.6 to 29.1 percent. The equity ratio as at October 31, 2010 improved to 52.5 percent (October 31, 2009: 48.2 percent). On an absolute basis, shareholders' equity rose from EUR 77.4 million at the half-year 2009/10 reporting date to the current level of EUR 81.0 million as at October 31, 2010.


Shareholders' equity in EUR million
Equity ratio
90
70
50
30
66.4
76.2
79.0
77.4
81.0
46.1%
47.9%
45.7%
48.2%
52.5%
H1 2006/07
H1 2007/08
H1 2008/09
H1 2009/10
H1 2010/11


Net debt in EUR '000
Gearing ratio
45,000
35,000
25,000
15,000
28,014
29,098
40,559
37,659
23,533
42.2%
38.2%
51.4%
48.6%
29.1%
H1 2006/07
H1 2007/08
H1 2008/09
H1 2009/10
H1 2010/11

Outlook

The financial results of the Wolford Group developed positively as expected in the first half of the 2010/11 fiscal year, due to the gratifying sales growth as well as the rigorous implementation of cost reduction and efficiency-enhancement measures. For this reason, Wolford will continue to strongly concentrate on both of these aspects. With respect to marketing, the market launch of new products and the already-planned measures to expand market penetration should further contribute to increasing demand. The focus of expanded sales activities will be on the Asian region (in particular China), which reported gratifying growth rates in the reporting period. Corresponding measures were already initiated at the end of the first half of 2010/11 to more intensively cultivate this region's markets, which should show perceptible results in the next two to three years.

Compared to the previous 2009/10 fiscal year, the Executive Board expects a rise in sales as well as a further improvement in earnings for the 2010/11 fiscal year as a whole.

Interim Consolidated Financial Statements

May 1, 2010 – October 31, 2010

Consolidated balance sheet at October 31, 2010 (IFRS)

ASSETS	Oct. 31, 2010	Oct. 31, 2009	April 30, 2010
in EUR '000			
Non-current assets			
Property, plant and equipment	63,650	65,336	64,418
Goodwill	1,168	1,133	1,188
Intangible assets excluding goodwill	10,079	10,692	10,580
Non-current available-for-sale financial assets	5,059	4,956	4,977
Non-current receivables and other assets	1,092	1,194	1,120
	81,048	**83,311**	**82,283**
Deferred tax assets	**4,985**	**4,973**	**4,903**
Current assets			
Inventories	37,616	43,365	37,557
Current receivables and other assets	21,475	21,013	13,933
Prepaid expenses	3,125	3,337	2,144
Current available-for-sale financial assets	38	38	38
Cash and cash equivalents	5,904	4,609	4,677
	68,158	**72,362**	**58,349**
TOTAL ASSETS	**154,191**	**160,646**	**145,535**

SHAREHOLDERS' EQUITY AND LIABILITIES	Oct. 31, 2010	Oct. 31, 2009	April 30, 2010
in EUR '000			
Shareholders' equity			
Share capital and capital reserves	38,168	38,168	38,168
Other reserves	33,364	32,726	32,852
Currency translation differences	-2,934	-3,408	-3,076
Retained earnings	17,029	14,615	16,099
Treasury stock	-4,664	-4,664	-4,664
	80,963	**77,437**	**79,379**
Deferred tax liabilities	**211**	**329**	**228**
Non-current liabilities			
Long-term debt	5,231	7,459	16,359
Provisions for employee benefits	14,372	13,763	13,893
Other non-current liabilities	1,443	163	1,470
	21,046	**21,385**	**31,722**
Current liabilities			
Current portion of long-term debt	2,889	2,313	2,235
Bank loans and overdrafts	25,147	36,200	9,500
Current provisions	5,408	5,196	5,554
Trade payables	4,532	4,362	4,776
Other current liabilities	13,995	13,424	12,141
	51,971	**61,495**	**34,206**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**154,191**	**160,646**	**145,535**

Consolidated income statement for the first six months of 2010/11 (IFRS)

in EUR '000	Q1 July 31, 2010	Q2 Oct. 31, 2010	H1 Oct. 31, 2010	H1 Oct. 31, 2009	Change from previous year absolute	Change from previous year percent
Sales	29,842	44,183	74,025	68,471	5,554	8.1%
Other operating profit	719	975	1,694	1,766	-72	-4.1%
Change in inventories of finished goods and work-in-proces	3,241	-3,245	-4	-1,061	1,057	99.7%
Own work capitalized	29	57	86	59	27	42.4%
Operating output	**33,831**	**41,970**	**75,801**	**69,235**	6,566	9.5%
Cost of materials and purchased services	-7,301	-6,029	-13,330	-12,538	-792	-6.3%
Staff costs	-17,632	-16,930	-34,562	-32,620	-1,942	-6.0%
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets	-1,987	-1,949	-3,936	-3,876	-60	-1.5%
Other operating expenses	-9,357	-11,411	-20,768	-18,144	-2,624	-14.5%
Operating result (EBIT)	**-2,446**	**5,651**	**3,205**	**2,057**	1,148	55.8%
Net interest cost	-183	-179	-362	-399	37	9.3%
Net investment securities income	1	1	3	3	0	0.0%
Interest cost of employee benefit liabilities	-189	-189	-379	-374	-5	-1.4%
Financial result	**-371**	**-367**	**-738**	**-770**	32	4.1%
RESULT FROM CONTINUING OPERATIONS (BEFORE TAXES)	**-2,817**	**5,284**	**2,467**	**1,287**	1,180	91.6%
Income taxes	305	-862	-557	-532	-25	-4.7%
NET RESULT FOR THE PERIOD	**-2,512**	**4,422**	**1,910**	**755**	1,155	152.8%
Earnings per share in EUR			0.39	0.15	0.24	152.8%
Weighted average number of shares outstanding in '000			4,900	4,900		

Consolidated cash flow statement (IFRS)

in EUR '000	Six months ended	
	Oct. 31, 2010	Oct. 31, 2009
Gross cash flow	**6,349**	4,649
Net cash from operating activities	**-492**	433
Net cash used in investing activities	**-2,447**	-4,258
Net cash from financing activities	**4,195**	4,727
Net increase in cash and cash equivalents	1,256	902
Cash and cash equivalents at beginning of period	4,677	3,752
Effect of exchange rate fluctuations on cash and cash equivalents at beginning of period	-29	-45
Cash and cash equivalents at end of period	**5,904**	4,609

Consolidated statement of changes in equity (IFRS)

in EUR '000	at April 30, 2010	Dividends 2009/10	Consolidated statement of comprehensive income	at Oct. 31, 2010
Share capital	36,350	0	0	**36,350**
Capital reserves	1,817	0	0	**1,817**
Fair value reserve for available-for-sale financial assets	-387	0	106	**-281**
Cash flow hedging reserve	-185	0	435	**250**
Other reserves	49,524	-980	1,881	**50,425**
Currency translation differences	-3,076	0	142	**-2,934**
Treasury stock	-4,664	0	0	**-4,664**
Total	**79,379**			**80,963**

in EUR '000	at April 30, 2009	Dividends 2008/09	Consolidated statement of comprehensive income	at Oct. 31, 2009
Share capital	36,350	0	0	**36,350**
Capital reserves	1,817	0	0	**1,817**
Fair value reserve for available-for-sale financial assets	-546	0	181	**-365**
Cash flow hedging reserve	0	0	0	**0**
Other reserves	46,963	0	744	**47,707**
Currency translation differences	-3,102	0	-306	**-3,408**
Treasury stock	-4,664	0	0	**-4,664**
Total	**76,818**			**77,437**

Operating segment report (IFRS)

in EUR '000	H1 2010/11						H1 2009/10					
	Austria	Rest of Europe	North America	Asia	Consolidations/ Eliminations	Group	Austria	Rest of Europe	North America	Asia	Consolidations/ Eliminations	Group
Sales	**46,707**	**46,272**	**11,602**	**1,165**	**-31,721**	**74,025**	**45,047**	**43,095**	**9,312**	**772**	**-29,755**	**68,471**
thereof inter-segment	30,766	955	0	0	-31,721	0	29,582	173	0	0	-29,755	0
external sales	15,941	45,317	11,602	1,165	0	74,025	15,465	42,922	9,312	772	0	68,471
Result from continuing operations (before taxes)	**1,553**	**1,608**	**-260**	**155**	**-589**	**2,467**	**1,416**	**641**	**-244**	**-75**	**-451**	**1,287**
Segment assets	**155,065**	**45,066**	**13,467**	**1,010**	**-60,417**	**154,191**	**159,573**	**50,289**	**13,217**	**1,147**	**-63,580**	**160,646**
Segment liabilities	**58,076**	**31,690**	**6,387**	**161**	**-23,086**	**73,228**	**71,582**	**35,111**	**6,240**	**779**	**-30,503**	**83,209**

The basis for segment reporting and the valuation of segment profit have remained unchanged since the consolidated financial statements for the 2009/10 fiscal year.

Notes on the Half-year Financial Report

at October 31, 2010

General information

The consolidated interim financial statements of the Wolford Group for the first quarter of the 2010/11fiscal year were prepared under the responsibility of the Executive Board in compliance with the International Financial Reporting Standards (IFRS) on the basis of IAS 34 (Interim Financial Reporting).

The accounting and valuation policies applied to the consolidated financial statements of the Wolford Group for the 2009/10 fiscal year remained unchanged.

The consolidated interim financial statements do not include all information and explanatory notes which are required in relation to the consolidated financial statements for the fiscal year as a whole. For this reason, this interim report should be read together with the Annual Report 2009/10 of the Wolford Group applying to the balance sheet date of April 30, 2010.

In all financial reporting of the Wolford Group, amounts are reported in thousands of euros (TEUR). Rounding differences may occur due to the use of automated aids.

Change in the scope of consolidation

The number of companies included in the scope of consolidation has not changed since the last reporting date.

Acquisition and disposal of property, plant and equipment and intangible assets

In the first six months of the 2010/11 fiscal year, the Wolford Group acquired property, plant and equipment and intangible assets amounting to TEUR 2,832 (previous year: TEUR 4,583). In the same period, TEUR 1 (previous year: TEUR 0) of property, plant and equipment and intangible assets were disposed of.

Notes on the Half-year Financial Report at October 31, 2010

Seasonality of business operations

Compared to the first three months of the fiscal year, the second quarter is traditionally a stronger period. This is reflected in the development of earnings indicators. The Wolford Group traditionally generates the most sales in the third quarter of the fiscal year, due tot he Christmas shopping season.

Comment on the financial result

Based on the application of cash flow hedge accounting since April 30, 2010, fair value fluctuations of the deployed derived financial instruments no longer have an impact on the net profit/loss for the particular reporting period, but are directly recognized in shareholders' equity (provision for cash flow hedging). For this reason, the financial result of the first six months of the 2010/11 fiscal year is not comparable with the previous year's period. If the effects from cash flow hedge accounting in the current fiscal year were not recognized in shareholders' equity but in the income statement, as in the comparable period of the previous year, the financial result in the first six months of the 2010/11 fiscal year and thus the result from continuing operations would be improved by TEUR 580 (before deferred taxes), and the net profit/loss for the period would be higher by TEUR 435, as the following presentation of results shows:

in EUR '000	H1		Change	
	2010/11	2009/10	*absolute*	*in percent*
Profit from continuing operations with hedge accounting	**2,467**	1,287	1,180	91.6%
Profit from continuing operations without hedge accounting effect	***3,047***	*1,287*	*1,760*	*136.6%*
Net profit for the period with hedge accounting	**1,910**	755	1,155	152.8%
Net profit for the period without hedge accounting effect	***2,345***	*755*	*1,590*	*210.4%*
Net profit for the period per share in EUR with hedge accounting	**0.39**	0.15	0.24	152.8%
Net profit for the period per share in EUR without hedge accounting effect	***0.48***	*0.15*	*0.33*	*210.4%*

Notes on the Half-year Financial Report at October 31, 2010

Contingent liabilities

There have been no material changes in contingent liabilities since the last reporting date.

Related party transactions

There are immaterial business relationships with related companies and individuals. All transactions are conducted at normal market prices, terms and conditions.

Significant events after the reporting date

Wolford changed part of its sales structure in Spain after the reporting date. In the meantime time, it operates its own concession shop-in-shops (nine openings in the second quarter and two further in November of the current fiscal year) at eleven locations of an important Spanish customer. The other sales locations of this customer in Spain will continue to be operated as wholesale outlets.
There were no other significant events requiring disclosure between the balance sheet date on October 31, 2010 and the publication of this interim financial report.

Report on the auditor’s review

The consolidated interim financial statements were neither subject to a comprehensive audit nor to an auditor’s review by chartered accountants.

Statement of all Legal Representatives

according to Para. 87 Sect. 1 (3) Austrian Stock Exchange Act

The members of the Executive Board of Wolford Aktiengesellschaft confirm to the best of their knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the group as required by the applicable accounting standards. The management report of the Wolford Group gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year, and of the major related party transactions to be disclosed.

Bregenz, December 2010

The Executive Board signed:

Holger Dahmen
Chairman of the Executive Board

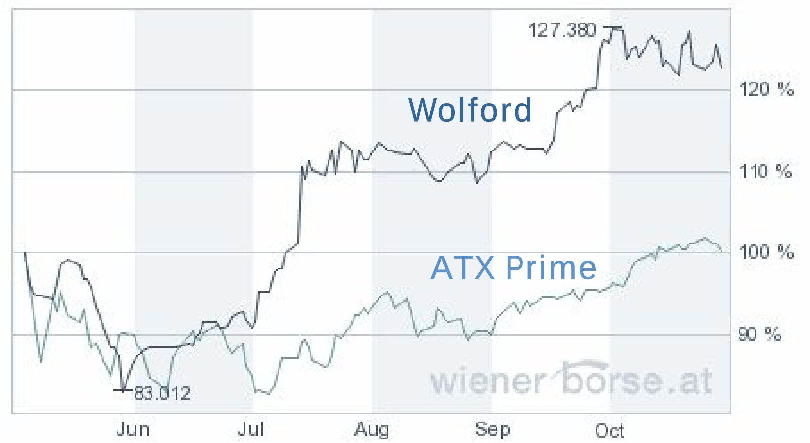
Management responsibility for Marketing, Sales, Production and Technology, Strategic License Management and Designer Partnerships

Peter Simma
Deputy Chairman of the Executive Board

Management responsibility for Finance, Human Resources, IT and Procurement

Wolford Share

Share performance May 1, 2010 – October 31, 2010



in EUR	2010/11	2009/10
Earnings per share for the period	0.39	0.15
Stock price on April 30	16.56	8.34
Stock price on October 31	20.35	12.05
Stock price low for H1	13.78	7.80
Stock price high for H1	21.15	12.35
Market capitalization on October 31	101,750,000	60,250,000
Trading volume in H1 (average daily number of shares)	14,465	24,824

General information on the Wolford share

ISIN Code	AT0000834007
Stock exchange centers	Vienna Stock Exchange (Prime Market segment)
	Frankfurt (OTC segment)
	New York (ADR program, Level 1)
Initial listing	February 14, 1995
Stock type	Bearer shares (no par value)
Total number of shares	5,000,000
thereof entitled to dividend	4,900,000
Authorized capital	36,350,000 EUR
Indices	ATX Prime
Ticker symbols	Reuters: WLFD.VI, Bloomberg: WOL AV

Ownership structure

In the first quarter of the 2010/11 fiscal year the WMP family private trust held more than 25 percent, and the Sesam private trust more than 15 percent. The Bartel 2006 Trust und Bartel Family Trust held eight percent. Wolford Aktiengesellschaft held another two percent as treasury stock. The remaining shares were in free float.

Coverage

The communication activities to the research departments of different banks were further intensified in the second quarter of the current fiscal year. In addition to Raiffeisen Centrobank AG, Erste Group Bank AG and Deutsche Bank AG, Berenberg Bank and UniCredit Bank AG have resumed their coverage of the Wolford Group.

Financial Calendar

Friday	March 18, 2011	Results Q3 2010/11
Friday	July 22, 2011	Press conference on 2010/11 annual results, 9.30 a.m., Vienna
Thursday	September 15, 2011	Annual General Meeting of Shareholders, 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

Updates are available at www.wolford.com

About this report

For further information

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This interim report is available in German and English on the internet at www.wolford.com.

Definitions of financial indicators are contained in the latest annual report for the 2009/10 fiscal year.

Disclaimer

This interim financial 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 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.