REPORT ON THE FIRST QUARTER OF 2016/17

(MAY 2016 – JULY 2016)

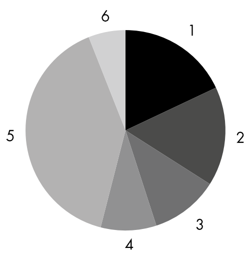
The Wolford Group Key Data

Earnings Data		**05 -07/16**	**05 -07/15**	**Chg. in %**	**2015/16**
Revenues	in € mill.	27.74	33.98	-18	162.40
EBIT	in € mill.	-8.28	-3.04	>100	1.55
Earnings before tax	in € mill.	-8.44	-3.33	>100	0.62
Earnings after tax	in € mill.	-8.22	-2.55	>100	-6.19
Capital expenditure	in € mill.	2.69	1.99	+35	7.30
Free cash flow	in € mill.	-14.65	-8.76	+67	-2.35
Employees (on average)	FTE	1,557	1,583	-2	1,571

Balance Sheet Data		**31.07.2016**	**31.07.2015**	**Chg. in %**	**30.04.2016**
Equity	in € mill.	59.94	72.47	-17	68.15
Net debt	in € mill.	35.59	25.98	+37	20.86
Working capital	in € mill.	48.72	39.76	+23	43.15
Balance sheet total	in € mill.	145.86	150.58	-3	139.25
Equity ratio	in %	41	48	-15	49
Gearing	in %	59	36	+64	31

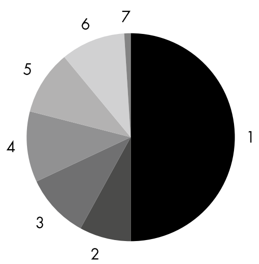
Stock Exchange Data		**05 -07/16**	**05 -07/15**	**Chg. in %**	**2015/16**
Earnings per share	in €	-1.67	-0.52	>100	0.21
Share price high	in €	25.70	23.98	+7	24.12
Share price low	in €	24.49	22.05	+11	18.75
Share price at end of period	in €	25.60	22.37	+14	24.00
Shares outstanding (weighted)	in 1,000	4,912	4,900	+1	4,900
Market capitalization (ultimo)	in € mill.	128.00	111.85	+14	120.00

REVENUES BY MARKET



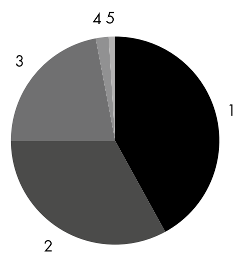
1 North America 18 %
2 Germany 16 %
3 Austria 11 %
4 France 9 %
5 Rest of Europe 40 %
6 Asia/Oceania 6 %

REVENUES BY DISTRIBUTION



1 Boutiques 50 %
2 Concession-Shop-in-shops 8 %
3 Online Business 10 %
4 Factory Outlets 11 %
5 Department Stores 10 %
6 Multi-brand Retailers 10 %
7 Private Label 1 %

REVENUES BY PRODUCT GROUP



1 Legwear 42 %
2 Ready-to-wear 33 %
3 Lingerie 22 %
4 Accessories 2 %
5 Trading goods 1%

Contents

Letter from the Board

Axel Dreher and Ashish Sensarma, Management Board of Wolford AG

Dear shareholders, Ladies and Gentlemen,

Before we explain the underlying reasons for the recent change in our guidance for the current financial year, let us assure you right away of one thing: our roadmap designed to enhance medium-term profitability is still intact, and we are moving ahead as scheduled.

Over the past few months, we have not only completely restructured our sales organization for EMEA, but went live with our B2B service platform for the EMEA region. We expect this to generate substantial efficiency gains in our sales activities and a subsequent revenue increase in our wholesale business. The launch of our new B2C platform will take place at the end of September 2016 as scheduled.

Against the backdrop of our business development in recent months, we will accelerate selected measures designed to improve earnings. For this reason, we anticipate restructuring costs in the current financial year to be somewhat higher than originally forecast. In order to achieve our medium-term margin targets, the speedier implementation of the approved measures will take precedence over the short-term objective of generating positive operating results at the end of this financial year.

Difficult market conditions for the time being

As is well known, we have put very difficult months behind us, and do not expect the market situation to improve in the short term. This was a key reason for the decision to adjust our original forecasts following the end of the first quarter of the financial year, even if this period traditionally shows a weaker revenue development. In this particular case, first-quarter revenue and thus earnings were significantly below the prior-year figures as well as our internal expectations.

Other suppliers of luxury brands and high quality garments also suffered from exceptionally weak customer frequency in top shopping locations. This is not least a consequence of a declining number of tourists against the backdrop of fears of new terrorist attacks. In addition, revenue dropped in Great Britain due to the prevailing feeling of insecurity triggered by the BREXIT vote and political uncertainty in the USA, which in turn negatively impact consumer sentiment. The unfavorable conditions also affected our wholesale business. This was accompanied by our decision as of this financial year to first deliver most of our fall/winter collection in the month of September. As a result, we now expect part of this revenue to be generated in the second quarter of the financial year.

However, the substantial revenue decrease in our high-margin retail business hits us even harder. It is likely that we will only be able to compensate for these negative developments to a limited extent in the upcoming quarterly periods. The Wolford Group now anticipates stagnating or slightly lower revenue for the 2016/17 financial year and negative operating earnings in the low single digit million euro range.

Stronger starting position

In the meantime, our starting position for the targeted medium-term increase in revenue has improved over the last few months. For example, our new shop concept can first be experienced in Berlin as of September 7, 2016, and will also be visible in Shanghai as of September 15. Construction-related delays only arose in Los Angeles, where we decided to forego a re-launch for the time being. Meanwhile, we are more favorably positioned in the wholesale business. For example, the shop-in-shops in the most important department stores in Berlin now feature a new look. A new wholesale furniture concept will be rolled out throughout the entire EMEA region as of November of this year.

Our product portfolio is on target. The spring/summer collection 2016, the first one developed by our new creative directors, was an outstanding success. Compared to last year's summer collection, we actually succeeded in generating a double-digit increase in sales of our Trend products at full price. Meanwhile, we have introduced event-related capsule collections, for example a bridal and Valentine's collection, which Wolford fans felt were missing for a long time. The new Wolford beachwear collection will also open up additional sales potential, especially for the previously weak summer months. The presentation of this collection to an expert audience at the end of July met with a very positive response. Beachwear includes products ranging from swimsuits to pareo, and will be available in stores as of the beginning of April 2017.

Dear shareholders, our company is on the right track, even if we are unlikely to come closer in this financial year to achieving our medium-term performance targets. The positive effects of the accelerated restructuring program should become even more perceptible in the next financial year. Of course we reaffirm our medium-term planning goals of generating a 10% EBIT margin by the 2019/20 financial year.

We would like to thank you for the confidence you have placed in us, and hope you will continue to accompany us on this path.

Ashish Sensarma, CEO

Axel Dreher, COO/CFO

Management Report

EARNINGS (MAY 2016 TO JULY 2016)

The Wolford Group generated revenues of € 27.74 million in the first three months of the current financial year, comprising a drop of 18% from the prior-year level of 33.98 million. The drop in revenue equaled 17% when adjusted in particular to take account of currency effects related to the decrease in value of the British pound.

Revenue decline in the retail and the wholesale segments

A good half of the revenue decline of € 6.2 million can be attributed to the new delivery timing in the wholesale business. Starting with the current financial year, the new scheduling calls for a large part of the fall/winter collection to first be delivered in the month of September. Accordingly, the first-quarter figures for this financial year did not include revenues from so-called pre-season orders to the amount of € 3.19 million, which will now be shifted to subsequent quarters. On balance, revenue of the wholesale segment fell by 32% in the first quarter of 2016/17.

Wolford-owned retail stores also reported a significant decline in revenues totaling € 1.71 million (-9%), thus performing below expectations. This was not least due to the lack of customer frequency at top shopping locations in Europe and the USA. In contrast, the Wolford Group's own online business remained at the same strong level as in the previous year.

Weak customer frequency in the core markets

The slowdown in the growth of the global premium and luxury goods industry continued in the first three months of the 2016/17 financial year, which was also reflected in regional revenue development. Unlike other sectors, this industry could not profit from the positive consumer climate.

The weak level of demand is shown in the development of revenues in the regions served by Wolford. The company suffered from a double-digit revenue decline in the USA, Great Britain, Switzerland, Germany, France and Italy. Moreover, uncertainties relating to the BREXIT vote had a negative effect on revenues in Europe. In addition, the strength of the US dollar affected the revenue development.

The markets in Belgium, Austria and the Netherlands reported a single-digit drop in revenues. The weak market development in Hong Kong, Macau and China led to a double-digit revenue decrease in Wolford's relevant Asian markets. Revenues in Central and Eastern Europe also fell as a consequence of the difficult situation on the Russian market.

The difficult market environment and the growth slowdown in the high-end premium segment of the clothing industry also impacted revenues of Wolford's product groups in the first quarter. All product groups - Legwear, Ready-to-wear, Lingerie, Accessories and Trading Goods – showed a double-digit downturn in revenues.

EBIT significantly lower than the previous year

The weak revenue development in the first quarter was also reflected in the company's operating earnings. Moreover, Wolford was faced with negative currency effects amounting to € 0.31 million primarily within the context of the decline in value of the British pound. Due to general salary increases, personnel expenses only fell by € 0.22 million in spite of the slight reduction in the number of employees. On balance, the Wolford Group employed an average of 1,557 employees (FTE) in the first quarter of 2016/17, compared to 1,583 in the prior-year period.

Operating earnings (EBIT) totaled € -8.28 million in the first three months of the current financial year, compared to € -3.04 million in the previous year. EBIT in the prior-year period benefited from the sale of non-core rental apartments (other operating income to the amount of € 1.09 million).

Adjusted for this special effect, EBIT in the first three months of the 2016/17 financial year was € 4.14 million below the comparable figure in the first quarter of 2015/16.

Group earnings after tax below the prior-year level

The financial result was at € -0.17 million and thus higher than the prior-year figure of € -0.28 million, which is particularly due to the positive valuation effects on financial assets. Against the backdrop described above, first-quarter earnings before tax amounted to € -8.44 million, compared to the prior-year level of € -3.33 million. The income tax expense totaled € 0.22 million (previous year: € 0.77 million), whereby deferred taxes assets in the first quarter of the current financial year were € 0.89 million lower than in the prior-year period. Earnings after tax amounted to € -8.22 million compared to the prior-year figure of € -2.55 million. Earnings per share equaled € -1.67, down from € -0.52 in the first quarter of 2015/16.

CASH FLOW (MAY 2016 TO JULY 2016)

Higher working capital due to build-up of inventories

The cash flow from operating activities (operating cash flow) fell by € 4.07 million in the first three months of the current financial year to € -12.09 million. This development can be mainly attributed to the increase in inventories compared to the prior-year level. The cash flow from investing activities totaled € 2.56 million during the period under review, a rise of € 1.82 million from the previous year. In the first three months of 2016/17, Wolford primarily invested in its new shop concept in Berlin and Shanghai as well as in the new furniture concept for important shop-in-shop department stores in Berlin.

On the basis of the above-mentioned effects, the free cash flow (cash flow from operating activities less the cash flow from investing activities) fell from € -8.76 million to € -14.65 million in the first quarter of the 2016/17 financial year. In the same period, the cash flow from financing activities rose from € 8.50 million to € 15.32 million due to the rise in working capital. Cash and cash equivalents amounted to € 4.52 million at the end of the period under review, compared to € 4.53 million in the previous year.

ASSETS AND FINANCIAL POSITION (AS OF JULY 31, 2016)

Equity ratio of 41 %

The balance sheet total of the Wolford Group fell from € 150.58 million at the end of the prior-year quarter to € 145.86 million as of July 31, 2016. This was the result of the decline in deferred tax assets and lower receivables. Equity of the Wolford Group at the balance sheet date amounted to € 59.94 million, comprising a drop of € 12.53 million from the first quarter of the previous financial year. Accordingly, net debt as at July 31, 2016 rose from € 25.98 million to € 35.59 million. The equity ratio was 41 % (July 31, 2015: 48 %), and gearing equaled 59 % (July 31, 2015: 36 %). The main reason for the higher level of debt was the build-up of inventories.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No major events occurred after the balance sheet date that would have had a significant effect on the financial position, financial performance or cash flows of the Wolford Group.

OUTLOOK

Revised forecast for the entire year

The market environment will continue to be difficult in the foreseeable future. Wolford has adjusted its previous revenue and earnings forecasts in the light of its own recent sharp decline in revenue. The Wolford Group now anticipates stagnating or slightly lower revenue for the entire 2016/17 financial year. Furthermore, the company's earnings guidance for the current financial year has been more precisely specified, with Wolford now expecting negative operating earnings in the lower single-digit million euro range.

By contrast, the implementation of the program of measures designed to sustainably increase revenue and profitability is proceeding on schedule, and the cost-cutting drive is being further accelerated and should have a perceptible impact on earnings starting in the upcoming 2017/18 financial year. For this reason, the company reaffirms its medium-term planning targets.

Interim Financial Statements (IFRS)

Statement of Comprehensive Income

in TEUR	05 -07/16	05 -07/15
Revenues	**27,742**	**33,984**
Other operating income	287	1,332
Changes in inventories of finished goods and work-in-process	5,344	3,612
Own work capitalized	12	9
Operating output	**33,385**	**38,937**
Cost of materials and purchased services	-8,548	-7,710
Personnel expenses	-18,688	-18,907
Other operating expenses	-12,219	-13,067
Depreciation and amortization	-2,206	-2,294
EBIT	**-8,276**	**-3,041**
Net interest cost	-139	-163
Net investment securities income	54	-48
Interest cost of employee benefit liabilities	-81	-73
Financial result	**-166**	**-284**
Earnings before tax	**-8,442**	**-3,325**
Income tax	221	771
Earnings after tax	**-8,221**	**-2,554**
Amounts that will not be recognized through profit and loss in future periods	0	0
thereof actuarial gains and losses	0	0
Amounts that will potentially be recognized through profit and loss in future periods	308	194
thereof currency translation differences	308	189
thereof change from cash flow hedges	0	5
Other comprehensive income [1]	**308**	**194**
Total comprehensive income	**-7,913**	**-2,360**
Attributable to the equity holders of the parent company	-7,913	-2,360
Earnings after tax attributable to equity holders of the parent company	-8,221	-2,554
Earnings per share (diluted = basic)	**-1.67**	**-0.52**

[1] The items presented under other comprehensive income are shown after tax.

Cash Flow Statement

in TEUR	05 -07/16	05 -07/15
Earnings before tax	**-8,442**	**-3,325**
Depreciation and amortization	2,206	2,317
Interest result	139	210
Gains / losses from disposal of property, plant and equipment	71	-1,064
Changes in non-current provisions	-28	-314
Changes in inventories	-5,727	-3,889
Changes in trade receivables	1,672	561
Changes in other assets	-1,509	490
Changes in trade payables	-1,211	-840
Changes in current provisions	1,411	-2,105
Changes in other liabilities	-799	222
Changes in the cash flow hedge reserve	0	6
Net interest paid	-54	-186
Income taxes paid / received	181	-101
Cash flow from operating activities	**-12,090**	**-8,018**
Investments in property, plant and equipment and other intangible assets	-2,685	-2,102
Proceeds from the sale of property, plant and equipment and other intangible assets	18	1,360
Proceeds from the disposal of securities	104	0
Cash flow from investing activities	**-2,563**	**-742**
Payment received from current and non-current financing liabilities	15,268	9,115
Repayment of current and non-current financing liabilities	50	-619
Dividends paid	0	0
Cash flow from financing activities	**15,318**	**8,496**
Change in cash and cash equivalents	**665**	**-264**
Cash and cash equivalents at the beginning of the period	3,870	4,785
Effects of exchange rate fluctuations on cash and cash equivalents	-16	6
Cash and cash equivalents at the end of the period	**4,519**	**4,527**

Balance Sheet

in TEUR	31.07.2016	31.07.2015	30.04.2016
Property, plant and equipment	51,993	53,190	51,444
Goodwill	1,271	1,285	1,263
Other Intangible assets	11,308	12,327	11,570
Financial assets	1,359	1,547	1,305
Non-current receivables and assets	1,865	2,175	1,931
Deferred tax assets	2,891	11,413	2,898
Non-current assets	**70,687**	**81,937**	**70,411**
Inventories	53,597	46,287	47,836
Trade receivables	7,010	9,554	8,758
Other receivables and assets	4,610	2,612	5,111
Prepaid expenses	5,441	5,663	3,262
Cash and cash equivalents	4,519	4,527	3,870
Non-current assets held for sale	0	0	0
Current assets	**75,177**	**68,643**	**68,837**
Total assets	**145,864**	**150,580**	**139,248**
Share capital	36,350	36,350	36,350
Capital reserves	1,817	1,817	1,817
Other reserves	22,582	35,353	30,790
Currency translation differences	-806	-1,052	-812
Equity	**59,943**	**72,468**	**68,145**
Financial liabilities	1,132	4,962	974
Other liabilities	958	1,041	972
Provision for long-term employee benefits	17,849	18,905	17,896
Deferred tax liabilities	86	48	60
Non-current liabilities	**20,025**	**24,956**	**19,902**
Financial liabilities	40,329	27,095	25,060
Trade payables	3,862	4,209	5,086
Other liabilities	12,638	14,483	13,476
Income tax liabilities	1,469	1,609	1,464
Other provisions	7,598	5,760	6,115
Current liabilities	**65,896**	**53,156**	**51,201**
Total equity and liabilities	**145,864**	**150,580**	**139,248**

Statement of Changes in Equity

	Attributable to equity holders of the parent company							
in TEUR	**Share capital**	**Capital reserves**	**Hedging reserve**	**Actuarial gain/loss**	**Other reserves**	**Treasury stock**	**Currency translation**	**Total equity**
01.05.2015	**36,350**	**1,817**	**-5**	**-3,867**	**46,437**	**-4,663**	**-1,241**	**74,828**
Dividends 2014/15	0	0	0	0	0	0	0	0
Income after tax	0	0	0	0	-2,554	0	0	-2,554
Total comprehensive income	0	0	5	0	0	0	189	194
31.07.2015	**36,350**	**1,817**	**0**	**-3,867**	**43,883**	**-4,663**	**-1,052**	**72,468**
01.05.2016	**36,350**	**1,817**	**6**	**-4,070**	**39,268**	**-4,413**	**-813**	**68,145**
Dividends 2015/16	0	0	0	0	0	0	0	0
Income after tax	0	0	0	0	-8,221	0	0	-8,221
Total comprehensive income	0	0	0	0	13	0	6	19
31.07.2016	**36,350**	**1,817**	**6**	**-4,070**	**31,059**	**-4,413**	**-806**	**59,943**

Segment Reporting

05 -07/16 in TEUR	**Austria**	**Rest of Europe**	**North America**	**Asia**	**Consolidations**	**Group**
Revenues	**15,955**	**17,587**	**5,194**	**1,176**	**-12,170**	**27,742**
thereof intersegment	9,466	2,704	0	0	-12,170	0
External revenues	**6,489**	**14,883**	**5,194**	**1,176**	**0**	**27,742**
EBIT	**-3,102**	**-3,192**	**-1,249**	**-673**	**-60**	**-8,276**
Segment assets	166,172	44,547	13,112	3,795	-81,762	145,864
Segment liabilities	73,953	37,821	11,739	3,958	-41,550	85,921
Investments	1,895	556	81	159	-5	2,686
Depreciation and amortization	1,240	706	144	119	-3	2,206
Employees on average (FTE)	**692**	**728**	**105**	**32**	**0**	**1,557**

05 -07/15 in TEUR	**Austria**	**Rest of Europe**	**North America**	**Asia**	**Consolidations**	**Group**
Revenues	**21,106**	**20,625**	**6,653**	**1,521**	**-15,921**	**33,984**
thereof intersegment	13,673	2,248	0	0	-15,921	0
External revenues	**7,433**	**18,377**	**6,653**	**1,521**	**0**	**33,984**
EBIT adjusted	**972**	**-2,541**	**-1,380**	**-432**	**340**	**-3,041**
Non-recurring expenses	0	0	0	0	0	0
Non-recurring income	0	0	0	0	0	0
EBIT	**972**	**-2,541**	**-1,380**	**-432**	**340**	**-3,041**
Segment assets	174,867	47,403	17,558	3,797	-93,045	150,580
Segment liabilities	74,322	39,101	11,807	2,759	-49,877	78,112
Investments	544	1,065	161	227	-7	1,990
Depreciation and amortization	1,290	748	176	86	-6	2,294
Employees on average (FTE)	**725**	**721**	**100**	**37**	**0**	**1,583**

Notes to the Interim Financial Statements

GENERAL INFORMATION

The consolidated interim financial statements of the Wolford Group for the first three months of the 2016/17 financial year (May 1, 2016 to July 31, 2016) were prepared in accordance with International Financial Reporting Standards (IFRS) on the basis of IAS 34 (Interim Financial Reporting). The accounting and valuation policies applied in preparing the consolidated interim financial statements reflect the policies applied to the consolidated financial statements for the 2015/16 financial year. The following new or revised standards and interpretations require mandatory application in the 2016/17 financial year.

Standard/ Interpretation	Description	Effective date
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	January 1, 2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	January 1, 2016
Amendments to IAS 1	Presentation of Financial Statements	January 1, 2016
Improvements to IFRS 2012-2014	Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	January 1, 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	January 1, 2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Applying the Consolidation Exception	January 1, 2016
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
Amendments to IAS 7	Disclosure Initiative	January 1, 2017

The application of the new standards and interpretations has no effect on the consolidated interim financial statements of the Wolford Group. These consolidated interim financial statements do not include all information and disclosures required for the consolidated annual financial statements. For this reason, the consolidated interim financial statements should also be read in connection with the latest consolidated financial statements as of April 30, 2016. The amounts included in this quarterly report are presented in thousands of euros (TEUR). Rounding differences may arise from the application of commercial rounding principles.

SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation since the balance sheet date on April 30, 2015.

SEASONALITY OF BUSINESS

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

NOTES ON THE STATEMENT OF COMPREHENSIVE INCOME

Revenues recorded by the Wolford Group declined by 18.4% or TEUR 6,242 in the first three months of the 2016/17 financial year to TEUR 27,742 (previous year: TEUR 33,984). The revenue decrease can be mainly attributed to the delay in delivery dates. As a consequence, operating output was down by TEUR 5,552 to TEUR 33,385 (previous year: TEUR 38,937).

The negative revenue development was also reflected in first-quarter operating earnings. In addition, Wolford reported negative currency effects of TEUR 310 resulting from the decrease in value of the British pound. EBIT in the first three months of the 2016/17 financial year totaled TEUR -8,276, compared to TEUR -3,041 in the previous year, which was impacted by the sale of rental apartments. Adjusted for this special effect, EBIT in the first three months of the 2016/17 financial year was TEUR 4,144 below the comparable figure in the first quarter of 2015/16.

Due to the positive valuation effects for financial assets, the financial results at TEUR -166 in the first three months of the current financial year were above the prior-year level (previous year: TEUR -284).

The reported tax income amounted to TEUR 221 in the first quarter of 2016/17 (previous year: € TEUR 771), whereby deferred taxes assets in the first quarter of the current financial year were TEUR 888 lower than in the prior-year period. Accordingly, earnings after tax totaled TEUR -8,221 (previous year: TEUR -2,554).

Positive currency translation differences of TEUR 308 (previous year: TEUR 189) which were recorded without recognition through profit or loss as well as an unchanged hedging reserve of TEUR 0 (previous year: TEUR 5) led to other comprehensive income of TEUR 308 (previous year: TEUR 194). The total comprehensive income resulted in a decline in equity in the reporting period by TEUR 7,913 (previous year: TEUR 2,360).

NOTES ON SEGMENT REPORTING

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

External sales declined in all segments, falling by 13% in the Austria segment, 19% in the Other Europe segment, 22% in the North America segment and 23% in the Asia segment. Due to the negative revenue development, EBIT of the Austria segment was down TEUR 4,074 from the previous year. EBIT in the Other Europe segment fell by TEUR 651 in a year-on-year comparison. In the North America segment, EBIT was up TEUR 131 due to positive currency effects. In contrast, EBIT of the Asia segment decreased by TEUR 241 during the period under review. Segment assets declined by TEUR 4,716 from the previous year to TEUR 145,864. This can be mainly attributed to the lower level of trade receivables and the drop in deferred tax assets.

NOTES ON THE CASH FLOW STATEMENT

The cash flow from operating activities (operating cash flow) fell by TEUR 4,072 to TEUR -12,090 in the first three months of 2016/17. This development can be mainly attributed to the increase in inventories compared to the prior-year level. The cash flow from investing activities amounted to TEUR -2,563 during the reporting period, comprising a rise of TEUR 1,821 year-on-year. The company primarily invested in its new shop concept in Berlin and Shanghai and the new furniture concept for important shop-in-shop department stores in Berlin.

The above-mentioned developments led to a decline in the free cash flow (cash flow from operating activities minus the cash flow from investing activities) of TEUR -8,760 to TEUR -14,563.

As a result of the increase in working capital, the cash flow from financing activities rose from TEUR 8,496 to TEUR 15,318 during the reporting period. Cash and cash equivalents totaled TEUR 4,519 at the end of the first quarter of 2016/17, compared with TEUR 4,527 as at July 31, 2015.

NOTES ON THE BALANCE SHEET

The balance sheet total amounted to TEUR 145,864 as of the balance sheet date of July 31, 2016, which represents a decrease of 3% from the level at July 31, 2015. Non-current assets fell by 14% to TEUR 70,687, accounting for 48% of total assets. Investments of TEUR 2,686 in intangible assets and property, plant and equipment were in contrast to scheduled amortization and depreciation of TEUR 2,206. Current assets equaled about 52% of total assets as of July 31, 2016. Inventories rose by 16% to TEUR 53,597 or 37% of total assets, whereas trade receivables fell by 27% to TEUR 7,010, comprising about 5% of total assets.

Equity of the Wolford Group TEUR 59,943 as of July 31, 2016, which represents an equity ratio of 41% (previous year: 48%). Non-current liabilities declined by TEUR 4,931 in the first quarter of the current financial year from TEUR 24,956 to TEUR 20,025, or 14% of the balance sheet total, primarily due to the drop in non-current financial liabilities. Current liabilities rose to TEUR 65,896 (previous year: TEUR 53,156), primarily owing to an increase of TEUR 13,234 in current financial liabilities to TEUR 40,329 and an increase in other provisions of TEUR 1,838 to TEUR 7,598. Working capital rose from TEUR 39,761 on July 31, 2015 to TEUR 48,719 due to the increase in inventories. Net debt totaled TEUR 35,585 at the reporting date, representing a rise of TEUR 9,600 from the comparable figure at July 31, 2015.

FINANCIAL INSTRUMENTS

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

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

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

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

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

in TEUR		31.07.2016		31.07.2015	
	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets	1	1,359	1,359	1,547	1,547
Trade receivables		7,010	7,010	9,554	9,554
Other receivables and assets		4,610	4,610	2,612	2,612
thereof derivatives	2	18	18	0	0
Prepaid expenses		5,441	5,441	5,663	5,663
Cash and cash equivalents		4,519	4,519	4,527	4,527
Total financial assets		**22,939**	**22,939**	**23,903**	**23,903**
Financial liabilities, non-current		1,132	1,132	4,962	4,962
Financial liabilities, current		40,329	40,329	27,095	27,095
Trade payables		3,862	3,862	4,209	4,209
Other liabilities		12,638	12,638	14,483	14,483
thereof derivatives	2	9	9	0	0
Total financial liabilities		**57,961**	**57,961**	**50,749**	**50,749**

OTHER DISCLOSURES

There were no material changes in contingent liabilities since the last balance sheet date.

RELATED PARTY TRANSACTIONS

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

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No major events occurred after that balance sheet date that would have had a significant effect on the financial position, financial performance or cash flows of the Wolford Group.

WAIVER OF REVIEW

This report on the first quarter of the 2016/17 financial year was neither audited nor reviewed by a certified public accountant.

Bregenz, September 9, 2016

Ashish Sensarma
CEO

Responsible for Marketing, Sales and Coordination of the Corporate Strategy

Axel Dreher
Deputy CEO

Responsible for Product Development, Production and Technology, Procurement, Distribution Logistics, Quality Management, Market Services, Merchandising, Finance, Internal Audit, Investor Relations, Legal Affairs and Human Resources

Financial Calender

Datum	Event
September 14, 2016	29th Annual General Meeting
September 19, 2016	Deduction of dividends (ex-day)
September 20, 2016	Record date dividend
September 21, 2016	First day of dividend payment
December 16, 2016	Half-Year Report 2016/17
March 17, 2017	Q3 Report 2016/17
July 14, 2017	Press conference on 2016/17 annual results in Vienna

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This report on the first quarter of 2016/17 is available in the Internet under company.wolford.com in the Investor Relations section.

To ensure readability, statements referring to her or she are intended to be gender neutral and are equally valid for both women and men.

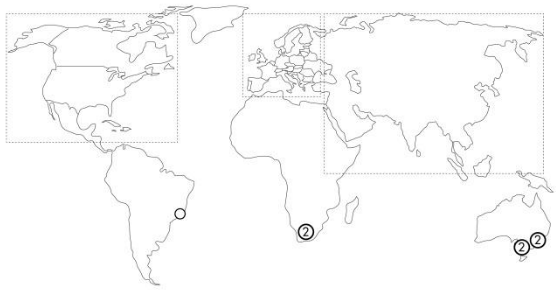
Disclaimer
This quarterly report was prepared with the greatest possible care, and all data were subjected to multiple reviews by Wolford AG. Nevertheless, rounding, typesetting or printing errors cannot be excluded. This report is also published in English, but only the German text is binding. The quarterly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

Monobrand Points of Sale

WORLDWIDE
Monobrand points of sale
July 31, 2016: 259

● Thereof Wolford-owned points of sale:
111 boutiques
38 concession shop-in-shops
24 factory outlets

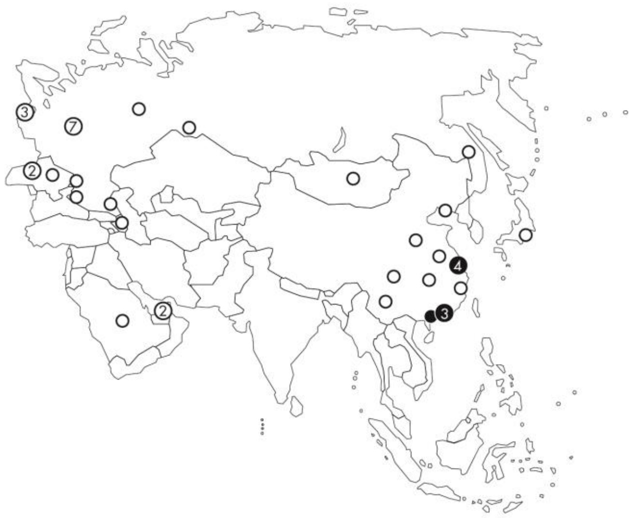
○ Thereof partner-operated points of sale:
86 boutiques
approx. 3,000 other distribution partners



NORTH AMERICA: 36

● Thereof Wolford-owned points of sale:
24 boutiques
7 concession shop-in-shops
3 factory outlets

○ Thereof partner-operated points of sale:
2 boutiques



ASIA: 33 [1)]

● Thereof Wolford-owned points of sale:
5 boutiques
2 concession shop-in-shop
1 Factory Outlet

○ Thereof partner-operated points of sale:
25 boutiques

1) Including Russia, Ukraine

EUROPE: 183 2)

● Thereof Wolford-owned points of sale:
82 boutiques
29 concession shop-in-shops
20 factory outlets

○ Thereof partner-operated points of sale:
52 boutiques

2) Excluding Russia, Ukraine