since 1950

Annual Report 2009/10

Key figures for the Wolford Group

in EUR '000	2009/10	2008/09	Change (absolute/ in % points)
Sales	144,040	147,343	(3,303)
EBITDA	12,490	9,591	2,899
EBITDA margin	8.7%	6.5%	2.2
EBIT	4,502	2,184	2,318
EBIT margin	3.1%	1.5%	1.6
Result from continuing operations (before taxes)	3,403	(810)	4,213
Net result for the year	2,561	(1,198)	3,759
Total assets	145,535	154,977	(9,442)
Non-current assets excluding financial assets	76,186	76,874	(688)
Liabilities to banks and other financial liabilities	28,094	41,246	(13,152)
Net debt	19,668	33,853	(14,185)
Debt/equity ratio (gearing)	24.8%	44.1%	(19.3)
Shareholders' equity	79,379	76,818	2,561
Equity-to-assets ratio	54.5%	49.6%	4.9
Gross liquidity	8,426	7,393	1,033
Cash generated from operations	23,497	7,455	16,042
Net cash from operating activities	22,141	5,420	16,721
Capital investments excluding financial assets	8,009	14,719	(6,710)
Depreciation, amortization, impairment and reversal of impairment	7,988	7,407	581
Average number of employees (in full-time equivalents)	1,484	1,653	(169)
Number of employees at year-end (in full-time equivalents)	1,462	1,541	(79)
NOPAT	3,377	1,638	1,739
Working Capital	24,143	21,494	2,649
Capital Employed	114,410	124,584	(10,174)
ROCE in %	3.0%	1.3%	1.7
ROE in %	3.2%	-1.6%	4.8
WACC in %	5.2%	5.8%	(0.6)
EVA	(2,616)	(5,606)	2,990

Share data

in EUR	2009/10	2008/09
Earnings per share	0.52	(0.24)
Share price at end of fiscal year	16.56	8.34
Share price high for fiscal year	16.80	24.25
Share price low for fiscal year	7.80	7.58
Market capitalization at end of fiscal year	82,800,000	41,700,000
Trading volume (average daily number of shares)	20,412	14,806

Financial calendar

Friday	**July 23, 2010**	Press conference on 2009/10 annual results, 9.30 a.m., Vienna
Tuesday	**September 14, 2010**	Annual Shareholders' Meeting, 2.00 p.m., Bregenz
Friday	**September 17, 2010**	Results Q1 2010/11
Thursday	**September 23, 2010**	Ex-dividend date
Thursday	**September 30, 2010**	Dividend payment date
Friday	**December 17, 2010**	Results H1 2010/11
Friday	**March 18, 2011**	Results Q3 2010/11

Updates are available at www.wolford.com

Contents

Annual Report 2009/10

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.
      Ireland, 2007
  - Wolford Italia S.r.L.
    Milan I, 1992
  - Wolford España, S.L.
    Madrid E, 1993
  - 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.
    's-Hertogenbosch 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

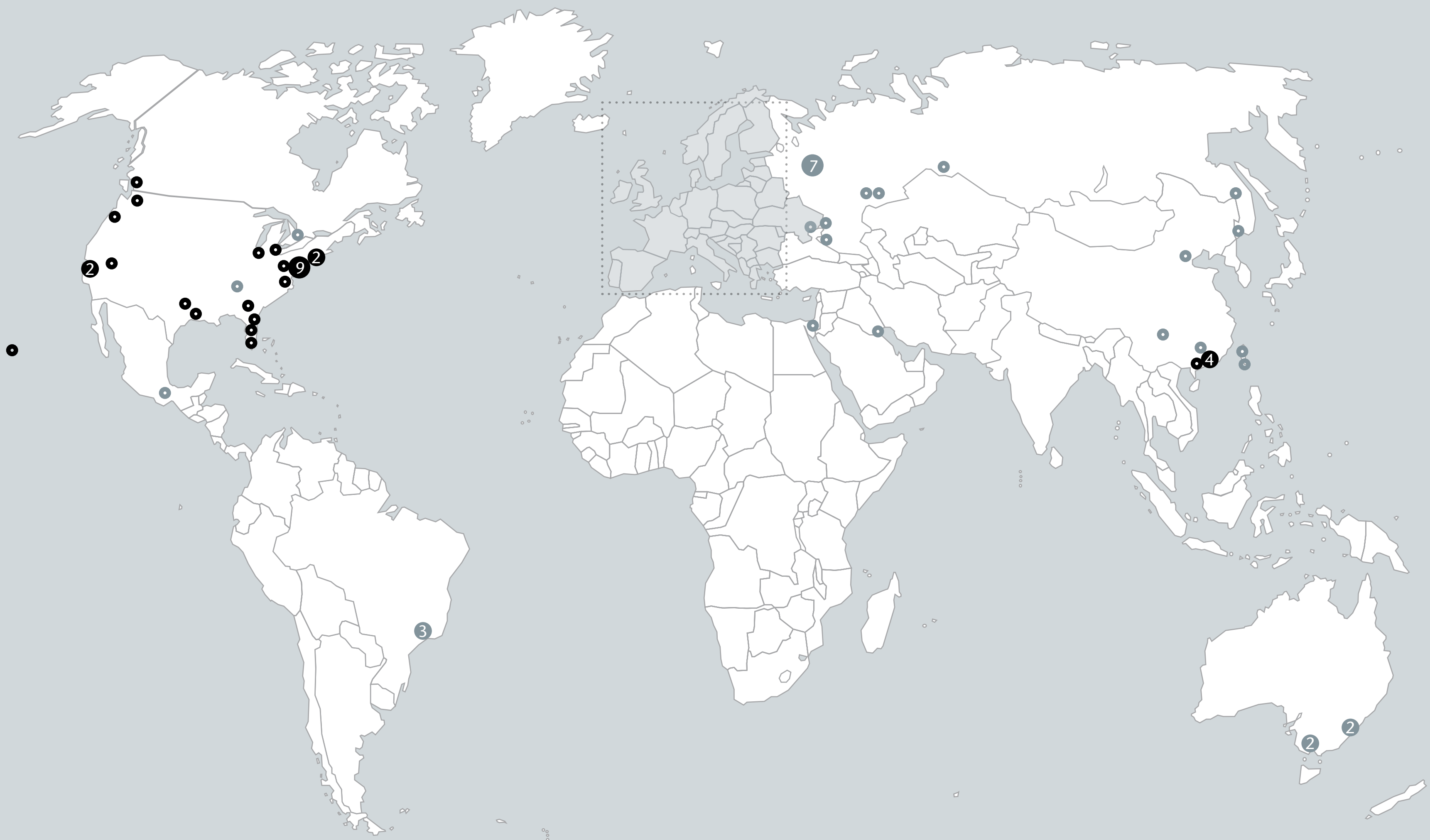
Locations

● Wolford Group

● Representative offices

Monobrand points of sale

Worldwide



Monobrand points of sale: 258

- thereof **own points of sale**: 103 boutiques, 19 concession shop-in-shops, 24 factory outlets
- thereof **partner-operated points of sale**: 112 boutiques

and about 3,400 other distribution partners


Europe

Interview with the CEO

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

First of all, congratulations on the 60th anniversary of Wolford. Why is the company still so successful in such a quickly changing industry as the fashion world even after operating for decades?

The reasons for our long-term success include our outstanding product quality, technical know-how, the high distribution quality, continuity and consistency. Over the years Wolford has always focused on its core competencies, namely form-fitting knitwear in timeless elegance and of the highest quality. This already implies that we intentionally have not followed every single trend, but have always remained loyal to the brand. Moreover, we understand how to keep house with the money available to us. This is because the long-term success of the company has always been the focal point of all decisions.

Now let us talk about the past fiscal year. This continued to be characterized by turbulences on international markets. To what extent did this affect the business development of the Wolford Group?

The past fiscal year, in particular the first half, was a challenging one. We suffered from a significant decline in sales during the first two quarters, but a perceptible positive sales trend became evident starting in the middle of the year. In the third quarter, sales were up 5.7 percent year-on-year, and even rose by 8.7 percent in the fourth quarter. Thus, on balance, sales only fell by 2.2 percent in 2009/10 as a whole, which is certainly not a bad performance at all in international comparison. By the way, consumer demand behavior seems to have further stabilized. Therefore, this positive trend is the basis for our optimism for the future.

During the period under review, earnings indicators of the company developed very positively. In fact, they could all be significantly improved. Is this proof that Wolford has taken the right strategic approach?

Definitely. We recognized the difficult economic conditions at an early stage, and flexibly responded to this challenge in good time. The clear-cut increase in all relevant earnings indicators shows that we have not only survived this situation by quickly implementing adjustment measures, but have emerged strengthened from the crisis. We succeeded in significantly reducing inventories by making investments in enterprise resource planning and development systems, and sustainably enhancing efficiency. In addition to the performance indicators, other factors which are typical of a successful company also developed very positively. For example, net financial liabilities were significantly reduced, the gearing ratio improved and liquidity increased. In addition, as at April 30, 2010, Wolford boasted an excellent equity ratio of 54.5 percent.

Will the company continue to focus on exploiting the potential of cost reduction and efficiency-enhancing measures?

The market situation has slightly stabilized again. For this reason, we can now once again put a stronger strategic emphasis on those areas we actually focused on before the crisis began. We are striving to establish an even firmer foothold in the luxury segment of the international fashion world, accompanied by the expansion of monobrand distribution. This does not mean that we will not continue attaching great importance to cost reduction and efficiency-enhancing measures in the future as well.

In the past you have often mentioned the company's explicit focus on its core competencies and markets. Will there be no further diversification of Wolford's product portfolio?

From a medium-term perspective, our current product portfolio is diversified enough. In past years, we have continually refined our product range. We are offering precisely those products which our demanding customers expect, and which are seen to be fitting for the Wolford brand. In the long run, I cannot exclude high quality additions to our present product range.

With regard to your core markets, which ones are actually your primary target markets, and are you presently thinking of expanding further?

We will also continue to primarily focus on our core markets in the future, in order to sustainably expand our already strong market position. These main markets mainly encompass the USA, Great Britain and Germany, which already showed gratifying sales growth again in the second half of the 2009/10 fiscal year. In the future, expansion will also be an issue in those markets where Wolford is still underrepresented. One key focus is the promising future growth markets of the Middle and Far East.

Another priority in recent years was the optimization and expansion of the monobrand distribution network, both Wolford-owned and partner-operated. Will additional Wolford boutiques be opened in the near future?

The strategic expansion of Wolford's monobrand distribution network is still a clear focus of our activities. This means, we are planning further boutique openings in the future, and are moving ahead with focusing our efforts on monobrand distribution and further positioning ourselves in the luxury segment. We also want to selectively further expand our presence in famous department stores with concession shop-in-shops. Our online business is by far the fastest growing distribution channel. In the medium term, we will also continue to place a strong emphasis on this segment, and will invest in this distribution channel accordingly.

As you said several times, Wolford is well-prepared for future growth. Why do you think Wolford will be the one to prevail on the marketplace, despite the ongoing difficult market environment?

The results achieved in the past fiscal year show that we were able to effectively master these challenging periods. We have done our homework in past years and created the pre-requisites required to ensure the long-term success of our company: a balanced, well-structured product portfolio and high-quality distribution combined with tight cost management, efficient planning and steering structures, and a motivated team. The additional start-up in January 2010 of our new production facility in Slovenia, operating in line with Wolford's typical high quality standards, enables us to ensure future growth and also generate cost advantages which are far from being insignificant.

What expectations do you have for the 2010/11 fiscal year?

The current economic environment continues to be fraught with uncertainty. If the stabilization process on international markets continues, Wolford will be able to continue its growth path. Even in the case of a potential renewed deterioration of the market environment, our basic attitude will remain largely optimistic – in light of the fact that we have also demonstrated our ability to unite our efforts to successfully master very difficult situations in the more recent past. This high level of self-confidence is primarily based on our highly qualified and committed employees, whom I would like to sincerely thank at this time.

Boards

Executive Board

Holger Dahmen
Chief Executive Officer

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

Member of the Executive Board since January 2004

Peter Simma
Deputy Chief Executive Officer

Management responsibility for Finance, 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

Hansjörg Geiger

Representatives of the Staff Council:

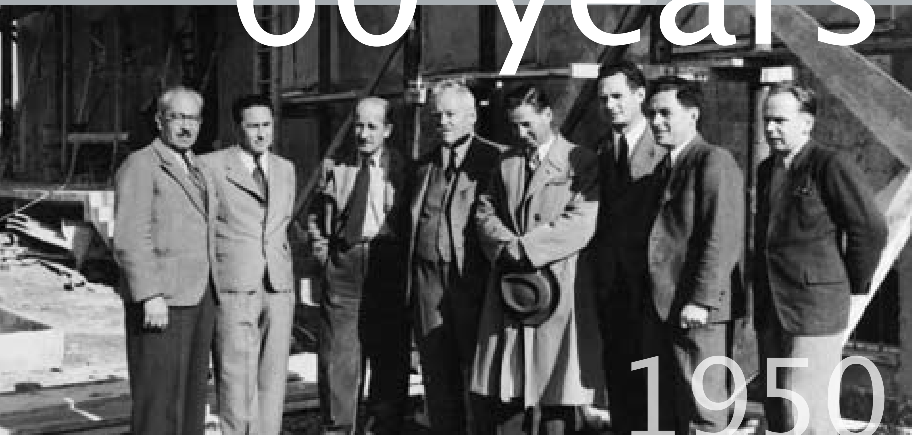
Anton Mathis

Peter Glanzer

From left to right:
Peter Simma
Holger Dahmen

60 years of Wolford

60 years of Wolford



1950 2010

The success story of Wolford began 60 years ago, when the two pioneers Reinhold Wolff and Walter Palmers established a partnership in Bregenz in order to manufacture and market synthetic and pure silk stockings for women. Used American cotton knitting machines were converted in line with Wolford's quality standards to prevent imitations of the innovative technologies Wolford developed on its own. In the year 1950, the two visionaries registered the Wolford brand name, which until today stands as a guarantee for the highest quality and innovative knitting technology.

Traditional handwork combined with local know-how in the historically established textile producing region located in the border triangle on Lake Constance, as well as the ambition to always be a step ahead of the competition on the basis of ongoing innovations, spurred Wolford's rapid expansion. In the year 1988, the company's management took a major strategic step, positioning Wolford in the luxury segment from this moment onwards. The new approach marked the beginning of the company's transformation from an exclusive manufacturer of legwear to an international premium brand in the global fashion world. This development was driven by a stringent product diversification and consistently implemented brand strategy.

In April 1988, the company's legal status was changed and Wolford became a public limited company. The next logical step in its global expansion process was the Initial Public Offering in 1995. Since February 14, 1995, the "Lady Aktie" (lady share) has been traded on the Vienna Stock Exchange. Accordingly, in 2010 Wolford is also celebrating the 15th anniversary of its stock market listing.

Since it was founded in 1950, Wolford has been able to increase total sales from an equivalent of EUR 0.4 million at the outset to EUR 144.0 million in the 2009/10 fiscal year. Today, Wolford is represented around the world with sales offices, and employs a workforce of around 1,700 employees.

# of Wolford

From a regional stockings producer to an international luxury brand

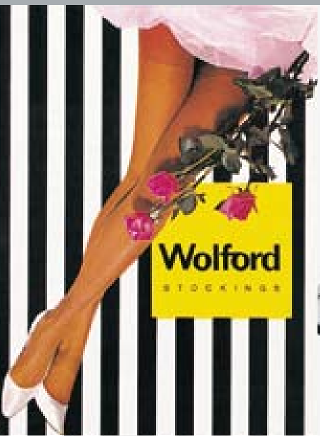


photo by Jean-Baptiste Mondino

photo by Howard Schatz

photo by Helmut Newton

In its 60-year history, Wolford has progressed from an exclusive producer of legwear and bodywear to an international premium brand with an extensive product portfolio for a woman's wardrobe from head to toe.

1992
In the year 1992, Wolford launched the first body without side seams. This was based on the same circular knitting technology as the successful pantyhose models.

1996
In 1996, Wolford expanded its product portfolio to include swimwear for the first time. The seamless swimsuits were followed a year later by the ingenious two piece swimsuits, the swimkinis.

1999
Wolford launched its first purist lingerie range in 1999, marketed under the name bodyCulture and made of Satin de Luxe and velvet material.

2005
On the basis of a subtle extension of the product portfolio (starting in 2005), featuring the first women's outerwear models created by Wolford, the traditional Bodywear product group was successively transformed into today's Ready-to-wear product group.

2007
Since 2007, the Accessories product group has optimally complemented the Wolford product portfolio with respect to materials and colors.

Based on its five different product groups, Legwear, Ready-to-wear, Lingerie, Swimwear and Accessories, the Wolford collection provides essentials for the upmarket wardrobe. These models subtly incorporate current trends while remaining timeless. They ideally stylize the female figure and lay claim to being unique and distinctive.

60 Jahre

The innovative spirit as the cornerstone of the company's success


Fatal Tights


Miss W


Stay Hip

Since being set up in 1950, Wolford has stood for high quality products. This positioning can be attributed to an uninterrupted innovative spirit which has shaped the company now for more than six decades. Thanks to its knitting technology, Wolford was already at the cutting edge of the international legwear market in its founding year. In the course of its history, the company's ongoing research and development work has been responsible for numerous innovations, setting new standards on international fashion markets.

Selected innovations that still remain an integral part of Wolford's collections:

1988

Satin Touch Tights

Launch of transparent and lucent tights knitted with double enwinded Lycra®.

Velvet de Luxe Tights

Velvety soft, matt and opaque tights resulting from a specially developed yarn production process.

1992

Bodies without seams

Based on the circular knitting technology, bodies without side seams revolutionized the fashion market.

1994

Fatal Tights

World's first pantyhose without any seams, which perfectly fits the shape of the female body.

1998

Stay Hip Tights

The two piece Stay Hip combines the advantages of a stay-up with the fit and secure wearing comfort of a tight, and stays up because of two interlacing bands on the hips.

2001

Long Distance Tights

Tights with anatomically correct pressure pattern, which ideally adapts to the body, especially when sitting. Marketed under the name "Pure Energy", it has remained a part of Wolford's Legwear range ever since.

Wolford 60th Anniversary Set

On the occasion of its 60th anniversary, Wolford created an attractive combination for its fall/winter 2010/11 collection consisting of a panty body and stockings perfectly combining the attributes of the different product groups. The strictly limited ensemble was put in the limelight by the British star photographer Rankin.

photo by Rankin

2005

Fatal Lace Tights

The revolutionary tights without seams in the panty area are complemented by a fashionable detail, namely a pretty waistband. Fatal Lace has remained a popular essential along with the classic Fatal Tights.

2009

Individual 5 Tights

In 1990, Wolford launched "Individual", the first tights with Lycra® knitted into every row to ensure a smooth look. After initially producing the tights in 10 den, Wolford introduced the finest product of this kind in only 5 den appearance.

2010

Karen Tights

A completely new process enables grid-hole patterns to be knitted using the finest pantyhose material, offering exciting insights with respect to both opaque qualities and fine pantyhose.

The images of the brand accentuate femininity

In addition to its innovative products, Wolford's visual identity continually caused a stir internationally in past decades on the basis of the demanding and sophisticated images it used. The photographic realization of the brand focused on the product, as expressed in the staging of femininity. Top international photographers such as Helmut Newton, Howard Schatz, Jean-Baptiste Mondino, Francis Giacobetti, Markus Klinko & Indrani, Rankin and many others have effectively captured the essence of Wolford fashion.

Time and again, creative partnerships with prominent designers ensured highlights in fashion creations. For example, Jean-Paul Gaultier, Philipp Starck, Vivienne Westwood, Karl Lagerfeld, Missoni, Kenzo, Pucci, Zac Posen, Valentino and Armani exploited the possibilities opened up by Wolford's innovative technologies to create unique products.

World of Wolford

Product groups

Legwear

For 60 years, Wolford has stood for aesthetic and innovative legwear. The demanding Wolford customers can choose from a broad range of pantyhose, stockings, stay-ups, leggings, knee-highs and socks, which consistently offer the utmost wearing comfort and a perfect fit. In the 2010 anniversary year, the fashion trend collection captivates on the basis of its graphic elements, animal-like patterns and flashy colors. Classic year-round essentials complement the broad product portfolio. In the 2009/10 fiscal year, Legwear generated more than half of the Group's brand sales, or 55.4 percent of the total.

Ready-to-wear

With the ongoing expansion of its Ready-to-wear product group, Wolford has transformed itself from an exclusive producer of legwear and bodywear to an international premium brand with an extensive portfolio. The offering includes bodies, shirts, tops, blouses and pullovers as well as dresses, skirts, trousers, suits and coats. These designs enhance the female figure with exclusive materials and creative cuts, and thus emphasize the feminine flair of the wearers. In 2009/10, Ready-to-wear generated 32.9 percent of total brand sales.

Lingerie

Wolford's lingerie collection features subtle design combined with seductive refinement. The classic all-year products consisting of bras, strings, tangas, panties and bodies is complemented by expressive trendy models made of exclusive materials, such as fine Calais lace and decorative stretch lace. The entire collection is characterized by clear cuts, materials that flatter the body and a perfect fit. The Lingerie product group contributed 9.4 percent of brand sales in the 2009/10 fiscal year.

Swimwear

Wolford's seasonal swimwear collection ensures a strong appearance in and by the water. The portfolio ranges from elegant and trendy swimsuits, bikinis, tankinis, capris and dresses to matching accessories. The seasonal beach fashions encompass circular knitted and seamless designs in noble colors which optimally shape the body, as well as playful and attention-grabbing creations in gaudy colors and eye-catching patterns. The stylish and exquisite Wolford beach fashion collection generated 1.1 percent of brand sales in the 2009/10 fiscal year.

Accessories

The Accessories product group rounds off the Wolford collection in respect to style and colors, and ensures a holistic and fashionable appearance. The product portfolio encompasses scarves, gloves and caps for the cooler season, as well as shawls, head bands and belts, which add a nice touch on the basis of exciting details and thrilling patterns. This product group accounted for a 1.2 percent share of total brand sales in the past fiscal year.

Distribution channels

Wolford designs in all product groups are characterized by the highest quality and aesthetic taste. To enhance exclusivity in sales, Wolford is continually investing to optimize distribution quality. The focus is on monobrand outlets, ensuring that the greatest possible attention is paid to the identity and presentation of the brand. Wolford's controlled distribution encompasses Wolford-owned and partner-operated boutiques, factory outlets and concession shop-in-shops. During the last years Wolford has constantly raised the share of sales generated by controlled distribution, which climbed from 45.0 percent five years ago to 59.5 percent already in the 2009/10 fiscal year. In addition, Wolford's products are also sold by department stores and multi-brand retailers. Wolford's online boutiques are developing into an increasingly important distribution channel.

Boutiques

Wolford-owned and partner-operated boutiques are by far the most important distribution channel, accounting for 46.8 percent of total Group sales. Of the 215 Wolford boutiques as of the end of April 2010, 103 boutiques are owned by Wolford and 112 outlets are operated by partners. During the reporting period, Wolford opened boutiques in Dusseldorf, Seattle and Grenoble, to name a few.

Multi-brand retailers

Wolford's creations are part of the assortment of numerous fashion shops, which offer a range of exclusive brands. These retail partners are purposefully selected by Wolford to ensure a suitable presence of the products. In the past fiscal year, 21.5 percent of sales were derived from this distribution channel.

Wolford boutique in Berlin

Department stores

A large number of department stores carry Wolford's exclusive products, for example Harrods in London or Bergdorf Goodman in New York. Wolford's fashion collections are mostly offered in so-called shop-in-shops in a noble Wolford ambience. All in all, department stores generated 19.7 percent of the Group's total sales in the 2009/10 fiscal year.

Factory outlets

Wolford's designs which belonged to preceding collections are offered at reduced prices in factory outlets. The largest Wolford-owned factory outlet is located at the company's headquarters in Bregenz, Austria. In the 2009/10 fiscal year, three additional factory outlets were opened in Las Rozas near Madrid, Fidenza in North Italy and Maasmechelen in Belgium. In the 2009/10 fiscal year, the Wolford factory outlets accounted for 9.1 percent of total Group sales.

Online business

In the exclusive virtual world of shopping, Wolford customers can also order items from the fashion collection conveniently from their own homes – and do it at any time of day or night. Since the beginning of 2009, Wolford has relaunched its online boutiques, in order to enhance user-friendliness and optimize the shopping experience. Wolford customers can already purchase their preferred Wolford products in 12 countries, including Austria, Germany, Netherlands, Ireland, Great Britain, France, Sweden and Spain. In 2010, Wolford also opened the doors of its virtual shopping world to customers in the USA. E-factory outlets are also already available to Wolford customers in six markets parallel to the respective online boutiques.

www.wolford.com

Wolford's Fiscal Year 2009/10

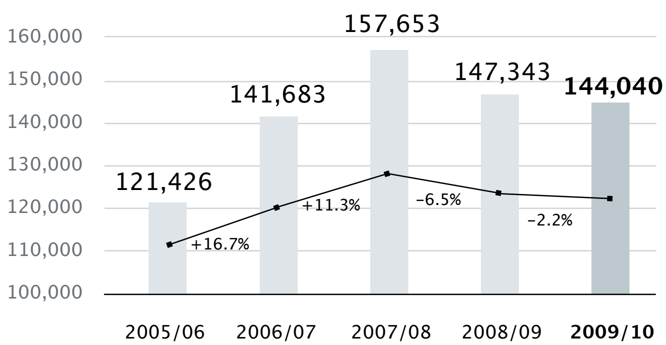
Business performance of the Wolford Group

The 2009/10 fiscal year (May 1, 2009 – April 30, 2010) was shaped by the ongoing difficult business environment on international markets, which also dampened the overall consumer climate in the fashion industry. These challenging conditions burdened the sales development of the Wolford Group, which was confronted with a significant decline in sales in the first half-year 2009/10. However, consumer demand behavior stabilized in the course of the fiscal year, so that sales overall only decreased slightly in a year-on-year comparison. In contrast, Wolford reported an unqualified positive development in Group earnings based on the sustainable effects of the cost reduction and efficiency-enhancing measures initiated by the company. In addition to a clear focus on the core competencies and markets of the Group, in the period under review Wolford concentrated on implementing targeted activities to optimize distribution quality and thus the presence of the brand at the point of sale.

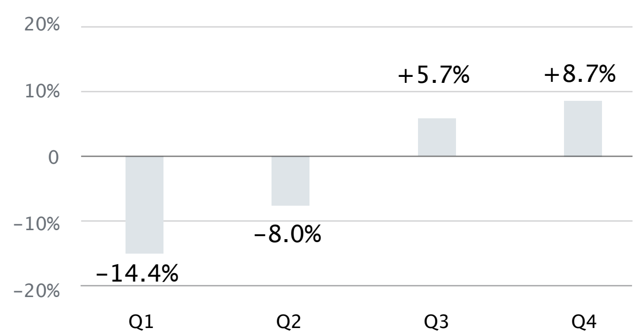
Positive sales trend in the course of the year

In the light of difficult economic conditions, sales of the Wolford Group in the 2009/10 fiscal year decreased by only 2.2 percent to EUR 144.0 million. This slight decline can be primarily attributed to consumer restraint in the first half-year, when the company suffered a significant drop in sales of 10.7 percent. An upward sales trend became evident at the beginning of the second half of 2009/10. Accordingly, third-quarter sales were up by 5.7 percent year-on-year. In the fourth quarter of the 2009/10 fiscal year, sales even climbed by 8.7 percent compared to the previous year's quarter.

Sales development (EUR '000)



Sales development compared to the previous year's quarter



Significant improvement of earnings indicators

The development of key earnings indicators in the 2009/10 fiscal year was gratifying. As a result of the consistent implementation of cost reduction and efficiency-enhancing measures initiated in the previous year, EBITDA rose by 30.2 percent to EUR 12.5 million. The operating profit increased by 106.1 percent to EUR 4.5 million. Accordingly, the related EBITDA margin was 8.7 percent and the EBIT margin was at a level of 3.1 percent of sales.

Sales growth of proprietary stores

On balance, Wolford's proprietary stores showed a positive sales development during the period under review. Total sales of Wolford-owned boutiques, shop-in-shops and factory outlets increased by 10.1 percent in a year-on-year comparison. This growth was mainly due to the consistent expansion of Wolford's own distribution network. Sales with Wolford's proprietary stores were down slightly on a like-for-like basis, declining by 2.3 percent. Taken separately, fourth-quarter 2009/10 results show a 20.3 percent increase in sales from the previous year's quarter. Also on a like-for-like basis the sales growth reached 7.6 percent.

As a result, the Retail segment increased its share of total Group sales to 48.1 percent in the 2009/10 fiscal year (previous year: 42.3 percent).

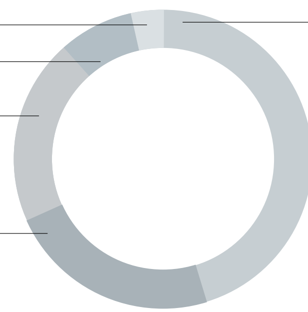
Sales of Wolford-owned boutiques, shop-in-shops and factory outlets all improved during the reporting period. Sales growth was most pronounced at Wolford's own shop-in-shops, at a level of 40.7 percent, which was mainly due to the expansion of the distribution network in the past fiscal year. In the same period, Wolford-owned boutiques increased sales by 6.6 percent. Sales of Wolford-owned factory outlets also posted significant growth of 14.9 percent, or 4.8 percent on a like-for-like basis.

Development and share of sales of distribution channels

Due to the positive development of Wolford's own outlets, cumulative sales during the reporting period with the distribution channel *boutiques*, consisting of 103 Wolford-owned and 112 partner-operated boutiques as at April 30, 2010, basically matched the previous year's level. The minimal decline of 0.7 percent can be attributed to the outlets operated by business partners, sales with this distribution channel reported a drop of 18.1 percent in the 2009/10 fiscal year primarily as a consequence of the shutting down of some partner-operated boutiques or their being acquired by Wolford. In contrast, Wolford-owned boutiques achieved sales growth of 6.6 percent. In particular, the factory outlets developed positively in the reporting period, posting a 14.9 percent increase in sales. Multibrand retailers posted an overall drop in sales (–10.0 percent), as did department stores (–8.9 percent), although both these distribution channels once again achieved gratifying fourth-quarter sales growth of 3.4 percent and 14.0 percent respectively compared to the previous year's quarter.

On balance, the boutiques, which comprise the largest distribution channel, accounted for a share of 46.8 percent of total Group sales during the period under review. Factory outlets also increased their share, and now generate 9.1 percent of the Group's total sales. Multi-brand retailers accounted for 21.5 percent of sales, whereas 19.7 percent of sales were derived from department stores.

Sales share by distribution channel in 2009/10

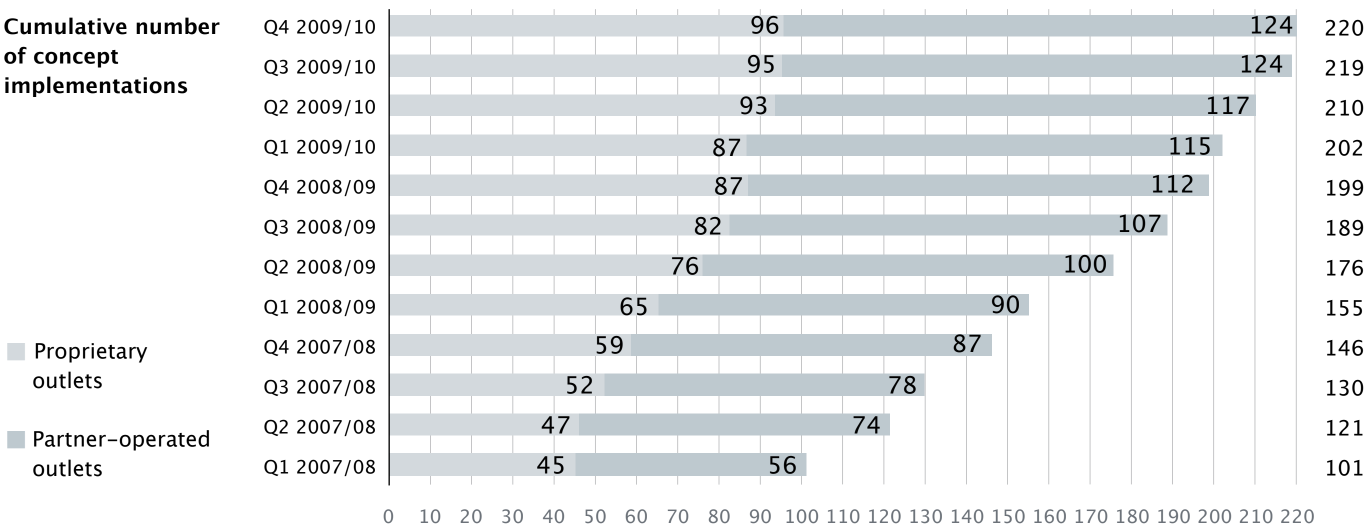


Ongoing optimization of distribution quality

All Wolford points of sale are continually subject to review within the context of the ongoing improvement in distribution quality, in order to optimize brand identity at the point of sale. For this reason, many of the stores were redesigned to reflect the modern and light look of the Wolford store concept – 21 outlets in the 2009/10 fiscal year alone. As of April 30, 2010, a total of 220 outlets (96 proprietary and 124 partner-operated) embodied Wolford's premium look.

Furthermore, the appearance and design of the website and the shopping platform were redone and the user-friendliness of the virtual boutiques was consistently enhanced. At the end of the fiscal year, customers in 13 countries could already purchase Wolford products in the exclusive virtual shopping world. These online shops have already been complemented by E-factory outlets in six countries.

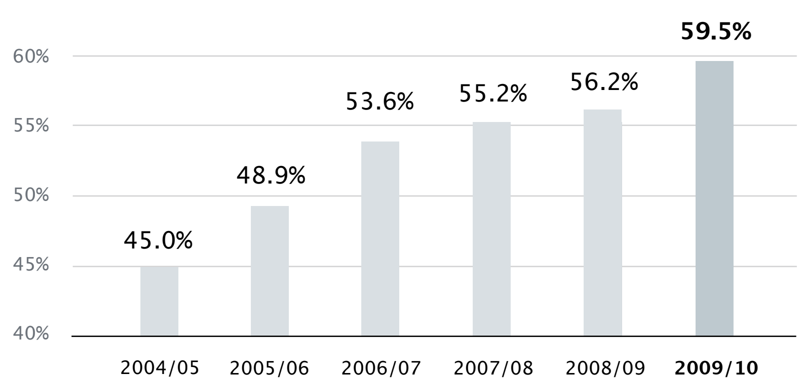
Cumulative number of redesigned outlets (end of each quarter)



Higher brand exclusivity based on monobrand distribution

In order to strengthen the effectiveness of the brand presentation at the point of sale, Wolford promoted the monobrand distribution in the reporting period, i.e. sales generated with Wolford-owned and partner-operated boutiques, factory outlets and concession shop-in-shops. Accordingly, the sales share of the company's controlled distribution rose to 59.5 percent in the 2009/10 fiscal year, up from 56.2 percent in the previous year. Ten years ago, monobrand distribution only accounted for 37.4 percent of total sales.

Sales share of controlled distribution

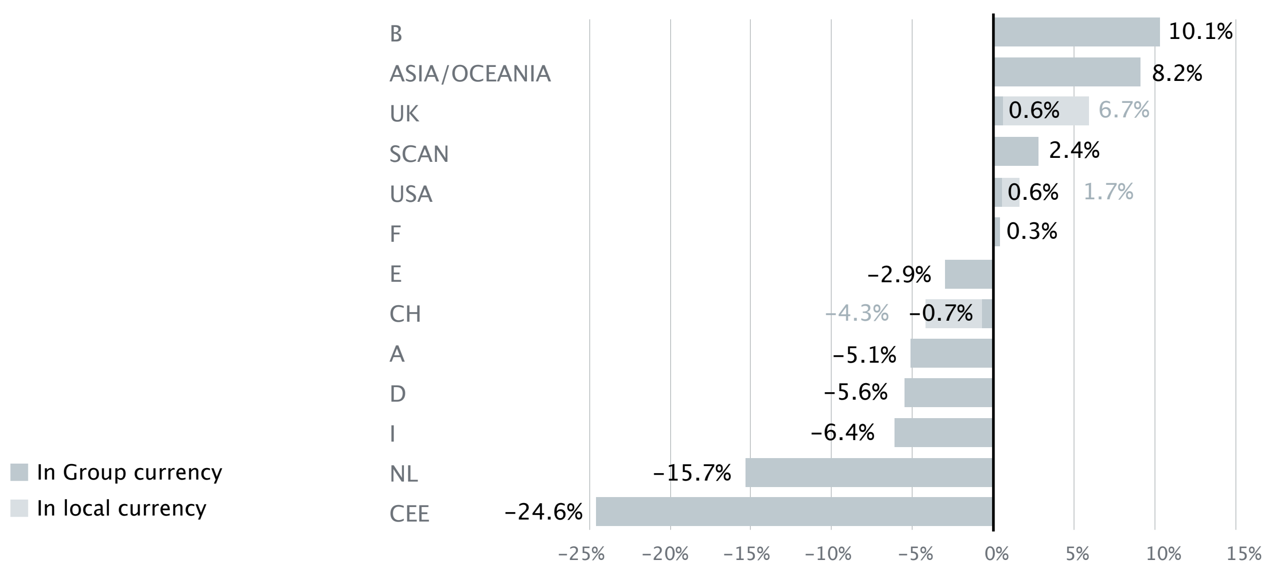


Sales increase in almost all core markets

Wolford observed a significant increase in demand in almost all its core markets beginning in the third quarter and continuing in the fourth quarter of the 2009/10 fiscal year as well. However, the predominant part of markets posted an overall sales decline in 2009/10 as a whole, due to the weaker performance in the first half-year. Thus sales were down in Switzerland (–0.7 percent in Group currency, –4.3 percent in local currency), Spain (–2.9 percent), Austria (–5.1 percent), Germany (–5.6 percent) and Italy (–6.4 percent). The drop in sales was even more perceptible in the Netherlands (–15.7 percent) and in the CEE region (–24.6 percent). In contrast, Wolford achieved sales growth in France (+0.3 percent), Great Britain (+0.6 percent in Group currency, +6.7 percent in local currency), the USA (+0.6 percent in Group currency, +1.7 percent in local currency) and in Scandinavia (+2.4 percent). Belgium continued its gratifying growth path from previous periods (+10.1 percent), and the Asia/Oceania region once again expanded significantly, with sales up 8.2 percent.

Almost all markets showed a pronounced upward sales trend in the fourth quarter. In particular Scandinavia (+27.8 percent), the USA (+19.3 percent in Group currency, 27.3 percent in local currency), Great Britain (+25.4 percent in Group currency, +21.2 percent in local currency), France (+ 16.0 percent) and Germany (+7.4 percent)

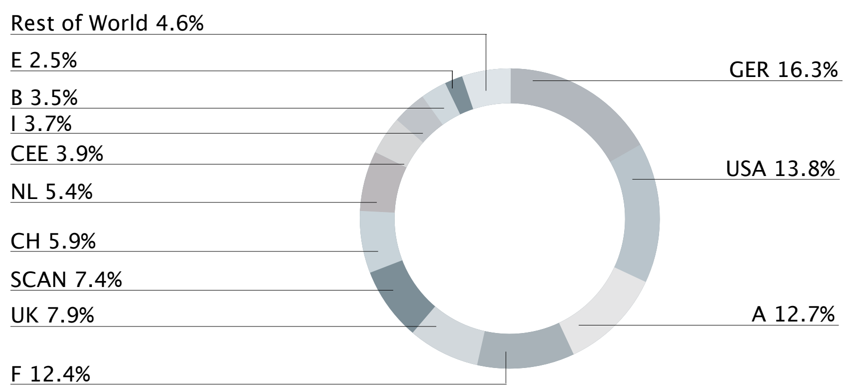
Development of brand sales by geographic market in 2009/10



achieved a gratifying increase in sales. The Spanish, Belgian and Italian markets also showed growth in the fourth quarter of the 2009/10 fiscal year.

In the 2009/10 fiscal year, Wolford's business operations in the European Union (EU-27) once again accounted for the largest share of total sales, namely 72.5 percent. Accordingly, 27.5 percent of total Group sales were generated outside of the EU. The export ratio was 87.3 percent, only slightly below the previous year's level.

Sales by geographic market in 2009/10



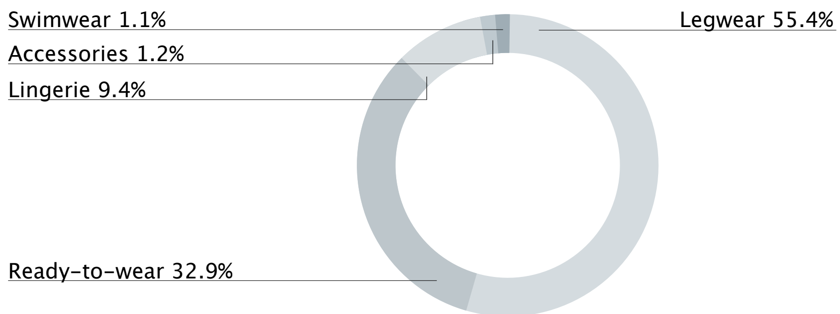
Further strengthening brand identity

In past years, Wolford has positioned itself as an internationally recognized premium brand which stands for exclusivity and the highest quality demands. This brand image is supported by the brand identity and appearance at the point of sale and a corresponding visual image. Brand sales accounted for 97.1 percent of total revenues in the 2009/10 fiscal year.

Brand sales by product group

As in the previous period, the Legwear product group showed the most solid development in the 2009/10 fiscal year. On balance, sales of this product group were indeed down slightly in 2009/10 as a whole, but already posted a significant increase of 12.2 percent in the fourth quarter. Accordingly, Legwear increased its share of total brand sales to 55.4 percent during the period under review. In the same period, the Ready-to-wear range comprised 32.9 percent of brand sales, and the Lingerie product group 9.4 percent. The smaller Swimwear and Accessories product groups generated 1.1 percent and 1.2 percent of total brand sales respectively.

Brand sales by product group in 2009/10



Innovative products set new standards

In its 60-year history, Wolford has caused an international stir due to its numerous product innovations. Even today, innovation and creativity continue to be the most important cornerstones underlying Wolford's corporate identity. Accordingly, more than one-third of total Wolford brand sales in the 2009/10 fiscal year were generated with products less than three years old. Products in the very first year of their life cycle accounted for a considerable share of brand sales. At the same time, demand remained strong for Wolford's perennially popular long-running products that captivate with a perfect fit and timeless elegance.

Investments

The enterprise resource planning (ERP) and development systems which were successfully implemented during the 2009/10 fiscal year led to a sustainable increase in the efficiency of internal processes. The new product planning system supporting all phases of the production process, including procurement and inventory management, as well as the replenishment system organizing product replenishment at Wolford's own outlets, had a positive impact on the cost structure of the entire Group. These investments already made a decisive contribution during the reporting period to the positive development of earnings indicators, which could all be considerably improved.

In the 2009/10 fiscal year, Wolford continued to determinedly pursue efficiency-enhancement measures and invested in an innovative product data management system. This system records and manages data during the development process until it is conveyed to the production units. A consistent data flow is ensured via an interface with production programs. The system excludes the possibility of redundant data storage on the basis of a general transfer of information. Contents encompassed in the new system include new fashion designs and the development of clothing variations as well as new materials, including the results of quality controls. Moreover, work schedules can be efficiently prepared for production with the help of the product data management system.

The lion's share of total investment volume during the reporting period was for construction of the new production facility in Slovenia. Personnel-intensive sewing operations commenced on schedule in January 2010. A state-of-the-art production plant and extensive training programs at this site will subsequently lead to significant cost advantages. It must be pointed out that production at this facility will of course also continue to be in accordance with Wolford's customarily high quality standards.

Branding

For the last 60 years, the Wolford brand has not only embodied the highest level of quality and innovative knitting technology, but also timeless elegance and luxury. Initially focused on innovative Legwear, Wolford is now positioned in the international fashion world as a recognized premium brand with a comprehensive product portfolio. The expansion of the product range to include the Ready-to-wear, Lingerie, Swimwear and Accessories product groups enables Wolford to offer essentials for a woman's wardrobe, with the focus lying on uncompromisingly high quality standards. The luxury fashion label Wolford will continue to press ahead with optimizing its product portfolio in the years to come.

Wolford understands well how to gently incorporate current trends into its fashion creations, whereby its products radiate a timeless elegance. In recent years Wolford has succeeded in consistently rejuvenating its brand image, while remaining loyal to its distinctive style. The female figure continues to be the focal point of all the company's creations. The refined cuts and exclusive materials enhance and highlight the contours of the female body. In addition to the high quality, the high level of comfort and the perfect fit have both remained a constant of all Wolford fashion collections over the past 60 years. Since 2007, the creative team led by Ronald van der Kemp has been inspiring the demanding Wolford customers year after year with creations which are unique and distinctive on the marketplace.

A further cornerstone of the brand strategy is to strengthen the brand identity at the point of sale by expanding and optimizing monobrand distribution. Accordingly, Wolford is concentrating on those distribution channels which pay sufficient attention to the brand presence or enable Wolford to actively influence it. In this connection, the roll-out of the Wolford store concept featuring a modern and light look will be continued, in order to ensure a unified and modern look and thus promote the global recognition of the brand and further strengthen Wolford's brand image. Wolford's collections are distributed in some 65 countries worldwide via a network Wolford-owned outlets and distribution partners.

Wolford's brand identity is also supported by a sophisticated visual imagery. The main messages of the photos are conveyed by the products, whose presentation takes the form of stylizing the female figure. Prominent international photographers regularly put Wolford's fashions in the limelight, such as the British star photographer Rankin's recent work with the Wolford 60th Anniversary Set.

Corporate Social Responsibility

As a global company, Wolford is aware of its special responsibility towards society and the environment. Accordingly, in addition to economic growth, its corporate strategy and business operations are also oriented to ecological and social values. For the Wolford Group, this responsibility translates into numerous areas of involvement designed to promote the health and professional development of employees as well as activities to protect the environment and the ecosystem.

Economic responsibility

Wolford continually works with its employees and business partners to ensure the sustained success of the company. For this purpose, the business strategy focuses on the long-term enhancement of brand value, without neglecting the short-term requirements of the consumer and capital markets.

Ecological responsibility

It goes without saying that environmentally sound production and the efficient use of resources are a top priority at Wolford. For this reason, Wolford is not only committed to complying with prevailing environmental protection laws, but also takes targeted measures together with its employees to protect and preserve the surrounding ecosystems. One of Wolford's longstanding goals as part of its efforts to protect the environment is to convince employees to stop driving their own vehicles to work but use bicycles and public transportation instead.

Social responsibility

Wolford recognizes that motivated and dedicated employees are a key success factor, and thus attaches considerable importance to ensuring employee satisfaction, investing in professional training and education and improving occupational health care. Wolford carries out standardized employee performance reviews in all business areas in order to be able to identify and systematically promote the personal development potential and career opportunities for each employee. As a result, a series of professional training programs could be carried out in the 2009/10 fiscal year, amongst other measures. The focus was on intensifying the knowledge of foreign languages.

The introduction of the employee potential analysis, initially in the retail segment, will provide a standardized and even more objective recruiting tool in the future to complement the personal interview. It is planned to successively roll-out the employee potential analysis to encompass other areas of the company and thus significantly contribute to human resources development.

The Wolford Group continues to attach considerable importance to occupational health care as the basis for its health promotion measures. In addition, all workstations were inspected by an experienced occupational physician, taking ergonomic aspects into account, and improvements were carried out where applicable. In the autumn of 2009, about 200 employees took part in a cost-free flu vaccination program. Moreover, the Wolford Group took prophylactic hygienic measures to prevent the spread of the "swine flue".

Lectures held at Wolford on the topics of "Doctors' sickness certification practice" and "The working environment as the main aspect in evaluating the incapacity for work" aroused extensive interest on the part of human resources managers and occupational physicians at prominent companies, as well as several general practitioners. The aim of this event was to promote the two-way flow of information between doctors and companies, in order to ensure understanding on both sides, particularly with regard to the issues of sick leave and costs. Non-smoker protection is also a matter of particular concern to Wolford. For this reason, all buildings on the premise including the Wolford restaurant are smoke-free zones.

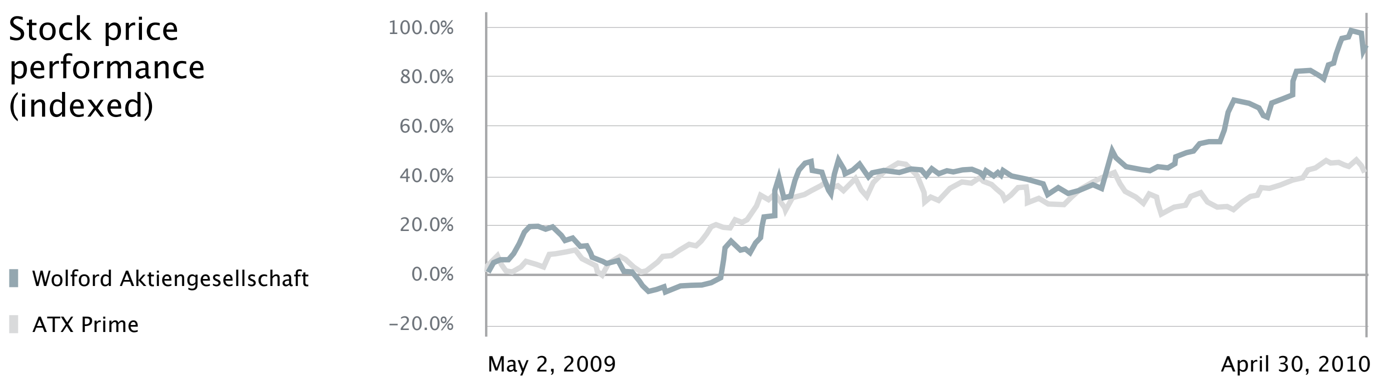
Wolford Share

Share price development

The 2008/09 fiscal year was still shaped by the financial crisis, accompanied by massive declines in stock prices on international stock exchanges. Whereas in the course of the 2009/10 fiscal year global equity markets showed a clear upward trend.

The Wolford share profited from this good stock market environment, and even ranked among the top performers on the Vienna Stock Exchange in its 15th year on the trading floor. The Wolford share significantly outperformed the ATX index in the 2009/10 fiscal year. The share of the Austrian luxury brand started the new fiscal year at a price of EUR 8.47, and closed the period under review at a share price of EUR 16.56 on April 30, 2010. This corresponds to a rise of 95.5 percent, close to a doubling in value. The year's high of EUR 16.80 was reached on April 23, 2010, whereas the lowest closing price was EUR 7.80 at the end of trading on July 17, 2009.

Stock price performance (indexed)



Trading volume

The average daily turnover of Wolford stock on the Vienna Stock Exchange during the period under review was 20,412 shares (counted twice). All in all, total trading volume of Wolford shares was 5,021,454 shares during the 2009/10 fiscal year, or EUR 56,330,468. Volume peaked on August 11, 2009, at 204,054 shares, whereas the lowest daily turnover was 100 shares on November 6, 2009 (counted twice in each case).

Analyst coverage

Three renowned financial institutions published analyst reports about the share of the fashion brand in the 2009/10 fiscal year. Analysts of Deutsche Bank AG, Erste Group Bank AG and Raiffeisen Centrobank AG regularly published forecasts about the further development of the Wolford share.

Investor relations

As a consequence of the high priority and relevance of investor relations in the company, Wolford's Executive Board is directly responsible for financial communications. The CFO serves as the personal contact for the financial community and maintains an ongoing dialogue with private and institutional investors as well as analysts and financial journalist. The top priorities include professional, reliable and above all open financial market communications.

This year Wolford also took part in international investor events. The primary goal is to further expand Wolford's presence on international financial markets based on ongoing communications activities and a consistent communications policy. These activities are not only designed to provide comprehensive information to existing shareholders but to target potential investors as well. Wolford makes all information relevant to the share price available electronically as a means of reaching the entire investor community. Information on the Wolford share, amongst other things, is available online in the investor relations section of the company's website at www.wolford.com.

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

Ownership structure

In the 2009/10 fiscal year, the WMP family private trust held more than 25 percent of total shares, and the Sesam private trust about 15 percent. Wolford Aktiengesellschaft held another two percent as treasury stock. Accordingly, the Wolford Group boasts an extremely stable shareholder structure interested in the long-term success of the company. The remaining shares are in free float.

General information on the Wolford share

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

Corporate Governance

Corporate Governance in the Wolford Group

Wolford is convinced that diligently practicing and embracing good corporate governance significantly contributes 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 Aktiengesellschaft 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, Strategic License Management and Designer Partnerships
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 2011.

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, 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 2011.

Since 2008, Peter Simma has also served as a Member of the Supervisory Board of Hefel Textil GmbH in A-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.

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 Aktiengesellschaft 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 23rd Annual General Meeting resolving upon the discharging of the Executive and Supervisory boards for the 2009/10 fiscal year.

- **Birgit G. Wilhelm**
  (born in 1975)
  Member of the Supervisory Board since September 12, 2006, serving until the 25th Annual General Meeting resolving upon the discharging of the Executive and Supervisory boards for the 2011/12 fiscal year.

- **Hansjörg Geiger**
  (born in 1943)
  Member of the Supervisory Board since September 12, 2006, serving until the 23rd Annual General Meeting resolving upon the discharging of the Executive and Supervisory boards for the 2009/10 fiscal year.

- **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 2009/10 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)
- **Birgit G. Wilhelm**
- **Hansjörg Geiger**
- **Anton Mathis**
- **Peter Glanzer**

The Audit Committee carries out the tasks assigned to it by § 92 Sect. 4a 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 2008/09 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. 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. 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 Aktiengesellschaft, the following Supervisory Board member holds supervisory board mandates in other companies which are independent of Wolford Aktiengesellschaft:

- **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 jointly pursue the goal of sustainably enhancing shareholder value also by the further advancement of the brand. 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.

Management Report

of the Wolford Group for the Fiscal Year

2009/10

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

The 2009/10 fiscal year (May 1, 2009 – April 30, 2010) was characterized by an ongoing difficult business environment. In the 2009 calendar year, the global economy contracted for the first time in more than 60 years. Since the middle of the 2009/10 fiscal year, the world economy has increasingly recovered from the major economic and financial market crisis. This development was primarily driven by the Asian region. Accordingly, China was one of the few countries in the world which even managed to post solid growth rates during the economic crisis. In Europe and the USA, the slight upward trend was mainly supported by monetary and fiscal policy measures. Governments in several regions have already announced more restrictive budgetary policy measures for 2011, which could potentially slow down the economic upswing.

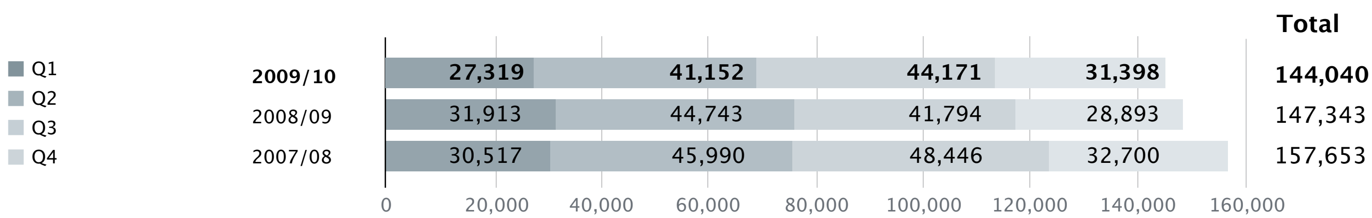
The different regions in the world did not develop uniformly in 2009/10. Several markets already have succeeded in posting solid growth rates since the middle of 2009, whereas the economies of other regions only stabilized slightly.

Accordingly, the growth of the gross domestic product (GDP) in the USA was unexpectedly strong in the fourth quarter of 2009, which is mainly attributable to industrial production. Consumer demand is slowly recovering despite the continuing high unemployment rate. On the basis of this dynamic upward trend in the fourth quarter, real economic growth is now expected to climb once again to 2.5 percent in 2010. The high level of unemployment continues to comprise an element of uncertainty. Moreover, the expansion of overall demand is closely related to the stimulating effects of budgetary policies.

The eurozone economies stabilized in the second half of 2009 but did not enter the recovery phase. Whereas real GDP growth only amounted to 0.4 percent in the third quarter of 2009, growth declined to 0.1 percent in the fourth quarter. The expansive budgetary policies of several countries provided additional impetus to growth, and exports were stimulated by the quick recovery of Asian markets. The continuing low level of investment activity on the part of companies and the stagnation of consumer spending by private households tended to dampen economic growth. On the basis of these indicators, no quick economic upturn is anticipated in this region during the 2010 calendar year. Current forecasts predict only 1 percent GDP growth in 2010. Growth curves will diverge considerably within the eurozone. The economies in Wolford's core markets of Germany, Austria and France are expected to expand by about 1.5 percent in the year 2010, but forecasts call for a renewed economic contraction in South West Europe (Spain, Italy and Portugal). The Central and Eastern Europe member states of the EU are also expected to suffer from a further economic downswing in 2010 (Source: wifo).

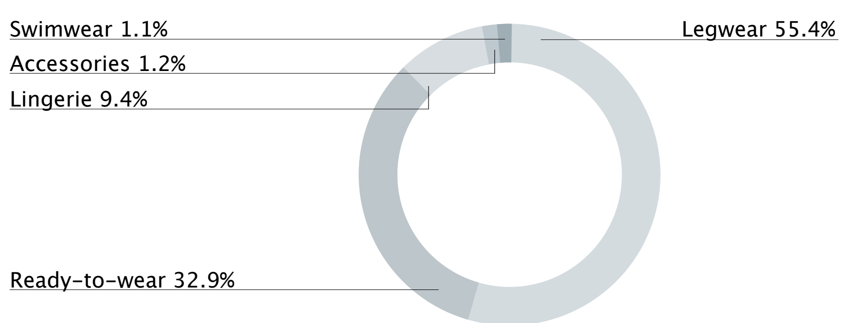
The above-mentioned economic conditions on international markets dampened consumer confidence in the fashion industry, which in turn negatively affected the demand behavior of Wolford's customers. This challenging business environment burdened the sales development of the Wolford Group, which suffered from a significant sales decline in the first half of the 2009/10 fiscal year. Consumer behavior increasingly stabilized in the course of the fiscal year. A clearly positive sales trend became evident starting in the middle of the 2009/2010 fiscal year, so that third-quarter sales of the Wolford Group were up 5.7 percent year-on-year, and Wolford even increased sales by 8.7 percent in the fourth quarter in comparison to the previous year's quarter. On balance, total sales of the Wolford Group fell by 2.2 percent in the 2009/10 fiscal year, to EUR 144.0 million (previous year: EUR 147.3 million).

Sales development (EUR '000)



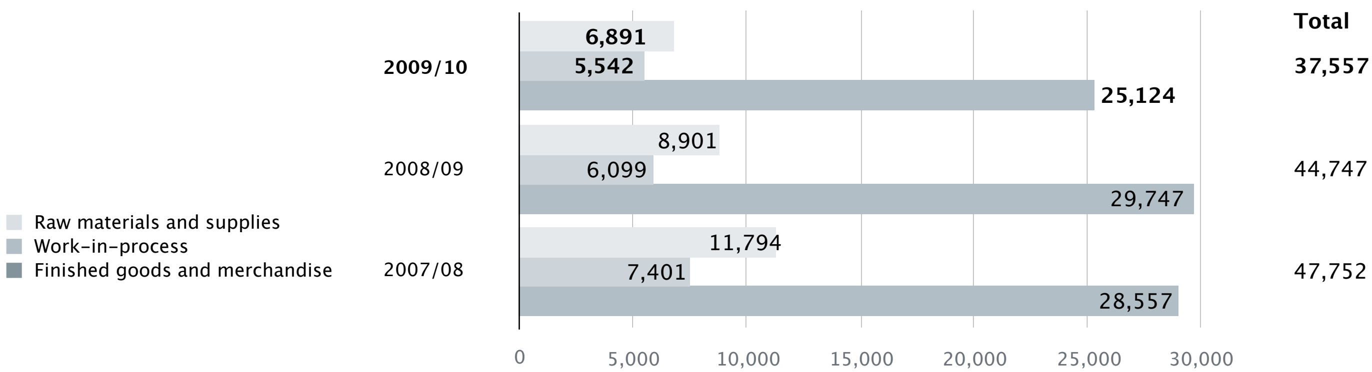
The Legwear product group accounted for 55.4 percent (previous year: 50.7 percent) or more than half of total brand sales in the 2009/10 fiscal year. Once again, the Ready-to-wear range comprised the second largest product group, contributing 32.9 percent of the Group's brand sales (previous year: 37.0 percent). Lingerie, Swimwear and Accessories combined to generate 11.7 percent of total brand sales (previous year: 12.3 percent).

Brand sales by product group in 2009/10



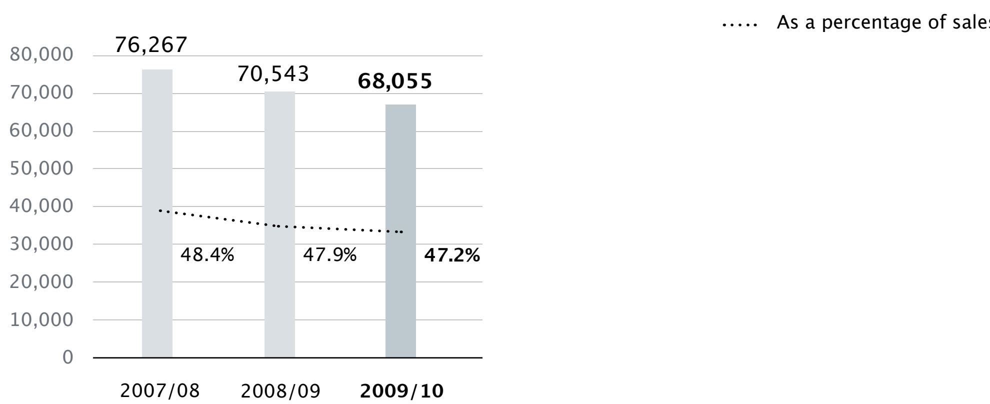
Based on the considerable optimization in the inventory of finished goods and work-in-process, the change in inventory amounted to EUR -5.1 million. The costs of materials and purchased manufacturing services declined by EUR 8.2 million in the same period, which is primarily due to the lower operating output as well as savings in energy costs and the reduction in purchased manufacturing services.

Inventories (EUR '000)



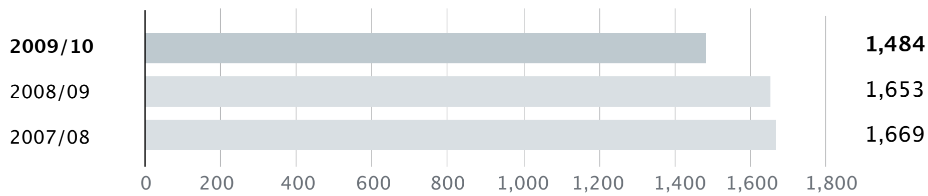
Personnel adjustment measures as well as the renewed streamlining and realignment of processes were reflected in staff costs, which were down to EUR 68.1 million from EUR 70.5 million in the previous year. This reduction in staff costs improved the personnel cost ratio. Accordingly, the ratio of staff costs to total sales decreased from 47.9 percent to 47.2 percent.

Staff costs (EUR '000)



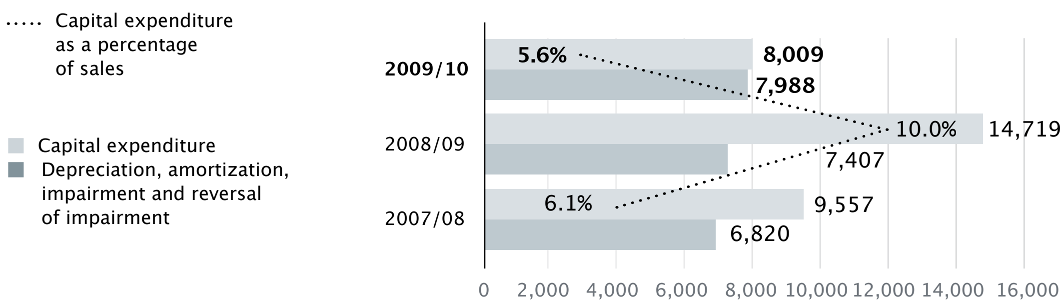
On balance, the average number of employees totaled 1,484 full-time equivalents on average in the 2009/10 fiscal year. As at the balance sheet date of April 30, 2010, the total work force declined by 79 full-time employees compared to the previous year. As of April 30, 2010, there were 21 apprentices in training at Wolford. At present, Wolford is training employees in six different areas of work. Wolford intends to intensify its apprenticeship training efforts in the future in order to ensure an ongoing sufficient supply of skilled employees. Eight new apprentices will begin their dual training at Wolford in the autumn of 2010.

Average number of employees



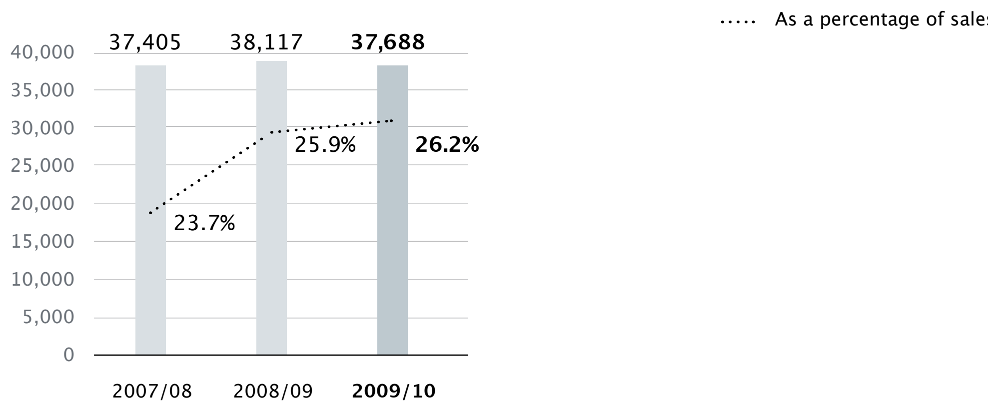
Depreciation, amortization, impairment losses and reversal of impairment on intangible assets and property, plant and equipment amounted to EUR 8.0 million, a rise of EUR 0.6 million from the previous year. Capital expenditure on intangible assets and property, plant and equipment totaled EUR 8.0 million. This corresponds to an investment ratio (capital expenditure as a percentage of sales) of 5.6 percent.

Capital expenditure, depreciation, amortization, impairment and reversal of impairment, excluding financial assets (EUR '000)



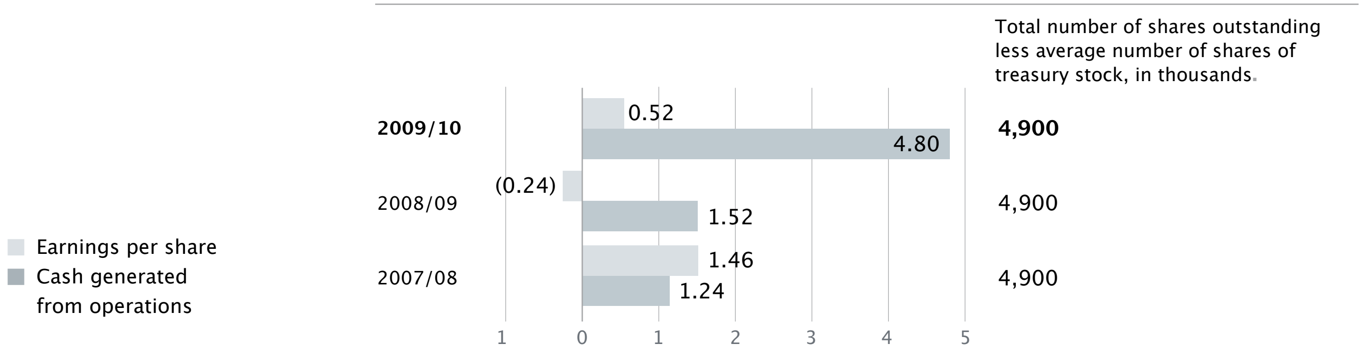
Other operating expenses declined by EUR 0.4 million from the previous year, although rental costs were up by EUR 2.0 million.

Other operating expenses (EUR '000)



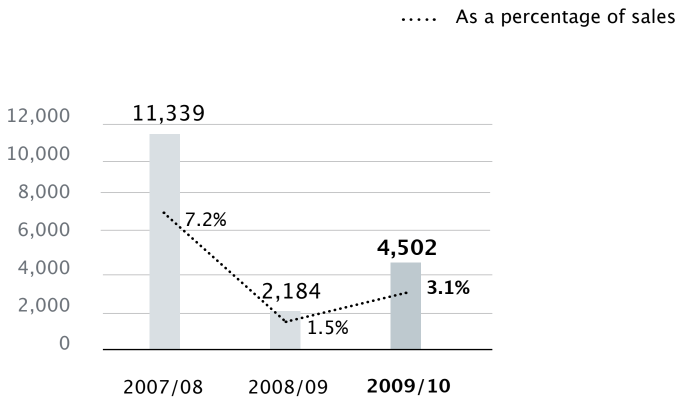
The cash generated from operations developed positively, amounting to EUR 23.5 million and more than tripling from the previous year. As a percentage of sales, the cash generated from operations was 16.3 percent (previous year: 5.1 percent). The cash generated from operations per share totaled EUR 4.80 (previous year: EUR 1.52).

Earnings per share/cash generated from operations per share (EUR)

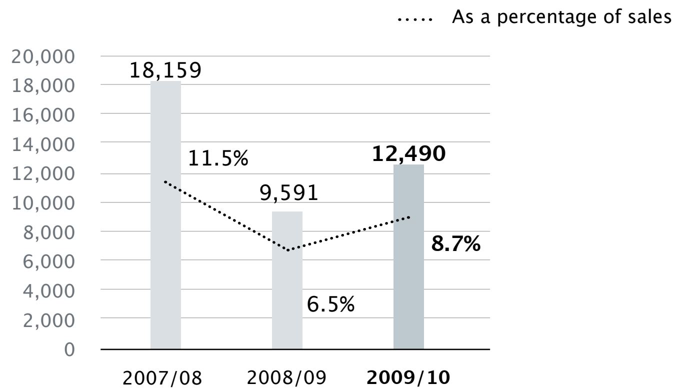


The operating profit (EBIT) in the fiscal year under review totaled EUR 4.5 million, an increase of 106.1 percent, or EUR 2.3 million, from the previous year's level. EBITDA at EUR 12.5 million was also significantly higher (previous year: EUR 9.6 million). Accordingly, the EBITDA margin (ratio of EBITDA to sales) rose to 8.7 percent (previous year: 6.5 percent).

EBIT (EUR '000)

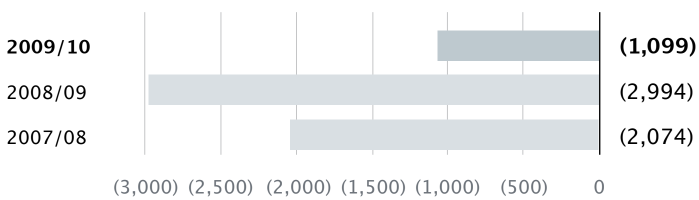


EBITDA (EUR '000)



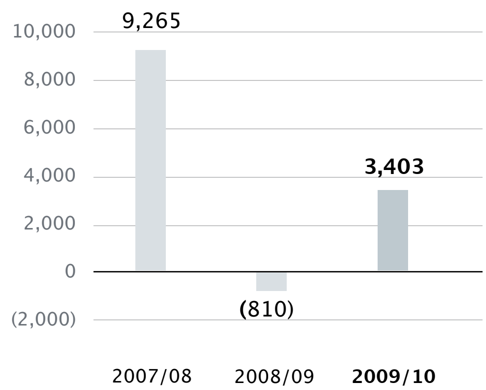
Wolford succeeded in considerably improving the financial result, which can be mainly attributed to lower financing costs as well as the lower level of net debt. The financial result was up by EUR 1.9 million compared to the previous fiscal year. Cash flow hedge accounting was applied for the first time in the past fiscal year.

Financial result (EUR '000)



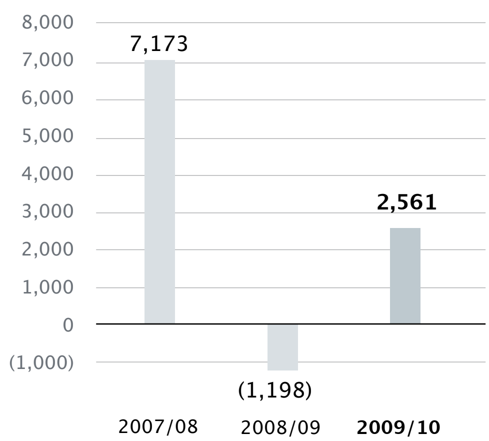
Despite the difficult economic environment, the flexibility and enormous dedication of employees enabled the Wolford Group to improve the result from continuing operations (before taxes) by EUR 4.2 million, to EUR 3.4 million.

Result from continuing operations before taxes (EUR '000)



The net profit for the 2009/10 fiscal year amounted to EUR 2.6 million or EUR 3.8 million above the comparable level for 2008/09. Accordingly, earnings per share climbed by EUR 0.76, to EUR 0.52 (previous year: EUR –0.24).

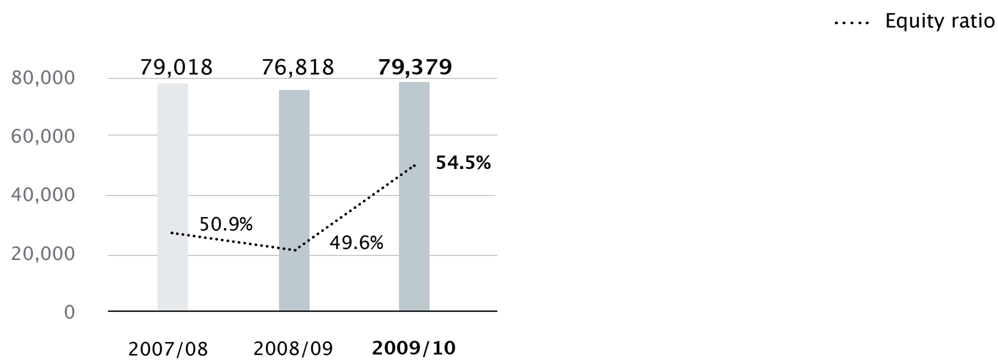
Net profit/loss for the year (EUR '000)



Non-current assets of the Wolford Group amounted to EUR 82.3 million as at April 30, 2010 (previous year: EUR 83.0 million). Current assets were down by EUR 8.4 million. The lower financial resources tied up in inventories, current receivables and other assets totaling EUR 9.4 million were largely responsible for reducing net debt. This development was chiefly related to the reduction in inventories to the amount of EUR 7.2 million, whereas current receivables and other assets decreased by EUR 2.2 million.

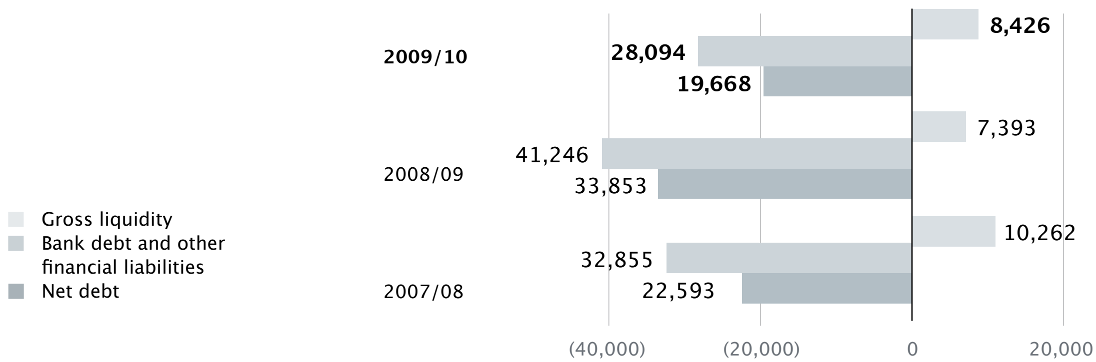
On the balance sheet date of April 30, 2010, shareholders' equity was EUR 79.4 million (previous year: EUR 76.8 million), a rise of 3.3 percent. The equity ratio thus reached a level of 54.5 percent of total assets (previous year: 49.6 percent).

Shareholders' equity (EUR '000)



Borrowings from banks and other financial liabilities totaled EUR 28.1 million in the 2009/10 fiscal year (previous year: EUR 41.2 million). This significant reduction in bank loans and overdrafts was primarily related to the reduction in inventories, current receivables and other assets, as well as the pronounced improvement in the cash flow. Accordingly, net debt declined by EUR 14.2 million to EUR 19.7 million. According, gearing could be improved by 19.3 percentage points to 24.8 percent.

Gross liquidity, bank debt and net debt (EUR '000)



2. Internal control and risk management systems

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.

Responsibiltiy 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 represents 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 reviewing 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, incorporating the development and implementation of targeted measures to exploit opportunities and prevent risk. Related workshops were held for all areas of operation and subsidiaries of the Wolford Group, and comprehensive action plans were put together.

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, and support for all important operational processes. A functional and risk evaluation of all operational processes serves as the basis for closely examining the top 20 processes, and initiating improvement measures if required. These process analyses and optimization measures will be continually carried out in the future.

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, where applicable, suitable improvement measures are developed. The systematic pursuance of the agreed-upon measures ensures their prompt and effective implementation.

IV) The **measures defined as a consequence** of the three above-mentioned strategies are centrally pursued within the context of the realization and implementation of measures. The focus is on the prompt realization of these measures and the permanent 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 16 primary strategic opportunities and risks, which could have a medium-term effect on the company's ability to achieve its business targets.

On the basis of this software platform, the internal control system is also evaluated in the form of a self-assessment of all existing control and management processes. This enables identification of control processes with the highest operational risks. These risks are subsequently analyzed in detail by the management and the internal auditing department, which develop targeted improvement measures (target processes) 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.
- Compliance with the Group's internal rules and regulations is generally required.
- 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.

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 to enable the budgeting process to be carried out at least six and at most 12 months in advance. Management's aim is to reduce interest rate risk with respect to both 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. In addition, the company limits its credit risk with respect to customers by taking out credit insurance with Prisma Kreditversicherungs AG and with OeKB Versicherungs AG.

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, 2010 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, 2010 had a remaining term to maturity of less than 12 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.

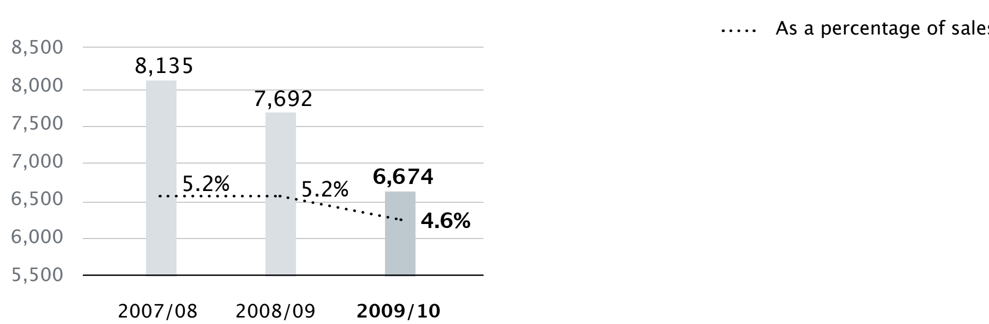
3. Subsequent events

There were no significant events after the balance sheet date of April 30, 2010.

4. Research and development

Wolford's research and development activities are closely linked to the Group's strategic goal of extending its leadership in innovation, to ensure a continuing solid foundation for sustained business success. The intensive development work has enabled Wolford to create unique and distinctive products, particularly in the Legwear product group. In this regard, two new products in the "support and forming" segment were developed which combine two of Wolford's core strengths: the use of natural fiber yarn in pantyhose and the forming effect in the hose part.

Research and development expenses (EUR '000)



The moisture-giving and anti-cellulite pantyhose are two further functional innovations. These opaque pantyhose with an elegant brilliance and extraordinarily consistent look offer an optimal fit. Fine pantyhose with grid hole patterns comprise an absolutely new kind of product. The innovative knitting technology comprises a further development of ajoure knitting, offering exciting insights with respect to both opaque qualities and fine pantyhose. Most of these innovations contribute to continuing the innovation leadership in the Legwear segment. They can be purchased in shops in the 2010/11 fiscal year.

5. Non-financial performance indicators

Wolford standardized its employee performance review for all business segments, in order to be able to evaluate and individually promote the personal development potential and career opportunities for each employee. As a result, a series of professional training programs was implemented in the 2009/10 fiscal year, amongst other measures. The focus was on intensifying the knowledge of foreign languages and seminars concentrating on time and project management.

The introduction of the employee potential analysis, at least in the Retail segment, will provide a standardized and even more objective recruiting tool in the future to complement the personal interview. It is planned to successively roll-out the employee potential analysis to encompass other areas of the company and thus significantly contribute to human resources development.

The Wolford Group continues to attach considerable importance to occupational health care as the basis for its health promotion measures. In addition, all workstations were inspected by an experienced occupational physician, taking ergonomic aspects into account, and improvements were carried out where applicable. In the autumn of 2009, about 200 employees took part in a flu vaccination program. Moreover, the Wolford Group took prophylactic hygienic measures to prevent the spread of the "swine flu".

Lectures held at Wolford on the topics of “Doctors’ sickness certification practice” and “The working environment as the main aspect in evaluating the incapacity for work” aroused extensive interest on the part of human resources managers and occupational physicians at prominent companies, as well as several general practitioners. The aim of this event was to promote the two-way flow of information between doctors and companies, in order to ensure understanding on both sides, particularly with regard to the issues of sick leave and costs.

Wolford has been trying for many years to encourage as many employees as possible to stop using their own vehicles to get to work and switch to public transportation or bicycles. These efforts continued in the past fiscal year in the form of different activities. For example, Wolford offered a cost-free road safety inspection for bike riders, organized a special cyclist's breakfast and made a service station available for maintenance and repair work.

In the course of constructing new facilities, Wolford integrated extensive heat recovery equipment, which not only results in very high primary energy savings but also has a positive impact on the environment. The boilers are operated with natural gas, which reduces waste gas emissions to an absolute minimum. There is a very low level of residual materials in the wastewater emanating from Wolford's production plant due to the use of appropriate dyes. As a consequence, the wastewater can be discharged into the municipal purification plant without any difficulty. Comprehensive renovation measures to modernize the offices and parts of the production plant were initiated in the past fiscal year. In addition to a new insulation façade, all windows and the main roof were renovated using the best available technologies. The specific heating demand of the section of the building is now at a low 33 kWh/m²a, which corresponds to category B. The planning phase in the construction of the new production facility in Murska Sobota (Slovenia) already took the issue of energy efficiency into account. All plant components and individual systems such as the heat pump technology (inverter technology, defrost process), solar heat (hot water generation) and also heat recovery (rotation heat exchanger, heat from compressed air, etc.) have been optimally adjusted to each other.

6. Disclosures under § 243a Business Enterprise Code (UGB)

In accordance with § 243a 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, 2010, Wolford Aktiengesellschaft 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 at the end of the 2009/10 fiscal year was as follows:

the WMP family trust owned more than one-quarter of Wolford's shares. The Sesam private trust held more than 15 percent, and Wolford Aktiengesellschaft itself held 2 percent. The rest of the shares were in free float.

Other provisions contained in § 243a Austrian Business Enterprise Code do not apply to the Wolford Group.

7. Expected business development of the company

The first two months of the new 2010/11 fiscal year began with a significant increase in sales for the Wolford Group. The main reasons were the sales growth in the Retail segment (+18.0 percent) and the significantly higher order intake (+11.8 percent). This promising development was intensified by a slight rise in the volume of fixed orders for the new fall/winter collection 2010/11 compared to the previous year. All these factors point to a successful development of sales in the 2010/11 fiscal year as a whole, in spite of the challenging conditions for exports.

Wolford will continue to pursue its strategy of strengthening its Retail segment, and continuously expand the number of mono-brand points of sale.

At the same time, process costs in all areas are being further improved on the basis of ongoing optimization measures. In addition, the start-up of production at the new Slovenian plant at the beginning of January 2010 will already positively contribute to improving overall earnings in the upcoming 2010/11 fiscal year.

In the light of a slight upswing in consumer confidence, the management of the Wolford Group is optimistic that the planned market launch of new products in the 2010/11 fiscal year, measures designed to expand market penetration as well as the initiated cost optimization efforts will enable Wolford to achieve a further improvement in earnings in the 2010/11 fiscal year.

Bregenz, July 6, 2010

Signed

Holger Dahmen | Peter Simma

Wolford 09/10 ▶ P 66

Consolidated Financial Statements 2009/10

Consolidated financial statements of the Wolford Group for 2009/10 prepared in accordance with IFRS

Consolidated income statement for the year ended April 30, 2010

in EUR '000	Note	2009/10	2008/09
Sales	(1)	144,040	147,343
Other operating income	(2)	3,461	3,621
Change in inventories of finished goods and work-in-process		(5,129)	(370)
Own work capitalized		152	143
Operating output		**142,524**	**150,737**
Cost of materials and purchased services		(24,291)	(32,486)
Staff costs	(3)	(68,055)	(70,543)
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets excluding goodwill	(4)	(7,988)	(7,407)
Other operating expenses	(5)	(37,688)	(38,117)
Operating profit (EBIT)		**4,502**	**2,184**
Net interest cost	(6)	(538)	(2,092)
Net investment securities income	(7)	187	(47)
Interest cost of employee benefit liabilities		(748)	(855)
Financial result		**(1,099)**	**(2,994)**
Result from continuing operations (before taxes)		**3,403**	**(810)**
Income tax	(8)	(842)	(388)
Net result for the period		**2,561**	**(1,198)**
Earnings per share in EUR (diluted = undiluted)		**0.52**	**(0.24)**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended April 30, 2010

in EUR '000	2009/10	2008/09
Net result for the period (after taxes)	**2,561**	**(1,198)**
Other comprehensive income		
Currency translation differences of foreign business operations	26	902
Net (loss)/gain from cash flow hedges	(246)	0
Tax effects	61	0
Net (loss)/gain from cash flow hedges	184	271
Tax effects	(25)	(68)
Other comprehensive income after taxes	**0**	**1,105**
Total comprehensive income (after taxes)	**2,561**	**(93)**
Attributable to:		
Equity holders of the parent company	2,561	(93)
Minority interest	0	0

Consolidated balance sheet as at April 30, 2010

ASSETS

in EUR '000	Note	April 30, 2010	April 30, 2009
Non-current assets	**(9)**		
Property, plant and equipment		64,418	65,022
Goodwill		1,188	1,180
Intangible assets		10,580	10,672
Investments in affiliated companies		3	3
Non-current available-for-sale financial assets		4,974	4,777
Non-current receivables and assets	(10)	1,120	1,327
		82,283	**82,981**
Deferred tax assets	**(11)**	**4,903**	**5,220**
Current assets			
Inventories	(12)	37,557	44,747
Current receivables and other assets	(13)	13,933	16,137
Prepaid expenses		2,144	2,102
Current available-for-sale financial assets and financial investments	(14)	38	38
Cash and cash equivalents		4,677	3,752
		58,349	**66,776**
Total assets		**145,535**	**154,977**

The accompanying notes form an integral part of these consolidated financial statements.

SHAREHOLDERS' EQUITY AND LIABILITIES

in EUR '000	Note	April 30, 2010	April 30, 2009
Shareholders' equity	**(15)**		
Share capital		36,350	36,350
Capital reserves		1,817	1,817
Other reserves		44,288	41,753
Currency translation differences		(3,076)	(3,102)
		79,379	**76,818**
Non-current liabilities			
Long-term debt	(16)	16,359	18,614
Provisions for employee benefits	(17)	13,893	13,756
Other non-current liabilities		1,470	158
		31,722	**32,528**
Deferred tax liabilities	**(11)**	**228**	**349**
Current liabilities			
Current portion of long-term debt	(16)	2,235	2,903
Bank loans and overdrafts	(18)	9,500	19,729
Current tax liabilities		714	548
Other current provisions	(19)	4,840	4,193
Trade payables		4,776	4,051
Other current liabilities	(20)	12,141	13,858
		34,206	**45,282**
Total shareholders' equity and liabilities		**145,535**	**154,977**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended April 30, 2010

in EUR '000		Note	2009/10	2008/09
Result from continuing operations before taxes			3,403	(810)
–	Interest and similar income		(690)	(317)
+	Interest and similar expenses		1,041	2,151
+	Depreciation, amortization and impairment losses on non-current assets		7,988	7,645
+(–)	Loss (gain) from the disposal of property, plant and equipment and intangible assets		57	(47)
+(–)	Loss (gain) from the disposal of securities		0	67
+(–)	Currency translation differences		0	(252)
+(–)	Increase (decrease) in provisions for employee benefits		137	(1,937)
–(+)	Increase (decrease) in inventories		7,191	3,005
–(+)	Increase (decrease) in current receivables and other assets		2,819	2,106
+(–)	Increase (decrease) from the cash flow hedge reserve		246	0
+(–)	Increase (decrease) in other current provisions		647	(713)
+(–)	Increase (decrease) in trade payables		1,063	(2,834)
+(–)	Increase (decrease) in other current liabilities		(405)	(609)
= Cash generated from operations			**23,497**	**7,455**
–(+)	Income taxes paid (credited)		(284)	(728)
+	Interest received		25	127
–	Interest paid		(1,097)	(1,434)
Net cash from operating activities			**22,141**	**5,420**
+	Proceeds from the disposal of securities		0	3,957
–	Purchase of available-for-sale financial assets		(13)	(455)
+	Proceeds from disposal of property, plant and equipment and intangible assets		239	339
–	Purchase of goodwill		0	(30)
–	Purchase of intangible assets	(22)	(1,732)	(3,200)
–	Purchase of property, plant and equipment	(22)	(6,615)	(11,555)
Net cash used in investing activities			**(8,121)**	**(10,944)**
+(–)	Change in current borrowings		(10,897)	6,042
+(–)	Change in non-current borrowings		(2,254)	2,349
–	Dividends paid		0	(2,107)
Net cash from financing activities			**(13,151)**	**6,284**
+(–)	Net increase (decrease) in cash and cash equivalents		869	760
+(–)	Cash and cash equivalents at beginning of period	(21)	3,752	2,957
+(–)	Effects of exchange rate fluctuations on cash and cash equivalents at beginning of period		56	35
Cash and cash equivalents at end of period		**(21)**	**4,677**	**3,752**

Consolidated statement of changes in equity for the year ended April 30, 2010

in EUR '000	Share capital	Capital reserves	Fair value reserve for available-for-sale financial assets	Cash flow hedging reserve	Other reserves	Currency translation differences	Treasury stock	Total
At April 20, 2008	**36,350**	**1,817**	**(749)**	**0**	**50,267**	**(4,004)**	**(4,663)**	**79,018**
Dividends 2007/08	0	0	0	0	(2,107)	0	0	(2,107)
Consolidated statement of comprehensive income	0	0	203	0	(1,198)	902	0	(93)
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**

Notes

WOLFORD GROUP
Notes to the IFRS consolidated financial statements for the fiscal year ending April 30, 2010

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 sale 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 2009/10 fiscal year (May 1, 2009 – April 30, 2010) 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 interpretations of the International Financial Reporting Interpretations Committees (IFRIC) for the 2009/10 fiscal year were applied.

On the basis of § 245a 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.

Newly applied standards and interpretations
The following standards and interpretations influenced the precise amounts reported in the 2009/10 fiscal year and in previous fiscal years.

IFRS 8 “Operating Segments” must be applied for fiscal years beginning on or after January 1, 2009. This standard replaces IAS 14 and requires companies to report financial information and provide explanatory details about their reportable segments. Wolford applied this standard for the first time starting with the 2008/09 fiscal year.

In September 2007, IASB published a revised version of IAS 1 “Presentation of Financial Statements”, which is designed to facilitate the analysis and comparison of financial statements. The most important revision contained in IAS 1 relates to the presentation of income and expenses reported directly in equity (future title: other comprehensive income). Moreover, IAS 1 stipulates that all changes in equity based on transactions with the shareholders are to be reported separately from changes in equity which are not based on such transactions. The revised standard is to be applied for fiscal years beginning on or after January 1, 2009. Due to the fact that the changes relate to disclosure requirements, the Wolford Group assumes that the application of this standard will have no material effect on the presentation of the consolidated financial statements of the Wolford Group.

Standards and interpretations whose application will not have any effect on the consolidated financial statements

The revisions made to IFRS 1 “First-Time Adoption of International Financial Reporting Standards” enables a company to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in its first-time adoption of IFRS in preparing financial statements according to the amounts reported in accordance with IAS 27 “Consolidated and Separate Financial Statements” or the previously used accounting standards or at fair value, and include this cost in place of acquisition costs. The change to IAS 27 stipulates that all dividends of subsidiaries, jointly controlled entities and associates are to be recognized in profit or loss in separate financial statements. These revisions are applicable for fiscal years beginning on or after January 1, 2009. The change to IAS 27 is to be applied prospectively. The new requirements only have an impact on the separate financial statements of the parent company, and will have material effect on the presentation of the consolidated financial statements.

Amendments made to IFRS 2 “Share-based Payments” were published in January 2008. They more precisely clarify the meaning of vesting conditions and the accounting treatment of the cancellation of equity instruments. These amendments, which apply retroactively to fiscal years beginning on or after January 1, 2009, will have no impact on the Wolford Group, due to the fact that the Wolford Group has not carried out any share-based payments.

The revised standard IFRS 3 “Business Combinations”, published by IASB in January 2008, as well as amendments to IAS 27 “Consolidated and Separate Financial Statements” is to be applied for fiscal years beginning on or after July 1, 2009. The standard includes changes in the accounting treatment of business combinations which will impact the amount of goodwill recognized, the business results achieved in the reporting period in which the acquisition took place, and future results.

IAS 27 (revised) stipulates that an alteration in the amount of the stake held in a subsidiary that does not lead to a loss of control is to be accounted for as a transaction undertaken with the owner in its capacity as such. This means that such transactions can neither lead to the accrual of goodwill nor the reporting of profits or losses. The rules governing the apportionment of losses among owners of stakes in the parent company were also changed, as well as the ones pertaining to non-controlling interests and to the accounting of transactions leading to a loss of control. The revised rules resulting from the revamping of IFRS 3 and of IAS 27 will affect the future gain or loss of control over subsidiaries and transactions involving non-controlling interests. The revised IAS 27 is to be applied to annual reporting periods beginning on or after July 1, 2009.

The revised standard IAS 23 “Borrowing Costs” is to be applied for fiscal years beginning on or after January 1, 2009. Accordingly, borrowing costs are recognized if they can be directly assigned to the acquisition, construction or production of a qualified asset. The current existing possibility to immediately recognize borrowing costs as expenses will be eliminated.

The amendments made to IAS 32 “Financial Instruments: Presentation” and IAS 1 “Presentation of Financial Statements” were published in February 2008 and are to be applied for fiscal years beginning on or after January 1, 2009. The revisions provide for exceptions, to a small extent, enabling the classification of puttable financial instruments as equity inasmuch as certain criteria are fulfilled.

Amendments made to IAS 32 „Financial Instruments: Presentation“ are rights (options, subscription rights) involving the acquisition of a specified number of equity instruments for a specified amount of equity instruments in other currencies. These are now considered to be equity instruments, no matter what currency they are denominated in, provided that such rights are issued pro rata to all of an entity's existing shareholders. This change is to be applied to fiscal years starting on or after February 1, 2010. It will not have any material effect on the net assets, financial position or profit and loss of the Wolford Group.

The revisions to IAS 39 "Financial Instruments: Recognition and Measurement" were published in August 2008, and are to be applied for fiscal years beginning on or after July 1, 2009. The changes specify how the existing principles underlying hedge accounting are to be applied to the recognition of hedging transactions and onesided risks as well as inflation risks in the underlying transactions. IAS 39 clarifies that it is permissible to designate only a portion of changes in the fair value of the hedge or cash flow fluctuations of a financial instrument as an underlying transaction. The Wolford Group assumes that the application of this standard will have no material effect on the net assets, financial position or profit and loss of the Wolford Group, as the company has not concluded such hedges.

IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement" require a company to decide whether or not an embedded derivate is to be separated from an underlying contract in such cases in which the company holding a hybrid financial asset classified as belonging to the category "held in fair value through profit or loss" reassigns the asset to the financial instrument being valuated. This decision is to be made upon the basis of the circumstances applying to the later of the following two dates: the point in time at which the company became a contractual party, or that of the alteration of the contractual conditions leading to a substantial change in flows of payment. IAS 39 stipulates that all cases of the fair value of an embedded derivative not being able to be reliably determined are to lead to the entire structured instrument retaining its classification of "held in fair value through profit or loss". The application of this interpretation will not have any material effect on the net assets, financial position or profit and loss of the Wolford Group.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" was published in July 2008. This interpretation provides guidelines on the accounting treatment of hedges of a net investment. This interpretation is to be applied prospectively for fiscal years starting on or after October 1, 2008. The application of this interpretation will have no material effect on the net assets, financial position or profit and loss of the Wolford Group, as the company has not concluded such hedges.

In May 2008 and April 2009, IASB issued a standard containing a package of amendments with the primary goal of eliminating inconsistencies and clarifying phrasing. These packages stipulate transitional rules for each revised IFRS.

IFRIC 11 “Group and Treasury Share Transactions Amendments to IFRS 2“ is effective for fiscal years beginning on or after March 1, 2007, and contains guidelines on applying IFRS 2. The application of this standard does not have any material effect on the net assets, financial position or profit and loss of the Wolford Group.

IFRIC 12 “Service Concession Arrangements“ is effective for fiscal years beginning on or after January 1, 2008, and contains guidelines on contracts between a government on the one hand and private operators on the other, if the government prescribes the service to be provided, the public using the service, and the prices to be invoiced. The application of this interpretation does not have any material effect on the net assets, financial position or profit and loss of the Wolford Group, due to the fact that the Wolford Group has not concluded any contractual agreements with the government.

IFRIC 13 “Customer Loyalty Programs“ must be applied for fiscal years beginning on or after July 1, 2008, and contains guidelines to be used by companies which offer incentives to customers to buy goods and services. The application of this interpretation does not have any material effect on the net assets, financial position or profit and loss of the Wolford Group, which is related to the fact that the Wolford Group has not established any customer loyalty programs.

IFRIC 14/IAS 19 “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction“ is binding for fiscal years beginning on or after July 1, 2008. It contains guidelines on the application of IAS 19 with regard to minimum funding requirements for pension or other employee benefit plans. The application of this interpretation has not had any material effect on the presentation of the consolidated financial statements.

Revisions to IFRIC 14 “Advanced payments on Minimum Funding Requirements” allow prepayments of minimum amounts to be recognized as assets. This change is to be applied to fiscal years beginning on or after January 1, 2011, and is not expected to have any impact upon the consolidated financial statements of the Wolford Group.

IFRIC 15 “Agreements for the Construction of Real Estate” was published in July 2008 and is to be applied for fiscal years beginning on or after January 1, 2009. This interpretation is to be applied retroactively. It specifies the how and when revenue derived from the disposal of real estate and the related expenditures are to be recognized, in case the project developer and the buyer reach an agreement before construction has been completed. IFRIC 15 will have no impact on the consolidated financial statements of the Wolford Group, due to the fact that the Wolford Group does not carry out such business transactions.

IFRIC 17 “Distributions of Non-cash Assets to Owners” addresses the issue of how a company is to measure the distributions of assets other than cash when it pays dividends to owners. A dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the company. This dividend obligation is to be measured at the fair value of the net assets to be distributed. The difference between the dividend paid and the carrying amount of the net assets is to be recognized in profit or loss. An entity is required to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. IFRIC 17 applies to fiscal years which begin on or after July 1, 2009. Earlier application of this interpretation is permitted.

IFRIC 18 “Transfers of Assets from Customers” is applicable when a company receives from a customer an item of property, plant and equipment (or cash to acquire or construct the item of property, plant and equipment) that the company must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. Accordingly, IFRIC 18 contains provisions relating to the accounting treatment of such transfers of assets from customers to the recipient company. According to IFRIC 18, it need not necessarily be the company itself which subsequently supplies the goods or services. IFRIC 18 is not applicable to transfers of assets which are regulated by the provisions contained in IAS 20 “Accounting for Government Grants and Disclosures of Government Assistance” or IFRIC 12 “Service Concession Arrangements”. IFRIC 18 requires entities to apply the interpretation prospectively to transfers of assets from customers received on or after July 1, 2009. Earlier application is permitted under certain conditions.

The preparation of the consolidated financial statements is the responsibility of the Executive Board.

In all financial reporting by the Wolford Group for the 2009/10 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 Asia Limited	Hong Kong	100
Wolford Belgium N.V.	Antwerp	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.	's-Hertogenbosch	100
Wolford Canada Inc.	Vancouver	100
Wolford Boutiques, LLC.**)	New York	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 Asia Limited.

The company Wolford proizvodnja in trgovina d.o.o., based in Murska Sobota/Slovenia, founded by Wolford AG in the 2008/09 fiscal year, commenced production on schedule in January 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 the consolidation is based on uniform, Group-wide accounting policies.

3. Accounting policies 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 a 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, the discount rates, growth rates, as well as the expected changes in selling prices and related direct costs.

The interest rate of 8.0 percent (2008/09: 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 based on past experience and potential future market changes, and range from 1.0 percent to 5.0 percent annually.

The Wolford Group prepares cash flow projections based on the latest budgets 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 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 development costs eligible for capitalization were incurred in the 2008/09 and 2009/10 fiscal years.

In the 2009/10 fiscal year, research and development costs of TEUR 6,674 (2008/09: TEUR 7,692) 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 are 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. When the securities are sold, the corresponding amount released from the reserve is recognized 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 fiscal year.

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. At the balance sheet date, none of the amounts included in this item were subject to restrictions as to their use.

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 existing at the balance sheet date. In addition, deferred tax assets and liabilities were recognized according to the balance sheet liability method prescribed in 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:

	2009/10	2008/09
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 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 2009/10 fiscal year, translation differences amounting to TEUR 69 (2008/09: TEUR 425) were recognized in the income statement. This includes negative currency translation differences of TEUR 222 (2008/09: TEUR 0) 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:

	Middle rate at the balance sheet date		Average rate for the fiscal year	
Currency	**April 30, 2010**	**April 30, 2009**	**2009/10**	**2008/09**
1 EUR / USD	1.3335	1.3348	1.41324	1.42136
1 EUR / GBP	0.8699	0.8995	0.88043	0.84505
1 EUR / CHF	1.4357	1.5127	1.49686	1.55943
1 EUR / CAD	1.3395	1.5970	1.53251	1.60890
1 EUR / DKK	7.4424	7.4482	7.44358	7.45593
1 EUR / NOK	7.8550	8.7600	8.48688	8.59746
1 EUR / SEK	9.6240	10.7300	10.30248	10.11658
1 EUR / HKD	10.2900	10.2800	10.95918	11.05548

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 715 (2008/09: TEUR 830) 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. A government grant of TEUR 1,339 was approved and already paid in the 2008/09 fiscal year for the construction of a production facility in Slovenia. This subsidy is reported under other current liabilities, and will be dissolved by corresponding write-downs or expenditures (e.g. staff costs). These grants were classified as other current liabilities in the 2008/09 fiscal year. The government grant entails obligations, which could potentially require repayment of the grant if the conditions are not fulfilled.

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 EUR '000	2009/10	2008/09
Rental income	368	432
Reimbursement of staff costs	1,227	1,168
Insurance benefits	373	144
Gain on disposal of property, plant and equipment and intangible assets	239	339
Refunds	59	114
Restaurant revenue	204	223
Grants for advertising and other purposes	473	580
Premiums	142	136
Other	376	485
Total	**3,461**	**3,621**

(3) Staff costs

in EUR '000	2009/10	2008/09
Wages	11,501	13,131
Salaries	41,406	41,796
Expenses for statutory social security contributions, pay-based levies and other compulsory contributions	13,016	13,829
Expenses for severance pay and pensions	902	633
thereof Executive Board	355	137
thereof management	(7)	23
Other employee benefits	1,230	1,154
Total	**68,055**	**70,543**

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

Impairment losses of TEUR 75 (2008/09: TEUR 35) were recognized in the 2009/10 fiscal year, whereas reversal of impairment losses totaled TEUR 28 (2008/09: TEUR 0). 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 EUR '000	2009/10	2008/09
Taxes (excluding income taxes)	585	535
Advertising expenses	4,654	6,220
Legal and consulting fees	2,395	2,464
Rental and lease payments (incl. operating and incidental costs)	14,975	12,949
Freight costs	2,632	3,280
Travel costs	1,312	1,633
Duties and fees	323	420
Insurance premiums	1,045	974
Licenses	114	270
Car expenses	781	866
IT expenses	967	820
Credit card fees	976	974
Customs duties	1,361	1,364
Commissions	402	493
Office supplies	391	479
Telephone costs	552	587
Losses resulting from the disposal of property, plant equipment and intangible assets	295	292
Other	3,928	3,497
Total	**37,688**	**38,117**

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

in EUR '000	2009/10	2008/09
Audit of financial and consolidated financial statements	146	145
Other assurance/valuation services	0	0
Tax consulting services	0	0
Other services	0	5
Total	**146**	**150**

(6) Net interest cost

in EUR '000	2009/10	2008/09
Interest and similar income	503	265
Interest and similar expenses	(1.041)	(2,357)
Total	**(538)**	**(2,092)**

The reduced interest expense is the result of the significantly reduced need for bank loans on average, and the lower interest rate level compared to previous years. The fair value valuation of the open currency forwards on the balance sheet date led to an improvement in the financial result of TEUR 166 in the fiscal year under review.

The net interest cost 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 past fiscal year. Positive currency translation differences of TEUR 470 were realized from the termination of currency forwards in the 2009/10 fiscal year.

(7) Net income from securities

in EUR '000	2009/10	2008/09
Income from investments in securities	187	191
Expenses from investments in securities	0	(238)
Total	**187**	**(47)**

Impairment tests carried out in the 2008/09 financial year led to the recognition of impairment losses on non-current financial assets and securities totaling TEUR 204, and losses related to the disposal of securities amounting to TEUR 34. No impairment losses were necessary in the 2009/10 fiscal year.

(8) Income taxes

Current tax expenditures are comprised of the following:

in EUR '000	2009/10	2008/09
Tax expense in the current fiscal year	(653)	(550)
Deferred tax credit	0	162
Deferred tax expense	(189)	0
Total	**(842)**	**(388)**

In the 2009/10 fiscal year, taxes totaling TEUR 36 (2008/09: TEUR –68) 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 EUR '000	2009/10	2008/09
Result from continuing operations (before tax)	3,403	(810)
Tax expense at the rate of 25%	(851)	0
Tax revenue at the rate of 25%	0	203
Foreign tax rates	(8)	22
Realization of previously unrecognized loss carry-forwards	89	38
Utilization of loss carry-forwards	230	0
Losses for which no deferred tax asset was recognized	(312)	(251)
Permanent differences		
thereof tax exemptions	39	39
thereof non-deductible expenses	(16)	(15)
Other	(13)	(424)
Effective tax expense	**(842)**	**(388)**
Effective tax rate	**25%**	**-48%**

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 16 at the balance sheet date (2008/09: TEUR 341).

On the basis of impairment tests, the impairment losses of TEUR -75 (2008/09: TEUR -35) relating to retail boutiques are recognized as an expense in the income statement. Reversals of impairment losses reported in the past totaling TEUR 28 (2008/09: TEUR 0) 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 2009/10 fiscal year and the previous fiscal year to acquire intan-gible 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 are 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 totaling TEUR 5,519 (April 30, 2009: TEUR 6,473) was capitalized. This includes key money with indefinite lives amounting to TEUR 3,003 (April 30, 2009: TEUR 3,003) and key money with definite lives of TEUR 2,516 (April 30, 2009: TEUR 3,470).

Pursuant to IAS 38, goodwill is classified as assets with indefinite lives.

No impairment loss was necessary for intangible assets in the 2008/09 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 are reported at their fair value, which corresponds to the market value of the financial instruments at the balance sheet date. The change of TEUR 184 in their fair value during the 2009/10 fiscal year (2008/09: TEUR 33) is recognized directly in equity. Due to a permanent state of impairment, impairment losses of TEUR 204 and losses from the disposal of securities amounting to TEUR 34 are recognized as an expense in the income statement. No impairment losses on non-current financial assets and losses on the disposal of securities were recognized in the 2009/10 fiscal year.

(10) Non-current receivables

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, 2010		April 30, 2009	
in EUR '000	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Deferred tax assets				
Property, plant and equipment, intangible assets	883	(522)	902	(579)
Valuation of inventories	0	(23)	0	(51)
Accrued rental costs	278	0	237	0
Provisions for employee benefits	833	0	597	0
Other provisions	82	0	240	0
Securities	0	(3)	0	(1)
Treasury stocks	0	(752)	0	(957)
Untaxed reserves	0	(297)	0	(297)
Foreign currency translation	0	(46)	0	(52)
Deferred taxes on loss carry-forwards and on write-downs to fair value	2,997	0	3,697	0
Eliminations	1,099	0	1,175	0
Other	193	(47)	12	(52)
Deferred tax assets/liabilities	**6,365**	**(1,690)**	**6,860**	**(1,989)**
Offset within legal tax units and jurisdiction	**(1,462)**	**1,462**	**(1,640)**	**1,640**
Net deferred tax assets and liabilities	**4,903**	**(228)**	**5,220**	**(349)**

In accordance with IAS 12, deferred tax assets of TEUR 2,705 (April 30, 2009: TEUR 3,070) 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 5,999 (April 30, 2009: TEUR 5,072). The amount of unrecognized deferred taxes was TEUR 1,612 (April 30, 2009: TEUR 1,374).

Current assets

(12) Inventories

Inventories were comprised of the following:

in EUR '000	April 30, 2010	April 30, 2009
Raw materials and supplies	6,891	8,901
Work-in-process	5,542	6,099
Finished goods and merchandise	25,124	29,747
Total	**37,557**	**44,747**

A product-specific valuation approach is applied, which takes into account the differences in resellability between basic and trend items, as well as the product age.

(13) Current receivables and other assets

in EUR '000	April 30, 2010	April 30, 2009
Trade receivables	11,623	14,028
Receivables and other assets	2,310	2,109
thereof held for trading	0	227
thereof cash flow hedges	3	0
Total	**13,933**	**16,137**

Trade receivables included TEUR 11 (April 30, 2009: TEUR 5) evidenced by bills of exchange.

Provisions totaling TEUR 786 (April 30, 2009: TEUR 764) were set up for the impairment of trade receivables.

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

in EUR '000	2009/10	2008/09
May 1st	764	701
Additions (+)/Use (–)	245	211
Usage	(238)	(138)
Currency translation differences	15	(10)
April 30th	**786**	**764**

Changes in the credit rating since the stipulated payment date 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, our 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 Wolford is 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 EUR '000	April 30, 2010	April 30, 2009
Trade receivables	12,409	14,792
Provisions for the impairment of trade receivables	(786)	(764)
Trade receivables after impairments	**11,623**	**14,028**
thereof neither impaired nor overdue at the balance sheet date	7,776	6,526
thereof not impaired at the balance sheet date and subject to the following terms to maturity:		
less than 30 days	1,729	1,910
30–90 days	805	2,102
91–180 days	408	1,913
181–365 days	192	1,052
more than 1 year	713	525

The structure of trade receivables was more strongly differentiated than in the previous year, in order to enable more accurate conclusions to be made about the terms to maturity.

Trade receivables deleted from the accounts due to their irrecoverability amounted to TEUR 510 in the 2009/10 fiscal year (2008/09: TEUR 138).

With regard to 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, other assets, 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 38 (April 30, 2009: 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.

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 EUR '000	2009/10	2008/09
May 1st	546	749
Increase in the fair value valuation of available-for-sale financial instruments	(184)	(33)
Accumulated loss carry-forward in the income statement resulting from the valuation of financial assets	0	(204)
Accumulated loss carry-forward in the income statement from the disposal of available-for-sale financial instruments	0	(34)
Applicable income taxes	25	68
April 30th	**387**	**546**

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 EUR '000	2009/10	2008/09
May 1st	0	0
Fair value measurement of derivatives	246	0
Applicable income taxes	(61)	0
April 30th	**185**	**0**

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, 2009: 2.0 percent).

Pursuant to a resolution passed at the 21st annual shareholders' meeting held in September 2008, Wolford AG 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 EUR '000	April 30, 2010	April 30, 2009
Loans from banks (EUR), variable and fixed interest rates of 1.33% to 5.10%	16,434	19,167
Loans from the Austrian Research Promotion Agency (EUR)	1,792	1,855
Interest-free loan from the Vorarlberg regional government (EUR)	368	495
Total	**18,594**	**21,517**
thereof current portion of borrowings	2,235	2,903

To secure non-current liabilities, securities totaling TEUR 3,490 (April 30, 2009: TEUR 3,455) were pledged as collateral. Of this amount, only TEUR 250 (April 30, 2009: TEUR 250) was actually required at the balance sheet date to cover these 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 EUR '000	Up to 1 year	1–5 years	More than 5 years
April 30, 2010	2,235	13,159	3,200
April 30, 2009	2,903	15,414	3,200

(17) Provisions for employee benefits

Provisions for employee benefits (pensions, severance and jubilee payments) are calculated in accordance with IAS 19.

in EUR '000	April 30, 2010	April 30, 2009
Provisions for pensions	3,540	3,673
Provisions for severance payments	8,874	8,507
Provisions for jubilee payments	1,479	1,576
Total	**13,893**	**13,756**

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 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.
Increases in wages and salaries	3.0% p.a. (2008/09: 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 severance payment obligations were calculated by the projected unit credit method, using 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	3.5 % p.a. (2008/09: 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 pensions and severance payments during the fiscal year developed as follows:

in EUR '000	**2009/10**	**2008/09**	**2007/08**	**2006/07**	**2005/06**
Present value of obligations for severance payments as at May 1st	12,180	14,046	12,964	12,032	13,998
Current service cost	599	805	698	698	690
Past service cost	0	0	363	0	101
Interest expense	663	763	720	659	749
Pension and severance payments made	(952)	(1,774)	(1,251)	(1,106)	(1,478)
Transfer payments to the pension fund	0	0	0	0	(1,490)
Actuarial gain/loss	(76)	(585)	552	681	(538)
Present value of obligations as at April 30th	12,414	13,255	14,046	12,964	12,032
Unrecognized actuarial loss (accumulated for pensions)	0	0	0	0	(214)
Reclassification as other current liabilities	0	(1,075)	0	0	0
Provisions reported on the balance sheet as at April 30th	**12,414**	**12,180**	**14,046**	**12,964**	**11,818**

Actuarial gains and losses are immediately recognized in the income statement.

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 the course of calculating definitive severance payment obligations, a reclassification to other current liabilities amounting to TEUR 1,075 (April 30, 2010: TEUR 0) took place in the 2008/09 fiscal year.

TEUR 168 (2008/09: TEUR 195) for defined contribution plans was 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 Italy and Slovenia and for pensions in France and Switzerland.

Provisions for jubilee payments

The provisions for jubilee payments (anniversary bonuses) amounting to TEUR 1,479 (April 30, 2009: TEUR 1,576) were also calculated in accordance with IAS 19.

The jubilee payment obligations were calculated by the projected unit credit method, using 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	3.5 % p.a. (2008/09: 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 in the fiscal year developed as follows:

in EUR '000	2009/10	2008/09	2007/08	2006/07	2005/06
Present value of obligations for jubilee payments as at May 1st	1,576	1,647	1,524	1,458	1,429
Current service cost	132	140	127	121	116
Interest expense	85	92	85	81	79
Jubilee payments made	(192)	(85)	(104)	(98)	(95)
Actuarial gain/loss	(122)	(218)	15	(38)	(71)
Provisions reported on the balance sheet date as at April 30th	**1,479**	**1,576**	**1,647**	**1,524**	**1,458**

Current liabilities

(18) Bank loans and overdrafts

An analysis of current borrowings from banks for the 2009/10 and 2008/09 fiscal years shows the following:

in EUR '000	April 30, 2010	April 30, 2009
Variable-rate export promotion loans	6,500	7,721
Variable-rate equity financing	800	0
Cash credit line I	0	6,395
Short term cash facility in EUR	2,200	5,613
Total	**9,500**	**19,729**

The carrying amount of the bank liabilities as at 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 is summarized below:

in EUR '000	May 1, 2009	Currency translation differences	Used	Reversed	Added	April 30, 2010
Sales bonuses	854	0	(647)	(184)	487	510
Staff	1,084	13	(945)	(32)	2,177	2,297
Advertising	259	3	(217)	(33)	185	197
Tax consulting/auditing	451	4	(443)	(4)	425	433
Legal fees	96	(1)	(69)	(12)	60	74
Licenses	28	0	(6)	(22)	7	7
Other	1,421	(7)	(983)	0	891	1,322
Total	**4,193**	**12**	**(3,310)**	**(287)**	**4,232**	**4,840**

The provision for sales bonuses comprises 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, as well as to legal fees and outstanding commissions on sales.

(20) Other current liabilities

Other current liabilities include the following amounts owed:

in EUR '000	30.04.2010	30.04.2009
Vacation pay	2,679	2,715
Special payments	1,872	2,057
Overtime pay	854	725
Social security obligations	1,129	1,171
Obligations to tax authorities	1,953	1,439
Obligations to staff	650	688
Obligations from vouchers	1,058	1,024
Government grant for Slovenian facility	0	1,339
Accrued rental and lease payments	705	623
Reclassification from provisions for severance payments	0	1,075
Other	1,241	1,002
Total	**12,141**	**13,858**

A government grant of TEUR 1,339 was approved and already paid in the 2008/09 fiscal year for the construction of a production facility in Slovenia. This subsidy is reported under other current liabilities, and will be dissolved by corresponding write-downs or expenditures (e.g. staff costs). The government grant entails obligations, which could potentially require repayment of the grant if the conditions are not fulfilled. This item was reclassified among non-current liabilities in the 2009/10 fiscal year.

In the provisions for pensions and severance payments, a reclassification to other current liabilities was carried out in the 2008/09 fiscal year for definitive pension and severance payment obligations totaling TEUR 1,075 (April 30, 2010: TEUR 0).

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 (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 "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

Cash and cash equivalents consist only of cash and 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 8,009 (April 30, 2009: 14,719). The related cash outflow amounted to TEUR 7,672 (April 30, 2009: TEUR 14,043).

Capital expenditures in the 2009/10 fiscal year resulted in cash outflows of TEUR 676 (April 30, 2009: TEUR 742).

V. OTHER INFORMATION

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

Discontinued operations
No business operations of the Wolford Group were discontinued 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 marketing director on location, who can best evaluate the specific characteristics of the country and adapt business operations accordingly. These subsidiaries are responsible for the marketing 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 con-tinuing operations. Monthly reports are prepared on the sales companies, including an evaluation of Wolford-owned retail points of sale. 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 2009/10 fiscal year, the Legwear product group accounted for 55.4 percent or more than half of total brand sales (previous year: 50.7 percent). Once again, the Ready-to-wear range comprised the second largest product group, contributing 32.9 percent of brand sales in 2009/10 (previous year: 37.0 percent). Lingerie, Swimwear and Accessories combined to generate 11.7 percent of total brand sales (previous year: 12.3 percent).

Operating segment report (by region)

2009/10

in EUR '000	Austria	Rest of Europe	North America	Asia	Consolidations/ Eliminations	Group
Sales	90,365	89,798	19,986	2,165	(58,274)	144,040
thereof inter-segment	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 result	**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	**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, amortization and impairment losses	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
Total number of employees *)	1,011	538	131	18		1,698

2008/09 in EUR '000	Austria	Rest of Europe	North America	Asia	Consolidations/ Eliminations	Group
Sales	98,175	91,694	19,534	1,576	(63,636)	147,343
thereof inter-segment	63,636	0	0	0	(63,636)	0
External sales	34,539	91,694	19,534	1,576	0	147,343
thereof Germany		26%				
France		19%				
Great Britain		12%				
Scandinavia		11%				
Netherlands		10%				
Rest of Europe		22%				
thereof USA			93%			
Canada			7%			
Operating result	**2,114**	**858**	**(205)**	**(6)**	**(577)**	**2,184**
Net interest cost	(2,069)	(25)	2	0	0	(2,092)
Net income from securities	1,049	0	0	0	(1,096)	(47)
Interest cost from employee benefit liabilities	(855)	0	0	0	0	(855)
Financial result	**(1,875)**	**(25)**	**2**	**0**	**(1,096)**	**(2,994)**
Result from continuing operations	**239**	**833**	**(203)**	**(6)**	**(1,673)**	**(810)**
Income taxes	54	(421)	(3)	(18)	0	(388)
Net result for the year	**293**	**412**	**(206)**	**(24)**	**(1,673)**	**(1,198)**
Segment assets	155,344	41,210	13,348	1,042	(55,967)	154,977
thereof non-current	96,299	13,769	4,163	422	(31,672)	82,981
Segment liabilities	65,064	31,478	5,466	453	(24,302)	78,159
Investments	6,872	5,890	1,707	250	0	14,719
Depreciation, amortization and impairment losses	4,714	2,004	641	48	0	7,407
Reversal of impairment losses*)	0	0	0	0	0	0
Impairment losses*)	204	35	0	0	0	239
Total number of employees	1,147	483	103	20		1,753

*) The reversal of impairment losses totaling TEUR 28 and impairment losses amounting to TEUR 75 in the 2009/10 fiscal year result from the valuation of retail sales outlets, which are directly recognized in the income statement. In the 2008/09 fiscal year, impairment losses arising from the valuation of retail sales outlets were recognized in the amount of TEUR 35, whereas write-downs in the value of securities totaled TEUR 204.

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 with regard to 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 2009/10 and 2008/09 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 30%.

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, 2010	April 30, 2009	April 30, 2008	April 30, 2007
Net debt (gearing)	24.8%	44.1%	28.6%	23.5%

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 is a lower risk than in the previous fiscal year due to the fall in interest rates. The overall interest rate risk can be regarded as low due to the short remaining terms to maturity and the decline in 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, and 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 EUR '000	2009/10	2008/09
Interest rate risk	+/– 146	+/– 159

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 that arise from a change in exchange rates +/– 10 percentage points:

in EUR '000 for currency	April 30, 2010	April 30, 2009
GBP	+/– 258	+/– 93
CHF	+/– 170	+/– 7
USD	+/– 154	+/– 296
DKK	+/– 71	+/– 41
SEK	+/– 21	+/– 5
NOK	+/– 65	+/– 12
CAD	+/– 12	+/– 4
HKD	+/– 102	+/– 33

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 EUR '000	Assets April 30, 2010	Assets April 30, 2009	Liabilities April 30, 2010	Liabilities April 30, 2009
GBP in England	2,138	2,094	675	628
CHF in Switzerland	1,187	1,327	132	164
USD in USA	6,992	7,132	990	1,886
Other	3,892	3,487	270	137
Total	**14,209**	**14,040**	**2,067**	**2,815**

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 that arise from an exchange rate change of +/- 10 percentage points:

in EUR '000 for currency	April 30, 2010	April 30, 2009
GBP	+/- 163	+/- 163
CHF	+/- 117	+/- 129
USD	+/- 667	+/- 583
Other	+/- 402	+/- 373

For derivative financial instruments, a currency exchange rate change of +/- 10 percentage points would result in a currency sensitivity of TEUR +/- 654 (April 30, 2009: TEUR +/- 1,349).

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 EUR '000	Carrying amount April 30, 2010	Cash flows 2010/11	Cash flows 2011/12 to 2014/15	Cash flows 2015/16 ff
Bank loans and overdraft	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		**12,585**	**14,411**	**3,435**

in EUR '000	Carrying amount April 30, 2009	Cash flows 2009/10	Cash flows 2010/11 to 2013/14	Cash flows 2014/15 ff
Bank loans and overdraft	19,729	20,608	0	0
Interest-bearing financial liabilities	21,022	3,404	16,617	3,601
Non interest-bearing financial liabilities	495	217	278	0
Total		**24,229**	**16.895**	**3,601**

In order to counteract liquidity risk, the Wolford Group has existing lines of credit, of which Wolford has only used 30 percent as of April 30, 2010 (April 30, 2009: 44 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, 2010 had terms of less than twelve months.

	Nominal amount		Fair value	
April 30, 2010	**Foreign currency ('000)**	**EUR '000**	**positive EUR '000**	**negative EUR '000**
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)

	Nominal amount		Fair value	
April 30, 2009	**Foreign currency ('000)**	**EUR '000**	**positive EUR '000**	**negative EUR '000**
Currency forwards				
GBP	2,200	2,456	8	(16)
USD	6,900	5,339	154	(16)
NOK	2,850	306	0	(19)
SEK	2,950	276	0	(1)
CHF	4,700	3,194	65	0
CAD	350	211	0	0
DKK	7,750	1,033	0	(6)
HKD	6,000	581	0	(3)

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.

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, without regard to 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

in EUR '000	Level 1	Level 2	Level 3
April 30, 2010			
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.

Level 1: Financial investments consist of investment fund shares of publicly listed companies, whereas securities and financial investments classified as current assets relate to securities for the purpose of hedging rental and leasing obligations.

Level 2: 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, 2010 in EUR '000	**Cost**	**Market value = carrying amount**	**recognized gains/losses**	**thereof recognized as profit or loss**
Non-current securities				
Investment fund shares (GF10)	4,698	4,366	(332)	0
Investment certificates and investment fund shares	982	608	(374)	(350)
Total	**5,680**	**4,974**	**(706)**	**(350)**

April 30, 2009 in EUR '000	**Cost**	**Market value = carrying amount**	**recognized gains/losses**	**thereof recognized as profit or loss**
Non-current securities				
Investment fund shares (GF10)	4,686	4,306	(380)	0
Investment certificates and investment fund shares (other)	982	471	(511)	(350)
Total	**5,668**	**4,777**	**(891)**	**(350)**

Securities amounting to TEUR 3,490 (April 30, 2009: TEUR 3,455) are pledged as collateral for non-current liabilities. However, at the balance sheet date, only securities totaling TEUR 250 (April 30, 2009: TEUR 250) were actually required for this purpose.

Wolford acquired additional investment fund shares (GF10) in the course of the 2009/10 fiscal year.

An impairment test carried out in the 2008/09 fiscal year led to a reversal of impairment losses totaling TEUR 204 (April 30, 2010: TEUR 0) for non-current securities. This reversal of impairment losses resulted in a corresponding change in the income statement. No securities were disposed of in the 2009/10 fiscal year. In the 2008/09 fiscal year, losses from the disposal of securities totaled TEUR 34 (2009/10: TEUR 0).

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 with the IAS 39 measurement criteria:

April 30, 2010 in EUR '000	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	HfT	0	0	0	0	0	0
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)
Currency forwards held for trading (HfT):	TEUR 0
Available-for-sale assets (AfS):	TEUR 5,012
Other financial obligations (FL):	TEUR 46,232

April 30, 2009 in EUR '000	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	3,752	3,752	0	0	3,752	0
Securities and financial investments	AfS	38	0	38	0	38	0
Trade receivables and prepayments	L&R	16,130	16,130	0	0	16,130	0
Other receivables	L&R	3,209	3,209	0	0	1.882	1,327
Derivatives	HfT	227	0	0	227	227	0
Other financial assets	AfS	4,777	0	4,777	0	0	4,777
Total financial assets		**28,133**	**23,091**	**4,815**	**227**	**22,029**	**6,104**
Trade payables	FL	4,051	4,051	0	0	4,051	0
Bank loans and overdrafts	FL	19,729	19,729	0	0	19,729	0
Non-current financial liabilities	FL	18,614	18,614	0	0	0	18,614
Current financial liabilities	FL	2,903	2,903	0	0	2, 903	0
Derivatives	HfT	61	0	0	61	61	0
Other liabilities	FL	13,955	13,955	0	0	13,797	158
Total financial liabilities		**59,313**	**59,252**	**0**	**61**	**40,541**	**18,772**

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

Loans and receivables (L&R):	TEUR 23,091
Currency forwards held for trading (HfT):	TEUR 166
Available-for-sale assets (AfS):	TEUR 4,815
Other financial obligations (FL):	TEUR 59,252

Net result according to classes

2009/10 in EUR '000	Interest income	Other*)	Subsequent valuation at fair value	Disposal	Net result in profit or loss	Net result 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
Total financial assets and liabilities	(691)	(130)	(62)	248	(573)	(62)
Interest cost from employee benefit liabilities	(748)	0	0	0	(748)	0
Net result	**(1,439)**	**(130)**	**(62)**	**248**	**(1,321)**	**(62)**

2008/09 in EUR '000	Interest income	Other*)	Subsequent valuation at fair value	Disposal	Net result in profit or loss	Net result without recognition to profit or loss
Loans and receivables (L&R)	99	0	0	0	99	0
Derivatives (HfT)	0	0	166	0	166	0
Derivatives (cash flow hedges)	0	0	0	0	0	0
Available-for-sale assets (AfS)	191	0	33	(34)	(47)	237
Other financial liabilities (FL)	(2,077)	(281)	0	0	(2,357)	0
Total financial assets and liabilities	(1.786)	(281)	199	(34)	(2.139)	237
Interest cost from employee benefit liabilities	(855)	0	0	0	(855)	0
Net result	**(2.641)**	**(281)**	**199**	**(34)**	**(2.994)**	**237**

*) 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.

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.

Number of employees

In the 2009/10 fiscal year, the Wolford Group employed the following number of employees (full-time equivalents):

Number of full-time equivalents	**April 30, 2010**	**April 30, 2009**
Total average number	1,484	1,653
thereof wage earners	447	585
thereof salaried employees	1,026	1,056
thereof apprentices	11	12

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. 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. 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 EUR '000	April 30, 2010	April 30, 2009
Minimum rental and leasing costs due in (including sales-related rents)		
less than 1 year	11,101	11,279
1-5 years	27,156	34,839
more than 5 years	7,643	17,229

in EUR '000	April 30, 2010	April 30, 2009
Minimum rental and leasing costs due in (excluding sales-related rents)		
less than 1 year	5,600	5,687
1-5 years	11,036	14,105
more than 5 years	3,062	6,892

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 2009/10 fiscal year was TEUR 12,403 (2008/09: TEUR 10,845). Contingent rental payments through sales-based rental costs (rents including ancillary costs) amounted to TEUR 5,231 (2008/09: TEUR 4,180).

Information on the Executive Board and Supervisory Board

2009/10 in EUR '000	Salaries	Severance payments	Pensions	Total remuneration
Expenditures for Executive Board members	1,930	227	0	2,157
thereof variable components	1,062	0	0	1,062
thereof subsidiaries	0	0	0	0
Former Executive Board members	0	0	128	128
Total	**1,930**	**227**	**128**	**2,285**

2008/09 in EUR '000	Salaries	Severance payments	Pensions	Total remu-neration
Expenditures for Executive Board members	1,148	(124)	0	1,024
thereof variable components	291	0	0	291
thereof subsidiaries	0	0	0	0
Former Executive Board members	0	0	261	261
Total	**1,148**	**(124)**	**261**	**1,285**

Remuneration paid to members of the Supervisory Board amounted to TEUR 70 (2008/09: TEUR 61), the individual amounts depending on the particular position and function on the Board.

In the 2009/10 fiscal year, the Executive Board consisted of the following members:

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

In the 2009/10 fiscal year, the Supervisory Board consisted of the following members:

Theresa Jordis, Chairwoman
Emil Flückiger, Vice Chairman
Birgit G. Wilhelm
Hansjörg Geiger

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 20th Shareholder's Meeting on September 14, 2007 for the present term ending at the 23rd Shareholders' Meeting resolving upon the discharging of the Executive and Supervisory Boards for the 2009/10 fiscal year

Birgit G. Wilhelm First elected on September 12, 2006, appointed by the 22nd Shareholder's Meeting on September 12, 2006 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

Hansjörg Geiger First elected on September 12, 2006, appointed by the 22nd Shareholder's Meeting on September 12, 2006 for the present term ending at the 23th Shareholders' Meeting resolving upon the discharging of the Executive and Supervisory Boards for the 2009/10 fiscal year

Anton Mathis The Staff Council's representative since December 16, 1999

Peter Glanzer The Staff Council's representative 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 twice during the 2009/10 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 2009/10 fiscal year.

Statement by the Executive Board pursuant to § 82 Par. (4) Z3 Stock Exchange Act
The Executive Board of Wolford Aktiengesellschaft certifies, to the best of its knowledge, that the audited financial statements, prepared in accordance with the International Financial Reporting Standards as applied in the EU, present a fair and accurate picture of the profit, asset and financial position of the Wolford Group.

The Group Management Report as at April 30, 2010 presents the business development, earnings and the situation of all the subsidiaries included in consolidation in order to provide a fair and accurate picture of the profit, asset and financial position of these subsidiaries, and describes the principal risks and uncertainties which the Group faces from today's perspective.

Bregenz, July 6, 2010

Signed

Holger Dahmen | Peter Simma

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

Costs

in EUR '000	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**	**Reclassi-fication**	**April 30, 2010**	**May 1, 2009**	**April 30, 2010**
31,279	43	27	2,927	91	6	0	34,179	52,633	53,526
0	0	0	0	0	0	0	0	6,228	6,177
27,692	0	0	1,029	820	0	0	27,901	4,495	4,491
19,837	80	48	2,463	622	22	0	21,784	7,297	6,305
1	0	0	0	0	0	0	1	597	96
78,809	**123**	**75**	**6,419**	**1,533**	**28**	**0**	**83,865**	**65,022**	**64,418**
174	**(1)**	**0**	**0**	**0**	**0**	**0**	**173**	**1,180**	**1,188**
6,557	0	0	813	206	0	0	7,164	3,062	4,268
3,953	11	0	547	13	0	0	4,498	6,474	5,519
184	5	0	163	0	0	0	352	547	455
0	0	0	0	0	0	0	0	589	338
10,694	**16**	**0**	**1,523**	**219**	**0**	**0**	**12,014**	**10,672**	**10,580**
89,677	**138**	**75**	**7,942**	**1,752**	**28**	**0**	**96,052**	**76,874**	**76,186**

Consolidated statement of changes in non-current assets for the year ended April 30, 2009

Costs

in EUR ‘000	May 1, 2008	Currency translation differences	Additions	Disposals	Reclassi-fication	April 30, 2009
Property, plant and equipment						
Land, land rights and buildings, including buildings on third-party land	79,592	506	2,970	582	1,426	83,912
of which: land	5,961	0	267	0	0	6,228
Technical equipment and machinery	31,622	0	775	814	604	32,187
Other equipment, furniture and fixtures	24,130	146	3,644	1,211	425	27,134
Prepayments and construction in process	1,072	0	3,617	0	(4,091)	598
	136,416	**652**	**11,006**	**2,607**	**(1,636)**	**143,831**
Goodwill	**1,243**	**81**	**30**	**0**	**0**	**1,354**
Concessions, patents and licenses	6,952	2	425	94	2,334	9,619
Security deposits paid for leased and rented real estate	6,970	71	2,775	37	648	10,427
Customer relationship	731	0	0	0	0	731
Prepayments made and plant under construction	1,452	0	483	0	(1,346)	589
	16,105	**73**	**3,683**	**131**	**1,636**	**21,366**
Total	**153,764**	**806**	**14,719**	**2,738**	**0**	**166,551**

Accumulated depreciation, amortization impairment losses and reversals								Carrying amounts	
May 1, 2008	**Currency translation differences**	**Impairment**	**Additions**	**Disposals**	**Reversal of impairment losses**	**Reclassi-fication**	**April 30, 2009**	**May 1, 2008**	**April 30, 2009**
28,611	293	6	2,809	440	0	0	31,279	50,981	52,633
0	0	0	0	0	0	0	0	5,961	6,228
27,394	0	0	1,062	764	0	0	27,692	4,228	4,495
18,473	117	29	2,328	1,110	0	0	19,837	5,657	7,297
1	0	0	0	0	0	0	1	1,071	597
74,479	**410**	**35**	**6,199**	**2,314**	**0**	**0**	**78,809**	**61,937**	**65,022**
156	**18**	**0**	**0**	**0**	**0**	**0**	**174**	**1,087**	**1,180**
6,116	2	0	533	94	0	0	6,557	836	3,062
3,413	30	0	548	38	0	0	3,953	3,557	6,474
92	0	0	92	0	0	0	184	639	547
0	0	0	0	0	0	0	0	1,452	589
9,621	**32**	**0**	**1,173**	**132**	**0**	**0**	**10,694**	**6,483**	**10,672**
84,256	**460**	**35**	**7,372**	**2,446**	**0**	**0**	**89,677**	**69,507**	**76,874**

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, 2009 to April 30, 2010. These consolidated financial statements comprise the consolidated balance sheet as of April 30, 2010, 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, 2010, 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 require 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, 2010, and of its financial performance and its cash flows for the financial year from May 1, 2009 to April 30, 2010 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 6, 2010

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 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 consultation with the Executive Board on the key aspects of corporate development. The Executive Board provided us, in both in writing and verbally, and on a regular, prompt and comprehensive basis, reports covering all issues pertaining to business developments. These included the company's exposure to risk, its risk management, as well as in major corporate participations. Topical issues and decisions were discussed by the Executive Board 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.

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 2009/10 fiscal year examined the auditor's and Management Report for 2008/09, and approved the financial statements of Wolford Aktiengesellschaft, in accordance with the recommendation issued by the Audit Committee. The consolidated financial statements for 2008/09 and the proposal of the Executive Board regarding the distribution of the profit were also examined and approved.

In the following meetings, the Supervisory Board examined the company's development in face of the economic crisis. The focus was on the development of revenues, relevant measures taken, and the budgeting process.

The steps to be pursued at the new manufacturing facility in Slovenia and developments involving several subsidiaries were also treated.

Supervisory Board committees
These include the Executive Committee, which administers the agendas of the Remuneration Committee, and the Auditing Committee, to which all members of the Supervisory Committee belong.

The Executive and Auditing Committees each convened twice during the year under review.

In its meeting on July 16, 2009, which was attended by the official auditor, the Auditing Committee examined the financial statements for the 2008/09 fiscal year. In its second meeting, which was held on December 17, 2009, the Auditing Committee dealt with the operational capabilities of the company's ICS and with the 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 chapter of this annual report, and is 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 2009/10 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 approved the financial statements for the 2009/10 fiscal year. Pursuant to § 96 paragraph 4 of Austria's Stock Act, the financial statements have thus been formally adopted. The consolidated financial statements and the Group Management 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 commitment in mastering a truly challenging 2009/10 fiscal year.

On behalf of the Supervisory Board

Theresa Jordis
Chairwoman of the Supervisory Board

Vienna, July 2010

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, suits, coats, skirts and pants

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

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
Capital employed	Shareholders' equity plus interest-bearing debt less gross liquidity
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, 2010 balance sheet date; 4,900,000 shares at April 30, 2009)
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
ERP	European Recovery Program

EVA	Economic value added; EVA is found by multiplying the difference between ROCE and WACC by capital employed – EVA represents the extent to which the employed capital earns a better or poorer return than the weighted average cost of capital, which can be considered an expected minimum return
Financial Liabilities (FL)	Other financial obligations
FY	Fiscal year
Free cash flow	Net cash from operating and investing activities, less required repayments on debt
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
Key money	The amount paid by a lessee to secure the right to rent
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

NOPAT	Net operating profit after tax
PDM	Product Development Management system
PPS	Production, Planning and Scheduling system
Profit from continuing operations (before taxes) plus DA&Im	Profit from continuing operations (before taxes) plus depreciation, amortization and impairment
Return on capital employed (ROCE)	NOPAT as a percentage of capital employed; ROCE represents the net return on invested capital
Sales	Net sales revenue less any sales deductions
UGB	The amended Austrian Commercial Code
Weighted average cost of capital (WACC)	The weighted costs of debt capital and equity capital to the Company
Working capital	Current assets less current liabilities

About this report

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We have prepared this English translation of the German annual report with great care, but cannot rule out the possibility of discrepancies between them. The English translation is provided solely for readers' convenience and is non-binding. Only the German report is definitive.

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.