Wolford

Half-Year Financial Report 2011/12

(May 1, 2011 – October 31, 2011)

Contents

Half-Year Financial Report 2011/12

Key Figures for the Wolford Group

May 1, 2011 – October 31, 2011

in TEUR	Q1 July 31, 2011	Q2 Oct. 31,2011	1st Half-Year Oct. 31, 2011	1st Half-Year Oct. 31, 2010	Change absolute	Change in % points
Sales	31,777	41,786	73,563	74,025	(462)	-0.6%
EBITDA	649	5,982	6,631	7,141	(510)	-7.1%
EBITDA margin	2.0%	7.0%	9.0%	9.6%	(0.6)	
EBIT	(1,298)	4,017	2,719	3,205	(486)	-15.2%
EBIT margin	-4.1%	7.8%	3.7%	4.3%	(0.6)	
Result from continuing operations (Result before taxes)	(1,740)	3,497	1,757	2,467	(710)	-28.8%
Net result for the period	(1,753)	2,751	998	1,910	(912)	-47.7%
Earnings per share in EUR	(0.36)	0.56	0.20	0.39	(0.19)	-47.7%
Gross cash flow *	482	4,960	5,442	6,349	(907)	-14.3%
Capital investments excluding financial assets	2,033	2,324	4,357	2,832	1,525	53.9%
Depreciation, amortization, impairment and reversal of impairment	1,946	1,967	3,913	3,936	(23)	-0.6%
Net debt	25,576		26,831	23,533	3,298	14.0%
Debt/equity ratio (gearing)	31.4%		32.5%	29.1%	3.4	
Shareholders' equity	81,573		82,635	80,963	1,672	2.1%
Equity-to-assets ratio	53.2%		52.0%	52.5%	(0.5)	
Number of employees at period-end (in full-time equivalents incl. apprentices)	1,677		1,719	1,567	152	9.7%

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

Management Report

May 1, 2011 – October 31, 2011

Summary

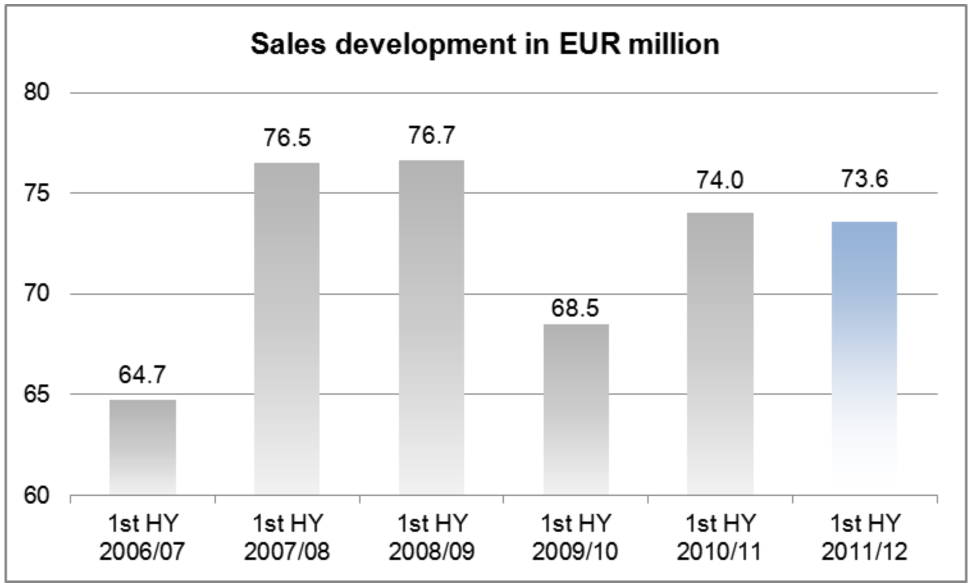
Wolford Aktiengesellschaft, a publicly listed company on the Vienna Stock Exchange, generated sales of EUR 73.6 million in the first half of the current fiscal year (May 1, 2011 to October 31, 2011), thus maintaining the level of sales achieved in the previous year (1st HY 2010/11: EUR 74.0 million). Adjusted for currency effects, sales were up by 1.0 percent. This development must be considered against the backdrop of the ongoing market uncertainty and the unusually warm weather conditions prevailing in parts of Europe in the period September to October 2011. In turn, this resulted in the buying restraint exercised by consumers and retailers in several of Wolford's core European markets. Costs related to the targeted expansion of Wolford's own proprietary stores which were already or will be opened in the present fiscal year were among the factors impacting earnings indicators. A slight rise in sales and earnings is expected for the entire 2011/12 fiscal year based on the perceptible signs of a recovery in the retail business and repeat orders placed by trade partners starting at the end of October.

Sales development

On balance, sales in the first half of 2011/12 amounted to EUR 73.6 million, a slight decline of 0.6 percent compared to the previous year (1st HY 2010/11: EUR 74.0 million). Adjusted for currency effects, sales actually rose by 1.0 percent. This development took place in the light of the strong prior-year performance, with sales in the first half of the 2010/11 fiscal year climbing 8.1 percent from the comparable period of 2009/10. The slight sales decrease in the first half of the current 2011/12 fiscal year is primarily due to the very warm weather, which prevailed in several of Wolford's core European markets between September and October. This led to spending restraint on the part of consumers with respect to products from the fall/winter collection which had already been delivered to stores.

Management Report

May 1, 2011 – October 31, 2011



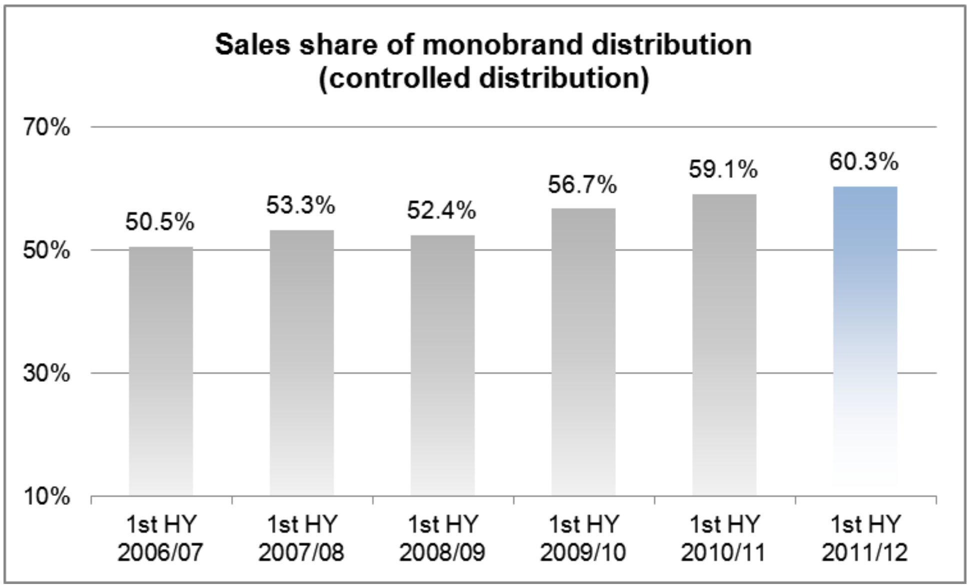
From a regional perspective, Wolford's core geographic markets did not develop uniformly. Wolford generated sales growth in the UK (+ 6.3 percent in Group currency, + 11.2 percent in the local currency), Germany (+ 5.1 percent), CEE (+ 2.8 percent), Belgium (+ 1.3 percent) and Scandinavia (+ 1.1 percent). In contrast, sales dropped in Austria (– 1.5 percent), Italy (– 5.2 percent), France (– 6.8 percent) and the Netherlands (– 10.5 percent). In Switzerland Wolford was faced with a sales decline (– 12.7 percent in Group currency, – 22.7 percent in the local currency) as a consequence of the strong Swiss franc and the related outflow of purchasing power to neighboring countries.

In the first six months of the current fiscal year, sales in Spain showed a very good development (+ 37.0 percent) due to adaptations made to the distribution structure. Wolford continued the strong growth of 2010/11 on the Asia/Oceania market and generated a 6.3 percent sales increase in the first half of the current fiscal year. Sales in the USA were impacted by the exchange rate development, declining in the Group currency (– 6.1 percent in EUR) but rising in the local currency (+ 3.5 percent in USD).

Management Report

May 1, 2011 – October 31, 2011

Wolford once again increased sales via its controlled distribution channels (own and partner-owned boutiques, factory outlets and concession shop-in-shops). As a result, it further expanded the share of its 262 monobrand points of sale in relation to total sales, which reached a level of 60.3 percent in the first half-year (1st HY 2010/11: 59.1 percent).



The retail business continued to develop positively in the first six months of the 2011/12 fiscal year. Wolford's proprietary stores (own boutiques, concession shop-in-shops and factory outlets) achieved sales growth of 3.2 percent in the reporting period. Thus the share of total sales generated by retail outlets amounted to 49.3 percent in the first half-year (1st HY 2010/11: 47.4 percent).

An analysis of the sales development of the individual distribution channels indicates that sales with the 111 Wolford-owned boutiques increased slightly during the reporting period. However, total sales with boutiques including the 95 partner-operated boutiques were down slightly.

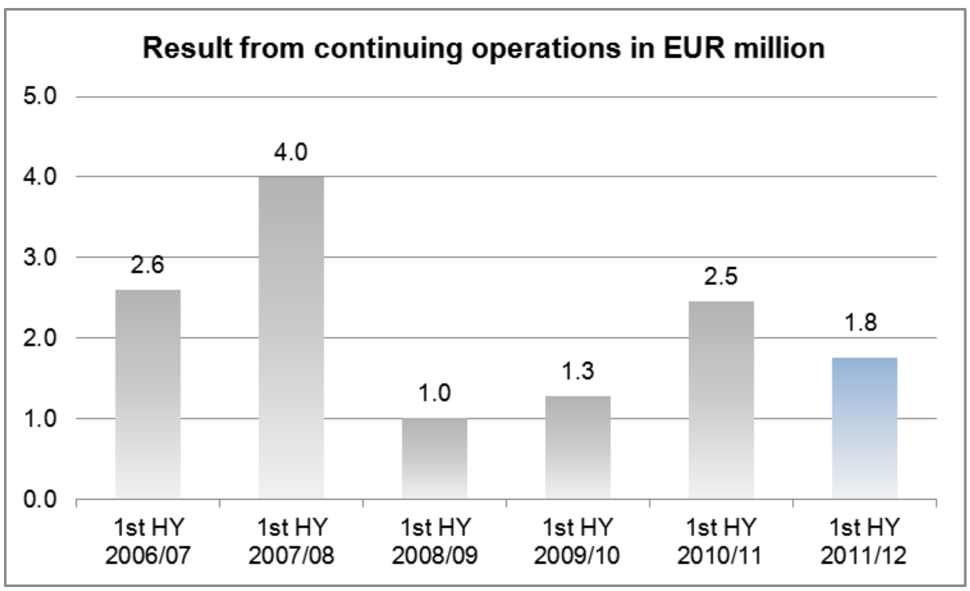
Sales via the department store distribution channel rose by 6.0 percent in the first half of the 2011/12 fiscal year and thus made a major contribution to overall sales development, whereas the business with multi-brand retailers fell by 8.1 percent. Sales at factory outlets were up 4.9 percent in the first half of 2011/12 compared to the first half of 2010/11.

Management Report

May 1, 2011 – October 31, 2011

Earnings performance

In addition to the market- and weather-related consumer spending reluctance, investments for several retail sales which have already been opened or will soon be opened in the course of the current fiscal year also affected earnings indicators. EBITDA totaled EUR 6.6 million, which corresponds to an EBITDA margin of 9.0 percent (1st HY 2010/11: EBITDA at EUR 7.1 million, EBITDA margin of 9.6 percent). The operating profit amounted to EUR 2.7 million, down from EUR 3.2 million in the prior year. The result from continuing operations (result before taxes) was EUR 1.8 million (1st HY 2010/11: EUR 2.5 million).



As at the reporting date of October 31, 2011, shareholders' equity of the Wolford Group amounted to EUR 82.6 million, a rise of 2.1 percent from the comparable level of the previous year (October 31, 2010: EUR 81.0 million). The equity-to-asset ratio as at October 31, 2011 was 52.0 percent, thus maintaining the high prior-year level (October 31, 2010: 52.5 percent).

Management Report

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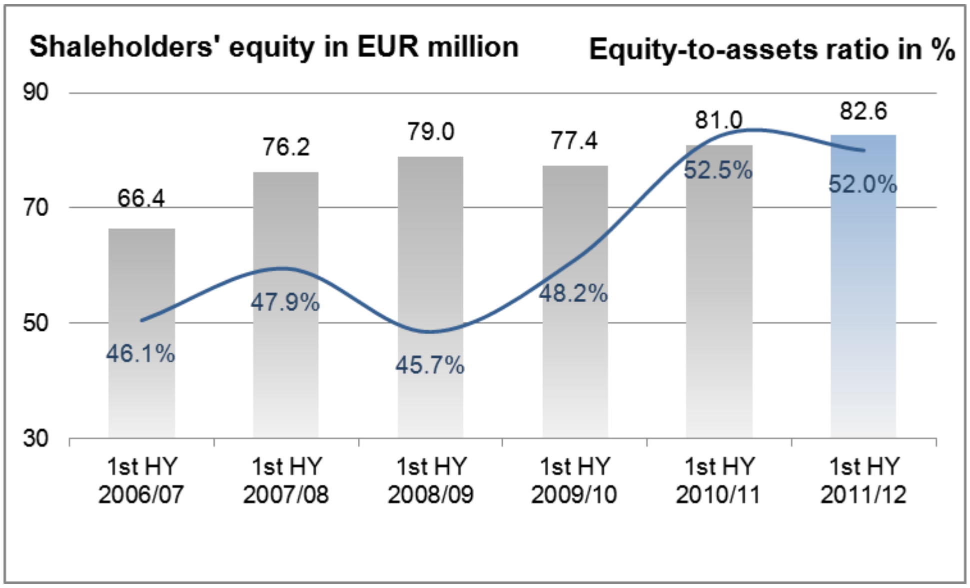
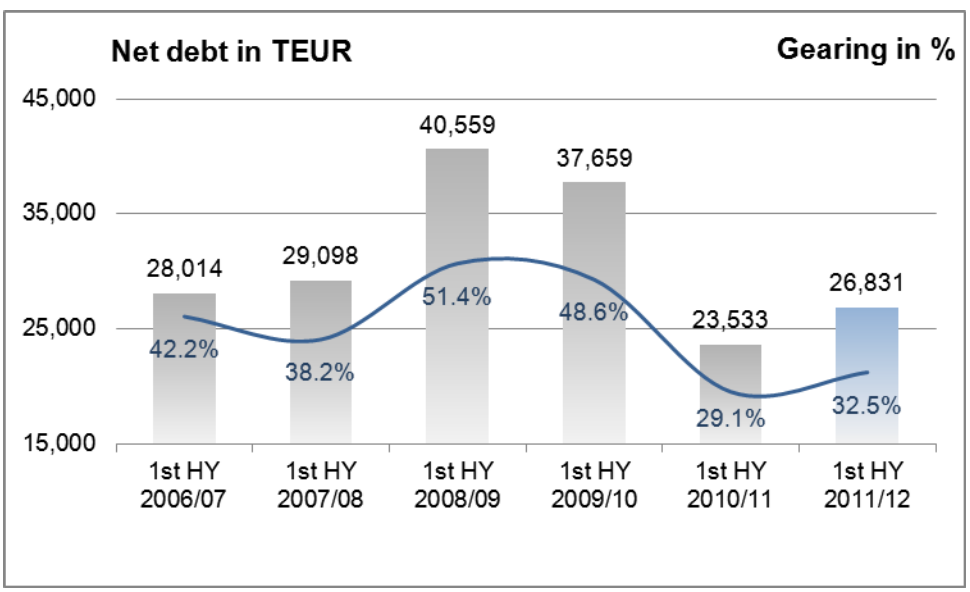


Capital investments in the first six months of the 2011/12 fiscal year totaled EUR 4.4 million, a rise of 53.9 percent from the previous year. Wolford increasingly invested in expanding and optimizing its proprietary stores in the first two quarters of the current fiscal year as part of its targeted efforts to expand its own distribution network. In the same period net debt climbed to EUR 26.8 million (October 31, 2010: EUR 23.5 million), the debt/equity ratio (gearing) was 32.5 percent.



Management Report

May 1, 2011 – October 31, 2011

Outlook

The Wolford Group will continue to systematically expand its own distribution network in the second half of 2011/12, open new points of sale and intensify its cooperation with trade partners. Wolford has already initiated future-oriented investments impacting earnings in the first half-year. Penetrating new markets and launching new products will remain top priorities, and the company will continue to focus on efficiency-enhancement measures in the months to come. Against this backdrop and based on the perceptible signs of a sales recovery since the end of October 2011, the Executive Board of the Wolford Group expects to generate a slight improvement in sales and earnings in the entire 2011/12 fiscal year.

Interim Consolidated Financial Statements

May 1, 2011 – October 31, 2011

Consolidated balance sheet at October 31, 2011 (IFRS)

ASSETS	Oct. 31,2011	April 30, 2011	Oct. 31, 2011
in TEUR			
Non-current assets			
Property, plant and equipment	62,946	62,173	63,650
Goodwill	1,166	1,137	1,168
Intangible assets	10,199	10,461	10,079
Non-current available-for-sale financial assets	1,488	2,775	5,059
Non-current receivables and assets	1,078	1,127	1,092
	76,877	77,673	81,048
Deferred tax assets	5,784	5,855	4,985
Current assets			
Inventories	46,417	41,432	37,616
Current receivables and other assets	19,185	12,750	21,475
Prepaid expenses	3,607	2,336	3,125
Current available-for-sale financial assets	45	44	38
Cash and cash equivalents	7,034	4,368	5,904
	76,288	60,930	68,158
ASSETS	158,949	144,458	154,191

SHAREHOLDERS' EQUITY AND LIABILITIES	Oct. 31, 2011	April 30, 2011	Oct. 31, 2010
in TEUR			
Shareholder' equity			
Share capital and capital reserves	38,167	38,167	38,167
Other reserves	33,428	33,600	33,364
Currency translation differences	(3,166)	(3,071)	(2,934)
Retained earnings	18,869	19,820	17,029
Treasury stock	(4,663)	(4,663)	(4,663)
	82,635	83,853	80,963
Deferred tax liabilities	220	314	211
Non-current liabilities			
Long-term debt	4,725	10,330	5,231
Provisions for employee benefits	14,906	14,633	14,372
Other non-current liabilities	1,372	1,401	1,443
	21,003	26,364	21,046
Current liabilities			
Current portion of long-term debt	1,169	2,942	2,889
Bank loans and overdrafts	28,245	5,351	25,147
Current provisions	5,317	6,552	5,408
Trade payables	5,872	5,816	4,532
Other current liabilities	14,488	13,266	13,995
	55,091	33,927	51,971
SHAREHOLDERS' EQUITY AND LIABILITIES	158,949	144,458	154,191

Interim Consolidated Financial Statements

May 1, 2011 – October 31, 2011

Consolidated income statement for the 1st Half-Year 2011/12 (IFRS)

in TEUR	Q1 July 31, 2011	Q2 Oct. 31, 2011	1st Half-Year Oct. 31, 2011	1st Half-Year Oct. 31, 2010	Change absolute
Sales	31,777	41,786	73,563	74,025	(462)
Other operating income	673	793	1,466	1,694	(228)
Changes in inventories of finished goods and work-in-process	5,316	(810)	4,506	(4)	4,510
Own work capitalized	34	57	91	86	5
Operating output	**37,800**	**41,826**	**79,626**	**75,801**	3,825
Cost of materials and purchased services	(8,475)	(6,687)	(15,162)	(13,330)	(1,832)
Staff costs	(19,290)	(17,922)	(37,212)	(34,562)	(2,650)
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets excluding goodwill	(1,946)	(1,967)	(3,913)	(3,936)	23
Other operationg expenses	(9,387)	(11,233)	(20,620)	(20,768)	148
Operating profit (EBIT)	**(1,298)**	**4,017**	**2,719**	**3,205**	(486)
Net interest cost	(175)	(216)	(391)	(362)	(29)
Net investment securities income	(68)	(104)	(172)	3	(175)
Interest cost of employee benefit liabilities	(199)	(200)	(399)	(379)	(20)
Financial result	**(442)**	**(520)**	**(962)**	**(738)**	(224)
RESULT FROM CONTINUING OPERATIONS (Result before taxes)	**(1,740)**	**3,497**	**1,757**	**2,467**	(710)
Income tax	(13)	(746)	(759)	(557)	(202)
NET RESULT FOR THE PERIOD	**(1,753)**	**2,751**	**998**	**1,910**	(912)
Earnings per share in EUR (diluted=undiluted)			0.20	0.39	
Weighted average number of shares outstanding in ´000			4,900	4,900	

Interim Consolidated Financial Statements

May 1, 2011 – October 31, 2011

Consolidated statement of comprehensive income for 1st Half-Year 2011/12 (IFRS)

in TEUR	Q1 July 31, 2011	Q2 Oct. 31, 2011	1st Half-Year Oct. 31, 2011	1st Half-Year Oct. 31, 2010	Change absolute
NET RESULT FOR THE PERIOD	**(1,753)**	**2,751**	**998**	**1,910**	(912)
Other comprehensive income					
Currency translation differences of foreign business operations	(282)	187	(95)	142	(237)
Other differences	0	0	0	(29)	29
Net (loss)/gain from cash flow hedges	(407)	(7)	(414)	580	(994)
Tax effects	102	2	104	(145)	249
Net (loss)/gain from available-for-sale financial assets	80	119	199	141	58
Tax effects	(20)	(30)	(50)	(35)	(15)
Other comprehensive income after taxes	(527)	271	(256)	654	(910)
TOTAL COMPREHENSIVE INCOME	**(2,280)**	**3,022**	**742**	**2,564**	(1,822)
Attributable to:					
Equity holders of the parent company	(2,280)	3,022	742	2,564	(1,822)
Minority interest	0	0	0	0	0

Interim Consolidated Financial Statements

May 1, 2011 – October 31, 2011

Consolidated cash flow statement (IFRS)

in TEUR	1st Half-Year 2011/12	1st Half-Year 2010/11
Gross cash flow *	5,442	6,349
Net cash from operating activities	(7,726)	(492)
Net cash used in investing activities	(3,242)	(2,447)
Net cash from financing activities	13,557	4,195
Net increase in cash and cash equivalents	2,589	1,256
Cash and cash equivalents at beginning of period	4,368	4,677
Effects of exchange rate fluctations on cash and cash equivalents at beginning of period	77	(29)
Cash and cash equivalents at end of period	7,034	5,904

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

Interim Consolidated Financial Statements

May 1, 2011 – October 31, 2011

Consolidated statement of changes in equity at Oct. 31, 2011 (IFRS)

	Transactions with shareholders of the parent company							
in TEUR	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 equity**
At April 30, 2011	36,350	1,817	(406)	233	53,593	(3,071)	(4,663)	**83,853**
Dividends 2010/11	0	0	0	0	(1,960)	0	0	**(1,960)**
Consolidated statement of comprehensive income	0	0	149	(310)	998	(95)	0	**742**
At October 31, 2011	36,350	1,817	(257)	(77)	52,631	(3,166)	(4,663)	**82,635**
At April 30, 2010	36,350	1,817	(387)	(185)	49,523	(3,076)	(4,663)	**79,379**
Dividends 2009/10	0	0	0	0	(980)	0	0	**(980)**
Consolidated statement of comprehensive income	0	0	106	435	1,881	142	0	**2,564**
At October 31, 2010	36,350	1,817	(281)	250	50,424	(2,934)	(4,663)	**80,963**

Interim Consolidated Financial Statements

May 1, 2011 – October 31, 2011

Segment reporting (by region)

in TEUR	May – October 2011/12						May – October 2010/11					
	Austria	Rest of Europe	North America	Asia	Consoli-dations	Group	Austria	Rest of Europe	North America	Asia	Consoli-dations	Group
Sales	48,022	47,227	10,835	1,360	(33,881)	73,563	46,707	46,272	11,602	1,165	(31,721)	74,025
thereof intersegment	31,891	1,990	0	0	(33,881)	0	30,766	955	0	0	(31,721)	0
External sales	16,131	45,237	10,835	1,360	0	73,563	15,941	45,317	11,602	1,165	0	74,025
Result from continuing operations (before taxes)	2,227	229	(352)	(0)	(347)	1,757	1,553	1,608	(260)	155	(589)	2,467
Segment assets	165,238	47,776	13,728	1,753	(69,546)	158,949	155,065	45,066	13,467	1,010	(60,417)	154,191
Segment liabilities	61,394	34,707	6,900	551	(27,238)	76,314	58,076	31,690	6,387	161	(23,086)	73,228

The basis for segment reporting and the valuation of segment profit have remained unchanged since the consolidated financial statements for the 2010/11 fiscal year.

Notes on the Interim Financial Report

at October 31, 2011

General information

The consolidated interim financial statements of the Wolford Group for the first six months of the 2011/12 fiscal year were prepared under the responsibility of the Executive Board in compliance with the International Financial Reporting Standards (IFRS) on the basis of IAS 34 (Interim Financial Reporting).

The accounting and valuation policies applied to the consolidated financial statements of the Wolford Group for the 2010/11 fiscal year remained unchanged.

The consolidated interim financial statements do not include all information and explanatory notes which are required in relation to the consolidated financial statements for the fiscal year as a whole. For this reason, this interim report should be read together with the Annual Report 2010/11 of the Wolford Group applying to the balance sheet date of April 30, 2011.

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

Change in the scope of consolidation

The scope of consolidation for companies included in the consolidated financial statements was expanded by the founding of the business premises in Portugal by Wolford Espana S.L. Moreover, a sales company in Shanghai/China is in the process of being established.

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

In the first six months of the 2011/12 fiscal year, the Wolford Group acquired property, plant and equipment and intangible assets amounting to TEUR 4,357 (previous year: TEUR 2,832). In the same period, TEUR 14 (previous year: TEUR 1) of property, plant and equipment and intangible assets were disposed of.

Notes on the Interim Financial Report

at October 31, 2011

Seasonality of business operations

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

Comment on the financial result

Net interest cost:
The net interest cost deteriorated from the prior-year level due to the slightly higher interest rates, but could be partially compensated by the reduced need for bank loans on average.

Net income from securities:
The partial disposal of a bond fund led to share price losses of TEUR 180.

Comment on the cash flow statement

Capital expenditures rose significantly compared to the prior-year period, primarily as a result of investments in the further expansion of monobrand distribution and the modernization of existing machinery.
Moreover, the level of receivables rose strongly in the second quarter compared to the end of the previous fiscal year on April 30, 2011 as a consequence of the seasonality of the company's business operations and deliveries for Christmas sales.
In order to ensure a high delivery capacity to resellers as well as to Wolford-owned boutiques, the stock of finished goods was increased accordingly, which in both cases led to a greater level of funds tied up in working capital, thus negatively burdening the company's cash flow. Moreover, a dividend amounting to EUR 2,0 million was distributed to shareholders on September 29, 2011.

Notes on the Interim Financial Report

at October 31, 2011

Note on the development of staff count

At the half-year reporting date the total number of employees rose by 152 people from the prior-year period. The staff at the Slovenian facility was increased by 119 employees year-on-year. Moreover, additional employees were hired as a result of the opening of new boutiques.

Contingent liabilities

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

Related party transactions

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

Significant events after the reporting date

There were no significant events after the reporting date.

Report on the auditor's review

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

Statement of all legal representatives

according to para. 87 sect. 1 (3) Austrian Stock Exchange Act

The members of the Executive Board of Wolford Aktiengesellschaft confirm to the best of their knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the group as required by the applicable accounting standards. The interim report of the Wolford Group for the first six months of the 2011/12 fiscal year gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year, and of the major related party transactions to be disclosed.

Bregenz, December 2011

The Executive Board signed:

Holger Dahmen
Chairman of the Executive Board

Management responsibility for Marketing, Sales, Production and Technology

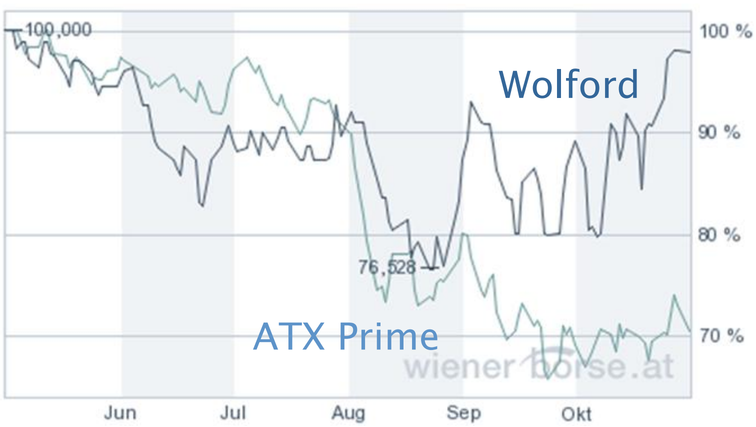
Peter Simma
Deputy Chairman of the Executive Board

Management responsibility for Finance/Controlling, Human Resources, IT and Procurement

Wolford Share

Share data in EUR	1st Half-Year 31.10.2011	1st Half-Year 31.10.2010	Change absolute	Change in percent
Earnings per share	0.20	0.39	(0.19)	-47.7%
Share price at end of first quater	26.95	20.35	6.60	32.4%
Share price high for first quater	27.48	21.15	6.33	29.9%
Share price low for first quater	21.03	13.78	7.25	52.6%

Share performance
May 1st – Oct. 31st, 2011



General information on the Wolford share

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

Ownership structure

In the first six months of the 2011/12 fiscal year, the WMP private family trust held more than 25 percent of the total shares, and the Sesam private trust more than 15 percent. Starting on October 18, 2011, the Bartel 2006 Trust controlled 9.8 percent of the voting rights, and Mr. Ralph Bartel 5.2 percent. The Bartel 2006 Trust increased its share of the voting rights to 10.6 percent on December 1, 2011. Wolford Aktiengesellschaft itself holds another 2 percent as treasury stock. The remaining shares are in free float.

Coverage

During the first six months of the 2011/12 fiscal year, the following banks and investment banks published analyst reports about Wolford Aktiengesellschaft at regular intervals: Deutsche Bank AG, Erste Group Bank AG and Raiffeisen Centrobank AG.

Financial Calendar

Friday,	March 16, 2012	Results Q3 2011/12
Friday,	July 20, 2012	Press conference on 2011/12 Annual Results 9:30 am in Vienna
Tuesday,	Sept. 11, 2012	Annual General Meeting of Shareholders 2:00 pm in Bregenz
Friday,	Sept. 14, 2012	Results Q1 2012/13
Monday,	Sept. 17, 2012	Ex-dividend date
Thursday,	Sept. 27, 2012	Dividend payment date
Friday,	Dec. 14, 2012	Half-Year Results 2011/12

Updates are available at www.wolford.com

About this Report

For further information

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

Definitions of financial indicators are contained in the latest Annual Report for the 2010/11 fiscal year.

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

Disclaimer

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

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