Wolford

REPORT ON THE FIRST QUARTER OF 2013/14
(MAY – JULY 2013)

Wolford Group Key Data

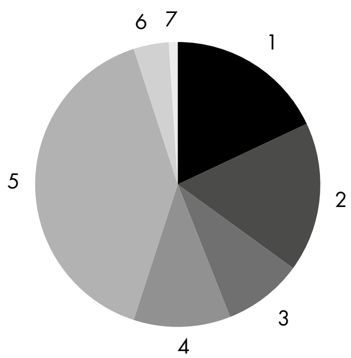
Earnings Data		1st quarter 05/13 - 07/13	1st quarter 05/12 - 07/12[1)]	Chg. in %	2012/13
Revenues	in € mill.	32.28	33.07	-2	156.47
EBITDA	in € mill.	-3.19	-0.98	>100	7.90
EBIT	in € mill.	-5.18	-3.01	-72	-0.91
Earnings before tax	in € mill.	-5.49	-3.28	-67	-2.25
Earnings after tax	in € mill.	-4.35	-2.97	-46	-2.76
Capital expenditure	in € mill.	1.40	1.30	+8	6.03
Free cash flow	in € mill.	-12.82	-11.41	-12	0.48
Employees on average	FTE	1,564	1,612	-3	1,606

Balance Sheet Data		31.07.2013	31.07.2012[1)]	Chg. in %	30.04.2013
Equity	in € mill.	73.72	81.02	-9	78.15
Net debt	in € mill.	28.61	25.37	+13	15.73
Working capital	in € mill.	43.07	44.77	-4	38.26
Balance sheet total	in € mill.	147.96	152.70	-3	142.32
Equity ratio	in %	50	53	–	55
Gearing	in %	39	31	–	20

Stock Exchange Data		05/13 - 07/13	05/12 - 07/12[1)]	Chg. in %	2012/13
Earnings per share	in €	-0.89	-0.61	-45	-0.56
Share price high	in €	22.77	28.90	-21	28.90
Share price low	in €	17.80	23.41	-24	20.53
Share price at end of period	in €	18.00	27.48	-35	20.62
Shares outstanding (weighted)	in 1,000	4,900	4,900	0	4,900
Market capitalization (ultimo)	in € mill.	90.00	137.40	-35	103.08

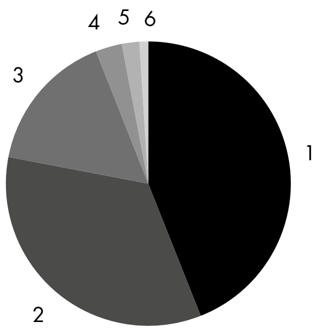
1) Adjustment to reflect the earlier application of IAS 19 (revised).

REVENUES BY MARKET



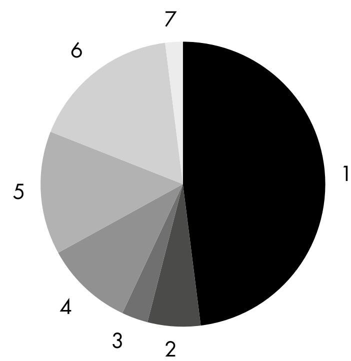
1 North America 18%
2 Germany 17%
3 France 9%
4 Austria 11%
5 Rest of Europe 40%
6 Asia/Oceania 4%
7 Rest of World 1%

REVENUES BY PRODUCT GROUP



1 Legwear 44%
2 Ready-to-wear 34%
3 Lingerie 16%
4 Accessories 3%
5 Swimwear 2%
6 Trading goods 1%

REVENUES BY DISTRIBUTION



1 Boutiques 49%
2 Concession Shop-in-Shops 6%
3 Online Business 4%
4 Factory Outlets 11%
5 Department Stores 15%
6 Multi-brand Retailers 14%
7 Private Label 1%

Contents

From the Collection Autumn/Winter 2013/14: Rattle Shirt, Fur Collar, Tweed Skirt, Gent Belt, Rattle Tights, Rattle Gloves

Chief Executive's Review

Holger Dahmen, Chief Executive Officer of Wolford AG

Dear Shareholders, Ladies and Gentlemen,

Challenging first quarter, in spite of modest economic recovery

Wolford AG can look back on a challenging first quarter in the 2013/14 financial year, despite a slight improvement in the economic environment. The first three months of 2013/14 closed with a 2.4% decline in revenues to € 32.28 million and EBIT of € -5.18 million, compared with € -3.01 million in the previous year. After an adjustment for foreign exchange effects, the revenue decline amounted to only 1.1%. Revenue growth in the retail business was satisfactory at plus 5%, while the online shops recorded a sound increase of 19%. The generally reserved mood among on wholesale customers during the reporting period was reflected in a 12% decline in revenues from the wholesale business and negative revenue and earnings development for the Group. However, the first quarter is the weakest period in Wolford's financial year for seasonal reasons because comparatively lower revenues are contrasted by above-average costs.

EBIT influenced by negative foreign exchange effects and additional advertising expenses

Revenue growth in the retail business, which equaled 3% including and 4% excluding foreign exchange effects on a like-for-like basis, was unable to offset the overall cost increase. These higher costs are attributable, among others, to increased rental and personnel expenses at existing locations and to start-up costs for the expansion of the international distribution network. In addition, we were confronted with negative foreign exchange differences of approx. € 0.7 million in the first quarter. The € 0.4 million rise in advertising expenses also played a role in the EBIT decline, but should be seen within the context of our efforts to strengthen and improve the international positioning of the Wolford brand.

Higher revenues in core markets USA, Spain, Italy and Belgium and in growth markets Greater China and the Middle East

A regional analysis of the first quarter shows different developments. The USA, which currently generates the highest revenues in the Wolford Group, recorded sound growth. Italy and Spain reported an improvement in revenues despite the general weakness in consumer spending, primarily due to the opening of new locations. Revenues were also higher in Belgium. In Austria revenues remained constant, but we are expecting further growth with the new location at Vienna Airport and an additional boutique in the new terminal. The markets in Great Britain, Scandinavia, Germany, France and the Netherlands registered revenue declines, in part due to foreign exchange effects. We also recorded lower revenues in Central and Eastern Europe and Switzerland. In contrast, our growth markets of Greater China and the Middle East generated sound double-digit revenue increases.

Higher revenues on Lingerie and Shape wear, decline in Ready-to-wear and Legwear, above all in wholesale business

In the Lingerie segment, the continuing trend to body-shaping underwear was reflected in the positive development of revenues. We plan to address this trend by further increasing our innovation activities in the Shape & Control area. Revenues were also higher in the Accessories and trading goods product groups, but declined slightly in the generally strong Ready-to-wear business. Revenues in the small, exclusive Swimwear product group were lower for seasonal reasons. Legwear, our largest product group, reported a substantial revenue decline in comparison with the first quarter of the previous year, above all in the wholesale area.

Refocus on wholesale business, strict monitoring of own locations, and sharpening of product line profiles as well as cost evaluation and process optimization

Against the backdrop of business development during the past quarters, the management of the Wolford Group has initiated a strategy review that includes a detailed analysis of the company's orientation and opportunities for optimization in both the strategic and operating areas. We intend to increase our focus on the wholesale business, also by reallocating personnel and financial resources. The implementation of a new incentive/contribution system which, among others, reduces the risks for on wholesale customers on trend style purchases, should lead to an increase in orders. Another focal point is the optimization of our retail business, where we are currently working on a concept to increase the frequency in our own shops. We are also planning a critical assessment of the profitability at all our existing retail locations. As part of our collection planning, we want to create a year-round collection concept that underscores Wolford's unmistakable style of timeless elegance and classic chic as well the inclusion of fashionable trends. This is intended to sharpen and strengthen our positioning on the market. Our ongoing marketing measures in selected regions are designed to make Wolford visible and tangible for our wholesale partners and consumers as a fashion brand in the segment of affordable luxury products. We are also concentrating on the evaluation of processes and costs in all areas of the company, with a special focus on optimizing the time-to-market and reviewing the organizational structure.

Continuation of international expansion, further potential in online business

The continued expansion of our international distribution network will also represent an integral part of our strategy. The geographical focal points include our core markets in Europe and North America as well as the further development of our activities in the growth markets of Greater China and the Middle East where we plan to open new locations. We also see additional opportunities in the online business, where positive development shows that we can anticipate further revenue growth in this sales channel.

Increase in revenues and positive operating results targeted for 2013/14

Based on the measures initiated, we expect an improvement in wholesale revenues that should halt the current negative trend. The retail business should also generate further revenue growth. The Management Board of Wolford AG is therefore targeting an increase in revenues as well as positive operating results for the 2013/14 financial year.

Theresa Jordis, Chairwoman of the Supervisory Board died on September 9, 2013

On behalf of the Management Board and all employees, I express with deepest regret our condolences on the death of Theresa Jordis, Chairwoman of the Supervisory Board of Wolford AG since 2003. We appreciated Theresa Jordis as a person of commitment and human dignity, who has managed and supported the development of our company with entrepreneurial spirit and strategic vision. We will always remember Theresa Jordis with great respect.

Yours

Holger Dahmen

Management Report

EARNINGS DEVELOPMENT IN THE FIRST QUARTER (MAY TO JULY 2013)

2% decline in Group revenues, plus 5% for Wolford's own retail locations, 12% drop in wholesale business

Revenues recorded by the Wolford Group fell by 2.4%, or € -0.79 million, to € 32.28 million for the first three months of the 2013/14 financial year. The development of Wolford's own locations (own boutiques, factory outlets, concession shop-in-shops) was positive with a 5% year-on-year increase in revenues. On a like-for-like basis, i.e. excluding newly opened or closed points of sale, revenues in the retail business rose by 3%. Wolford's own boutiques and online shops showed sound development with revenue growth of 3% and 19%, respectively. In contrast, the wholesale business recorded a 12% decline.

Different developments in regional markets

A regional analysis of the first quarter shows different developments. Sound revenue growth was recorded in the USA, which currently generates the highest revenues in the Wolford Group. Belgium and the crisis countries Italy and Spain also reported higher revenues in spite of the difficult economic environment. In Austria, revenues remained constant in comparison with the first quarter of the previous year. The markets in Great Britain, Scandinavia, Germany, France and the Netherlands recorded stronger revenue declines, in part due to foreign exchange effects. Lower revenues were also registered in Central and Eastern Europe and Switzerland. In contrast, sound double-digit revenue increases were generated in the growth markets of Greater China and the Middle East.

Revenue growth in Lingerie, Accessories and Trading goods, decline for Ready-to-wear, Legwear and Swimwear

The development of revenues by product group shows growth in Lingerie (primarily due to body-shaping products), Accessories and trading goods. The generally strong Ready-to-wear product line recorded slightly lower revenues. A year-on-year revenue decline was reported by Legwear, the largest product group, above all due to the wholesale business, and by the seasonal Swimwear product group.

Positive results from inventory and cash optimization, significant reduction in material costs, slight rise in personnel expenses

The first quarter of the previous year was characterized by a substantial rise in inventories, but the past months were focused on further inventory and cash optimization. The results are reflected in the position "changes in inventories of finished goods and work-in-process", which was reduced by € 1.43 million to € 2.27 million. Consequently, the cost of materials was cut by € 1.68 million to € 7.74 million. The decline in operating output led to personnel adjustments in the production area, which were more than offset by wage and salary increases mandated by collective bargaining agreements and expenses for the opening of new retail locations. Staff costs rose by a total of € 0.22 million.

Earnings negatively influenced by higher costs for expansion of distribution network, advertising expenses and foreign exchange effects

Freight, consulting and travel costs as well as valuation adjustments to receivables were lower than the comparable prior year levels. Other operating expenses rose by € 1.32 million to € 11.68 million due to higher costs related to the opening of numerous boutiques that have not yet reached their full revenue potential as well as start-up costs for market entry in China, higher advertising expenses and significant negative foreign exchange effects. Against this background, EBITDA recorded by the Wolford Group declined from € -0.98 million to € -3.19 million for the first three months of 2013/14 and EBIT fell from € -3.01 million to € -5.18 million. These results basically reflect the budgeted values.

Financial results declined only slightly from € -0.26 million to € -0.31 million due to the further optimization of inventories, a decline in net debt and lower interest on borrowings. The Wolford Group recorded earnings before tax of € -5.49 million for the first quarter of 2013/14, compared with € -3.28 million in the previous year. Earnings after tax amounted to € -4.35 million (Q1 2012/13: € -2.97 million), and earnings per share equaled € -0.89 (Q1 2012/13: € -0.61).

Slight decline in financial results, 46% drop in earnings after tax

CASH FLOW

Cash flow from operating activities fell by € 1.21 million to € -11.24 million for the reporting period, mainly due to the decline in earnings and a reduction in employee-related provisions following the consumption of vacation days and overtime. This effect is reflected in the reduction of other current liabilities. The development of cash flow from operating activities was positively influenced by the decline in working capital and the related lower year-on-year increase in inventories. Cash flow from investing activities totaled € -1.58 million for the reporting period, which is € -0.20 million lower than the previous year. Free cash flow (cash flow from operating activities minus cash flow from investing activities) declined from € -11.41 million to € -12.82 million as a result of the above-mentioned factors. Cash flow from financing activities rose from € 10.69 million to € 14.08 million during the reporting period. Cash and cash equivalents totaled € 6.25 million on July 31, 2013, compared with € 4.34 million on July 31, 2012.

Cash flow from operating activities negative for seasonal reasons, positive effects from inventory optimization

ASSET AND FINANCIAL POSITION

The asset and capital structure of the Wolford Group remained solid as of the balance sheet date on July 31, 2013. The balance sheet total rose from € 142.32 million on April 30, 2013 to € 147.96 million for seasonal reasons. As of July 31, 2013 the equity of the Wolford Group amounted to € 73.72 million, which is € 7.31 million lower than the level on April 30, 2013. The equity ratio equaled 50% as of July 31, 2013 and gearing was 39%. Net debt totaled € 28.61 million at the end of the reporting period, which is € 3.24 million higher than July 31, 2012.

Solid asset and capital structure, equity ratio at 50%

Interim Financial Statements (IFRS)

STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income in TEUR	05/13 - 07/13	05/12 - 07/12 [1]
Revenues	**32,281**	**33,074**
Other operating income	626	735
Changes in inventories of finished goods and work-in-process	2,274	3,706
Own work capitalized	4	12
Operating output	**35,185**	**37,527**
Cost of materials and purchased services	-7,743	-9,426
Staff costs	-18,944	-18,723
Other operating expenses	-11,684	-10,362
Depreciation and amortization	-1,997	-2,027
Operating profit (EBIT)	**-5,183**	**-3,011**
Net interest cost	-144	-156
Net investment securities income	-31	37
Interest cost of employee benefit liabilities	-130	-145
Financial result	**-305**	**-264**
Earnings before tax	**-5,488**	**-3,275**
Income tax	1,137	301
Earnings after tax	**-4,351**	**-2,974**
Amounts that will not be recognised through profit and loss in future periods	0	-230
thereof remeasurement of defined benefit plans (IAS 19)	0	-230
Amounts that will potentially be recognised through profit and loss	-82	457
thereof currency translation differences	-125	551
thereof change from cash flow hedges	43	-94
Other comprehensive income after tax [2]	**-82**	**227**
Total comprehensive income	**-4,433**	**-2,747**
Attributable to the equity holders of the parent company	-4,433	-2,747
Earnings after tax attributable to equity holders of the parent company	-4,351	-2,974
Earnings per share (diluted = undiluted)	**-0.89**	**-0.61**

1) Adjustment to reflect the earlier application of IAS 19 (revised).
2) The components of other comprehensive income are presented after tax.

CASH FLOW STATEMENT

Cash Flow Statement in TEUR	05/13 - 07/13	05/12 - 07/12 [1]
Earnings before tax	**-5,488**	**-3,275**
Depreciation and amortization	1,997	2,027
Interest costs	144	156
Gains / losses from disposal of assets	89	-34
Changes in non-current provisions	161	194
Changes in inventories	-1,971	-4,142
Changes in trade receivables	-2,122	-1,990
Changes in other assets	-1,353	-1,659
Changes in trade payables	-696	-659
Changes in current provisions	-1,148	-1,324
Changes in other liabilities	-898	1,247
Changes in the cash flow hedge provision	-45	126
Currency translation differences	679	-331
Net interest paid	-191	-141
Income taxes paid / received	-403	-229
Cash flow from operating activities	**-11,245**	**-10,034**
Investments in property, plant and equipment and other intangible assets	-1,579	-1,379
Proceeds from the sale of property, plant and equipment and other intangible assets	2	0
Proceeds from the disposal of securities	0	0
Cash flow from investing activities	**-1,577**	**-1,379**
Assumption of current and non-current financing liabilities	14,420	11,436
Repayment of current and non-current financing liabilities	-343	-743
Dividends paid	0	0
Cash flow from financing activities	**14,077**	**10,693**
Change in cash and cash equivalents	**1,255**	**-720**
Cash and cash equivalents at the beginning of the period	4,990	4,911
Effects of exchange rate fluctuations on cash and cash equivalents	6	145
Cash and cash equivalents at the end of the period	**6,251**	**4,336**

1) Adjustment to reflect the earlier application of IAS 19 (revised).

BALANCE SHEET

Balance Sheet in TEUR	31.07.2013	31.07.2012 [1]	30.04.2013
ASSETS			
Property, plant and equipment	59,096	61,996	59,683
Goodwill	1,191	1,233	1,200
Intangible assets	9,404	9,886	9,571
Financial assets	1,502	1,538	1,533
Non-current receivables and assets	1,244	1,113	1,269
Deferred tax assets	5,995	5,790	5,568
Non-current assets	**78,432**	**81,556**	**78,824**
Inventories	44,663	48,312	42,692
Trade receivables	10,955	11,586	8,833
Other receivables and assets	3,026	2,002	4,044
Prepaid expenses	4,441	4,566	2,707
Liquid funds	6,446	4,676	5,216
Current assets	**69,531**	**71,142**	**63,492**
Total assets	**147,963**	**152,698**	**142,316**
EQUITY AND LIABILITIES			
Share capital	36,350	36,350	36,350
Capital reserves	1,817	1,817	1,817
Other reserves	38,257	45,183	42,565
Currency translation differences	-2,708	-2,327	-2,583
Equity	**73,716**	**81,023**	**78,149**
Financial liabilities	11,947	4,455	19,149
Other liabilities	1,206	2,353	1,249
Provisions for post-employement benefits	15,383	13,922	15,222
Deferred tax liabilities	135	192	139
Non-current liabilities	**28,671**	**20,922**	**35,759**
Financial liabilities	24,606	27,128	3,327
Trade payables	3,742	4,121	4,618
Other liabilities	11,836	13,009	12,691
Income tax provisions	1,110	3,015	2,342
Other provisions	4,282	3,480	5,430
Current liabilities	**45,576**	**50,753**	**28,408**
Total equity and liabilities	**147,963**	**152,698**	**142,316**

1) Adjustment to reflect the earlier application of IAS 19 (revised).

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company							
Changes in Equity in TEUR	**Share capital**	**Capital reserves**	**Hedging reserve**	**Actuarial gain/loss on defined benefit plan**	**Other reserves**	**Currency translation**	**Treasury stock**	**Total equity**
Balance 01.05.2012 [1)]	**36,350**	**1,817**	**-9**	**218**	**52,935**	**-2,878**	**-4,663**	**83,770**
Dividend for 2011/12 FY	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	-94	-230	-2,974	551	0	-2,747
Balance 31.07.2012 [1)]	**36,350**	**1,817**	**-103**	**-12**	**49,961**	**-2,327**	**-4,663**	**81,023**
Balance 1.5.2013	**36,350**	**1,817**	**-5**	**-985**	**48,218**	**-2,583**	**-4,663**	**78,149**
Dividend for 2012/13 FY	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	43	0	-4,351	-125	0	-4,433
Balance 31.07.2013	**36,350**	**1,817**	**38**	**-985**	**43,867**	**-2,708**	**-4,663**	**73,716**

SEGMENT REPORTING

Operating Segment Report 05/13 - 07/13 in TEUR	**Austria**	**Other Europe**	**North America**	**Asia**	**Consolidation**	**Group**
Revenues	21,004	19,674	5,957	902	-15,256	32,281
thereof intersegment	14,116	1,140	0	0	-15,256	0
External revenues	6,888	18,534	5,957	902	0	32,281
EBITDA	-776	-1,988	-734	-160	472	-3,186
Depreciation and amortization	1,231	616	128	48	-26	1,997
EBIT	-2,007	-2,604	-862	-208	498	-5,183
Investments	521	636	-15	274	-17	1,399
Employees on average	770	636	125	33	0	1,564

Operating Segment Report 05/12 - 07/12 in TEUR [1)]	**Austria**	**Other Europe**	**North America**	**Asia**	**Consolidation**	**Group**
Revenues	23,394	20,629	5,764	595	-17,308	33,074
thereof intersegment	16,109	1,199	0	0	-17,308	0
External revenues	7,285	19,430	5,764	595	0	33,074
EBITDA	1,952	-764	-651	-29	-1,492	-984
Depreciation and amortization	1,215	625	181	22	-16	2,027
EBIT	737	-1,389	-832	-51	-1,476	-3,011
Investments	519	416	334	46	-14	1,301
Employees on average	856	615	120	21	0	1,612

1) Adjustment to reflect the earlier application of IAS 19 (revised).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (IFRS)

GENERAL INFORMATION

The consolidated interim financial statements of the Wolford Group for the first three months of the 2013/14 financial year (May 1 until July 31, 2013) were prepared in accordance with International Financial Reporting Standards (IFRS) on the basis of IAS 34 "Interim Financial Reporting". The accounting and valuation policies applied in preparing the consolidated interim financial statements reflect the policies applied to the consolidated financial statements for the 2012/13 financial year with the following exceptions: IFRS 13 "Fair Value Measurement", the additions to IAS 1 "Presentation of Financial Statements" and the Improvements to IFRS (2009 – 2011) were applied as of May 1, 2013. These changes in accounting and valuation policies had no material effect on the consolidated interim financial statements. The consolidated interim financial statements do not include all information and disclosures required for consolidated annual financial statements. Therefore, the consolidated interim financial statements should also be read in connection with the latest consolidated financial statements as of April 30, 2013. The amounts included in this quarterly report are presented in thousand euros (TEUR). The use of automated data processing equipment may lead to rounding differences. In connection with the early application of IAS 19 "Employee Benefits", the comparable prior year data were adjusted in these interim financial statements.

CONSOLIDATION RANGE

The number of companies included in the consolidation range did not change since the last balance sheet date on April 30, 2013.

SEASONALITY OF BUSINESS DEVELOPMENT

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

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Revenues recorded by the Wolford Group declined by 2 % or TEUR 794 to TEUR 32,281 for the first three months of 2013/14 (previous year: TEUR 33,074). In addition, operating output fell by TEUR 2,342 to 35,185 (previous year: TEUR 37,527) because of a 39% year-on-year drop in finished goods and work-in-process.

The development of operating profit was influenced by the following factors: a substantial reduction of TEUR 1,683 in the cost of materials, a slight increase of TEUR 221 in staff costs, higher costs related to the opening of new boutiques that have not yet reached their full revenue potential, higher rental expenses in the own retail business, increased advertising expenses to strengthen the brand and significant negative foreign exchange effects from the US dollar and the British pound. The result was a decline in EBIT to TEUR -5,183 (previous year: TEUR -3,011).

Financial result deteriorated slightly by TEUR -41 to TEUR -305. The main factors for this development were the continuing low interest expense for borrowings, lower interest on employee-related provisions and negative results from the fair value measurement of securities.

The receipt of final tax assessments led to the correction of advance tax payments for the 2010/11 financial year and, in turn, to tax income of TEUR 1,137 for the first three months of 2013/14 (previous year: TEUR 301). Earnings after tax equaled TEUR -4,351 (previous year: TEUR -2,974).

IAS 19 requires the recording of actuarial gains/losses from defined benefit plans under other comprehensive income without recognition through profit or loss, i.e. directly in equity. This standard was applied on an early basis as of April 30, 2013 and, in keeping with IAS 8, the changes were made retrospectively. The result was an adjustment of TEUR -230 for the first quarter of 2012/13. Negative currency translation differences of TEUR -125 for the first quarter of 2013/14 (previous year: TEUR 551), which are reported under other comprehensive income without recognition through profit or loss, resulted primarily from the US dollar. The hedging reserve increased by TEUR 43 during the reporting period (previous year: TEUR -94). Other comprehensive income amounted to TEUR -82 (previous year: TEUR 227). Total comprehensive income after tax led to a decrease of TEUR 4,433 in equity for the first quarter of the reporting year (previous year: TEUR -2,747).

NOTES ON SEGMENT REPORTING

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

Revenues in the Austria and Other Europe segments were 5% lower than the first quarter of the previous year. The North America segment recorded a 3% increase in revenues, while revenues in Asia rose by a total of 52% following the opening of several locations in China. All segments reported lower EBIT, whereby the decrease was lowest in North America at -4%. The EBIT declines in the other segments were, in part, substantial: in the Asia segment the decline resulted, above all, from the high start-up costs for market entry in China; in the Austria segment from a substantial increase in currency translation differences; and in the Other Europe segment from higher advertising expenses.

Segment asses declined by TEUR 4,735 year-on-year to TEUR 147,963, chiefly due to a decrease in investments, lower inventories and a decline in trade receivables.

NOTES ON THE CASH FLOW STATEMENT

Cash flow from operating activities was clearly negative, as expected, in the first quarter. This development is attributable to the fact that the production for the fall/winter collection takes place during the first three months of the financial year, while deliveries are generally carried out for the following quarter and, in addition, the lowest revenues are recorded in the first quarter for seasonal reasons. Cash flow from operating activities fell by € 1.21 million to € -11.24 million for the reporting period, mainly due to the decline in earnings and a reduction in employee-related provisions following the consumption of vacation days and overtime. The substantially lower increase in inventories had a positive effect. Cash flow from investing activities totaled € -1.58 million for the reporting period, which is € -0.20 million lower than the previous year. Investments were focused primarily on the expansion of the worldwide distribution network. Free cash flow (cash flow from operating activities minus cash flow from investing activities) declined from € -11.41 million to € -12.82 million due to the above-mentioned developments.

Cash flow from financing activities rose from € 10.69 million to € 14.08 million during the reporting period. Cash and cash equivalents totaled € 6.25 million on July 31, 2013, compared with € 4.34 million on July 31, 2012. This increase resulted chiefly from a capital increase for the sales company in China.

CASH AND CASH EQUIVALENTS

The reconciliation of liquid funds as reported on the balance sheet to cash and cash equivalents involves the adjustment of cash on hand and cash equivalents to exclude demand deposits that are not available for discretionary use.

in TEUR	31/07/2013	31/07/2012	30/04/2013
Cash on hand and cash equivalents	6,446	4,676	5,216
not available for discretionary use	-195	-340	-226
Cash and cash equivalents	**6,251**	**4,336**	**4,990**

NOTES TO THE CONSOLIDATED BALANCE SHEET

The balance sheet total amounted to TEUR 147,963 on July 31, 2013, which represents a 3% decline below the level on July 31, 2012. Non-current assets represented 53% of total assets and equaled TEUR 78,432 as of the balance sheet date (July 31, 2012: TEUR 81,556). Investments of TEUR 1,398 in intangible assets and property, plant and equipment were contrasted by scheduled amortization and depreciation of TEUR 1,997. Current assets equaled 47% of total assets as of July 31, 2013. Inventories declined by 8% to TEUR 44,663, or 30% of total assets, and trade receivables by approx. 5% to TEUR 10,955, or 7% of total assets. Cash and cash equivalents rose from TEUR 4,676 to TEUR 6,446.

Shareholders' equity totaled TEUR 73,716 as of July 31, 2013, which represents an equity ratio of 50% (previous year: 53%). Non-current liabilities rose from TEUR 20,922 to TEUR 28,671, or to 19% of the balance sheet total.

Current liabilities declined to TEUR 45,576 (previous year: TEUR 50,753). The main reasons for this development were a reduction of TEUR 2,522 in financial liabilities to TEUR 24,606, a decrease of TEUR 1,173 in other liabilities to TEUR 11,836, a reduction of TEUR 379 in trade payables to TEUR 3,742 and a decline of TEUR 1,103 in income tax provisions and other provisions to a total of TEUR 5,392. Working capital decreased from TEUR 44,770 in the first quarter of the previous year to TEUR 43,066. This improvement was achieved, above all, through a reduction in inventories, trade receivables. Net debt totaled TEUR 28,605 as of July 31, 2013, for an increase of TEUR 3,236 over the level on July 31, 2012.

DETERMINATION OF FAIR VALUE

The following hierarchy is used to determine and report fair value:

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

Level 2: Methods under which all input parameters that have a material effect on the recognized fair value are directly or indirectly observable

Level 3: Methods under which all input parameters that have a material effect on the recognized fair value are not based on observable market data

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

31/07/2013 in TEUR	**Level**	**Carrying amount**	**Fair Value**
Financial assets	1	1,502	1,502
Trade receivables		10,955	10,955
Other receivables and assets		3,026	3,026
thereof Derivates	2	52	52
Prepaid expenses and deferred charges		4,441	4,441
Securities and financial investments	1	96	96
Cash and cash equivalents		6,446	6,446
Total financial assets		**26,466**	**26,466**
Financial liabilities, non-current		11,947	11,947
Financial liabilities, current		24,606	24,606
Trade payables		3,742	3,742
Other liabilities		11,836	11,836
thereof Derivates	2	0	0
Total financial liabilities		**40,295**	**40,295**

CONTINGENT LIABILITIES

There were no material changes in contingent liabilities since the last balance sheet date on April 30, 2013.

RELATED PARTY TRANSACTIONS

DORDA BRUGGER JORDIS Rechtsanwälte GmbH, a law firm whose managing partner, Theresa Jordis, was a member of the Supervisory Board of Wolford AG until September 7, 2013, advises the company on legal matters. The fees for these services reflect standard market rates and are billed on the basis of time worked. RCI Unternehmensberatung AG, a Swiss company, advises the company on business matters. Emil Flückiger, a member of this firm’s administrative board, serves on the Supervisory Board of Wolford AG. The fees for these services also reflect standard market rates and are billed on the basis of time worked.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On September 7, 2013 Theresa Jordis departed in Vienna. She was Chairwoman of the Supervisory Board of the Wolford AG since 2003.

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

REPORT ON THE AUDITOR’S REVIEW

This report on the first quarter of 2013/14 was neither audited nor reviewed by a certified public accountant.

Bregenz, September 13, 2013

Holger Dahmen
Chairman of the
Management Board

Management responsibility for Corporate Communications, Marketing, Sales and coordination of Corporate Strategy and Planning

Axel Dreher
Member of the
Management Board

Management responsibility for Product Development, Production and Technology, Procurement, Distribution Logistics and Quality Management

Thomas Melzer
Member of the
Management Board

Management responsibility for Finance, Internal Audit, Investor Relations, Legal Affairs, Human Resources and IT

FINANCIAL CALENDAR

Date	Event
September 17, 2013	26th Annual General Meeting
December 13, 2013	Half-Year Report 2013/14
March 14, 2014	Q3 Report 2013/14
July 18, 2014	Press conference on 2013/14 annual results
September 12, 2014	Q1 Report 2014/15
September 18, 2014	27th Annual General Meeting
September 22, 2014	Deduction of dividends (ex-day)
September 24, 2014	First day of dividend payment
Dezember 12, 2014	Half-Year Report 2014/15
March 13, 2015	Q3 Report 2014/15

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The report on the first quarter of 2013/14 is available in the Internet under www.wolford.com in the Investor Relations section.

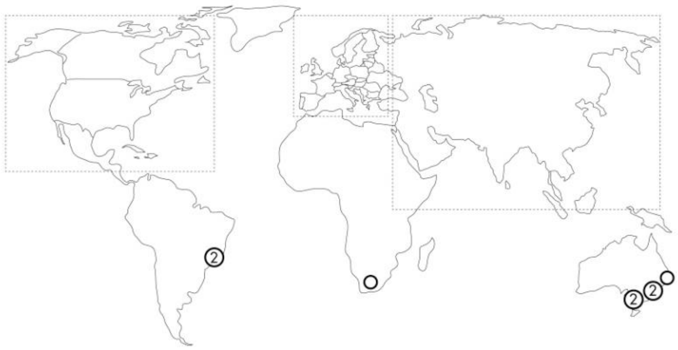
Disclaimer
This quarterly report was prepared with the greatest possible care, including repeated checks of all data. Nevertheless, rounding, typesetting or printing errors cannot be excluded. The report was also prepared in English, but only the German version is binding. Certain statements in this quarterly report are forward-looking. They reflect the opinions and expectations of the Management Board at this time and include risks and uncertainties that could have a significant impact on actual circumstances and, consequently, on actual results. Readers are therefore cautioned not to place undue reliance on these forward-looking statements. Wolford AG is not obliged to publish any updates or revisions of the forward-looking statements contained in this report, unless required by law.

Points of Sale

WORLDWIDE
Monobrand locations
July 31, 2013: 267

● Thereof own points of sale:
121 boutiques
33 concession shop-in-shops
28 factory outlets

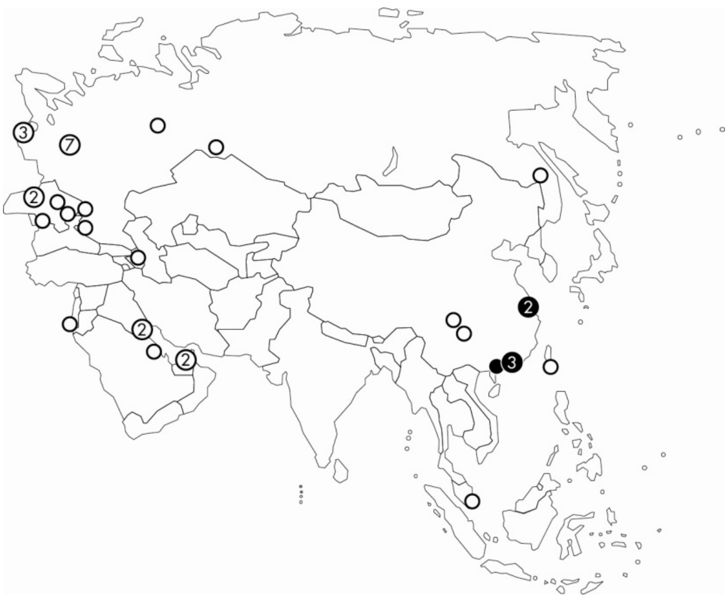
○ Thereof partner-operated points of sale:
85 boutiques and about
3,000 other distribution partners



NORTH AMERICA: 34

● Thereof own points of sale:
28 boutiques
4 factory outlets

○ Thereof partner-operated points of sale:
2 boutiques



ASIA: 37 [1]

● Thereof own points of sale:
5 boutiques
1 concession shop-in-shop

○ Thereof partner-operated points of sale:
31 boutiques

[1] Including Russia and Ukraine

EUROPE: 188 [2)]

● Thereof own points of sale:
88 boutiques
32 concession shop-in-shops
24 factory outlets

○ Thereof partner-operated points of sale:
44 boutiques

[2)] Excluding Russia and Ukraine