NOW WE ARE PUTTING OUR BEST FOOT FORWARD

Wolford

ANNUAL REPORT 2013 / 14

CONTENTS

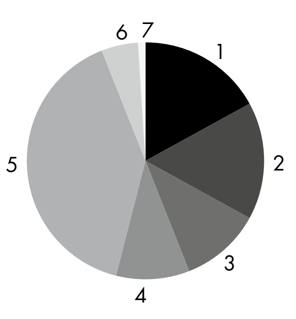
Wolford Group Key Data

Earnings Data		2013/14	2012/13	Chg. in %
Revenues	in € mill.	155.87	156.47	-0.4
EBITDA adjusted	in € mill.	7.11	7.90	-10
EBIT adjusted	in € mill.	-0.97	-0.91	-7
Earnings before tax	in € mill.	-5.89	-2.25	>100
Earnings after tax	in € mill.	-2.81	-2.76	-2
Capital expenditure	in € mill.	7.87	6.03	+31
Free cash flow	in € mill.	-0.97	0.48	>100
Employees (on average)	FTE	1,562	1,606	-3

Balance Sheet Data		30.04.2014	30.04.2013	Chg. in %
Equity	in € mill.	74.38	78.15	-5
Net debt	in € mill.	17.04	15.96	+7
Working capital	in € mill.	33.72	38.49	-12
Balance sheet total	in € mill.	138.12	142.32	-3
Equity ratio	in %	54	55	-
Gearing	in %	23	20	-

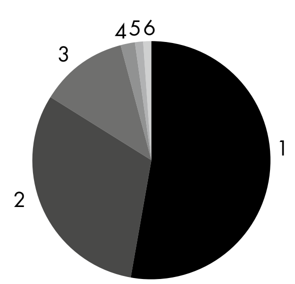
Stock Exchange Data		2013/14	2012/13	Chg. in %
Earnings per share	in €	-0.57	-0.56	-2
Share price high	in €	22.77	28.90	-21
Share price low	in €	16.81	20.53	-18
Share price at end of period	in €	19.10	20.62	-7
Shares outstanding (weighted)	in 1,000	4,900	4,900	0
Market capitalization (ultimo)	in € mill.	95.48	103.08	-7

REVENUES BY MARKET



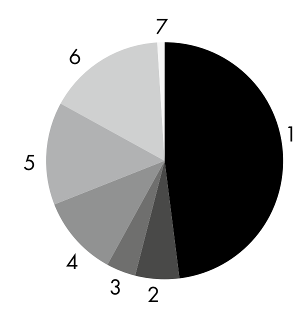
1 North America 17%
2 Germany 16%
3 Austria 11%
4 France 10%
5 Rest of Europe 40%
6 Asia/Oceania 5%
7 Rest of World 1%

REVENUES BY PRODUCT GROUP



1 Legwear 53%
2 Ready-to-wear 30%
3 Lingerie 12%
4 Accessories 3%
5 Swimwear 1%
6 Trading goods 1%

REVENUES BY DISTRIBUTION



1 Boutiques 48%
2 Concession Shop-in-shops 6%
3 Online Business 4%
4 Factory Outlets 11%
5 Department Stores 14%
6 Multi-brand Retailers 16%
7 Private Label 1%

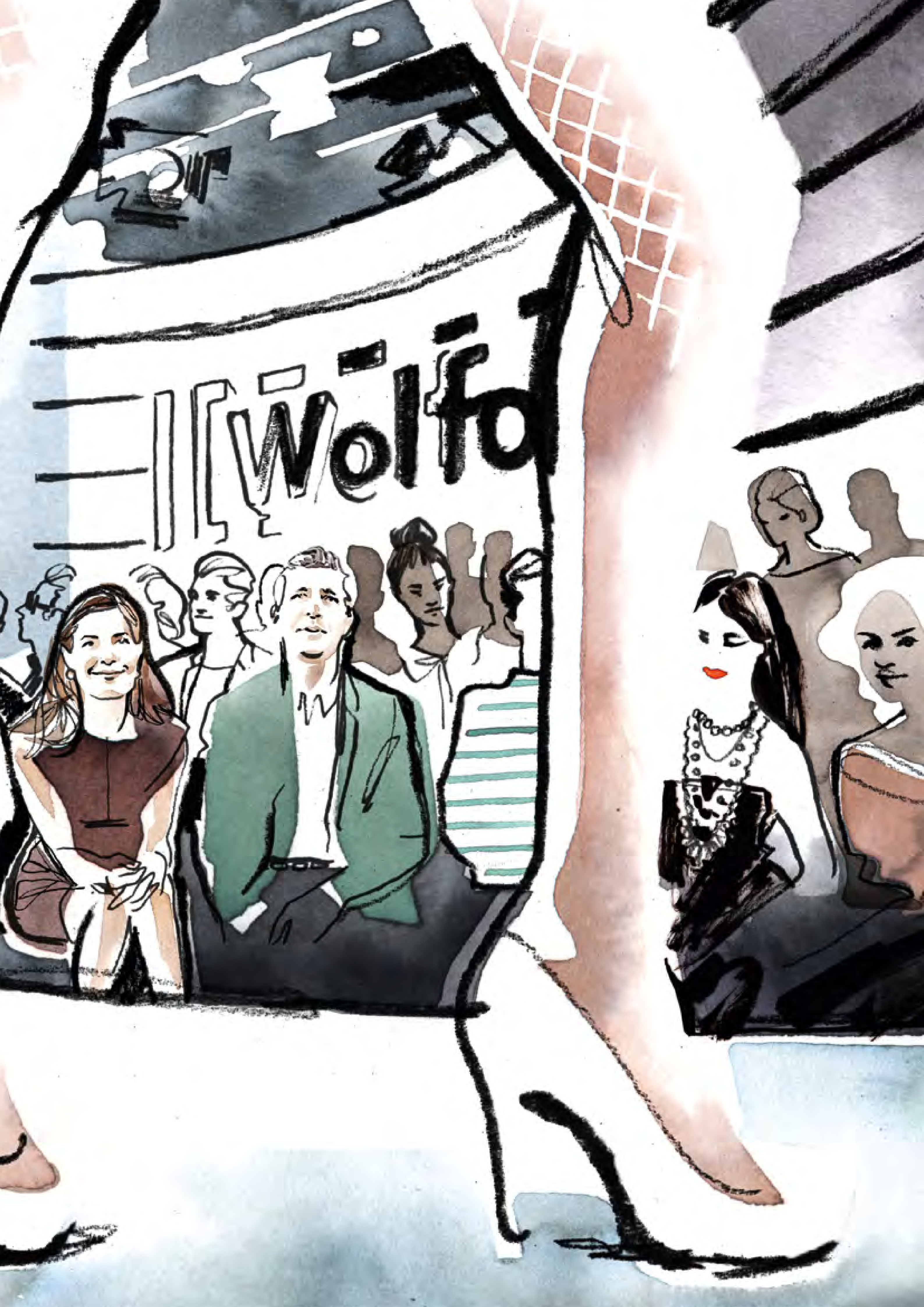
NOT ONLY ON PRETTY LEGS, BUT ALSO ON PRETTY SUCCESSFUL ONES.

WOLFORD HAS BEEN DESIGNING FOR YEARS. NOW WE'RE REDESIGNING WOLFORD.

We systematically improve marketing and sales and streamline our internal processes to optimally utilize Wolford's potential. We want Wolford to delight not only customers all over the world, but also shareholders in the future. With products that look great and feel great.

WE CONCENTRATE ON SHARP PRODUCTS. IN A PORTFOLIO WITH A SHARPER SILHOUETTE.

The Unforgettable Touch of Wolford. Our brand promises products with an incomparable wearing comfort. In future, we will focus on what we always did best: Legwear, Lingerie, Bodywear, Clothing and Accessories. Comfortable, high-quality, functional and easy care.



WEARING OUR PRODUCTS IS A REAL EXPERIENCE. SO IS BUYING THEM.

At the world's best addresses. That's why we systematically expand our location network and develop new concepts to strengthen the business with our trading partners. We also invest in online distribution and the improvement of our product presentation at the point of sale.

WE SHAPE LEGS. STRUCTURES, TOO.

The company becomes more efficient, faster and stronger. Because we shorten the time to market – from the initial idea to delivery of the finished product. In that way, our collections can meet changing fashion trends and our customers' preferences more specifically.

ONE PRODUCT EVERYONE CONTRIBUTES TO SIMULTANEOUSLY: THE CORPORATE CULTURE.

Wolford has a strong team that works together with great enthusiasm to drive the company's success. We're proud of our employees' unique skills and together we live a corporate culture of positive change.

WHY DO WE REDESIGN WOLFORD? BECAUSE THAT OPENS A WIDE RANGE OF OPPORTUNITIES.

Our earning power should improve substantially because we set the right course now and in the future. We refocus the company and the brand and concentrate on our strengths. The values we create are sustainable. For our shareholders, employees and business partners.

An Interview with the Management Board

Axel Dreher and Thomas Melzer review the 2013/14 financial year, the progress on the strategic refocusing and how Wolford wants to realize the turnaround quickly.

Although revenues remained nearly constant in 2013/14, Wolford recorded a sharp decrease in EBIT. What were the reasons for this development?

Axel Dreher: The earnings decline was caused by a number of factors – the first involved revenues, since we were faced with approximately € 2 million of negative foreign currency effects, above all from the US dollar and the British pound. After an adjustment for this effect, revenues would have equaled € 157.90 million – which is roughly 1% over previous year's level. In the retail business, meaning our sales to end consumers, we increased revenues by 6% including the online business. In contrast, the wholesale business, which covers sales to our trading partners, declined by a further 8%. Higher fixed costs for new locations and inflation-related cost increases for existing stores were responsible for a slight drop in adjusted operating earnings, in spite of the constant revenues. At the same time, we substantially increased our marketing expenditures to strengthen the Wolford brand in the long-term. Although we reduced costs, especially in the operating area, all these factors together resulted in negative EBIT of € 4.72 million and earnings after tax of € -2.81 million.

Thomas Melzer: I want to emphasize that the negative earnings for 2013/14 were primarily the result of non-recurring effects and expenses related to the strategic refocusing – like social plans and other severance compensation, costs for the closing of unprofitable boutiques, the disposal of outdated inventories and the adjustment of book values. Therefore, we use adjusted values for EBITDA and EBIT to evaluate the operating business. Excluding non-recurring expenses of € 3.76 million, adjusted EBITDA for 2013/14 equals € 7.11 million, compared with € 7.90 million in the previous year. Adjusted EBIT remained nearly constant at € -0.97 million, compared with € -0.91 million in 2012/13. From a pure operating standpoint, we therefore closed 2013/14 at the prior year level. The same is true for revenues.

Did you meet the goals for 2013/14?

Melzer: In December 2013, we adjusted our guidance and reduced expectations for the full year based on the half-year results and the strategy approved by the Supervisory Board. The goal at that time was EBIT of roughly € -5 million with revenues at the prior year level – and that is how we ended the year. These results are, of course, anything but satisfactory, but we have worked on setting the course for the future intensively: primarily, through cost savings of roughly € 2 million in the operating area and the closing of 20 own locations that have not been profitable to date. I also want to note that a number of key indicators remained constant or even improved during the past year: cash flow from operating activities reached the prior year level at € 6.30 million due to strict working capital management that led to an improvement of € 4.77 million. As a result of higher investments, net debt rose by a comparatively low € 1.08 million to € 17.04 million, and the equity ratio remained constant at a solid 54%.

How did the various distribution channels develop during the past year?

Dreher: In different ways. The retail locations – which include our own boutiques, factory outlets and concession shop-in-shops – generated an increase of almost 5% in revenues to € 89.48 million, which represents 57% of our total revenues. If we make an adjustment for foreign exchange effects, the increase would reach 6%. On a like-for-like basis, in other words without selling space that was added or closed during the year, the growth in this business would have equaled 1%. Our own online business recorded strong revenue growth of 23% and was responsible for 4% of Group revenues. In contrast, we were confronted with an 8% decline in the wholesale business with partner-operated boutiques, department stores and multi-brand retailers. Here we are working intensively on new concepts for this business, whereby our first objective is stablization and then the return to a growth course.

What were the regional sales trends in 2013/14?

Melzer: In the USA, which is currently our largest single market, we increased revenues by 3% in spite of negative foreign exchange effects. Our growth markets in Greater China and the Gulf Region recorded even stronger development with 52% and 22%, respectively. In Europe, revenues were higher than in the previous year in Great Britain, Italy, Belgium and Spain, but lower in France, Germany and Scandinavia. Austria started to improve and closed the year with slight revenue growth. In contrast, the situation in Central and Eastern Europe and Switzerland remained difficult. These developments show just how important it is for Wolford to maintain a global presence in order to offset regional fluctuations in demand.

Wolford is currently in a strategic refocusing process. Which goals have you defined?

Dreher: In 2013, we critically evaluated the development of our business and the underlying strategy. Based on this analysis, which also included detailed market research, we defined the core issues for refocusing: First – to return the Wolford brand to its "roots", meaning our core expertise for legwear and figure-embracing products that represent the "Unforgettable Touch" and have delighted customers for decades. Secondly, and as a direct conclusion – to strengthen the future-oriented design and further development of our product portfolio and sales structures. Thirdly – to attract new target groups and optimize internal processes and structures to make Wolford more flexible and competitive. In close coordination with the Supervisory Board, we developed solutions for these issues and defined actions that we are implementing quickly. Our greater goal is to substantially improve and sustainably safeguard the earning power of the Wolford Group.

»Wolford has the necessary funds to finance the strategic refocusing internally.«

Thomas Melzer (CFO)

In your opinion, what makes Wolford so special as a brand and a company?

Dreher: Wolford stands for the lasting passion and expertise of a producer of affordable luxury products – for unique design, function, high quality and excellent materials. However, we move one step beyond this and also pay very special attention to the central aspects of sustainability. This starts with the initial product idea and development of the yarn and influences all process steps up to the final product. Our focus on sustainability is also underscored by the commitment to our production facilities in Bregenz and Slovenia. In contrast to many of our competitors, we will not relocate our production to Asia. This commitment is part of our quality awareness and, in combination with the above-mentioned USPs, is what defines the Wolford brand. We want to sharpen this brand profile in the future by returning to an emotional, target group-oriented imagery and therefore cooperate

»Wolford stands for the lasting passion and expertise of a producer, for unique design, function and high quality.«

Axel Dreher (COO/CTO)

with Mario Testino, a well-known international fashion photographer.

What changes can we expect in Wolford's product portfolio?

Dreher: We want to focus more strongly on our roots – I would even say on the DNA of the Wolford brand – which is clearly in Legwear and is responsible for 53% of our revenues. This is where we have been the qualitative and fashion market leader for many decades, and we want to further strengthen this positioning. The style, quality and function of our other product groups will be oriented towards the USPs of our Legwear in the future. For Lingerie, this means the extension of the product group in our special niche of comfortable and functional lingerie as well as new innovations in our figure-shaping products. Our Ready-to-wear product group will concentrate more closely on items like bodies, pullovers, dresses, skirts and shirts, which also fit with Wolford's DNA and represent the "Unforgettable Touch". Accessories will continue to complement the portfolio, but Swimwear will be discontinued with the 2015 summer collection.

Will the significance of the various distribution channels change in the future?

Melzer: We will continue to maintain a balanced mix of distribution channels to provide our customers all over the world with Wolford products close to their homes and to make shopping a special experience. The emotionality of the brand will again become tangible at all points of sale. One of our projects involves the successive roll-out of a new design for our own boutiques and other locations. We are still committed to the vertical integration of distribution and plan to open new retail stores, but these activities will now be focused on strategic key cities and top locations. In all other locations, we want to reach our customers through our partner boutique network and trading partners. Our strategy to reactivate the wholesale business includes the development of new partnerships and concepts. And last but not least, we want to utilize the dynamics of the online business through additional investments and the introduction of innovative ideas. We see significant potential in this area, also in Asian markets where we are currently not present, especially since our products are particularly well-suited for this distribution channel. In this connection, we will also continue the integration of our online offering with the other distribution channels.

With regards to your strategy, how will you address new target groups?

Dreher: Our market studies have shown that the Wolford brand has a very positive emotional association and women all over the world are excited about Wolford products. This is also reflected in the high share of regular customers who receive special attention through our "My Wolford" customer loyalty program. However, we also want to convince new target groups of the benefits of our brand and our products – through more intensive, target group-oriented communication and the previously mentioned adjustments of our product lines. The most important objective for these efforts is to maintain the high quality standards that characterize the Wolford brand.

Melzer: With regards to our communications, I want to mention that we will rely more on the charisma of well-known personalities and on product placement in the future. Many international stars can be seen wearing Wolford products on a wide variety of occasions – and we want to communicate this in future. Specially directed campaigns in our core markets, similar to the one that recently appeared in Vogue Germany, are also conceivable.

In addition to these external communication measures, have you launched any internal projects to improve profitability?

Dreher: Yes, a number of very extensive ones. The measures range from efficiency improvement in production and logistics to the reorientation of our core processes. For example, we will create interdepartmental product teams to streamline and accelerate internal processes and, in this way, shorten the time from the initial product idea to market introduction. We want to increase our flexibility and momentum, cut costs and react more quickly to changing market conditions.

Were any workforce reductions necessary?

Melzer: The average number of employees declined by 3% year-on-year to 1,562 in 2013/14, but this was primarily due to normal fluctuation and shop closings. Wolford's management knows and values the commitment and expertise that our employees provide for the benefit of the company: whether by providing our customers with excellent advice in the shops or through their creativity and expert know-how in production and product development. We are therefore working intensively on the necessary organizational changes to create a framework that will position Wolford as an attractive employer in the international competition for the best talents.

Can you estimate when Wolford's shareholders can expect dividends again?

Melzer: Based on the current earnings situation, we will ask the Annual General Meeting to waive a dividend for the 2013/14 financial year. A dividend payment at this time would erode the company's substance. I believe it is more profitable for shareholders when the available funds are used for profitable growth and the implementation of strategic projects. In this way, we want to create value for our shareholders over the long-term. Of course, our goal is to resume dividend payments as quickly as possible. It's clear that our owners expect an appropriate return on their invested capital.

In conclusion, a look ahead to the future. What is your guidance for the 2014/15 financial year and beyond?

Dreher: Our goal is to achieve the operating turnaround during the 2014/15 financial year. In order to do this, we must return revenues to a profitable growth course. The strategic refocusing will be financed from cash flow and the sale of non-core assets. The sale of land in Bregenz, Austria, for net proceeds of € 6.7 million in May 2014 was an important step in this direction. We are convinced that we are on the right course and, together with our team, will work consistently and goal-oriented to implement our strategic plans. At this point, we would like to thank all our employees for their performance and strong commitment during this time of far-reaching change and the refocusing of our company.

Thank you for this interview.

The interview was conducted by Wolfgang Schreiner.

Highlights of the Financial Year

ONGOING

Opening of new strategic locations

- **June 2013: K11, Shanghai, China**
- **July 2013: Linate Airport, Milan, Italy**
- **October 2013: Vienna Airport, Terminal 3, Austria and Via Frattina, Rome, Italy**
- **November 2013: Canary Wharf, London, Great Britain**
- **December 2013: Grand Gateway, Shanghai, China and Rue de Sèvres, Paris, France**
- **April 2014: Marylebone High Street, London, Great Britain**

Wolford Boutique at Vienna Airport, Terminal 3, opening in October 2013

SINCE DECEMBER 2013

Strategic refocusing

- **Sharpen the product portfolio and collection statement**
- **Concentrate innovative strength and creativity on core expertise**
- **Optimize monobrand distribution and invest in E-Commerce**
- **Create attractive partner concepts to support the Wholesale business**
- **Review and intensify market communications**
- **Optimize internal processes and structures**
- **Implement new mission statement**
- **Finance strategic refocusing internally**

Wolford Boutique Rue de Sèvres, opening in December 2013

SINCE MAY 2013

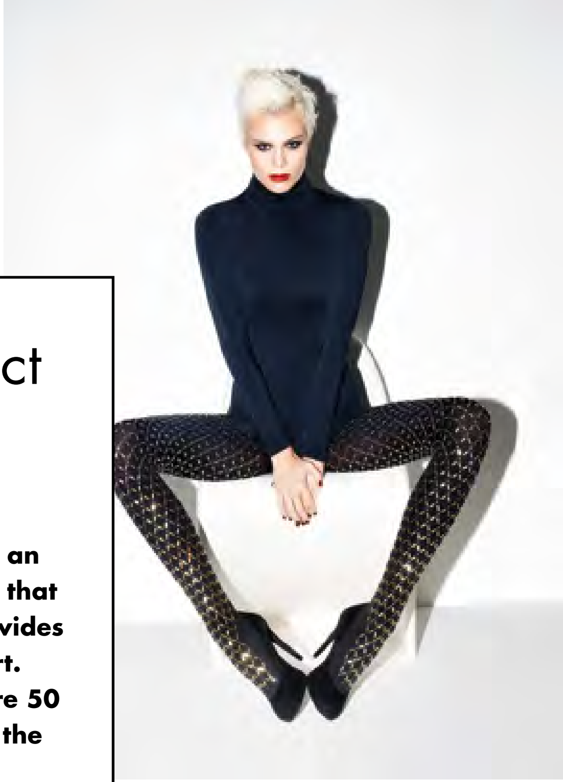
Innovative product developments

- **Pure 50 Collection**
  The Pure series is the result of an innovative production process that includes glued seams and provides incomparable wearing comfort. The patent registration for Pure 50 Tights is the first of its kind in the world

The series includes:
- **Pure Top, Shirt and Pullover, available since the end of January 2014**
- **Pure 50 Tights, Body and String Body, available from mid-September 2014**

- **Sheer Touch Series: This fine, slightly shimmering material feels sensual on the skin and determines the modern look of this lingerie. The medium-shaping effect and seamless processing effectively form the feminine silhouette. The products of the Sheer Touch series will be available from autumn 2014**

- **Jewellery Tights: This glamorous hosiery edition is limited to 499 pieces that sparkle with genuine Swarovski Elements and metallic circle detailing. The diamond design surrounds the legs like a net made of gold and jewels, right up to stay-up height. Just as luxurious as the design is the overall finish, since all of the detailing is applied by hand during the production process in Austria. These exclusive tights will join the Wolford portfolio in mid-October 2014**



Limited hosiery edition Jewellery Tights, available from mid-October 2014

SINCE JANUARY 10, 2014

New Management Board implements strategic refocusing

- **Holger Dahmen resigns from the Wolford AG Management Board in January 2014**
- **Axel Dreher and Thomas Melzer consistently implement strategic refocusing together with Management Team**

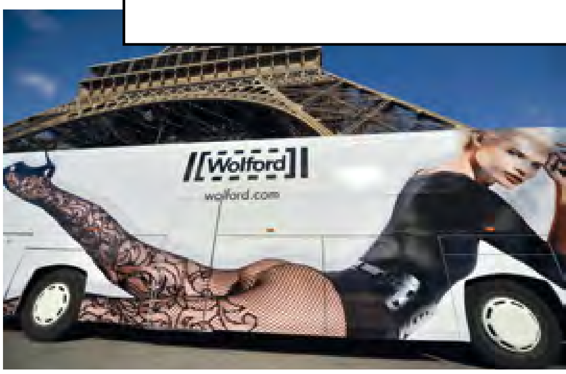
Thomas Melzer (CFO) and Axel Dreher (COO/CTO)

Wolford products in the limelight, July 2014

SINCE MARCH 2014

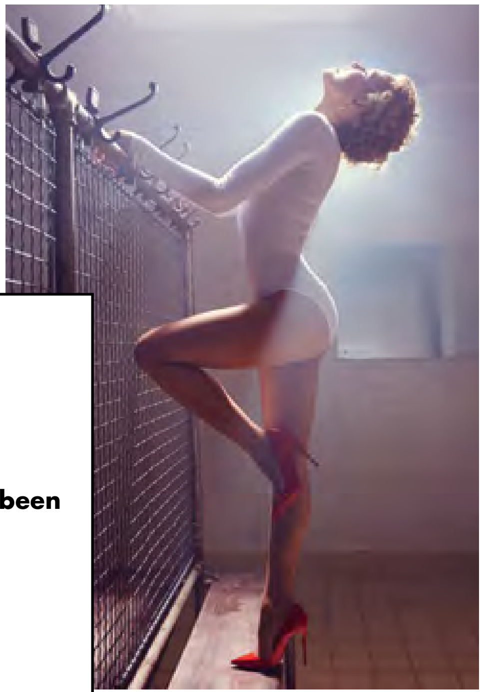
Expansion of marketing activities

- **Star photograph Mario Testino shoots for Wolford**
- **New creative approaches will be developed to support Wolford's strong image**
- **Brand lobbying events:**
  Life Ball 2014
  Fashion meets corporate social responsibility,
  Prominent brand visibility,
  Leona Lewis visits the Life Ball at Wolford's invitation



A bus fully dressed in Wolford in Paris, April 2014

Leona Lewis at the Life Ball 2014 at Wolford's invitation,
Photo: Moni Fellner



Kylie Minogue in her video "(S)exercize", March 2014. Co-stars of the video: Berlin Body and Twenties Tights
Photo: Warner Music Group©

SINCE JANUARY 2014

VIPs and Wolford

- **Numerous internationally well-known personalities have been Wolford fans for many years**
- **The targeted use of product placements was increased in 2013/14**
- **Kylie Minogue releases video "(S)exercize" in March 2014; co-stars in the video: Wolford Twenties Tights and Berlin Body**
- **The new communication focus includes the outfitting of VIPs by stylists and leading fashion experts**

Examples:
- **US First Lady and fashion icon Michelle Obama orders custom-made Wolford hairband**
- **Katy Perry presents Studs Tights in her 2013 perfume promotion**
- **Miley Cyrus and Rihanna appear in Jamaika String Body**
- **Madonna looks irresistible in Sixty-Six Tights**
- **Rachel Weisz on the cover of Esquire magazine in Boudoir Forming Dress**
- **Jesse J sets fashion highlights with Bondage Tights**
- **Jennifer Hudson appears in an Amelia String Body**
- **Gwyneth Paltrow wearing a Mat De Luxe Control Tanga**

THE UNFORGETTABLE TOUCH

SINCE JANUARY 2014

Renewal of corporate culture

- **New mission statement: Wolford – The Unforgettable Touch**
- **Introduction of new corporate and management culture with sustainable values**
- **Start of wide-ranging change process**

OUR PRODUCTS HAVE FANS ALL OVER THE WORLD. JUST LIKE SOME OF OUR CUSTOMERS.

Kylie Minogue
Berlin Body und
Twenties Tights

Madonna
Sixty-six Tights

Wolford's products excite women all over the world. Even internationally well-known stars wear our products because they are convinced by their high quality and the unique feeling on the skin. For us, these women are authentic brand ambassadors with great charisma – extremely valuable for the future marketing of our products.

Miley Cyrus
Jamaika String Body

Kate Moss
Individual 10 Tights

Michelle Obama
Custom-made Wolford
hairband

The Company

Headquarters in Bregenz, Austria

COMPANY PROFILE

MISSION

Together we share our passion for the "Unforgettable Touch of Wolford", celebrating every woman's unique personality.

VISION

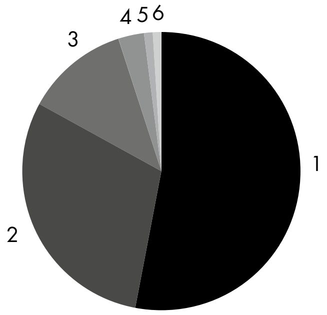
"Wolford is the essence of luxury on your skin. Honoring our heritage for knitting expertise, we strive for an innovative selection that complement the world's finest legwear, providing an aesthetical comfort and tailored customer experience. Ever evolving, we constantly exceed expectations and grow profitably with a desirable and innovative brand. We are proud of the unique skills of our employees and our presence around the globe. Together, we are building a company that inspires our people to reach their potential, achieve our goals and share our success."

This vision will be integrated in all of Wolford's business functions, activities and processes. In this way, it will create a shared foundation for the company's sustainable development.

WOLFORD PRODUCTS

Wolford's product portfolio currently covers the following product groups: Legwear, Ready-to-wear, Lingerie, Accessories, Swimwear and Trading goods. Steady expansion and development in all product groups over a history that covers more than 60 years have transformed Wolford from a local producer of tights to a global fashion brand. The current refocusing includes the analysis and adjustment of all product groups and will be visible starting with the spring-summer collection 2015. The following graph shows the structure of revenues by product group for the 2013/14 financial year.

REVENUES BY PRODUCT GROUP



1 Legwear 53%
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DISTRIBUTION CHANNELS

Wolford's creations are currently sold in more than 60 countries around the world through a network of own locations and retail partners. These products impress demanding customers with their unique and distinctive characteristics.

Wolford Boutique at Hamburg Airport

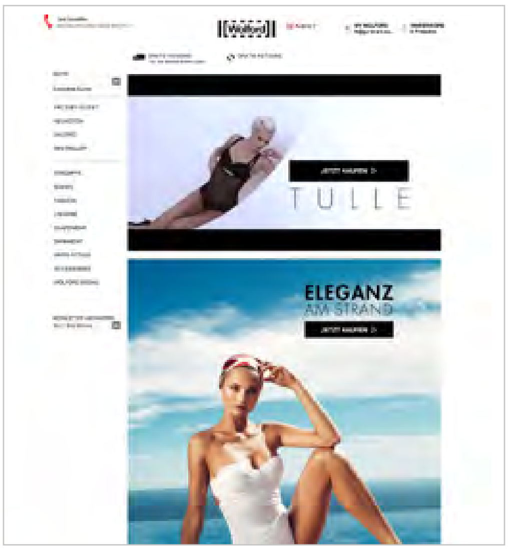
Boutiques and Monobrand Distribution

Wolford's monobrand success story started with the opening of the first Wolford boutique in New York. The subsequent rapid increase in the number of boutiques created an extensive network across the world's most prestigious fashion capitals. The expansion of monobrand distribution will also form a central element of the sales strategy in the future, whereby a balanced mix of partner boutiques and Wolford's own locations is planned. Sales activities will particularly concentrate on the online business, exclusive department stores and multi-brand retailers. Wolford also successfully markets its products through factory outlets, which carry products from earlier seasons. In any case, sales activities will be focused on the locations that can guarantee the necessary exclusivity to attract customers' attention – this is our monobrand distribution.

Against this backdrop, Wolford will also continue to expand its monobrand locations. Wolford will operate through its own stores in key strategic cities and prime locations, while other relevant cities will be serviced by partners and COAFF boutiques. The international network of boutiques, owned by Wolford or operated by partners, generated the largest share of revenues with 48% in 2013/14. Of the 211 Wolford boutiques in operation as of April 30, 2014, 121 were owned and managed by the company and 90 were operated by partners.

Online Business

Wolford sees significant potential in the expansion of its online activities because its products are ideally suited for this distribution channel. The Wolford-owned online business was responsible for 4% of total revenues in 2013/14. This business was positioned as an independent distribution model during the reporting year and will be integrated more closely with the other distribution channels in the future. This will also make the Wolford product portfolio more accessible for younger target groups and customers outside urban centers. At the present time, customers in 15 countries can order their favorite creations around the clock in Wolford online boutiques.



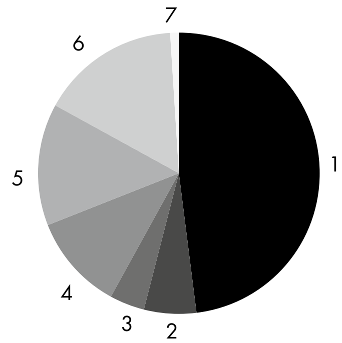
Online Boutique Austria

Wolford Boutique Soho, New York City

Multi-brand Retailers

Wolford's creations are also available in a large number of exclusive fashion and specialized retail stores. These multi-brand retailers are specifically chosen and trained by Wolford in order to ensure optimal presentation of the products at the point of sale and professional advising for customers. The multi-brand retailers generated 16% of Group revenues in 2013/14.

REVENUES BY DISTRIBUTION



1 Boutiques 48%
2 Concession Shop-in-shops 6%
3 Online Business 4%
4 Factory Outlets 11%
5 Department Stores 14%
6 Multi-brand Retailers 16%
7 Private Label 1%

1 – 4 = controlled (Monobrand) Distribution 69%
1 without Partner Boutiques, 2, 3, 4 = Retail 61%

Factory Outlets

Factory outlets accounted for 11% of Group revenues in 2013/14. They offer the perfect opportunity to enter the world of Wolford and purchase creations from previous fashion collections.

Department Stores

Wolford products are sold at numerous international department stores, such as Harrods in London or Bergdorf Goodman in New York, in exclusive shop-in-shops that present Wolford products in an appealing atmosphere. The department store distribution channel, including the concession shop-in-shops, generated 20% of Group revenues during the reporting year.

Shop-in-shop at Saks Fifth Avenue, New York City

CUSTOMER RELATIONSHIP MANAGEMENT "MY WOLFORD"

The stronger integration of the distribution channels online business and own boutiques was a focal point of activities during the reporting year. Individualized product information combined with the preferred shopping channel gives customers greater flexibility with respect to time and location, while maintaining the largest possible product offering. The customer loyalty program "My Wolford", which was introduced in 2010 and now has more than 430,000 registered members, was focused on this integration during the reporting year and will be expanded in the future. "My Wolford" is designed to develop and maintain long-term customer relationships and thereby strengthen customer loyalty to the Wolford brand. The program offers numerous advantages, including a loyalty bonus, exclusive fashion creations or invitations to special events and the seasonal Private Sales.

The success of this concept with Wolford customers is demonstrated by the high number of members from numerous countries and an average of 10,000 new "My Wolford" registrations per month. Based on the number of registered customers, "My Wolford" is particularly popular in the USA, Germany, France and Austria.

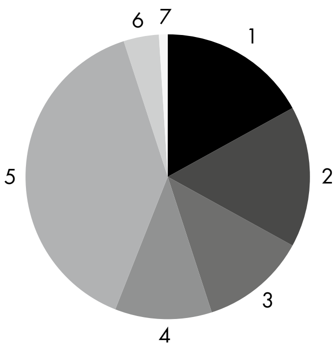
Long-term customer loyalty program "My Wolford"

"My Wolford" members receive regular information on fashion collections, news and events as well as product-specific advice. The opening rate for members receiving information via e-mail was 34%, which is significantly higher than the industry average.

WOLFORD'S GLOBAL PRESENCE

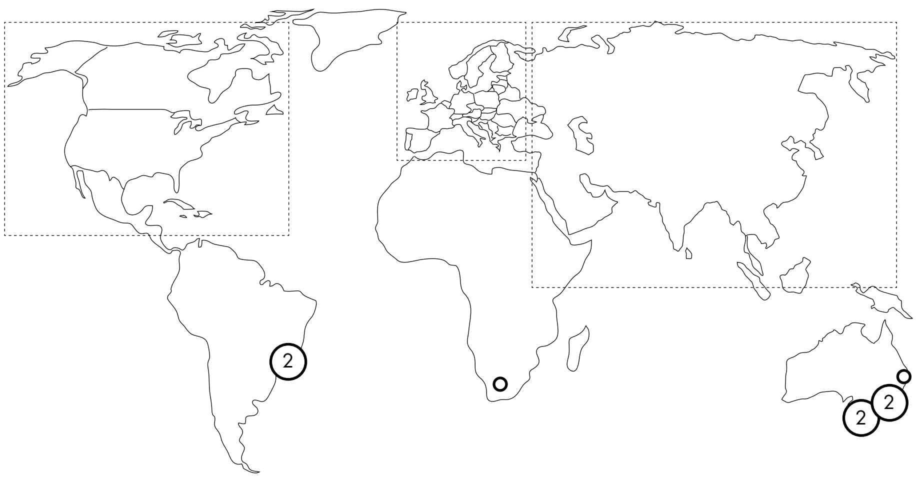
Wolford products are available in more than 60 countries around the world. In 2013/14, the highest revenues were generated in the core market of North America with 17%, followed closely by Germany with 16%. Austria and France were responsible for 11% and 10%, respectively, of revenues for the reporting year. Wolford is becoming increasingly popular in the growth market of Asia, a development that is underscored by double-digit revenue growth and new shop openings.

REVENUES BY MARKET



1 North America 17%
2 Germany 16%
3 Austria 11%
4 France 10%
5 Rest of Europe 40%
6 Asia/Oceania 5%
7 Rest of World 1%

POINTS OF SALE



WORLDWIDE

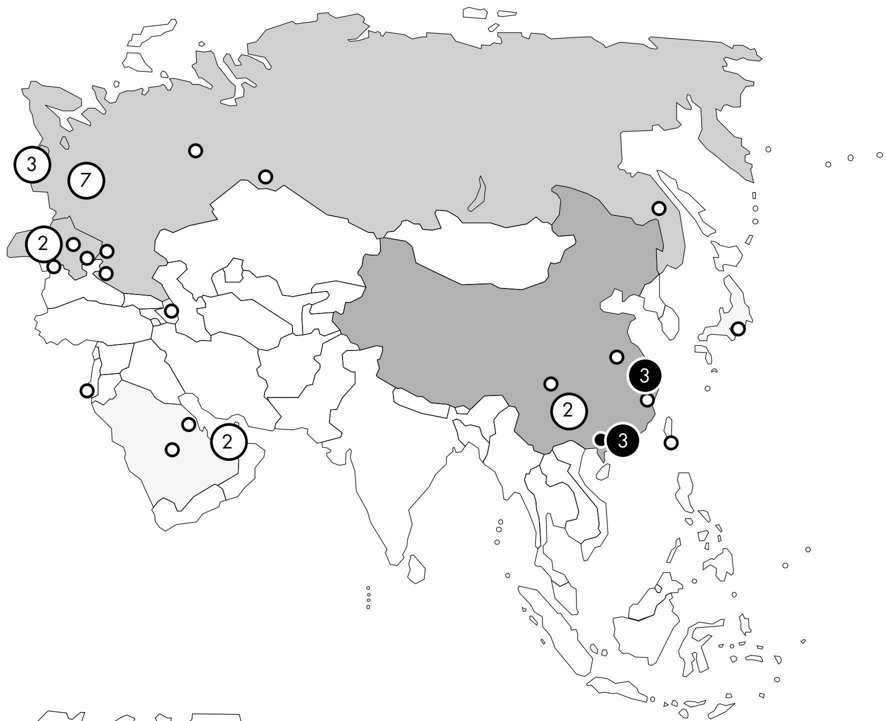
Monobrand points of sale
April 30, 2014: 269

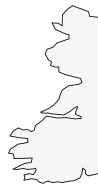
- ● Thereof Wolford-owned points of sale:
  121 boutiques
  32 concession shop-in-shops
  26 factory outlets
- ○ Thereof partner-operated points of sale:
  90 boutiques and about
  3,000 other distribution partners

ASIA: 40 [1)]

- ● Thereof Wolford-owned points of sale:
  6 boutiques
  1 concession shop-in-shop
- ○ Thereof partner-operated points of sale:
  33 boutiques

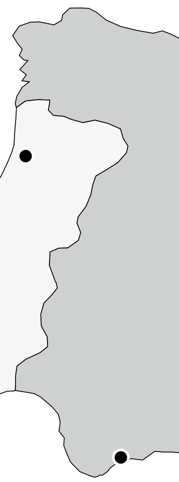
1) Including Russia and Ukraine





NORTH AMERICA: 32

- ● Thereof Wolford-owned points of sale:
  27 boutiques
  3 factory outlets
- ○ Thereof partner-operated points of sale:
  2 boutiques



E U R O P E: 189 [2)]

- Thereof Wolford-owned points of sale:
  88 boutiques
  31 concession shop-in-shops
  23 factory outlets
- Thereof partner-operated points of sale:
  47 boutiques

2) Excluding Russia and Ukraine

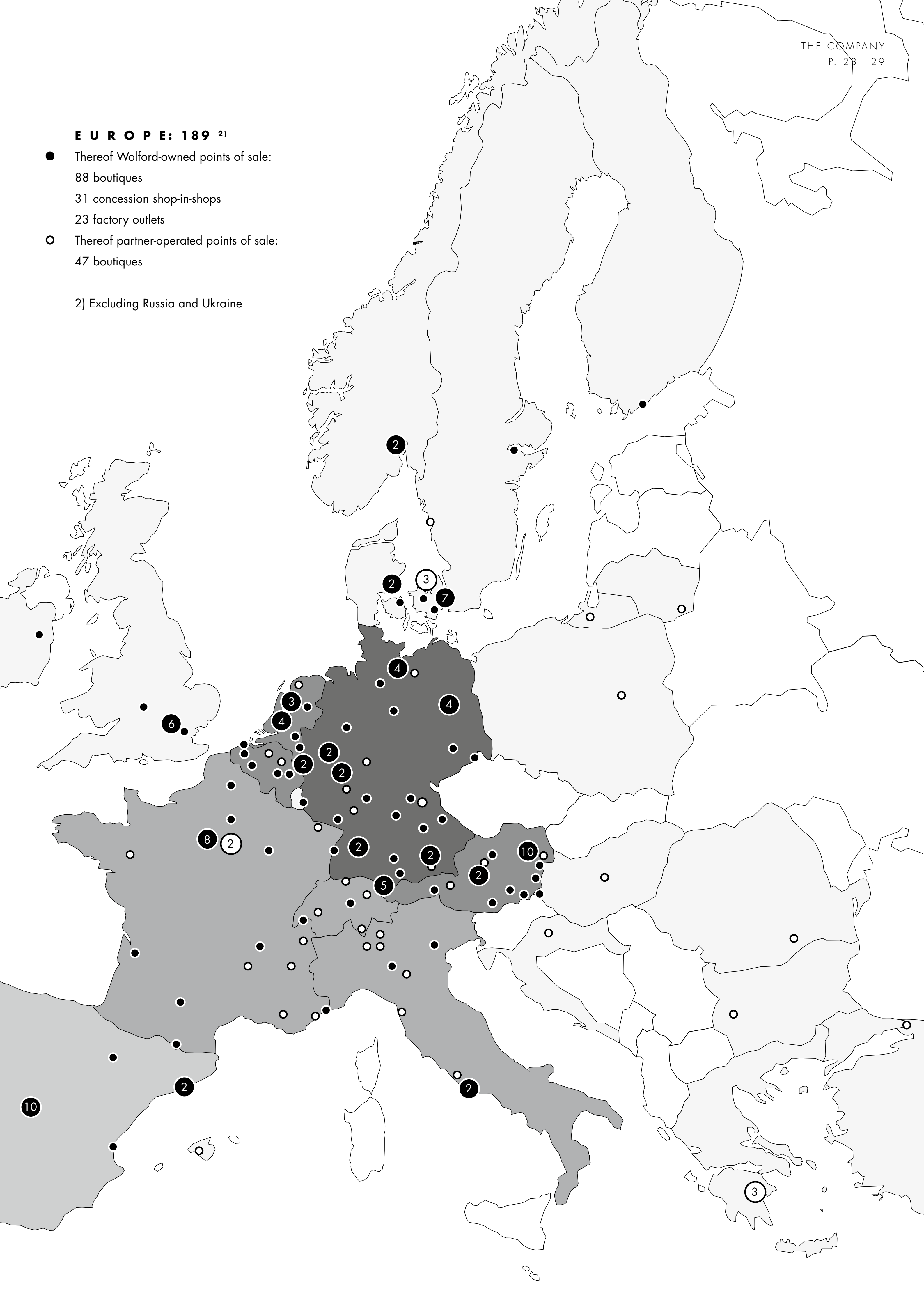


photo by HELMUT NEWTON

COMPANY HISTORY

The history of Wolford is inseparably connected with the history of fashion. Influences from art, culture, architecture and zeitgeist inspire the style and taste of every age. Nevertheless, the distinctive aesthetics of Wolford creations runs like a common thread through the company's more than six-decade history. The focus is on the female silhouette, representing timeless elegance and luxury whilst gently incorporating current trends. The figure-embracing cuts featuring the best workmanship and quality have inspired Wolford customers around the world for many years.

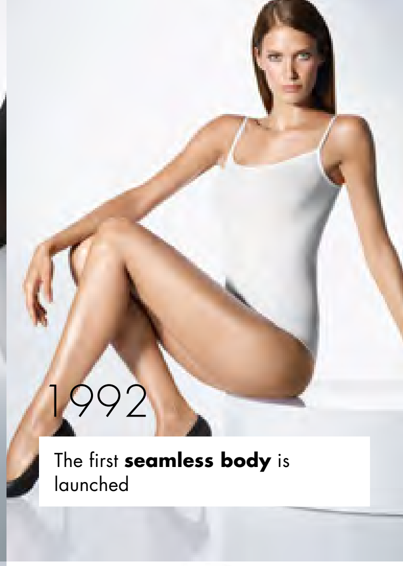
Prominent artists, actors and singers rely on the quality and exclusivity of Wolford products for their performances. The brand is a favorite of the stars, remains discreetly in the background, is worn "underneath" or is actively and visibly put in the limelight. Wolford products are continually present on the world's stages: people prefer to rely on European design and quality in the theater, films and on television. At the same time, Wolford represents an individual decision in favor of luxury and style.

1977

Miss Wolford Tights – the first transparent tights with a shaping panty and leg section

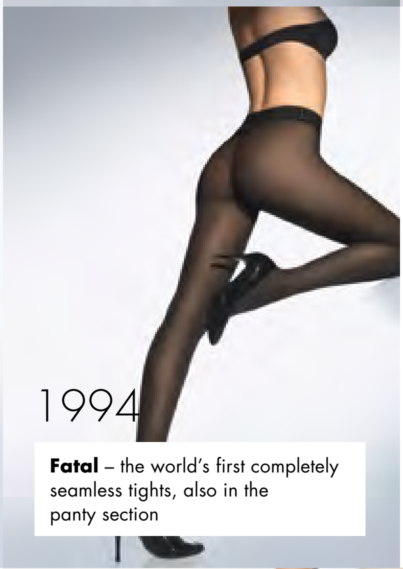
1988

Velvet de Luxe Tights – the exclusive mat and opaque tights



1992

The first **seamless body** is launched



1994

Fatal – the world's first completely seamless tights, also in the panty section

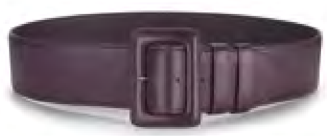
1999

photo by JEAN-BAPTISTE MONDINO

Fatal Tubes – further development of the multi-purpose, seamless tubes in different material

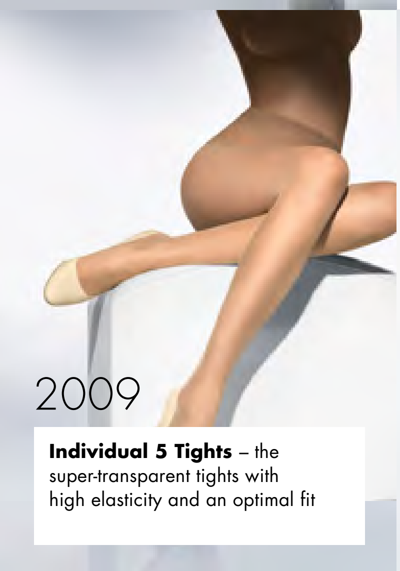
2001

Long Distance Tights – support tights with anatomically and medically correct pressure profile when sitting for long periods



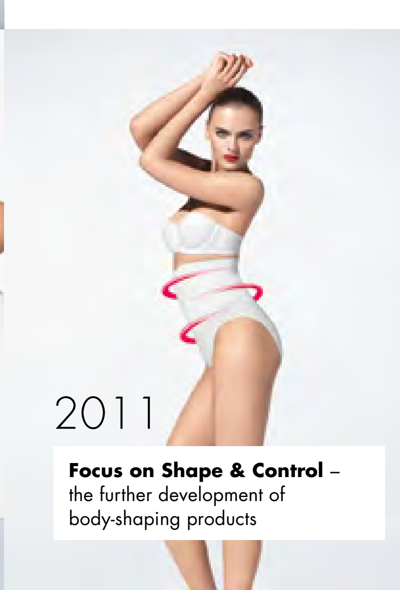
2005

Accessories – the ideal complement for the wardrobe



2009

Individual 5 Tights – the super-transparent tights with high elasticity and an optimal fit



2011

Focus on Shape & Control – the further development of body-shaping products

2014

Pure 50 Tights – Due to a special technology, which glues the seams in the panty section in a clean and lean way, these tights are invisible even when worn under tight-fitting clothing

photo by HOWARD SCHATZ, Swimwear staged through underwater photography

photo by MARCO MAREZZA, Wolford & Valentino, autumn-winter 2007/08 to spring-summer 2008

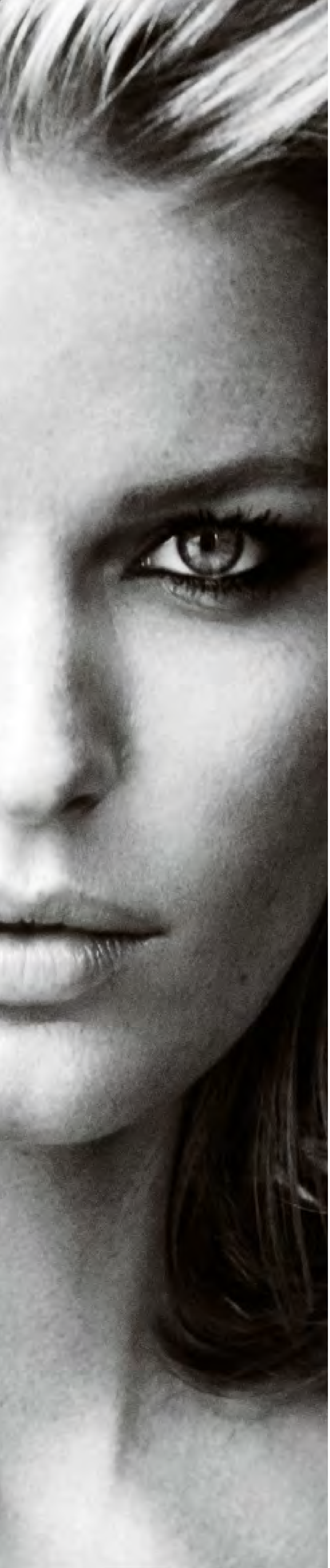
photo by KARL LAGERFELD, Wolford & Lagerfeld Gallery, autumn-winter 2003/04 to spring-summer 2006

photo by PASQUALE ABBATTISTA, Wolford & Missoni, spring-summer 2006 to autumn-winter 2006/07

Always open to creative ideas, Wolford has shown how knitting technology can be transformed into unique products through its partnerships with prominent designers. The visual presentation of the brand is distinctive. Over the past decades, Wolford has also pointed the way from a visual perspective, remaining faithful to its vision of a sophisticated visual language. Well-known photographers like Helmut Newton, Howard Schatz, Jean-Baptiste Mondino, Bruno Bisang, Thiemo Sander, Günter Kathrein, Francis Giacobetti, Markus Klinko & Indrani and Rankin have effectively captured the essence of Wolford fashion.

What started in Bregenz, Austria, on Lake Constance in 1950 with the founding of a company to produce pure silk and rayon stockings for women has become an internationally expanding fashion label with a broad product portfolio. Innovative knitting technology remains the focal point of the brand and distinguishes the company from the competition. Wolford: The Unforgettable Touch.

New impulses for Wolford's visual communication will be provided by the well-known international photographer Mario Testino starting with the 2015 summer collection. It marks Wolford's return to the emotionality in photography that has had a lasting influence on the essence of the brand since the 1990s, with imagery that optimally combines sensuality with the functional intelligence of a timelessly modern product.



The Product World of Wolford

THE UNFORGETTABLE TOUCH

LEGWEAR

Since its founding in 1950, Wolford has inspired its customers with fashionable and innovative legwear that combines maximum wearing comfort and a perfect fit. In addition to classic year-round essentials, the Legwear product group also includes seasonal trend designs. Wolford offers an extensive range of hosiery, ranging from tights, stockings, stay-ups and knee-highs to leggings and socks, which is complemented by functional Shape & Control products with a highly innovative character. Legwear represents the company's core product group and will form the basis for the alignment of the future Lingerie, Bodywear, Clothing and Accessories product groups during the strategic refocusing.


Satin Touch 20 Knee-Highs


Individual 10 Stockings


Image Tights


Bella Capri


Bastille Socks


Luxe 9 Control Top Tights


Estella Leggings


Luxe 9 Toeless Tights


Alicia Tights


Individual 20 Tights


Rebelle Top and String


Clair Forming Dress


Rebelle Forming Body


Rebelle Forming Dress


Rebelle Skin Bra and String


Comfort Decor Tanga


Clair Top


Comfort Decor Shirt


Silk Crystal Bandeau Bra and String


Comfort Decor Panty

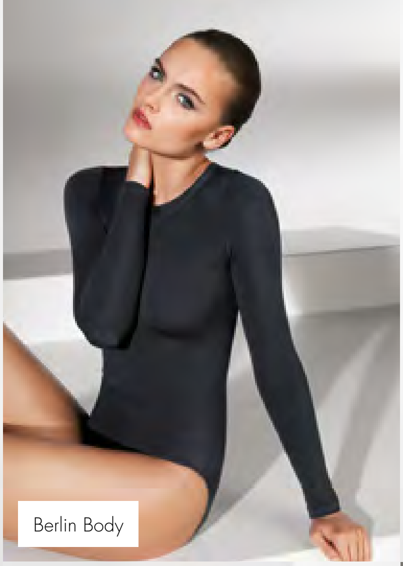
LINGERIE

Wolford's lingerie collection is characterized by exclusive and timeless design. Sophisticated details can be found in the seasonal trend collections as well as the classic year-round essentials. With its Shape & Control products, Wolford also offers body-forming lingerie in both the classic and decorative product series for an ideal effect. Lingerie is a perfect complement to the Legwear products. It therefore forms Wolford's second core product group and will be expanded to include other innovative products that all reflect the unique Wolford style.

READY-TO-WEAR

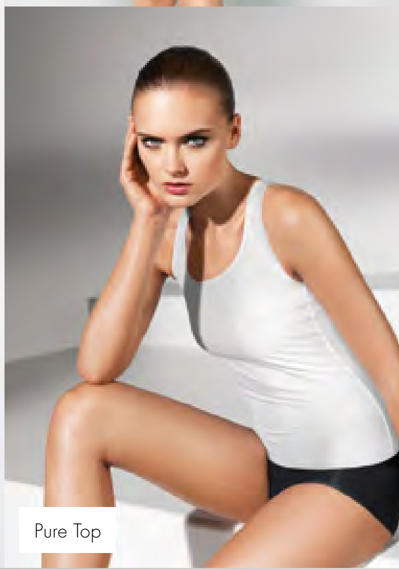
Wolford's strengths are also visible in its women's outerwear, which includes classic chic as well as trendy products. The Ready-to-wear collection offers the finest materials and figure-embracing products like bodies, shirts and tops. Finest dresses of premium-quality fabrics complete this Wolford product line as timeless classics. Common to all products is the claim to highest quality, easy care and an impeccable fit. In connection with the strategic refocusing, this product group will be aligned with Legwear and classified into two groups – Bodywear (e.g. bodies, shirts, tops) and Clothing (e.g. pullovers, cardigans, dresses).


Melinda Pullover


Berlin Body


Elena Cardigan


Nicole Shirt


Pure Top


Amy Pullover

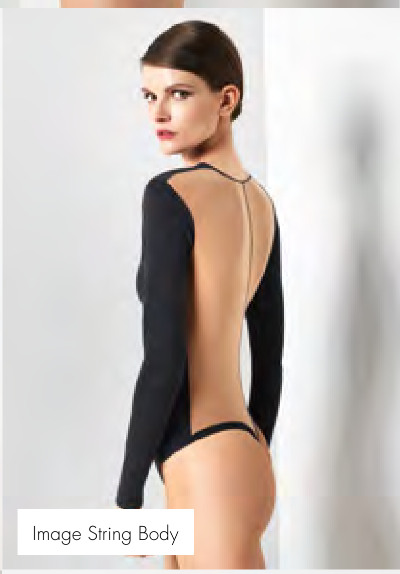
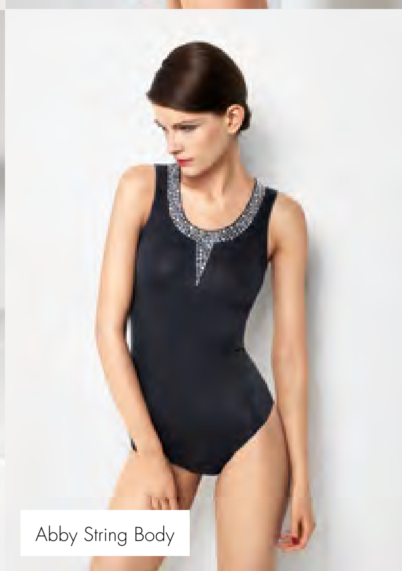


Image String Body


Merino Rib Dress


Abby String Body


Pure Body

Precious Collar

Precious Bracelet

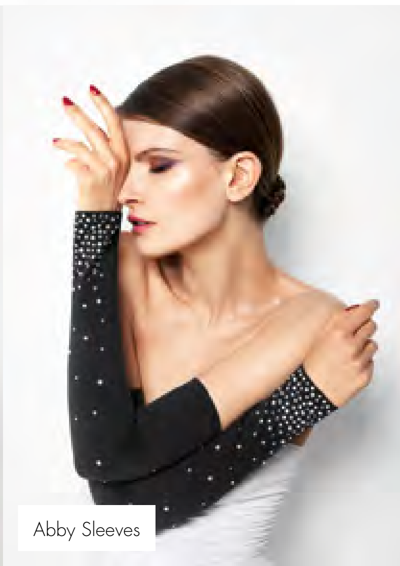
Bastille Gloves

Dégradé Belt

Clair Scarf

Liva Belt

Dégradé Scarf



Abby Sleeves

ACCESSORIES

The Accessories product group complements the Wolford collection in terms of style and color and thus completes the fashionable look. With their harmonizing materials and color schemes, Wolford's scarves and shawls as well as hair bands, fine gloves, belts and legcessories create distinctive accents with their exciting details and patterns and complement every outfit. As part of the strategic refocusing, Accessories will remain an important element of the Wolford product portfolio.

SWIMWEAR

With a small but beautiful seasonal collection, Wolford's high-quality swimwear range currently fulfills customer demands for luxurious sunbathing. The product line includes creative swimsuits and bikinis, some with shape control, which are complemented by stylish beach accessories. Swimwear will no longer be part of the product portfolio starting in the summer season 2015 due to the concentration of resources on the core competencies.

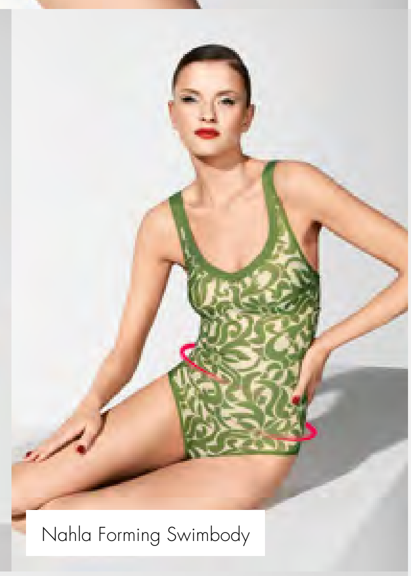

Tabitha Swimbra Cup and Swimtanga

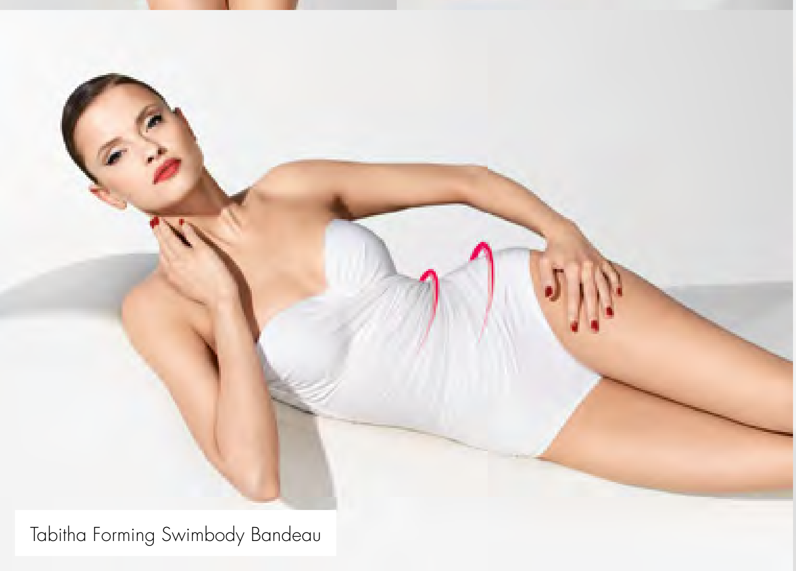

Sarong


Nahla Swimbra and Swimtanga


Tabitha Swimbandeau and Swimtanga


Simin Swimbra and Swimtanga


Nahla Forming Swimbody


Tabitha Forming Swimbody Bandeau

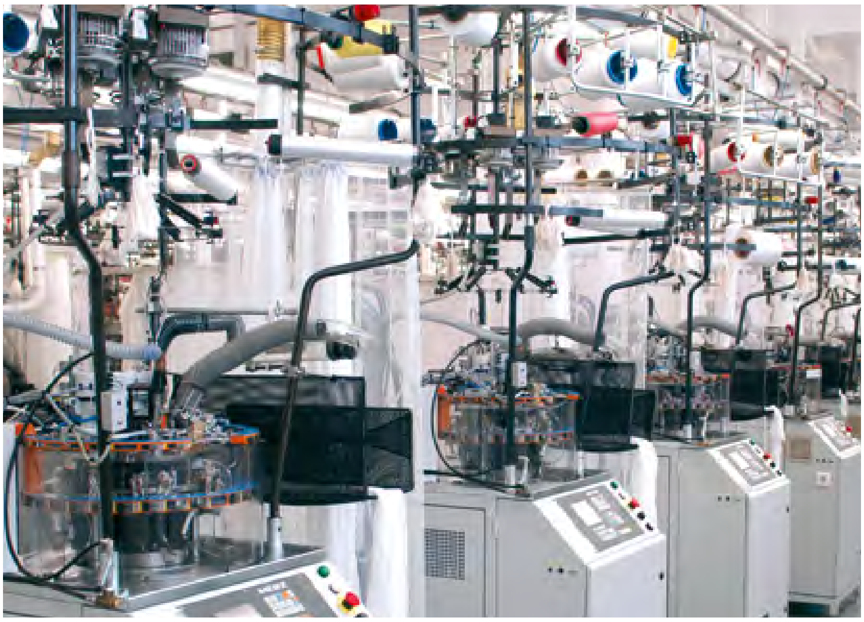

Simin Forming Swimbody

PRODUCTION AND KNOW-HOW

Production at Wolford always begins with fine yarn that is transformed by numerous highly synchronized production steps into knitted dreams – creations made by Wolford. Each of these steps is followed by a manual quality control. Highly qualified employees in Bregenz, Austria and Murska Sobota, Slovenia as well as an uncompromising commitment to quality that is integrated throughout the entire company distinguish the brand and guarantee the best possible quality, a perfect fit and unsurpassed wearing comfort. The market success of Wolford's products is based, above all, on their convincing unique features which include comfort, quality, easy care, functionality, versatility, a figure-embracing silhouette and modernity as well as innovation. Wolford's products are consciously positioned as a contrast to "fast fashion".

TRENDSETTER IN THE INDUSTRY

In over 60 years as an industry trendsetter, Wolford has set important milestones with numerous product innovations. They include legwear models such as the Miss W, Satin Touch and Velvet de Luxe tights and are, like Wolford's bodies, Fine Merino Dress and Mat de Luxe lingerie, considered to be classics in a woman's wardrobe. Engineering ingenuity and a strong innovative orientation that reflects the company's core expertise and technology form an important element of Wolford's success course.



Knitting machines: the technical heart and soul of the Wolford brand

CORE EXPERTISE CREATES A COMPETITIVE EDGE

Wolford's innovations are based on proprietary, highly specialized knitting technology and are the result of ongoing and intensive research and development. With an in-house research and development department, doubling mill, knitting mill, steaming facility, sewing and dyeing room, molding workshop, color laboratory and flexible supply partners, Wolford's high innovative strength is reflected in the continuous creation of new products. The company recently set development benchmarks for the lingerie market and the current shapewear trend with its extensive Shape & Control product line in the Lingerie and Legwear segments.

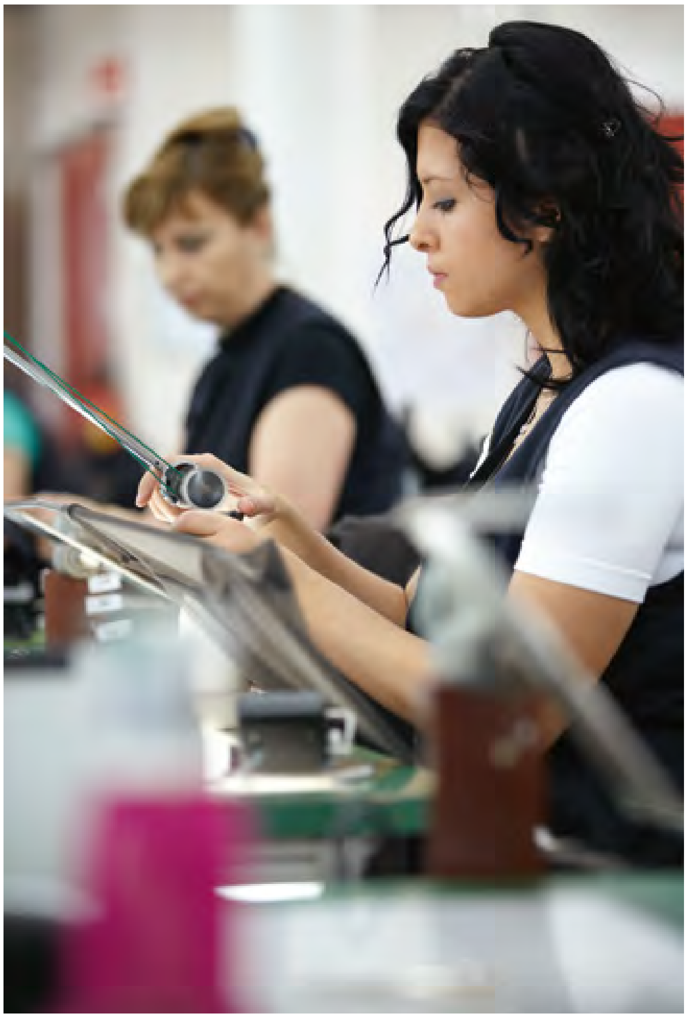
FROM FIBERS TO FASHION

Wolford products are made of the finest yarns, which are sourced primarily from Italy, Austria, Germany, Japan and Switzerland. In addition to natural fibers such as wool and silk, synthetic fibers also represent an important material. Virtually all yarns are knitted before dyeing, which creates a quality advantage from the very beginning.

Special climatic conditions prevail at Wolford's **knitting mill** in Bregenz. They are the guarantee for extraordinarily beautiful and consistent meshwork. The best results are realized with a microclimate that is based on exactly coordinated humidity and room temperature. Approximately 430,000 kilometers of yarn are processed each day, which corresponds to roughly ten times the circumference of the Earth. Nearly 23,000 tights, 6,000 stockings and 2,000 bodies are manufactured each day on 440 individually modified knitting machines, which form the technical heart of the production process. Up to twelve kilometers of yarn are required for one pair of Wolford's basic tights. The average knitting time for tights without a pattern is three to six minutes and correspondingly longer for more elaborate models from our Trend collection.

The **dampening** of the undyed, knitted hoses in the in-house steaming facility makes the material more elastic and resistant and creates the desired length. That prevents subsequent shrinking. During **manufacture**, textile specialists with

Regular technical maintenance in production



A Wolford product is checked 18 times on average before sale

trained hands and eyes ensure the creation of fashion which meets the highest quality demands through efficiently planned and organized operating processes.

The different parts of the finished products are then sent to the **dyeing mill**, where they pass through a material- and color-specific dyeing process that can take up to twelve hours. The company requires approximately 700,000 liters of water every day. This process water is recovered through heat recovery systems, and the residual heat is used for heating and cooling. Only then is the purified and cooled water released into the sewage system. As a production company located in a water protection area, Wolford is subject to strict environmental protection regulations that are met in full.

After dyeing and forming, the products are subject to an **inspection of finished sizes**. Samples from each production batch are examined in accordance with clearly defined quality criteria such as handling, elasticity and stretching: 21 parameters apply to stockings and 14 to bodies.

The **sorting and packaging process** includes the final inspection of every product by trained eyes and hands before manual packaging. Wolford products leave Bregenz on a journey to around 60 countries in the world. They are sold in roughly 270 monobrand stores and online shops for 15 countries as well as nearly 3,000 trading partners, where they impress customers with their design, quality and utmost wearing comfort.

Wolford's strategic refocusing also included the detailed analysis and adjustment of structures and processes for product development and production as well as warehousing and distribution logistics. This optimization led to savings of approx. € 2 million in 2013/14. The improvement measures do not only guarantee the more effective use of resources, but also allow Wolford to react more quickly and flexibly to changes in the market.

SUSTAINABLE CORPORATE MANAGEMENT

Together with its business partners, Wolford is continuously working to ensure the company's long-term, sustainable success. This focus does not only cover economic, but also social and ecological responsibility. Thinking and acting with a view to sustainability is a matter of course for Wolford, in personal interaction as well as technical processes.

Through the opportunity & risk management system that is connected with internal audit, Wolford continuously evaluates the effectiveness of processes and internal controls, documents this information and implements measures for improvement whenever necessary.

The responsibility for securing and implementing the defined measures lies with the management and is demanded by the Management and Supervisory Boards. These processes have been a fixed part of internal working procedures and reporting guidelines for many years.

HEALTH AND ENVIRONMENTAL PROTECTION

The production process is directed towards the protection of the environment and the prudent and efficient use of natural resources. The reduction of CO_2 emissions and the minimization of solid and liquid waste is a top priority. Wolford collaborates closely with suppliers to organize the recycling of spools, wooden pallets and packaging cartons. The general objective is to avoid waste in advance, instead of disposal at a later time.

Targeted measures to protect and preserve neighboring ecosystems are also part of the overall responsibility actively assumed by the company.

As a recognized brand with a high-quality portfolio, Wolford only manufactures products that offer maximum functionality, quality and comfort. Naturally, we place particular emphasis on ensuring that our products are free of substances that could represent a health risk. Our production processes do not use any materials or chemicals that are known as being hazardous to health, e.g. certain dyes which are classified as allergenic or carcinogenic. All Wolford products meet the strict legal regulations applicable in Austria. These laws prohibit the sale of goods which contain hazardous substances. The reform of chemicals legislation in the European Union was implemented through EC Directive 1907/2006 under the catchword "REACH" (Registration, Evaluation, Authorization and Restriction of Chemicals). This regulation took effect on June 1, 2007 and specifies an implementation period of eleven years. It applies to all EU member states and has already been met by Wolford in full.

Wolford visits its suppliers on a regular basis and inspects their production facilities. All suppliers are required to comply with Wolford's code of conduct. Regarding environmental standards and related guidelines, the values defined in Ökotex 100 and REACH form the benchmarks. All Wolford suppliers are required to meet strict contaminant emission limits. Compliance with these requirements is verified through controls by internal quality management as well as independent certified laboratories. With the support of external partners, Wolford is currently in the process of "bluesign" auditing: the first step of this auditing, verification and certification process covers Wolford as a manufacturer, the second step as a brand & retailer. The goal of the bluesign® standard is to ensure transparency across the entire textile supply chain with respect to consumer protection, occupational safety, waste water and exhaust air. The bluesign® seal is only awarded to products whose production processes do not represent any danger to health and ensure maximum environmental compatibility and resource conservation.

PROMOTION OF EMPLOYEES

Social responsibility begins at home, i.e. within the company. Healthy and motivated employees are essential for Wolford's success. The company is well aware of this responsibility and continuously works on measures to strengthen employees' identification with the company and to improve their motivation and health. New employees are introduced to Wolford's philosophy, products and structures during an orientation program at the corporate headquarters in Bregenz.

The Wolford Group had an average of 1,562 employees in 2013/14 (2012/13: 1,606); the share of women equaled roughly 80%. An average of 750 employees worked at the corporate headquarters in Bregenz during the reporting year (2012/13: 831).

In the course of the 2013/14 financial year, the Management Board and the Management Team elaborated and developed a collective understanding of Wolford's future orientation, based on a common mission statement. This mission statement defines the direction for the entrepreneurial focus and everyday actions of all employees. The mission statement comprises the corporate mission, vision and values and is based on the notion: "The Unforgettable Touch of Wolford". A dynamic management culture will sustainably anchor the process of change in the organization and include the employees in a constructive way.

Wolford continuously invests in the training and professional development of its employees around the world and improves the framework necessary for the enhancement of their personal and professional skills. Accordingly, performance appraisal interviews are carried out each year in every business area to determine the personal development potential and internal career opportunities for each employee. Expenses for training and professional development totaled roughly € 0.26 million in 2013/14 (2012/13: € 0.21 million). Generous rules covering absences during working hours as well as flexitime and part-time models also represent a fixed element of personnel development.

In this way, the company meets the changing personal circumstances of its employees, also above and beyond legal requirements. Individual requests, e.g. for more flexible working hours or a change in assignment, are evaluated jointly by the supervisor and staff council representative and implemented when possible. A total of 60 employees made use of parental part-time working models during the reporting year. Wolford operates a special internal training department for the sales and distribution workforce. Wolford employees at points of sale and in administrative departments completed a total of 465 training days in 2013/14. These sessions included introductory modules on the company, the brand, the products and sales training and were held in Bregenz as well as in the various country organizations. In the subsidiaries, group trainings are held by a training manager who is responsible for several markets and coaches the employees on a regular basis. This instruction is based on a train-the-trainer system, where the store managers are responsible for communicating the training contents to their staff. Trading partners can also make use of Wolford's training programs. The implementation of the training content is monitored by the training manager together with the responsible monobrand mangers during store visits and feedback meetings.

Wolford places high value on in-house training of apprentices and currently offers apprentice training in six professions. The company has been certified as a state-certified training company under §30a of the Austrian Professional Training Act since 1989.

WORKPLACE SAFETY AND HEALTH PROMOTION

Wolford AG has a large number of trained safety specialists and first aiders as well as its own plant fire brigade. Two company physicians are also available to treat injuries and for diagnostic purposes and treatment. These occupational health physicians also monitor all necessary workplace safety inspections and health promotion measures.

In 2013, Wolford received the salvus seal of approval in gold – a special award for health care from the Provincial Government of Vorarlberg. This official recognition underscores the company's commitment to occupational health care.

SOCIAL RESPONSIBILITY

At Wolford, our actions are based on fundamental values that reflect our strong sense for corporate social responsibility. We believe in respectful cooperation, a commitment to comply with all applicable national and international legal standards as well as open and transparent communication with political decision makers and public authorities. We see these factors as an integral part of our responsibility towards society. This commitment is reflected, among others, in the release from work of employees to participate in social projects with organizations like the Bregenzer Lebenshilfe.

We attach great importance to special initiatives and networks for the advancement of women. Our support for national and international women's networks was expanded during the reporting year and strengthened by participating in projects and events, among others, in Germany, Austria, Liechtenstein and Switzerland.

We also take part in large and small projects at the regional and international levels to promote social and community interaction. Our activities range from school projects, for example through donations to the Bregenz Business School and Commercial College and the Textile Technical College in Dornbirn, to support for local organizations such as the Bregenz Fire Department and the local fire brigades in Bregenz-Rieden and Bregenz-Vorkloster. We support the Bregenzer Lebenshilfe, an association for people with special needs and their affiliated, and are also involved in more extensive cultural commitments such as Vienna's Burgtheater and the Bregenz Spring Dance Festival.

New in 2014 is the commitment to AIDS LIFE: Founded in 1992 by Gery Keszler as an independent non-profit organization, the Life Ball, which takes place once a year in Vienna and was established for the support of Aids Life and the benefit of people who are HIV-positive or suffering from aids, is a hugely prominent charity event in Europe. The organization's objective is to create a greater awareness among the general public and to set a sign of solidarity with people affected by HIV/AIDS. Wolford supports Aids Life as sponsor because it is aware of its social responsibility as an international company.

Life Ball 2014:
Charity event

OFFICIAL LIFE BALL PARTNER

Corporate Strategy

STRATEGIC REFOCUSING

The Management Board together with the management team carried out an extensive strategy process during the 2013/14 financial year, which was designed to support a quick return to profitability and evaluate the company's strategic orientation. The process started with an internal SWOT analysis of all relevant aspects of the brand and the company and also included a detailed evaluation of financial indicators.

Market studies were also carried out in Wolford's main markets – Germany, France and the USA – which, in total, are responsible for more than 40% of Group revenues. The research provided valuable information on the product portfolio expected by Wolford's customers and non-customers and also covered pricing, market communications and distribution.

This groundwork led to the definition of the measures described below, which form the framework for the strategic refocusing approved by the Supervisory Board on December 11, 2013.

STRATEGIC ACTION AREAS

- Product
- Market and communication
- Distribution
- R&D and supply chain
- Processes and structures

The participants of the strategy process quickly realized that their first task was to develop a common understanding of Wolford's future orientation. Roughly 40 employees and managers from various markets and central departments joined together to develop a new mission statement for Wolford. It defines the direction for the entrepreneurial focus and everyday actions of all employees. The mission statement comprises the corporate mission, vision and values and is presented on pages 56 and 57 of this annual report. It is based on the following belief:

"The Unforgettable Touch of Wolford"

A new management culture will accelerate and sustainably anchor change in the organization to ensure the successful, and above all rapid, conclusion of the projects and measures connected with the refocusing.

Product

The market research showed that Wolford is perceived as a strong brand with a high level of brand awareness, particularly for its Legwear, Lingerie and Bodywear, and is extremely popular with its customers in these areas. In contrast, Wolford's Ready-to-wear product line ("a complete wardrobe from head to toe") has only established a limited reputation among customers. This insight will be reflected in the step-by-step adjustment of the portfolio.

In the future, the product portfolio will be focused on the company's core expertise – figure-embracing, round-knitted products with a unique wearing experience in perfect quality. This concept will form the basis for the design of future collections, which will be divided into the product groups Legwear, Lingerie, Bodywear, Clothing and Accessories starting with the fall-winter collection 2015/16:

The classification of the product portfolio after the strategic refocusing – based on the brand's core 'Legwear' – will be fully visible for the first time with the fall-winter collection 2015/16.

Wolford's **'Legwear'** products are an ideal complement at the point of sale for the other figure-embracing products groups **'Lingerie'** and **'Bodywear'**, which are valued by Wolford's customers for their incomparable wearing comfort, optimal fit and functionality. The current Ready-to-wear product group also follows this philosophy and, in the future, will consist primarily of high-quality, figure-embracing products under the designation '**Clothing'**. Items that do not fit with the DNA of the Wolford brand and are not directly associated by customers with Wolford will be gradually discontinued. This applies, among others, to products like trousers, coats and jackets. **'Accessories'** will continue to complete Wolford's product portfolio in the new collection and will include, for example, belts, legcessories, scarves and hair bands.

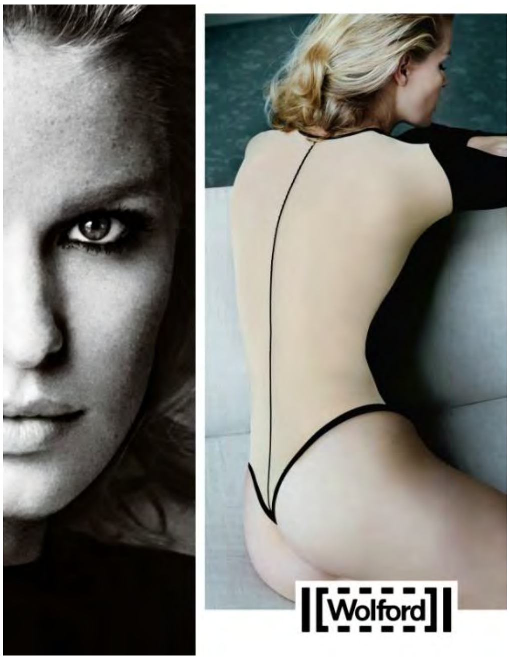
The adjustment of the product portfolio is intended, above all, to fully utilize the strengths of the Wolford brand and the company's unique know-how. This is expected to drive volume growth and thereby improve capacity utilization and the profitability of the product groups.

The results of market research and the objectives to reduce complexity and utilize internal resources more profitably resulted in the decision to discontinue the Swimwear product group with the spring-summer collection 2015. This product group recently generated less than 1% of Group revenues. The revenues lost through this change should be offset by the above-mentioned, targeted expansion of the Lingerie and Bodywear collection.

Market and Communication

Unique imagery is one of the core elements of the Wolford brand. The focus is on the Wolford woman with her strong and confident awareness of her femininity. Fashionable and timeless at the same time, she represents esthetics and appeal, a combination of self-determination, vitality and the uniqueness of her personality. From July 2014 onwards, Wolford will recall her emotional imagery that was influenced, above all, by Helmut Newton in the 1990s. His photographic staging and view of the modern woman had a lasting influence on fashion photography and the vision of femininity. Few brands were influenced as strongly by Newton's image of women as Wolford.

With this new communication focus, Wolford intends to strengthen its positioning as a manufacturer and brand in the niche market of luxury legwear and figure-embracing products with incomparable wearing comfort. Background information and examples of Wolford's new imagery can be found on pages 54 and 55.



Wolford's new visual language

The implementation of the marketing and communication measures and the company's further expansion will initially focus on the markets with the highest cost-benefit ratios in order to meet the short-term goal for the operating turnaround in 2014/15 and the long-term goal for sustainable and profitable top-line growth. Consequently, the marketing budget will be almost doubled from € 7.5 million in 2012/13 to € 14.0 million in 2017/18.

The core of the marketing strategy is based on the recommendation approach and covers the following focal points:

– Online/Google marketing
– Social media activities
– Brand lobbying
– Events
– Sampling
– Product placement and celebrity endorsements
– Visual merchandizing

The planned rejuvenation of the brand goes hand in hand with the increased use of social media. The focus on online marketing will be increased, and Wolford's own online business has been established as a separate distribution channel. This distribution channel recorded sound development during the reporting year with a 23% increase in revenues and will be further expanded through targeted investments.

At the end of the 2013/14 financial year, Wolford had more than 100,000 Facebook fans with an above-average activity level. These fans are active participants in fashion issues and value the extensive content offered. Wolford convinces and excites with a variety of subjects, not only at the international level but also locally – for example with reports on store openings, events and "VIPs wearing Wolford". All relevant social media channels are used, including Instagram, which is particularly well-suited for a visual brand like Wolford.

Brand lobbying will be target-oriented and take place through selected media-relevant events. The most current example is the company's partnership with AIDS LIFE and the 22nd Life Ball, which took place on May 31, 2014 in Vienna and associated Wolford's values as a sustainable and responsible brand with fashion and social responsibility in the best way possible.

The use of brand ambassadors and product placements generated increased attention for the brand in 2013/14. Another way to broaden product awareness is sampling, which enables stylists, bloggers, editors and other opinion-leaders to effectively present products to the general public.

Starting in July 2014, Wolford's retail locations will gradually take on a new, more emotional appearance (visual merchandizing). The objective is to make shopping in a Wolford boutique a unique experience for the modern, self-confident woman. Local events and topics can be included in the design of the window display or product presentation, which will help to increase customer frequency on the sales space.

Distribution

Wolford is committed to the vertical integration of distribution and sees a significant potential for revenue growth and improved brand positioning in the optimization and further expansion of its own retail network. The future network will comprise a more balanced mix of partner boutiques and own locations; related measures also include the closing of unprofitable and non-strategic locations. Wolford's profitability is currently under pressure due to high fixed costs which are connected with the expansion of the company's own boutique network in recent years. Consequently, approximately 20 Wolford-owned locations were or will be closed between December 2013 and autumn 2014. The related loss in revenues shall be offset by an improvement in floor space profitability (revenues per square meter) of the remaining points of sale and the opening of new stores in strategic key cities and top locations.

Another objective includes the increase in the number of partner-operated boutiques at locations which represent an optimal addition to the international network and where a win-win situation can be created for both Wolford and the partners. The optimal combination of centralized brand management and local market know-how should produce good results for the partners as well as for Wolford.

Wolford products also sell well at airports. Accordingly, the travel retail business will be expanded to meet this growing demand. The company currently operates 23 own and partner-managed points of sale at international airports. Eleven locations were opened during the reporting year, among others in Russia and China.

The relaunch of the wholesale business is considered particularly important for the company's return to profitability. Wholesale revenues and volumes have declined in recent years. The past months therefore included intensive work relating to the development and market roll-out of new concepts for reversing this trend. These efforts brought positive results in the second half of 2013/14 with a substantial reduction in the revenue decline with trading partners.

The online business will represent an important focal point of the distribution strategy in the future and will be integrated more closely with the retail and wholesale distribution channels. This will improve the availability of Wolford products on the market and serve to utilize the logistic and packaging advantages of our products, which are ideal for E-Commerce. We see growth opportunities in this distribution channel, not only through our existing online shops in 15 countries, but also through expansion in Asia and America.

Research & Development and Supply Chain

The target-oriented use of internal resources represents a key success factor for the strategic refocusing. Consequently, development activities and the allocation of production resources were concentrated on the core product groups Legwear, Lingerie and Bodywear. This focus is accompanied by investments in these core areas. An analysis of resource utilization led to changes in materials, energy savings, the optimization of warehouse and distribution logistics as well as the optimization of production processes. Additional process optimization measures along the entire supply chain led to savings of approx. € 2 million during the 2013/14 financial year. Moreover, the further optimization of inventories resulted in a reduction of € 4.77 million in working capital, even though the company prepared for an increase in revenues during the 2014/15 financial year.

A procurement network was established for those product groups which are and will not be part of the company's core expertise. Subcontractors and cooperation with new suppliers (also through commission orders or as purchased trading goods) are evaluated and developed, always based on the premise that they fulfill Wolford's claim to high quality regarding products and sustainable management.

The introduction of innovative products at entry price levels is essential to increase the attractiveness of our products and reach new customers. One example is the Pure series, which was launched with our spring-summer collection 2014 and offers a particularly 'clean look' with its glued seams and cut edges. In addition, Pure Tights, the world's first tight with glued seams, will also be available starting in autumn 2014. It is invisible, even when worn under tight clothing, and offers particularly light and smooth wearing comfort through an innovative yarn. These tights are expected to drive demand, especially in the wholesale business, and further demonstrate Wolford's innovation leadership.

Through an innovation process launched in 2013/14, we are planning to develop further products and application markets for Wolford over the medium- and long-term. This will create additional growth opportunities for the Wolford brand and beyond.

Processes and Structures

The primary objective of the collection development process is to bring a collection to the market in a quick, target-oriented and efficient way. In the reporting year, the individual process steps were analyzed in detail to identify opportunities for improvement. Adjustments were made to reflect the increasingly rapid changes in general conditions and to better anticipate relevant trends. This will make the organization more flexible and competitive in the future. Examples of the adjustments include an emphasis on the "think global, act local" principle and the introduction of a continuous improvement culture (CIP) that equally supports both organizational and individual learning and improves the overall efficiency of Wolford's processes. The alignment of responsibilities and organizational structures with business processes is a central element of the strategic refocusing. This is reflected, for example, in organizational and personnel changes which were made in the retail and wholesale areas to reflect the demands of the market and customers more appropriately. Another step will be the establishment of product teams with process responsibility from sample manufacturing to product availability. This will increase the identification of the individual team members with the product and their commitment to its development. It will also facilitate the direct and precise implementation of specific improvements resulting from the interdepartmental teamwork.

FINANCING THE REFOCUSING

From the current point of view, all activities related to the strategic refocusing, such as the closing of locations or targeted investments in future areas, can be financed internally. Wolford can rely on strong cash flows, extensive credit lines and solid balance sheet indicators as well as the sale of non-core assets. In this connection, non-core land in Bregenz was sold on May 26, 2014 for net proceeds of € 6.7 million and a corresponding book profit of € 3.4 million.

CORPORATE GOALS

In connection with the strategic refocusing, management has set the following goals:

Short- to medium-term goal

- Operative turnaround in the 2014/15 financial year and return to a growth path based on the following focal points:
  - Critical evaluation of the international location network and closing of unprofitable locations – *completed to a large extent*
  - Increase in the recognition and attractiveness of the Wolford brand through reorientation of all facets of communications – *started, major directions defined*
  - Increase in floor space profitability of the retail business – *started*
  - Relaunch of wholesale business – *started*
  - Increase in sales volumes to better utilize available capacity – *started*
  - Consistent optimization of internal processes – *in implementation*

Long-term goal

- Sustainable and profitable revenue growth and an EBIT margin of 10%

REORIENTATION OF MARKET COMMUNICATIONS

photo by HELMUT NEWTON

Unmistakable imagery is one of the core elements of the Wolford brand. The focus is on the Wolford woman with her strong and confident awareness of her femininity. Fashionable and timeless at the same time, she represents aesthetics and appeal, a combination of eroticism, self-determination, vitality and the uniqueness of her personality.

As a brand, Wolford was heavily influenced by Helmut Newton in the 1990s. His photographic staging and view of the modern woman had a lasting influence on fashion photography and the vision of femininity. Few brands were influenced as strongly by Newton's image of women as Wolford. An imagery, in which modern photography, innovation and fashionable uniqueness of tights meet and thus created a specific brand image, which formed and still forms the brand for decades.

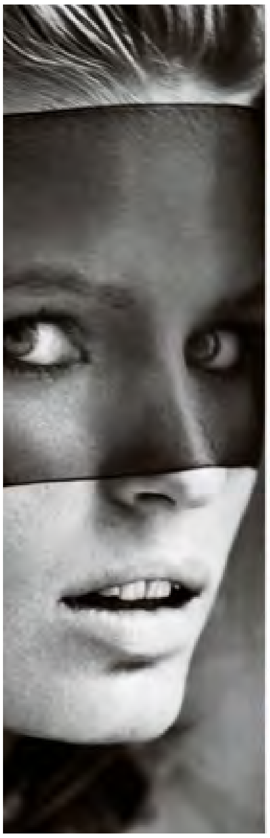
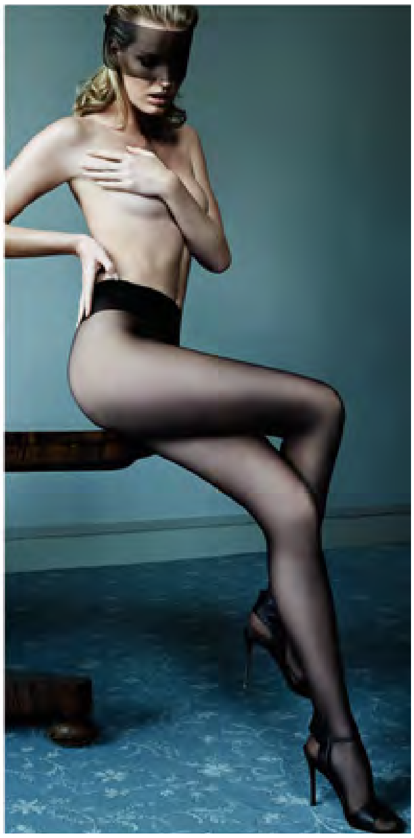
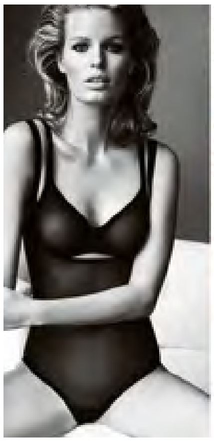
From a visual perspective, Wolford has set the course for over six decades. Numerous well-known photographers, like Howard Schatz, Jean-Baptiste Mondino, Bruno Bisang, Thiemo Sander, Günter Kathrein, Francis Giacobetti, Markus Klinko & Indrani and Rankin staged Wolford's fashion.

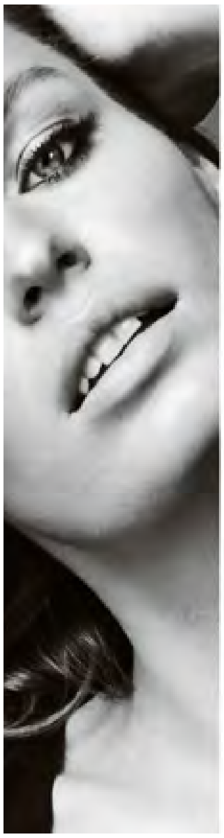
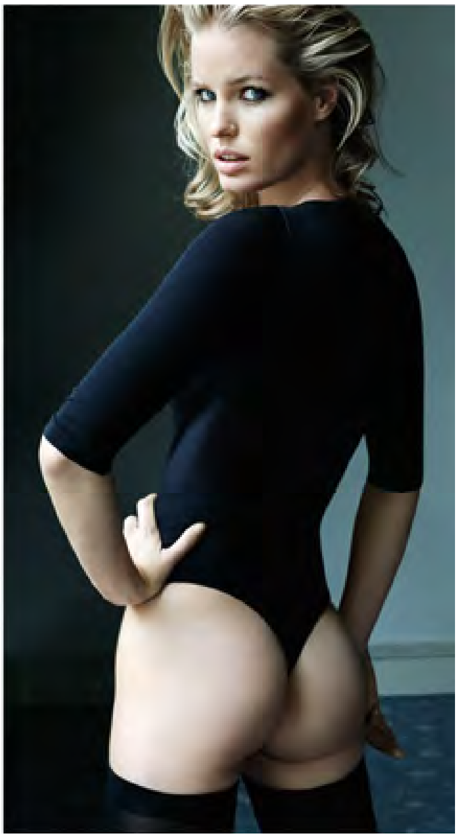
An allegory of femininity

Through Wolford, tights became an allegory of femininity. Through Wolford, the market for luxury tights was even established. The company thus possesses an emotional USP, which stages femininity in a distinctive way. The visual presentation of the brand is coined by an emotional and individual imagery, which optimally connects the return to the company's roots with modernity. Wolford stands for eroticism, emotionality and sensuality combined with an incomparable wearing comfort and functional intelligence of a timelessly fashionable product, which depicts and emphasizes every woman's beauty self-evidently.

New stimuli for imagery

New stimuli for Wolford's imagery will be provided by the renowned fashion photographer Mario Testino. Mario Testino is one of the world's most influential photographers. His work has been featured across the globe in magazines from *Vogue* to *Vanity Fair* and he has contributed to the success of many leading fashion and beauty houses through advertising campaigns. As a portrait photographer, Mario Testino works with the actors, beauties and worldwide celebrities of the moment and he has captured some of the most iconic images of our time. With his distinctive staging of the Wolford classics Pure 50 Tights, Pure Body, Individual 10 Tights, Tulle Forming Body & Bra and opaque-transparent String Body, he draws a modern image of the Wolford brand, confidently embracing history and future.

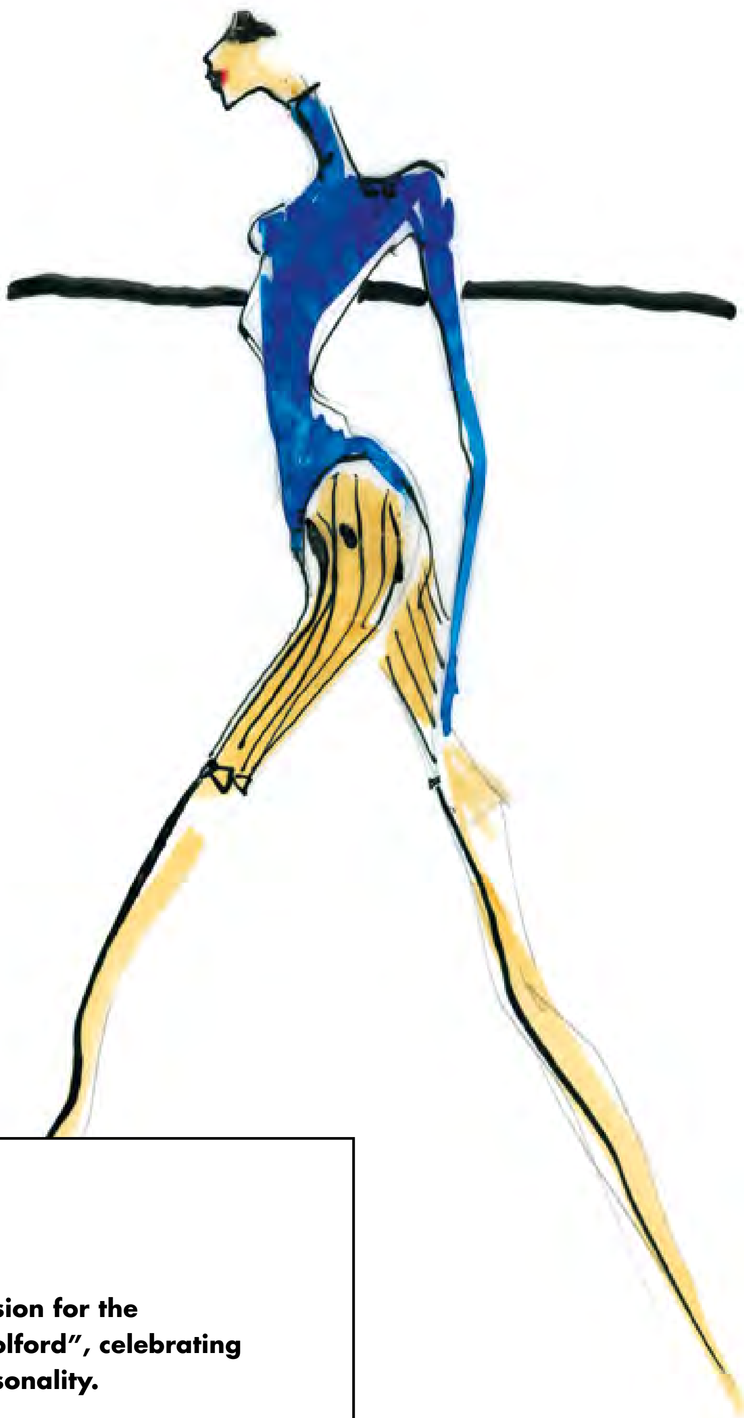





MISSION–VISION–VALUES

The mission statement was developed by Wolford executives and employees from all markets and departments within the context of a strategy process. It is divided into three parts: mission, vision and values. Our mission statement provides the framework for our strategic orientation and daily actions.

We want all our employees to identify with this mission statement in order to live a corporate culture characterized by positive change. The management is convinced that a good corporate culture is an essential prerequisite for better business results and creates a working environment which will help our employees to fully develop their manifold talents.



Our Mission

Together we share our passion for the "Unforgettable Touch of Wolford", celebrating every woman's unique personality.

Our Vision

Wolford is the essence of luxury on your skin. Honoring our heritage for knitting expertise, we strive for an innovative selection that complement the world's finest legwear, providing an aesthetical comfort and tailored customer experience.

Ever evolving, we constantly exceed expectations and grow profitably with a desirable and innovative brand.

We are proud of the unique skills of our employees and our presence around the globe. Together we are building a company that inspires our people to reach their potential, achieve our goals and share our success.

Our Values

We at Wolford live our passion for the Wolford heritage and are guided by our core values:

- **Understanding we are all brand ambassadors, encouraging entrepreneurship and taking ownership by exploring new opportunities in a trusted and honest manner**
- **Embracing that team spirit comes from the open willingness to listen and learn from each other, respectful collaboration and the celebration of our successes**
- **Believing "think global, act local" supports the achievement of our common goals**
- **Knowing that it matters to our customers, employees, partners, shareholders and our communities *how* we do business**

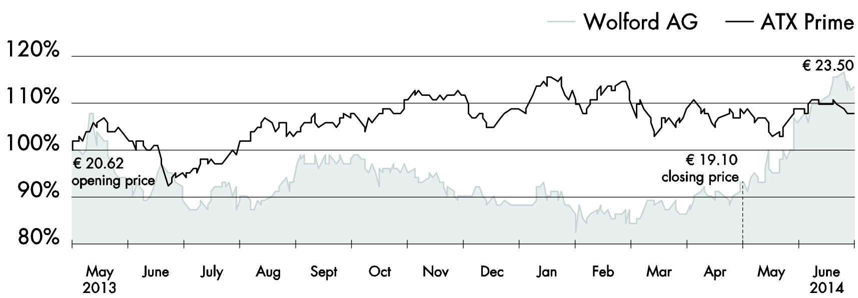
The Wolford Share

CAPITAL MARKETS DEVELOPMENT

The effects of the global debt crisis continued to shape the international capital markets during Wolford's 2013/14 financial year (May 1, 2013 to April 30, 2014) and resulted in highly volatile development. Loose monetary policies in most of the industrial countries were the main determining factor, while the debt ceiling dispute in the USA or hesitant actions by the European Central Bank in the international currency game played a lesser role. In spite of – or perhaps precisely for these reasons – the trend on the international stock markets was dynamic and upward. Geopolitical crises, such as in the Ukraine, led to slight uncertainties on the financial markets, but the performance was still positive: the German DAX index rose by 21%, the Euro Stoxx 50 by 18% and the Dow Jones Industrial, the most important US index, by 13%.

DEVELOPMENT OF THE WOLFORD SHARE

DEVELOPMENT OF THE WOLFORD SHARE IN % (INDEXED)



The Austrian equity market recorded generally positive development during Wolford's 2013/14 financial year, but the ATX and the ATX Prime remained below average in international comparison. The Wolford share followed the general downward trend on the Vienna Stock Exchange during the first months of the reporting year. Due to the development of earnings at Wolford, the share was unable to follow the upward market trend that began in July 2013 and remained relatively constant for the remaining months of Wolford's fiscal year 2013/14. However, the Wolford share clearly outperformed the ATX Prime from May to June 2014, rising quickly from € 18.75 to € 23.50. This sound increase most probably reflects the potential of the strategic refocusing. The share started trading for the reporting year at € 20.62 on May 2, 2013 and closed the year at € 19.10 on April 29, 2014. The annual low of € 16.81 was reached on January 31, 2014 and the high of € 22.77 on May 13, 2013.

The trading volume of Wolford shares totaled 1,006,622 for the reporting year (double-count method). The average daily turnover on the Vienna Stock Exchange equaled 4,396 shares based on 229 trading days. The highest volume was recorded on July 8, 2013 with 69,284 shares and the lowest volume on July 4, 2013 with 22 shares.

DIVIDEND POLICY

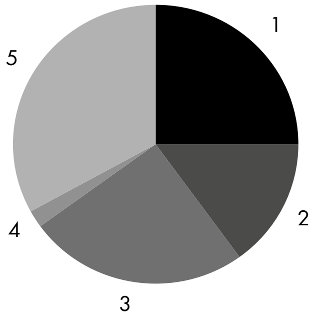
Wolford AG follows a dividend policy that is designed to balance growth investments with a suitable return on investment for shareholders. Investments that are intended to optimize business processes or serve as the basis for top-line growth are given priority when they are expected to result in a sustainable increase in the company's value. Based on the loss recorded for the reporting year, the Management Board will ask the 27th Annual General Meeting on September 18, 2014 to waive the dividend for the 2013/14 financial year and to use the available funds for strategic projects. The overall objective is to create sustainable, long-term values for shareholders. Plans call for the resumption of dividend payments as quickly as possible to offer the company's owners an adequate return on their invested capital.

Key Data on the Share		2013/14	2012/13
Earnings per share	in €	-0.57	-0.56
Dividend per share	in €	0.00	0.00
Equity per share	in €	15.18	15.95
Share price high	in €	22.77	28.90
Share price low	in €	16.81	20.53
Share price at end of period	in €	19.10	20.62
Shares outstanding (weighted)	in pcs.	4,900,000	4,900,000
Market capitalization (end of period)	in €	95,475,000	103,075,000
Volume of shares traded (daily average)	in pcs.	4,396	2,341

SHAREHOLDER STRUCTURE

Wolford AG has a stable and balanced shareholder structure. Based on the published announcements of holdings, the WMP family private foundation held more than 25% of the shares (direct or indirect) as of the balance sheet date. Approx. 15% of the shares are held by the Sesam private foundation. The private foundations and their subsidiary M. Erthal GmbH are legal entities which act in concert and exercise their voting rights by consensus. Ralph Bartel has held 25% of the shares since September 16, 2013. Wolford AG holds 2% of the shares as treasury stock. The remaining shares are held in free float by institutional investors and private shareholders.

SHAREHOLDER STRUCTURE OF THE WOLFORD SHARE



1 WMP Family Private Foundation 25%
2 Sesam Private Foundation 15%
3 Ralph Bartel 25%
4 Treasury Stock 2%
5 Free float 33%

INVESTOR RELATIONS

Professional and reliable communication with the financial markets has top priority for Wolford as a publicly traded company. The Investor Relations department, which is responsible for these activities, reports directly to the Chief Financial Officer. Wolford also carried out a number of activities during the reporting year to continue its open dialogue with private and institutional investors and maintain its visibility on the international capital markets.

Wolford's investor relations work is based on continuity, a transparent and consistent information policy and personal credibility. A wide range of communication measures provides detailed information on the company to existing shareholders and also addresses potential investors. Wolford presents the company's development in one-on-one meetings with financial journalists, analysts and investors in Europe's major financial centers. The company also makes all relevant information available to the financial community electronically in the investor relations section of the corporate website under company.wolford.com.

Information on the share:

ISIN Code:
AT0000834007

Listing exchanges:
Vienna (Prime Market),
Frankfurt (OTC segment),
New York (ADR Level 1)

Indices:
ATX Prime
ATX Global Players

Ticker symbols:
Vienna: WOL
Reuters: WLFD.VI
Bloomberg: WOL:AV, WLFDY:US, WOF:GR

Date of IPO:
February 14, 1995

Stock type:
Bearer shares (zero par value)

Number of shares:
5,000,000, thereof 4,900,000 eligible for dividends

Investor Relations:
Karolina Tasek
+43 5574 690 1268
investor@wolford.com
company.wolford.com

Corporate Governance Report

CORPORATE GOVERNANCE AT WOLFORD

Wolford is convinced that carefully implemented and actively practiced corporate governance makes an important contribution to strengthening the confidence of the capital markets in the company. In September 2002, the Austrian Working Group for Corporate Governance issued a framework for responsible corporate management and control that is designed to support the sustainable creation of value. The goal of this guideline is to protect the interests of all stakeholders whose welfare is linked to the success of the company.

The Austrian Corporate Governance Code ensures a high degree of transparency for all of the company's stakeholders. Wolford has been committed to the principles of the code since the fiscal year 2002/03. The Austrian Working Group for Corporate Governance is responsible for publishing the Corporate Governance Code. The latest version is available on the Wolford website and under www.corporate-governance. The Corporate Governance Code was last revised on July 1, 2012 to reflect the most recent amendments to the Austrian Stock Corporation Act and the Commercial Code, in particular regarding the remuneration system of the Management Board and the composition of the Supervisory Board.

The code is based on the regulations of Austrian stock corporation, stock exchange and capital market law as well as the recommendations of the European Commission on the duties of the Supervisory Board and the remuneration of Management Board members as well as the OECD guidelines for corporate governance. The code provides a framework for corporate management and control.

The guiding principles of the code are intended to strengthen the confidence of investors in the company and in Austria as a financial marketplace and include equal treatment for all shareholders, transparency, the independence of the Supervisory Board, open communication between the Managing Board and Supervisory Board, the avoidance of conflicts of interest by bodies of the corporation and efficient control by the Supervisory Board and auditor. The code exceeds legal requirements, and compliance is voluntary. Observance of the code also means that the failure to meet C-Rules ("Comply or Explain") must be explained and disclosed. The Corporate Governance Report of Wolford AG is integrated into this annual report (pages 60 to 67).

In order to prevent insider trading, Wolford has issued a compliance guideline that implements the provisions of the Issuer Compliance Code published by the Austrian Financial Market Authority (FMA). Adherence to this guideline is monitored by the compliance officer.

Wolford's objective is to meet the expectations of capital market participants with respect to transparency and to provide shareholders with a true and fair view of the company. The Issuer Compliance Code of the Austrian Financial Market Authority (FMA) requires the simultaneous and identical communication of information. Wolford meets this requirement through the parallel distribution of current and share-relevant information on the company to analysts, investors and the media. This information is also published on the website at the same time for private shareholders.

The company has issued 5,000,000 zero par value common shares. There are no preferred shares or restrictions on the common shares. The principle of "one share – one vote" is therefore met in full. The Austrian Takeover Act ensures that every shareholder will receive the same price for his or her Wolford shares in the event of a takeover offer (mandatory tender). The shareholder structure is shown on page 59 of this annual report.

An internal audit department was established as a staff unit reporting directly to the Management Board to ensure the continuous optimization of risk management. This department reports to the Chief Financial Officer and also has a direct reporting line to the chairwoman of the Supervisory Board's Audit Committee. Based on an audit plan approved by the Management Board and a Group-wide risk assessment of all corporate activities, the Management Board and the internal audit department regularly review operating processes to identify potential risks and opportunities for their improvement. Adherence to legal regulations, internal guidelines and processes is also controlled. To support the early identification and monitoring of risks, the Internal Control System is reviewed on a regular basis, improvements are implemented and the results are evaluated. The internal audit department reports to the Management Board and the Audit Committee of the Supervisory Board on the audit plan for the following year and the results of its activities.

Deloitte Audit Wirtschaftsprüfungs GmbH, Renngasse 1/Freyung, 1010 Vienna, was elected by the 26th Annual General Meeting (AGM) to audit the annual financial statements of Wolford AG and the consolidated financial statements of the Wolford Group for the 2013/14 financial year. There are no grounds for exclusion or prejudice that would be incompatible with a conscientious and objective audit by the Group auditor, Deloitte Audit Wirtschaftsprüfungs GmbH. In 2013/14, the fees for the audit of the consolidated financial statements and related services amounted to € 0.12 million. The mandatory disclosures required by § 243a of the Austrian Commercial Code are provided on page 84 of the Management Report.

MANAGEMENT BOARD

Since the resignation of Holger Dahmen on January 10, 2014, the company is directed by Axel Dreher and Thomas Melzer.

Axel Dreher

Axel Dreher, born in 1965, has been a member of the Management Board since March 1, 2013 and speaker of the Management Board since January 10, 2014. He was appointed for a term of office ending on February 29, 2016 and holds no functions outside the company.

He is responsible for Product Development, Production and Technology, Procurement, Distribution Logistics and Quality Management and, since January 10, 2014 for the distribution channels Wholesale and E-Commerce, Marketing incl. Product Management, Market Services and Merchandising.

Axel Dreher studied business administration and also received an MBA. From 2005 to February 2013, he served on the Management Board of Triumph International AG in Wiener Neustadt where he was responsible for commercial and operating activities. Mr. Dreher worked for the German Schaeffler Group/FAG Kugelfischer AG from 2001 to 2005, where he was in charge of Finance & Controlling, Human Resources Management, IT and Procurement for FAG Austria AG as well as Finance & Controlling and Procurement for the utility vehicle segment of FAG Kugelfischer AG. He then assumed global management responsibility for a business unit, where his core duties involved Sales, Product Engineering, Purchasing and Production, and also included Management and Supervisory Board positions in Hungary and India. He gained additional management experience in Research & Development, Finance & Controlling and operative management in the automotive components supply industry during his work at ITT Automotive Europe (1995 to 1998) and BorgWarner (1998 to 2001).

Thomas Melzer

Thomas Melzer, born in 1970, has been a member of the Management Board since September 14, 2012. He was appointed for a term of office ending on September 30, 2015 and holds no functions outside the company.

He is responsible for Finance, Internal Audit, Investor Relations, Legal Affairs, Human Resources and IT and, since January 10, 2014 also for the distribution channel Monobrand Management.

Thomas Melzer holds a degree in business administration. From 2008 to 2011 he served as the Chief Financial Officer and Deputy CEO of Brain Force Holding AG, an international IT service and software company that is listed on the Vienna Stock Exchange. His professional career began with Wienerberger AG, the world's largest brick producer, where he worked in various areas from 1997 to 2008: from 1997 to 1999 in Controlling and Group Accounting, from 2000 to 2008 as the Head of Investor Relations and Corporate Communications. Mr. Melzer was a member of the Management Committee of Wienerberger AG from 2001 to 2008 and a member of the Supervisory Board of the Pipelife Group from 2007 to 2008. He was a member of the Management Board of the Cercle Investor Relations Austria (C.I.R.A.) for seven years, where he served as its chairman from 2004 to 2007.

Holger Dahmen

Holger Dahmen, born in 1960, served on the Management Board from January 2004 up to his resignation on January 10, 2014.

He was responsible for Corporate Communications, Marketing and Sales as well as the coordination of Corporate Strategy and Planning.

Responsibilities and Working Methods of the Management Board

The Management Board is responsible for managing the company in accordance with applicable laws, the articles of association of Wolford AG and the rules of procedure of the Management Board in order to protect the welfare of the company and the interests of all shareholders, employees and the general public. The rules of procedure for the Management Board were issued by the Supervisory Board and regulate the working methods and responsibilities of this corporate body. The Management Board manages the company jointly, independent of specifically assigned responsibilities. Issues of fundamental importance require the approval of the full Management Board. The rules of procedure for the Management Board also include a catalogue of measures that require the approval of the Supervisory Board.

There is a continuous exchange of information between the members of the Management Board. This exchange formally takes place in meetings that are held at least twice each month.

At regular meetings (at least once each quarter), the Management Board provides the Supervisory Board with timely and comprehensive information on all relevant issues related to the company's economic and strategic development, including the risk position and risk management of the company and major subsidiaries. Important information is communicated immediately by the Management Board to the Chairman of the Supervisory Board. Additional meetings are scheduled as required, for example to discuss changes in strategy. The Supervisory Board therefore receives all information required to perform its advisory and control functions. In keeping with the Austrian Corporate Governance Code, the Management and Supervisory Boards also hold regular discussions outside the scheduled meetings to review the company's development and strategic orientation.

SUPERVISORY BOARD MEMBERS AND COMMITTEES

The Supervisory Board of Wolford AG consisted of four elected members up to the 26th AGM on September 17, 2013 and five members after that date as well as two representatives delegated by the Staff Council. The Supervisory Board held six meetings during the 2013/14 financial year. No Supervisory Board member was absent from more than half the meetings.

Emil Flückiger, Chairman since September 17, 2013

Deputy Chairman up to the 26th AGM on September 17, 2013, then elected Chairman of the Supervisory Board. Independent; born in 1939; appointed to the 27th AGM (2013/14); first elected on December 14, 1992

- Certified Public Accountant, Management Consultant
- No additional functions in listed companies

Antonella Mei-Pochtler, Deputy Chairwoman

Independent; born in 1958; appointed to the 31st AGM (2017/18); first elected on September 17, 2013

- Senior partner and Managing Director of the Boston Consulting Group in Vienna and Munich
- No additional functions in listed companies

Claudia Beermann, Member

Independent; born in 1966; appointed to the 31st AGM (2017/18); first elected on September 17, 2013

- Chief Financial Officer of Falkensteiner Michaeler Tourism Group AG
- No additional functions in listed companies

Lothar Reiff, Member

Independent; born in 1954; appointed to the 31st AGM (2017/18); first elected on September 17, 2013

- Managing Director of Lothar Reiff Consultancy
- No additional functions in listed companies

Birgit G. Wilhelm, Member

Independent; born in 1975; appointed to the 30th AGM (2016/17); first elected on September 12, 2006

- Real estate manager
- No additional functions in listed companies

Theresa Jordis, Chairwoman up to September 7, 2013 (deceased)

Independent; born in 1949; appointed to the 30th AGM (2016/17); first elected on September 3, 2003

- Founding partner of the law firm Dorda Brugger Jordis Rechtsanwälte GmbH

- Additional functions:
  - Chairwoman of the Supervisory Board of Miba AG
  - Deputy Chairwoman of the Supervisory Board of Erste Group Bank AG
  - Member of the Supervisory Board of Österreichische Industrieholding AG

Werner Baldessarini, Member up to September 17, 2013

Independent; born in 1945; appointed to the 26th AGM (2012/13); first elected on September 14, 2010

- No additional functions in listed companies

Anton Mathis, Member

Delegated by the Staff Council; born in 1960; first delegated on December 16, 1999

Peter Glanzer, Member
Delegated by the Staff Council; born in 1954; first delegated on March 19, 2001

The Supervisory Board established five committees: Presidium, Personnel and Nomination Committee, Remuneration Committee, Audit Committee, Strategy and Marketing Committee.

The **Presidium**, which includes the Chairman Emil Flückiger and Deputy Chairwoman Antonella Mei-Pochtler of the Supervisory Board, represents the company's interests in all matters related to the Management Board.

The Presidium met five times during the reporting year to discuss current issues with the Management Board.

The Presidium serves as the **Personnel and Nomination Committee** for Wolford and is responsible for preparing all appointments to the Management and Supervisory Boards. Prior to the appointment of persons to these corporate bodies, the Personnel and Nomination Committee defines a requirement profile and prepares resolutions for the Supervisory Board or AGM based on a predefined selection process and succession planning. It also serves as a **Remuneration Committee** for the Management Board. In this function, the committee reviews the remuneration policy for the Management Board at regular intervals and ensures compliance with the related provisions of the Corporate Governance Code.

Audit Committee

The Audit Committee deals with the audit of the Group's consolidated financial statements and supervises financial accounting. It also monitors the effectiveness of the internal control, audit and risk management systems and reviews the independence and qualifications of the auditor based on peer reviews. The duties of the Audit Committee were fulfilled by the full Supervisory Board up to the 26th AGM, with Emil Flückiger serving as the committee chairman. The membership of the Audit Committee then changed to include Claudia Beermann (Chairwoman), Emil Flückiger, Antonella Mei-Pochtler and Anton Mathis.

The Audit Committee met twice during the reporting year and dealt primarily with the following issues:

- The auditor's report on the audit of the annual financial statements for 2012/13
- The preparation of a recommendation to the Supervisory Board for the selection of an auditor for the 2013/14 annual and consolidated financial statements
- The company's development through the end of the first half of 2013/14
- The report by the Management Board on risk management of the Group
- The report by the internal auditor on the results of his audits

Strategy and Marketing Committee

This committee was established at the organizational Supervisory Board meeting that followed the 26th AGM. Its members are Lothar Reiff (Chairman), Antonella Mei-Pochtler and Birgit Wilhelm. The Strategy and Marketing Committee held no meetings during 2013/14.

RESPONSIBILITIES AND WORKING METHODS OF THE SUPERVISORY BOARD

The Supervisory Board carries out its duties in accordance with legal regulations, the articles of association and its rules of procedure.

The Supervisory Board is responsible for decisions on issues of fundamental importance and the strategic orientation of the company. It establishes qualified committees in accordance with the specific circumstances of the company and the number of its members. These committees are designed to increase the efficiency of the Supervisory Board's work and improve the treatment of complex issues. However, issues delegated to the individual committees may still be handled by the full Supervisory Board. The chairperson of every committee regularly reports to the full Supervisory Board on the work of his or her committee. The Supervisory Board is also required to authorize a committee to make decisions in urgent cases.

Employee participation on the Supervisory Board and its committees is a legally regulated aspect of the Austrian Corporate Governance system. In accordance with the Austrian Labor Constitution Act, employees are entitled to delegate one representative to the Supervisory Board and its committees for every two Supervisory Board members (shareholder representatives) elected by the AGM. These employee representatives exercise this function on an honorary basis and can be recalled by the Staff Council at any time.

None of the Supervisory Board members has business or personal relationships with the company or the Management Board that could provide grounds for a material conflict of interest and therefore influence the behavior of the respective Supervisory Board member. The company maintains business relationships with individual members of the Supervisory Board, which are billed at ordinary market rates and are not material in total. In particular, Lothar Reiff advises Wolford on issues relating to the renewal of market communications, the design of the collection, the organizational structure of design and product development and the reduction of the time-to-market. A market-based, but immaterial fee was agreed for these services and is billed according to the actual work performed.

All members of the Wolford AG Supervisory Board are considered independent according to the criteria defined by the Austrian Corporate Governance Code. Statements to this effect were submitted by all Supervisory Board members. In accordance with § 95 of the Austrian Stock Corporation Act, the Supervisory Board's main responsibility is to supervise the work of the Management Board. The current Supervisory Board meets this responsibility in full. Wolford AG has a free float component of more than 20% and less than 50%. Since the 26th AGM, the Supervisory Board has included at least three members (Antonella Mei-Pochtler, Claudia Beermann and Lothar Reiff) who are neither shareholders with an investment of more than 10% in the company nor representatives of the interests of a large shareholder.

Wolford AG has not granted any loans to members of the Supervisory or Management Boards.

The Internal Audit department of Wolford AG evaluates compliance with the rules of the code each year based on a questionnaire developed by the Austrian Working Group for Corporate Governance. Based on the results of this evaluation, the deviations from the C-Rules are explained below.

DEVIATIONS FROM C-RULES OF THE CORPORATE GOVERNANCE CODE

C-Rule 16, Question 2

The Supervisory Board started the search for a CEO following the resignation of Holger Dahmen from the Management Board on January 10, 2014. This search was still in progress at the end of the 2013/14 financial year.

C-Rule 36, Question 3

The Supervisory Board did not carry out a self-evaluation in 2013/14.

C-Rule 83, Question 1

A management letter from the auditor that also dealt with specific aspects of the accounting-related processes in the internal control system was presented to the Chairman of the Supervisory Board and discussed in detail by the full Supervisory Board. The auditor's engagement did not cover the evaluation of the effectiveness of the risk management system.

Rule 60, Question 1

Wolford AG has not developed a specific plan to support the advancement of women to positions on the Management Board, Supervisory Board or key functions in the company and its subsidiaries. The selection process is designed to ensure the appointment of the best candidates to vacant positions, independent of gender, age, religion and ethnic origin. Women currently hold various key management positions in Woford AG and its subsidiaries. Attractive part-time working models have been created to improve the work-life balance for women returning from maternity leave. Women comprise roughly 80% of the Wolford workforce due to the focus on the operation of its own retail business and the product portfolio with its particular appeal to women. Three of the five elected shareholder representatives on the Supervisory Board of Wolford AG are women.

REMUNERATION REPORT

The Remuneration Report summarizes the principles applied in determining the remuneration for the Management Board and explains the amount and structure of these payments. It also describes the underlying principles and amount of the Supervisory Board's remuneration. The Supervisory Board delegated the determination of remuneration for the Wolford Management Board to the Presidium, which also serves as the Remuneration Committee.

In accordance with the Austrian Stock Corporation Act, the members of the Management Board are appointed for a specific term of office. The employment contracts for these persons were concluded for the defined period of time and cover the amount and structure of remuneration. The goal of the remuneration system is to provide the members of the Management Board with compensation that is appropriate in national and international comparison and reflects the scope of their functions and responsibilities.

The remuneration system for the Management Board comprises a fixed and a variable component. The fixed component reflects the respective area of responsibility and, according to standard practice in Austria, is paid in 14 monthly installments. The variable component is based on the success of the company and the performance of the individual Management Board member and is linked, in particular, to the attainment of quantitative targets and sustainable, long-term and strategic goals. The total amount of remuneration represents appropriate compensation for the duties and responsibilities of the individual Management Board member as well as the position of the company and common industry practice.

The variable component of Management Board remuneration is based on the following four factors:

– the attainment of a target for revenue growth
– the attainment of budgeted EBIT for the financial year
– an increase in the shareholder value based on growth of the Wolford share price
– and a sustainable, long-term and strategic goal

For the Management Board members, the four above-mentioned variable components are capped at roughly 85% of fixed remuneration.

The scheduled remuneration for the members of the Management Board amounted to € 1.33 million in 2013/14 (2012/13: € 1.11 million). Of this total, 79% represent fixed (2012/13: 81%) and 21% variable remuneration (2012/13: 19%).

Scheduled Management Board Remuneration in €	Fixed	Variable	2013/14 Total	2012/13 Total
Axel Dreher (since 1.3.2013)	312,611	109,972	422,583	57,255
Thomas Melzer (since 1.10.2012)	352,806	75,725	428,531	212,812
Holger Dahmen (up to 31.1.2014)	387,971	93,612	481,583	629,236
Peter Simma (up to 14.9.2012)	0	0	0	208,340
Total	**1,053,388**	**279,309**	**1,332,697**	**1,107,643**

On the termination of a Management Board contract, the respective member is entitled to severance compensation in analogous application of the Austrian Salaried Employees Act. On January 31, 2014 the former chairman of the Management Board, Holger Dahmen, received severance compensation of € 797,366 upon his resignation.

There are no pension fund agreements or defined benefit commitments for the active members of the Wolford Management Board. Expenses of € 0.40 million were recognized in 2013/14 for former members of the Management Board (2012/13: € 0.66 million).

A member of the Management Board may only take on additional duties outside the company with the approval of the Supervisory Board. This ensures that neither the time involved nor the remuneration received will lead to a conflict of interest with the individual's responsibilities on behalf of the company. No remuneration is paid for positions in Wolford's subsidiaries.

The AGM determines the remuneration for the elected Supervisory Board members and attendance fees. The 27th Annual General Meeting will be asked to vote on a new remuneration structure for the 2013/14 financial year. The remuneration structure for Supervisory Board members will be defined hereafter as follows:

Remuneration for the function as well as for preparing and attending the four regular Supervisory Board meetings each financial year: Chairman € 50,000, Deputy Chairwoman € 35,000, members € 25,000

Members of committees furthermore receive:

- Audit Committee with two meetings per financial year: Chairwoman € 5,500 and members € 5,000 each
- Strategy and Marketing Committee with two meetings per financial year: Chairman € 5,500 and members € 5,000 each
- Additional extraordinary meetings with all members of the Supervisory Board are remunerated with € 4,000 per member and meeting

The remuneration for the reporting year is thus expected to total € 0.19 million (2012/13: € 0.08 million) and is distributed as follows:

Supervisory Board Remuneration in €	**2013/14 1)**	**2012/13**
Emil Flückiger, Chairman (since 17.9.2013)	71,000	21,550
Antonella Mei-Pochtler, Deputy Chairwoman (since 17.9.2013)	32,000	0
Claudia Beerman (since 17.9.2013)	19,250	0
Lothar Reiff (since 17.9.2013)	16,500	0
Birgit G. Wilhelm	35,500	15,050
Theresa Jordis (Chairwoman up to 7.9.2013)	0	26,550
Werner Baldessarini (up to 17.9.2013)	19,000	15,050
Total	**193,250**	**78,200**

1) The proposal for the new remuneration structure for the Supervisory Board will be voted on at the 27th AGM.

Payments for services above and beyond the above-mentioned Supervisory Board duties are described in the Corporate Governance Report on page 65. There are no pension fund obligations for members of the Wolford Supervisory Board. Wolford has concluded directors and officers (D&O) insurance with coverage of € 25 million for the members of the Supervisory and Management Boards, key employees and the managing directors of subsidiaries. The company carries the cost of this insurance. The purchase and sale of Wolford shares by the members of the Management Board and Supervisory Board are reported to the Austrian Financial Market Authority in accordance with § 48 of the Austrian Stock Exchange Act. No directors' dealings were reported in 2013/14.

Report of the Supervisory Board

With deep regret, the Supervisory Board received the news of the death of its long-standing chairwoman, Theresa Jordis, in 2013. Theresa Jordis made an important and lasting contribution to the development of Wolford AG and the Wolford brand with her entrepreneurial approach and strategic orientation. She will always be remembered with great respect.

The Supervisory Board and Management Board held six meetings during the reporting year, which included extensive discussions of the economic environment and strategic refocusing of the company as well as important events and investments. The Management Board provided the Supervisory Board with regular reports and, at all meetings, with detailed information on the development of business and the financial position of the company and its investments and on the personnel situation. Additional reports were prepared on special developments.

The committees dealt with their respective areas of responsibility in detail and subsequently reported to the full Supervisory Board. The Presidium received regular reports from the Management Board on the current state of the business. The Audit Committee met twice and the Presidium met five times during the reporting year. Information on the composition and responsibilities of the individual committees is provided in the Corporate Governance Report on page 64. The criteria for variable remuneration, retirement benefits and severance compensation as well as an individual listing of the remuneration for the members of the Management Board and Supervisory Board is provided in the Remuneration Report starting on page 66. There is no stock option plan for the company's key managers. All members of the Audit Committee and the Presidium were present at all meetings. The Marketing and Strategy Committee did not hold any meetings.

The most important activities of the Supervisory Board in 2013/14 were related to the Management Board's plans for the strategic refocusing and future orientation of the company as well as appointments to the Management Board und Supervisory Board. The company generated revenues of € 155.87 million in 2013/14, which represents a year-on-year decline of 0.4% Adjusted EBIT fell slightly from € -0.91 million to € -0.97 million and earnings after tax from € -2.76 million to € -2.81 million. Wolford was again unable to generate the necessary revenue growth to offset the increase in costs. Based on the operating loss, the Supervisory Board agreed with a recommendation by the Management Board to restructure individual areas of the company. The related measures led to non-recurring expenses of € 3.76 million. The goal is to complete the turnaround in the short-term and focus on the company's long-term, sustainable and profitable growth.

The Wolford Group had cash and cash equivalents totaling € 4.65 million and unused credit lines of € 67.55 million as of April 30, 2014. The equity ratio equaled 54% on the balance sheet date. Therefore, the company has a solid base from both a financial and balance sheet perspective to finance the strategic refocusing.

The meetings of the Presidium concentraed, above all, on the resignation of and replacement for Chief Executive Officer Holger Dahmen, who left the company as of January 10, 2014. Together with a personnel consultant, the Presidium, in its function as the Personnel and Nomination Committee, defined the structure for the new Management Board team, prepared a catalogue of criteria for the selection of the most suitable candidate and established the procedure for selecting a new Management Board member. A final decision had not been reached by the deadline for this annual report.

The Audit Committee meeting on July 18, 2013 was also attended by the auditor and dealt with the annual financial statements for 2012/13. The auditor presented a management letter and discussed the most important conclusions with the members of the Audit Committee. At the following meeting, the full Supervisory Board discussed and approved the annual financial statements of Wolford AG as well as the consolidated financial statements, the Management Report, the Management Board's recommendation for the use of profit and the Supervisory Board's report to the AGM. A proposal was prepared for the selection of an auditor, and the agenda for the 26th AGM was set. This meeting also covered the status of development for the new strategy, which was discussed in detail by the full Supervisory Board and the Management Board.

At an extraordinary Supervisory Board meeting on September 3, 2013, the Management Board reported on its strategic considerations for the refocusing of the company. A detailed financial analysis of business development by product group and distribution channel was presented, and the position of the company and the Wolford brand was discussed from an internal and external point of view. The Management Board also presented various strategic options and related actions.

Prior to the 26th AGM on September 17, 2013, the Management Board reported to the Supervisory Board on the current development of business. Werner Baldessarini, who resigned from the Supervisory Board after this AGM, outlined his impressions as a member of the Wolford Supervisory Board during the past three years.

The Supervisory Board continued its discussions on the strategic refocusing of the company in a further extraordinary meeting on November 19, 2013. The Management Board presented a multi-year business plan, which included alternative scenarios for growth.

The Audit Committee meeting on December 11, 2013 included a report by the Management Board on the current financial year and on the internal control and risk management systems.

At the following 100th Supervisory Board meeting, the Management Board presented a forecast for the 2013/14 financial year and reported on the evaluation of boutique locations, cost optimization projects, inventory management and ongoing legal proceedings. The Supervisory Board also approved the implementation of the measures recommended by the Management Board and the effects of the strategic refocusing.

The Supervisory Board focused primarily on the budget for 2014/15 and business planning at its meeting on April 24, 2014. These documents were discussed in detail with the Management Board and the budget was approved. The discussions also covered the focal points for the audit of the 2013/14 annual financial statements as well as the current development of business and the outlook for the full year. Other points on the agenda included a status report on the implementation of the strategy and related issues.

The annual financial statements and Management Report of Wolford AG and the consolidated financial statements (according to IFRS) as of April 30, 2014 were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, and received an unqualified opinion. All documentation related to the financial statements, the Management Board's recommendation for the distribution of profit and the auditor's report were discussed in detail at the Audit Committee meeting on July 17, 2014 together with the auditor and subsequently presented to the Supervisory Board together with the Management Reports and Corporate Governance Report prepared by the Management Board. We reviewed these documents as required by § 96 of the Austrian Stock Corporation Act and agree with the results of the audit. The Supervisory Board approved the annual financial statements for the 2013/14 financial year, which are considered formally adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act. We agree with the Management Board's recommendation for the use of profit recorded for the reporting year. In addition, we prepared the Supervisory Board's report to the AGM as well as a proposal for the election of the auditor for the 2014/15 financial year and the agenda for the 27th AGM on September 18, 2014.

The Supervisory Board would like to thank the management and all employees for their commitment in 2013/14, an eventful year that was characterized by change.

Vienna, July 17, 2014

Emil Flückiger
Chairman of the Supervisory Board

Management Report

BUSINESS ENVIRONMENT

Slow growth in global economy

The reporting year of the Wolford Group was characterized by slow growth in the global economy during 2013, whereby the speed of recovery differed in the individual countries. Private consumption failed to increase and even weakened in numerous cases, above all due to a decline in disposable income in many of Wolford's core markets. On the capital markets, developments were highly volatile throughout 2013. Data published by the International Monetary Fund (IMF) shows a drop in global GDP growth from 3.9% in 2012 to 3.0% in 2013.

Positive development on capital markets, decline in budget deficits

Developments on the international capital markets were positive in 2013 as a result of the declining uncertainty and low return on alternative investments such as government and corporate bonds. Economic reports were inconsistent, but generally improved by summer 2013 and pointed to signs of further recovery. However, speculations over a cutback in bond purchases (tapering) by the US Federal Reserve had a temporary negative effect. The long-standing efforts to consolidate government budgets, above all in the eurozone, were rewarded by substantial progress in stabilizing the budgetary situation after years of extensive and often harsh measures.

Economic recovery in Europe, but further rise in unemployment

The eurozone economy began to recover in 2013 after a longer period of weakness. Domestic demand rose slowly in line with the improvement in business and consumer confidence. Consumer spending was influenced by the negative effects of rising unemployment on total income, especially at the beginning of 2013, but these effects were offset later in the year by the positive influence of falling commodity prices on real income. Investments benefited from the fading uncertainty, but were still negatively influenced by the restricted credit offering. In the eurozone, the unemployment rate rose from 11.4% to 12.1%. Development in this region, which is the largest market area for Wolford AG, remained weak in 2013. However, the 0.5% year-on-year decline in economic performance was lower than in 2012. Growth in Italy and Spain was clearly negative at 1.9% and 1.2%, respectively. Germany, the second largest market for the Wolford Group, generated growth of 0.5% in 2013 compared with 0.9% in 2012.

Stable development in the USA due to rising stock and housing prices, sound growth in China and the Gulf States

In the USA, Wolford's largest single market, the economic recovery continued, but at a slower pace than the previous year. Real growth amounted to 1.9%, compared with 2.8% in 2012. This growth was driven primarily by the steady improvement of the residential property and labor markets and the resulting increase in domestic demand as well as more favorable financing conditions and the positive impact on wealth that resulted from rising stock and housing prices. In contrast, the economy was negatively affected throughout the entire year by the higher taxes that resulted from the budgetary agreement in January 2013 and the automatic spending cuts that took effect in March. Consumer spending nevertheless remained stable because these positive and negative effects generally balanced out. The growth market China continued its economic expansion with an increase of 7.7% in 2013, which represents a high level in international comparison. The rising demand for consumer goods and growing purchasing power of the steadily expanding middle class speak in favor of a long-term expansion potential, especially in the segment of premium and luxury products. Economic development in the Gulf States weakened slightly compared with the double-digit rates recorded by some countries in earlier years, but stable high oil prices supported renewed sound growth. The United Arab Emirates closed 2013 with growth of 4.8%, Saudi Arabia with 3.8% and Qatar with 6.1%.

Sources: IMF World Economic Outlook, April 2014; European Central Bank Annual Report 2013

FINANCIAL REVIEW

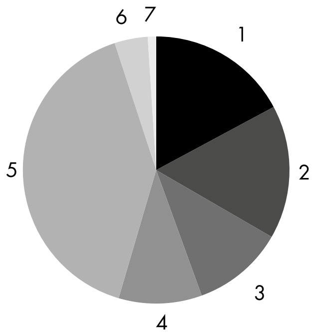
Earnings development

Revenues recorded by the Wolford Group declined slightly by 0.4 % or € 0.59 million year-on-year to € 155.87 million in 2013/14. After an adjustment for foreign exchange effects, revenues rose by 0.9 %. Negative foreign exchange effects of approx. € 2 million resulted, above all, from the US dollar and the British pound. Earnings almost reflected the prior year with adjusted EBITDA of € 7.11 million in 2013/14 (2012/13: € 7.90 million) and adjusted EBIT of € -0.97 million (2012/13: € -0.91 million). The strategic refocusing led to additional non-recurring expenses of € 3.76 million for the reporting year, which are not included in adjusted operating results and will be explained in detail on page 73.

Higher revenues were recorded by Wolford's own retail locations (own boutiques, concession shop-in-shops and factory outlets) with a 5 % increase in 2013/14. Revenues in the online business rose by a strong 23 %. On a like-for-like basis (excluding newly opened or closed points of sale), the revenue growth in the retail business amounted to 2 %. In contrast, the wholesale business declined by 8 % and led to slightly lower Group revenues for the reporting year.

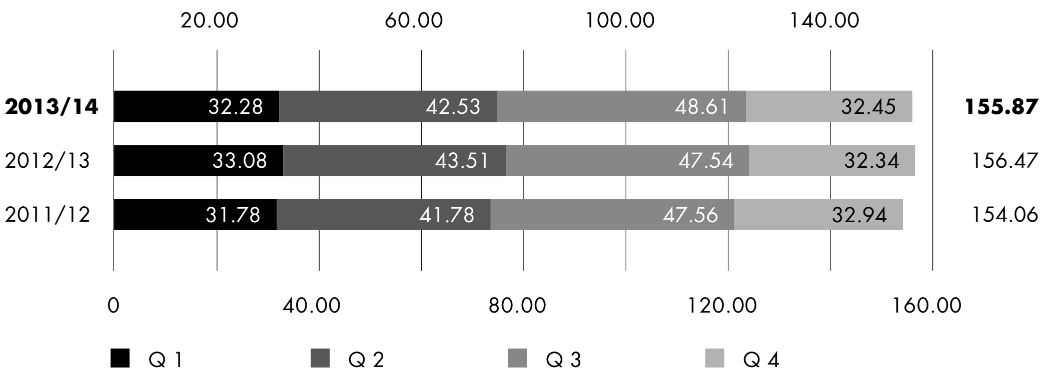
Declines in the first two quarters of 2013/14 were followed by an increase in revenues during the third quarter due to solid sales during the Christmas season. However, this development was unable to completely offset the weaker first two quarters. The fourth quarter also brought a slight year-on-year growth in revenues. The decline in revenues in the first half year was reduced substantially in the third and fourth quarters, above all in the wholesale business.

REVENUES BY MARKET

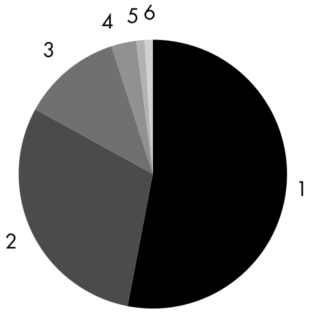


1 North America 17%
2 Germany 16%
3 Austria 11%
4 France 10%
5 Rest of Europe 40%
6 Asia/Oceania 5%
7 Rest of World 1%

REVENUE DEVELOPMENT BY QUARTER (IN € MILL.)



REVENUES BY PRODUCT GROUP



1 Legwear 53%
2 Ready-to-wear 30%
3 Lingerie 12%
4 Accessories 3%
5 Swimwear 1%
6 Trading goods 1%

A regional analysis of revenues for the reporting year shows very different developments. The USA, which is currently the largest single market for the Wolford Group, generated sound revenue growth despite a reduction in the number of retail locations. Austria also reported an improvement in revenues. In contrast, revenues in Germany and France were lower than the prior year due to declines in the wholesale business. Solid development was recorded in the recovering South European countries of Italy and Spain and in Great Britain and Belgium. Revenues decreased in Switzerland due to boutique closings, in Scandinavia due to declines with multi-brand retailers and in Central and Eastern Europe due to the Ukraine crisis among others. In Asia, Wolford generated double-digit revenue growth during the past year, above all based on the opening of new locations and the expansion of the partner business.

The Legwear product group was responsible for more than half of Group revenues with a share of 53% in 2013/14 (2012/13: 53%), but revenues were slightly lower than in the previous year. Ready-to-wear remained the second largest product group with 30% (2012/13: 31%). Revenues were also slightly lower than 2012/13, similar to the Lingerie product group which was responsible for 12% (2012/13: 12%) of Group revenues. The Accessories and Trading goods product groups recorded 3% and 1%, respectively, of Group revenues based on sound double-digit growth. Swimwear revenues amounted to 1% and were slightly higher in year-on-year comparison.

Profitability indicators	**2013/14 in %**	**2012/13 in %**
Material costs (including changes in inventories) as a percentage of revenues	17.6	18.8
Personnel expenses as a percentage of revenues	46.3	46.7
Other operating expenses as a percentage of revenues	32.4	30.7
EBITDA margin	4.6	5.0
Capital expenditure on depreciation	97.5	68.5
EBIT margin	-0.6	-0.6

Focus on inventory and cash optimization, improvement in cost of materials and personnel expenses in relation to revenues

The inventory and cash optimization measures implemented in the previous year were continued during 2013/14. The successful results were reflected in the changes in finished goods and work-in-process, which were further reduced from € -0.48 million in 2012/13 to € -1.87 million. Extensive process optimization measures in the operating areas led to a substantial reduction in production costs. Consequently, the cost of materials dropped from € 28.93 million to € 25.62 million. As a percentage of revenues, the cost of materials fell sharply from 18.8% to 17.6%. Personnel expenses were reduced by € 0.96 million to € 72.09 million (2012/13: € 73.05 million), which represents an improvement of 0.4 percentage points in the ratio of personnel expenses to revenues. This reduction resulted, above all, from an increased number of employees in the Slovenian plant and a slight decrease in the number of employees in Bregenz and the subsidiaries. The average number of employees in the Wolford Group (full-time equivalents) declined by 44 to 1,562 (average for 2012/13: 1,606 full-time employees).

Scheduled depreciation and amortization below prior year

Scheduled depreciation and amortization totaled € 8.08 million for the reporting year (2012/13: € 8.80 million). Impairment charges of € 0.61 million, which are related to the strategic refocusing, are reported as non-recurring expenses in the 2013/14 financial year.

Other operating expenses rose from € 48.10 million to € 50.57 million due to additional costs for the opening of new boutiques, increased rents in the company's own retail business and additional advertising expenses to strengthen the Wolford brand. Against this backdrop, adjusted EBITDA fell slightly from € 7.90 million to € 7.11 million and adjusted EBIT from € -0.91 million to € -0.97 million.

Non-recurring effects are reported separately to ensure transparent presentation of operating results

In order to more transparently present the development of the Wolford Group's operating business, all non-recurring effects are excluded from the calculation of adjusted EBITDA and adjusted EBIT and reported separately as non-recurring items on the statement of comprehensive income according to IAS 1.98. These non-recurring items represent the major costs related to the strategic refocusing, e.g. expenses for closing company-owned locations (€ 1.41 million), one-off expenses from changes in concepts and strategies (€ 1.16 million) or the relocation of parts of the production (€ 0.25 million) as well as severance compensation (€ 0.94 million). Any book profits arising from the planned sale of non-core assets in subsequent periods will also be reported separately as non-recurring income in the future. In total, non-recurring expenses of € 3.76 million were recorded in 2013/14.

Earnings after tax almost at prior year level

The negative financial result was reduced from € -1.34 million to € -1.17 million. Earnings before tax totaled € -5.89 million, compared with € -2.25 million in the previous year. Income tax equaled € +3.07 million (2012/13: € -0.51 million) and was influenced by the following factors: current income tax expense, which equaled € +0.77 million due to a tax refund in the reporting year (2012/13: € -0.53 million), and deferred taxes, which equaled € +2.31 million (2012/13: € +0.02 million) due to the capitalization of additional deferred taxes and loss carryforwards. Earnings after tax almost reflected the prior year with € -2.81 million in 2013/14 (2012/13: € -2.76 million) and earnings per share equaled € -0.57 (2012/13: € -0.56).

Income Statement (summary) in € million	2013/14	2012/13[1]	Chg. in %
Revenues	**155.87**	**156.47**	**-0.4**
Other operating income	1.35	1.88	-28
Changes in inventories	-1.87	-0.48	>100
Other own work capitalized	0.05	0.10	-50
Operating output	**155.40**	**157.97**	**-2**
Cost of materials	-25.62	-28.93	+11
Personnel expenses	-72.09	-73.05	+1
Other operating expenses	-50.57	-48.10	-5
Depreciation and amortization	-8.08	-8.80	-8
EBIT adjusted	**-0.97**	**-0.91**	**-5**
Non-recurring expenses	-3.76	0.00	-
EBIT	**-4.72**	**-0.91**	**>100**
Financial result	-1.17	-1.34	+13
Earnings before tax	**-5.89**	**-2.25**	**>100**
Income tax	3.07	-0.51	>100
Earnings after tax	**-2.81**	**-2.76**	**-2**

1) Adjustment to reflect the offsetting of other operating income from the invoicing of costs with the related expense items.

Assets and financial position

Decline in balance sheet total due to reduction in inventories and property, plant and equipment as well as negative earnings

The asset and capital structure of the Wolford Group remained solid as of the balance sheet date on April 30, 2014. The balance sheet total fell by 3 % from € 142.32 million at the end of the 2012/13 financial year to € 138.12 million. This decline resulted primarily from the reduction in inventories and property, plant and equipment due to refocusing-related impairment charges and the decrease in equity caused by the negative earnings in 2013/14.

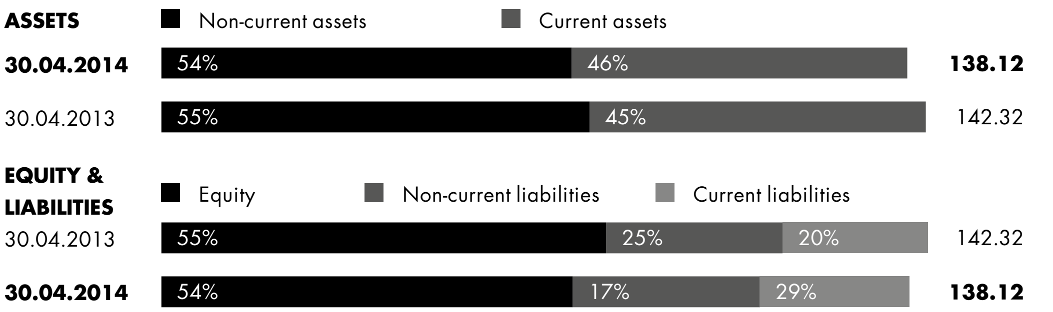
Non-current assets equal 54% of the balance sheet total

Non-current assets totaled € 75.22 million, or 54% of the balance sheet total, as of April 30, 2014 (April 30, 2013: 55%). Property, plant and equipment and other intangible assets declined by 9% to € 64.38 million. Investments in property, plant and equipment and intangible assets totaled € 7.87 million in 2013/14 (2012/13: € 6.03 million). These investments were contrasted by depreciation and amortization of € 8.08 million (2012/13: € 8.80 million). Land and buildings held for sale were reclassified to current assets.

Inventories reduced, liquid funds nearly reach prior year level

Current assets comprised 46% of the balance sheet total on April 30, 2014. Inventories were reduced by 6% to € 40.07 million or 29% of total assets, and other receivables and assets fell by 29% to € 3.02 million or 2% of total assets. Cash and cash equivalents remained nearly unchanged at € 4.65 million on April 30, 2014 (April 30, 2013: € 4.99 million).

DEVELOPMENT OF BALANCE SHEET STRUCTURE (IN € MILL.)



Solid equity ratio of 54% as of April 30, 2014

Shareholders' equity amounted to € 74.38 million as of April 30, 2014, which is € 3.77 million below the comparable prior year level. The decline resulted from the loss recorded for the reporting year as well as from the effects of actuarial losses and foreign exchange differences recognized directly in equity. However, it should be noted that the substantial reduction in the interest rates underlying the calculation of provisions for employee benefits is a consequence of the sovereign debt crisis and the run to benchmark corporate bonds. The equity ratio remained solid at 54% as of April 30, 2014 (April 30, 2013: 55%).

Balance sheet indicators		30.04.2014	30.04.2013
Equity	in € mill.	74.38	78.15
Net debt	in € mill.	17.04	15.96
Capital employed	in € mill.	91.42	94.11
Working capital	in € mill.	33.72	38.49
Balance sheet total	in € mill.	138.12	142.32
Equity ratio	in %	53.9	54.9
Gearing	in %	22.9	20.4
Working capital as a percentage of revenues	in %	21.6	24.6
Net debt to EBITDA adjusted		2.4	2.0
EBITDA adjusted to net interest cost		11.0	9.3

Reduction in non-current liabilities based on change in financial liabilities

Non-current liabilities declined by 35 % from € 35.76 million to € 23.30 million and equaled 17 % of the balance sheet total as of April 30, 2014 (April 30, 2013: 25 %). This development resulted primarily from a reduction in non-current financial liabilities, which fell from € 19.15 million to € 6.39 million.

Inventory optimization leads to 12 % decline in working capital

Current liabilities rose by 42 % to € 40.44 million (April 30, 2013: € 28.41 million), primarily due to an increase of € 13.44 million in current financial liabilities to € 16.77 million. Trade payables increased by € 0.79 million. Income tax liabilities were € 2.14 million lower than the previous year due to the payment of liabilities resulting from tax audits. Working capital, which is defined as the sum of inventories, trade receivables and other current receivables and assets less trade payables and other current liabilities, amounted to € 33.72 million as of April 30, 2014. This indicator is € 4.77 million lower than the comparable prior year value of € 38.49 million. Net debt rose by € 1.08 million to € 17.04 million due to the year-on-year increase in investments. Gearing (the ratio of net debt to equity) equaled 23 % (April 30, 2013: 20 %).

Calculation of Net debt	**30.04.2014 in € mill.**	**30.04.2013[1] in € mill.**	**Chg. in %**
Non-current financial liabilities	6.39	19.15	-67
Current financial liabilities	16.77	3.33	>100
- Financial assets	-1.47	-1.53	-4
- Cash and cash equivalents	-4.65	-4.99	-7
Net debt	**17.04**	**15.96**	**+7**

1) Adjustment for the reclassification of funds which are not available for discretionary use to other receivables and assets.

Cash flow

Operating cash flow at prior year level in spite of earnings decline

Cash flow from operating activities remained constant at the 2012/13 level. In spite of the higher loss recorded for the reporting year, cash flow from operating activities was clearly positive and exactly matched the prior year level of € 6.30 million. This development resulted from the optimization of working capital, above all through the reduction of inventories. Only stricter inventory management was responsible for a positive cash effect of € 2.62 million in 2013/14 which exceeded the previous year by € 1.15 million.

Increase in investments leads to negative free cash flow

Cash flow from investing activities was € 1.44 million higher than the previous year at € -7.27 million, above all due to the opening of new retail locations and the payment of key money (payments for rental rights) for the new Wolford flagship store in the Rue de Sèvres, Paris. Additional cash outflows for investments in property, plant and equipment and other intangible assets were directed primarily to the expansion of monobrand distribution, IT and machinery and equipment. Free cash flow (cash flow from operating activities less cash flow from investing activities) declined from € 0.48 million to € -0.97 million due to the above-mentioned developments during the reporting year.

Cash flow from financing activities improved by € 1.06 million to € 0.68 million, chiefly due to the waiver of the dividend.

Cash Flow Statement (summary)	2013/14 in € mill.	2012/13 in € mill.	Chg. in %
Cash flow from operating activities	6.30	6.31	0
Cash flow from investing activities	-7.27	-5.83	-25
Free cash flow	**-0.97**	**0.48**	**>100**
Cash flow from financing activities	0.68	-0.38	>100
Change in cash and cash equivalents	-0.28	0.10	>100
Cash and cash equivalents at the end of period	**4.65**	**4.99**	**-7**

DEVELOPMENT OF BUSINESS SEGMENTS

In accordance with the management approach defined by IFRS 8, Wolford AG reports on the following business segments:

- **Austria**
- **Other Europe**
- **North America**
- **Asia**

Austria

The Austria segment generates 21 % of Group revenues

External revenues recorded by the segment in Austria (total revenues minus intragroup revenues) declined from € 33.49 million to € 32.26 million. This segment includes the production and sales activities in Austria as well as the sales activities in all other countries where Wolford does not operate through its own subsidiaries. The segment Austria generated 21 % of Group revenues for the reporting year (2012/13: 21 %). Adjusted EBIT amounted to € -1.96 million, compared with € 1.28 million in the previous year. After the inclusion of non-recurring expenses totaling € 2.41 million, EBIT equaled € -4.37 million.

Other Europe

The largest share of Group revenues (58 %) is recorded in the Other Europe segment

External revenues in the Other Europe segment fell from € 92.68 million to € 90.82 million. This segment includes the European sales companies outside Austria and the production company in Slovenia. Other Europe was responsible for the largest share of Group revenues in 2013/14 with 58 % (2012/13: 59 %). Adjusted EBIT equaled € -0.16 million, compared with € -0.01 million in the prior year. After the inclusion of non-recurring expenses totaling € 0.70 million, EBIT amounted to € -0.85 million.

North America

Slight revenue increase in the North America segment

The Group companies in North America recorded an increase in external revenues from € 26.80 million to € 27.32 million. This segment covers the sales companies in the USA and Canada. In 2013/14, the North America segment recorded 18 % of Group revenues (2012/13: 17 %). The US market recorded the highest revenue in the Wolford Group during the reporting year. Adjusted EBIT equaled € -0.22 million (2012/13: € -0.77 million). After the inclusion of non-recurring expenses totaling € 0.65 million, EBIT in this segment equaled € -0.87 million.

Asia

Strong growth for the companies in Asia

The Asia segment recorded strong growth in external revenues from € 3.49 million to € 5.48 million. This segment, which includes the sales companies in Hong Kong and China, was responsible for 3 % of Group revenues in 2013/14. Adjusted EBIT rose from € 0.16 million to € 0.20 million.

OUTLOOK AND GOALS

Results for 2013/14 reflect adjusted guidance

The original goal set by Wolford AG for the 2013/14 financial year called for further revenue growth and positive operating results. However, half-year results and the strategic refocusing approved by the Supervisory Board led to the adjustment of guidance for 2013/14 in December 2013. The EBIT goal was reduced to approx. € -5 million, including non-recurring expenses of approx. € 3 million, based on revenues at the prior year level. This goal was reached. Adjusted, pure operating EBIT roughly matched the prior year with € -0.97 million.

Improved operating environment expected in the Wolford markets for 2014/15

Experts differ in their forecasts for economic development during the 2014/15 financial year, with the assessments varying by region. In the European core market (excluding Russia, roughly 75 % of Wolford's total revenues), the economy is recovering and growth is expected to reach roughly 1 %, also in the southern regions. The USA is projected to generate growth of approx. 3 %. Sound development is also forecasted for Wolford's growth markets in China with approx. 8 % and the Gulf States with 4 %. GDP development in Russia is expected to remain subdued at +1 % due to the Ukraine crisis.

Goal: positive operating earnings in 2014/15

The Wolford Group started subdued into the first weeks of the 2014/15 financial year. In particular, the wholesale business has not yet returned to the planned path of revenue growth. Also the retail business also remained behind the company's own expectations. However, the online business again is continuing to generate sound positive development in the current financial year. Wolford's goal for 2014/15 is to achieve the operating turnaround. The first weeks of the new financial year confirm the earning target since a book profit of € 3.4 million was generated by the sale of non-core land and the sale of a lease option yielded a pre-tax profit of approx. € 4.0 million.

Source: IMF, World Economic Outlook, April 2014

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On May 26, 2014 Wolford AG signed a contract for the sale of non-core land in Bregenz. The net proceeds from this transaction total approx. € 6.7 million. The sale of this land generated a book profit of approx. € 3.4 million in the first quarter of the 2014/15 financial year. The sale of non-core assets represents an important element of the strategic refocusing, which will be financed internally, among others through the sale of this property. In addition, Wolford sold a lease option for a sales location in Switzerland in July 2014 which generated net proceeds of approx. € 4.0 million. The sale was carried out at the lessor's request due to the planned reconstruction of the entire building complex. The transaction will result in pre-tax profit of approx. € 4.0 million in the first quarter of the 2014/15 financial year. Wolford intends to reinvest these proceeds in the expansion of its own retail network in strategically important locations.

RISK MANAGEMENT

Identification and analysis of major risks as part of the risk management process

Wolford AG is exposed to various risks within the context of its global business operations. For Wolford, effective risk management represents a crucial factor for ensuring sustainable success and creating shareholder value. Risk is not only defined as a negative deviation from corporate goals, but also as the failure to realize potential profits and exploit potential opportunities. The objectives of risk management are to identify and utilize opportunities based on systematic methods and to identify risks at an early stage and implement suitable measures to manage these risks and thereby minimize deviations from corporate goals.

Annual evaluation of opportunities and risks by top management

In order to meet the above objectives, it is necessary to identify, evaluate, manage and monitor opportunities and risks. This takes place on a regular basis within the context of the Group's opportunity and risk management process. The assessment of risks from previous periods is updated annually by Wolford's top management. The identified risks are ranked according to their probability of occurrence and potential damage, and the major risks are subjected to a detailed analysis.

Risks only taken on in operating business

The most important instruments used to monitor and manage risks are planning and controlling processes and Group-wide guidelines as well as ongoing reporting and forecasting. In order to prevent and control risks, risks are only taken in connection with business operations and are always analyzed in relation to the potential gains. Speculative activities above and beyond the scope of normal business operations are prohibited. Risks beyond the scope of everyday business, such as financial risks, are monitored by Wolford AG and hedged as required.

Currently no identified risks that could endanger the company's continued existence

From the current point of view, the Wolford Group is not exposed to any individual risks with a significant probability of occurrence which could threaten its continued existence. The ten major risks in total represent less than 15 % of equity, in the unlikely event these risks all occur at the same time. The main risks are described below, and a detailed presentation of financial risk management is provided in the notes to the consolidated financial statements starting on page 116.

Market, production and price risks

Strengthening of wholesale business and optimization of own retail locations

The development of business in the fashion industry is dependent primarily on consumer behavior, which is closely correlated to economic developments in the respective countries. In order to improve the performance of the wholesale business, which has declined substantially in recent years, new concepts are being developed to support the company's trading partners. The strategy also includes the further optimization of Wolford's own retail locations, which have generated steady growth over the past years. Locations with poor performance were closed to reduce the risk of losses, and new Wolford-owned retail shops will only be opened in strategic key cities and top locations. A weak economic environment and the resulting decline in demand increase the risk of idle capacity and uncovered fixed costs, especially due to medium- and long-term rental agreements. This can lead to pressure on prices as well as necessary price adjustments. In 2013/14, Wolford was only able to partially offset cost inflation with price increases. In order to minimize the impact of these risks on earnings, capacity utilization is continually evaluated and necessary adjustments are made to reflect market requirements.

Substitution risk is countered by quality leadership

Wolford competes directly with other fashion brands in its various product segments and is therefore exposed to substitution risk. The company is working to minimize price risks with a new, sharper positioning as a quality leader for legwear and other figure-embracing products and with investments in the development of new high-quality, creative products.

Protective measures to prevent production breakdowns

The potential dangers posed by natural hazards (flooding, heavy rain, lightning, storms, etc.) are addressed through the implementation of extensive technical and organizational measures to minimize the risk of production breakdowns. A business continuity management concept was developed in 2013/14 to address possible emergencies.

Monitoring of political risks in Ukraine and Russia

The development of the situation in Ukraine and Russia represents a risk for Wolford's eastern markets that is difficult to assess at the present time. The political risks arising from possible armed conflicts and the effects of the ruble exchange rate are significant and therefore continuously and critically monitored by the company.

Financial risks

Maintenance of sound capital base through financial discipline

The major financial risks are insufficient liquidity and financing. Accordingly, ensuring the availability of sufficient liquidity as well as maintaining and safeguarding a strong capital base are top priorities for Wolford AG. The company counters these risks by maximizing free cash flow on the basis of cost optimization, working capital management and investment monitoring. Wolford has been working with two credit insurance companies for many years to reduce the default risk on trade receivables. Liquidity risk is monitored by regular financial planning carried out by the treasury department of Wolford AG.

Financing based on a solid balance sheet structure

The Wolford Group's financing is based on a solid balance sheet structure with an equity ratio of 54%, gearing of 23% and cash and cash equivalents of € 4.65 million as of April 30, 2014. Wolford collaborates with numerous domestic and international banking partners to finance its working capital and investments. The Group had sufficiently high credit lines at its disposal as of April 30, 2014, with only 25% currently in use. Wolford closely manages working capital in relation to revenues and is selling non-core assets based on value maximization. However, refinancing options are influenced by numerous financial, economic and other factors which are in part beyond the control of the Management Board of Wolford AG.

Currency hedging to increase planning certainty and minimize effects on equity

In addition to liquidity risk, the Group is exposed to currency and interest rate risks. Wolford produces exclusively in the eurozone and markets its products around the world. The company's main foreign currencies are the US dollar, the Swiss franc, the British pound, the Danish crown and the Hong Kong dollar. The goal is to hedge approx. 50% of the free cash flow from foreign currencies with foreign currency forwards in order to minimize the effects of exchange rate fluctuations on Group equity and to improve planning certainty.

Currently high share of variable interest financial liabilities

Interest rate risk represents the risk arising from changes in the value of financial instruments as a consequence of changes in market interest rates. As of April 30, 2014, 29% of the financial liabilities held by Wolford AG carried fixed interest rates and 71% variable interest rates. Cash and cash equivalents are generally not invested, but held in bank accounts to ensure sufficient liquidity. Currency risks are described in the notes to the consolidated financial statements beginning on page 117.

No statutory capital requirements

The goals for managing capital risk are to safeguard the company's continued existence, on the one hand, and to maintain a cost-optimized capital structure, on the other hand. Wolford is not subject to any statutory capital requirements.

Procurement risks

Quality management, hedging and long-term supplier agreements to manage supply risks

Wolford AG has implemented extensive quality management procedures along the entire supply chain and carries out on-site supplier inspections to manage quality and supply risks in the procurement of materials, semi-finished and finished goods. Yarns are a particularly important resource for Wolford's production process. The company counters the risk of supply shortages or price increases for its main materials by continuously monitoring the situation on relevant markets, specifying procurement prices at an early stage and concluding long-term supply contracts. A major part of the required quantities of key yarns have already been secured for 2014. The prices of synthetic fibers generally vary with crude oil prices and have been subject to major fluctuations in recent years. This requires flexible and timely management in the procurement process.

Extensive planning and management systems for sales and production

Early planning is required to manage the very long lead times for textile materials that result from the complex production process. Wolford counters the risk of material shortages with comprehensive planning and management systems for its sales and production operations. Management's activities in this area are also designed to avoid surplus production through continuous optimization.

Legal risks

Suitable insurance for protection against potential liability risks

The company has concluded insurance policies to provide protection against specific liability risks and damage claims. The coverage under these policies is reviewed regularly and based on the economic correlation between the maximum risk and the insurance premium. Management makes decisions on the basis of internal and external consultations to effectively counteract the risks arising from the diverse range of tax, competition, patent, antitrust and environmental regulations and laws. Compliance with relevant regulations and controlling the interaction of employees with risks are part of the basic responsibilities of all Group managers.

INTERNAL CONTROL SYSTEM

Management Board responsible for control and risk management

The Management Board is responsible for designing and implementing an accounting-based internal control and risk management system and ensuring compliance with all legal requirements. From an organizational perspective, Wolford AG is responsible for the financial reporting of the Wolford Group. The Group consolidation (responsible for external reporting) and Group controlling departments (responsible for internal reporting) report directly to the Chief Financial Officer.

Standard Group accounting and reporting requirements

The processes underlying Group accounting and reporting are based on an accounting manual that is published by Wolford AG and updated on a regular basis. This manual contains the key IFRS accounting and reporting requirements, which include the accounting and reporting principles for non-current assets, trade receivables and accruals, financial instruments and provisions as well as the reconciliation of deferred tax assets and liabilities.

Largely automatic data transfer to the accounting department

The regular impairment testing of goodwill and the assets attributed to the individual cash generating units (CGUs) is carried out by Wolford AG. The recording, posting and accounting of all Group transactions is handled by standardized software solutions. Accounting processes are only outsourced to local tax consultants in China and Hong Kong. The subsidiaries submit monthly reporting packages that contain all relevant accounting data for the income statement, balance sheet and cash flow statement. This data is entered into the central consolidation system, where it is verified at the Group level by the Group consolidation and Group controlling departments and forms the basis for the IFRS quarterly reports issued by the Wolford Group.

Internal management report based on standard planning and reporting software

Internal management reporting is based on standardized planning and reporting software, with automatic interfaces used to transfer updated data from the primary systems. A standardized process is used to enter the figures for forecasts. Reporting is structured according to the respective region and company. In addition to reporting on the development of operating results for the preceding month, three forecast updates were prepared for the full year in 2013/14.

Ongoing and regular information for the Supervisory Board

The financial information described above and the quarterly performance figures form the basis for the Management Board's reporting to the Supervisory Board. The Supervisory Board is provided with information on the development of business at regular meetings. This information is based on consolidated results, which cover segment reporting, earnings development with comparisons to budgeted and prior year figures, forecasts, consolidated financial statements, data on employees and order intake as well as selected financial indicators.

INTERNAL AUDIT

Management Board and internal audit department monitor compliance with laws, internal guidelines and processes

The internal audit department, which was established as a staff function, is responsible for implementing the principles of corporate governance and the internal control system (ICS). The Management Board and the internal audit department regularly evaluate operating processes with respect to risk management and opportunities to improve efficiency. This review is based on an annual audit plan approved by the Management Board and the Group-wide risk assessment of all corporate activities. It is also designed to monitor compliance with legal regulations, internal guidelines and processes.

Internal control system is evaluated via ongoing self-assessment and internal audit

The internal audit department also carries out ad-hoc audits at the request of Management, which focus on current and future risks. Wolford's internal control system supports the early identification and management of risks that may arise from potentially inadequate monitoring systems or fraudulent actions and is regularly evaluated by corporate departments in the form of self-assessments. Internal controls are revised and expanded by internal audit together with other Group departments on a regular basis. This system is based on the standards defined in the COSO (the Internal Control and Enterprise Risk Managing Frameworks of the Committee of Sponsoring Organizations of the Treadway Commission), a recognized international guideline for internal control procedures. Together with the Group guidelines and standardized reporting system, this provides management with a comprehensive set of tools to analyze and manage the uncertainties and risks arising from business activities and to ensure compliance.

ICS is implemented locally, but compliance is monitored centrally by the internal audit department

The business unit managers and department heads at Wolford AG as well as the general managers of the individual subsidiaries are required to evaluate and document compliance with the controls defined in the ICS guidelines on the basis of self-assessments. The internal audit department subsequently monitors compliance with these audit procedures by local managers. The results are reported to the individual managing directors and the Management Board of Wolford AG. The internal audit department reports to the Audit Committee of the Supervisory Board at least once each year on its main conclusions from the risk management analysis and its audit findings, relevant implementation activities and improvement measures for the weaknesses identified in the internal control system.

Control systems in individual areas evaluated by the external auditor

Reporting plays a key role in the monitoring and control of the risks associated with operating activities. The control systems in individual corporate areas are reviewed by the external auditor as part of the annual year-end audit. The results of this audit are presented to the Management Board and the Audit Committee, and the internal audit department takes any necessary actions based on the resulting conclusions.

RESEARCH AND DEVELOPMENT

Wolford's research and development activities (R&D) are closely linked to its further development and strategic positioning as a fashion company in the niche of figure-embracing products, which has defined the highest quality standards as a key element of its mission statement. A number of R&D focal points were set during the reporting year and resulted in expenditures of € 6.6 million. Wolford employs 49 men and women (full-time equivalents) in its technical product development department. Their expertise is complemented by close cooperation with the resources and know-how available in the design, product management, procurement and production departments.

Numerous innovations in the Legwear area

In the Legwear area, Wolford expanded the product line to include Fine Cotton Rib Tights. These tights with their high cotton content are the finest ribbed tights on the market. They underscore Wolford's innovative strength, especially in the area of legwear. Wolford's reaction to the current fashion trend toward absolutely opaque tights is the Individual 100 Leg Support. This product not only meets the current trend with its mat opaque look, but also has a supporting effect that improves blood circulation and prevents premature fatigue and swollen legs.

New gluing technique guarantees ultra-flat seams, patent for the world's first glued tights already filed

Our development work in the area of gluing technology deserves special mention. The latest innovation in bonding technology allows Wolford to connect fine and elastic materials with thinner and more modern seams. This technology is now used in new developments like the Pure 50 Collection, which includes Pure Tights, Pure Top, Pure Shirt and Pure Pullover. In the future, it will be used in Wolford's Legwear, Lingerie and Ready-to-wear product groups. The women's outerwear products in the Pure 50 Collection were introduced with the spring-summer 2014 collection at Wolford's points of sale and have become very popular with customers worldwide. The Pure Tights (the world's first glued tights) will be available starting in autumn 2014. A number of R&D projects are focused on the expansion of the Pure Series and the increased use of bonding technology for highly elastic materials, one of Wolford's clear competitive advantages. A patent application for the innovative gluing technology has already been filed.

Limited Edition in fall-winter collection 2014/15

Jewellery Tights, a glamorous hosiery edition limited to 499 pieces, sparkles with genuine Swarovski Elements and metallic circle detailing that is applied by hand during the production process in Austria. The diamond design surrounds the legs like a net made of gold and jewels, right up to stay-up height. The comfortable knitted waistband and extremely soft, opaque material in classic black provide high-quality wearing comfort. These exclusive tights will join the Wolford portfolio with the 2014/15 fall-winter collection at selected points of sale.

Focal point: Essentials in the Ready-to-wear product group

R&D activities in 2013/14 focused on Essentials in the Ready-to-wear collection. The product line was expanded to include particularly fine merino wool products: the Fine Merino Cardigan, Fine Merino Pullover and Fine Merino Top. These high-quality items can be optimally combined for all occasions. Our classic Fatal Tube was also reinterpreted in merino quality as the Fatal Wool Dress. Similar to its well-known predecessor, the Fatal Wool Dress is multifunctional with virtually unlimited combination possibilities and looks. Another step toward versatility was taken with the reintroduction of our highly successful Multifunction Scarf in a winter version as the Multifunction Merino Scarf.

Expansion of Lingerie shapewear offering

The products in the Sheer Touch series stand out with their fine, slightly shimmering material, modern look and medium-shaping effect as well as seamless processing that effectively forms the feminine silhouette. They will expand the offering of Lingerie shapewear and will be available with the 2014/15 fall-winter collection.

HUMAN RESOURCES

Promoting identification with the company and employees' motivation and health

Employees are decisive for a company's success. Wolford's management is well aware of this and continuously works on measures to strengthen employees' identification with the company and improve their motivation and health. New employees are introduced to the philosophy, products and structure of the Wolford Group in a special orientation program at corporate headquarters in Bregenz. The Wolford Group had an average of 1,562 employees in 2013/14; the share of women equaled roughly 80 %. An average of 750 employees worked at the corporate headquarters in Bregenz during the reporting year.

Anchoring of dynamic corporate and management culture

In the course of the 2013/14 financial year, the Management Board and the Management Team elaborated and developed a collective understanding of Wolford's future orientation, based on a common mission statement. This mission statement defines the direction for the entrepreneurial focus and everyday actions of all employees. The mission statement comprises the corporate mission, vision and values and is based on the belief: "The Unforgettable Touch of Wolford". A dynamic management culture will sustainably anchor the process of change in the organization and include the employees in a constructive way.

Ongoing investments in employee development

Professional human resources development and the systematic advancement of employees are key success factors for a company. Wolford therefore continuously invests in the training and professional development of its employees around the world and improves the framework necessary for the enhancement of their personal and professional skills. Standardized performance appraisal reviews are carried out in all areas of the company to determine the personal development potential and internal career opportunities for each employee. Wolford invested approximately € 0.26 million in the training and professional development of its employees during the reporting year.

Specially designed, international coaching by internal training department

Wolford operates a special internal training department for the sales and distribution workforce. The Wolford employees in points of sale and administrative departments completed a total of 465 training days in 2013/14. These sessions included introductory modules on the company, the brand, the products and sales training and were held in Bregenz and in the various country organizations. In the subsidiaries, group courses are held by a training manager who is responsible for several markets and coaches the employees on a regular basis. This instruction is based on a train-the-trainer system, where the store managers are responsible for communicating the training contents to their staff. Trading partners can also make use of Wolford's training programs. The implementation of the training content is monitored by the training manager together with the responsible monobrand managers during store visits and feedback meetings.

Flexible working time models are offered

The company works to meet the changing personal circumstances of its employees, also above and beyond legal requirements. Parental part-time working models are offered to women re-entering the job market and were used by 60 female employees during the reporting year. Individual requests, e.g. for more flexible working hours or a change in assignment, are evaluated jointly by the supervisor and staff council representative and implemented when possible. In 2013, Wolford introduced a part-time model that allows older employees to steadily reduce their working hours.

Health care seal awarded by Provincial Government of Vorarlberg

Wolford AG has a large number of trained safety specialists and first aiders as well as its own plant fire brigade. Two company physicians are also available to treat injuries and for diagnostic purposes and treatment. These occupational health physicians also monitor all necessary workplace safety inspections and health promotion measures. In addition to fitness classes, Wolford employees can also receive therapeutic massages in house with the approval of the company physician. In 2013, Wolford received the salvus seal of approval in gold – a special award for health care from the Provincial Government of Vorarlberg. This official recognition underscores the company's commitment to occupational health care.

DISCLOSURES PURSUANT TO § 243 A (1) OF THE AUSTRIAN COMMERCIAL CODE

Wolford AG is listed in the Prime Market of the Vienna Stock Exchange. The company has share capital totaling € 36,350,000, which is divided into five million zero par value bearer shares. The Management Board is not aware of any restrictions on voting rights or the transfer of shares. There are no shares with special control rights.

According to the information available to the company, the following direct or indirect investments in the capital of Wolford AG equaled or exceeded 10% as of April 30, 2014: WMP family private foundation held over 25% of the shares, and over 15% were held by Sesam private foundation. The private foundations and their subsidiary M. Erthal GmbH are legal entities which act in concert and exercise their voting rights by consensus. A further 25% of the shares were held by Ralph Bartel. Wolford AG continues to hold over 2% of the shares as treasury stock. The remaining shares represent free float. The members of the Management Board have not been provided with any authorizations above and beyond those defined by law, in particular the possibility to issue or repurchase the company's shares. Wolford AG has no authorized capital. The 24th Annual General Meeting on September 15, 2011 extended the period for the sale of 100,000 treasury shares, which were repurchased in accordance with a resolution of the Annual General Meeting on September 6, 1999, to March 6, 2015.

The Wolford Group does not have a stock option plan or employee participation model. There are no provisions for the members of the Management or Supervisory Boards above and beyond the ones defined by law. The company has concluded a compensation agreement with one member of the Management Board that will take effect in the event of a public takeover offer. If there is a change of control (a direct or indirect change in the ownership structure that involves more than 50% of the voting shares), this Management Board member is entitled to resign subject to a three-month notice period. The company would then be required to settle all claims for compensation by this Management Board member for the remaining term of his contract. The company has concluded no other significant agreements that would take effect, be amended or end with a change of control as the result of a takeover offer.

Bregenz, July 4, 2014

Axel Dreher
Thomas Melzer

Consolidated Financial Statements as of April 30, 2014

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STATEMENT OF COMPREHENSIVE INCOME

in TEUR	Note	2013/14	2012/13 1)
Revenues	**(1)**	**155,873**	**156,466**
Other operating income	(2)	1,352	1,880
Changes in inventories of finished goods and work-in-process		-1,872	-475
Own work capitalized		44	101
Operating output		**155,397**	**157,972**
Cost of materials and purchased services	(3)	-25,619	-28,930
Personnel expenses	(4)	-72,093	-73,046
Other operating expenses	(5)	-50,573	-48,100
Depreciation and amortization	(6)	-8,077	-8,802
EBIT adjusted		**-965**	**-906**
Non-recurring expenses	(7)	-3,755	0
EBIT		**-4,720**	**-906**
Net interest cost	(8)	-644	-845
Net investment securities income	(9)	12	100
Interest cost of employee benefit liabilities		-533	-594
Financial result		**-1,165**	**-1,339**
Earnings before tax		**-5,885**	**-2,245**
Income tax	(10)	3,071	-512
Earnings after tax		**-2,814**	**-2,757**
Amounts that will not be recognised through profit and loss in future periods		-557	-1,203
thereof actuarial gains and losses	(22)	-557	-1,203
Amounts that will potentially be recognised through profit and loss in future periods		-396	299
thereof currency translation differences	(22)	-398	295
thereof change from cash flow hedges	(22)	2	4
Other comprehensive income 2)	**(11)**	**-953**	**-904**
Total comprehensive income		**-3,767**	**-3,661**
Attributable to the equity holders of the parent company		-3,767	-3,661
Earnings afer tax attributable to equity holders of the parent company		-2,814	-2,757
Earnings per share (diluted = basic)	**(12)**	**-0.57**	**-0.56**

1) Adjustment to reflect the offsetting of other operating income from the invoicing of costs with the related expense items.

2) The items presented under other comprehensive income are shown after tax.

CASH FLOW STATEMENT

in TEUR	Note	2013/14	2012/13
Earnings before tax		-5,885	-2,245
Depreciation		8,077	8,802
Amortization		605	0
Interest result		632	745
Gains / losses from disposal of property, plant and equipment		1,191	276
Changes in non-current provisions		-240	-116
Changes in inventories		2,624	1,478
Changes in trade receivables		43	763
Changes in other assets		-209	-47
Changes in trade payables		376	-404
Changes in current provisions		-111	625
Changes in other liabilities		-101	-176
Changes in the cash flow hedge provision		-3	-5
Currency translation differences		-598	-637
Net interest paid		-579	-577
Income taxes paid / received		481	-2,175
Cash flow from operating activities		**6,303**	**6,307**
Investments in property, plant and equipment and other intangible assets	(31)	-7,457	-5,861
Proceeds from the sale of property, plant and equipment and other intangible assets	(31)	192	32
Proceeds from the disposal of securities		0	0
Cash flow from investing activities		**-7,265**	**-5,829**
Payment received from current and non-current financial liabilities		3,103	2,674
Repayment of current and non-current financial liabilities		-2,419	-1,089
Dividends paid		0	-1,960
Cash flow from financing activities		**684**	**-375**
Change in cash and cash equivalents		**-278**	**103**
Cash and cash equivalents at the beginning of the period		4,990	4,911
Effects of exchange rate fluctuations on cash and cash equivalents		-59	-24
Cash and cash equivalents at the end of the period		**4,653**	**4,990**

BALANCE SHEET

in TEUR	Note	30.04.2014	30.04.2013 [1]
Property, plant and equipment	(13)	53,005	59,683
Goodwill		1,168	1,200
Other Intangible assets	(14)	10,205	9,571
Financial assets	(15)	1,473	1,533
Non-current receivables and assets	(16)	1,451	1,269
Deferred tax assets	(17)	7,922	5,568
Non-current assets		**75,224**	**78,824**
Inventories	(18)	40,068	42,692
Trade receivables	(19)	8,790	8,833
Other receivables and assets	(20)	3,015	4,270
Prepaid expenses		2,710	2,707
Cash and cash equivalents		4,653	4,990
Non-current assets held for sale	(21)	3,659	0
Current assets		**62,895**	**63,492**
Total assets		**138,119**	**142,316**
Share capital		36,350	36,350
Capital reserves		1,817	1,817
Other reserves		39,196	42,565
Currency translation differences		-2,981	-2,583
Equity	**(22)**	**74,382**	**78,149**
Financial liabilities	(23)	6,392	19,149
Other liabilities	(26)	1,096	1,249
Provisions for long-term employee benefits	(25)	15,697	15,222
Deferred tax liabilities	(17)	112	139
Non-current liabilities		**23,297**	**35,759**
Financial liabilities	(24)	16,767	3,327
Trade payables		5,410	4,618
Other liabilities	(28)	12,744	12,691
Income tax liabilities		200	2,342
Other provisions	(27)	5,319	5,430
Current liabilities		**40,440**	**28,408**
Total equity and liabilities		**138,119**	**142,316**

1) Adjustment to reflect the reclassification of funds that are not available for discretionary use to other receivables and assets.

STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the parent company							
in TEUR	Note	Share capital	Capital reserves	Hedging reserve	Actuarial gain/loss	Other reserves	Currency translation	Treasury stock	Total equity
01.05.2012 [1]		**36,350**	**1,817**	**-9**	**218**	**52,935**	**-4,663**	**-2,878**	**83,770**
Dividends 2011/12	(22)	0	0	0	0	-1,960	0	0	-1,960
Total comprehensive income		0	0	4	-1,203	-2,757	0	295	-3,661
30.04.2013		**36,350**	**1,817**	**-5**	**-985**	**48,218**	**-4,663**	**-2,583**	**78,149**
Dividends 2012/13	(22)	0	0	0	0	0	0	0	0
Total comprehensive income		0	0	2	-557	-2,814	0	-398	-3,767
30.04.2014		**36,350**	**1,817**	**-3**	**-1,542**	**45,404**	**-4,663**	**-2,981**	**74,382**

1) Adjustment to reflect the retrospective application of IAS 19.

SEGMENT REPORTING

2013/14 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**92,150**	**95,478**	**27,318**	**5,476**	**-64,549**	**155,873**
thereof intersegment	59,895	4,654	0	0	-64,549	0
External revenues	**32,255**	**90,824**	**27,318**	**5,476**	**0**	**155,873**
EBIT adjusted	**-1,956**	**-157**	**-222**	**197**	**1,173**	**-965**
Non-recurring expenses	-2,413	-697	-645	0	0	-3,755
EBIT	**-4,369**	**-854**	**-867**	**197**	**1,173**	**-4,720**
Segment assets	153,873	41,334	13,262	3,666	-74,016	138,119
Segment liabilities	54,724	29,962	7,482	1,585	-30,016	63,737
Investments	2,708	4,133	260	772	0	7,873
Depreciation	4,970	2,512	359	236	0	8,077
Non-recurring amortization	23	153	429	0	0	605
Employees on average (FTE)	**750**	**656**	**122**	**34**	**0**	**1,562**

2012/13 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**95,611**	**97,087**	**26,804**	**3,494**	**-66,530**	**156,466**
thereof intersegment	62,123	4,407	0	0	-66,530	0
External revenues	**33,488**	**92,680**	**26,804**	**3,494**	**0**	**156,466**
EBIT	**1,275**	**-9**	**-766**	**160**	**-1,566**	**-906**
Segment assets	150,942	42,146	13,999	2,266	-67,037	142,316
Segment liabilities	49,202	30,604	7,559	1,192	-24,390	64,167
Investments	2,465	2,151	1,131	334	-56	6,025
Depreciation and amortization	4,894	2,762	1,093	107	-54	8,802
Employees on average (FTE)	**831**	**634**	**118**	**23**	**0**	**1,606**

STATEMENT OF CHANGES IN FIXED ASSETS

	Costs						
in TEUR	**01.05.2013**	**Currency translation differences**	**Additions**	**Disposals**	**Held for sale**	**Reclassi-fication**	**30.04.2014**
Property, plant and equipment							
Land, land rights and buildings, including buildings on third-party land	92,678	-339	1,810	2,450	-4,270	35	87,464
thereof land	6,418	0	0	0	0	0	6,418
Technical equipment and machinery	33,010	0	385	4,254	0	68	29,209
Other equipment, furniture and fixtures	30,226	-174	2,804	3,079	-31	53	29,799
Prepayments made and assets under construction	155	-1	357	128	0	-156	227
	156,069	**-514**	**5,356**	**9,911**	**-4,301**	**0**	**146,699**
Goodwill	**1,377**	**-39**	**0**	**0**	**0**	**0**	**1,338**
Other Intangible assets							
Concessions, patents and licenses	14,215	-9	883	34	0	0	15,055
Security deposits paid for leased real estate	10,391	-11	1,634	908	0	0	11,106
Customer relationship	727	0	0	0	0	0	727
	25,333	**-20**	**2,517**	**942**	**0**	**0**	**26,888**
Total	**182,779**	**-573**	**7,873**	**10,853**	**-4,301**	**0**	**174,925**

	Costs					
in TEUR	**01.05.2012**	**Currency translation differences**	**Additions**	**Disposals**	**Reclassi-fication**	**30.04.2013**
Property, plant and equipment						
Land, land rights and buildings, including buildings on third-party land	91,010	17	2,216	624	59	92,678
thereof land	6,418	0	0	0	0	6,418
Technical equipment and machinery	33,049	0	240	423	144	33,010
Other equipment, furniture and fixtures	30,360	-25	2,010	2,341	222	30,226
Prepayments made and assets under construction	218	0	454	57	-460	155
	154,637	**-8**	**4,920**	**3,445**	**-35**	**156,069**
Goodwill	**1,368**	**9**	**0**	**0**	**0**	**1,377**
Other Intangible assets						
Concessions, patents and licenses	13,446	2	975	243	35	14,215
Security deposits paid for leased and rented real estate	10,525	-8	130	256	0	10,391
Customer relationship	727	0	0	0	0	727
	24,698	**-6**	**1,105**	**499**	**35**	**25,333**
Total	**180,703**	**-5**	**6,025**	**3,944**	**0**	**182,779**

Accumulated depreciation and amortization							Carrying amounts	
01.05.2013	Currency translation differences	Impairment	Additions	Disposals	Held for sale	30.04.2014	01.05.2013	30.04.2014
43,328	-255	482	3,077	1,765	-628	44,239	49,350	43,225
0	0	0	0	0	0	0	6,418	6,418
28,848	0	0	1,112	3,885	0	26,075	4,162	3,134
24,209	-140	124	2,172	2,971	-14	23,380	6,016	6,419
0	0	0	0	0	0	0	155	227
96,385	**-395**	**606**	**6,361**	**8,621**	**-642**	**93,694**	**59,683**	**53,005**
177	**-7**	**0**	**0**	**0**	**0**	**170**	**1,200**	**1,168**
9,664	-8	0	1,065	33	0	10,688	4,551	4,367
5,553	-11	0	560	743	0	5,359	4,838	5,747
545	0	0	91	0	0	636	182	91
15,762	**-19**	**0**	**1,716**	**776**	**0**	**16,683**	**9,571**	**10,205**
112,324	**-421**	**606**	**8,077**	**9,397**	**-642**	**110,547**	**70,454**	**64,378**

Accumulated depreciation and amortization						Carrying amounts	
01.05.2012	Currency translation differences	Impairment	Additions	Disposals	30.04.2013	01.05.2012	30.04.2013
39,927	25	481	3,327	432	43,328	51,083	49,350
0	0	0	0	0	0	6,418	6,418
28,170	0	0	1,090	412	28,848	4,879	4,162
24,126	-18	66	2,320	2,285	24,209	6,234	6,016
0	0	0	0	0	0	218	155
92,223	**7**	**547**	**6,737**	**3,129**	**96,385**	**62,414**	**59,683**
175	**2**	**0**	**0**	**0**	**177**	**1,193**	**1,200**
8,951	2	0	954	243	9,664	4,495	4,551
5,338	-2	0	473	256	5,553	5,187	4,838
454	0	0	91	0	545	273	182
14,743	**0**	**0**	**1,518**	**499**	**15,762**	**9,955**	**9,571**
107,141	**9**	**547**	**8,255**	**3,628**	**112,324**	**73,562**	**70,454**

Notes to the Consolidated Financial Statements

Wolford is an international group specialized in the production and marketing of Legwear, Ready-to-wear and Lingerie, Swimwear, Accessories and Trading goods and is positioned in the segment of affordable luxury products. The parent company, Wolford AG, is a stock corporation that is headquartered in Austria, 6900 Bregenz, Wolfordstrasse 1 and registered with the provincial court of Feldkirch, Austria, under FN 68605s.

The business activities of the subsidiaries are focused primarily on the marketing and sale of products purchased from the parent company.

I. ACCOUNTING PRINCIPLES

1. BASIS OF PREPARATION

The consolidated financial statements of Wolford AG as of April 30, 2014 were prepared in accordance with §245a of the Austrian Commercial Code and in agreement with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union. The 2013/14 financial year covers the period from May 1, 2013 to April 30, 2014.

The preparation of the consolidated financial statements reflects the current version of all valid and binding standards issued by the IASB and interpretations of the International Financial Reporting Interpretations Committees (IFRIC) that are applicable in the EU for the 2013/14 financial year.

In accordance with §245a of the Austrian Commercial Code – in connection with Art. 4 of Regulation (EC) No 1606/2002 of the European Parliament and the Council dated July 19, 2002 – all publicly traded companies whose headquarters are located in the EU are required to prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

The preparation of the consolidated financial statements was generally based on amortized cost, with the exception of the different accounting treatments required by individual IAS/IFRS. The different accounting treatment applicable to the Wolford Group are found, above all, in IAS 39 and IFRS 5.

The following standards and interpretations must be applied in the EU for the first time in 2013/14:

Standard/ Interpretation	Description	Effective date
Amendments to IFRS 1	Government loans – first-time adopters	January 1, 2013
Amendments to IFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters	January 1, 2013
Amendments to IFRS 7	Offsetting Financial Assets and Financial Liabilities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
Amendments to IAS 12	Recovery of underlying assets	January 1, 2013
IAS 19 (revised 2011)	Employment benefits	January 1, 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013
Improvements to IFRS 2009-2011	Changes to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34	January 1, 2013

Overview of standards and interpretations which will find application in the following financial years:

Standard/ Interpretation	Description	Effective date
IFRS 10	Consolidated financial statements	January 1, 2014
IFRS 11	Joint arrangements	January 1, 2014
IFRS 12	Disclosure of interests in other entities	January 1, 2014
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition requirements	January 1, 2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities	January 1, 2014
Amendments to IAS 27	Seperate financial statements	January 1, 2014
Amendments to IAS 28	Investments in associates and joint ventures	January 1, 2014
Amendments to IAS 32	Offsetting financial assets and financial liabilities	January 1, 2014
Amendments to IAS 36	Recoverable amount disclosures	January 1, 2014
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting	January 1, 2014

The application of the new or revised standards is not expected to have any material effect on the financial position, financial performance or cash flows of the Wolford Group.

The preparation of the consolidated financial statements is the responsibility of the Management Board. The financial reporting by the Wolford Group is based on thousand euros (TEUR). Rounding differences may arise from the application of commercial rounding principles.

Other operating income from the invoicing of costs was offset against the related expense items on the statement of comprehensive income for the first time in 2013/14 to more clearly represent the respective expense items in relation to revenues. The prior year data were adjusted accordingly. This led to the following changes in the amounts previously reported for 2012/13: a reduction of TEUR 1,642 in other operating income, a reduction of TEUR 1,188 in personnel expenses and a reduction of TEUR 454 in other operating expenses.

Bank balances that are not available for discretionary use were reclassified from liquid funds to other receivables and assets to reconcile cash and cash equivalents as reported on the cash flow statements directly with the balance sheet. The prior year amount reported for the new balance sheet position "cash and cash equivalents" is TEUR 226 lower than the former position "liquid funds". Other receivables and assets were increased by the same amount.

In order to more transparently present the development of the Wolford Group's operating business, all non-recurring effects are excluded from the calculation of adjusted EBITDA and adjusted EBIT and reported separately as non-recurring items on the statement of comprehensive income according to IAS 1.98. These non-recurring items represent the major costs related to the strategic refocusing, e.g. expenses for closing company-owned locations, one-off expenses from changes in concepts and strategies or the relocation of production as well as severance compensation. Book gains arising from the sale of non-core assets in subsequent periods will also be reported separately as non-recurring income in the future.

2. BASIS OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

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 directly included in the consolidated financial statements:

Company	Registered office	Direct interest in %
Wolford Beteiligungs GmbH	Bregenz	100
Wolford proizvodnja in trgovina d.o.o.	Murska Sobota	100

Wolford Beteiligungs GmbH holds 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.	Amsterdam	100
Wolford Canada Inc.	Vancouver	100
Wolford Boutiques, LLC. [1]	New York	100
Wolford Asia Limited	Hong Kong	100
Wolford Belgium N.V.	Antwerp	100
Wolford (Shanghai) Trading Co., Ltd.	Shanghai	100

1) Wolford Boutiques, LLC., New York, is a wholly owned subsidiary of Wolford America, Inc.

Branch offices are operated in Norway, Finland and Sweden by Wolford Scandinavia ApS, in Ireland by Wolford London Ltd., in Luxembourg by Wolford Belgium N.V., in Macao by Wolford Asia Limited and in Portugal by Wolford España S.L.

There were no changes in the scope of consolidation during the reporting year.

The closing date for the consolidated financial statements of the parent company and all companies included in the consolidation is April 30. With the exception of Wolford Asia Limited and Wolford (Shanghai) Trading Co., Ltd., which have a closing date of December 31 in accordance with the respective national laws. These two companies prepare interim financial statements as of April 30 for consolidation purposes.

The consolidated financial statements include estimates and valuations by management.

The consolidated financial statements include all assets, liabilities, income and expenses of Wolford AG and its included subsidiaries after the elimination of intra-group transactions.

The acquisition method of accounting defined by IFRS 3 is applied to all companies included through full consolidation. In accordance with this standard, all identifiable assets, liabilities and contingent liabilities resulting from a business combination are recognized at fair value on the acquisition date. If the acquisition cost for the subsidiary exceeds the fair value of the acquired assets, liabilities and contingent liabilities, the difference is recognized as goodwill. Negative differences are recognized immediately to profit or loss. Companies acquired or sold during the financial year are included in the consolidated financial statements as of the acquisition date or up to the date of sale.

The functional currency method is used to translate the foreign currency financial statements of companies included in the consolidation. The local currency represents the functional currency for all companies. The euro is the functional currency of the Wolford Group. The assets and liabilities of companies with a different functional currency are translated at the exchange rate in effect on the balance sheet date. Income and expenses are translated at average rates for the year. The resulting differences are recorded on the statement of comprehensive income.

The major exchange rates used for foreign currency translation developed as follows:

	Average rate on the balance sheet date		**Average rate for the year**	
Currency	**30.04.2014**	**30.04.2013**	**2013/14**	**2012/13**
1 EUR / USD	1.3801	1.3055	1.34767	1.28975
1 EUR / GBP	0.8200	0.8461	0.84454	0.81803
1 EUR / CHF	1.2193	1.2245	1.23079	1.21131
1 EUR / DKK	7.4640	7.4550	7.45931	7.44989
1 EUR / SEK	9.0760	8.5400	8.72926	8.62542
1 EUR / NOK	8.2500	7.6200	8.01425	7.45096
1 EUR / CAD	1.5150	1.3230	1.41847	1.29182
1 EUR / HKD	10.7200	10.1600	10.45160	10.00765
1 EUR / CNY	8.5298	8.1253	8.24007	8.1065

3. ACCOUNTING POLICIES

Property, plant and equipment are recognized and measured at their production or acquisition cost in accordance with IAS 16. Scheduled depreciation is generally calculated over the expected useful life of the respective asset based on the straight-line method. Borrowing costs are capitalized if the asset meets the eligibility criteria defined by IAS 23. No borrowing costs were capitalized in 2013/14 or the prior year.

The scheduled straight-line depreciation of property, plant and equipment is based on the following expected useful lives:

Site values (based on rental agreements)	max. 10 years
Land, land rights and buildings	10 to 50 years
Technical equipment and machinery	4 to 20 years
Other equipment, furniture and fittings	2 to 10 years

Impairment charges are recognized in accordance with IAS 36 (Impairment of Assets) when assets are impaired above and beyond the scope of scheduled depreciation.

Repair and maintenance costs relating to property, plant and equipment are generally expensed as incurred. These costs are only capitalized if the additional expenditures are expected to increase the future economic benefits from the use of the respective asset.

Items of property, plant and equipment that are obtained through lease or rental contracts are attributed to the lessor or landlord and accounted for as operating leases if the applicable requirements are met. The related lease and rental payments are recognized as expenses.

Goodwill resulting from business combinations is recognized as an asset. In accordance with IAS 36, goodwill is subjected to an impairment test at least once each year or more frequently if there are signs of impairment.

Other amortizable intangible assets are recognized at cost and amortized over a useful life of three to ten years based on the straight-line method. Impairment charges are recognized if necessary. Intangible assets with an indefinite useful life are tested annually for impairment. The procedure for impairment testing involves comparing the recoverable amount of the cash-generating unit (CGU), i.e. the higher of the fair value less costs to sell and the value in use, with the carrying amount as of the balance sheet date. If the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to the recoverable amount. The estimates made by management to establish the recoverable amount are related, above all, to the determination of expected cash flows, discount rates and growth rates as well as expected changes in selling prices and related direct costs.

The discount factor used for the impairment tests (WACC) range from 6.6% to 11.1% (2012/13: 8.0%) and are derived from regional interest rates. These rates reflect the differences in inflation compared with the risk-free base interest rate, country risk premium and different tax rates in the respective countries. The expected changes in selling prices and related direct costs are based on past experience and estimates of possible future changes in the Group’s markets and range after the budget period from 1% to 5%. The Wolford Group prepares its cash flow forecasts based on the latest four-year budgets presented to the Supervisory Board.

In accordance with IAS 38 (Intangible Assets), research costs do not qualify for capitalization and are therefore expensed as incurred. Development costs may only be capitalized when the related activities are expected to generate probable future inflows of financial resources that will cover not only the normal costs, but also the associated development costs. Moreover, development projects must meet the cumulative criteria listed under IAS 38. No development costs were eligible for capitalization in 2012/13 or 2013/14. Research and development costs of TEUR 6,578 were recognized as expenses during the reporting year (2012/13: TEUR 6,744).

Financial instruments: Transactions with financial instruments are recognized as of the settlement date in accordance with IAS 39. Financial assets comprise other securities and investment funds. These instruments are classified as available for sale and carried at fair value as required by IAS 39, whereby fair value represents the market price as of the balance sheet date. Any gain or loss on valuation is recognized under other comprehensive income. When these securities are sold, previously accumulated gains and losses are transferred to the income statement and reported under net investment securities income. If impairment charges were recognized in earlier periods, the changes in fair value are recognized to the income statement until the original cost is reached.

Inventories: Raw materials and supplies are reported at the lower of cost or net realizable value. Work-in-process and finished goods are recognized at the lower of production cost or net realizable value. Production cost includes all expenses that are directly related to the product. Appropriate write-downs are recognized to reflect inventory risks arising from slow-moving items or a reduction in the ability of the items to generate revenue. The share of administrative expenses attributable to production cost was reviewed during the reporting year in connection with an internal cost accounting project and adjusted to reflect a change in estimates. This led to an increase of TEUR 974 in the carrying amount of work-in-process and finished goods as of April 30, 2014.

Receivables and other assets: In accordance with IAS 39, receivables are capitalized at the fair value of the goods or services provided. Other assets are capitalized at cost. Identifiable risks are accounted for through the recognition of impairment losses.

Treasury shares are reported on the balance sheet as a deduction from equity in accordance with IAS 32.

Income taxes: The provision for current taxes covers all tax obligations as of the balance sheet date. Deferred tax assets and liabilities are recognized according to the balance sheet liability method prescribed by IAS 12. This method involves the recognition of deferred taxes for all temporary valuation and accounting differences arising between the tax bases and the IFRS financial statements of the Group companies as well as the recognition of deferred taxes on eliminations. The tax rate used for this calculation is the rate that is expected to apply during the period in which the asset will be realized or the liability settled. Deferred tax assets are also recognized for all loss carryforwards that are realistically expected to be used. For domestic entities, the calculation of deferred taxes is based on a tax rate of 25%. For foreign entities, the respective local tax rate is used.

Liabilities are initially recognized at the fair value of the goods or services provided. Financial liabilities are valued at amortized cost as of the balance sheet date.

Employee-related provisions: The calculation of the provisions for severance compensation and jubilee benefits in the Austrian parent company was based on the requirements of IAS 19 (revised) and the application of the Projected Unit Credit Method. The following parameters were used:

Biometric parameters	**AVÖ 2008 - P**
Interest rate	3.10% p.a. (2012/13: 3.60%)
Wage/salary trend	2.60% p.a. (2012/13: 2.70%)
Retirement age	61.5 – 65 / 56.5 – 60 years
Employee turnover (graduated)	
0 – 3 years	19%
3 – 5 years	13%
5 – 10 years	9%
10 – 15 years	5%
15 – 20 years	1%
over 20 years	0%

The calculation of the severance compensation provisions for the subsidiaries were based on local biometric parameters, interest rates, wage and salary trends and appropriately adjusted retirement ages.

The provision for pensions was calculated in accordance with actuarial principles and based on the requirements of IAS 19 (revised). The Projected Unit Credit Method and the following parameters were used for the calculation:

Biometric parameters	**AVÖ 2008 - P**
Interest rate	3.10% p.a. (2012/13: 3.60%)
Wage/salary trend	2.60% p.a. (2012/13: 2.70%)

Provisions: Other provisions were created in accordance with IAS 37 when the company has a current obligation arising from a past event and the outflow of resources to meet this obligation is probable. Non-current provisions are discounted if the interest component included in the obligation is material.

Earnings per share are calculated by dividing earnings after tax by the number of shares outstanding.

The following table shows the basis for the calculation of earnings per share:

	2013/14	**2012/13**
Total number of shares outstanding	5,000,000	5,000,000
Less average number of treasury shares	-100,000	-100,000
	4,900,000	**4,900,000**

Revenue recognition: Revenue is recognized when the risks and rewards of ownership have been transferred or when the service has been rendered and in accordance with the other criteria listed in IAS 18. The customer loyalty program "My Wolford" was accounted for in accordance with IFRIC 13. Interest income and interest expense are recognized on a pro-rata basis in accordance with the effective interest method. Step-up leases are also recognized on a pro-rata basis.

Foreign currency translation: Foreign exchange differences arising from the translation of monetary items in the individual financial statements, which are caused by exchange rate fluctuations between the recognition date of a transaction and the balance sheet date, are recognized to profit or loss during the respective period. Currency translation differences of TEUR -399 were recognized to profit or loss in 2013/14 (2012/13: TEUR +12). This amount also includes negative currency translation differences of TEUR 49 (2012/13: TEUR 66), which were realized through the application of cash flow hedge accounting in accordance with IAS 39 and arose during the settlement of the related forward exchange contracts.

Derivative financial instruments: Wolford uses forward currency contracts to hedge the potential effects of foreign currency fluctuations on various balance sheet positions and on future transactions. The conclusion of hedging contracts includes the assignment of individual derivatives to certain underlying transactions. Consequently, these contracts meet requirements of IAS 39 for qualification as hedging instruments. All derivative financial instruments are recognized at fair value in accordance with IAS 39. Changes in the fair value of the derivative financial instruments are recognized through profit or loss. If the financial instruments are classified as effective hedges within the context of a hedging relationship based on the requirements of IAS 39 (cash flow hedges), fluctuations in fair value do not have an effect on net earnings during the term of the derivative.

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 items with a term to maturity of more than one year are classified as non-current (long-term). The Wolford Group received government grants, as defined in IAS 20, totaling TEUR 579 in 2013/14 (2012/13: TEUR 988). These grants were recognized as revenue on the basis of binding commitments, official notifications and legal entitlement. They consist primarily of non-repayable subsidies for research and development projects and the qualification of employees.

Estimates: The preparation of the consolidated financial statements involves the use of estimates and assumptions that influence the recognition and measurement of assets, provisions and liabilities, the disclosure of other obligations as of the balance sheet date and the recognition of revenues and expenses during the reporting period. These estimates and assumptions generally involve the determination of the economic useful life for property, plant and equipment and intangible assets, the forecasts and assumptions used for impairment tests, the recognition of impairment charges to receivables and inventories, the recognition of deferred taxes and the measurement of financial liabilities and provisions. The amount of required provisions is estimated on the basis of past experience and reflects all information available as of the date the consolidated financial statements are prepared. The calculation of long-term employee benefits involves actuarial calculations. These calculations are based on assumptions, among others, for discount rates, future increases in wages and salaries, employee turnover and mortality rates, retirement ages and life expectancy as well as future pension trends. Changes in these parameters may lead to a material change in the calculation results. The determination of impairment charges to receivables is also based to a significant degree on assumptions and estimates that include, among others, the credit standing of the customer and expectations for future economic development.

4. SEGMENT REPORTING

The Wolford Group is organized according to regions in order to achieve optimal market penetration. Every sales company has a market director on location, who can best evaluate the specific characteristics of the country and manage business operations accordingly. The subsidiaries are responsible for the distribution of all products developed by the Wolford Group: high-quality Legwear, Ready-to-wear, Lingerie, Accessories, Swimwear and Trading goods .

The Wolford Group has four reportable operating segments: Austria, Other Europe, North America and Asia. Austria includes the production and sales activities in Austria as well as the countries without Wolford subsidiaries. Other Europe contains the European sales subsidiaries outside Austria as well as the manufacturing subsidiary in Slovenia. North America covers the company's operations in the USA and Canada, while Asia includes the companies in Hong Kong and Shanghai.

The management of the regional sales companies is based on operating profit (EBIT). Monthly reports are prepared for the sales companies, which include an evaluation of the retail points of sale at the boutique level. Reporting for the Wholesale segment focuses on the most important key accounts.

Intersegment pricing is based on standard wholesale prices less country-specific discounts.

Revenues in the Other Europe segment were generated in the following countries: 26% (2012/13: 26%) in Germany, 18% (2012/13: 19%) in France, 14% (2012/13: 14%) in Great Britain, 12% (2012/13: 12%) in Scandinavia, 6% (2012/13: 7%) in Switzerland and 24% (2012/13: 22%) in other European countries. Of the revenues recorded in North America, 94% (2012/13: 94%) were attributable to the USA and 6% (2012/13: 6%) to Canada. The preparation of the segment information is based on the same accounting, disclosure and valuation methods applied to the consolidated financial statements. No customers or customer groups account for more than 10% of total revenues. The Legwear product group generated more than half of total revenues for the reporting year with 53% (2012/13: 53%). Ready-to-wear again ranked as the second largest product group with 30% of revenues in 2013/14 (2012/13: 31%). Lingerie, Accessories, Swimwear and Trading goods were responsible in total for 17% of revenues in 2013/14 (2012/13: 16%).

II. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

(1) REVENUES

Detailed information on revenues by operating segment is provided in Section I. Accounting Principles under Point 4. Segment Reporting.

(2) OTHER OPERATING INCOME

in TEUR	2013/14	2012/13
Grants and subsidies	337	616
Restaurant revenue	180	203
Commissions	160	79
Rental income	61	68
Refunds	54	70
Gain on the disposal of property, plant and equipment and intangible assets	32	32
Insurance benefits	23	17
Other	505	795
Total	**1,352**	**1,880**

Other income from the invoicing of costs was offset against the related expense items. This led to an adjustment of the previous year's figures totaling TEUR 1,642.

(3) COST OF MATERIALS

in TEUR	2013/14	2012/13
Cost of materials	19,424	22,390
Cost of energy	1,791	2,031
Cost of services	4,404	4,509
Total	**25,619**	**28,930**

(4) PERSONNEL EXPENSES

in TEUR	2013/14	2012/13
Wages	10,184	11,315
Salaries	46,218	45,450
Expenses for statutory social security contributions, payroll-based duties and other mandatory contributions	13,144	13,721
Expenses for severance compensation and pensions	1,327	1,344
thereof Management Board	-161	602
thereof management	37	46
Other employee benefits	1,220	1,216
Total	**72,093**	**73,046**

In 2012/13 personnel expenses were reduced by TEUR 1,188 due to the offsetting of other operating income from the invoicing of costs with personnel expenses.

Employees

The following table shows the average number of employees in the Wolford Group based on full-time employment:

Number of employees, full-time basis	2013/14	2012/13
Average number of employees	1,562	1,606
thereof wage	449	486
thereof salaried	1,101	1,108
thereof apprentices	12	12

(5) OTHER OPERATING EXPENSES

in TEUR	2013/14	2012/13
Rental and lease payments	20,149	19,283
Advertising expenses	8,027	6,617
Legal and consulting fees	3,074	3,528
Freight costs	2,695	3,055
Customs duties	2,182	2,020
Online distribution	1,874	1,664
Credit card fees and bank charges	1,652	1,586
Travel costs	1,396	1,549
IT expenses	1,233	1,148
Insurance premiums	1,206	1,143
Other taxes	906	768
Maintenance expenses	752	666
Vehicle fleet	733	766
Other	4,695	4,307
Total	**50,573**	**48,100**

In 2012/13 other operating expenses were reduced by TEUR 454 due to the offsetting of other operating income from the invoicing of costs with other operating expenses.

The fees charged by the Group's auditor comprise the following:

in TEUR	2013/14	2012/13
Audit of financial and consolidated financial statements	119	147
Other assurance services	3	3
Tax consulting services	0	0
Other services	0	0
Total	**122**	**150**

(6) DEPRECIATION AND AMORTIZATION

In 2013/14, scheduled depreciation and amortization amounted to TEUR 8,077 (2012/13: TEUR 8,802) and impairment charges resulting from the strategic refocusing totaled TEUR 605 (2012/13: TEUR 0). Depreciation and amortization are classified as scheduled or non-recurring for the purpose of segment reporting. The impairment charges are related to property, plant and equipment in boutiques defined for closure.

(7) NON-RECURRING EXPENSES

Non-recurring expenses represent the major costs of the strategic refocusing, e.g. expenses for closing company-owned locations, one-off expenses from changes in concepts and strategies or the relocation of production as well as severance compensation. These expenses were reclassified from the following expense categories to non-recurring expenses:

in TEUR	2013/14	2012/13
Changes in inventories of finished goods and work-in-process	71	0
Cost of materials and purchased services	146	0
Personnel expenses	1,274	0
Other operating expenses	1,659	0
Depreciation and amortization	605	0
Total	**3,755**	**0**

The changes in work-in-process and finished goods and in materials include expenses from the disposal of older stock items and raw materials in excess of the regular annual inventory write-downs. These items are no longer considered usable due to the strategic refocusing.

Personnel expenses include severance compensation, salaries for lay-off phases and the costs for redundancy plans that are related to the closing of points of sale, the relocation of parts of the production to Slovenia and changes on the Management Board.

Other operating expenses include contractual penalties resulting from the closing of locations and the related premature cancellation of rental agreements, losses on the disposal of property, plant and equipment that is no longer required due to the relocation of production or the implementation of new concepts and expenses related to changes on the Management Board and other personnel changes. Also included here are renovation projects in Bregenz.

Depreciation and amortization also include impairment charges that resulted from a decline in the value of property, plant and equipment due to the closing of locations.

(8) NET INTEREST COST

in TEUR	2013/14	2012/13
Interest and similar income	33	27
Interest and similar expenses	-677	-872
Total	**-644**	**-845**

In the prior year, interest expense was negatively influenced by a non-recurring interest payment related to a tax audit in Germany and interest related to the repayment of a previously granted subsidy in Slovenia.

(9) NET INVESTMENT SECURITIES INCOME

in TEUR	2013/14	2012/13
Income from investments in securities	71	100
Expenses from investments in securities	-59	0
Total	**12**	**100**

(10) INCOME TAX

The major components of income tax expense are as follows:

in TEUR	2013/14	2012/13
Statement of comprehensive income		
Tax expense / income for the reporting year	765	-530
Deferred taxes	2,306	18
Total	**3,071**	**-512**

in TEUR	2013/14	2012/13
Development of net deferred taxes		
Net deferred tax assets and deferred tax liabilities as of 01.05.	5,429	4,955
Currency translation differences	-112	50
Deferred taxes recognized in after tax profit	2,306	18
Deferred taxes recognized in other comprehensive income	187	406
Net deferred tax assets and deferred tax liabilities as of 30.04.	**7,810**	**5,429**

The reconciliation of tax expense based on the Austrian corporate tax rate of 25% to the effective tax rate for the period is based on the following calculation:

in TEUR	2013/14	2012/13
Profit before tax	**-5,885**	**-2,245**
Tax income at 25%	1,471	561
Foreign tax rates	353	279
Effects of tax audit	0	109
Effects related to loss carryforwards	2,292	-432
Losses for which no deferred tax assets were recognized	-508	-454
Permanent differences	-129	-179
Taxes from prior periods	-247	-280
Other	-161	-116
Effective tax income / expense	**3,071**	**-512**
Effective tax rate	**52 %**	**-23 %**

The negative Profit before tax and the effects from the capitalization of deferred tax assets from loss carryforwards result in a positive effective tax rate of 52% (previous year -23%).

(11) NOTES TO OTHER COMPREHENSIVE INCOME

An after-tax actuarial loss of TEUR 557 was recorded for the year, above all due to the decline in benchmark interest rates. This actuarial loss combined with negative currency translation differences of TEUR 398 from foreign operations and a positive change TEUR 2 in the hedging reserve (both after tax) led to other comprehensive income of TEUR -953. The addition of other comprehensive income and the after-tax loss of TEUR 2,814 resulted in negative total comprehensive income of TEUR 3,767 for the 2013/14 financial year (2012/13: TEUR -3,661).

(12) EARNINGS PER SHARE / RECOMMENDATION FOR THE USE OF EARNINGS

Earnings per share are calculated by dividing net profit after tax by the weighted average number of common shares outstanding, after an adjustment for treasury shares. Earnings per share equaled € -0.57 for the reporting year (2012/13: € -0.56). Based on the development of earnings, the Management Board will recommend that the Annual General Meeting on September 18, 2014 waive the dividend for the 2013/14 financial year.

III. NOTES TO THE CONSOLIDATED BALANCE SHEET

(13) PROPERTY, PLANT AND EQUIPMENT

Detailed information on the development of property, plant and equipment is presented in the consolidated statement of changes in fixed assets. Property, plant and equipment includes non-core assets held for sale in the form of land and company-owned apartments with a net book value of TEUR 3,659 which were reclassified to current assets.

Obligations for the purchase of property, plant and equipment amounted to TEUR 1,523 as of April 30, 2014 (April 30, 2013: TEUR 380).

Due to the strategic refocusing, impairment charges for retail boutiques totaling TEUR 605 in 2013/14 (2012/13: TEUR 0) were recognized through profit and loss.

(14) OTHER INTANGIBLE ASSETS

Detailed information is presented in the consolidated statement of changes in fixed assets. There were no commitments to purchase intangible assets in the current or previous financial year. Key money (payments for rental rights) totaling TEUR 5,748 was capitalized as of April 30, 2014 (April 30, 2013: TEUR 4,838). Of this amount, TEUR 3,993 (April 30, 2013: TEUR 3,153) represented key money with an indefinite useful life and TEUR 1,755 (April 30, 2013: TEUR 1,685) key money with a definite useful life. Impairment testing did not indicate a need for the recognition of impairment losses to intangible assets in 2013/14 or 2012/13.

(15) FINANCIAL ASSETS

The securities and investment funds included in this position are classified as available for sale and reported at their fair value in accordance with IAS 39. The fair value of these financial assets represents the applicable market value as of the balance sheet date. The change in fair value equaled TEUR -59 for the reporting year (2012/13: TEUR 45) and was recognized through profit or loss because of impairment charges recorded in earlier years.

(16) NON-CURRENT RECEIVABLES AND ASSETS

This item is related primarily to advance rental and lease payments and security deposits.

(17) DEFERRED TAXES

Deferred tax assets and deferred tax liabilities are the result of temporary valuation and accounting differences between the IFRS carrying amount and the corresponding tax base of the respective items:

in TEUR	30.04.2014 Assets	30.04.2014 Liabilities	30.04.2013 Assets	30.04.2013 Liabilities
Property, plant and equipment, intangible assets	1,088	-197	1,183	-216
Valuation of inventories	47	-40	50	-53
Accrued rental costs	357	-117	347	-142
Provisions for employee benefits	1,444	-3	1,282	-3
Other provisions	308	0	294	0
Treasury shares	0	-689	0	-651
Untaxed reserves	0	-298	0	-297
Foreign currency translation	0	-1	0	-13
Deferred taxes on loss carryforwards and write-downs to fair value	3,726	0	1,434	0
Consolidation entries	1,978	0	2,015	0
Other	230	-23	207	-8
Deferred tax assets and deferred tax liabilities	**9,178**	**-1,368**	**6,812**	**-1,383**
Offset within legal tax units and jurisdictions	**-1,256**	**1,256**	**-1,244**	**1,244**
Net deferred tax assets and liabilities	**7,922**	**-112**	**5,568**	**-139**

In accordance with IAS 12, deferred taxes of TEUR 3,726 (April 30, 2013: TEUR 1,434) were recognized for loss carryforwards that are expected to be used in the future. Deferred taxes were not recognized on loss carryforwards of TEUR 6,622 (April 30, 2013: TEUR 5,380). The deferred taxes that were not recognized amounted to TEUR 1,659 (April 30, 2013: TEUR 1,339). The unrecognized tax loss carryforwards can be used within the following time periods:

in TEUR	30.04.2014	30.04.2013
One year	0	0
Two to five years	869	76
Over five years	1,334	2,404
Unlimited loss carryforwards	4,419	2,900
Total	**6,622**	**5,380**

(18) INVENTORIES

The classification of inventories is shown in the following table:

in TEUR	30.04.2014	30.04.2013
Finished goods and trading goods	28,185	29,754
Work-in-process	7,003	7,328
Raw materials and supplies	4,880	5,610
Total	**40,068**	**42,692**

Inventories are valued separately by article. The valuation procedure accounts for the different resale characteristics of the Essentials and Trend models as well as the age of the articles. Impairment charges recognized to inventories during the reporting year totaled TEUR 1,233 (2012/13: TEUR 958).

(19) TRADE RECEIVABLES

in TEUR	30.04.2014	30.04.2013
Trade receivables	9,356	9,453
Impairment losses	-566	-620
Trade receivables after impairment losses	**8,790**	**8,833**

No trade receivables were secured by bills of exchange during the reporting year or the prior year.

Impairment losses of TEUR 566 (April 30, 2013: TEUR 620) were recognized to trade receivables. The development of these impairment losses is shown in the following table:

in TEUR	2013/14	2012/13
01.05.	**620**	**527**
Addition (+) / release (-)	131	313
Use	-178	-225
Currency translation differences	-7	5
30.04.	**566**	**620**

In determining the recoverability of trade receivables, all changes in the credit standing of customers from the initial establishment of payment terms up to the balance sheet date are taken into account. There is no material concentration of credit risk because individual receivables represent a comparatively low share of total receivables and there is no correlation between the individual balances.

The payment terms granted to customers are different and reflect standard practices in the respective country. The credit standing of all prospective customers is evaluated in advance. Trade receivables are monitored continuously, and external service providers are used to collect overdue payments. The company further reduces the default risk on receivables with credit insurance.

in TEUR	30.04.2014	30.04.2013
Trade receivables after impairment losses	**8,790**	**8,833**
thereof neither impaired nor overdue as of the balance sheet date	4,888	5,889
thereof overdue as of the balance sheet date as follows (net amount):		
less than 30 days	2,174	1,438
30 – 90 days	893	812
91 – 180 days	473	358
181 – 365 days	259	143
over 1 year	103	193

Receivables of TEUR 62 were derecognized in 2013/14 (2012/13: TEUR 225) because they were uncollectible. This amount includes the deduction of compensation received from credit insurance. With respect to trade receivables that are neither impaired nor overdue, there were no indications as of the balance sheet date that customers would be unable to meet their contractual obligations.

(20) OTHER RECEIVABLES AND ASSETS

in TEUR	30.04.2014	30.04.2013
Other receivables and assets	2,921	4,224
thereof cash flow hedge	7	16
Securities and financial investments	94	46
Total	**3,015**	**4,270**

Bank balances that are not available for discretionary use were reclassified from liquid funds to other receivables and assets. This led to an increase of TEUR 266 in the prior year figure. Other receivables and assets, prepaid expenses and deferred charges have a term to maturity of less than one year.

Securities and financial investments include TEUR 94 (April 30, 2013: TEUR 46) of available-for-sale securities.

(21) NON-CURRENT ASSETS HELD FOR SALE

These assets consist of non-core land and rental apartments that are designated for sale. The contract for the sale of the land was signed on May 26, 2014. Additional information is provided in the section on “Significant events after the balance sheet date“.

(22) EQUITY

The composition and development of shareholders' equity is presented on the consolidated statement of changes in equity.

Share capital

Share capital consists of 5,000,000 zero par value shares, each of which represents an equal interest in share capital. There are no preferred shares or shares with special control rights.

Capital reserves

Appropriated reserves represent the premium (less issue costs) on the stock issue in 1995.

Other reserves

No dividend was distributed for the 2012/13 financial year. In September 2012, a dividend of EUR 0.40 per outstanding share was paid for the 2011/12 financial year.

Reserve for cash flow hedges

in TEUR	2013/14	2012/13
01.05.	**-5**	**-9**
Fair value measurement of derivatives	-46	-61
Realized hedge transactions	49	66
Applicable income taxes	-1	-1
30.04.	**-3**	**-5**

Reserve for actuarial gains and losses

in TEUR	2013/14	2012/13
01.05.	**-985**	**218**
Actuarial gains and losses resulting from changes in actuarial parameters	-745	-1,610
Related income taxes	188	407
30.04.	**-1,542**	**-985**

Treasury shares

Wolford AG holds 100,000 treasury shares, which represent 2% (April 30, 2013: 2%) of share capital. In accordance with a resolution of the 24th Annual General Meeting in September 2011, Wolford AG must sell these shares over the stock exchange by March 6, 2015.

(23) NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities consist of the following items:

in TEUR	30.04.2014	30.04.2013
Loans from banks, variable interest rates from 0.7% to 6.2% (30.04.2013: 0.7% to 6.2%)	16,217	17,658
Loans from banks, fixed interest rates from 1.75% to 5.1% (30.04.2013: 5.1%)	5,657	3,200
Loans from the Austrian Research Promotion Agency, fixed interest rates from 0.75% to 2.0% (30.04.2013: 1.0% to 2.0%)	1,057	1,332
Interest-free loan from the Federal Province of Vorarlberg	228	286
Total	**23,159**	**22,476**
thereof current	16,767	3,327

The scheduled repayments for financial liabilities are based on the following terms to maturity:

in TEUR	Up to 1 year	1 – 5 years	Over 5 years
As of 30.04.2014	16,767	6,392	0
As of 30.04.2013	3,327	19,149	0

As of April 30, 2014, the market value of the fixed-interest financial liabilities was TEUR 269 higher than the acquisition cost (April 30, 2013: TEUR 350).

(24) CURRENT FINANCIAL LIABILITIES

Current financial liabilities are classified as follows:

in TEUR	30.04.2014	30.04.2013
Loans	11,592	1,170
Foreign currency cash advances	425	407
Euro cash advances	4,750	1,750
Total	**16,767**	**3,327**

The carrying amount of the bank liabilities reflects the cost of these items. Collateral for current liabilities is provided by maturity-linked surety commitments issued by the Republic of Austria with refinancing commitments by Oesterreichische Kontrollbank Aktiengesellschaft.

(25) PROVISIONS FOR LONG-TERM EMPLOYEE BENEFITS

The provisions for pensions, severance compensation and jubilee payments are calculated in accordance with IAS 19 (revised).

in TEUR	30.04.2014	30.04.2013
Provisions for pensions	4,511	4,312
Provisions for severance compensation	9,219	9,007
Provisions for jubilee payments	1,967	1,903
Total	**15,697**	**15,222**

Provision for pensions

Wolford AG is required to make direct pension payments to three former members of the Management Board based on individual commitments. Collective agreements in France require the company to make payments to employees on retirement. The related calculation is based on generally accepted actuarial rules.

Provision for severance compensation

Legal regulations entitle employees who joined the Austrian parent company before 2003 to a one-time severance payment if their employment relationship is terminated or when they retire. The amount of this payment depends on the length of service and the employee's wage or salary at the end of employment. In Switzerland, the company is required to make certain payments to employees on retirement, death or disability. The payments are dependent on the employee's age, number of years worked, salary and individual contributions. This plan is financed jointly by the employees and employer, whereby the obligation is counter-financed by Swiss Life insurance company through qualified insurance policies that serve as plan assets. There are other smaller defined benefit severance compensation plans in Italy and Slovenia. The development of the provisions for pensions and severance compensation is shown in the following table:

in TEUR	2013/14	2012/13	2011/12	2010/11	2009/10
Present value of obligations as of 01.05.	**13,319**	**12,069**	**12,988**	**12,414**	**12,180**
Current service cost	601	561	766	642	599
Past service cost	0	0	-210	0	0
Interest expense	466	522	720	675	663
Pension and severance compensation payments	-1,401	-1,443	-1,900	-1,256	-952
Actuarial gain / loss	745	1,610	-295	513	-76
Present value of obligations as of 30.04.	**13,730**	**13,319**	**12,069**	**12,988**	**12,414**

Expenses totaling TEUR 222 were recognized for defined benefit contributions in 2013/14 (2012/13: TEUR 224). Defined benefit payments of TEUR 700 are planned for pensions and severance compensation for the following 2014/15 financial year (2012/13: TEUR 483).

Provisions for jubilee payments

The development of the provision for jubilee payments is shown in the following table:

in TEUR	2013/14	2012/13	2011/12	2010/11	2009/10
Present value of obligation as of 01.05.	**1,903**	**1,658**	**1,593**	**1,479**	**1,576**
Current service cost	156	141	140	129	132
Interest expense	67	72	91	84	85
Jubilee payments	-71	-54	-31	-39	-192
Actuarial gain / loss	-88	86	-135	-60	-122
Present value of obligation as of 30.04.	**1,967**	**1,903**	**1,658**	**1,593**	**1,479**

Defined benefit payments from jubilee obligations are expected to total TEUR 158 in 2014/15 (2012/13: TEUR 74).

Provisions for pensions, severance and jubilee payments

The actuarial gains and losses resulted solely from changes in financial assumptions and are included under other comprehensive income for the pension and severance compensation provisions and under personnel expenses for the jubilee provisions.

The current and past service cost are reported under expenses for severance compensation and pensions, while interest expense is included under interest on employee benefits.

in TEUR	2013/14	2012/13	2011/12	2010/11	2009/10
Expenses for pensions, severance compensation and jubilee payments	757	702	697	1,225	533
Interest on employee benefits	533	594	798	759	748

The weighted average term of the defined benefit obligation (duration) is15 years.

(26) OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are classified as follows:

in TEUR	30.04.2014	30.04.2013
Government grant for Slovenia project	1,038	1,107
Other	58	142
Total	**1,096**	**1,249**

A subsidy was granted for the construction of a production facility in Slovenia. It will be released through depreciation and expenses (personnel expenses).

(27) CURRENT PROVISIONS

The following table shows the development of the major other current provisions, which were accounted for in accordance with IAS 37:

in TEUR	01.05.2013	Currency translation differences	Use	Reversal	Addition	30.04.2014
Sales bonuses	557	-5	-446	-10	468	564
Staff	2,003	-27	-1,860	-74	2,013	2,055
Advertising	444	0	-438	-3	349	352
Tax consulting / auditing	510	-6	-494	-2	490	498
Legal fees	63	-2	-57	0	20	24
Other	1,853	-41	-1,374	-20	1,408	1,826
Total	**5,430**	**-81**	**-4,669**	**-109**	**4,748**	**5,319**

The provision for sales bonuses represents outstanding obligations to customers. The staff provisions are related primarily to variable remuneration. Other provisions involve, among others, outstanding remuneration for the Supervisory Board and outstanding commissions on sales.

(28) OTHER CURRENT LIABILITIES

Other current liabilities include the following:

in TEUR	30.04.2014	30.04.2013
Unused vacation time	3,002	2,718
Obligations to taxation authorities	2,010	1,629
Bonus payments	1,856	1,918
Accrued rental and lease payments	1,239	1,119
Social security obligations	1,202	1,220
Obligations from credit vouchers	1,194	1,244
Obligations to staff	450	582
Overtime credits (time-off)	178	126
Subsidy for project in Slovenia	0	1,221
Other	1,613	914
thereof cash flow hedge	11	22
Total	**12,744**	**12,691**

In 2011/12, an additional grant of TEUR 1,080 was approved and disbursed for the expansion of the production facility in Slovenia. The subsidy was linked to commitments that would require repayment if certain conditions were not met. Since the project to expand the production facility was not realized, the subsidy was repaid together with interest in 2013/14.

(29) CONTINGENT LIABILITIES

The company has issued rental guarantees totaling TEUR 2,784 (2012/13: TEUR 2,305) as well as other guarantees amounting to TEUR 4,821 (2012/13: TEUR 6,412).

(30) OTHER FINANCIAL OBLIGATIONS

The company has concluded a significant volume of rental contracts, which are classified as operating leases based on the economic content. The related assets are therefore attributed to the lessor. These leases will result in the following payments during the time periods indicated below:

in TEUR	30.04.2014	30.04.2013
Minimum lease and rental payments due in		
up to 1 year	15,313	14,034
1 to 5 years	27,648	21,565
over 5 years	10,134	826

The rental contracts cover office space used by Group companies as well as the worldwide retail activities of the Wolford Group. Most of the related leases are based on minimum lease payments. The Wolford Group has also concluded rental agreements that call for conditional payments, in particular based on sales. Rental and leasing expenses totaled TEUR 19,545 for the reporting year (2012/13: TEUR 14,765). This amount includes TEUR 8,357 (2012/13: TEUR 8,796) of contingent payments in the form of sales-based rents (rents and ancillary costs). As of April 30, 2014, the Wolford Group expected future payments of TEUR 274 (April 30, 2013: TEUR 552) from sub-leases which are due and payable within one year.

IV. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement of the Wolford Group shows the changes in cash and cash equivalents resulting from cash inflows and outflows during the financial year. The cash flow statement distinguishes between cash flows from operating activities, investing activities and financing activities. Cash flow from operating activities is calculated according to the indirect method. The starting point for this calculation is formed by earnings before tax, which are adjusted for non-cash income and expenses. These earnings are then adjusted for the changes in net working capital to determine cash flow from operating activities. Cash inflows and outflows from interest income and interest expense are reported under cash flow from operating activities.

(31) INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

The Wolford Group purchased property, plant and equipment and intangible assets totaling TEUR 7,873 in 2013/14 (2012/13: TEUR 6,025). The related cash outflows amounted to TEUR 6,949 (2012/13: TEUR 5,517). Investments made in 2012/13 resulted in payments of TEUR 508 during the reporting year (2012/13: TEUR 344). The sale of property, plant and equipment and intangible assets generated proceeds of TEUR 192 (2012/13: TEUR 32).

V. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

Goals and methods for financial and capital management

The goal of financial risk management is to identify and evaluate uncertainty factors that could have a negative impact on the company's performance. The purpose of financial risk management is to protect liquidity, to ensure efficient liquidity management throughout the Group, to increase the Group's financial strength and to reduce financial risk - also through the use of financial instruments. The most important goal of financial and capital management in the Wolford Group is to ensure sufficient liquidity at all times to offset seasonal, sector-related fluctuations and to finance further strategic growth.

The Wolford Group is exposed to the following major risks in connection with financial instruments: interest-related cash flow risks as well as liquidity, credit and currency risks. The Management Board has implemented strategies and processes to manage the individual types of risk.

The major primary financial liabilities include bank borrowings, overdrafts and trade payables. These financial liabilities are used, above all, to finance the Group's business operations. Wolford holds a variety of financial assets, such as trade receivables, bank balances, cash and cash equivalents and short-term investments, which result directly from its business activities.

The Wolford Group also uses derivative financial instruments, in particular forward currency contracts. Derivative financial instruments are financial instruments whose value changes in response to a change in a specific underlying variable (e.g. interest rate or market price), that require little or no initial net investment and that are settled at a future date. Derivative financial instruments are only used by the Wolford Group to hedge the risks arising from changes in foreign exchange rates or interest rates. Currency risk is hedged to create a sufficiently secure calculation basis to support budgeting over a period of six to twelve months.

Capital risk management

The main goal of capital risk management is to minimize the company's cost of capital by maintaining a high equity ratio and a sound credit standing and thereby limit the negative effects on earnings. Wolford AG manages and adjusts the Group's capital structure to meet the changes in the general business environment. The strategy of the Wolford Group has remained largely unchanged since the previous financial year.

The key indicator used for capital risk management is the gearing ratio, which shows the relation of net debt to equity. Net debt is defined as long- and short-term financial liabilities less financial assets and cash and cash equivalents.. Based on medium-term forecasts, the Management Board expects a long-term capital structure with gearing of approx. 20%. The following table shows the development in recent years:

in %	30.04.2014	30.04.2013	30.04.2012	30.04.2011
Gearing	22.9%	20.4%	17.3%	14.1%

Credit and default risk management

The Wolford Group only concludes business transactions with creditworthy partners and evaluates the credit standing of all new customers in advance. In addition, trade receivables are continuously monitored and default risk is limited by credit insurance. There is no significant concentration of default risk in the Wolford Group.

The default risk associated with other financial assets held by the Wolford Group - e.g. cash and cash equivalents, available-for-sale financial assets and certain derivative financial instruments - is considered to be low because transactions are only carried out with financial institutions that have sound credit ratings.

Interest rate risk management

The Wolford Group manages interest expense with a combination of fixed-interest and variable-interest borrowings. The following table shows the sensitivity of Group pre-tax earnings to changes in the interest rates for variable rate financial liabilities. The sensitivity refers to an interest rate change of +/- 0.5 percentage points:

in TEUR	2013/14	2012/13
Interest rate risk	+/- 127	+/- 110

The following table shows the sensitivity of Group comprehensive income before tax to changes of +/- 1.0 percentage points in the interest rates for employee-related provisions:

in TEUR	2013/14	2012/13
Interest rate risk	+/- 95	+/- 83

Foreign exchange risk management

Exchange rate risks arising from existing foreign currency receivables and planned transactions are hedged by the Group treasury department, in part through forward exchange contracts (currency forwards) and currency options.

The following table shows the potential effect of a +/- 10 percentage point change in exchange rates on Group earnings before tax of the Wolford Group:

in TEUR for currency	2013/14	2012/13
USD	+/- 605	+/- 525
GBP	+/- 308	+/- 409
CHF	+/- 257	+/- 219
DKK	+/- 226	+/- 198
SEK	+/- 59	+/- 64
NOK	+/- 72	+/- 68
CAD	+/- 38	+/- 30
HKD	+/- 159	+/- 102
CNY	+/- 47	+/- 0

The carrying amount of the assets and liabilities held in foreign currencies on the balance sheet date is as follows:

in TEUR for currency	Assets 30.04.2014	Assets 30.04.2013	Liabilities 30.04.2014	Liabilities 30.04.2013
USD in USA	8,009	8,384	1,372	1,216
GBP in Great Britain	2,732	2,240	1,105	949
CHF in Switzerland	1,167	1,343	144	137
DKK in Denmark	2,760	2,877	303	174
Other	3,289	2,405	920	765
Total	**17,957**	**17,249**	**3,844**	**3,241**

The following table shows the potential effect of a +/- 10 percentage point change in exchange rates on Group comprehensive income before tax based on the carrying amount of the assets and liabilities held by the Wolford Group:

in TEUR for currency	2013/14	2012/13
USD	+/- 737	+/- 791
GBP	+/- 181	+/- 147
CHF	+/- 114	+/- 134
Other	+/- 536	+/- 483

A change of +/- 10 percentage points in exchange rates would lead to a change of TEUR +/- 359 (April 30, 2013: TEUR +/- 481) in derivative financial instruments.

Liquidity risk management

The Wolford Group manages liquidity risks and monitors financial risks by a central treasury department. The treasury department prepares monthly liquidity forecasts for the Group and reports to the Management Board on the current financial status.

The goal is to ensure sufficient liquidity at all times by concluding appropriate lines of credit with banks, by continuously monitoring forecasted and actual cash flows, and by coordinating the terms to maturity of financial assets and liabilities.

The following table shows the contractual terms to maturity of the financial liabilities held by the Wolford Group. These figures are based on the respective undiscounted cash flows (interest and principal payments).

in TEUR	Carrying amount 30.04.2014	Cash flows 2014/15	Cash flows 2015/16 to 2018/19	Cash flows 2019/20 ff
Interest-bearing liabilities	22,931	16,928	6,565	0
Non-interest-bearing liabilities	228	87	141	0
Total	**23,159**	**17,015**	**6,706**	**0**

in TEUR	Carrying amount 30.04.2013	Cash flows 2013/14	Cash flows 2014/15 to 2017/18	Cash flows 2018/19 ff
Interest-bearing liabilities	22,190	3,557	19,418	0
Non-interest-bearing liabilities	286	86	200	0
Total	**22,476**	**3,643**	**19,618**	**0**

As of April 30, 2014, 25% of the existing credit lines were in use (April 30, 2013: 22%). Of the total credit lines, 60% are committed.

Primary financial instruments

The primary financial instruments held by the Wolford Group are reported on the balance sheet. Primary financial assets include securities, cash and cash equivalents, trade receivables and other receivables. Primary financial liabilities include trade payables, other liabilities and interest-bearing financial liabilities. The carrying amount of the primary financial instruments reported on the balance sheet basically corresponds to the market value. The amounts recognized also represent the maximum default and credit risk because there are no offsetting agreements.

Derivative financial instruments

Forward exchange contracts are used to hedge the risks arising from changes in exchange rates. The derivatives positions open as of April 30, 2014 had terms of less than 12 months.

	Nominal amount		Fair value	
30.04.2014	**Foreign currency in 1,000**	**TEUR**	**Positive TEUR**	**Negative TEUR**
Currency forwards				
USD	1,200	870	3	-1
GBP	1,150	1,387	0	-9
CHF	800	657	1	0
DKK	0	0	0	0
SEK	1,000	112	2	0
NOK	1,500	180	0	-1
CAD	150	99	0	0
HKD	3,000	280	1	0

	Nominal amount		Fair value	
30.04.2013	Foreign currency in 1,000	TEUR	Positive TEUR	Negative TEUR
Currency forwards				
USD	1,700	1,293	6	-7
GBP	1,150	1,354	5	-7
CHF	850	691	0	-4
DKK	4,500	603	0	0
SEK	1,200	141	1	0
NOK	1,800	237	2	-1
CAD	250	186	0	-3
HKD	3,000	297	2	-1

Currency forwards are recognized at their fair value in accordance with IAS 39. Under cash flow hedge accounting, the effective portion of the change in fair value is recognized in other comprehensive income and the ineffective portion is recognized in earnings before tax. If a cash flow hedge results in an asset or a liability, the amounts recorded under equity are transferred to the income statement when the hedged item influences earnings. All hedges were effective in 2013/14 and 2012/13.

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 terms of these assets and liabilities.

30.04.2014 in TEUR	Level 1	Level 2	Level 3
Non-current assets			
Financial investments	1,471	0	0
Current assets			
Other receivables	0	7	0
Securities and financial investments	94	0	0
Current liabilities			
Other liabilities	0	-11	0
Total	**1,565**	**-4**	**0**

30.04.2013 in TEUR	Level 1	Level 2	Level 3
Non-current assets			
Financial investments	1,530	0	0
Current assets			
Other receivables	0	16	0
Securities and financial investments	46	0	0
Current liabilities			
Other liabilities	0	-22	0
Total	**1,576**	**-6**	**0**

The following hierarchy is used to determine and report the value of financial instruments depending on the valuation method:

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

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

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

The financial assets classified under Level 1 consist of publicly traded investment fund shares, while the securities and financial assets reported under current assets 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.

The **cost, market values and carrying amounts** of non-current securities are shown in the following table:

30.04.2014 in TEUR	Cost	Market value = carrying amount	Recognized gains/losses	thereof recognized in profit or loss
Non-current securities				
Investment fund shares	1,668	1,471	-197	-197
Total	**1,668**	**1,471**	**-197**	**-197**

30.04.2013 in TEUR	Cost	Market value = carrying amount	Recognized gains/losses	thereof recognized in profit or loss
Non-current securities				
Investment fund shares	1,668	1,530	-138	-138
Total	**1,668**	**1,530**	**-138**	**-138**

Carrying amounts, valuation base and fair value of financial instruments according to measurement criteria, maturity and class

The following table shows the reconciliation of the carrying amounts of financial instruments to the IAS 39 valuation categories:

30.04.2014 in TEUR	IAS 39 valuation category	Carrying amount	Amortized cost	Fair value not through profit /loss	Fair value through profit / loss	Current	Non-current
Cash and cash equivalents	L&R	4,653	4,653	0	0	4,653	0
Securities and financial investments	Afs	94	0	94	0	94	0
Trade receivables	L&R	8,790	8,790	0	0	8,790	0
Prepaid expenses and deferred charges	L&R	2,710	2,710	0	0	2,710	0
Other receivables and assets	L&R	4,459	4,459	0	0	3,008	1,451
Derivatives	CFH	7	0	7	0	7	0
Financial assets	Afs	1,471	0	1,471	0	0	1,471
Total financial assets		**22,184**	**20,612**	**1,572**	**0**	**19,262**	**2,922**
Trade payables	FL	5,410	5,410	0	0	5,410	0
Bank loans and overdrafts	FL	16,174	16,174	0	0	16,174	0
Financial liabilities, non-current	FL	6,392	6,392	0	0	0	6,392
Financial liabilities, current	FL	593	593	0	0	593	0
Derivatives	CFH	11	0	11	0	11	0
Other liabilities	FL	13,829	13,829	0	0	12,733	1,096
Total financial liabilities		**42,409**	**42,398**	**11**	**0**	**34,921**	**7,488**

According to IAS 39, a distinction is made between the following categories:

Loans and receivables	L&R	TEUR	20,612
Cash flow hedge	CFH	TEUR	-4
Available-for-sale assets	Afs	TEUR	1,565
Other financial obligations	FL	TEUR	42,398

30.04.2013 in TEUR	IAS 39 valuation category	Carrying amount	Amortized cost	Fair value not through profit / loss	Fair value through profit / loss	Current	Non-current
Cash and cash equivalents	L&R	4,990	4,990	0	0	4,990	0
Securities and financial investments	AfS	46	0	46	0	46	0
Trade receivables	L&R	8,833	8,833	0	0	8,833	0
Prepaid expenses and deferred charges	L&R	2,707	2,707	0	0	2,707	0
Other receivables and assets	L&R	5,477	5,477	0	0	4,208	1,269
Derivatives	CFH	16	0	16	0	16	0
Financial assets	AfS	1,530	0	1,530	0	0	1,530
Total financial assets		**23,599**	**22,007**	**1,592**	**0**	**20,800**	**2,799**
Trade payables	FL	4,618	4,618	0	0	4,618	0
Bank loans and overdrafts	FL	2,658	2,658	0	0	2,658	0
Financial liabilities, non-current	FL	19,149	19,149	0	0	0	19,149
Financial liabilities, current	FL	669	669	0	0	669	0
Derivatives	CFH	22	0	22	0	22	0
Other liabilities	FL	13,918	13,918	0	0	12,669	1,249
Total financial liabilities		**41,034**	**41,012**	**22**	**0**	**20,636**	**20,398**

According to IAS 39, a distinction is made between the following categories:

Loans and receivables	L&R	TEUR	22,007
Cash flow hedge	CFH	TEUR	-6
Available-for-sale assets	AfS	TEUR	1,576
Other financial obligations	FL	TEUR	41,012

Net results by class

2013/14 in TEUR	From interest	From other 1)	From subsequent measurement at fair value	From disposal	Total through profit or loss	Total not through profit or loss
Loans and receivables (L&R)	33	0	0	0	33	0
Derivatives (CFH)	0	0	46	-49	-49	46
Available-for-sale assets (AfS)	71	0	-59	0	12	0
Other financial assets (FL)	-489	-188	0	0	-677	0
Net results	**-385**	**-188**	**-13**	**-49**	**-681**	**46**

2012/13 in TEUR	From interest	From other 1)	From subsequent measurement at fair value	From disposal	Total through profit or loss	Total not through profit or loss
Loans and receivables (L&R)	27	0	0	0	27	0
Derivatives (CFH)	0	0	61	-66	-66	61
Available-for-sale assets (AfS)	55	0	45	0	100	0
Other financial assets (FL)	-712	-160	0	0	-872	0
Net results	**-630**	**-160**	**106**	**-66**	**-811**	**61**

1) Other: fees and other premiums that cannot be directly classified as interest income.

VI. OTHER DISCLOSURES

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On May 26, 2014, Wolford AG signed a contract for the sale of non-core land in Bregenz. The net proceeds from this transaction total TEUR 6,713. The sale of this land generated a book profit of TEUR 3,370 in the first quarter of the 2014/15 financial year. The sale of non-core assets represents an important element of the strategic refocusing, which will be financed internally, among others, through the sale of this property. In addition, Wolford sold a lease option for a sales location in Switzerland in July 2014 which generated net proceeds of approx. TEUR 4,000. The sale was carried out at the lessor's request due to the planned reconstruction of the entire building complex. The transaction will result in pre-tax profit of approx. TEUR 4,000 in the first quarter of the 2014/15 financial year. Wolford intends to reinvest these proceeds in the expansion of its own retail network in strategically important locations.

RELATED PARTY TRANSACTIONS

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

INFORMATION ON THE MANAGEMENT AND SUPERVISORY BOARDS

2013/14 in TEUR	Remuneration	Severance compensation	Pensions	Total
Expenses for members of the Management Board	1,333	-161	0	1,172
thereof variable	280	0	0	280
Former members of the Management Board	0	797	399	1,196
Total	**1,333**	**636**	**399**	**2,368**

The former Chief Executive Officer, Holger Dahmen, received severance compensation of TEUR 797 as of January 31, 2014 in connection with his resignation. A provision of TEUR 161 was reversed against this severance compensation.

2012/13 in TEUR	Remuneration	Severance compensation	Pensions	Total
Expenses for members of the Management Board	1,108	-54	0	1,054
thereof variable	209	0	0	209
Former members of the Management Board	0	0	656	656
Total	**1,108**	**-54**	**656**	**1,710**

The provision for the remuneration of the Supervisory Board members amounted to TEUR 181 in 2013/14 (2012/13: TEUR 80). The individual remuneration depends on the particular position and function, and the remuneration structure must be approved by the 27th AGM on September 18, 2014.

The members of the Management Board in 2013/14 were:

Axel Dreher, Speaker of the Board
Thomas Melzer, Board Member
Holger Dahmen, CEO up to January 10, 2014

The members of the Supervisory Board in 2013/14 were:

Emil Flückiger, Chairman since September 17, 2013; Deputy Chairman up to September 17, 2013
Antonella Mei-Pochtler, Deputy Chairwoman since September 17, 2013
Claudia Beermann, Member since September 17, 2013
Lothar Reiff, Member since September 17, 2013
Birgit G. Wilhelm, Member
Theresa Jordis, Chairwoman up to September 7, 2013 (deceased)
Werner Baldessarini, Member up to September 17, 2013

The Staff Council's representatives on the Supervisory Board were:

Anton Mathis
Peter Glanzer

Information on the terms of office for the members of the Supervisory Board and the composition of the Supervisory Board's committees is provided in the corporate governance report.

The Management Board of Wolford AG released the consolidated financial statements on July 4, 2014 for presentation to the Supervisory Board. The Supervisory Board is responsible for examining and stating whether it approves the consolidated financial statements.

Statement by the Management Board of Wolford AG in accordance with § 82 (4) no. 3 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements as of April 30, 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements as of April 30, 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Bregenz, July 4, 2014

Axel Dreher | Thomas Melzer

Auditor's Report

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Wolford AG, Bregenz, for the fiscal year from May 1, 2013 to April 30, 2014. These consolidated financial statements comprise the consolidated balance sheet as of April 30, 2014, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year which ended on April 30, 2014, and the notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The company's management is responsible for the Group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable given the circumstances.

AUDITOR'S RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures 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 consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Group'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 Group's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of April 30, 2014, of its financial performance and its cash flows for the fiscal year from May 1, 2013 to April 30, 2014 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

COMMENTS ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to § 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to § 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, July 4, 2014

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Manfred Geritzer Certified Public Accountant	i.V. Robert von der Dollen Certified Tax Advisor

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This English translation of the audit report was prepared for the client's convenience only. It is no legally binding translation of the German audit report. The financial statements may only be published or transmitted together with our audit opinion based on the above audited version. § 281 para 2 ACC applies to all differing forms.

Service
STRUCTURE OF THE WOLFORD GROUP

WOLFORD AG
BREGENZ (AT), 1950

- **Wolford Beteiligungs GmbH**
  Bregenz (AT), 2007
  - **Wolford (Schweiz) AG**
    Glattbrugg (CH), 1971
  - **Wolford Deutschland GmbH**
    Munich (DE), 1975
  - **Wolford Paris S.A.R.L.**
    Paris (FR), 1987
  - **Wolford London Ltd.**
    London (UK), 1988
    - Wolford London Ltd.
      Ireland (IE), 2007
  - **Wolford Nederland B.V.**
    Amsterdam (NL), 1998
  - **Wolford Belgium N.V.**
    Antwerp (BE), 2007
    - Wolford Belgium N.V.
      Luxembourg (LU), 2008
  - **Wolford Italia S.r.L.**
    Milan (IT), 1992
  - **Wolford España S.L.**
    Madrid (ES), 1993
    - Wolford España S.L.
      Portugal (PT), 2011
  - **Wolford Scandinavia ApS**
    Copenhagen (DK), 1995
    - Wolford Scandinavia ApS
      Norway (NO), 1999
    - Wolford Scandinavia ApS
      Finland (FI), 1999
    - Wolford Scandinavia ApS
      Sweden (SE), 1999
  - **Wolford America, Inc.**
    New York (US), 1996
    - **Wolford Boutiques, LLC.**
      New York (US), 1998
  - **Wolford Canada Inc.**
    Vancouver (CA), 2000
  - **Wolford Asia Limited**
    Hong Kong (HK), 2006
    - Wolford Asia Limited
      Macao (MO), 2008
  - **Wolford (Shanghai) Trading Co., Ltd.**
    Shanghai (CN), 2011
- **Wolford proizvodnja in trgovina d.o.o.**
  Murska Sobota (SI), 2008

Wholly-owned subsidiary (solid line)

Branch office (dotted line)

GLOSSARY

NON FINANCIAL

Accessories	The product group comprising items made primarily of fabric or leather that seasonally complete and complement the fashion collection
AGM	Annual General Meeting
Bodywear	Classic bodysuits and all close-fitting knitwear such as tops and shirts
Brand lobbying	Activities relating to the positioning of the brand among relevant target groups, especially among the general public
Brand products	Any products distributed under the Wolford label
Clothing	Referring to women's outerwear
Commission Affiliation (COAFF)	A new distribution concept for partner boutiques, offering far-reaching support in merchandise planning, storage, logistics, marketing and sales as well as sales and product trainings
Concession shop-in-shops	Wolford-operated sales areas in department stores
Controlled distribution	Proprietary and partner-operated boutiques, concession shop-in-shops, online business and factory outlets, where Wolford products are presented in a uniform corporate design
Corporate design	Uniform and consistent appearance of the brand
Corporate governance	Rules of conduct for responsible management and control of companies
DNA	Deoxyribonucleic acid, a biomolecule which occurs in all animate beings and carries the genetic information; in this report used figuratively to denote the historically established core business and the brand core of the company
E-Commerce	Distribution of products through the Internet (online business)
Essentials	Includes all Wolford products which are part of the assortment over several seasons and years; in contrast to Trend products
E-Tailer	Merchants who sell Wolford products exclusively via online shops or online platforms
Factory outlets	Outlets for (factory) clearance sales and other discounted merchandise
Legwear	The product group comprising hosiery products: pantyhose, stockings, leggings, stay-ups, knee-highs and socks
Lingerie	The product group comprising bras, briefs, corsages, garter belts and slips

Monobrand distribution	Points of sale which only sell Wolford products (including online business)
Multifunctional clothing	Single pieces of clothing which can be worn in a variety of ways
Partner boutiques	Wolford boutiques that are owned and operated by non-Group merchants – in contrast to Wolford-owned boutiques
POS	Point of sale; sales location where Wolford products are offered
Private label	Used in the sense of contract manufacturing and private label products – these terms refer to any product sold under a third-party label or manufactured for such a label
Product placement	High-publicity positioning of products (either named or tagged with the company logo) or the company logo in movies, videos, etc., usually at the company's cost
Ready-to-wear	The product group comprising women's outer garments: the established bodywear line as well as knitted and fabric items such as pullovers, dresses, blouses, coats, skirts and trousers
Retail	Wolford-owned points of sale; direct sale to end customers
Season	The spring-summer collection is largely available for sale starting in January, the autumn-winter collection in July
Shape & Control	Body-shaping products in the Legwear, Lingerie and Swimwear segments
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 store or department store dedicates separate floor space to Wolford's products and thus highlights the brand
Soft corner concept	A special form of the store concept; sales space is equipped with modular and flexibly customizable modules; developed especially for the individual needs of multi-brand retailers
Store concept	Visual and functional design of the salesroom as a defined and universally applicable concept for the Wolford brand
Stores	Sales locations, shops or retail stores, may also refer to points of sale
Swimwear	The product group comprising all beachwear: swimbodies, bikinis, and beach accessories such as pareos, tops and dresses

SWOT analysis	Strategic analysis of strengths, weaknesses, opportunities and threats of a company or a brand
Time-to-market	The time span from the creation, to the development and the final placement of products on the market
Trading goods	Products from exclusive brands which optimally complement Wolford´s product portfolio offered in selected boutiques and factory outlets
Travel retail	Points of sale mainly frequented by travelers, e.g. on airports
Trend products	All designs that are only seasonal, i.e. offered only in the spring-summer or autumn-winter collection and available only in outlets at the end of the respective season (in contrast to Essentials)
USP	Unique Selling Proposition
VIP	Very important person; a famous and prominent person
Visual merchandising	Optic sales promotion relating to the visual regulation of sales directly at the points of sale (POS)
Wholesale	A Wolford business segment involving sales to other businesses, including partner-operated Wolford stores, department stores and multi-brand retailers, which in turn sell merchandise to end customers
Win-win-situation	A situation from which both parties involved can benefit

FINANCIALS

ADR	American Depositary Receipt; an ADR securitizes part of foreign shares and is traded on a US or other stock exchange. US banks buy shares and issue ADRs to give foreign companies access to the US capital market.
AfS	Available for Sale; financial assets available for disposal
ATX	Austrian Traded Index; the leading share index of the Vienna Stock Exchange
Capital employed	Shareholders' equity plus net debt
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
Deferred taxes	Arise from the temporary reporting and valuation differences between IFRS and the corresponding tax base

D&O	Directors and Officers Insurance
EPS	Earnings per share; net profit for the year divided by the number of shares entitled to dividend payments
EBIT	Earnings before interest and taxes – this represents operating profit
EBIT adjusted	Earnings before interest and taxes, corrected for non-recurring expenses and income which occur as a one-time effect, for example in connection with the strategic refocusing
EBITDA	Earnings before interest, taxes, depreciation, amortization, impairment losses and reversal of impairment losses
EBITDA adjusted	Earnings before interest and taxes, depreciation, amortization, impairment losses, and reversal of impairment losses, corrected for non-recurring expenses and income which occur as a one-time effect, for example in connection with the strategic refocusing
Equity ratio	Shareholders' equity as a percentage of total assets
FL	Financial liabilities
Free cash flow	Cash flow from operating activities minus cash flow from investing activities; the free cash flow is the amount available for acquisitions, dividend payments and the buyback of own stock
FTE	Full-time equivalent; employees on full time basis
FY	Fiscal year
GDP	Gross domestic product
Gearing	Net debt to equity ratio
Gross liquidity	Cash and cash equivalents plus current financial assets
HfT	Held for Trading; assets held for trading purposes
IFRS	International Financial Reporting Standards
L&R	Loans and Receivables; credit lines and customer receivables
Like-for-like development	Development of revenues excluding newly opened or closed points of sale
Market capitalization	Number of shares outstanding multiplied by the closing market price – in this report, market capitalization is understood to be as at the balance sheet date
Net debt	Short- and long-term financial liabilities minus financial assets and cash and cash equivalents

Non-recurring items	One-off expenses and income which are related, for example, to the strategic refocusing
Revenues	Net revenues less any sales deductions
Working capital	Sum of inventories, trade receivables and other current receivables and assets less trade payables and other current liabilities

FINANCIAL CALENDAR

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

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Vienna Stock Exchange	WOL
Reuters	WLFD.VI
Bloomberg	WOL:AV, WLFDY:US, WOF:GR

OVERVIEW OF KEY INDICATORS (5 YEARS)

Earnings Data		**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**
Revenues	in € mill.	144.04	152.15	154.06	156.47	155.87
EBITDA adjusted	in € mill.	12.49	15.74	15.18	7.90	7.11
EBITDA margin	in %	8.7	10.3	9.9	5.0	4.6
EBIT adjusted	in € mill.	4.50	7.33	6.86	-0.91	-0.97
EBIT margin	in %	3.1	4.8	4.5	-0.6	-0.6
Earnings before tax	in € mill.	3.40	5.81	5.04	-2.25	-5.89
Earnings after tax	in € mill.	2.56	5.05	1.26	-2.76	-2.81
Capital expenditures	in € mill.	8.01	6.40	7.94	6.03	7.87
Free cash flow	in € mill.	14.02	10.22	0.37	0.48	-0.97
Employees on average	FTE	1,484	1,560	1,665	1,606	1,562

Balance Sheet Data		**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**
Equity	in € mill.	79.38	83.85	83.77	78.15	74.38
Net debt	in € mill.	18.77	11.81	14.50	15.96	17.04
Capital employed	in € mill.	98.15	95.66	98.27	94.11	91.42
Working capital	in € mill.	34.94	35.47	40.11	38.49	33.72
Balance sheet total	in € mill.	145.54	144.46	145.46	142.32	138.12
Equity ratio	in %	55	58	58	55	54
Gearing	in %	24	14	17	20	23

Stock Exchange Data		**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**
Earnings per share	in €	0.52	1.03	0.26	-0.56	-0.57
Dividend per share	in €	0.20	0.40	0.40	0.00	0.00
Dividend	in € mill.	0.98	1.96	1.96	0.00	0.00
Equity per share	in €	16.20	17.11	17.10	15.95	15.18
Share price high	in €	16.90	28.50	27.49	28.90	22.77
Share price low	in €	7.75	13.78	19.01	20.53	16.81
Share price at end of period	in €	16.56	27.00	23.31	20.62	19.10
Shares outstanding (weighted)	in 1,000	4,900	4,900	4,900	4,900	4,900
Market capitalization (ultimo)	in € mill.	82.80	135.00	116.53	103.08	95.48

The indicators and the method of calculation are outlined in the Glossary on pages 132 to 134.

ANNUAL REPORT

Imprint

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

FSC-LOGO

The annual report (in German or English) can be ordered by phone at +43 5574 690 1268
It is also available on the Internet at company.wolford.com.