HALF-YEAR REPORT 2014/15

(MAY – OCTOBER 2014)

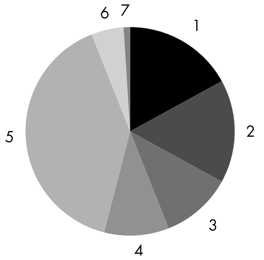
Wolford Group Key Data

Earnings Data		05 - 10/14	05 - 10/13	Chg. in %	2013/14
Revenues	in € mill.	72.63	74.81	-3	155.87
EBITDA adjusted	in € mill.	4.23	1.64	>100	7.11
EBIT adjusted	in € mill.	0.04	-2.30	>100	-0.97
EBIT	in € mill.	3.17	-2.30	>100	-4.72
Earnings before tax	in € mill.	2.72	-2.90	>100	-5.89
Earnings after tax	in € mill.	1.38	-1.96	>100	-2.81
Capital expenditure	in € mill.	5.44	4.42	+23	7.87
Free cash flow	in € mill.	-3.87	-9.64	+60	-0.97
Employees (on average)	FTE	1,567	1,562	0	1,562

Balance Sheet Data		31.10.2014	31.10.2013	Chg. in %	30.04.2014
Equity	in € mill.	76.22	75.90	0	74.38
Net debt	in € mill.	20.66	25.64	-19	17.04
Working capital	in € mill.	39.97	43.00	-7	33.72
Balance sheet total	in € mill.	148.14	150.91	-2	138.12
Equity ratio	in %	51	50	-	54
Gearing	in %	27	34	-	23

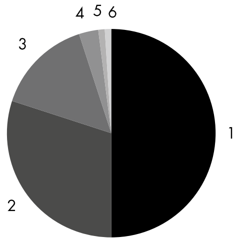
Stock Exchange Data		05 - 10/14	05 - 10/13	Chg. in %	2013/14
Earnings per share	in €	0.28	-0.40	>100	-0.57
Share price high	in €	24.05	22.77	+6	22.77
Share price low	in €	18.75	17.80	+5	16.81
Share price at end of period	in €	19.45	19.66	-1	19.10
Shares outstanding (weighted)	in 1,000	4,900	4,900	0	4,900
Market capitalization (ultimo)	in € mill.	97.25	98.30	-1	95.48

REVENUES BY MARKET



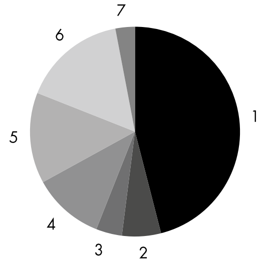
1 North America 17 %
2 Germany 16 %
3 Austria 11 %
4 France 10 %
5 Rest of Europe 40 %
6 Asia/Oceania 5 %
7 Rest of World 1 %

REVENUES BY PRODUCT GROUP



1 Legwear 50 %
2 Ready-to-wear 30 %
3 Lingerie 15 %
4 Accessories 3 %
5 Swimwear 1 %
6 Trading goods 1 %

REVENUES BY DISTRIBUTION



1 Boutiques 46 %
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 3 %

Contents

From the Essentials Collection: Pure 50 Tights & Tulle Bra

Management Board Review


Axel Dreher and Thomas Melzer, Management Board of Wolford AG

Dear Shareholders, Dear Ladies and Gentlemen,

Positive net profit in spite of challenging market conditions

The Wolford Group generated clearly positive net profit in the first half-year for the first time since 2011/12. However, the second quarter remained below our expectations and revenues for the first six months were therefore 3% lower than the previous year at nearly € 73 million. The positive start in August was followed by a sudden deterioration in market conditions beginning with the second week of September, which also affected our company. This development resulted, above all, from a general decline in consumer confidence as a reaction to global crises and downward revisions to economic forecasts. The situation was worsened by unusually warm autumn weather throughout large parts of Europe. In Germany, this season was the second warmest since the start of weather recordings. It led to in part double-digit revenue declines for the German fashion trade over a period of eight weeks – as well as similar effects in France and Great Britain. In the USA, retail sales have been on a downturn since this past spring.

Wolford with comparatively good performance in difficult markets

Our own retail business performed comparatively well in this difficult environment with a year-on-year increase of nearly 1% in revenues. The online business remained on a sound course with growth of 24%. In contrast, the wholesale business was negatively affected by the market conditions: our partners reacted to the general decline in consumer spending and lower customer frequency with a substantial reduction in orders. This led to an 8% year-on-year decrease in wholesale revenues. The demand for Legwear products was particularly weak this autumn, but Lingerie and Swimwear recorded double-digit growth – in line with the mild temperatures.

The development of revenues was also significantly affected by the closing of more than 20 unprofitable sales locations. These adjustments were responsible for a reduction of € 2.4 million in revenues. On the other hand, earnings benefited, as expected, from the optimization measures implemented as part of our strategic refocussing.

Adjusted EBIT turned slightly positive

Wolford recorded an increase of more than € 5 million in EBIT to over € 3 million in the first half of 2014/15. Adjusted EBIT also improved substantially and was for the first time again slightly positive. We sold a lease option for a sales location in Switzerland for roughly € 4 million – a normal transaction for a company with a strong retail focus. Our progress in the operating business continued, and we achieved a further slight reduction in personnel costs in spite of increases required by collective agreements. Process optimization in product development, production and logistics led to the realization of more than € 1 million in cost savings, while we systematically increased marketing expenditures to strengthen the brand.

Strong balance sheet with an equity ratio of 51 %

Earnings after tax were supported by the book gain on the sale of non-core land in Bregenz and totaled € 1.4 million for the first half of the current financial year. This special effect also had a positive influence on our balance sheet: we continued to reduce net debt, and Wolford AG had a comfortable equity ratio of 51 % at the end of October 2014.

The operating progress in recent months would have been much more apparent if our company had not been faced with unfavorable market conditions. In order to stabilize revenues, we took active steps and introduced a number of sales promotion measures. These measures should bring the desired effect in the third quarter, which is the most important period for Wolford due to the Christmas shopping season.

Targeted investments form the basis for future growth

We are investing the released funds to create the basis for future growth and have made significant progress during the past months. For example, the above-mentioned closing of locations was contrasted by a number of new openings: we are systematically eliminating the "blank spots" on our map and, during the first half-year alone, opened seven new own locations in key strategic cities like Barcelona, Florence and Frankfurt. These locations are complemented by ten new boutiques that we are operating with partners – for example in the Chinese city of Zhengzhou, in Riga and Ulan Bator – as well as new shop-in-shops, among others, in Taipei, Hong Kong and Beijing.

At the beginning of November we filled the position of creative director with Grit Seymour, a well-known international designer. This position was created as part of our strategic refocussing and plays a key role in the sustainable strengthening of our brand – both with a view to future collections and the way Wolford is presented to our end customers.

The Wolford brand has regained visibility

As we recently reported, the marketing campaign that started this spring continues to gain speed. Wolford has further strengthened its media presence in core markets like the USA, France and Italy and, during the weeks before and after Christmas, is prominently pictured on New York's Times Square. We are continuing to expand our online marketing, also with the support of innovative campaigns with an art and culture focus. It is no coincidence that our company already has more than 140,000 Facebook fans. The Wolford brand has regained visibility – both online and offline. We also substantially strengthened our visual merchandising in the shops with the start of the Christmas shopping season. In January we plan to introduce the next growth impulse with the presentation of our reshaped fall-winter 2015/16 collection.

Outlook for 2014/15 remains unchanged

Our message to you, our shareholders, is that Wolford is on a good course to close the current financial year, as expected, with positive EBIT. However, 2014/15 is a year of transition – as we stated from the very beginning. The management team and employees are directing their full efforts to create the necessary basis this year to return our company to a growth course.

Thank you for your trust.

Axel Dreher, COO/CTO

Thomas Melzer, CFO

Management Report

EARNINGS (MAY TO OCTOBER 2014)

Retail business with 1% revenue plus, online business grows by 24%, wholesale business with 8% decline

Revenues recorded by the Wolford Group fell by 2.9%, or € 2.18 million, to € 72.63 million in the first six months of the 2014/15 financial year. The closing of over 20 sales locations during the previous and current financial year had a negative effect of € 2.4 million on revenues. In addition, the Group was confronted with a substantial deterioration in market conditions starting in September: the fashion and retail trade in the most important European and North American markets experienced in part double-digit revenue declines – as a consequence of the weaker consumer confidence resulting from international crises and the mild autumn weather across large parts of Europe. Sales in the German fashion branch fell by 9% in September and by 10% in October. The situation in France was similar, especially in the Paris region, where demand was 10% below September of the previous year. Retail sales in the USA have been on a downturn since the spring – above all in the Northeast, a key region for Wolford, where sales declined by 7% in September and again in October.

This picture is also reflected in the development of Wolford Group revenues: the 4% increase in August was followed by a decline of 4% in September and 9% in October. Wolford performed comparatively well in this environment – revenues in the retail business rose slightly by 1% in the first half-year. The online business generated further sound growth with a revenue increase of 24%. In contrast, the wholesale business reported a decline of 8%.

Different developments in regional markets, weaker markets above all in Europe and the USA

The development of revenues in the first half-year differed substantially by region, in part due to the closing of individual sales locations. Revenues declined, above all, in Wolford's key markets of Germany (-5%) and the USA (-7%). France reported a decline (-6%), whereas revenues were substantially higher in Italy (+11%) and Spain (+15%). Revenues in Great Britain were at the previous year's level. Lower revenues were recorded in Scandinavia. However, the Wolford-owned retail business grew slightly on a like-for-like basis (excluding the effects from the opening or closing of locations). Revenues in Central and Eastern Europe fell significantly (-19%) due to the Ukraine crisis. These markets have only been responsible for 4% of Wolford's revenues to date, but the absence of Russian tourists has also had a negative effect on business in the major West European cities. In Asia, Wolford grew revenues by 10% based on the opening of new locations and the expansion of the partner business as well as a like-for-like increase in its own retail business.

Growth in Lingerie and Swimwear, declines in Legwear and Ready-to-wear

The trend to figure-shaping lingerie with a functional character remains strong and was reflected in double-digit revenue growth in the Lingerie and Swimwear segments. The latter benefited clearly from the warm autumn weather, while the Legwear, Ready-to-wear and Accessories product groups were faced with single-digit revenue declines. The Legwear product group was also negatively affected by weaker demand from the wholesale business. Slight decreases were also recorded in the Trading goods segment.

Positive adjusted EBIT

Earnings showed sound development in the first half-year with an increase in adjusted EBIT from € -2.30 million to € 0.04 million. The sale of a lease option for a location in Switzerland generated net proceeds of € 4.04 million. The increase in inventories and higher material costs reflect preparations for business at the end of the calendar year. Specially directed investments to strengthen the brand led to an increase in marketing expenses (€ 0.83 million) as planned. In contrast, Wolford realized cost savings of € 1.29 million during the first half-year through further process optimization in product development, production and logistics. This led, among others, to a slight decline in personnel costs (€ 0.33 million) despite the latest increases required by collective agreements. The Wolford Group had an average of 1,567 employees during the reporting period, compared with 1,562 in the previous year.

Earnings after tax rise to € 1.38 million, earnings per share to € 0.28

Non-recurring expenses include the major costs for the strategic refocusing, e.g. expenses for closing company-owned locations as well as changes in concepts and strategy. In the first half-year, this position included costs totaling € 0.25 million to update the Essentials Collection and for severance compensation and other expenses related to the earlier closing of company-owned locations. Non-recurring income included a book gain of € 3.37 million on the sale of non-core land in Bregenz. Wolford generated positive EBIT of € 3.17 million in the first half of 2014/15, compared with € -2.30 million in the previous year, an improvement of € 5.47 million in earnings.

Financial results improved from € -0.60 million to € -0.45 million based on a slight reduction in financing costs and the positive development of securities held by the Group. Earnings before tax amounted to € 2.72 million, compared with € -2.90 million in the previous year. Income tax expense equaled € 1.34 million (previous year: tax income of € 0.94 million). It reflected the tax due on the proceeds from the sale of the lease option, in contrast to the refund reported in the prior year. Earnings after tax rose from € -1.96 million to € 1.38 million, and earnings per share increased from € -0.40 to € 0.28.

SECOND QUARTER OF 2014/15 (AUGUST TO OCTOBER 2014)

Second quarter revenues and earnings below prior year

Revenues remained below expectations in the second quarter of 2014/15 with a 4.3% year-on-year decline to € 40.72 million. However, Wolford performed comparatively well considering the unfavorable conditions in its most important markets. The 28% increase in revenues over the first quarter of the current financial year is explained primarily by the seasonality of business and the generally weak summer months. Since expenses were only moderately higher than the previous quarter, adjusted EBIT turned slightly positive in the second quarter of 2014/15 (€ 0.21 million versus € -0.17 million in the previous quarter).

Adjusted EBIT was € 2.68 million lower than the comparable prior year period, chiefly due to the € 1.81 million decrease in revenues and higher marketing expenses compared with the second quarter of 2013/14. Earnings after tax totaled € -0.11 million, for a decline of approx. € 2.50 million below the prior year.

CASH FLOW (MAY TO OCTOBER 2014)

Positive cash flow effects from working capital optimization and sale of lease option

Cash flow from operating activities improved slightly by € 0.51 million to € -4.70 million in the first six months of the current financial year, chiefly due to the sale of a lease option and an increase in trade payables. Contrary effects came from the increase in inventories and receivables, whereby inventory development reflects preparations for expected business at the end of the year. Working capital improved by € 3.03 million compared with the previous year. Cash flow from investing activities totaled € 0.82 million for the reporting period, which represents an increase of € 5.26 million over the previous year. This change reflected the sale of non-core property, which was offset in part by a year-on-year increase of € 1.50 million in investments. In the first half of 2014/15 Wolford invested in new strategic locations in Barcelona, New York, Florence, Munich and Frankfurt, in the modernization of production machinery and equipment, and in the expansion of the online business.

Substantial improvement in free cash flow during first half-year

The above-mentioned developments led to a sound improvement in free cash flow (cash flow from operating activities less cash flow from investing activities) from € -9.64 million to € -3.87 million. Cash flow from financing activities fell from € 13.17 million to € 6.83 million during the same period. The proceeds realized on the sale of assets led to a substantial decline in the utilization of credit lines. Cash and cash equivalents totaled € 7.78 million at the end of the reporting period, compared with € 8.50 million in the previous year.

ASSET AND FINANCIAL POSITION (AS OF OCTOBER 31, 2014)

Solid balance sheet structure, equity ratio at 51 %

The asset and capital structure of the Wolford Group remained very solid as of the balance sheet date on October 31, 2014. The balance sheet structure improved over the first half of the previous year due to the positive earnings and the sale of non-core land. The balance sheet total rose from € 138.12 million on April 30, 2014 to € 148.14 million for seasonal reasons. The Wolford Group's equity amounted to € 76.22 million as of October 31, 2014, for an increase of € 1.83 million over the last annual financial statements. Net debt was reduced from € 25.64 million to € 20.66 million as of October 31, 2014 by the proceeds from the sale of assets. The equity ratio rose slightly to 51 % (October 31, 2013: 50 %) and gearing declined to 27 % (October 31, 2013: 34 %).

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

OUTLOOK

Positive EBIT expected

In spite of the difficult market environment Wolford is making progress toward the operating turnaround and should, as expected, close the current financial year with positive EBIT. Non-recurring income and the funds released by process optimization are being invested in product development, sales and marketing to create the basis for future growth in this year of transition.

Interim Financial Statements (IFRS)

STATEMENT OF COMPREHENSIVE INCOME

in TEUR	08 - 10/14	08 - 10/13[1)]	05 - 10/14	05 - 10/13 [1)]
Revenues	**40,721**	**42,533**	**72,631**	**74,814**
Other operating income	600	314	5,114	558
Changes in inventories of finished goods and work-in-process	-1,348	-2,450	2,141	-176
Own work capitalized	15	8	28	12
Operating output	**39,988**	**40,405**	**79,914**	**75,208**
Cost of materials and purchased services	-6,763	-5,696	-15,005	-13,425
Personnel expenses	-17,874	-17,326	-35,676	-36,008
Other operating expenses	-13,062	-12,552	-25,006	-24,131
Depreciation and amortization	-2,079	-1,942	-4,184	-3,939
EBIT adjusted	**210**	**2,889**	**43**	**-2,295**
Non-recurring expenses	-61	0	-247	0
Non-recurring income	0	0	3,370	0
EBIT	**149**	**2,889**	**3,166**	**-2,295**
Net interest cost	-137	-177	-298	-321
Net investment securities income	36	10	81	-22
Interest cost of employee benefit liabilities	-115	-131	-230	-261
Financial result	**-216**	**-298**	**-447**	**-604**
Earnings before tax	**-67**	**2,591**	**2,719**	**-2,899**
Income tax	-41	-202	-1,336	936
Earnings after tax	**-108**	**2,389**	**1,383**	**-1,963**
Amounts that will not be recognized through profit and loss in future periods	0	0	0	0
thereof actuarial gains and losses	0	0	0	0
Amounts that will potentially be recognized through profit and loss in future periods	334	-207	450	-289
thereof currency translation differences	326	-181	488	-306
thereof change from cash flow hedges	8	-26	-38	17
Other comprehensive income[2)]	**334**	**-207**	**450**	**-289**
Total comprehensive income	**226**	**2,182**	**1,833**	**-2,252**
Attributable to the equity holders of the parent company	226	2,182	1,833	-2,252
Earnings after tax attributable to equity holders of the parent company	-108	2,389	1,383	-1,963
Earnings per share (diluted = basic)	**-0.02**	**0.49**	**0.28**	**-0.40**

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	05 - 10/14	05 - 10/13
Earnings before tax	**2,719**	**-2,899**
Depreciation	4,184	3,939
Amortization	0	0
Interest result	217	343
Gains / losses from disposal of property, plant and equipment	-3,384	309
Changes in non-current provisions	134	315
Changes in inventories	-2,768	338
Changes in trade receivables	-4,755	-5,110
Changes in other assets	-1,530	-734
Changes in trade payables	1,298	6
Changes in current provisions	-781	-832
Changes in other liabilities	489	-492
Changes in the cash flow hedge reserve	51	-23
Currency translation differences	294	307
Net interest paid	-332	-367
Income taxes paid / received	-534	-306
Cash flow from operating activities	**-4,698**	**-5,206**
Investments in property, plant and equipment and other intangible assets	-5,940	-4,439
Proceeds from the sale of property, plant and equipment and other intangible assets	6,764	2
Proceeds from the disposal of securities	0	0
Cash flow from investing activities	**824**	**-4,437**
Payment received from current and non-current financing liabilities	7,108	13,515
Repayment of current and non-current financing liabilities	-274	-343
Dividends paid	0	0
Cash flow from financing activities	**6,834**	**13,172**
Change in cash and cash equivalents	**2,960**	**3,529**
Cash and cash equivalents at the beginning of the period	4,653	4,990
Effects of exchange rate fluctuations on cash and cash equivalents	168	-20
Cash and cash equivalents at the end of the period	**7,781**	**8,499**

BALANCE SHEET

in TEUR	31.10.2014	31.10.2013 [1]	30.04.2014
Property, plant and equipment	53,519	58,672	53,005
Goodwill	1,212	1,175	1,168
Other Intangible assets	11,147	10,605	10,205
Financial assets	1,554	1,512	1,473
Non-current receivables and assets	1,562	1,240	1,451
Deferred tax assets	7,548	5,905	7,922
Non-current assets	**76,542**	**79,109**	**75,224**
Inventories	42,836	42,354	40,068
Trade receivables	13,545	13,943	8,790
Other receivables and assets	3,046	3,629	3,015
Prepaid expenses	4,101	3,378	2,710
Cash and cash equivalents	7,781	8,499	4,653
Non-current assets held for sale	289	0	3,659
Current assets	**71,598**	**71,803**	**62,895**
Total assets	**148,140**	**150,912**	**138,119**
Share capital	36,350	36,350	36,350
Capital reserves	1,817	1,817	1,817
Other reserves	40,541	40,619	39,196
Currency translation differences	-2,493	-2,889	-2,981
Equity	**76,215**	**75,897**	**74,382**
Financial liabilities	5,102	4,035	6,392
Other liabilities	1,081	1,126	1,096
Provision for long-term employee benefits	15,831	15,537	15,697
Deferred tax liabilities	93	118	112
Non-current liabilities	**22,107**	**20,816**	**23,297**
Financial liabilities	24,892	31,613	16,767
Trade payables	6,212	4,603	5,410
Other liabilities	13,248	12,321	12,744
Income tax liabilities	928	1,064	200
Other provisions	4,538	4,598	5,319
Current liabilities	**49,818**	**54,199**	**40,440**
Total equity and liabilities	**148,140**	**150,912**	**138,119**

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	Share capital	Capital reserves	Hedging reserve	Actuarial gain/loss	Other reserves	Treasury stock	Currency translation	Total equity
01.05.2013	**36,350**	**1,817**	**-5**	**-985**	**48,218**	**-4,663**	**-2,583**	**78,149**
Dividends 2012/13	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	17	0	-1,963	0	-306	-2,252
31.10.2013	**36,350**	**1,817**	**12**	**-985**	**46,255**	**-4,663**	**-2,889**	**75,897**
01.05.2014	**36,350**	**1,817**	**-3**	**-1,542**	**45,404**	**-4,663**	**-2,981**	**74,382**
Dividends 2013/14	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	-38	0	1,383	0	488	1,833
31.10.2014	**36,350**	**1,817**	**-41**	**-1,542**	**46,787**	**-4,663**	**-2,493**	**76,215**

SEGMENT REPORTING

05 - 10/14 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**42,237**	**44,764**	**12,350**	**2,527**	**-29,247**	**72,631**
thereof intersegment	26,564	2,683	0	0	-29,247	0
External revenues	**15,673**	**42,081**	**12,350**	**2,527**	**0**	**72,631**
EBIT adjusted	**-1,418**	**2,311**	**-1,498**	**-404**	**1,052**	**43**
Non-recurring expenses	-204	-24	-19	0	0	-247
Non-recurring income	3,370	0	0	0	0	3,370
EBIT	**1,748**	**2,287**	**-1,517**	**-404**	**1,052**	**3,166**
Segment assets	163,100	52,485	14,488	3,512	-85,445	148,140
Segment liabilities	62,672	39,561	10,061	1,670	-42,039	71,925
Investments	2,723	2,223	366	138	-6	5,444
Depreciation and amortization	2,514	1,283	226	174	-13	4,184
Employees on average (FTE)	**716**	**697**	**116**	**38**	**0**	**1,567**

05 - 10/13 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
Revenues	**45,800**	**45,787**	**13,500**	**2,135**	**-32,408**	**74,814**
thereof intersegment	30,210	2,198	0	0	-32,408	0
External revenues	**15,590**	**43,589**	**13,500**	**2,135**	**0**	**74,814**
EBIT	**-1,142**	**-641**	**-466**	**-131**	**85**	**-2,295**
Segment assets	162,425	48,444	15,053	3,411	-78,421	150,912
Segment liabilities	61,250	37,685	9,423	1,145	-34,488	75,015
Investments	1,183	2,764	91	400	-19	4,419
Depreciation and amortization	2,481	1,124	267	105	-38	3,939
Employees on average (FTE)	**765**	**639**	**125**	**33**	**0**	**1,562**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

The consolidated interim financial statements of the Wolford Group for the first six months of the 2014/15 financial year (May 1 to October 31, 2014) were prepared in accordance with International Financial Reporting Standards (IFRS) on the basis of IAS 34 (Interim Financial Reporting). The accounting and valuation policies applied in preparing the consolidated interim financial statements reflect the policies applied to the consolidated financial statements for the 2013/14 financial year. The following new or revised standards and interpretations require mandatory application in the 2014/15 financial year.

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	Separate 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 standards and interpretations had no effect on the consolidated financial statements of the Wolford Group. The consolidated interim financial statements do not include all information and disclosures required for consolidated annual financial statements. Therefore, the consolidated interim financial statements should also be read in connection with the latest consolidated financial statements as of April 30, 2014. The amounts included in this quarterly report are presented in thousand euros (TEUR). Rounding differences may arise from the application of commercial rounding principles. The prior year data were adjusted to reflect the offsetting of other operating income from the invoicing of costs with the related expense items to more clearly represent the respective expense items in relation to revenues. This led to the following changes in the amounts previously reported for the first half (second quarter) of 2013/14: a reduction of TEUR 875 (TEUR 493) in other operating income, a reduction of TEUR 79 (TEUR 64) in the cost of materials, a reduction of TEUR 550 (TEUR 288) in personnel expenses and a reduction of TEUR 246 (TEUR 141) in other operating expenses. Furthermore, 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 261 lower than the former position "liquid funds". Other receivables and assets increased by the same amount.

In order to more transparently present the development of the Wolford Group's operating business, all non-recurring effects related to the strategic refocussing 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 include expenses for updating the Essentials Collection and closing company-owned locations (including related severance compensation) as well as income from the sale of non-core land.

SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation since the balance sheet date on April 30, 2014.

SEASONALITY OF BUSINESS

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

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Revenues recorded by the Wolford Group declined by 2.9%, or TEUR 2,183, to TEUR 72,631 during the first half of 2014/15 (previous year: TEUR 74,814). Operating output rose by TEUR 4,706 to TEUR 79,914 (previous year: TEUR 75,208) due to other operating income generated by the sale of a lease option for a location in Switzerland and an increase in changes in inventories from TEUR -176 to TEUR 2,141 based on higher production volumes in preparation for revenue growth.

The development of operating profit was influenced by an increase of TEUR 1,580 in the cost of materials, a reduction of TEUR 332 in personnel expenses and higher advertising costs of TEUR 831 to strengthen the brand. These factors supported a substantial improvement in adjusted EBIT to TEUR 43 for the first half of 2014/15 (previous year: TEUR -2,295). The non-recurring expenses include costs for updating the Essentials Collection and closing company-owned locations (including related severance compensation), while non-recurring income represents the book gain on the sale of non-core land.

Financial result improved slightly by TEUR 157 to TEUR -447 in the first half of 2014/15 due to an increase of TEUR 81 in the fair value measurement of securities (previous year: TEUR -22).

Tax expense amounted to TEUR 1,336. The year-on-year increase of TEUR 2,722 reflects a tax refund in the prior year that led to tax income of TEUR 936 and the taxable sale of a lease option in 2014/15. Earnings after tax were positive at TEUR 1,383 (previous year: TEUR -1,963).

Other comprehensive income totaled TEUR 450 (previous year: TEUR -289) and comprised positive currency translation differences of TEUR 488 (previous year: TEUR -306), which were recorded without recognition through profit or loss, as well as a negative change of TEUR 38 in the hedging reserve (previous year: TEUR 17). Total comprehensive income led to an increase of TEUR 450 in equity for the first half of the reporting year (previous year: TEUR -289).

NOTES ON SEGMENT REPORTING

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

External sales in the individual segments fell by 9% in North America, by 8% in Austria and by 2% in Other Europe. In Asia external revenues rose by 18%, also due to the opening of several new locations in China. Adjusted EBIT in the Austria segment was lower than the previous year because of higher advertising expenses. Adjusted EBIT in Other Europe rose by TEUR 2,952 year-on-year based on the sale of a lease option in Switzerland. Adjusted EBIT declined by TEUR 273 in Asia because of higher rental expenses and by TEUR 1,032 in North America due to valuation effects in inventories. Improved procurement conditions for Wolford's US subsidiary led to write-downs to the lower purchasing costs in the first half-year, which will be neutralized by higher profit margins in the following quarters. In the consolidated financial statements, the contra item is found in higher adjusted EBIT from Group eliminations in the transition column (TEUR 967).

Segment assets fell by TEUR 2,772 year-on-year to TEUR 148,140. This decline reflected the book value disposal from the sale of non-core land as well as a reduction in trade receivables and other receivables and assets.

NOTES TO THE CASH FLOW STATEMENT

Cash flow from operating activities rose by TEUR 508 to TEUR 4,698 in the first six months of 2014/15. Positive effects from the sale of a lease option in Switzerland and a decline in trade payables were contrasted by higher inventories and trade receivables. Cash flow from investing activities totaled TEUR 824 for the reporting period, which is TEUR 5,261 higher than the previous year, and included net proceeds of TEUR 6,713 from the sale of non-core land and a year-on-year increase of TEUR 1,501 in cash outflows for investments. Wolford invested in new strategic locations in Barcelona, New York, Florence, Munich and Frankfurt, in the modernization of production machinery and equipment and in the expansion of the online business.

The above developments led to a significant improvement in free cash flow (cash flow from operating activities minus cash flow from investing activities) from TEUR -9,643 to TEUR -3,874.

Cash flow from financing activities declined from TEUR 13,172 to TEUR 6,834. Cash and cash equivalents totaled TEUR 7,781 as of October 31, 2014, compared with TEUR 8,499 on October 31, 2014.

NOTES TO THE BALANCE SHEET

The balance sheet total amounted to TEUR 148,140 as of October 31, 2014, which represents a 2% decline below the level on October 31, 2013. Non-current assets fell 3% to TEUR 76,542 and remained constant at 52% of total assets. Investments of TEUR 5,444 in intangible assets and property, plant and equipment were contrasted by scheduled amortization and depreciation of TEUR 4,184. Current assets equaled 48% of total assets as of October 31, 2014. Inventories rose slightly by 1% to TEUR 42,836 or 29% of total assets, while trade receivables declined 3% to TEUR 13,545 or 9% of total assets. The non-current assets classified as held for sale represent apartments that are designated for sale.

Equity totaled TEUR 76,215 as of October 31, 2014, which represents an equity ratio of 51% (previous year: 50%). Non-current liabilities rose by TEUR 1,291 from TEUR 20,816 to TEUR 22,107, primarily due to an increase in non-current financial liabilities, and equaled 15% of the balance sheet total. Current liabilities fell to TEUR 49,818 (previous year: TEUR 54,199), chiefly due to a TEUR 6,721 decrease in current financial liabilities to TEUR 24,892 that was partly offset by an increase in trade payables. Working capital declined from TEUR 43,002 in the first half of the previous year to TEUR 39,967, above all due to a decrease in trade and other receivables with a parallel increase in trade payables and other liabilities. Net debt totaled TEUR 20,661 as of October 31, 2014, for a reduction of TEUR 4,979 below the level on October 31, 2013.

FINANCIAL INSTRUMENTS

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

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

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

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

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

in TEUR		**31.10.2014**		**31.10.2013**	
	Level	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets	1	1,554	1,554	1,512	1,512
Trade receivables		13,545	13,545	13,943	13,943
Other receivables and assets		3,046	3,046	3,629	3,629
thereof derivatives	2	1	1	17	17
Prepaid expenses		4,101	4,101	3,378	3,378
Securities and financial investments	1	0	0	129	129
Cash and cash equivalents		7,781	7,781	8,499	8,499
Total financial assets		**30,027**	**30,027**	**31,090**	**31,090**
Financial liabilities, non-current		5,102	5,102	4,035	4,035
Financial liabilities, current		24,892	24,892	31,613	31,613
Trade payables		6,212	6,212	4,603	4,603
Other liabilities		13,248	13,248	12,321	12,321
thereof derivatives	2	55	55	0	0
Total financial liabilities		**49,454**	**49,454**	**52,572**	**52,572**

OTHER INFORMATION

There were no material changes in contingent liabilities since the last balance sheet date. Legal proceedings are pending in connection with the sale of a lease option in Switzerland, whereby the probability of a positive outcome for Wolford is estimated as good.

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.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

WAIVER OF REVIEW

This report on the first half of 2014/15 was neither audited nor reviewed by a certified public accountant.

STATEMENT BY THE MANAGEMENT BOARD IN ACCORDANCE WITH § 87 (1) NO. 3 OF THE AUSTRIAN STOCK EXCHANGE ACT

The Management Board of Wolford AG hereby confirms the best of its knowledge that these condensed consolidated interim financial statements provide 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 provides a true and fair view of the important events that occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Bregenz, December 12, 2014

Axel Dreher
Speaker of the Management Board

Responsible for the Wholesale and E-Commerce Distribution Channels, Marketing, Market Services, Product Development, Production and Technology, Procurement, Distribution Logistics and Quality Management

Thomas Melzer
Member of the Management Board

Responsible for the Monobrand (Retail) Distribution Channel, Finance, Internal Audit, Investor Relations, Legal Affairs, Human Resources and IT

FINANCIAL CALENDER

Date	Event
March 13, 2015	Q3 Report 2014/15
July 17, 2015	Press conference on 2014/15 annual results
September 14, 2015	Q1 Report 2015/16
September 17, 2015	28th Annual General Meeting
September 22, 2015	Deduction of dividends (ex-day)
September 24, 2015	First day of dividend payment
December 14, 2015	Half-Year Report 2015/16
March 18, 2016	Q3 Report 2015/16

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This report on the first half of 2014/15 is available in the Internet under company.wolford.com / Investor Relations.

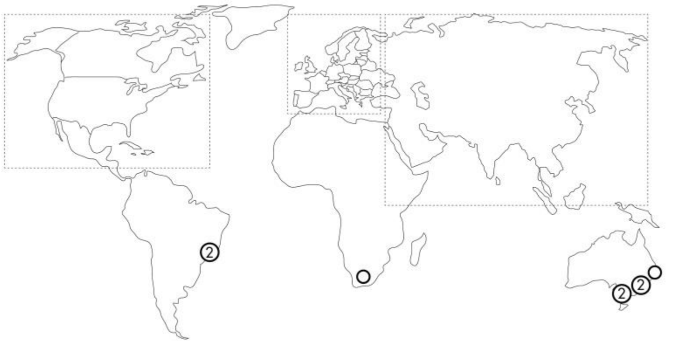
Disclaimer
This quarterly report was prepared with the greatest possible care, and all data were subjected to multiple reviews by Wolford AG. Nevertheless, rounding, typesetting or printing errors cannot be excluded. This report is also published in English, but only the German text is binding. The quarterly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

Monobrand Points of Sale

WORLDWIDE
Monobrand points of sale
October 31, 2014: 267

● Thereof Wolford-owned points of sale:
115 boutiques
32 concession shop-in-shops
26 factory outlets

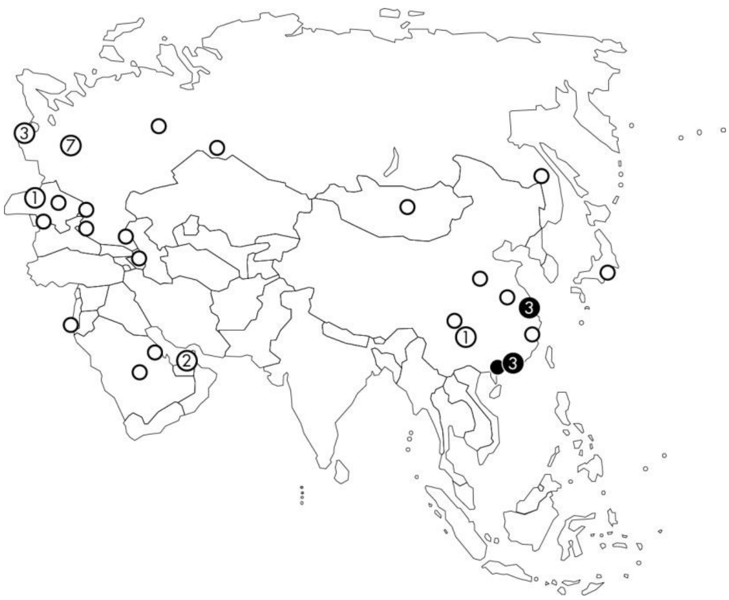
○ Thereof partner-operated points of sale:
94 boutiques
approx. 3.000 other distribution partners



NORTH AMERICA: 30

● Thereof Wolford-owned points of sale:
25 boutiques
3 factory outlets

○ Thereof partner-operated points of sale:
2 boutiques



ASIA: 39 [1)]

● Thereof Wolford-owned points of sale:
6 boutiques
1 concession shop-in-shop

○ Thereof partner-operated points of sale:
32 boutiques

1) Including Russia, Ukraine

EUROPE: 190 [2]

● Thereof Wolford-owned points of sale:
84 boutiques
31 concession shop-in-shops
23 factory outlets

○ Thereof partner-operated points of sale:
52 boutiques

[2] Excluding Russia, Ukraine