

H U G O B O S S

**Financial Report
For the First Quarter of 2008**

Dear Shareholders,

In a challenging market environment, HUGO BOSS has continued its course of success in the first three months of the 2008 fiscal year!

HUGO BOSS has oriented its corporate strategy consistently to the most successful growth markets and regions, thus driving forward the expansion of distribution into Asia and Eastern Europe well into the first quarter of 2008. HUGO BOSS also sees great potential in the North American regions. Sales in the US rose beyond expectations after adjustment for currency translation effects by 16% despite uncertain consumer behavior in the first quarter of 2008.

This was supported by the international expansion of its own retail activities. In the first three months of the 2008 fiscal year, the global presence was therefore extended with the opening of 11 new stores, bringing the total to 298.

In the first quarter of 2008, disproportionately high sales were generated in the strategic growth areas of women's fashion and shoes and leather accessories. The focus was on the expansion of distribution in this area.

Due to this successful initiative, HUGO BOSS again generated more growth in sales and earnings in the first three months of fiscal 2008. Adjusted for currency effects, sales rose by a good 5% to EUR 510 million. Adjusted for the one-time effect of the Managing Board change, EBIT also rose at a faster pace.

Key Figures

in € million	Jan. - March 2008	Jan. - March 2007	Change in %
Earnings Position			
Sales	509,5	499,6	2
Gross margin	295,3	277,0	7
EBIT	93,6	98,6	(5)
Earnings before taxes	89,4	97,2	(8)
Net income	65,2	70,2	(7)
Financial Position			
Cash flow	78,7	82,9	(5)
Free cash flow before dividends	32,5	-2,8	>100
Asset and Liability Structure			
	March 31, 2008	March 31, 2007	Change in %
Total assets	1.076,1	992,6	8
Group equity	606,7	553,0	10
Non-current assets	414,4	400,3	4
Current assets	661,7	592,3	12
Equity-to-assets ratio in %	56,4	55,7	
Key Figures			
	Jan. - March 2008	Jan. - March 2007	Change in %
Foreign sales in % ¹	80,6	79,2	
Gross margin in %	58,0	55,4	
EBIT margin in %	18,4	19,7	
Shares			
Number of shares	70.400.000	70.400.000	
Earnings per share in € ²			
common stock	0,95	1,00	(5)
preferred stock	0,96	1,03	(7)
Cash flow per share in €	1,12	1,18	(5)
Common stock³			
highest price in €	40,39	47,98	(16)
lowest price in €	27,00	38,26	(29)
Preferred stock³			
highest price in €	42,60	43,73	(3)
lowest price in €	25,70	34,20	(25)

¹ Export share includes foreign royalties income.

² Stock option program: This is limited to stock appreciation rights (SAR) which do not cause any dilution of EPS.

³ Xetra.

The HUGO BOSS Group

Overall economic trends, the outlook for the industry, and the Company's management are the parameters for the success of HUGO BOSS. The financial and non-financial performance indicators which sustainably and actively determine the success of the Company are presented on pages 22f.

Business Activities

The fashion business of HUGO BOSS consists of various collections under two independent brands. The core BOSS brand and the trendy HUGO brand constitute two brand worlds, offering extraordinary fashion diversity with a consistently high level of quality. The menswear collection is represented by the BOSS Black, BOSS Selection, BOSS Orange, and BOSS Green lines, as well as the HUGO brand; the womenswear group includes the BOSS Black and BOSS Orange lines and the HUGO brand. These textile collections are rounded out by shoes and leather accessories. Licensed products such as fragrances, cosmetics, watches, and eyewear complete the HUGO BOSS product range.

The success of the HUGO BOSS Group is based upon the perfectly coordinated integration of its divisions. A global sales network with excellent market knowledge, automated logistics processes, outstanding product expertise, and top-quality fashion make HUGO BOSS an ideal business partner for its international customers. Intensive marketing activities, such as our involvement in the sponsorship of athletic and cultural events, are leading to worldwide recognition and enhancing the image of the HUGO BOSS brands and our Company. HUGO BOSS products can be found today in 105 countries and at some 5,900 points of sale.

General Economic Conditions

Despite fundamentally positive overall forecasts, the economic prospects for the development of the global economy have become increasingly clouded. The leading economic research institutions have become more cautious due to the difficulty in calculating the effects of the US real estate crisis on the global economy. The International Monetary Fund, for example, lowered its forecast for global economic performance in April 2008 given in its previous statement at the end of January 2008 from 4.1% to 3.7%. These numbers reflect the expected negative effects, primarily on the US economy. These effects should lead to a significant cooling of the US economy, at least for 2008. However, growth in the countries of Western Europe has also slowed. By contrast, the emerging economies of Southeast Asia and Eastern Europe continue to demonstrate strength. Experts expect sustained high growth from China in particular.

Sector Performance

Growth in the global market for fashion, accessory, and luxury goods is decisive for the operations of HUGO BOSS. In this market, experts predict growth of 4% in 2008. There is also uncertainty here, however, as to how strongly the effects of the crises in the financial markets will affect worldwide spending in this sector.

As in previous years, the industry is profiting from a sharp rise in disposable income and the large backlog of consumer demand in the emerging markets of Asia and Eastern Europe as well as the Middle East. This trend should continue until at least 2012.

The fashion industry in the traditional economic regions faces a challenging environment in 2008. Rising living costs, in particular as a result of the high oil price, are having an increasingly negative effect on the purchasing power of customers in the USA and Europe. The poor weather and the earlier Easter vacation were also a burden on sales in textile retail during the first quarter of 2008.

Sales Performance

Sales by Brand

in € million	Jan. - March 2008	Jan. - March 2007	Change in %	Change in % Currency-adjusted
BOSS	465,8	458,4	2	5
Menswear	400,4	396,7	1	4
Womenswear	65,4	61,7	6	8
HUGO	43,4	39,8	9	11
Others	0,3	1,4	(79)	(79)
Total	509,5	499,6	2	5

Sales by Region

in € million	Jan. - March 2008	Jan. - March 2007	Change in %	Change in % Currency-adjusted
Germany	99,0	103,7	(5)	(5)
Other European countries	265,0	262,4	1	2
Americas	76,0	75,6	1	11
Asia/other regions	57,7	47,8	21	28
Royalties	11,8	10,1	16	16
Total	509,5	499,6	2	5

Consolidated Sales

The heterogeneous global economic situation also affected the business activities of HUGO BOSS as an international fashion company. However, HUGO BOSS achieved an increase in currency adjusted consolidated sales of a clear 5% in a challenging market environment. This figure, which is slightly below original expectations, is due to a number of factors. On the one hand, an adaptation to demand in certain countries during the first quarter had to be noted. In particular, the poor weather in March led to consumer reservation for fashion items. On the other hand, the decreasing seasonality in HUGO BOSS' course of business affected customers' ordering behavior. As a result of the changeover to four-season collections, stock business which is becoming increasingly important and a rising number of monthly themed deliveries, HUGO BOSS' business has become more complex and less seasonal. In addition, the full performance of the processes following implementation of BOSS Black Menswear at the end of 2007 in delivery of the spring/summer collections has not yet been achieved, globally affecting delivery of BOSS Black Menswear.

During the first three months of 2008, the effects of currency translation also had a negative impact on sales performance in the reporting currency. In particular, the continued weakness of the Japanese yen, the US dollar and the pound sterling as well as the Hong Kong dollar impaired sales performance. However, sales in the Group currency increased by 2% to EUR 510 million in view of the general conditions.

Europe

In Europe, during the first three months of fiscal 2008, sales adjusted for currency effects increased slightly. Due to exchange rate effects sales in reporting currency amounted to EUR 364 million which was somewhat below prior year (Q1 2007: EUR 366 million).

However, this produces a heterogeneous picture in relation to the most important European markets. At the same time, overall sales performance in Europe was slightly below expectations for the year as a whole. Conversely, sales via Group-owned retail businesses developed into the driving force for sales in the first quarter of 2008.

Germany

In the first three months, HUGO BOSS reported decreasing sales in Germany, its largest single market. The uncertainty regarding consumer spending in a difficult economic environment affected the order behavior of wholesale customers. By contrast, the Group's own retailers demonstrated positive sales growth and good sell-through rates for the collections.

In view of the still low sales via the Group's own retail stores in Germany, the reserved development in wholesale tangibly influenced nationwide sales in the first quarter. Sales in Germany of EUR 99 million was thus below the previous year's figure.

Other European countries

Sales across the other European countries could slightly improve to EUR 265 million (Q1 2007: EUR 262 million), thus representing an increase of 2% on a currency adjusted basis. As in Germany, the Group's own retail business in the rest of Europe demonstrated itself to be a growth area and impressed with rising sales figures.

HUGO BOSS achieved its highest growth in Western Europe on a percentage basis in the Benelux countries, again showing outstandingly positive sales performance. Sales in this market increased by 9% over the figure from the comparable period to EUR 46 million (Q1 2007: EUR 42 million). The expansion of the Company's own retail business driven forward last year made a decisive contribution to this.

Sales in France, HUGO BOSS' second largest European market, were EUR 49 million, an increase of 2% over the same period of the previous year (Q1 2007: EUR 48 million).

In Italy, the optimization of the customer and sales network had a negative effect on sales in the short term. As a result sales in the first quarter of 2008 amounted to EUR 21 million which was almost EUR 2 million lower than the previous year's quarter (Q1 2007: EUR 23 million).

In the case of the United Kingdom, the abovementioned economic conditions were as well reflected in the sales of wholesale customers and thus also in a change in order behavior. Sales in local currency were 3% below that of the previous year. In addition, the further weakening of the pound sterling against the euro influenced sales in the reporting currency, whereby this was 15% below sales for the previous year's quarter (Q1 2007: EUR 34 million) at EUR 29 million. However, business with the Company's own retailers developed positively in the British Isles.

The Central and Eastern European markets again turned in a dynamic performance. Sales here improved by 10% to EUR 30 million in the first quarter (Q1 2007: EUR 27 million). The reason for the good development was the continued expansion in distribution in the department stores with the wholesale partners of HUGO BOSS.

Americas

On the American continent, the HUGO BOSS Group increased sales in the first three months of fiscal 2008 by a currency adjusted 11%. Due to the fact that the US dollar continued to weaken against the euro during the first quarter, sales in the reporting currency were at the level of the previous year's quarter (Q1 2007: EUR 76 million) at EUR 76 million.

Sales in the first quarter rose clearly beyond expectations despite uncertain consumer behavior in the USA and increased by 16% in local currency. Sales in both the wholesale business and in the Group's own retail business improved.

The development in the Canadian market was negatively affected by the poor weather conditions and delivery effects, which decreased sales in the first three months of 2008 in Group currency against the previous year's period by 5% to EUR 15 million (Q1 2007: EUR 16 million).

Asia/other regions

The HUGO BOSS Group again achieved double-digit sales growth in this region, with a sales gain of 28% in local currencies. Due to negative currency effects from the downward trend of the Japanese yen, the Chinese Yuan, and the Hong Kong dollar, sales in Group currency rose by 21% to EUR 58 million (Q1 2007: EUR 48 million) in reporting currency.

Sales performance in the People's Republic of China was again clearly positive, where sales in reporting currency rose by 5% from EUR 12 million to EUR 13 million by the end of the first quarter of 2008. Adjusted for currency translation effects sales improved by 20%, thus emphasizing the importance of the People's Republic of China as a growth market for the HUGO BOSS Group.

In Japan, sales in local currency grew in the first quarter of fiscal 2008 by 19%. At EUR 11 million, sales in the reporting currency were 17% above the previous year's level (Q1 2007: EUR 10 million) due to the weak yen. However, it must be noted that from fiscal 2008, sales in Japan are now reported in line with HUGO BOSS' other sales companies. Accordingly, sales are not anymore reduced by concession-levies payable to trade partners as they are now accounted for as other expenses, thus positively affecting the reporting of sales.

In the remaining countries of the Asia region/other regions, sales were increased by 35% in local currency. By the end of the first quarter of 2008, sales had risen in the reporting currency by 29% to EUR 34 million (Q1 2007: EUR 26 million).

Royalties

The royalties business continued to develop very successfully in the first three months of the 2008 fiscal year. Sales experienced a disproportionate increase of 16% to EUR 12 million (Q1 2007: EUR 10 million). All three product groups, namely fragrances, watches, and eyewear, experienced very gratifying levels of growth. Other impulses in the royalty business are also expected for 2008 as a whole as a result of the market

launch of the jewelry business with the royalty partner Swarovski. However, this business had no effect on the first quarter since the delivery of the first collections will commence only in summer of 2008. This initiative is another important step toward further development of the HUGO BOSS Group into a lifestyle company with a wide range of fashion accessories which complement the textile collections.

Sales Performance of the Brands

In the first quarter of 2008, sales of the core brand BOSS rose by 2% in euro or 5% in local currencies to EUR 466 million (Q1 2007: EUR 458 million). Besides the general business conditions the reason behind this were also delays in the delivery processes of BOSS Black Menswear. Conversely, the still dynamic development of BOSS Selection was pleasing. In addition, the BOSS Green line was accepted very well on the market following a realignment of the collection statement.

In the first quarter of 2008, the HUGO fashion brand achieved a sales increase of 9% in euro or 11% on a currency adjusted base to EUR 43 million (Q1 2007: EUR 40 million). Positive development continues to be expected from the HUGO brand for the year as a whole, particularly since the first collection of the Belgian designer Bruno Pieters, developed together with a new creative team, was very well received on the market.

Income Statement

in € million	Jan. - March 2008	Jan. - March 2007	Change in %
Sales	509,5	499,6	2
Cost of materials incl. changes in inventories	(214,2)	(222,6)	4
Gross profit	295,3	277,0	7
in % of sales	58,0	55,4	
Other operating income and expenses	(96,4)	(91,6)	(5)
Personnel expenses	(92,4)	(75,0)	(23)
Depreciation/amortization	(12,9)	(11,8)	(9)
EBIT	93,6	98,6	(5)
Net financial result	(4,2)	(1,4)	
Earnings before taxes	89,4	97,2	(8)
Taxes on income	(24,2)	(27,0)	10
Net income	65,2	70,2	(7)
per share (€)¹			
common stock	0,95	1,00	(5)
preferred stock	0,96	1,03	(7)

¹ Stock option program: This is limited to stock appreciation rights (SAR) which do not cause any dilution of EPS.

EBIT adjusted for special items

in € million	Jan. - March 2008	Jan. - March 2007	Change in %
EBIT	93,6	98,6	-5
Special items	(11,5)	0,0	
EBIT before special items	105,1	98,6	7

Earnings Performance

Even in a challenging market environment HUGO BOSS generated an increase in currency adjusted consolidated sales of a clear 5%. Due to negative currency effects sales in the Group currency rose by 2% to EUR 510 million above the previous year (Q1 2007: EUR 500 million). Gross profit rose by 7% to EUR 295 million (Q1 2007: EUR 277 million), leading to a further improvement in the gross profit margin of 2.6 percentage points to 58.0% (Q1 2007: 55.4%). A higher share of sales made through the Group's own retail business and continuing optimization of global purchasing structures were responsible for the positive growth in gross profit margin. In addition, the Group benefited from the weakness of the American currency in the case of goods purchased or produced in Asia as they are invoiced in US dollars.

At the end of the first quarter of fiscal 2008, other net operating income and expenses were 5% above the figure for the previous year's period (Q1 2007: EUR 92 million) at EUR 96 million. In addition to the general expansion of business volume, this increase was due primarily to the further expansion of the Group's own retail business, which was supplemented by 11 new businesses in the first quarter of 2008 to 298. Hence, in comparison to March 2007 the number of own stores increased by 70. The share attributable to expenses for marketing and research and development to total sales rose slightly as against the previous year.

The continued growth of the Company is also reflected in a greater number of employees. At the end of the quarter, 9,449 people were employed in the HUGO BOSS Group representing an increase of 4% compared to the year end 2007. The expansion of the Group's own retail business and the further expansion in the area of manufacturing and logistics led to an increase in personnel expenses. In addition, one-off extraordinary expenses arising from the change in the Managing Board of HUGO BOSS AG, impacted the personnel expenses in the first quarter by around EUR 12 million.

Depreciation/amortization rose in the first quarter by 9% to EUR 13 million (Q1 2007: EUR 12 million). This was largely the result of higher investments in the expansion of stores, showrooms, as well as operating and office equipment in previous periods.

At EUR 94 million (Q1 2007: EUR 99 million), the operating result (EBIT) in the first quarter of 2008 was 5% below the comparable value from the previous year's period. Adjusted for the extraordinary effect arising from the change in the Managing Board, the HUGO BOSS Group enjoyed sound operating performance with an improvement of 7%.

Net financial expense for the first quarter of 2008 amounted to EUR -4 million (Q1 2007: EUR -1 million). This change is due to higher interest expenses as a result of the rise in the interest level. In addition, the decrease in several exchange rates led to losses in the valuation of currency hedging instruments and had a negative effect on net financial expense.

Earnings before taxes declined by 8% to EUR 89 million (Q1 2007: EUR 97 million), rising 4% after adjustment for the extraordinary effect. At 27.1%, the tax rate was slightly below that of the previous year (Q1 2007: 27.8%). The increasing internationalization of the HUGO BOSS business and the resulting higher shares of earnings contributed by foreign subsidiaries located in countries where tax rates are lower than in Germany continued to have a positive effect on the Group's tax rate.

At EUR 65 million (Q1 2007: EUR 70 million), net income for the first quarter of 2008 was around 7% below that of the previous year as a result of the aforementioned extraordinary expenses. Earnings per share declined from EUR 1.00 to EUR 0.95 for the common shares, and from EUR 1.03 to EUR 0.96 for the preferred shares.

Analysis of Financial Requirements

in € million	March 31, 2008	March 31, 2007	December 31, 2007	Change in % vs March 31, 2007
Trade receivables, other assets ¹	332,7	313,1	262,9	6
Inventories	305,0	257,6	351,4	18
Trade payables and other liabilities ¹	(186,4)	(166,7)	(173,8)	(12)
Current provisions	(44,8)	(44,0)	(43,1)	(2)
Net current assets²	406,5	360,0	397,4	13
Fixed assets	347,8	339,8	346,0	2
Other non-current assets	33,0	21,7	20,9	52
Non-current provisions	(40,4)	(46,0)	(40,0)	12
Other non-current liabilities	(21,2)	(33,9)	(28,2)	37
Net deferred taxes	22,2	31,2	24,0	(29)
Medium- and long-term net assets	341,4	312,8	322,7	9
Net assets	747,9	672,8	720,1	11
Balance of cash at banks and due to banks ³	141,2	119,8	173,7	18
Shareholders' equity	606,7	553,0	546,4	10
Net asset coverage	747,9	672,8	720,1	11

¹ Payable within one year.

² Net working capital.

³ Without negative market values of financial instruments.

Free Cash Flow

in € million	Jan. - March 2008	Jan. - March 2007	Change in %
Net income	65,2	70,2	(7)
Depreciation/amortization	12,9	11,8	9
Change in pension provisions	0,6	0,9	(33)
Cash flow	78,7	82,9	(5)
Net additions to fixed assets	(14,7)	(8,0)	(84)
Change in remaining net capital invested	(26,6)	(66,1)	60
Share repurchase	0,0	(11,2)	
Currency translation and other equity changes	(4,9)	(0,4)	
Free cash flow before dividends	32,5	(2,8)	>100
Dividend payment	0,0	0,0	0
Free cash flow	32,5	(2,8)	>100

Consolidated Balance Sheet

of HUGO BOSS Group as of March 31, 2008

Assets	March 31,	March 31,	December 31,
in € million	2008	2007	2007
Intangible assets	97,3	85,9	97,0
Property, plant and equipment	250,5	253,9	249,0
Deferred tax assets	33,6	38,8	33,6
Non-current financial assets	20,5	5,3	7,3
Other non-current assets ¹	12,5	16,4	13,6
Non-current assets	414,4	400,3	400,5
Inventories	305,0	257,6	351,4
Trade receivables	261,1	264,5	171,3
Current tax receivables	3,1	3,8	7,3
Current financial assets	17,6	2,4	6,7
Other current assets	50,9	42,4	77,6
Cash and cash equivalents	24,0	21,6	24,5
Current assets	661,7	592,3	638,8
Total assets	1.076,1	992,6	1.039,3
Equity and Liabilities			
in € million	March 31,	March 31,	December 31,
	2008	2007	2007
Subscribed capital	70,4	70,4	70,4
Own shares	(42,3)	(42,3)	(42,4)
Capital reserve	0,4	0,4	0,4
Retained earnings	547,9	476,0	393,9
Accumulated other comprehensive income	(34,5)	(21,3)	(29,6)
Profit attributable to equity holders of the parent	65,2	70,2	154,1
Equity attributable to equity holders of the parent	607,1	553,4	546,8
Minority interests	(0,4)	(0,4)	(0,4)
Group equity	606,7	553,0	546,4
Non-current provisions ¹	40,4	46,0	40,0
Non-current financial liabilities	43,7	46,3	46,1
Deferred tax liabilities	11,4	7,6	9,6
Other non-current liabilities	20,0	33,9	27,4
Non-current liabilities	115,5	133,8	123,1
Current provisions	44,8	44,0	43,1
Current financial liabilities	125,5	95,1	153,2
Current tax payables	50,5	55,5	35,4
Trade payables	89,8	66,1	101,0
Other current liabilities	43,3	45,1	37,1
Current liabilities	353,9	305,8	369,8
Total equity and liabilities	1.076,1	992,6	1.039,3

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¹ Adjustment of other non-current assets and pension provisions in 2007 due to correction in accordance with IAS 8.42.

Statement of Changes in Equity

in € million	Subscribed Capital	Own Shares	Capital Reserve	Retained Earnings		Accumulated other comprehensive income		Profit attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Minority Interests	Group Equity
				Legal Reserve	Other Reserves	Difference arising from currency translation	Market valuation of hedges				
January 1, 2007	70,4	(31,1)	0,4	6,6	340,7	(20,8)	(0,1)	128,7	494,8	(0,4)	494,4
Net income								70,2	70,2	0,0	70,2
Allocated to retained earnings					128,7			(128,7)			
Dividend payment											
Share repurchase		(11,2)							(11,2)		(11,2)
Income and expense recognized directly in equity						(1,2)	0,8		(0,4)		(0,4)
March 31, 2007	70,4	(42,3)	0,4	6,6	469,4	(22,0)	0,7	70,2	553,4	(0,4)	553,0
January 1, 2008	70,4	(42,3)	0,4	6,6	387,2	(32,8)	3,2	154,1	546,8	(0,4)	546,4
Net income								65,2	65,2	0,0	65,2
Allocated to retained earnings					154,1			(154,1)			
Dividend payment											
Share repurchase											
Income and expense recognized directly in equity						(4,9)	0,0		(4,9)		(4,9)
March 31, 2008	70,4	(42,3)	0,4	6,6	541,3	(37,7)	3,2	65,2	607,1	(0,4)	606,7

Net Assets and Financial Position

Balance Sheet

At the end of the first quarter of 2008, HUGO BOSS demonstrated a stable balance sheet structure. Total assets increased against the comparable previous year's period by 8% to EUR 1,076 million (March 31, 2007: EUR 993 million) and rose somewhat more sharply than sales. The balance sheet structure remained broadly unchanged.

On the assets side of the balance sheet, the share of current assets rose slightly to 61.5% (March 31, 2007: 59.7%). This was driven in particular by higher inventories and an increase in current financial assets. On the liabilities side of the balance sheet, there was also a slight shift in non-current liabilities into the current area.

The equity ratio increased against the previous year to 56.4% (March 31, 2007: 55.7%).

Net working capital rose against the comparable period of the previous year by 13% to EUR 407 million (March 31, 2007: EUR 360 million), at a greater rate than did sales. This is primarily due to a rise in trade receivables and other assets of 6% as against the previous year's reporting date to EUR 333 million (March 31, 2007: EUR 313 million) and an increase in inventories of 18% to EUR 305 million (March 31, 2007: EUR 258 million). The increase is mainly due to the continued expansion of the Group's

own retail business, the overall increase in business volume as well as a temporary increase in inventory related to the implementation of the Columbus project.

At EUR 186 million, trade payables and other liabilities rose at the reporting date by around EUR 20 million year-on-year (March 31, 2007: EUR 167 million). At EUR 45 million (March 31, 2007: EUR 44 million), current provisions remained mostly stable.

At EUR 341 million, net non-current assets were 9% above the figure at the end of the first quarter of 2008 (March 31, 2007: EUR 313 million). At EUR 348 million, non-current assets remained essentially unchanged. The rise in other non-current assets is the result of the acquisition of hedging instruments for the Stock Appreciation Rights (SAR) Program. Non-current assets, which include provisions for SAR, posted a decline. Deferred taxes decreased by 29% to EUR 22 million (March 31, 2007: EUR 31 million).

Overall, net assets in the HUGO BOSS Group rose by 11% to EUR 748 million (March 31, 2007: EUR 673 million).

The HUGO BOSS Group uses off-balance sheet financial instruments to a limited extent. These instruments primarily concern leases related to logistic and administration buildings as well as to own retail stores and shops.

Cash flow

At EUR 79 million, the HUGO BOSS Group's cash flow in the first quarter of 2008 was around 5% below the previous year's figure (March 31, 2007: EUR 83 million). At EUR 65 million (March 31, 2007: EUR 70 million), net income was below that of the previous year due to the extraordinary expenses arising from the Managing Board change. Depreciation/amortization rose by 9% to EUR 13 million (March 31, 2007: EUR 12 million), while provisions for pensions increased by EUR 0.6 million (March 31, 2007: EUR 0.9 million).

At EUR 33 million in the reporting period, free cash flow was significantly above the negative value of the previous year (March 31, 2007: EUR -3 million). The change was

due to higher net additions to fixed assets of EUR 15 million (March 31, 2007: EUR 8 million). In addition, mainly the acquisition of hedging instruments for the SAR program and the reduction of the SAR provision led to an increase in the remaining net capital invested and subsequently to a cash outflow of EUR 27 million. By comparison, in the prior year the increase in the remaining net capital invested of EUR 66 million had negatively impacted the free cash flow. Furthermore the share repurchase of EUR 11 million in the first quarter of 2007 led to a cash outflow.

Capital Expenditure

During the first three months of the fiscal year, investments in property, plant and equipment and intangible assets amounted to EUR 16 million (Q1 2007: EUR 16 million) and were therefore at the same level as in the previous year.

The strategy to press ahead with the expansion of the Group's own retail stores was again reflected in capital expenditure. Thus capital expenditure focused primarily on expansion and modernization of the retail network.

Furthermore, there was significant investment in the construction of administrative buildings and the renovation of office equipment. Investments as part of the consolidation of the logistics locations and the expansion of logistics capacity in the first quarter of 2008 were also made. This had become necessary as a result of the increase in the Group's business volume.

Segment Reporting

Segment Information by Product Area

in € million	Menswear segment ¹		Womenswear segment		HUGO BOSS Group	
	Jan. - March 2008	Jan. - March 2007	Jan. - March 2008	Jan. - March 2007	Jan. - March 2008	Jan. - March 2007
Sales	444,1	437,9	65,4	61,7	509,5	499,6
Depreciation/amortization	(10,9)	(10,5)	(2,0)	(1,3)	(12,9)	(11,8)
EBIT	84,3	88,8	9,3	9,8	93,6	98,6
in % of sales	19,0	20,3	14,2	15,9	18,4	19,7
Net income	60,1	63,6	5,1	6,6	65,2	70,2
in % of sales	13,5	14,5	7,8	10,7	12,8	14,1
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
Assets	943,0	907,5	133,1	131,8	1.076,1	1.039,3
Liabilities	304,2	324,0	165,2	168,9	469,4	492,9
Equity	638,8	583,5	(32,1)	(37,1)	606,7	546,40
Capital expenditure	14,3	78,4	2,1	6,3	16,4	84,7
Number of employees (Full-time equivalents)	8.828	8.484	621	639	9.449	9.123

¹ Existing men's collections business. Amounts attributable to the HUGO Womenswear product line have been included to simplify the presentation.

Segment Information by Region

	Jan. - March 2008		Jan. - March 2007	
	in € million	in %	in € million	in %
Sales				
Germany	99,0	19	103,7	21
Other European countries	265,0	52	262,4	52
Americas	76,0	15	75,6	15
Asia/other regions	57,7	12	47,8	10
Royalties	11,8	2	10,1	2
Total sales	509,5	100	499,6	100
	March 31, 2008		December 31, 2007	
	in € million	in %	in € million	in %
Assets				
Germany	332,2	31	343,0	33
Other European countries	520,6	48	451,8	43
Americas	151,0	14	169,0	16
Asia/other regions	61,0	6	59,0	6
Royalties	11,3	1	16,5	2
Total assets	1.076,1	100	1.039,3	100
Capital expenditure				
Germany	7,9	48	34,2	40
Other European countries	4,7	29	28,0	33
Americas	3,3	20	18,6	22
Asia/other regions	0,5	3	3,9	5
Total capital expenditure	16,4	100	84,7	100

Menswear Segment

Adjusted for negative currency effects, sales in the menswear segment increased by almost 5%. In Group currency, sales rose by 1% to EUR 444 million (Q1 2007: EUR 438 million). This relatively moderate sales growth in the menswear segment can

primarily be explained by the fact that full performance of the processes following the implementation of BOSS Black Menswear at the end of 2007 in delivery of the spring/summer collections has not yet been achieved, globally affecting delivery of BOSS Black Menswear.

In order to present segment reporting in an informative manner, the one-time expense arising from the extraordinary expense resulting from the Managing Board change was distributed across the segments in proportion to their sales. Thus at EUR 84 million, EBIT generated by the menswear segment was 5% lower year-on-year (Q1 2007: EUR 89 million). Excluding the aforementioned special charge EBIT rose by 6%.

Womenswear Segment

Sales in the womenswear segment rose in the first quarter of 2008 by 6% to EUR 65 million (Q1 2007: EUR 62 million). Adjusted for negative currency effects, sales increased by 8%. Beyond Germany BOSS Womanswear could reach double digit growth.

The one-time effect mentioned as a result of the Managing Board change led to a 5% decrease year-on-year in EBIT in the womenswear segment to EUR 9 million (Q1 2007: EUR 10 million). However, thanks to both the higher gross profit margin and the economies of scale, the womenswear segment improved its operating performance overall in the first quarter of 2008. Excluding the one-off effects EBIT in this segment increased by around 10%.

Outlook

Global economic growth is expected to continue weakening throughout the whole of 2008. Nevertheless, the Managing Board of HUGO BOSS AG expects sales after adjustment for currency effects to climb 6% to 8% compared with the previous year. The operating result (EBIT) before one-time effects is set to grow at a faster pace over the year by between 8% and 10%.

Above-average growth compared to the other product groups continues to be expected in the segments of BOSS womenswear as well as shoes and leather accessories.

The sales of the Group's own retail operations should also be able to rise at a higher rate supported by the opening of 60 new stores.

Company Management

Internal Control System

HUGO BOSS actively supports the goal of securing the sustained long-term success for the Group and continuing to expand the Company via a system of internal controls. The information systems of the HUGO BOSS Group use actual and projected figures to link strategic and operational elements in real time, accompanied by regular communications that include directions for action where necessary. This management control system ensures customer orientation, efficiency, and high levels of transparency. It also helps to coordinate the activities of our subsidiaries and supports local responsibility.

Specifically, the internal control system involves strategic planning for the Group, a Group reporting system, and investment controlling. The detailed KPI reports support Group management in managing the business segments, subsidiaries, and operational processes. The data warehouse provides managers throughout the Group with direct access to management information, parts of which are updated daily. The internal control system is optimized continuously and adapted to developments within the Group as well as increasing requirements.

The table below shows the most important indicators, which are subject to continuous monitoring and provide the focus for group-wide optimization.

Key Performance Indicators and Key Figures

		March 31, 2008	March 31, 2007
Net sales	in € million	509,5	499,6
Gross margin ratio	in %	58,0	55,4
EBITDA	in € million	106,5	110,4
EBIT	in € million	93,6	98,6
EBIT margin ¹	in %	18,4	19,7
Net income	in € million	65,2	70,2
Net Working Capital ²	in € million	406,5	360,0
Capital expenditure	in € million	16,4	16,0
Return on Investment ³	in %	12,7	15,0

¹ EBIT margin as EBIT in % of sales.

² Net current assets.

³ EBIT/Net capital invested (average).

The Group's internal control system is especially significant given the fact that the variable component of compensation for members of top management is linked to the indicators mentioned above.

Non-Financial Performance Indicators

To secure and expand the sustained success of the HUGO BOSS Group, both financial and non-financial performance indicators are regularly reported, analyzed, and acted upon in the event of deviation from targets.

The sustained financial success of the HUGO BOSS Group is the result of more than first-class products, well-tested purchasing and operational concepts, and an efficiently managed organization. It can also be explained by other factors that cannot be measured with financial figures alone. The sustained and positive growth of the HUGO BOSS Group is due to its highly qualified and motivated employees, its openness to innovative solutions throughout the entire value chain, a constructive dialogue with its customers, the Group's constant sense of corporate responsibility, and its awareness of the importance of ecological as well as socially sustainable concepts.

Events After The Balance Sheet Date, Opportunities and Risks

Events After The Balance Sheet Date

Between the quarterly reporting date of March 31, 2008 and the approval for publication on April 30, 2008, no material operational changes, structural modifications, or business events occurred in the HUGO BOSS Group that might serve to significantly alter the net assets, financial position and results of operations in comparison with March 31, 2008.

Opportunities and Risks

For many years HUGO BOSS has been one of the most successful international fashion companies in the high-end fashion market segment, and continues to offer additional growth and profit potential. All divisions within the organization are focused on identifying, analyzing, and making appropriate use of opportunities and risks to secure the continued market position of the HUGO BOSS Group. The Group headquarters in Metzingen provides the strategic framework and secures the financing and liquidity of the entire Company.

In order to identify risks as well as opportunities at an early stage, HUGO BOSS regularly reviews internal and external risk factors that could influence the Company's success as part of its risk management. The risk catalogue is the central element for risk management. It is used both to control risk analysis and risk management processes, and to centrally summarize all risks.

For a detailed account of the risks and opportunities facing HUGO BOSS, please refer to the Risk Report and the Report on Opportunities in the 2007 consolidated financial statements. The statements on risks and opportunities made in these reports still apply.

Summary Of Net Assets, Financial Position And Results of Operations

In summary, the Group's net assets, financial position and results of operations indicate that the HUGO BOSS Group was in a sound economic position at the time that this Q1 2008 Report was prepared.

Metzingen, April 2008

The Managing Board

Notes to the Consolidated Financial Statements

Basis of Presentation

Like the consolidated financial statements for the year ended December 31, 2007, the interim financial statements of HUGO BOSS AG as of March 31, 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations applicable at the reporting date. In particular, the provisions of IAS 34 for interim reporting were applied.

All the interim financial statements of the companies included in the consolidated financial statements were prepared in accordance with the uniform accounting policies that were also used as a basis for the consolidated financial statements as of December 31, 2007. A detailed description of the accounting policies and consolidation methods applied is presented in full in the notes to the consolidated financial statements for fiscal year 2007.

The preparation of the interim report in EUR million may cause rounding differences when adding individual items or indicating percentages, since the calculations of the individual items is based on figures stated in euros.

These interim financial statements as of March 31, 2008 were not inspected by an auditor.

Economic and seasonal effects

As a company that operates worldwide, the HUGO BOSS Group is exposed to different economic trends. In the “General Economic Conditions” section on page 4, the general economic effects and industry trend during the period under review were addressed in detail. Industry-related seasonal fluctuations are customary at HUGO BOSS. However, the HUGO BOSS Group’s business has fundamentally changed over the past few years. While the business used to be dominated by two pre-order seasons (spring/summer and fall/winter) with orders being placed accordingly early, it has now

become increasingly complex. For example, four seasonal advance sales are now conducted every year. In addition, the share of the Group's own retail business has increased. HUGO BOSS also makes every effort to increase efficiency through greater use of warehousing to service less fashion-dependent items. The number of monthly theme-oriented deliveries is also climbing continuously. These effects are steadily reducing the seasonality over the course of HUGO BOSS' business.

Scope of Consolidation

The Group has 51 consolidated companies as of March 31, 2008 including HUGO BOSS AG and the figure thus remained unchanged against December 31, 2007.

Earnings per Share

Pursuant to IAS 33, earnings per share are calculated by dividing net profit or loss for the period by the weighted average number of shares outstanding as follows and taking into account a dividend that is EUR 0.01 higher for preference shareholders:

	Jan. - March 2008	Jan. - March 2007
Net income in € million	65,2	70,2
Average number of shares outstanding ¹		
Common shares	35.331.445	35.332.595
Preferred shares	33.684.722	33.780.227
EPS common shares in € ²	0,95	1,00
EPS preferred shares in € ²	0,96	1,03

¹ Includes effect of share buyback program.

² Stock option program: This is limited to stock appreciation rights (SAR) which do not cause any dilution of EPS.

The common and preferred shares acquired by the HUGO BOSS Group as part of the share buyback program are not entitled to dividends. This factor was taken into account in the calculation of earnings per share. The HUGO BOSS stock option plan did not dilute earnings per share, since the plan is based on phantom stocks (stock appreciation rights).

Share buyback program

No use was made in the first quarter of 2008 of the authorization by the Annual Shareholders' Meeting on May 10, 2007 to buy back own shares. HUGO BOSS AG thus continues to hold a total of 528,555 common shares and 855,278 preferred shares. This corresponds to a share of 1.97% or EUR 1,383,833 in the share capital. The shares acquired are to be used as payment in the case of possible acquisitions of enterprises and shareholdings in enterprises.

Currency Translation

The most relevant exchange rates of the foreign currencies applied in the interim financial statements changed as follows in relation to the euro:

Country	Currency	Average Rate		Closing Rate	
		Jan.- March 2008	Jan. - March 2007	March 31, 2008	December 31, 2007
	1 EUR =				
Australia	AUD	1,6526	1,6673	1,7171	1,6731
Brazil	BRL	2,6009	2,7611	2,7525	2,5858
Canada	CAD	1,5009	1,5350	1,6080	1,4389
Denmark	DKK	7,4535	7,4525	7,4568	7,4566
Great Britain	GBP	0,7567	0,6703	0,7908	0,7348
Hong Kong	HKD	11,6742	10,2288	12,2929	11,4620
Japan	JPY	157,9221	156,4470	157,8600	166,1300
Mexico	MXN	16,1872	14,4309	16,8957	15,9646
P. R. China	CNY	10,7293	10,1653	11,0762	10,7312
Sweden	SEK	9,3984	9,1861	9,3769	9,4483
Switzerland	CHF	1,6017	1,6162	1,5735	1,6604
USA	USD	1,4976	1,3102	1,5796	1,4692

Income Statement, Balance Sheet

The earnings performance and the net assets and financial position of the HUGO BOSS Group are presented in detail on pages 12f.

Notes to the Cash Flow Statement

The cash flow statement shows the changes that occurred in the balance of cash at banks and due to banks in the HUGO BOSS Group during the period under review in the form of cash inflows and outflows. The cash flow statement was prepared using the indirect method.

Notes to Segment Reporting

There was no change in the determination of the segments compared with December 31, 2007.

In segment reporting, the activities of the Group are differentiated by business segments as the primary reporting format and by geographic segments as the secondary reporting format in accordance with IAS 14. The segments of HUGO BOSS are based on the internal organization and reporting structure.

For purposes of product segment reporting, the menswear collections of the BOSS and HUGO brands and the income from the fragrance licenses of the BALDESSARINI brand are combined under the menswear segment. To simplify presentation, amounts attributable to the HUGO Womenswear product line are also reported under the menswear segment.

For purposes of geographical segment reporting, external sales are assigned on the basis of the registered office of the customer.

Segment information is based on essentially the same accounting policies as those applied in the consolidated financial statements.

Minority interests

The consolidated financial statements include companies in which HUGO BOSS AG holds less than 100% of the equity. In accordance with IAS 27, these minority interests are reported in equity separately from the equity held by the shareholders of HUGO BOSS AG in the consolidated balance sheet.

Information in Accordance with GAS 15

Information required in accordance with German Accounting Standard (GAS) 15 is presented in detail in the 2007 Financial Report.

Forward-Looking Statements

This document contains forward-looking statements that reflect the Management's current views with respect to future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should," and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties. If any of these or other risks or uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statements, which speak only as of the date on which they are made.

Financial Calendar and Contacts

Financial Calendar

April 30, 2008	Report on the First Quarter of 2008
May 8, 2008	Annual Shareholders' Meeting in Stuttgart
July 31, 2008	Report on the First Half of 2008
October 10, 2008	Report on the Third Quarter of 2008

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