

H U G O B O S S

**INTERIM FINANCIAL REPORT 2008
JANUARY - JUNE 2008**

**Dear Shareholders,
Ladies and Gentlemen,**

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

In the first half of the year, HUGO BOSS continued to focus on the successful growth markets of Asia and Eastern Europe. In addition, it also continued to grow on the American continent. Despite the general trend of consumer restraint, sales in the US business rose by 17% currency-adjusted in the first half of 2008

Besides its the regional expansion, HUGO BOSS further extended the potential in all its established product categories and tapped further growth prospects with new initiatives. For instance, the royalty business was expanded by an exclusive jewelry collection. The licence was granted in 2007 to Amazar, a Swarovski subsidiary. HUGO BOSS also added a new kidswear collection to its product range, which will be available in the stores under the BOSS Orange brand from spring 2009 onwards. These initiatives are important steps towards rounding out the product range. HUGO BOSS accompanied both, the launch of this new line as well as the cooperation with Swarovski, with high-profile events such as the presentation at Pitti Bimbo, the leading children's fashion fair in Florence.

To supplement its global expansion and to permit the HUGO BOSS products to be better established and presented, the Company is also continuing to push its own retail activities. As a result, the global presence of directly operated stores (DOS) increased to a total of 307 in the first six months of fiscal 2008.

To continue the development of this strategy and to further advance the presence of HUGO BOSS on the Asian and American markets were also emphasized by the designated Chairman of the Managing Board. Claus-Dietrich Lahrs was appointed in June and will assume this position from August onwards. As an internationally experienced manager in the luxury goods sector – having

worked for a total of twelve years for the sector's largest global luxury group, Christian Dior/ Louis Vuitton Moët Hennessy (LVMH), most recently as Managing Director of Christian Dior Couture – he will further strengthen the brand management and sales expertise of HUGO BOSS.

In the first half of 2008, HUGO BOSS presented itself at selected fashion events to further highlight the attractiveness and acceptance of the Group's brands among key target groups. In addition to above-mentioned launch of its jewelry and kidswear collections, HUGO BOSS staged an extravagant fashion show in Florence in June 2008, presenting the upcoming spring/summer 2009 collection from BOSS Orange. These fascinating events help to emotionalize the HUGO BOSS brand world and directly address the target groups. Thus, HUGO BOSS has again succeeded in positioning itself as a trendsetter and generated maximum attention and media response for the Company's lines.

On the basis of these successful initiatives, HUGO BOSS again generated growth in sales and earnings in the first six months of fiscal 2008. Sales in local currency rose by over 8% to EUR 831 million. Adjusted for the one-time effect of the change in the Managing Board, EBIT achieved a disproportionate growth of 9% in reported currency.

Metzingen, July 2008

The Managing Board

Key figures

		June 30, 2008	June 30, 2007
Net sales	in € million	830.6	793.7
Gross margin ratio	in %	58.8	57.3
EBITDA	in € million	114.7	135.7
EBIT	in € million	88.3	93.0
EBIT margin ¹	in %	10.6	11.7
Net income	in € million	59.1	64.0
Total assets	in € million	1,114.8	992.1
Net Working Capital ²	in € million	441.3	387.1
Capital expenditure	in € million	42.6	33.5
Return on Investment ³	in %	11.8	14.1

¹ EBIT margin as EBIT in % of sales.

² Net current assets.

³ EBIT/Net capital invested (average).

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The HUGO BOSS Group

The overall economic development, the outlook for the fashion industry, and the management of the Company with regard to financial and non-financial performance indicators are the success factors for HUGO BOSS. These key figures which sustainably and actively determine the success of the Company are presented on pages 30 et seq.

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 the 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.

BRAND OVERVIEW OF THE HUGO BOSS GROUP

THE BOSS BRAND WITH ITS LINES

BOSS
HUGO BOSS

Menswear
Womenswear
Accessories

BOSS Black

Versatile fashion ranges for business, leisure and events. Perfect looks that satisfy the most demanding tastes.

BOSS
HUGO BOSS
S E L E C T I O N

Menswear
Accessories

BOSS Selection

The premium level of the BOSS brand. Sophisticated design, exclusive materials and accurate tailoring.

BOSS
HUGO BOSS

Menswear
Womenswear
Accessories

BOSS Orange

Unconventional leisurewear with surprising looks for a clientele that delights in experimentation and enjoys dressing in style.

BOSS
HUGO BOSS

Menswear
Accessories

BOSS Green

Classic golfwear, newly-arranged with technical details and fresh designs.

THE HUGO BRAND

HUGO
HUGO BOSS

Menswear
Womenswear
Accessories

HUGO

Progressive avant-garde for trendsetters, characterized by architectonic lines and pure design.

General Economic Conditions

Development of the overall economy

Despite overall positive forecasts, the economic prospects for the development of the global economy have become muted in recent months. The general downward trend on the international capital markets, the economic weakness of the US, the rise of the oil price and the unpredictable effects of the US real estate crisis on the global economy have prompted leading economic research institutes to adjust their forecasts. In April 2008, the International Monetary Fund (IMF) lowered its growth forecast for the global economic output from 4.1% to 3.7%, as compared to its previous forecast in January 2008.

This global development also reflects the negative prospects of the US economy. While growth in the countries of Western Europe has also decelerated, the various countries in the euro zone are struck to a different extent by the effects of this economic downturn. For instance Spain has been hit hard by the turbulence on the financial market and a real estate crisis, whereas researchers are still optimistic for Germany. The German economy is still on track for growth, though admittedly at a slower rate.

By contrast, the emerging economies of Southeast Asia and Eastern Europe are still proving to be strong. The high growth rates for Eastern Europe, especially Russia, has not expected to slow down, thanks largely to the robust growth in domestic demand. While experts are forecasting a slightly negative impact on China's exports and investments through the dampening of the global economy, the World Bank is nonetheless anticipating solid economic growth of 9.6% for China.

Sector Performance

Growth in the global market for fashion, accessory, and luxury goods are

decisive factors for the performance of HUGO BOSS. In this sector, experts are currently predicting global growth of between 4% and 6% in 2008. However, there is some uncertainty about the effects of the worldwide crises in the financial markets and how it will impact the spending in this sector. As in the past, luxury goods have not been affected as strongly by economic downturns as other cyclical consumer goods, consumers of luxury goods are expected to be less sensitive to prices and cyclical fluctuations.

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. In addition to the growing number of millionaires around the world, these countries will most probably further increase demand for premium consumer goods and thereby sales for the luxury goods industry. This trend should continue until at least 2012.

The fashion industry in the traditional economic regions faces challenges in 2008. Rising living costs, particularly as a result of the high oil price, are having an increasingly negative effect on the purchasing power of consumers in the US and Europe.

Sales Performance

Sales by Brand

in € million	Jan. - June 2008	Jan. - June 2007	Change in %	Change in % Currency-adjusted
BOSS	754.2	724.3	4	8
Menswear	644.5	624.2	3	7
Womenswear	109.7	100.1	10	12
HUGO	75.8	67.4	12	15
Others	0.6	2.0	(68)	(68)
Total	830.6	793.7	5	8

in € million	2nd Quarter 2008	2nd Quarter 2007	Change in %	Change in % Currency-adjusted
BOSS	288.4	265.9	8	13
Menswear	244.1	227.5	7	12
Womenswear	44.3	38.4	15	18
HUGO	32.4	27.6	17	20
Others	0.3	0.6	(44)	(44)
Total	321.1	294.1	9	14

Sales by Region

in € million	Jan. - June 2008	Jan. - June 2007	Change in %	Change in % Currency-adjusted
Germany	173.6	176.8	(2)	(2)
Other European countries	398.8	381.9	4	6
Americas	144.0	141.5	2	14
Asia/other regions	93.2	74.4	25	33
Royalties	21.0	19.1	10	10
Total	830.6	793.7	5	8

in € million	2nd Quarter 2008	2nd Quarter 2007	Change in %	Change in % Currency-adjusted
Germany	74.6	73.1	2	2
Other European countries	133.8	119.5	12	15
Americas	68.0	65.9	3	17
Asia/other regions	35.5	26.6	34	44
Royalties	9.2	9.0	2	2
Total	321.1	294.1	9	14

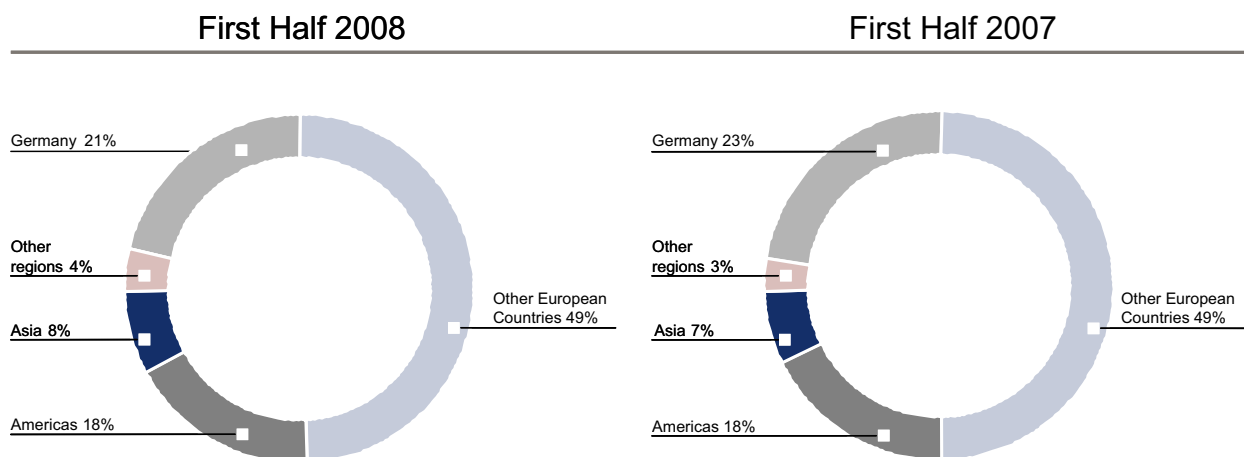
Consolidated Sales

Despite the uncertain and globally inconsistent economic situation, HUGO BOSS has further expanded its business activities as international fashion group. With sales growth of 14% currency-adjusted in the second quarter, the Company clearly outperformed the positive development of the first three months. In the first half of 2008, HUGO BOSS increased its consolidated sales in a challenging market environment by more than 8% adjusted for currency effects. Thus, sales development as of the end of the first half-year was at the upper end of the Company's guidance.

As in the first three months, the effects of currency translation again had a negative impact on sales development in the reporting currency in the second quarter and consequently on the first half of the year as a whole. In particular, the continued weakness of the US dollar, pound sterling and the Hong Kong dollar affected sales performance. Therefore sales in Group currency rose by just about 5% to EUR 831 million (H1 2007: EUR 794 million).

This overall positive development was influenced by a number of factors. Process performance improved significantly in the second quarter after the implementation of BOSS Black Menswear in SAP/AFS. Consequently, this clearly increased the availability of goods for the fall/winter collections and enabled on-time delivery of ordered goods without delays. The minor shifts in deliveries of goods was due to the mentioned delays in the first quarter and led to minor sales being postponed to the second quarter. In addition, a positive overall trend in the ordering behavior of wholesale customers was observed in the second quarter. However, the main growth driver was again the Company's own retail business, which achieved sales growth of 15% in the first half of 2008.

Sales by Region



Europe

Adjusted for currency effects, sales in Europe rose by 4% in the first six months of fiscal 2008. In the second quarter alone, sales were up 10% in local currencies. The ongoing appreciation of the euro had a negative influence on reported sales in countries outside the euro zone. As a result, the sales increased by 2% in Group currency to EUR 572 million (H1 2007: EUR 559 million).

This produces a heterogeneous picture in relation to the most important European markets. Overall, sales via Group owned retail business in particular continued to drive sales in the first half of 2008. However, in some European countries there were also positive developments in wholesale.

Germany

In Germany, the largest single market, HUGO BOSS reported a slight drop in sales in the first six months. Week-to-week fluctuations in department store sales influenced the ordering behavior of wholesale customers. While German fashion retailers recorded strong sales growth in May, the later negative sentiment due to

the constant rise in the oil price dampened shopping mood. Nonetheless, sales improved compared to the previous quarter thanks to the good market acceptance of HUGO BOSS collections.

In contrast, the Company's own retail stores and shops recorded positive sales growth thanks partly to new stores being opened and also to good growth on a like-for-like basis. The share of sales through the Company's own retail network in Germany is still growing, thus having a lower weight in terms of sales, German sales were down slightly year-on-year at EUR 174 million.

Other European Countries

Sales across other European countries improved to EUR 399 million (H1 2007: EUR 382 million), an increase of 6% after adjustment for currencies. As in Germany, the Group's own retail business in the rest of Europe proved to be a growth driver and showed rising sales figures.

Despite the economic conditions in Great Britain and the general consumer behavior, HUGO BOSS generated its highest percentage of sales increase in Western Europe with 16% currency-adjusted. This encouraging development is a result of the sound brand performance of HUGO BOSS and the resulting solid sell-through rates. Thus, HUGO BOSS gained additional space from wholesale customers in the second quarter. Furthermore, business was extremely positive in the Company's directly operated stores on the British market. However, the further depreciation of the pound against the euro squeezed sales in the reporting currency, which were only 1% higher than the previous year's figure at EUR 53 million (H1 2007: EUR 53 million).

In the comparatively stable economic environment of the Benelux countries, HUGO BOSS again recorded positive sales development. Sales in this market increased by 12% year-on-year to EUR 68 million (H1 2007: EUR 60 million). The expansion of the Company's own retail business which was pushed forward last year made a decisive contribution to this.

Sales in France, HUGO BOSS' second largest European market, amounted to EUR 73 million, an increase of 9% compared to the same period of previous year (H1 2007: EUR 67 million). Growth in sales of the pre-collection in particular had a positive effect on the wholesale business.

As a result of the optimization of the customer and sales network in Italy, sales development was negative in the first half of the year. Sales were down EUR 3 million on the figure for the previous year and amounted to EUR 25 million (H1 2007: EUR 28 million).

The Central and Eastern European markets again showed a dynamic performance. Sales improvement by 11% in reporting currency in the first six months of 2008 to EUR 47 million (H1 2007: EUR 42 million). This good development was supported by the expanding distribution in department stores in recent years with HUGO BOSS' wholesale partners.

Americas

On the American continent, the HUGO BOSS Group increased sales in the first six months of fiscal 2008 by 14% on a currency adjusted basis. Due to the continued weakening of the US dollar against the euro, sales in the reporting currency were just 2% higher with EUR 144 million (H1 2007: EUR 142 million) than in the previous year.

Sales in the US significantly outperformed expectations in the first six months of fiscal 2008 despite uncertain consumer behavior. In local currency, sales grew by 17%. Both the Group's own retail and the wholesale business profited from the solid performance of the HUGO BOSS brands.

Sales development of the Canadian market was negatively impacted by the poor weather conditions, particularly in March and April. In addition, there was a certain level of shopping tourism on account of the weak US dollar against the

strong Canadian dollar, which entailed a shift in purchasing power to the US. In the first six months of the year under review, sales in Group currency therefore declined by 4% year-on-year to EUR 26 million (H1 2007: EUR 27 million).

The countries of Central and South America continued to show a clear upward trend. Driven by the expansion of the Company's own retail network, sales rose by 30% in local currencies. In Group currency, sales were up by 19% to EUR 12 million (H1 2007: EUR 10 million).

Asia/Other Regions

The HUGO BOSS Group again achieved double-digit sales growth in this region, with a sales increase of 33% in local currencies. In reporting currency, as a result of negative currency effects, sales increased by 25% to EUR 93 million (H1 2007: EUR 74 million).

Particularly the sales performance in the People's Republic of China was again extremely positive. Sales in reporting currency rose by 28% from EUR 19 million to EUR 24 million as of the end of the first half of 2008. Adjusted for currency effects, sales improved by 46%. This development again highlights the significance of the People's Republic of China as a growth market for the HUGO BOSS Group.

In Japan, sales in local currency grew by 24% in the first half of fiscal 2008. Sales in the reporting currency amounted to EUR 21 million, an increase of 23% against previous year (H1 2007: EUR 17 million). However, it should be noted that sales in Japan have been reported since the start of fiscal 2008 in line with HUGO BOSS' subsidiaries. Thus, sales are now no longer reduced by the concessions paid to retail partners and are instead reported under other operating expenses. This has a positive impact on the reporting of sales. As a result of the change in consumer behavior in Japan with a trend towards monobrand stores, the HUGO BOSS Group has continued its strategic reorientation in the year under review. Consequently, two shop-in-shop concepts

were closed in the first six months and, at the same time, two new locations have been opened.

In the remaining countries of Asia/other regions, sales increased by 31% in local currency. By the end of the first half of 2008, sales in reporting currency rose by 25% to EUR 47 million (H1 2007: EUR 38 million). Countries in the Asian-Pacific region such as Hong Kong, Singapore, South Korea and Australia are distinguishing themselves as key growth markets that will continue to gain importance.

Royalties

The royalties business continued to develop very successfully in the first six months of fiscal 2008. Sales improved by 10% to EUR 21 million (H1 2007: EUR 19 million). All three product groups – fragrances, watches and eyewear – developed favourably. However, the main driver of this positive development resulted from royalties with fragrances and cosmetics managed by the partner Procter & Gamble. Together with its partner, HUGO BOSS could profit from successful launches of new products.

In addition, further impulses in the royalty business are expected in 2008 as a whole from the launch of the jewelry business with the Swarovski subsidiary Amazar as license partner. However, this business had no effect on the first half of the year as deliveries of the first collections will only start in summer 2008. This initiative is another important step towards further development of the HUGO BOSS Group into a lifestyle company with a wide range of fashion accessories that complement its textile collections.

Sales Development by Brand

In the first half of 2008, sales of the core BOSS brand rose by 4% in euro or 8% in local currencies to EUR 754 million (H1 2007: EUR 724 million). Among the individual lines, BOSS Selection continued its highly dynamic performance. In addition, BOSS Green was perceived very well on the market following a

realignment of the collection statement and thus recorded encouraging growth rates.

The fashion brand HUGO, for which the Belgian designer Bruno Pieters has been responsible as art director since 2007, recorded currency-adjusted sales growth of 15% in the first six months of fiscal 2008 and over 12% in reporting currency to EUR 76 million (H1 2007: EUR 67 million). Bruno Pieters' second collection, which was presented in July 2008 as part of the Mercedes-Benz Fashion Week in Berlin, was received very well on the market and as a result the HUGO brand is anticipating a positive overall performance for the year as a whole.

Earnings Position

Income Statement

In the first half of the year, in a challenging market environment, HUGO BOSS increased its consolidated sales by 8% currency-adjusted. The second quarter of 2008 developed in a more dynamic way than the first. Due to negative currency effects, sales in the reporting currency rose by 5% to EUR 831 million (H1 2007: EUR 794 million).

In the first six months, gross profit rose by 7% to EUR 489 million (H1 2007: EUR 455 million), thus again increasing stronger than sales. The gross margin increased by 1.5 percentage points to 58.8% (H1 2007: 57.3%). A higher share of sales made through the Group's own retail business and continuing optimization of global purchasing structures and processes were responsible for the positive growth in gross profit margin. In addition, the Group benefited from the weakness of the US dollar as goods that are purchased or produced in Asia are invoiced in US dollars.

At the end of the first half year, other net operating income and expenses were 18% above the figure for the previous year's period (H1 2007: EUR 166 million) at EUR 197 million. The increase was due to the general expansion of business volume and the further expansion of the Group's own retail business, which was extended by 20 new stores to 307 in the first six months of 2008. While the share of marketing expenses at about 7% was slightly below the figure of the previous year, the percentage of research and development necessary for creating the fashion collections as a proportion of total sales increased. In addition to higher expenditure for inventories, expansion of the Group's own retail business resulted in higher other operating expenses. In addition, in the second quarter of the previous year other operating income was positively impacted by a non-recurring gain due to the early termination of the lease agreement of the store on 5th Avenue in New York.

The growth of the Group's own retail business as well as the further expansion in the area of manufacturing and logistics led to an increase in personnel expenses. At the end of June 2008, HUGO BOSS employed 9,603 people, a 5% increase compared to the end of 2007. Non-recurring extraordinary expenses arising from the change in the Managing Board of HUGO BOSS AG impacted personnel expenses in the first half year by around EUR 14 million. However, expenses in connection with the stock appreciation rights program declined year-on-year due to hedging transactions.

Depreciation/amortization decreased by 38% in the first half year to EUR 26 million (H1 2007: EUR 43 million). This was largely the result of investments in the expansion of stores, showrooms, as well as operating and office equipment in previous periods. However, as there were special write-offs in the 2007 fiscal year, the position declined considerably compared to last year. For example, in the second quarter of 2007 assets were written-down, including those in relation with the planned relocation of the 5th Avenue store. Furthermore, shortened depreciation periods increased expenses due to early refurbishment.

The operating result (EBIT) decreased by 5% to EUR 88 million year-on-year (H1 2007: EUR 93 million), negatively impacted by one-off extraordinary expenses resulting from changes in the HUGO BOSS Management Board during the first six months of 2008. While in general the second quarter generates a negative earnings contribution due to seasonal factors, the Company showed a good operating performance in the first half of 2008. Thus the HUGO BOSS Group improved EBIT adjusted for extraordinary effects by 9%.

in € million	Jan. - June 2008	Jan. - June 2007	Change in %
EBIT	88.3	93.0	(5)
Special items	(13.5)	0.0	
EBIT before special items	101.8	93.0	9

In line with expectations, net financial result amounted to EUR -8 million (H1 2007: EUR -3 million). This change is due to the increased interest expenses resulting from higher net financial debt after the payment of the special dividend

in May this year. In addition, the general rise in interest rates partially led to higher financial expenses.

Earnings before taxes declined by 11% to EUR 80 million (H1 2007: EUR 90 million), however, rose by 4% after adjustment for the extraordinary effect. At 26.0%, the tax rate was below the rate of the previous year (H1 2007: 28.7%). The increasing internationalization of HUGO BOSS and the consequently higher shares of earnings contributed by foreign subsidiaries located in countries where tax rates are low continued to have a positive effect on the Group's tax rate.

Net income for the first six months of the fiscal year amounted to EUR 59 million (H1 2007: EUR 64 million), which was around 8% below previous year as a result of the aforementioned extraordinary expenses. Earnings per share declined correspondingly from EUR 0.91 to EUR 0.86 for the common shares, and from EUR 0.94 to EUR 0.87 for the preferred shares.

Net Assets and Financial Position

Analysis of Financial Requirements

in € million	June 30, 2008	June 30, 2007	December 31, 2007	Change in % vs December 31, 2007
Trade receivables, other assets ¹	297.8	265.8	262.9	13
Inventories	382.1	319.6	351.4	9
Trade payables and other liabilities ¹	(196.6)	(152.6)	(173.8)	(13)
Current provisions	(42.0)	(45.7)	(43.1)	3
Net current assets²	441.3	387.1	397.4	11
Fixed assets	360.2	325.5	346.0	4
Other non-current assets ³	21.9	16.2	20.9	5
Non-current provisions ³	(33.0)	(44.1)	(40.0)	18
Other non-current liabilities	(26.9)	(33.6)	(28.2)	5
Net deferred taxes	14.8	32.5	24.0	(38)
Medium- and long-term net assets	337.0	296.5	322.7	4
Net assets	778.3	683.6	720.1	8
Balance of cash at banks and due to banks ⁴	621.0	221.8	173.7	>100
Shareholder's equity	157.3	461.8	546.4	(71)
Net asset coverage	778.3	683.6	720.1	8

¹ Payable within one year.

² Net working capital.

³ Adjustment of other non-current assets and pension provisions in 2007 due to correction in accordance with IAS 8.42.

⁴ Without negative market values of financial instruments.

Balance Sheet

As of June 30, 2008, HUGO BOSS continued to have a stable balance sheet structure, whereas the financing structure changed considerably against the previous year. To the end of the first half year, total assets rose by 12% to EUR 1,115 million (June 30, 2007: EUR 992 million).

The share of current assets increased slightly to 63% (June 30, 2007: 62%). This was driven in particular by higher inventories and receivables as well as an increase in current financial assets.

The liabilities side of the balance sheet reflects the change of the capital structure since the payment of the special dividend in May 2008. Thus the liabilities increased strongly against the previous year, while equity declined after the dividend distribution. Through the agreement of a syndicated loan of EUR

750 million at attractive financing conditions, HUGO BOSS secured its long-term liquidity, while at the same time keeping an appropriate leverage.

As compared to the first half of the previous year, net working capital rose by 14% to EUR 441 million (June 30, 2007: EUR 387 million), disproportionately to sales. Trade receivables and other assets increased by 12% to EUR 298 million (June 30, 2007: EUR 266 million). This was due to slightly higher deliveries at the end of the quarter. Against the figures of June 30, 2007, inventories were also higher. At EUR 382 million (June 30, 2007: EUR 320 million) the position was up by 20%. This upturn resulted from the continued expansion of the Group's own retail business and an overall increase in business volume. In addition, the focus of the second quarter was on improving the availability of goods and securing a high delivery performance following the system change resulted in a temporary increase of inventories.

Trade payables and other liabilities rose up to EUR 197 million with around 29% year-on-year (June 30, 2007: EUR 153 million), not fully compensating the higher inventories and receivables. At EUR 42 million (June 30, 2007: EUR 46 million), current provisions declined.

At EUR 337 million, net non-current assets were 14% above the figure at the end of the first half year of 2008 (June 30, 2007: EUR 297 million). Non-current assets rose by 11% to EUR 360 million (June 30, 2007: EUR 326 million). 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.

The HUGO BOSS Group used 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

The cash flow statement was adjusted in accordance to IFRS in order to show the sources of the cash inflows and outflows in an even more transparent way. In comparison to December 31, 2007, the position cash and cash equivalents changed only marginally. Cash flow from operations generated a cash inflow while cash flow from investing activities led to cash outflows. A minor cash flow resulting from financing activities balanced these changes.

With EUR 43 million, the operating cash flow was significantly above the value of the previous year (June 30, 2007: EUR 17 million). Net income declined due to the extraordinary expenses arising from the Managing Board change dropping to EUR 59 million (June 30, 2007: EUR 64 million). At EUR 26 million, depreciation and amortization was 38% down on the previous year when high special write-offs were recorded (June 30, 2007: EUR 43 million). Other changes in this position were the result of a increase in net working capital. The rise in inventories of EUR 33 million and the EUR 33 million higher receivables and other assets were not entirely offset by the EUR 25 million cash inflows for trade payables.

Net payments for investments in property, plant and equipment and intangible assets and disposals resulted in cash outflows from investing activities of EUR 41 million (June 30, 2007: EUR -26 million) The dividend payment of EUR 446 million for the fiscal year 2007 resulted in a corresponding increase of financial liabilities.

Capital Expenditure

During the first six months of the fiscal year, investments in property, plant and equipment and intangible assets amounted to EUR 43 million (H1 2007: EUR 33 million), representing 36% of the total capital expenditure of EUR 120 million planned for the current fiscal year 2008.

Mainly investments as part of the consolidation of the logistics locations and the expansion of logistics capacity were driving the increase of this position. The Group's business development made it necessary to expand the capacity for logistics. Furthermore, significant investments were made in the construction of administrative buildings, purchasing of machinery for a technology and service center as well as the disposal of office equipment.

The strategy to press ahead with the expansion of the Group's own retail network was again one of the factors reflected in this position. For this reason, capital expenditure for the expansion and modernization of the retail network was up year-on-year.

Segment Reporting

Menswear Segment

Adjusted for negative currency effects, sales in the menswear segment increased by 8% in the first half of 2008. In Group currency, sales rose by 4% to EUR 721 million (H1 2007: EUR 694 million). This moderate sales increase in the menswear segment in comparison to the overall performance of HUGO BOSS can be explained by system-related delivery efficiency. After the implementation of BOSS Black Menswear in SAP/AFS at the end of 2007, full performance of the delivering processes in the spring/summer collections could not be achieved, which affected the global delivery of BOSS Black Menswear.

In order to present segment reporting in an informative manner, the one-time expense arising from the extraordinary expenses resulting from the Managing Board change was distributed across the segments in proportion to their sales. Thus, the EBIT generated by the menswear segment was 6% down to EUR 78 million (H1 2007: EUR 83 million) on a year to year comparison. Excluding the aforementioned extraordinary expenses, EBIT rose by 8%, showing the good operating performance of the menswear segment.

Womenswear Segment

Sales in the womenswear segment rose in the first half year of 2008 by 10% to EUR 110 million (H1 2007: EUR 100 million). Adjusted for negative currency effects, sales increased by 12%. Most countries in Europe, such as Great Britain, the Benelux states, France, Central and Eastern Europe, developed in a dynamic way. In addition, the performance on the Chinese and US markets exceeded expectations.

The one-time effect mentioned as a result of the change in the Managing Board impacted EBIT in the womanswear segment, leading only to a minor EBIT increase of 1% up to EUR 10 million. However, thanks to both the higher gross

profit margin and the economies of scale, the womenswear segment could improve its overall operating performance in the first six months of the fiscal year 2008. Excluding the one-time effects, EBIT in this segment increased by around 19%.

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 increase 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.

HUGO BOSS in the Capital Markets

Throughout the first half of 2008, German share indices reacted sharply to the darkening economic situation. During the first six months, Germany's leading index, the DAX, dropped by 20.4%. The performance of the small and mid-cap companies also pointed strongly downwards, as institutional investors increasingly withdrew from these stocks. In the course of that, the SDAX lost 18.4% and the MDAX posted a minus of 8.1%.

Key international indices were also impacted by the general downward trend. The Dow Jones declined by 14.4% and the Nikkei by 11.9%. The Euro Stoxx 50 lost as much as 23.8% and was close to its annual low after the first six months of the year.

In general, the performance of the HUGO BOSS shares was impacted by the overall market trend. Turbulences on international capital markets stopped the upward trend for HUGO BOSS shares which has lasted several years. In the first six months, HUGO BOSS' common shares lost 43.8% and preference shares declined by 39.7%. However, the declining share prices contrasted to the good operating performance of HUGO BOSS. Besides the general investor reluctance of investing in the retail and consumer goods segments, the downturn of the share price is due to the payment of the special dividend and thus the resulting ex-dividend markdown.

Key Share Data

in € million	Jan. - June 2008	Jan. - June 2007	Change in %
Shares			
Number of shares	70,400,000	70,400,000	
Earnings per share in € ¹			
common stock	0.86	0.91	(5)
preferred stock	0.87	0.94	(7)
Common stock ²			
highest price in €	40.39	55.40	(27)
lowest price in €	22.20	38.26	(42)
Preferred stock ²			
highest price in €	42.60	49.69	(14)
lowest price in €	22.81	34.20	(33)

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

² Xetra.

Investor Relations and Public Relations

In order to present its good operating performance and potential in an open and ongoing exchange with institutional and private investors, HUGO BOSS further intensified its financial communication activities in the first six months of the fiscal year. During the numerous roadshows and conferences, the management made itself available to a broad forum of German and international shareholders. In the course of that, the development and strategy of the company were explained, as well as the special markets conditions of the countries in which HUGO BOSS subsidiaries operate. Moreover, contact with private investors was further cultivated. In addition to the Annual Shareholders' Meeting as the most important event for private investors, HUGO BOSS presented itself to a wide audience at an investor conference held in cooperation with Börse Stuttgart, a bank and Schutzgemeinschaft DSW (an investor association).

In addition, public relations activities are also an important part of the communication concept at HUGO BOSS. Public relations focuses on achieving an open dialogue with the national and international business community and daily press aiming at maintaining and reinforcing the good public image of HUGO BOSS. It further includes initiating cultural, sport and fashion events in order to

strengthen market awareness on an ongoing basis. For instance, HUGO BOSS staged a BOSS Orange Fashion Event in Florence in June 2008, which triggered a strongly positive feedback in the national and international press landscape, thus making an important contribution to fostering the image of the HUGO BOSS brands.

The contact details of the Investor Relations and Public Relations departments as well as current company information such as financial reports, press releases, the financial calendar and the latest company profile can be downloaded from the HUGO BOSS website at www.group.hugoboss.com. The new conceptual design of the Internet presence assures simpler and clearer navigation for the user.

Company Management

Internal Control System

The self set target of securing sustainable long-term success for the company and of continuously expanding operations, is actively supported by HUGO BOSS' internal control systems. 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 further helps to coordinate the activities of the subsidiaries and supports local responsibility.

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

		June 30, 2008	June 30, 2007
Net sales	in € million	830.6	793.7
Gross margin ratio	in %	58.8	57.3
EBITDA	in € million	114.7	135.7
EBIT	in € million	88.3	93.0
EBIT margin ¹	in %	10.6	11.7
Net income	in € million	59.1	64.0
Total assets	in € million	1,114.8	992.1
Net Working Capital ²	in € million	441.3	387.1
Capital expenditure	in € million	42.6	33.5
Return on Investment ³	in %	11.8	14.1

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 solely with financial figures. The sustained and positive growth of the HUGO BOSS Group is driven by 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 June 30, 2008 and the approval for publication on July 31, 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 as compared with June 30, 2008.

Opportunities and Risks

For many years HUGO BOSS has been one of the most successful international fashion companies in the high-end fashion segment, which continues to offer additional growth and profit potential. All divisions within the organization are focused on identifying and analyzing opportunities and risks and to consider them in order to secure the market position of the HUGO BOSS Group. For these purposes, the Group treasury department 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 this Half Year 2008 Report was prepared.

Metzingen, July 22, 2008

HUGO BOSS AG
The Managing Board

Hans Fluri
André Maeder
Joachim Reinhardt

Consolidated Financial Statements

Consolidated Income Statement

in € million	Jan. - June 2008	Jan. - June 2007	Change in %
Sales	830.6	793.7	5
Cost of materials including changes in inventories	(341.8)	(338.6)	(1)
Gross margin	488.8	455.1	7
in % of sales	58.8	57.3	
Other operating income and expenses	(196.8)	(166.3)	(18)
Personnel expenses	(177.3)	(153.1)	(16)
Depreciation/amortization	(26.4)	(42.7)	38
EBIT	88.3	93.0	(5)
Net financial result	(8.5)	(3.2)	< (100)
Earnings before taxes	79.8	89.8	(11)
Income taxes	(20.7)	(25.8)	20
Net income	59.1	64.0	(8)
Earnings per share (€)¹			
common stock	0.86	0.91	(5)
preferred stock	0.87	0.94	(7)
in € million	2nd Quarter 2008	2nd Quarter 2007	Change in %
Sales	321.1	294.1	9
Cost of materials including changes in inventories	(127.6)	(116.0)	(10)
Gross margin	193.5	178.1	9
in % of sales	60.3	60.6	
Other operating income and expenses	(100.4)	(74.7)	(34)
Personnel expenses	(84.9)	(78.1)	(9)
Depreciation/amortization	(13.5)	(30.9)	
EBIT	(5.3)	(5.6)	5
Net financial result	(4.3)	(1.8)	< (100)
Earnings before taxes	(9.6)	(7.4)	(30)
Income taxes	3.5	1.2	>100
Net income	(6.1)	(6.2)	2
Earnings per share (€)¹			
common stock	(0.09)	(0.10)	9
preferred stock	(0.09)	(0.08)	(13)

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

Consolidated Balance Sheet

Assets	June 30,	June 30,	December 31,
in € million	2008	2007	2007
Intangible assets	101.0	89.2	97.0
Property, plant and equipment	259.2	236.3	249.0
Deferred tax assets	30.7	39.6	33.6
Non-current financial assets	14.3	5.3	7.3
Other non-current assets ¹	7.6	10.9	13.6
Non-current assets	412.8	381.3	400.5
Inventories	382.1	319.6	351.4
Trade receivables	221.4	203.4	171.3
Current tax receivables	12.5	5.1	7.3
Current financial assets	13.9	1.5	6.7
Other current assets	50.0	55.8	77.6
Cash and cash equivalents	22.1	25.4	24.5
Current assets	702.0	610.8	638.8
Total assets	1,114.8	992.1	1,039.3

Equity and Liabilities	June 30,	June 30,	December 31,
in € million	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	102.4	393.5	393.9
Accumulated other comprehensive income	(32.3)	(23.8)	(29.6)
Profit attributable to equity holders of the parent	59.1	64.0	154.1
Equity attributable to equity holders of the parent	157.7	462.2	546.8
Minority interests	(0.4)	(0.4)	(0.4)
Group equity	157.3	461.8	546.4
Non-current provisions ¹	32.9	44.1	40.0
Non-current financial liabilities	35.1	45.9	46.1
Deferred tax liabilities	15.9	7.1	9.6
Other non-current liabilities	26.9	33.6	27.4
Non-current liabilities	110.8	130.7	123.1
Current provisions	42.0	45.7	43.1
Current financial liabilities	609.9	201.4	153.2
Current tax payables	32.5	30.2	35.4
Trade payables	120.2	77.5	101.0
Other current liabilities	42.1	44.8	37.1
Current liabilities	846.7	399.6	369.8
Total equity and liabilities	1,114.8	992.1	1,039.3

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	
				Legal Reserve	Other Reserves
January 1, 2007	70.4	(31.1)	0.4	6.6	340.7
Net income					
Allocated to retained earnings					128.7
Dividend payment					(82.5)
Share repurchase		(11.2)			
Income and expense recognized directly in equity					
June 30, 2007	70.4	(42.3)	0.4	6.6	386.9
January 1, 2008	70.4	(42.3)	0.4	6.6	387.2
Net income					
Allocated to retained earnings					154.1
Dividend payment					(445.5)
Share repurchase					
Income and expense recognized directly in equity					
June 30, 2008	70.4	(42.3)	0.4	6.6	95.8

Accumulated other comprehensive income		Profit attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Minority Interests	Group Equity
Difference arising from currency translation	Market valuation of hedges				
(20.8)	(0.1)	128.7	494.8	(0.4)	494.4
		64.0	64.0	0.0	64.0
		(128.7)			
			(82.5)		(82.5)
			(11.2)		(11.2)
(3.1)	0.2		(2.9)		(2.9)
(23.9)	0.1	64.0	462.2	(0.4)	461.8
(32.8)	3.2	154.1	546.8	(0.4)	546.4
		59.1	59.1	0.0	59.1
		(154.1)			
			(445.5)		(445.5)
(4.0)	1.3		(2.7)		(2.7)
(36.8)	4.5	59.1	157.7	(0.4)	157.3

Statement of Recognized Income and Expense

in € million	June 30, 2008	June 30, 2007
Market valuation of hedges	1.3	0.2
Currency translation effects	(4.0)	(3.1)
Income and expense recognized directly in equity	(2.7)	(2.9)
Net income	59.1	64.0
Recognized income and expense	56.4	61.1
Attributable to:		
Equity holders of the parent	56.4	61.1
Minority interests	0.0	0.0

Consolidated Statement of Cash Flows

in € thousand	June 30, 2008	June 30, 2007
Net income	59.1	64.0
Depreciation/amortization	26.4	42.7
Income tax expense/refund	20.7	25.7
Interest income and expenses	7.1	3.2
Change in inventories	(33.3)	(31.3)
Changes in receivables and other assets	(32.9)	(48.3)
Changes in trade payables and other liabilities	24.9	(14.8)
Result from disposal of non-current assets	(0.9)	0.1
Change in provisions for pensions	1.7	2.0
Change in other provisions	(9.7)	11.7
Income taxes paid	(20.0)	(37.9)
Cash flow from operations	43.1	17.1
Interest paid	(14.8)	(3.9)
Interest received	0.7	0.7
Cash flow from operating activities	29.0	13.9
Investments in PPE ¹ and intangible assets	(42.6)	(33.5)
Payment for changes in the scope of consolidation	0.0	0.0
Cash receipts from sales of PPE ¹ and intangible assets	1.3	7.2
Cash flow from investing activities	(41.3)	(26.3)
Dividend payment	(445.5)	(82.5)
Share repurchase	0.0	(11.2)
Change in current financial liabilities	465.0	117.8
Repayment of non-current financial liabilities	(9.0)	(26.0)
Cash receipts from non-current financial liabilities	0.0	(0.0)
Cash flow from financing activities	10.5	(1.9)
Exchange rate-related changes in cash and cash equivalents	(0.6)	(0.3)
Change in cash and cash equivalents	(2.4)	(14.6)
Cash and cash equivalents at the beginning of the period	24.5	40.0
Cash and cash equivalents at the end of the period	22.1	25.4

¹ Property, plant and equipment.

Segment Reporting

Segment Information by Product Area

in € million	Menswear segment ¹		Womenswear segment		HUGO BOSS Group	
	Jan. - June 2008	Jan. - June 2007	Jan. - June 2008	Jan. - June 2007	Jan. - June 2008	Jan. - June 2007
Sales	720.9	693.6	109.7	100.1	830.6	793.7
Depreciation/amortization	(22.4)	(38.8)	(4.0)	(3.9)	(26.4)	(42.7)
EBIT	78.4	83.2	9.9	9.8	88.3	93.0
in % of sales	10.9	12.0	9.0	9.8	10.6	11.7
Net income	53.6	58.3	5.5	5.7	59.1	64.0
in % of sales	7.4	8.4	5.0	5.7	7.1	8.1
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Assets	994.1	907.5	120.7	131.8	1,114.8	1,039.3
Liabilities	811.0	324.0	146.5	168.9	957.5	492.9
Equity	183.1	583.5	(25.8)	(37.1)	157.3	546.4
Capital expenditure	37.0	78.4	5.6	6.3	42.6	84.7
Number of employees (Full-time equivalents)	8,980	8,484	623	639	9,603	9,123

in € million	Menswear segment ¹		Womenswear segment		HUGO BOSS Group	
	2nd Quarter 2008	2nd Quarter 2007	2nd Quarter 2008	2nd Quarter 2007	2nd Quarter 2008	2nd Quarter 2007
Sales	276.8	255.7	44.3	38.4	321.1	294.1
Depreciation/amortization	(11.5)	(28.3)	(2.0)	(2.6)	(13.5)	(30.9)
EBIT	(5.9)	(5.6)	0.6	0.0	(5.3)	(5.6)
in % of sales	(2.1)	(2.2)	1.4	0.0	(1.7)	(1.9)
Net income	(6.5)	(5.3)	0.4	(0.9)	(6.1)	(6.2)
in % of sales	(2.3)	(2.1)	0.9	(2.3)	(1.9)	(2.1)

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. - June 2008		Jan. - June 2007	
	in € million	in %	in € million	in %
Sales				
Germany	173.6	21	176.8	22
Other European countries	398.8	48	381.9	48
Americas	144.0	17	141.5	18
Asia/other regions	93.2	11	74.4	9
Royalties	21.0	3	19.1	3
Total sales	830.6	100	793.7	100
	June 30, 2008		December 31, 2007	
	in € million	in %	in € million	in %
Assets				
Germany	360.7	32	343.0	33
Other European countries	512.9	46	451.8	43
Americas	162.6	15	169.0	16
Asia/other regions	68.0	6	59.0	6
Royalties	10.6	1	16.5	2
Total assets	1,114.8	100	1,039.3	100
Capital expenditure				
Germany	18.5	44	34.2	40
Other European countries	15.9	37	28.0	33
Americas	6.2	14	18.6	22
Asia/other regions	2.0	5	3.9	5
Total capital expenditure	42.6	100	84.7	100

	2nd Quarter 2008		2nd Quarter 2007	
	in € million	in %	in € million	in %
Sales				
Germany	74.6	23	73.1	25
Other European countries	133.8	42	119.5	41
Americas	68.0	21	65.9	22
Asia/other regions	35.5	11	26.6	9
Royalties	9.2	3	9.0	3
Total sales	321.1	100	294.1	100

Notes to the Consolidated Financial Statements

Accounting Policies

The interim financial statements of HUGO BOSS AG as of June 30, 2008 were prepared in line with Section 37w of the Securities Trading Act, 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 for the consolidated financial statements as of December 31, 2007. A detailed description of the accounting policies and consolidation methods applied is presented 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 June 30, 2008 has not been reviewed by an auditor.

Currency Translation

The exchange rates of the most relevant currencies changed as follows in relation to the euro:

Country	Currency	Average Rate		Closing Rate	
		Jan.- June 2008	Jan. - June 2007	June 30, 2008	December 31, 2007
	1 EUR =				
Australia	AUD	1.6549	1.6450	1.6383	1.6731
Brazil	BRL	2.5960	2.7205	2.5333	2.5858
Canada	CAD	1.5396	1.5098	1.5850	1.4389
Denmark	DKK	7.4567	7.4513	7.4580	7.4566
Great Britain	GBP	0.7748	0.6745	0.7924	0.7348
Hong Kong	HKD	11.9290	10.3840	12.2857	11.4620
Japan	JPY	160.6150	159.5979	167.0800	166.1300
Mexico	MXN	16.2458	14.5513	16.1954	15.9646
P. R. China	CNY	10.7994	10.2612	10.8066	10.7312
Sweden	SEK	9.3754	9.2215	9.4263	9.4483
Switzerland	CHF	1.6061	1.6315	1.6053	1.6604
USA	USD	1.5299	1.3290	1.5748	1.4692

Economic and Seasonal Effects

As a globally active company, the HUGO BOSS Group is exposed to different economic trends. In the “General Economic Conditions” section on pages 7 et seq., the general economic effects and industry trend during the period under review were addressed in detail. Sales of the HUGO BOSS Group are subject to seasonal fluctuations. 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, pre-order business now consists of four seasonal sales every year. In addition, the share of the Group’s own retail business has increased. Besides, HUGO BOSS also makes every effort to increase efficiency through greater use of stock business to service less fashion-oriented 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

As of June 30, 2008, the Group including the HUGO BOSS AG consists 51 consolidated companies. The figure thus remained unchanged as compared to December 31, 2007.

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 on a consolidated balance sheet separately from the equity attributable to shareholders of the HUGO BOSS AG.

Related Parties

After Red & Black S. r. l., Milan, acquired the majority of shares in the Valentino Fashion Group, the group of related parties changed. Related parties are now considered to be all companies and persons that meet the definition set forth in IAS 24.9 with respect to Red & Black Lux S. à r. l.

During the reporting period of January 1 to June 30, 2008, no business transactions with related parties occurred.

Share Buyback Program

In the first six months of fiscal 2008, HUGO BOSS AG did not buy back any own shares. HUGO BOSS AG thus held a total of 528,555 common shares and 855,278 preferred shares as of the end of the first six months of fiscal 2008. This corresponds to a share of 1.97% or EUR 1,383,833 in the share capital.

Appropriation of Net Profit

The Annual Shareholders' Meeting on May 8, 2008 approved the recommendation of the Managing and Supervisory Boards to pay a dividend from net retained earnings from 2007 of EUR 1.45 per common share and EUR 1.46 per preferred share. In addition, the Annual Shareholders' Meeting approved the recommendation of the Supervisory and Managing Boards to pay a special dividend of EUR 5.00 per share. Thus a total of EUR 446 million was distributed to shareholders

Earnings per Share

Pursuant to IAS 33, earnings per share (EPS) are calculated by dividing the net income or loss for the period by the weighted average number of shares outstanding during the reporting period. Neither on June 30, 2008 nor on June 30, 2007 were shares outstanding that diluted earnings per share.

	Jan. - June 2008	Jan. - June 2007
Net income in € million	59.1	64.0
Average number of shares outstanding ¹		
Common shares	35,331,445	35,332,020
Preferred shares	33,684,722	33,732,475
EPS common shares in € ²	0.86	0.91
EPS preferred shares in € ²	0.87	0.94

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.

Contingent Liabilities and Contingent Assets

Against December 31, 2007, there were no material changes in contingent liabilities. As of June 30, 2008 there were no contingent assets.

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 17 et seq. and 34 et seq.

Consolidated Statement of Cash Flows

The consolidated 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.

The consolidated statement of cash flows is commented on pages 22 et seq. and

tables are shown on page 39.

Statement of Changes in Equity

Net income of EUR 59 million in the first half year impacted equity positively. Equity increased due to the recognition of financial instruments in equity. However, equity was reduced by the recognition of currency translation in equity and the dividend distribution. For the development of the changes in equity, refer to the table on pages 36 et seq.

Segment Reporting

There was no change in the determination of the segments compared with December 31, 2007. For further details on the development of business, refer to the Segment Reporting chapter on page 24 et seq. For of the presentation of the Segment Reporting, refer to the table on pages 40 et seq.

In the 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.

Further information

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group. Furthermore, the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Metzingen, July 22, 2008

HUGO BOSS AG
The Managing Board

Hans Fluri
André Maeder
Joachim Reinhardt

Review Report in line with Section 37w Paragraph 5 of the Securities Trading Act

The interim management report and the condensed financial statements were not audited in line with Article 317 of the German Commercial Code nor were they subjected to a review report on the part of a person authorized to conduct an audit.

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

October 10, 2008	Report on the Third Quarter of 2008
March 26, 2009	Balance Sheet Press Conference
April 30, 2009	Report on First Quarter of 2009
May 14, 2009	Shareholders Meeting
July 30, 2009	Report on First Half of 2009
November 2, 2009	Report on Third Quarter 2009

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