GERRY WEBER
INTERNATIONAL AG

Successful fashion with personality

ANNUAL REPORT 2011/12

GERRY WEBER BRAND UNIVERSE

GERRY WEBER EDITION

G.W.

TAIFUN

SAMOON by GERRY WEBER

GERRY WEBER

You will find more information about our collections on the attached postcards.

Successful fashion with personality

In this Annual Report, we follow the creation of one of our unique garments from the first hand-drawn sketch to the final sale to our consumers. Five strong brands – GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON – give us a strong presence in the market. Our collections are trend-oriented and offer high quality as well as a perfect fit.

Every single item is designed and developed in-house at GERRY WEBER. We create our own designs and prints and produce our own patterns to ensure the perfect fit of our garments. Our in-house sewing department produces the prototypes which serve as the basis for the production of the individual collection items by our manufacturing partners.

Our own employees are deployed on the premises of our partners to check whether our high quality standards are implemented and complied with in the production process. Our collections are sold through our wholesale partners (Wholesale segment) and through our own Houses of GERRY WEBER and mono-label stores (Retail segment).

The most diverse skills, extraordinary expertise and a lot of experience are required to develop, produce and sell our high-quality garments. At every stage of the process, our employees add value to our garments in the form of enthusiasm and creativity, dedication and passion, thereby turning our garments into something very special: garments with personality.

THE ANNUAL REPORT IN MINUTES

This sign shows selected important highlights of the fiscal year 2011/12.

KEY FIGURES AT A GLANCE

in EUR million	2011/12	2010/11	Changes in %
Sales	802.3	702.7	14.2%
Domestic	491.0	420.8	16.7%
International	311.3	281.9	10.4%
Sales	802.3	702.7	14.2%
Wholesale	502.8	484.7	3.7%
Retail	299.5	218.0	37.4%
Sales split by brand			
GERRY WEBER	76.4%	78.3%	-2.4%
TAIFUN	18.3%	16.6%	10.2%
SAMOON	5.3%	5.1%	3.2%
Others	<1.0%	<1.0%	
Earnings key figures			
EBITDA	132.3	111.6	18.5%
EBITDA margin	16.5%	15.9%	0.6%
EBIT	115.9	99.6	16.4%
EBIT margin	14.5%	14.2%	0.3%
EBT	113.7	97.6	16.5%
EBT margin	14.2%	13.9%	0.3%
Net income of the year	78.8	67.0	17.6%
Earnings per share in Euro[1]	1.72	1.48	16.0%
Capital structure	483.6	415.0	16.5%
Equity	363.0	313.9	15.6%
Investments	84.8	44.4	91.0%
Equity ratio	75.1%	75.7%	-0.6%
Key figures			
Staff number at the end of the fiscal year	4,584	3,260	40.6%
Return on Investment (ROI)[2]	24.0%	24.0%	0.0%
Return on Equity (ROE)[2]	31.9%	31.7%	0.2%

[1] on the basis of 45,905,960 shares

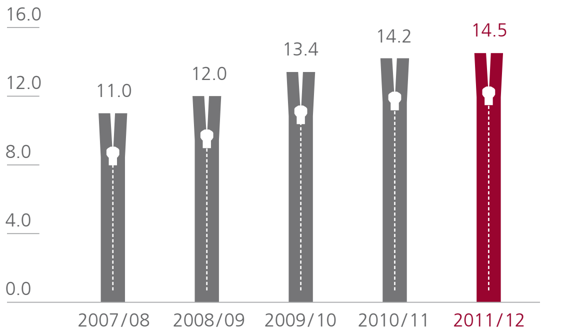
[2] EBIT basis

SALES

in EUR million

EBIT MARGIN

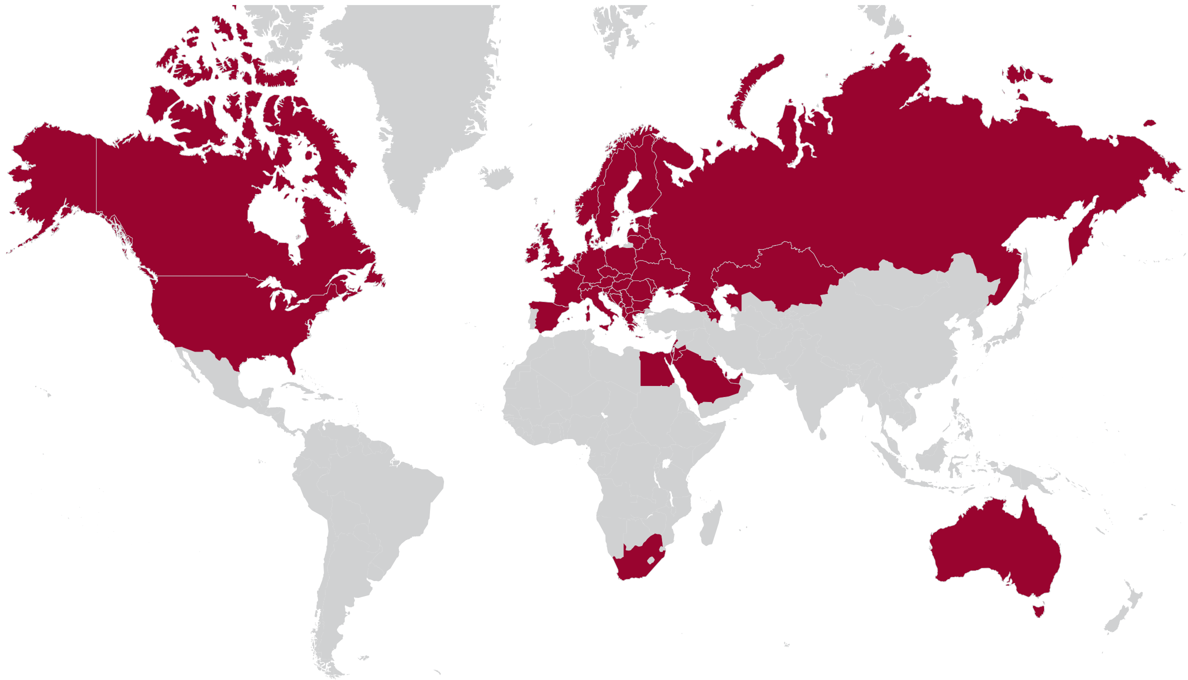
in %



You find a five-years-overview on the back cover of this annual report.

LOCATIONS

WORLDWIDE LOCATIONS



2011/12 AT A GLANCE

802.3 EUR MILLION
Impressive sales growth of 14.2% on the previous year (EUR 702.7 million).

254 OWN STORES
Takeover of round about 29 DON GIL stores in Austria, some 200 WISSMACH stores in Germany and 25 former franchised stores in the Netherlands.

+44,000 SQUARE METRES
Company-managed retail spaces expanded to 109,000 square metres.

2,767 SHOP-IN-SHOPS WORLDWIDE
475 new shop-in-shops opened, thereof 60 outside Germany including 21 in the USA.

493
Number of company-managed Houses of GERRY WEBER and mono-label stores doubled from 235 to 493 in only twelve months.

14.5 %
Operating margin (EBIT margin) climbs from 14.2% to 14.5% in spite of one-time start-up expenses incurred in conjunction with the Retail expansion.

37.3 %
Retail segment contributes 37.3% to Group sales. Increase by 6.3% due to accelerated expansion of the Retail segment.

4,584 EMPLOYEES
Global headcount increases from 3,260 (+40.6%); some 71% of them work in our German home market.

RESULTS 2011/12

Growth and earnings targets (sales of EUR 800 million and EBIT margin of at least 14.5%) reached.

TARGETS 2012/13

GERRY WEBER will continue its consistent growth strategy. 2012/13 targets: EBIT of EUR 131–135 million on sales of EUR 890–900 million.

SUCCESSFUL FASHION WITH PERSONALITY

In this Annual Report, we follow the creation of one of our unique garments from the first sketch to the final sale. starting on page 4

CONTENT

A FIRST SKETCH.

“And an inspiring working environment for me.”

DESIGN BY GERRY WEBER

WELL-MATCHED ACCESSORIES.

“And a great workplace with first-class equipment.”

ARTWORK & PRINTS BY GERRY WEBER

HAND-PICKED MATERIALS.

"And the freedom to take my own decisions."

MATERIALS PROCUREMENT BY GERRY WEBER

Foreword by the Managing Board

LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

The fiscal year 2011/12 was an eventful period which saw our company take a number of important strategic decisions. Although the market environment deteriorated and we made high investments to expand our Retail activities, we were able to reach the targets we had set ourselves and to close the year with record sales of EUR 802.3 million. While we increased our sales revenues by 14.2% on the previous year, we also continued to improve our profitability. The EBIT margin climbed from 14.2% to 14.5% at the end of the fiscal year.

Our success is based on our business model. Five strong brands – GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON – give us a strong presence in the market. Our collections are trend-oriented and offer high quality as well as a perfect fit. Every single item is designed and developed in-house at GERRY WEBER. We create our own designs and prints and produce our own patterns to ensure the perfect fit of our garments. Our in-house sewing department produces the prototypes which serve as the basis for the production of the individual collection items by our manufacturing partners. Our own employees are deployed on the premises of our partners to check whether our high quality standards are implemented and complied with in the production process. The distribution process is also controlled by our headquarters in Halle/Westphalia. Our collections are sold through our wholesale partners (Wholesale segment) and through our own Houses of GERRY WEBER and mono-label stores (Retail segment). Our own stores and our customers provide us with daily information on product sales and, most importantly, about our consumers' needs and requirements. This intelligence is used to develop the next collections. We have pooled all capabilities, expertise and skills required for the development and production ofour high-quality collections in our Group headquarters. They are the basis of our success – also in the fiscal year 2011/12, on which we report on the following pages.

During the past fiscal year GERRY WEBER International AG placed a strategic focus on expanding its Retail operations. By taking over the DON GIL branches in Austria and some 170 stores of the insolvent WISSMACH chain in Germany as well as 25 formerly franchised stores in the Netherlands, we were able to accelerate our Retail expansion significantly. Apart from the above takeovers, this was primarily attributable to new store openings in Poland, Spain and the UK. While 40 new Houses of GERRY WEBER were opened in 2009/10 and some 60 opened in 2010/11, the number of company-managed Houses of GERRY WEBER and mono-label stores doubled from 235 to round about 490 in FY 2011/12.

The takeover, conversion and integration of the acquired WISSMACH stores started in mid-March and required great efforts from the whole GERRY WEBER Group. We began to convert the first WISSMACh stores as early as in May 2012, as some 160 to 170 of the acquired stores were to be converted into GERRY WEBER stores, most of them into TAIFUN and SAMOON mono-label

Founder and CEO Gerhard Weber

stores. Every month, 30 to 40 former WISSMACH stores were closed for the conversion for a period of four to six weeks. Before the stores were closed and converted, sales of the existing WISSMACH stocks continued in order to minimise current fixed costs and extraordinary charges resulting from the conversion phase. Besides converting the stores and installing our IT systems, we had to train the over 700 employees taken over in order to familiarise them with our products, requirements and service standards. By the end of October 2012, 145 stores had been converted into Houses of GERRY WEBER and mono-label stores. This was a huge effort for all employees, whom we would like to thank very much for their personal commitment. Our thanks also go to our customers and sales partners who supported us during this expansion.

Another focus of our activities in the fiscal year 2011/12 was the ongoing internationalisation of our sales structures. Our well-organised entry into the US market in spring 2012 marked an important step in this respect. We deliberately made a very cautious and slow start in the USA in order to test the acceptance of our products on the one hand and to reduce the risk for our company to a minimum. We started with two shop-in-shops at Bloomingdale's; today the GERRY WEBER brand is sold in 21 department stores of our sales partners, Bloomingdale's and Dillard's. In view of the high acceptance of our fashion products by US consumers, we are in further talks to expand our presence in the US market.

But our fashion products go down well not only with US consumers, prompting us to expand our market presence on an international scale in 2011/12. Together with new and existing franchise partners, we opened 36 new Houses of GERRY WEBER outside Germany, thus clearly strengthening our Wholesale operations. New Houses were opened in Belgium, Scandinavia and Eastern Europe to name but a few countries. We are especially satisfied with our performance in Russia and the Middle East, where we had 45 and 19 Houses of GERRY WEBER, respectively, as of 31 October 2012. Preparations for further new store openings in these regions are underway. Shop-in-shops are another important distribution channel for our Wholesale segment. Their number increased to some 2,767 in the past fiscal year (previous year: 2,292), of which 488 are located outside Germany. Accordingly, we will continue to place a focus on the ongoing international expansion of our brands.

All our five brands, GERRY WEBER, TAIFUN, SAMOON, GERRY WEBER EDITION and G.W., performed well in the past fiscal year. Special attention was paid to TAIFUN, which we have continuously developed over the past years. Today, TAIFUN stands for trendy cuts and is primarily targeted at young, self-confident women in their early thirties and older. The individual items in the collections are coordinated so effectively that women can wear them both at work and at play. TAIFUN delivered an excellent performance in the past twelve months and contributed approx. 18.3% (previous year: 16.6%) to total Group sales in the fiscal year 2011/12. In view of the growing demand and the good sales and earnings performance of TAIFUN, we have decided to convert about two thirds of the former WISSMACH stores into TAIFUN mono-label stores. Going forward, we see good growth prospects for TAIFUN, which is our second largest brand, both in Germany and abroad.

Our business activities were rounded off by the expansion of our online shops and our licensed products. In addition to the three existing online shops in Germany, the Netherlands and Austria, we opened our own online shop in Switzerland in August 2012 in order to support our high brand awareness through a local presence. Moreover, we launched a cooperation with Germany's largest fashion mail-order company, Otto.de, in summer 2012. As e-commerce continues to gain importance, we will further expand our services and our online presence in the coming months.

Following the launch of lifestyle jewellery in spring 2012, we have been able to add another highlight to our range of licensed products. Together with our partner, Josef Seibel Schuhe, we will launch a dedicated GERRY WEBER footwear collection in autumn 2013, which will be perfectly matched to our collections.

The positive operating performance of the GERRY WEBER Group would be impossible without the commitment, the expertise and the dedication of our employees. We therefore attach great importance to the training, promotion and development of our staff. We strive to create a motivating and performance-oriented working environment and offer flexible working hour schemes. In summer 2012, we opened a 3,500 square metre daily children care centre next to our headquarters in Halle/Westphalia. Accommodating 95 children, the kindergarten not only supports our family-oriented personnel policy but also helps many parents to pick up work again.

The GERRY WEBER share impressed national and international investors alike. Climbing from EUR 22.01 (opening price on 1 November 2011) to EUR 35.02 (closing price on 31 October 2012), the share gained 59.1% in the reporting period. At the end of the calendar year 2012, the share price had climbed as high as EUR 36.51. With a dividend of EUR 0.65 per share paid out to shareholders in June 2012, our profit distribution to the shareholders increased by roughly 200% over the past five years. Going forward, we will continue to offer our shareholders a share in our company's operating performance.

We were able to further strengthen the basis for our future growth in the fiscal year 2011/12. We have ambitious plans also for the current fiscal year 2012/13. On the one hand, we will continue to expand and grow profitably;

on the other hand, we will optimise our existing processes and structures. Following last year's dynamic expansion in Germany, 2012/13 will see the GERRY WEBER Group focus on the internationalisation of its sales structures and the expansion of its international market presence. Internally, the full integration of the acquired and newly opened retail stores will be a top priority.

Economic conditions and our market environment in Germany and Europe continued to deteriorate towards the end of 2012. Accordingly, consumer sentiment has declined and fashion spending has reduced. We expect the European economy to recover very slowly in the first half of 2013. A further moderate decline in consumer sentiment cannot be ruled out entirely. However, we expect economic momentum to pick up and consumer confidence and consumer spending to improve in the second half of 2013.

In the crisis years 2008 and 2009, we already demonstrated that we are able to more or less offset economic fluctuations thanks to our market position, our five strong brands and our operational and financial strength. In view of our unique market positioning, our operational strengths, our flexible sourcing system and our international growth opportunities, we feel well prepared to master the tasks that lie ahead.

Halle / Westphalia, January 2013

GERRY WEBER International AG

The Managing Board

Gerhard Weber Doris Strätker Dr. David Frink

CAREFUL EXAMINATION.

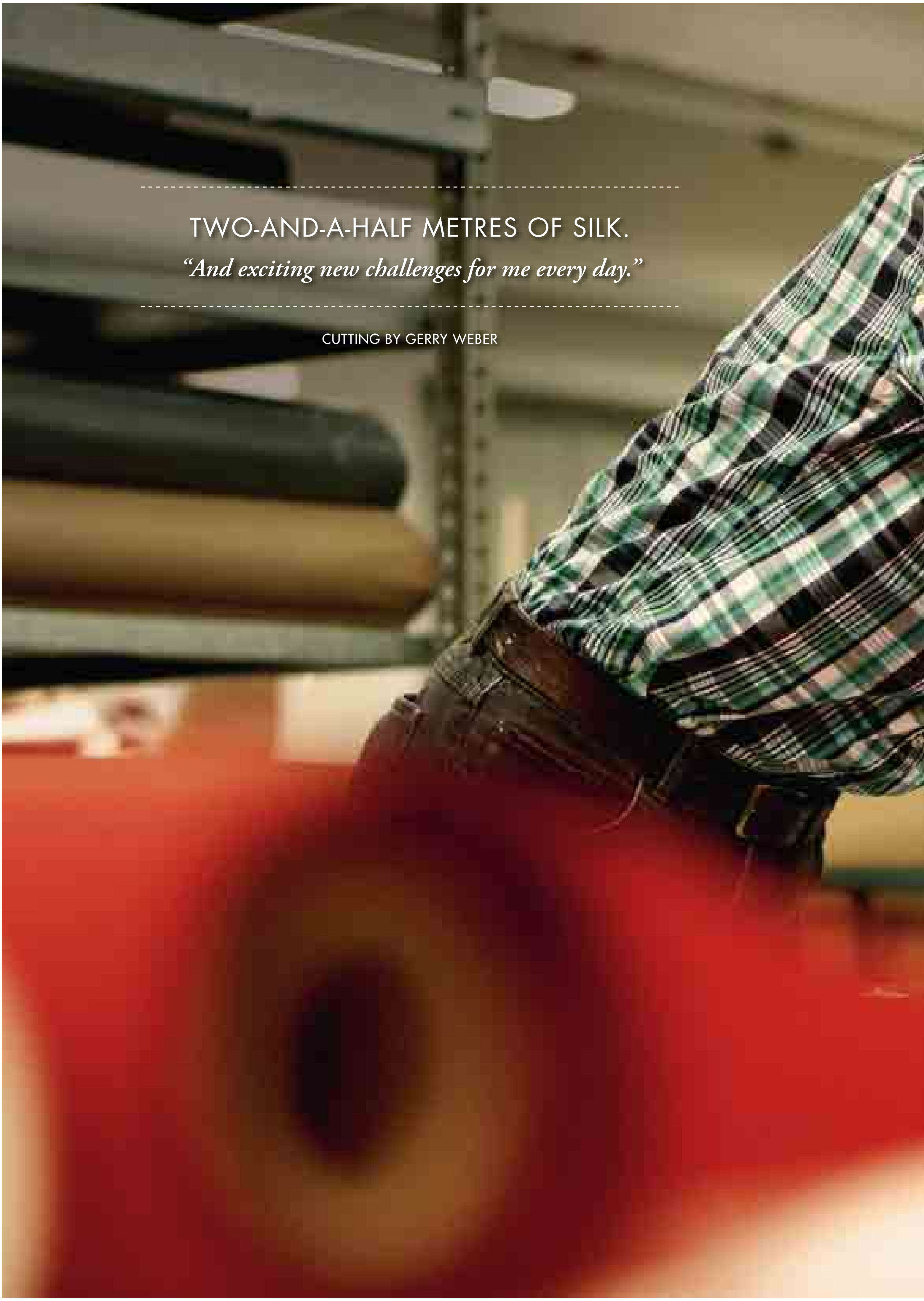
"And recognition of experience and expertise."

QUALITY CONTROL BY GERRY WEBER

TWO-AND-A-HALF METRES OF SILK.

“And exciting new challenges for me every day.”

CUTTING BY GERRY WEBER




ry Weber

THREE HOURS OF DEDICATED WORK.

“And a vocational training concept that sets standards.”

SEWING BY GERRY WEBER

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

The 2011/12 financial year was another highly successful period for GERRY WEBER International AG. While sales and earnings rose to record levels, the acquisitions of DON GIL in Austria and WISSMACH in Germany laid important foundations for the future of the company's Retail operations. At the same time, the internationalisation of the business has been pushed ahead further, resulting in GERRY WEBER fashion becoming available in the USA since spring 2012. This means that the company accomplished the goals and objectives it had set itself for the period, confirming its special status as a listed fashion company. The Supervisory Board of GERRY WEBER International AG advised and supported the Managing Board in steering the company on its growth course and will continue to do so going forward.

ONGOING DIALOGUE WITH THE MANAGING BOARD

Good corporate governance and control are dependent on the Managing Board and the Supervisory Board working together in a trusting relationship for the benefit of the company. During the past financial year, the Managing Board informed the Supervisory Board in a regular, timely and comprehensive manner about all aspects that are relevant for its work in both written and verbal reports. The Supervisory Board was involved in all decisions of fundamental importance to the GERRY WEBER Group at an early stage and had sufficient time and opportunity to study the issues and proposed decisions and to contribute pertinent suggestions. At each meeting the Managing Board briefed us on the current business performance, the Group's financial position and profitability, strategic measures, its risk exposure and all important planning issues. Talks repeatedly focused on the Group's international expansion strategy, in particular.

Outside the meetings, the Chairman of the Supervisory Board liaised closely with the Managing Board and was kept abreast of current developments in the market, the performance of the segments and the overall business as well as all essential business events. The Managing Board complied with its duty to submit to the Supervisory Board all transactions requiring the latter's approval. The Supervisory Board passed its resolutions either at its meetings or by written vote.

The Supervisory Board performed with due diligence all the tasks imposed on it by law, the statutes, the Code of Procedure and the Corporate Governance Code. In doing so, the Supervisory Board devoted extensive attention to the GERRY WEBER Group's economic situation, its international expansion as well as the growth of its own Retail operations. The Supervisory Board provided ongoing advice to the Managing Board on the running of the company and monitored its stewardship of the company on an ongoing basis.

IMPORTANT ELEMENTS OF THE SUPERVISORY BOARD'S DELIBERATIONS

In the financial year 2011/12, the Supervisory Board held four meetings, all of which were attended personally by all members. Most meetings were attended by the members of the Managing Board and, on occasions, presentations on certain topics were given by guests. In addition, the Supervisory Board also convened without the (full) Managing Board respectively with individual Board Members. We regularly deliberated on the current business performance at all Supervisory Board meetings. Apart from the Group's and its subsidiaries' sales and earnings performance, this includes financial and asset situation as well as preorder sales figures. At each meeting, the Managing Board briefed us on the market and competitive situation as well as the share price performance. Moreover the Supervisory Board was regularly kept abreast of the risks and opportunities attached to the company's business performance as well as of compliancerelated issues. Apart from that, the Supervisory Board focused on the following topics:

The first regular meeting in the 2011/12 period took place on 28 November 2011. Extensive information was provided on the current business trend, the preparation of the financial statements and the audit of the 2010/11 accounts as well as the development of the Retail operations and the respective openings of new Houses of GERRY WEBER. In this context the Managing Board provided a progress report on the takeover of the Austrian DON GIL branches and their conversion into Houses of GERRY WEBER. Having devoted substantive attention to the implementation of, and compliance with, the German Corporate Governance Code, the Supervisory Board endorsed the 2012 declaration of conformity jointly with the Managing Board.

Our deliberations at the balance sheet meeting on 23 February 2012 centred on the examination of the separate and consolidated financial statements for the 2010/11 period, the profit appropriation proposal and the status of the DON GIL and WISSMACH acquisitions. Following on from the examination performed by the Audit Committee, we exhaustively discussed and approved the 2010/11 consolidated financial statements in the presence of the auditor. The Supervisory Board agreed with the Managing Board's proposal to raise the dividend to EUR 0.65. Moreover, the Supervisory Board endorsed the agenda for the Annual General Meeting on 5 June 2012. The Managing Board provided a detailed report on the development of the online shop and the future expansion of this distribution channel. The Supervisory Board also approved the planned signing of a new licensing agreement for lifestyle jewellery following an explanation of the terms by the Managing Board.

The Supervisory Board meeting on 15 May 2012 revolved around the imminent Annual General Meeting. Against the background of the more challenging economic environment, the Managing Board provided a detailed status report on selected markets. Given that the strong business performance of GERRY WEBER International was also reflected in the company's share price, the Managing Board was able to present a positive report on the share's first year as a constituent of the MDAX index. The Managing Board also reported on costs savings achieved in the transport and logistics area through reduced reliance on air freight. The Supervisory Board endorsed the Managing Board's explanations of the compliance rules and the measures taken to abide by these rules. The Supervisory Board efficiency review for the period was again performed by the company's auditor whose report showed a high efficiency assessment for the individual members.

At its meeting on 10 September 2012, the Supervisory Board approved the Managing Board's plans and budgets for the financial year 2012/13 which had already been discussed and prepared by the Audit Committee. Having reported on the ongoing conversion of the former WISSMACH branches and the expansion of the Retail operations, the Managing Board also outlined its planned next steps relating to the licensing agreement for the GERRY WEBER shoe collection. Moreover, the Managing Board submitted a detailed status report on the completed projects and the ongoing work of the Group Audit department.

The Supervisory Board examines, on an ongoing basis, the effectiveness and efficiency of the risk management system and the internal control system for the accounting process. As part of the internal control system of the GERRY WEBER Group, the Supervisory Board and, in particular, the Audit Committee are regularly informed about the risk situation and compliance management, which enables them not least to review the effectiveness, the efficiency and the correctness of the accounting process, the compliance of the separate and the consolidated financial statements with applicable rules and regulations as well as the compliance with statutory and official regulations.

WORK OF THE SUPERVISORY BOARD COMMITTEES

The work of the full Supervisory Board is supported by the committees set up by it. The Supervisory Board of GERRY WEBER International AG has formed two committees from among its members, namely an Audit Committee and a Nomination Committee. Both committees are chaired by the Chairman of the Supervisory Board, Dr. Ernst Schröder.

The Audit Committee met twice during the 2011/12 financial year. The members of the Audit Committee are Dr. Ernst F. Schröder, Udo Hardieck and Dr. Wolf-Albrecht Prautzsch. At its meeting on 23 February 2012, the members of the Audit Committee discussed in detail the separate and the consolidated financial statements for the year 2011/12 as well as the auditor's report. The meeting was attended by the auditor who provided a detailed explanation of the separate and the consolidated financial statements. The members of the Audit Committee discussed the separate and the consolidated financial statements and prepared them for approval by the plenary Supervisory Board. The Audit Committee also satisfied itself of the impartiality of the auditor.

The Audit Committee meeting on the 10 September 2012 centred on the Managing Board's plans and budgets for the financial year 2012/13. Other topics included the financing structure, the planned capex volume and other key targets such as the number of new store openings. In addition, the Audit Committee held telephone conferences on the GERRY WEBER Group's quarterly and half-year reports.

The members of the Nomination Committee are Dr. Ernst F. Schröder, Udo Hardieck and Dr. Wolf-Albrecht Prautzsch. There was no reason for the Nomination Committee to convene during the past financial year.

COMPOSITION OF THE SUPERVISORY BOARD AND THE MANAGING BOARD

The GERRY WEBER Group's commitment to continuity is also reflected in the composition of its Supervisory Board. The Supervisory Board of GERRY WEBER International AG remained unchanged in the financial year, which means that this body continues to have six members. No changes occurred on the company's Managing Board. After the end of the reporting period, Gerhard Weber's Managing Board contract was prematurely extended by another year when the Supervisory Board added another year to his contract, which will now expire in October 2014.

CORPORATE GOVERNANCE

The Supervisory Board constantly monitors the evolution of the German Corporate Governance Code (GCGC). In accordance with the GCGC recommendations we have defined certain targets for the composition of the Supervisory Board to ensure professional expertise and experience, a sufficient number of independent members and the diversity of the members. Moreover, we once again commissioned an efficiency review of the work of the Supervisory Board during the past period by Mazars GmbH Wirtschaftsprüfungsgesellschaft. No conflicts of interest involving members of the Supervisory Board arose during the reporting period.

In November 2012, the Managing Board and the Supervisory Board issued the declaration of conformity pursuant to section 161 AktG and made it permanently available for inspection on the company's website, *www.gerryweber.com*. Due to the size of the company, the number of Supervisory Board members and our business model, we were not in a position to comply with all recommendations of the Code. For further information on corporate governance of the GERRY WEBER Group, refer to the corporate governance report in this Annual Report. The Corporate Governance Report also includes the compensation report and the corporate governance statement.

AUDIT OF THE SEPARATE AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2011/12

The financial statements and the management report of GERRY WEBER International AG prepared by the Managing Board under HGB accounting rules as well as the consolidated financial statements and Group management report of GERRY WEBER International AG for the financial year

2011/12 prepared under International Financial Reporting Standards (IFRS) have been audited by MAZARS GmbH, Wirtschaftsprüfungsgesellschaft, Bielefeld, who have issued unqualified audit certificates. The auditor of the separate and the consolidated financial statements was elected by the Annual General Meeting and commissioned by the Supervisory Board. The Supervisory Board satisfied itself of the impartiality of the auditor and the individuals acting on the auditor's behalf.

Having been pre-examined by the Audit Committee, the financial statements and the audit reports were discussed indepth at the plenary Supervisory Board meeting on 25 February 2013. The deliberations on the separate and the consolidated financial statements were attended by the auditor in charge who reported on the essential findings of the audit and was available to answer any pertinent questions. The auditor also reviewed the risk management system and found it to be effective. No weaknesses requiring reporting were identified with regard to the accounting-related internal control system.

Based on its own examination of the separate and the consolidated financial statements as well as the management report and the Group management report , the Supervisory Board concurred with the results of the audit performed by the auditor.

Accordingly, the Supervisory Board endorsed the separate and the consolidated financial statements as well as the management report and the Group management report for the financial year 2011/12 at the balance sheet meeting on 25 February 2013. The financial statements for the financial year 2011/12 have thus been duly approved in accordance with section 172 AktG. We concur with the Managing Board's profit appropriation proposal and the proposal to pay out a dividend of EUR 0.75 per share.

The report on relationships with affiliated companies ("dependency report") prepared by the Managing Board in accordance with section 312 AktG was also audited by the auditor, who issued the following unqualified audit certificate:

"Having conducted a proper audit and appraisal, we hereby confirm that

1. the facts set out in the report are correct and
2. the company's payments in connection with the legal transactions referred to in the report were not unduly high."

The Supervisory Board reviewed the auditor's report on the dependency report in accordance with section 314 AktG and arrived at the conclusion that no objections need to be raised against the report and the Managing Board's final statement contained therein.

The employees working for the GERRY WEBER Group make a large contribution to the company's success. Their expertise, their personal commitment and their work input have underpinned the company's impressive growth and performance. At this point the Supervisory Board would like to thank the members of the Managing Board and all employees of the GERRY WEBER Group and acknowledge their contributions to the successful financial year 2011/12. We would also like to thank all customers, business partners and shareholders for the confidence placed in us.

On behalf of the Supervisory Board

Halle / Westphalia, 25 February 2013

Dr. Ernst F. Schröder
Chairman of the Supervisory Board

A COMMITMENT TO PERFECTION.

"And a team where everybody contributes."

COLLECTION DEVELOPMENT BY GERRY WEBER

SKILFUL FINISH.

“And job safety for many decades.”

PRESSING BY GERRY WEBER

STYLISH ARRANGEMENTS.

"And a shared love for detail."

VISUAL MERCHANDISING BY GERRY WEBER

THE GERRY WEBER SHARE

The GERRY WEBER Group's positive operating performance is also reflected in the share price:

- GERRY WEBER share gains 55.6% in 2011/12 financial year
- Dividend to rise from EUR 0.65 to EUR 0.75
- Share moved up from rank 40 to 35 in the MDAX index based on market cap (31 October 2012)

SHARE PRICE PERFORMANCE

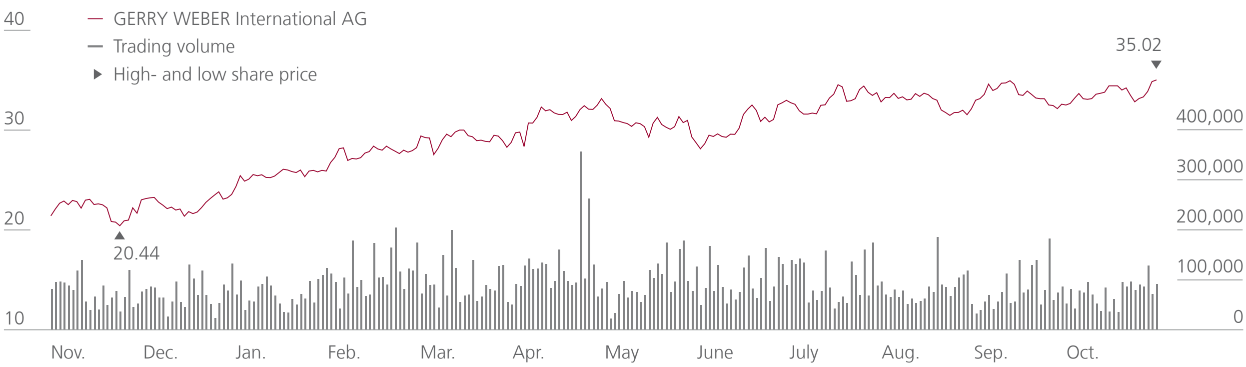
The global capital markets faced a highly challenging economic environment during the past financial year (1 November 2011–31 October 2012). Europe found itself on the brink of recession, with the German economy demonstrating exceptional robustness. The US economy experienced rising unemployment and high debts. China and the emerging economies saw their growth momentum decline. Given these conditions, the German equities market exhibited impressive resilience, in particular due to listed companies' positive fundamentals. The German stock market index (DAX) showed a gratifying 18.2% increase during our reporting period; its "All Clothes & Footwear" subsector, which covers all companies primarily producing textiles and shoes, even rose by 21.6% in the course of the period.

The MDAX, in which the GERRY WEBER share has been listed since 29 June 2011, performed clearly better than the German benchmark index. The MDAX comprises the 50 biggest companies behind the 30 DAX companies. The MDAX advanced by 26.6% from 9,076 (31 October 2011) to 11,492 (31 October 2012) points. Rising by 55.6% during the twelve months of the financial year 2011/12, the GERRY WEBER share also clearly outperformed its direct industry peers.

The fourth quarter of 2011 (October–December 2011) saw the European capital markets influenced by the European debt crisis as well as concerns about a break-up of the European Union which continued to mount from mid-year. The DAX consequently closed at 5,898 points on the last day of trading, having lost some 15% during the quarter.

PRICE CHART OF 1 NOVEMBER 2011 TO 31 OCTOBER 2012

in EUR



GERRY WEBER was one of the few stocks to defy the market trend during this period, rising by 9.7%. Following a slight recovery in the markets during the first quarter of 2012, which saw the DAX advance to just under 7,200 points, the situation in the capital markets started to deteriorate again from mid-April, pushing the DAX back to below 6,000 points in June 2012. In light of the interventions by European governments and the European Central Bank, the current consensus is apparently that Europe's fiscal and debt crisis seems politically manageable. The capital markets have performed accordingly; between July and the end of our financial year on 31 October 2012, the DAX recovered to 7,260 points, experiencing some slight fluctuations on the way.

The price of the GERRY WEBER share remained almost unaffected by the general developments in the capital markets. Following a short phase of weakness between May and mid-June 2012, the share price continued its uptrend and marked its high for the financial year at the end of the period when it reached EUR 35.02. The rise in the share price by 55.6% is a clear reflection of the entire GERRY WEBER Group's positive performance as well as of the market's perception of the company's potential for growth going forward.

The trading volume of the GERRY WEBER share averaged roughly 100,296 shares per day and an average daily volume of EUR 3.0 million. A total of 26.3 million shares were traded at all German stock exchanges.

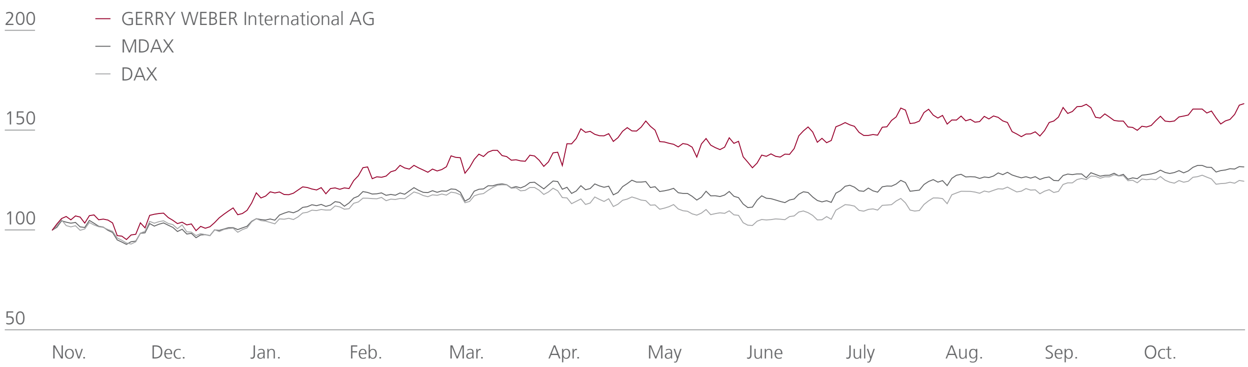
GIVING SHAREHOLDERS A SHARE IN THE COMPANY'S PERFORMANCE

Earnings per share are calculated by dividing the year's net income attributable to the shareholders in GERRY WEBER International AG by the weighted number of shares outstanding during the financial year. The number of shares outstanding during the 2011/12 financial year was 45,905,960. Consequently earnings per share amount to EUR 1,72.

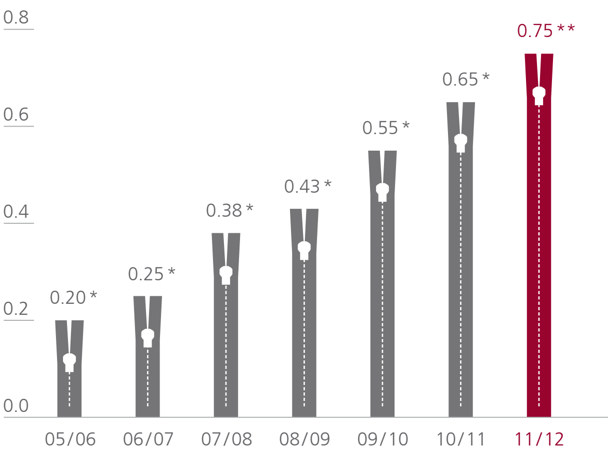
	2011/12	2010/11	2009/10
Net income of the year (in EUR million)	78.8	67.0	54.0
Earnings per share (in EUR)	1.72	1.48	1.29
Dividend per share (in EUR)	0.75*	0.65	0.55
Payout volume (in EUR million)	34.4*	29.8	25.2
Payout ratio (in %)	43.7*	44.5%	46.7%

* Proposal to the next Annual General Meeting 2013

PRICE CHART OF 1 NOVEMBER 2011 TO 31 OCTOBER 2012 indexed

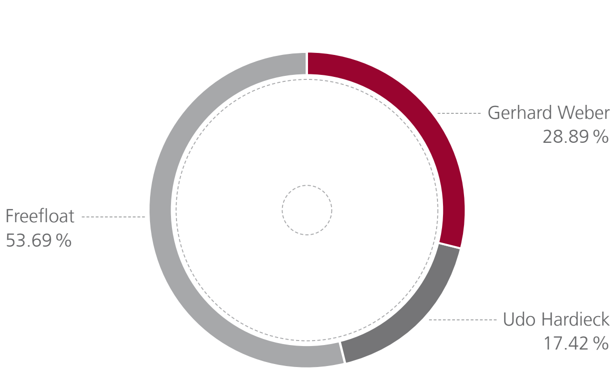


DIVIDEND PER SHARE in EUR



* Taking into account the doubling of the number of shares on 04 July 2011
** Proposal to the next Annual General Meeting 2013

SHAREHOLDER STRUCTURE in %



Besides the positive share price performance, shareholders benefited from the growth of GERRY WEBER International AG in the form of a constantly rising dividend. Continuing the company's proven dividend policy, the Supervisory Board and the Managing Board of GERRY WEBER International AG have decided to propose to the next Annual General Meeting to increase the dividend to EUR 0.75 per eligible share. This would mean a dividend increase by 15.4% and a payout ratio of 43,7% (previous year: 44.5%), thereby marking the sixth consecutive dividend increase. Should the Annual General Meeting approve the dividend increase, the dividend of GERRY WEBER International AG will have increased by a total of 275% since the financial year 2005/2006.

SHAREHOLDER STRUCTURE AND ANNUAL GENERAL MEETING

The Annual General Meeting of GERRY WEBER International AG in Halle/Westphalia on 5 June 2012 saw some 1,180 shareholders and 73.8% of the 45,905,960 voting shares present, meaning that the meeting was once again well-attended. All items on the agenda were approved by large majorities. The detailed voting results as well as all documents and information relating to the 2012 Annual General Meeting can be viewed by shareholders at our website *www.gerryweber.com*.

At the end of the financial year 2011/12, company founder and CEO Gerhard Weber held 28.89% of the shares. 17.42% of the shares are attributable to Udo Hardieck, member of the Supervisory Board of GERRY WEBER International AG. According to the index calculation of Deutsche Börse, the free float thus stands at 53.69%.

TRANSPARENT COMMUNICATIONS

Geared towards sustainable growth and rising profitability, our corporate strategy is supported by transparent, timely and non-discriminatory communication with all market participants. During the year 2011/12 we stepped up our communication efforts targeting national and international investors, explaining in particular our growth strategy as well as the strategy driving the acquisitions of DON GIL and WISSMACH including the opportunities resulting for the company's performance going forward. GERRY WEBER International AG participated in eight national and international capital market conferences and organised a total of ten roadshow days in Germany, Europe and, for the first time ever, also in the USA. These events served to showcase the company's strategy, key financials and business performance. In addition, we engaged in dialogue with private investors, presenting our company and its development at several investor conferences. GERRY WEBER International AG is currently covered by 19 analysts who publish assessments and ratings on a regular basis. The analysts' average price target increased clearly during the financial year 2011/12, reflecting the company's growth and its positive operating performance as well as the general stock market sentiment.

Comprehensive and regularly updated information on the GERRY WEBER share is provided at *www.gerryweber.com*. Apart from financial reports, presentations and other interesting information, the website gives all important financial dates as well as quoting the latest stock price. In addition, our email newsletter keeps registered recipients abreast of all developments surrounding the GERRY WEBER Group. Our Investors Relations department is gladly available to answer questions and provide information; the respective contact details can be found on our website as well.

KEY FACTS AND FIGURES OF THE GERRY WEBER SHARE

WKN/ISIN	330410/DE0003304101
Indices	MDAX, DAXsector Consumer, DAX Subsector Clothes & Footwear; DAXPLUS Family 30
Transparency level	Regulated Market Frankfurt/Prime Standard
Number of shares as of 31 October 2012	45,905,960
Designated Sponsors	Close Brothers Seydler Bank AG, Deutsche Bank AG

SHARE PRICE IN FY 2011/12

High * (in EUR)	35.02
Low * (in EUR)	20.44
Closing price on 31 October 2012 (in EUR)	35.02
Share price performance in FY 2011/2012 (in %)	55.6%
Market capitalisation as of 01 November 2011 (in EUR million)	984.7
Market capitalisation as of 31 October 2012 (in EUR million)	1,607.6
Average daily turnover in shares (in EUR) **	2,957,742
Average daily turnover in shares **	100,296
Dividend per common share (in EUR) ***	0.75
Earnings per share (in EUR)	1.72

* Xetra closing price ** All German stock exchanges *** Proposal to the next Annual General Meeting

CONVINCING QUALITY.

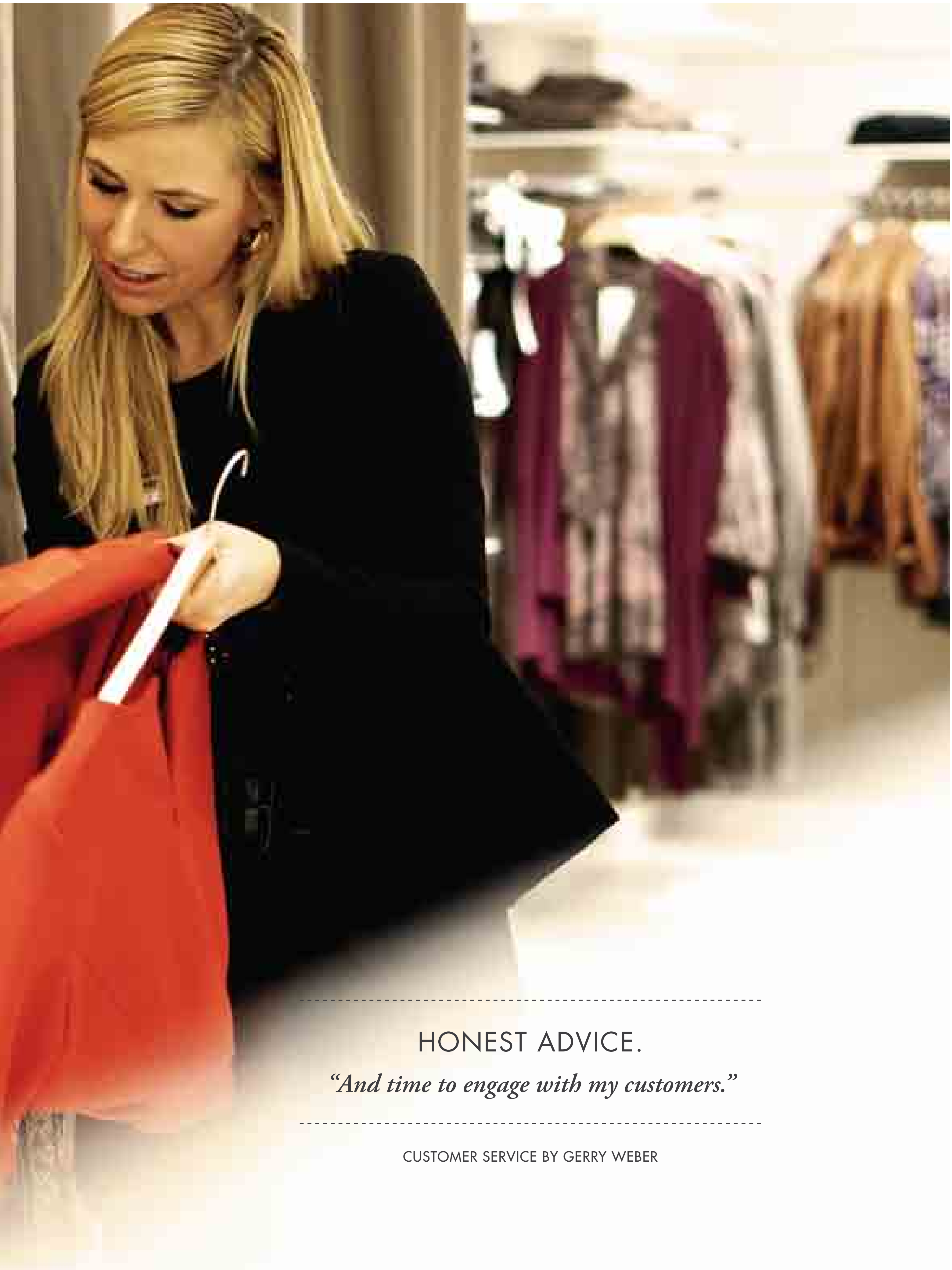
"And room for personalities."

SALES BY GERRY WEBER

QUICK DELIVERIES.

"And many paths for my career."

LOGISTICS BY GERRY WEBER



HONEST ADVICE.

"And time to engage with my customers."

CUSTOMER SERVICE BY GERRY WEBER

VIVID IMAGES.

“And a brand that creates pleasure.”

MARKETING BY GERRY WEBER

CORPORATE SOCIAL RESPONSIBILITY

Well-managed companies are characterised not only by sustainable and profitable growth but also by their value system. At GERRY WEBER International AG, this value system comprises social and environmental responsibility and a commitment to sustainability as well as esteem, respect, tolerance and honesty in our dealings with others.

EMPLOYEES

Dedicated, motivated and well-trained employees are key to a company's success. This is why the GERRY WEBER Group offers its round about 4,600 employees a wide range of employment and career development possibilities matched to their personal requirements. In the fiscal year 2011 / 12, GERRY WEBER's global headcount increased from 3,260 to roughly 4,580. Our activities in the reporting period therefore focused primarily on the induction, training and further education of our new colleagues in the Retail segment.

The GERRY WEBER Group offers all employees the possibility to identify their potential and take advantage of personalised career development measures. The "GERRY WEBER Academy" comprises the full range of vocational and further training including the drafting of personalised qualification plans.

Vocational and further training

To cover our future demand for skilled and executive staff, the GERRY WEBER Group offers young people vocational traineeships and comprehensive support. Every year, GERRY WEBER International AG hires 10 to 15 new trainees and apprentices. Besides the day-to-day practice and the educational subjects addressed at the vocational schools, the training also includes comprehensive internal qualification measures. Moreover, the trainees and apprentices can apply for stints at our international locations through

GERRY WEBER ACADEMY

GERRY WEBER ACADEMY

VOCATIONAL TRAINING	FURTHER TRAINING	QUALIFICATION
■ Industrial Clerk ■ Fashion tailor ■ IT clerk ■ Retail salesperson	At the company headquarter ■ Trainee programme ■ JUMP Retail ■ Professional Store Management ■ GW Retail Academy	■ Management training ■ Merchandise knowledge ■ Languages ■ IT training ■ Sales training ■ Soft skills Individualised qualification planning and implementation

project work. The fact that our trainees and apprentices are regularly among the top of their courses when passing their final exams shows that our approach is successful. We continue to support our trainees and apprentices after the end of their training by offering them further qualification opportunities as employees or supporting them in their subsequent university studies.

GERRY WEBER International AG offers a special trainee programme for graduates to facilitate their career start. The company has recently launched a technically oriented programme which is primarily based in the Group's branches in Shanghai and Istanbul. Young graduates are thus given the opportunity to hone their skills in an international environment and to expand their clothing engineering knowledge.

All participants in the trainee programme are closely involved in the company's individual divisions. Depending on the target position, the GERRY WEBER traineeship lasts between 12 and 18 months. During this time, the trainees work in five to six areas of the GERRY WEBER Group which are relevant for their future target position. In addition, participants can expand their technical, methodological and managerial skills in the context of additional qualification and HR development measures. The trainee programme is matched to the participant's personal career preferences and accompanied by a mentor. All this ensures that participants are optimally prepared for their final position in the company.

Family-oriented, integrative corporate culture

Besides providing vocational and further training measures, our human resources policy is geared to promoting a good work-life balance for our employees. Flexible working hours, diverse part-time working schemes and, most importantly, the "KIDS WORLD" day nursery opened in August 2012 are some of the most important offerings made by GERRY WEBER International AG in this respect.

The GERRY WEBER day nursery is located on a 6,700 square metre site which forms part of the headquarter premises. The net useful area of roughly 3,500 square metres offers sufficient space for six groups. A pre-existing half-timbered house has been completely refurbished and redesigned as a bright open-plan space. This building houses the entrance area, the administrative offices as well as the centre's modern kitchen, where fresh meals are prepared for all children. The adjoining newly built complex housing the group rooms is equally light flooded. The two interconnected buildings are heated using geothermal energy, just like the GERRY WEBER head office building. This, too, demonstrates that the protection of the environment is not merely a buzzword for us but constitutes a firm element of our corporate culture.

The generously laid out outdoor facilities of the GERRY WEBER day nursery offer a number of genuine highlights including a playground, a racetrack for the popular "Bobby Car" ride-on cars, a tree house and a petting zoo. In addition, a pre-existing barn has been converted into an indoor adventure playground. The nursery's offerings are geared to the families' personal requirements and meet the highest standards of quality. Among the staff are art and music teachers as well as native English speakers who introduce the kids to the English language in a playful manner.

By creating this day nursery the GERRY WEBER Group not only demonstrates the family focus of its human resources policy but also improves the opportunities for many mothers rejoining the workforce. In times of demographic change and increasing competition for qualified labour, the GERRY WEBER Group believes it is well positioned for the future thanks to such measures as the opening of a day nursery close to parents' place of work as well as the company's flexible working time models.

Besides a good work-life balance, we attach importance to the integration of impaired employees. Since 1993, GERRY WEBER International AG has supported "wertkreis Gütersloh", an association for handicapped people which assists them in various fields, e. g. child care, vocational and further training, the creation of inclusive jobs as well as nursing care. The GERRY WEBER Group supports "wertkreis" not only financially but also participates in various projects. In the context of the GERRY WEBER OPEN, for instance, popular sports personalities visit the "wertkreis" facilities in order to build a bridge between people and athletes with and without handicaps.

In 2010, the cooperation between "wertkreis Gütersloh" and GERRY WEBER was intensified and "wertkreis" employees have been trained to work in different departments of the GERRY WEBER Group. The aim is the long-term integration of physically and mentally impaired people in working life. At present, five employees of "wertkreis Gütersloh" work at the Group headquarters in Halle / Westphalia. As part of the long-term partnership, GERRY WEBER International AG was presented with the "Social Oscar" in November 2012, which is awarded by "wertkreis Gütersloh" every two years.

SOCIAL RESPONSIBILITY

As a global fashion and lifestyle company, we sell and source our fashion products from different regions of the world. We aim, also in the interest of our consumers, to offer high-quality products with a fair price-performance ratio without compromising on our values and our social responsibility. Our commitment to sourcing high-quality merchandise under socially and environmentally compatible conditions therefore forms an integral element of our sustainability strategy.

In many countries, compliance with social and environmental standards is a legal obligation and is verified by the authorities. In some procurement markets, however, such compliance is not fully guaranteed. We therefore feel it is our responsibility and obligation to source products only from those manufacturers who meet our social and environmental standards. In 2010, we set up an independent Corporate Social Responsibility unit to improve these standards and ensure compliance.

All suppliers to the GERRY WEBER Group, regardless of whether they produce in risk or non-risk countries, must sign a Social Compliance Agreement, which forms the basis of our business relationship. This agreement constitutes a binding directive. By signing it, the suppliers acknowledge the Code of Conduct of the GERRY WEBER Group and the rules for implementation and commit themselves to applying these rules also to their sub-contractors.

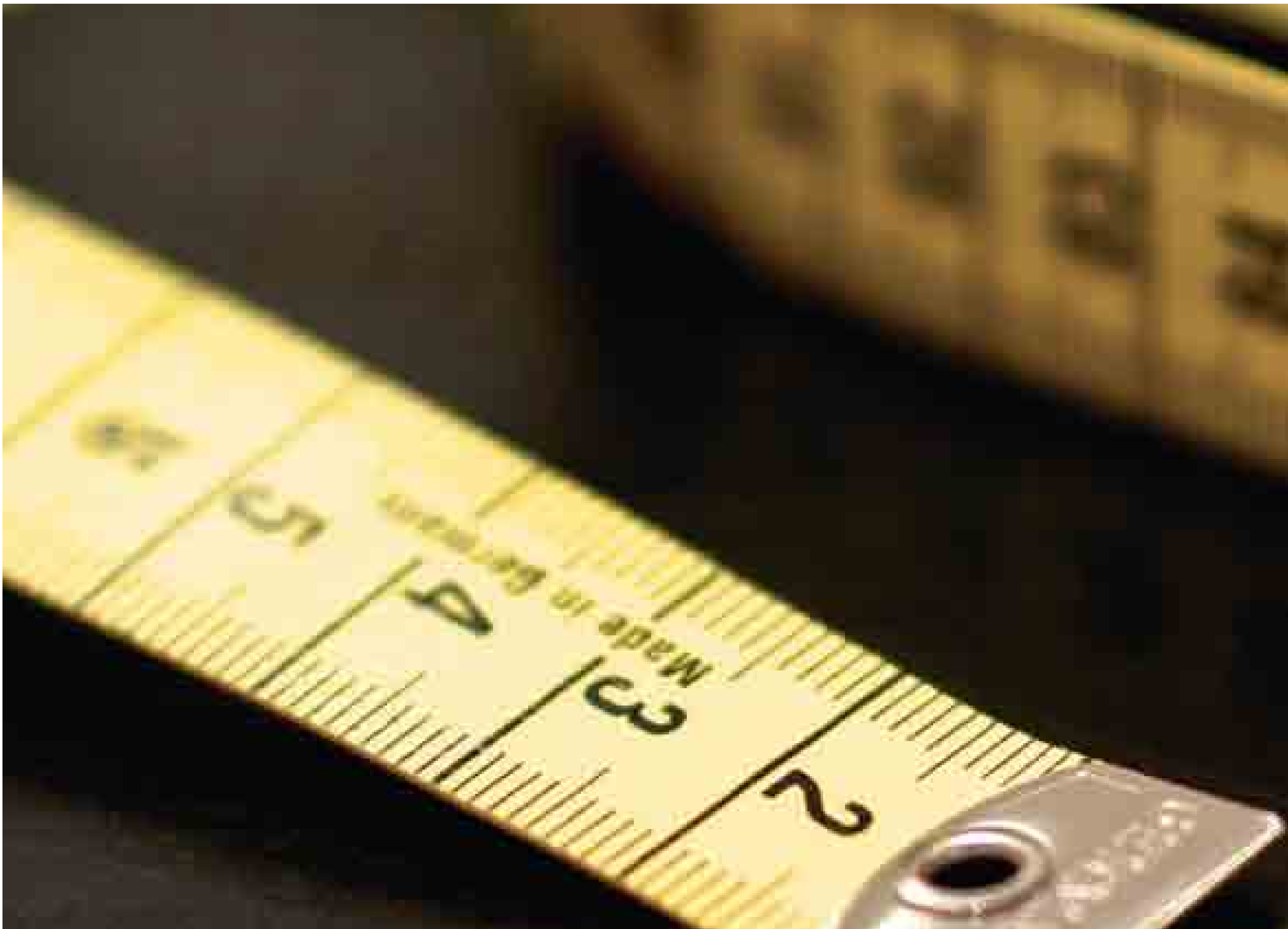
The GERRY WEBER Code of Conduct is based on the guidelines of the Business Social Compliance Initiative (BSCI), which, in turn, are based on the conventions of the ILO (International Labour Organisation), the UN Human Rights Declaration on the rights of children, the UN Global Compact, the OECD Guidelines for Multinational Enterprises and other internationally accepted agreements. The Code of Conduct defines, among other things, regulations for the prohibition of child and forced labour, equal opportunities, the freedom of association, the prohibition of discrimination of any kind, the payment of adequate wages, working hours and occupational health and safety.

Besides monitoring compliance with our Code of Conduct, we focus on the ongoing qualification and improvement of processes. To make these objectively measurable, external independent audits are carried out by BSCI-accredited firms. These firms are subject to strict quality control by the BSCI and must regularly prove the suitability and qualifications of their auditors. In addition, we carry out our own on-site audits of our suppliers.

If minor deviations from our Code are identified (e.g. "improvement needed" or "non compliant"), a second audit is carried out after a given time to check whether the situation has been remedied. If the supplier still does not meet our standards, they will no longer receive orders from our company. The number of audits resulting in a "good" rating (i.e. Code is complied with) increased by 20% in 2011 and by as much as 30% in 2012.

All suppliers must not only sign and comply with our Code of Conduct but are obliged, prior to the start of our relationship, to use only non-hazardous materials and to supply only flawless products. We have defined a comprehensive list of requirements which cover the applicable legal regulations and exceed the conditions of the Öko TEX 100 standard in many areas. Compliance with these requirements is indispensable and guarantees the high quality and safety of our products.

We have defined compulsory and extensive tests of the materials used, which are conducted by internationally accepted laboratories. These tests exclude, among other things, residues of azo dyes, chromium VI, nickel and allergenic and carcinogenic dyes. To verify the test results, samples are taken upon delivery and subjected to additional tests.



Group Management Report

for the fiscal year 2011/12

BUSINESS AND GENERAL CONDITIONS

BUSINESS ACTIVITY AND ORGANISATION

GERRY WEBER International AG is one of the best known and most successful fashion and lifestyle companies in Germany. Its five strong fashion brands, GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON by GERRY WEBER, offer modern fashion and accessories for exacting consumers in the ladieswear segment.

Since its inception in 1973, the company has become an international fashion corporation operating more than 770 Houses of GERRY WEBER and mono-label stores, 2,750 shop-in-shops as well as successful online shops. Employing some 4,580 people worldwide, the Group maintains distribution structures in over 62 countries and is one of the largest listed fashion corporations in Germany. In fiscal 2011/12 (1 November 2011 to 31 October 2012), the GERRY WEBER Group not only generated record sales of EUR 802.3 million but also achieved the highest consolidated income (EUR 78.8 million) in the history of the company.

GERRY WEBER International AG is headquartered in Halle / Westphalia. The parent company, GERRY WEBER International AG, has the function of an operational holding company which provides Group-wide services such as accounting, controlling, HR, IT, auditing / compliance as well as marketing and communication services to all subsidiaries. The holding company also controls the purchasing activities for the individual brands in order to achieve the best possible terms as well as exploiting synergies for the Group. The strategies and objectives developed by the Managing Board of GERRY WEBER International AG in close cooperation with the management teams of the subsidiaries are broken down to the level of the individual subsidiaries where the measures and processes for the realisation of these objectives are implemented. This structure helps to not only secure synergies for the Group as a whole but also to optimise costs and processes.

LEGAL CORPORATE STRUCTURE

As of the end of the reporting period, the basis of consolidation consisted of 23 domestic and international subsidiaries. Three of these subsidiaries are responsible for the operating activities of the GERRY WEBER, TAIFUN and SAMOON brands, from collection to design to distribution. GERRY WEBER Retail GmbH is responsible for the company-managed retail operations in Germany and also has responsibility for the international Retail expansion being pushed ahead in close cooperation with the parent company. The foreign subsidiaries are sales companies that represent certain markets in which the GERRY WEBER Group operates or acts as procurement and production locations.

Strategy and objectives

Our strategies are focused on the profitable and sustainable growth of the GERRY WEBER Group. To implement this growth strategy, we have initiated various strategic measures and continue to put them into practice. The strategic focal points are the strengthening and clear definition of the individual brands, the expansion of our Retail segment, the internationalisation of our distribution structures and the increasing vertical integration and optimisation of our processes.

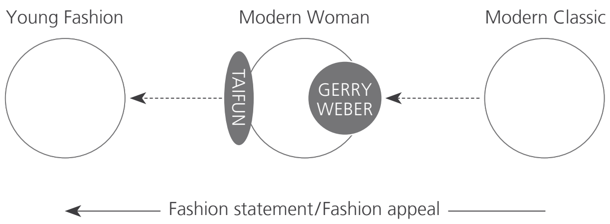
One of the key strategic objectives of the past years was to modernise and rejuvenate our collections to turn them from purely classic ladieswear into the more modern and trend-oriented "modern woman" segment.

By redesigning our collections, we have responded to the needs of our consumers, rejuvenated our brands and collections and established ourselves as a vertically organised systems supplier of highly modern high-quality fashion and lifestyle products. In line with the rejuvenation of our fashion statement, we have consistently downsized our collections and aligned them with consumer requirements. Today, we develop seven collections for each of our brands per year. The only exception is our G.W. brand, which is the fastest to pick up new trends and develops and markets some 20 items per month. Each of the seven collections of the other four brands – GERRY WEBER, GERRY WEBER EDITION, TAIFUN and SAMOON – consists of three themes, each of which comprises 30 to 35 individual items. This allows us to swiftly respond to changing trends, to better match our fashion products to consumer requirements and to launch new merchandise in the stores nearly every two weeks.

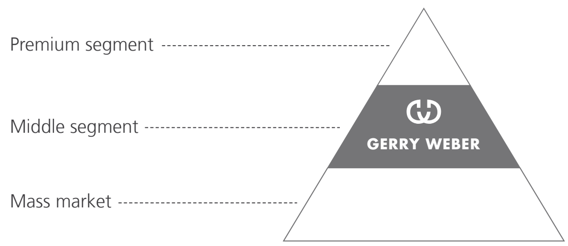
Positioning and strengthening of the brands

GERRY WEBER and its five strong brands, GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON, are positioned at the top of the medium segment. Building a bridge to the premium segment, we aim to look like a premium product and to offer a similar quality but at lower prices than the usual premium products. While targeting fashion-conscious women who attach importance to attractive and trend-oriented design combined with high quality,

POSITIONING – FASHION STATEMENT



POSITIONING – MARKET SEGMENT



the GERRY WEBER brands remain positioned in the medium price segment. The in-house pattern making department guarantees a consistently excellent fit and high wearing comfort of the garments.

All GERRY WEBER brands are positioned as bridges to the premium segment and offer a high quality standard and an excellent fit. But each of the brand families is targeted at a clearly defined target group in terms of its positioning and communication at the point of sale.

Positioned at the upper end of the medium segment as a bridge to the premium segment, GERRY WEBER is the core brand. Accounting for 76.4% of the sales revenues of the domestic brand companies, the GERRY WEBER brand family (incl. the GERRY WEBER EDITION and G.W. sublabels) makes the biggest contribution to Group sales.

The high-quality fashion products are targeted at modern women in their mid thirties and older who prefer modern and female fashion of high quality. The collections are characterised by trendy cuts and materials, excellent workmanship, attention to detail and coordinated colour combinations. GERRY WEBER is what we call a combination collection whose individual items can easily be combined with each other and are perfectly coordinated in terms of cuts and colours.

The GERRY WEBER brand family is complemented by two sublabels, GERRY WEBER EDITION and G.W. GERRY WEBER EDITION is a single-item collection comprising knitwear, blouses, shirts, skirts and outdoor jackets which tend to underline the wearer's casual style. When developing the GERRY WEBER EDITION collections, special attention is paid to ensure that they can be combined with the core brand. G.W. is the youngest and most trendy collection and supplies highly up-to-date fashion items at short development and delivery intervals. Twelve collections per year ensure that the brand is always at the leading edge and reflects the latest trends.

Representing 18.3% of total Group sales, TAIFUN is the second largest brand of the GERRY WEBER Group. With its strong fashion appeal and younger cuts, TAIFUN is targeted at the younger "Modern Woman". The mix of casual and business garments is primarily appealing to young women in their late twenties and older who prefer a self-confident and high-quality style. The individual items in the collections are designed in such a way that they can be worn both at work and at play and always make the wearer look well dressed. The 94 TAIFUN mono-label stores opened in the fiscal year 2011/12 are expected to increase the brand's contribution to sales and its visibility.

The SAMOON brand stands for the perfect interpretation of current trends which make female curves look their best. SAMOON presents casual, self-confident fashion made from high-quality materials with excellent fits for plus sizes. Several SAMOON mono-label stores underline the independence and the market potential of the brand, which is positioned in a niche segment.

The five brands of GERRY WEBER owe their increasing success to our constantly growing knowledge of the needs and requirements of our consumers. Based on this knowledge, we have rejuvenated our brand statement in the past years and aligned it with consumers' wishes without compromising on the good quality and fit of the individual garments. Going forward, our collections will remain focused on our consumers. We will concentrate even more on the quality and high value of our fashion, continue to strengthen the identity of the individual brand families and expand our position as a brand bridging the gap to the premium segment.

Expansion of own Retail activities

GERRY WEBER International AG uses various distribution channels to optimally market its products nationally and internationally. The collections are distributed through retail partners and franchisees (Wholesale segment) as well as through retail spaces managed and controlled by the company itself. In the fiscal year 2011/12, the Retail segment contributed EUR 299.5 million or 37.3% to total Group sales. The company aims to achieve a balanced Retail/Wholesale ratio in the medium term.

The expansion of our own Retail activities is an important strategic element of the successful vertical integration of the GERRY WEBER Group. The opening of new company-managed Houses of GERRY WEBER and mono-label stores, the expansion of the concession shops and the launch of new online shops in Germany and abroad allow the GERRY WEBER Group to improve its own earnings position. Direct contact with consumers enables us to constantly expand and update our understanding of their needs and to adapt our collections to changing trends.

After having doubled the number of our stores, especially in Germany and Austria, we will now focus on expanding our Retail activities in other European countries such as Poland and Switzerland. We intend to open 65 to 75 new Houses of GERRY WEBER and mono-label stores per year in order to achieve the planned growth.

Internationalisation of our distribution structures

The fact that we will continue to expand our Retail activities does not mean that we will neglect our Wholesale business. Our retail partners and franchisees play a very important role, especially with regard to our international expansion strategy. In the reporting period, we opened a total of 36 company-managed and 32 franchised Houses of GERRY WEBER and mono-label stores outside Germany. International sales accounted for EUR 311.3 million or 38.8% of total Group sales in the fiscal year 2011/12. This percentage is to be increased continuously to support our ongoing regional diversification.

At the end of the fiscal year 2011/12 the Group maintained distribution structures in over 62 countries, with 116 Houses of GERRY WEBER outside Germany managed by the company and 205 managed by franchisees. New Houses of GERRY WEBER will be opened together with our franchisees in the coming months, primarily outside the euro-zone, e. g. in the Middle East, Russia and Canada. We will also continue our expansion in the USA, where new shop-in-shops will be opened in cooperation with our retail partners.

Vertical integration and optimisation of processes

Organisationally, the GERRY WEBER Group has become a vertically integrated systems supplier. Due to the close integration, management and control of the individual stages of the value chain, the interaction between development, production and sales has been improved significantly. As a result, collection development times have been reduced markedly, with the development process further accelerated by the direct sales information gained at the point of sale. Daily sales lists and the resulting information are used to swiftly adapt the following collections to our consumers' changing needs. The fact that the collections have been downsized and thus become less complex additionally helps to accelerate production times and deliveries.

Another important strategic decision was the introduction of maximum order limit arrangements, under which our retail partners leave the breakdown of their orders to the experts of the GERRY WEBER Group. Thanks to our experience and the sales information received from over 6,000 global retail spaces per day, we can match the collection purchase to the specific customer structure of each individual retail partner. This entails sales and earnings advantages for both partners.

The combination of attractive and strong brands with a clearly defined positioning in the market, the use of diverse domestic and international distribution channels and the ongoing improvement of operational processes support the successful market positioning of the GERRY WEBER Group and guarantee continued growth. The company has committed itself to never standing still and being content with what it has achieved but to keep learning and growing sustainably in the interests of its employees and shareholders.

Management and control

The Managing Board has sole responsibility for managing the company in its own interests with the aim to create sustainable value. The Supervisory Board appoints, supervises and advises the Managing Board and is directly involved in decisions that are of material importance for the GERRY WEBER Group. All Group companies are managed and controlled by the parent company, GERRY WEBER International AG. This ensures, among other things, uniform operational standards and the early identification of deviations from defined targets. Moreover, the Group-wide risk management system and the internal control systems are monitored by a single entity to ensure the earliest possible response to risks and opportunities.

The Managing Board and the Supervisory Board report on corporate governance in the Corporate Governance Report, which is published in conjunction with the Corporate Governance Statement pursuant to section § 289a of the German Commercial Code (HGB). The Corporate Governance Report and the Corporate Governance Statement form part of the Group Management Report and are made available on the Internet at *www.gerryweber.com*.

The profitable and sustainable growth of the GERRY WEBER Group is the long-term objective of our corporate activity and forms the basis for our key performance indicators. These KPIs include sales revenues, the ratio of cost of materials to sales as well as earnings before interest and taxes (EBIT) together with the EBIT margin (EBIT as a percentage of sales). Other performance indicators used to control our corporate targets include our own retail space in square metres, sales per square metre and inventory turnover.

Free cash flow is another important indicator for sustainable value growth:

cash flow from operating activities
less cash flow from investing activities
= free cash flow

The free cash flow influences the financial independence of the GERRY WEBER Group and indicates high internal funding resources.

The return on assets is another important indicator of the Group.

$$\text{Return on assets} = \frac{\text{Net income for the year after taxes} + \text{interest on borrowings}}{\text{Total assets (incl. capitalised rental obligations)}}$$

Key business processes

The efficient interplay between the individual stages of the value chain and their consistent management and comprehensive control are of special importance for the smooth collection production process. A collection can be developed, produced and marketed efficiently in terms of both time and cost only if all individual processes are ideally matched and there is a possibility for constant improvement.

Development and production

GERRY WEBER's production process does not start at our manufacturing partners but is prepared at our headquarters in Halle/Westphalia in parallel to the collection development process. In accordance with the instructions from the design teams, our in-house pattern-making department produces the patterns for the sample collection, which is produced in the GERRY WEBER studio. After consultation with the design teams and possible modifications, each individual item in the collection is finally approved and reproduced for the sample collections of the sales department. At the same time, our pattern-making department scales the patterns of the sample collection for the different garment sizes and produces ready-to-send data. The sample data includes the patterns for the different sizes as well as exact layer images for optimum material utilisation. GERRY WEBER thus assists the manufacturers in the technical preparation of the production process and guarantees compliance with our high production and quality standards as well as our excellent fit. Moreover, the fact that we are in charge of our own patterns and the resulting knowledge ensure high flexibility to swiftly integrate new production partners in the procurement structures of the GERRY WEBER Group.

The GERRY WEBER Group relies on cost-efficient procurement structures to remain competitive as a global fashion and lifestyle company. This is why, besides the technical preparation of the production processes, GERRY WEBER has developed its own sourcing system for the selection and integration of our production partners. It ensures that our partners meet our high quality and social compliance standards while maintaining the competitiveness of their operations.

Our production partners are selected on the basis of both objective production-related selection criteria and GERRY WEBER-specific requirements. Compliance with our high quality and processing standards is the key criterion for this selection. Other criteria include sufficient capacity, also for future quantities, as well as the speed that is necessary to produce our products within given time and quality parameters. Moreover, our production partners must strictly comply with our binding social and environmental standards. GERRY WEBER International AG is not only a member of the globally accepted Business Social Compliance Initiative (BSCI) but additionally carries out its own tests in accordance with a defined Code of Conduct. Further criteria for the selection of our production partners include a good financial standing and reputation, plant and equipment in line with stipulated standards, the ability to innovate and an understanding of our production requirements. The production partners are subjected to a stringent selection process and are monitored by GERRY WEBER employees throughout the production process, which allows us to constantly improve this process.

We monitor not only the production of our goods but also the use of materials and fabrics. We are fully aware of our responsibility to our customers and consumers. Products from GERRY WEBER must not contain any hazardous materials. We therefore put our production partners under a contractual obligation to comply with all applicable legal rules and regulations. To control such compliance, we not only rely on internationally accepted test institutes but also carry out random checks in our lab in Halle/Westphalia.

In the fiscal year 2011/12, the GERRY WEBER Group had some 30 million individual items produced for all of its brands. A distinction is made between two different types of procurement, i.e. cut-make trim (CMT) and full package service (FPS). In the former case, all necessary fabrics and ingredients such as buttons or zippers are supplied by GERRY WEBER, while the production partners merely process them in accordance with the technical production data specified by GERRY WEBER. In the latter case, we also supply the technical production data to the manufacturers, but in this case we purchase the finished product, while the production partner is responsible for procuring the fabrics and materials. In the fiscal year 2011/12, the GERRY WEBER Group sourced approx. 77.5% (previous year: 79.5%) of its merchandise from FPS suppliers and 22.5% (previous year: 20.5%) from CMT suppliers. All products supplied under CMT arrangements are produced in Eastern Europe, e. g. in Romania, Bulgaria and Ukraine. At 45.0% (previous year: 43.4%), most FPS products were produced in Asia, primarily in China, Sri Lanka and Indonesia. Another 29.5% (previous year: 33.3%) of the FPS products were produced in Turkey, while the remaining 25.5% (previous year: 23.3%) came from other locations.

Logistics

For all its logistic services, the GERRY WEBER Group relies on the experience and the capacity of two specialist logistics companies. These two partners manage and handle the transport, warehousing, making-out and shipping of the goods to the individual points of sale. Outsourcing the logistic activities to a specialist guarantees fast deliveries and high punctuality at reduced cost.

Depending on the production location, our goods are transported by sea and / or land as hanging or folded merchandise. To keep transport costs as low as possible, merchandise is transported to our logistic partners' central warehouses by air only in exceptional cases. Goods are received and controlled as well as compiled and distributed by our service providers on the basis of defined processes and data. The introduction of RFID (radio frequency identification) technology in early 2010 has simplified and accelerated many logistic processes while at the same time increasing their cost-efficiency.

The RFID microchip sewn into the care label during the production process allows touch-free tracking of the individual items using a reading device as well as the fast transmission of relevant information. For instance, goods can easily be scanned and checked for completeness upon delivery to the logistic warehouses. The same applies to the compilation of the stocks for the individual points of sale. This not only makes the logistic process more transparent but also provides a more exact overview of retailers' stocks, thus enabling a better supply of merchandise.

When an item is sold, a reading device integrated into the checkout registers it and deletes it from the store's database. RFID technology provides a quick and reliable overview of inventories at all times, which greatly reduces the stock-taking times. The data collected facilitates reordering of collection items. Moreover, GERRY WEBER is provided with more relevant information on demand for individual collection items, making it easier for the company to adjust its subsequent collections. A number that can clearly be assigned to a product is stored on the microchip, which means that only product-related data is transmitted. Personal data of our customers cannot be stored or transmitted during the production process or at a later time.

Article surveillance is another function of the RFID chip. Goods not read at the checkout will trigger an acoustic alarm when leaving the store. RFID technology thus increases product security, minimises the respective losses and enables a more precise overview of stocks. Reordering is facilitated and stock-taking times are reduced, giving our staff more time to serve our consumers. Once a product has been sold, the microchip is either destroyed after several washes or simply removed by the consumer at home.

Material distribution channels and output markets

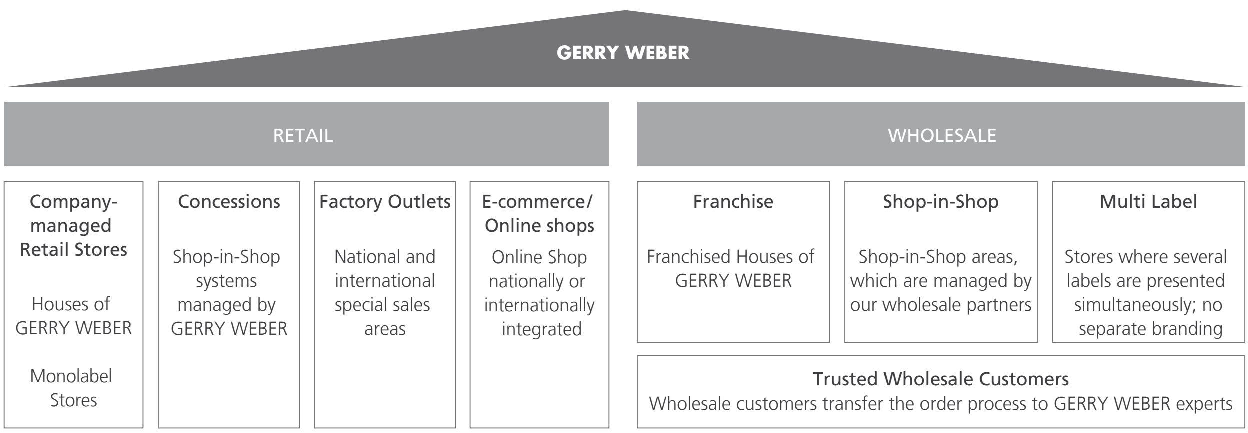
GERRY WEBER International AG maintains distribution structures in over 62 countries and uses a variety of distribution channels depending on the market situation and its brand awareness in the respective markets. A distinction is made between two segments, namely Retail and Wholesale.

The Retail segment comprises all company-managed retail spaces. In this case, we operate as a consumer-facing retailer in the marketplace. The company-managed Houses of GERRY WEBER and mono-label stores are with 75.9% the most important pillar of the Retail segment and make the biggest contribution to the Retail segment's revenues. The Retail segment also comprises the company-managed concession shops, factory outlets and the German online shops.

The first company-managed House of GERRY WEBER was opened in Bielefeld in 1999. After 235 openings up to the end of October 2011, we made an important expansion step forward in the past fiscal year. Against the background of our organic growth (more than 80 individual store openings) and our acquisitions, we were able to open a total of 230 new stores and to take over another 25 stores in the Netherlands in the course of twelve months. At the bottom line, we doubled the number of company-managed stores in the fiscal year 2011/12. Between April and October 2012, as many as 145 former WISSMACH stores were converted and reopened, most of them as TAIFUN mono-label stores. The acquisition of a majority stake in our largest Dutch franchisee gives us access to another 25 Houses of GERRY WEBER. For detailed information on the Retail acquisitions, refer to the segment report in this Annual Report.

The average size of a House of GERRY WEBER is approx. 250 square metres, with the larger flagship stores measuring up to 900 square metres. Depending on the available space, all GERRY WEBER brands are presented under a single roof in the company-managed stores. The smaller mono-label stores, which average about 100 square metres in size, each

BUSINESS MODEL



specialise in a specific brand. As of the end of October 2012, the Group operated 347 Houses of GERRY WEBER and 146 mono-label stores in Germany and abroad. For a regional breakdown of the retail spaces, please refer to the chart on page 56.

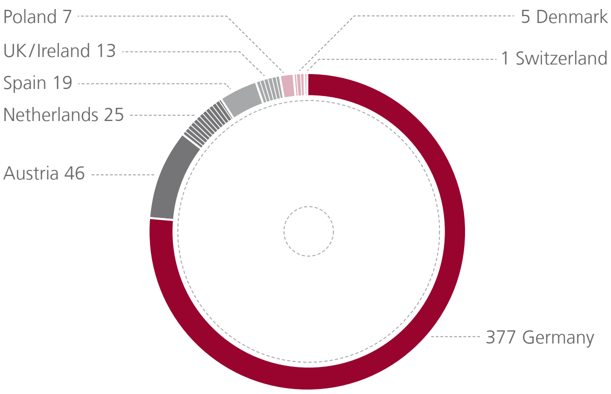
These Retail activities are complemented by 17 company-managed outlet stores (previous year: 13), online shops in Germany, Austria, the Netherlands and Switzerland as well as 64 concession shops (previous year: 45). The 33 concession shops in Spain are exclusively located in department stores of our distribution partner "El Corte Ingles", the largest department store chain in Spain; 15 concession shops have been taken over in the Netherlands.

The Retail segment will continue to expand going forward. After the very expansive fiscal year 2011/12, the Retail segment plans to open between 65 and 75 new stores in the current year, with the number of new stores outside Germany growing constantly. The aim is to achieve a significant market share also in the Retail segment's foreign markets.

Ever since its foundation, the GERRY WEBER Group has been a close partner to the retail sector. Accordingly, the Wholesale segment is the second pillar of our distribution activities. Besides the franchised Houses of GERRY WEBER, this segment comprises the shop-in-shops as well as the multi-label business. Franchised Houses of GERRY WEBER are retail stores that are managed by external partners but feature the same shop fittings and the same store concept as our own stores, which is why consumers will immediately identify them as Houses of GERRY WEBER. Shop-in-shops are clearly marked as GERRY WEBER spaces and are located in exposed sections of our retail partners' stores. These dedicated GERRY WEBER branded retail formats are complemented by multi-label retail settings where our products are sold alongside third-party merchandise.

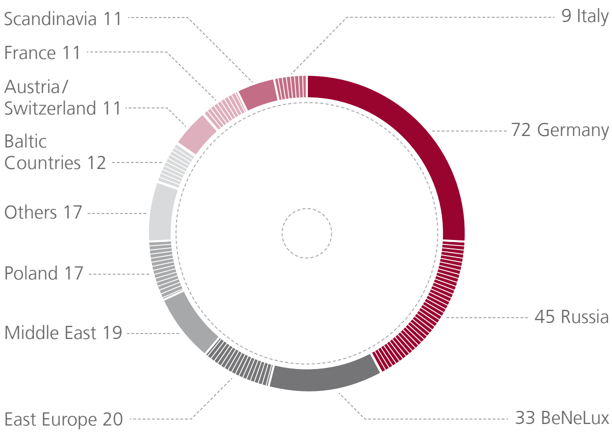
COMPANY-MANAGED HOGWS AND MONOLABEL STORES BY REGION

as of 31 October 2012



FRANCHISED HOGWS BY REGION

as of 31 October 2012



In the fiscal year 2011/12, we expanded not only our Retail segment but also our Wholesale operation. The number of franchised Houses of GERRY WEBER increased to 277 in the period ending 31 October 2012. It should be noted that 25 Dutch Houses of GERRY WEBER were fully managed by a franchisee in the previous year but now form part of the Retail segment following our acquisition of a 51% stake in these stores. For a breakdown by countries and regions, please refer to the chart below:

Largest export market is Russia with currently 45 Houses of GERRY WEBER operated by franchisees.

Entry into the US market

The number of shop-in-shops increased markedly in fiscal 2011/12 to 2,767 (previous year: 2,292), of which 2,279 are located in Germany and 488 outside Germany. The fiscal year saw us open our first shop-in-shops in the USA. Having previously operated franchised Houses of GERRY WEBER in Canada, we began to market our GERRY WEBER collection in the USA in spring 2012. In keeping with our strategy to enter new markets with circumspection, we initially opened two shop-in-shops in Bloomingdale's department stores. Operating a total of 46 locations, Bloomingdale's is certainly one of the best known department store chains in the USA.

Moreover, our GERRY WEBER collection was launched in initially eight branches of the Dillard's department store chain, which comprises over 200 stores in the USA. Our garments have been very well received by US consumers. Due to the great success of our brand, our collections are meanwhile available in 19 Dillard's stores. At this stage, our US presence is confined to our GERRY WEBER core brand but we also see great future potential for our TAIFUN and SAMOON brands in the US market.

OVERVIEW OF THE DEVELOPMENT OF THE INDIVIDUAL DISTRIBUTION CHANNELS

Number	**2011/12**	2010/11
Retail		
Houses of GERRY WEBER	347	212
Monolabel Stores	146	23
Concession shops	64	45
Factory Outlets	17	13
Wholesale		
Houses of GERRY WEBER	277	260
Shop-in-Shops	2,767	2,292

Against the background of the high awareness and acceptance of our brands, the consistently high quality of the GERRY WEBER products and the margin structure for our retail partners, the GERRY WEBER Group is a preferred partner of the retail sector. The confidence placed in us by our retail partners is not least reflected in the use of what we call maximum order limit arrangements. Under these arrangements, our retail partners only specify an order limit but leave the breakdown of the orders to GERRY WEBER, which compiles the collection items depending on the retailer's specific customer structure and retail space. This kind of space optimisation is possible only thanks to the host of information we receive each day from the point of sale, with more than 6,000 EDI interfaces supplying sales figures on a daily basis. The insights gained from this information are directly used in the development of the next collections and are indirectly passed on to our retail partners in the form of our maximum order limit arrangements.

OVERVIEW OF BUSINESS PERFORMANCE

Macroeconomic situation

During our financial year 2011/12 (1 November 2011 – 31 October 2012) the global economy essentially demonstrated only a low level of momentum. In the first nine months of 2012, growth in the world economy slowed down, with economies in Western Europe, in particular, shrinking or teetering on the brink of recession. Despite the monetary and fiscal policy measures taken to support the crisis countries, high levels of government debt continued to weigh on the euro-zone and US economies. As a consequence, growth in China and most emerging countries weakened clearly as well. Accordingly, GERRY WEBER International AG saw a deterioration in its overall economic environment compared to the previous year.

Following solid growth in the fourth quarter of 2011 and during the first three months of 2012, which saw German GDP expand by 1.9% and 1.2%, respectively, in price and calendar-adjusted terms, the German economy cools down in the second and third quarter of 2012. Year-on-year GDP growth (in seasonally and calendar-adjusted terms) amounted to 1.0% and 0.9% in the second and third quarter, respectively, of 2012. Accordingly, quarter-on-quarter growth in the third quarter of 2012 was down to just 0.2% compared to 0.5% (Q1 2012) and 0.3% (Q2 2012). This means that the German economy has no longer been able to isolate itself completely from the European debt crisis. The momentum of growth in the German economy has waned appreciably, although the economy has been more robust than most of its European counterparts, which is also reflected in consumer behaviour.

On the consumption side of the German GDP accounts, the most significant growth stimulation came from foreign trade, with private consumption expenditure rising through the last few quarters as well. Having amounted to EUR 375.5 billion in the 4th quarter of 2011, private consumption expenditure rose to EUR 377.4 billion (Q1 2012) and EUR 379.5 billion (Q2 2012). Declining unemployment figures and rising employee incomes encouraged household spending on durables and consumables, thereby providing appreciable stimulation. The latest available figures at the time of preparing this annual report show net wages and salaries rising by 4.0% year-on-year in the second quarter of 2012. Accordingly, households' available incomes rose by 2.1%. Higher incomes coupled with a continuing low unemployment level of 5.4% (October 2012) led to a 2.2% increase in private consumption expenditure in the second quarter of 2012. Based on the developments outlined above and the stable consumer sentiment, in particular, the German consumer environment for our fashion industry is still stable and even positive by European comparison.

A look at GDP as defined by Eurostat (the European Union's statistics service) for the EU27 countries[1] shows a slight deterioration over the last three quarters. It is particularly striking to see the substantial differences between the individual countries, ranging from GDP growth in Sweden (+1.4%) and Latvia (+1.0%) in the second quarter of 2012 to a decline by -1.2% in Portugal. This is also reflected in the disparate development of the September 2012 unemployment figures[2] for the individual EU27 countries. The lowest rates among the member states were recorded by Austria (4.4%) as well as Germany and the Netherlands (5.4%). The rates were highest in Spain (25.8%) and Greece (25.1%). In Belgium, the UK and Poland, the jobless rate stood at 7.4%,

[1] EU27: Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cypress, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden, United Kingdom.

[2] Unemployment rate according to eurostat methodology.

7.9% and 10.1%, respectively. All told, the unemployment figure for the EU27 countries amounted to 10.6% in September 2012. Against the background of the economic developments in the individual countries as well as the disparate jobless figures and the resulting disposable incomes, private consumption expenditure and consumer sentiment have also developed disparately. This means that the economic environment for our business model across Europe – we market our fashion products in almost all European countries – has to be assessed as being inconsistent, too.

The situation in markets outside the euro-zone is similar. One of our most important export markets is Russia, where economic growth has also lost some momentum following 4.3% growth in 2011. According to World Bank estimates, Russian GDP growth in 2012 will be down to 3.5% but still remain clearly above the growth forecasts for the euro-zone. While the first half of 2012 was still characterised by higher growth momentum, mainly supported by rising consumer spending, the economy slowed down slightly during the second half of 2012 as private consumption was dampened slightly in particular by higher prices coupled with a rise in inflation.

The US economy weakened as well. Following on from 4.1% quarter-on-quarter growth in Q4 2011, growth slowed down to 2.0% and 1.3% in the first and second quarter of 2012, respectively. According to initial estimates by the Bureau of Economic Analysis, the US economy recovered slightly in the third quarter of 2012, recording a quarter-on-quarter expansion by 2.0 percent.

The GERRY WEBER Group runs a regionally diversified business with distribution structures in 62 countries around the world. Negative economic developments in individual regions and countries can be compensated by markets experiencing stronger growth. On the whole, the financial year 2011/12 saw our business model perform in a variety of different economic environments.

Industry situation

Apart from the overall economic trends, the fashion industry's sales are driven by a number of other factors including consumer sentiment which, in turn, is a reflection of the unemployment rate, disposable incomes and the savings ratio. As already discussed in the chapter "Macroeconomic Situation", consumer spending has developed disparately in the individual markets. Our regional diversification has enabled us to compensate for declining consumer spending in certain sub-markets by growing our sales in other regions. Germany remained our single biggest market also in the financial year 2011/12. Accounting for a total of approx. EUR 59 billion in sales, Germany is Europe's largest fashion market, followed by Italy (EUR 55 billion) and the UK (EUR 46 billion). According to a BHF Bank study, the combined European fashion market is worth around EUR 300 billion.

As late as in the fourth quarter of 2011 and the first quarter of 2012 German consumers were still taking a positive view of economic prospects. This changed in the second quarter of 2012 when these expectations turned clearly negative. The GfK Consumer Climate Index shows that the same was true of income expectations; following on from a 12-month high at 41.3 in February 2012, respondents' income expectations dropped to 23.9 points. Between November 2011 and October 2012 German consumers' willingness to buy developed contrary to what might have been expected. Taking into account the various factors and influences, the consumer climate remained in a stable range between 5.6 points and 6.0 points during our reporting period (1 November 2011 – 31 October 2012). The figures in the GfK study are validated by the Federal Statistical Office which reported a 2.2% increase in private consumption expenditure in the second quarter of 2012.

The monthly industry sales report by the Textilwirtschaft trade magazine paints a similar picture. Following on from +2% and +5% increases in November and December 2011, the German fashion industry's cumulated sales between January and October 2012 were down by -1.0% on the prior-year period. These figures were confirmed by a July 2012 survey by German Fashion Modeverband Deutschland e.V. in which some 42% of the association's members from the ladieswear segment assessed their sales prospects for the full year 2012 as satisfactory. As late as mid-year, 48% assumed that they would be able to grow their sales in 2012. The survey results regarding earnings show that 59% of the respondents expected earnings to remain stable while 31% expected to improve their earnings. Taken together, the different surveys and reports paint a picture of a stable economic environment with a rising willingness to buy on the part of consumers at the beginning of our reporting period, followed by a significant weakening around the middle of 2012 and towards the end of 2012.

However, the development in the German economy and the sales trend in German fashion industry do not reflect the state of the economy and consumer sentiment in all of Europe. Consumers in most other euro-zone countries tended to assess both the economic outlook and their income expectations considerably more negatively than their German counterparts. Consumer spending consequently showed a much more subdued trend in these markets.

All told, the economic environment for our business model deteriorated slightly during the course of the financial year 2011/12. Thanks to a variety of different driving factors including the exceedingly high quality of our products, our unique positioning in the fashion market, our regional diversification and our loyal customer base, we were able to defy the deteriorating trading conditions and achieve a significant improvement of both sales and profits.

Key events which contributed to the business performance

Our financial year 2011/12 was predominantly characterised by two strategic developments which will continue to drive GERRY WEBER International AG's performance in the coming months.

Expansion of the Retail operations

By doubling our company-managed retail stores in the past financial year we took a decisive step forward in the expansion of our own Retail operations. In particular, the growth of our own retail network was pushed ahead by the acquisition and conversion of 170 German and Dutch retail stores. In addition to these acquired stores, our ongoing organic growth allowed us to open more than 80 own Houses of GERRY WEBER in Germany and abroad.

Already in November 2011 we took over 29 stores formerly used by DON GIL Textilhandel GmbH, 15 of which were subsequently converted into Houses of GERRY WEBER. The rest was sold to other retailers. This helped to boost the number of company-managed retail outlets in Austria from 23 to 46 by the end of the financial year.

The second and hitherto largest acquisition in our company history happened in March 2012 when we acquired the rights to enter into some 200 leases left behind by the insolvent fashion chain WISSMACH in Germany. All the former WISSMACH branches were situated in attractive city centre locations and shopping centres. These stores ranging from 70 to 150 square metres were eminently suitable for conversion into mono-label stores for our brands. By the end of October 2012, 145 of the acquired stores had been converted into mono-label stores for our TAIFUN and SAMOON brands. Another reopenings are to follow by year-end 2012.

The acquisition of the former WISSMACH outlets alone has added some 15,000 square metres to our company-managed retail space in 2011/12.

We also continued to expand our international Retail network and made a 51% investment in the local stores run by our Dutch franchise partner. The acquisition comprised a majority stake in 25 Houses of GERRY WEBER as well as 15 concession shops with a total sales space of some 5,600 square metres.

In addition to these acquisitions we continued our organic growth and opened 82 new company-owned Houses of GERRY WEBER. This added some 20,000 square metres to our total retail space. 36 of these newly opened Houses of GERRY WEBER are located abroad, including 23 in Austria (including former DON GIL branches) and three each in Spain and Poland.

Internationalisation

Apart from growing our own Retail operations, the GERRY WEBER Group remains strategically committed to the continued international expansion of its business model. Key events in the past business year includes the opening of 36 company-managed and 32 franchised Houses of GERRY WEBER outside Germany as well as our targeted market entry in the USA.

Spring 2012 saw the opening of the first two GERRY WEBER-branded shop-in-shops in Bloomingdale's department stores in the USA. During the course of the year another 19 shop-in-shops were opened in stores of our second distribution partner in the USA, Dillard's. The management of GERRY WEBER International AG has deliberately opted for a prudent and careful entry in the US market in order to test local acceptance of our products with minimum risk.

Given the highly successful sales of our products in the first few months, we will continue to expand our distribution structures in the USA during the coming months and open additional shop-in-shops.

During the financial year 2011/12 we have also set our licensing business on track for future growth. Having granted a footwear license to Josef Seibel Schuhfabrik GmbH in August 2012, we will start selling the first GERRY WEBER shoe collection at selected points of sale from autumn 2013.

The financial year 2011/12 was characterised by our acquisitions and the resulting expansion of our own retail space as well as the continued internationalisation of our business model. Our newly opened mono-label stores as well as our strengthened international distribution efforts will create additional growth potential in particular for our TAIFUN brand which specifically targets our younger customers.

Target accomplishment

GERRY WEBER International AG had set itself a number of clearly defined targets for the past financial year, focusing on the growth of our Retail operations as well as the continued expansion of our international distribution structures. All of the targets set for the financial year 2011/12 were met and some were even exceeded.

By once more accelerating the expansion of our Retail operations, we were able to surpass our target of opening at least 75 new Houses of GERRY WEBER. Due to our acquisitions and our organic growth, we were able to open a total of 230 Houses of GERRY WEBER and to take over 25 Dutch stores, thereby more than doubling the number of company-managed retail outlets.

We also accomplished the sales and earnings targets we had set ourselves for 2011/12. Assuming organic growth without acquisitions, we originally anticipated sales of EUR 775 million and an EBIT margin of 14.8% for the financial year 2011/12. Following the acquisition of the 200 former WISSMACH branches in Germany we lifted our sales forecast to EUR 795 million. At the same time, we lowered our EBIT guidance to between 14.5 and 14.6% in order to absorb the one-time start-up costs incurred in connection with the acquisition and the required conversion of the stores. This meant that our company was planning to boost its operating margin from 14.2% (financial year 2010/11) to at least 14.5% despite the extraordinary costs to be incurred. It was gratifying to see the sales figures of the existing and newly opened shops for the first nine months of 2011/12 coming in slightly above target. As a result, we once more lifted our sales guidance slightly to EUR 800 million in September 2012. As we now report full-year sales of EUR 802.3 million and an EBIT margin of 14.5%, we have met both our upgraded sales guidance and our margin target. The following overview demonstrates that we set ourselves realistic targets and achieved them despite a deterioration in the market environment.

TARGET ACHIEVEMENT

	TARGETS SET FOR 2011/12	ACHIEVEMENTS IN 2011/12
SALES	Sales of EUR 800 Mio. (previous year: EUR 702.7 Mio.)	Sales up by 14.2% to EUR 802.3 million on the previous year
EBIT MARGIN	Increase EBIT margin to 14.5% to 14.6% (previous year: 14.2%)	EBIT margin increase by 30 basis points to 14.5%
RETAIL	Opening of 75 company-managed Houses of GERRY WEBER	230 new company-managed Houses of GERRY WEBER opened, thereof 36 outside Germany
WHOLESALE	Continue the internationalisation strategy in the Wholesale segment	42 franchised Houses of GERRY WEBER opened abroad. First shop-in-shops opened in the USA and number of shops worldwide up by 475 to 2,767.
ONLINE SHOPS & LICENSES	Increase online revenues by at least 15% and expand the licensing business	Online revenues up by 35,9% to EUR 16.5 million. New licensing agreements for lifestyle jewellery and footwear signed

NET WORTH, FINANCIAL AND EARNINGS POSITION

In the past fiscal year 2011/12 (1 November 2011 – 31 October 2012), GERRY WEBER International AG reached the targets it had set itself. Sales revenues were up by an impressive 14.2% on the previous year to EUR 802.3 million, while profitability improved from 14.2% to 14.5% in spite of one-time expenses incurred in conjunction with the Retail expansion. The number of company-managed retail stores in Germany and abroad doubled during the past fiscal year, primarily as a result of the takeover of the former DON GIL and WISSMACH stores.

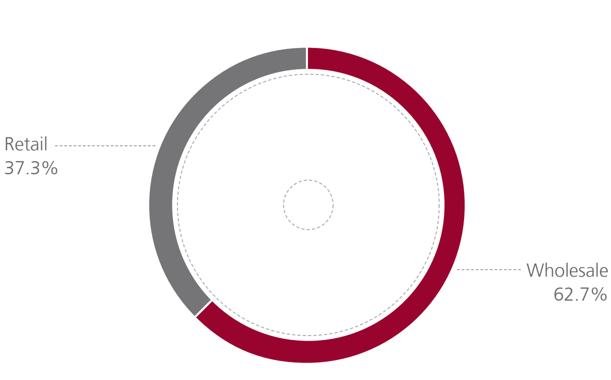
SALES PERFORMANCE

Having increased by 13.0% in the previous year, Group sales of GERRY WEBER International AG again rose at an above-average rate of 14.2% in fiscal 2011/12. This is primarily attributable to the Houses of GERRY WEBER opened in the previous years and the takeover of the former DON GIL and WISSMACH stores. The Retail segment contributed EUR 299.5 million or 37.3% to total Group sales of EUR 802.3 million. The Wholesale segment generated EUR 502.8 million in sales, which represents an increase of 3.7%.

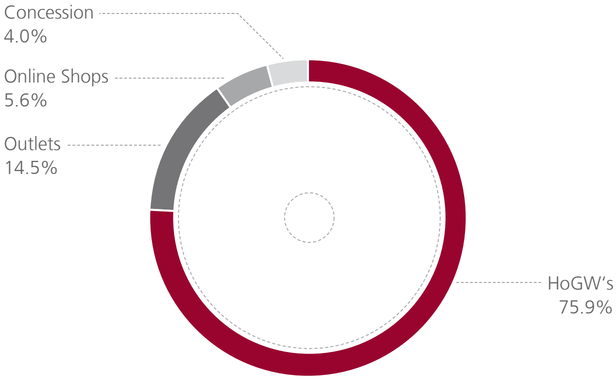
Sales performance of the Retail segment

Having increased the number of company-managed Houses of GERRY WEBER by 40 and 60, respectively, in fiscal 2009/10 and 2010/11, we almost doubled the number of our own stores in the fiscal year 2011/12. At the end of the period we had a total of 575 company-managed retail and concession stores, including 493 Houses of GERRY WEBER and mono-label stores. The new stores expanded the company-managed retail space by approx. 44,000 square metres to roughly 109,000 square metres. In line with the growth of the Retail activities, the segment's revenues climbed by 37.4% to EUR 299.5 million in fiscal 2011/12 (previous year: EUR 218.0 million). But not only the new Houses of GERRY WEBER and mono-label stores contributed to the higher sales. Like-for-like sales rose by 3.3%. The increase

SALES SPLIT BY SEGMENT as of 31 October 2012



RETAIL SALES SPLIT BY DISTRIBUTION CHANNEL 2011/12 in %



in like-for-like sales reflects the unique standing of the GERRY WEBER Group, considering that the textile retail sector as a whole reported a slight 2% decline in 2012, according to trade magazine Textilwirtschaft. The second half of 2012 was particularly disappointing, not only for weather-related reasons but also because of growing consumer restraint in response to the deteriorating economic environment.

The increase in sales is also reflected in the Retail segment's contribution to total Group sales, which rose from 31.0% (31 October 2011) to 37.3%. This means that we have come a good deal closer to our long-term target of a sales contribution of approx. 50%.

A breakdown of the Retail sales by distribution channels shows that the company-managed Houses of GERRY WEBER and mono-label stores contributed almost 75.9% (previous year: 73.4%) to the segment's total sales in 2011/12. The increase is primarily due to the opening of roughly 230 new company-managed stores and the takeover of 25 HoGWs in the Netherlands. Our online shops also showed a positive performance, contributing EUR 16.5 million to sales. Online revenues were up by 35.9% on the previous year. With e-stores already operating in Germany, the Netherlands and Austria, the Swiss store went online in August 2012. Also in summer 2012, we announced our cooperation with Germany's largest online mail-order firm, otto.de. The e-shops contributed 5.6% to the Retail segment's total sales. The medium-term target for the online shops is a contribution of roughly 10% to total Retail sales.

Sales performance of the Wholesale segment

The Wholesale segment generated sales of EUR 502.8 million in 2011/12, up 3.7% on the previous year's EUR 484.7 million. The increment is mainly attributable to the expansion of the international distribution structures and the increased presence of the TAIFUN and SAMOON brands. 42 new franchised Houses of GERRY WEBER were opened in the reporting period, including 32 outside Germany. As of the end of the fiscal year, there were a total of 277 franchised Houses of GERRY WEBER and 2,767 shop-in-shops. The 475 new shop-in-shops opened during the past fiscal year include 60 international locations, of which 21 are in the USA.

In spite of the 3.7% increase in sales, the Wholesale segment's share in total Group sales declined from 69.0% (on 31 October 2011) to 62.7% on 31 October 2012. This decline is attributable to the above-average expansion of the Retail activities and the resulting increase in the Retail segment's sales revenues.

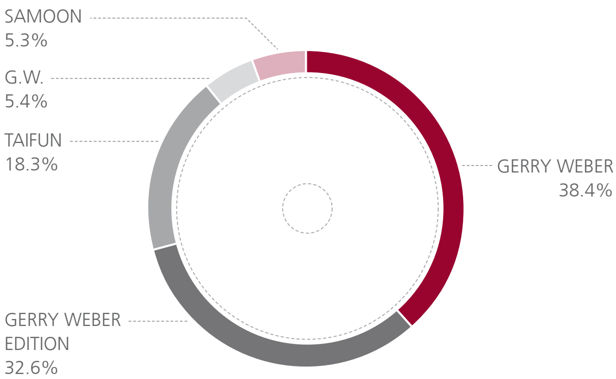
Group sales also comprise our licensing revenues. In the fiscal year 2011/12, licensed products of the GERRY WEBER brand generated licensing fees of EUR 0.9 million. In spring 2012, we added lifestyle jewellery to our range of licensed products, which also comprises eyewear and handbags. They are sold both in our own stores and through selected retail partners. At the start of the autumn / winter season 2013, we will also offer a GERRY WEBER shoe collection, which will be matched to our fashion collections.

Brand sales performance

The non-consolidated domestic revenues generated by our brand companies comprise the GERRY WEBER, GERRY WEBER EDITION, G.W. as well as TAIFUN and SAMOON brands. In line with the expansion of our business activity in the past fiscal year, brand revenues increased by 10.9% to EUR 661.2 million. These are the sales revenues generated by the brand companies with our Wholesale customers and the GERRY WEBER Retail segment.

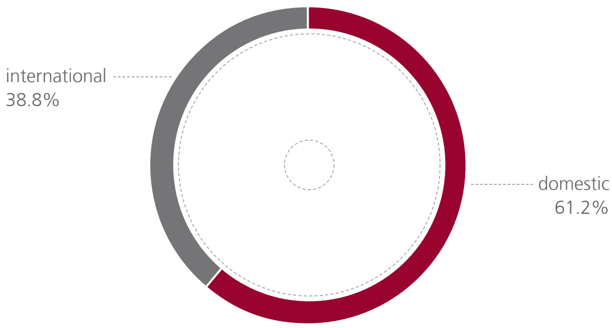
CONTRIBUTIONS MADY BY THE INDIVIDUAL BRANDS TO TOTAL BRAND REVENUES

in %



SALES SPLIT BY DOMESTIC AND ABROAD

in %



The GERRY WEBER core brand and its two sublabels, GERRY WEBER EDITION and G.W., contributed a total of 76.4% to total brand revenues (previous year: 78.3%) in fiscal 2011/12. In absolute figures, its share in non-consolidated domestic brand revenues increased from EUR 466.9 million to EUR 505.7 million. The percentage decline is mainly attributable to the expansion of the distribution structures of the younger TAIFUN brand. Contributing 38.4% to the sales revenues of the GERRY WEBER brand family, the GERRY WEBER brand once again confirmed its position as the company's core brand and main sales driver. At 32.6%, the GERRY WEBER EDITION brand also made a significant contribution to total sales. G.W., the brand with the fastest development cycle, increased its sales contribution from 5.2% to 5.4%, which shows that our fashion is on the pulse of the latest trends and that G.W. is the right brand to target new consumer groups.

TAIFUN, our second largest brand, showed a particularly positive performance and boosted its contribution to total brand sales from 16.6% to 18.3%. TAIFUN's non-consolidated domestic sales rose to EUR 121.0 million. This impressive 21.1% increase confirms our assessment of the potential of the brand. In view of this positive market assessment and the growing demand, we have converted about two thirds of the acquired WISSMACH stores into TAIFUN mono-label stores. The opening of the new TAIFUN stores also helped to boost the brand's sales revenues. TAIFUN has an export share of 40.4%. Going forward, we intend to increase TAIFUN's export share, primarily based on the internationalisation of the brand and the expansion of its distribution structures into new markets. The most important TAIFUN markets outside Germany are Russia, the Netherlands and Austria.

Our brand portfolio is complemented by the SAMOON brand, which contributed 5.3% to total brand sales in 2011/12 (previous year: 5.1%). The brand for plus sizes generated non-consolidated domestic revenues of EUR 34.5 million, which represents a 12.1% increase on the previous year. As of the end of the fiscal year, we operated 27 SAMOON mono-label stores, of which 11 were opened in the course of the fiscal year. Besides Austria and Russia, the Middle East is the brand's most important export market.

Regional sales performance

A breakdown of consolidated sales revenues in the fiscal year 2011/12 by regions shows that EUR 491.0 million or 61.2% were generated in Germany, up from 59.9% in the previous year. The increase in domestic sales is due, among other things, to the acquisition of the WISSMACH stores as well as the new Houses of GERRY WEBER opened in Germany.

The international markets contributed EUR 311.3 million to total Group sales. Customers headquartered outside Germany are defined as international sales. Besides Austria, the Benelux countries and Spain, the most important foreign markets are Russia and the Middle East. In the coming months, we will continue to grow in foreign markets, both through the opening of company-managed stores and the expansion of our franchisee network.

EARNINGS POSITION

In spite of one-time start-up expenses resulting from the above-average expansion of the Retail segment, GERRY WEBER International AG was able to improve its earnings position in the fiscal year 2011/12. Earnings before interest and taxes (EBIT) increased from EUR 99.6 million in the previous year to EUR 115.9 million. As a result, the EBIT margin climbed from 14.2% to 14.5%. This means that the company has reached its earnings targets, which provided for an EBIT margin of 14.5% to 14.6%. Net income before taxes rose by an impressive 17.6% to EUR 78.8 million and thus at a higher rate than earnings before interest and taxes (+16.4%). Accordingly, earnings per share climbed from EUR 1.48 to EUR 1.72.

Besides our sales revenues, other operating income picked up as well. Rental income from our Hall 30 investment property as well as revenues from the charging of services

ABRIDGED CONSOLIDATED INCOME STATEMENT 2011/12 AND 2010/11

in EUR million	**2011/12**	2010/11	Changes in %
Sales	802.3	702.7	14.2
Other operating income	20.6	12.7	62.3
Changes in inventories	28.5	14.2	100.4
Cost of materials	-404.8	-361.5	12.0
Personnel expenses	-125.8	-103.3	21.8
Depreciation/ Amortisation	-16.3	-11.9	37.3
Other operating expenses	-187.6	-152.2	23.3
Other taxes	-0.9	-1.1	-19.9
Operating result	*115.9*	*99.6*	*16.4*
Financial result	-2.2	-2.0	9.6
Result from ordinary activities	*113.7*	*97.6*	*16.5*
Taxes on income	-34.9	-30.6	14.1
Net income of the year	**78.8**	**67.0**	**17.6**

rendered (e.g. shop and IT services for our partners) were some of the factors that led to an increase in other operating income to EUR 20.6 million.

The expansion of the Retail segment, in conjunction with the merchandise for some 230 new stores, resulted in a strong increase in changes in inventories to EUR 28.5 million (previous year: EUR 14.2 million). Reflecting the expansion of the business activity and the resulting sales growth, the cost of materials climbed to EUR 404.8 million (previous year: EUR 361.5 million). The latter thus increased at a lower rate than sales (12%), which means that the cost of materials as a percentage of sales declined and the gross margin rose to 53.1% (previous year: 50.6%). The gross margin is calculated as the cost of materials, adjusted for changes in inventories, in relation to sales. The improvement in the gross margin is attributable to economies of scale as well as to our flexible sourcing structures, which allow us to quickly respond to price changes.

In conjunction with the takeovers of the year 2011/12, the opening of new Houses of GERRY WEBER and the expansion of our business activity, the number of employees increased significantly compared to the previous year. At the end of the fiscal year, the GERRY WEBER Group employed 4,584 people worldwide, which represents an increase of 40.6%. Some 71% of our employees work in Germany. The Retail segment, which includes our company-managed stores, accounted for 68.1% of the workforce, while the Wholesale segment accounted for 31.9%. Due to the increased headcount, personnel expenses climbed by 21.8% to EUR 125.8 million.

Leasehold improvements and shop fittings in newly opened stores as well as scheduled depreciation of land and buildings led to an increase not only in fixed assets but also in depreciation / amortisation to EUR 16.3 million (previous year: EUR 11.9 million).

Other operating expenses climbed by an above-average 23.3% to EUR 187.6 million, which is due to both sales-related and fixed cost increases. As outlined in detail above, the takeovers and openings of some 230 company-managed stores led to an increase in fixed costs such as personnel and rental expenses. Occupancy costs surged by EUR 20.4 million or 47.0% to EUR 63.7 million and were responsible for a major portion of the increase in other operating expenses. Packaging and freight costs increased by 18.7% to EUR 36.3 million for sales-related reasons, e. g. higher number of items sold. Other operating expenses also include marketing expenses (EUR 20.5 million), commissions for sales agents (EUR 13.6 million), IT expenses (EUR 5.5 million) as well as costs for the development of the collections (EUR 8.3 million).

Taking into account all operating expenses, the operating result (earnings before interest and taxes = EBIT) amounted to EUR 115.9 million. In spite of one-time start-up expenses, primarily related to the expansion of the Retail segment, EBIT increased by an impressive 16.4%. As a result, the EBIT margin climbed to 14.5%. The expense effects from the WISSMACH takeover, excluding legal and consulting expenses, amounted to EUR 3.0 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled EUR 132.3 million, up 18.6% on the previous year.

The financial result deteriorated moderately compared to the previous year and came in at EUR -2.2 million. This is mainly due to lower interest income, which declined from EUR 0.9 million to EUR 0.4 million, primarily because of lower market interest rates. At the same time, interest expenses were reduced slightly from EUR 1.7 million to EUR 1.5 million due to the scheduled repayment of long-term loans.

Against the background of a lower tax ratio, GERRY WEBER International AG generated net income after taxes of EUR 78.8 million, which represents a significant improvement of 17.6% on the previous year. Earnings per share increased from EUR 1.48 to EUR 1.72, with the number of shares remaining unchanged. Taking into account the profit carried forward of EUR 31.2 million and an allocation to revenue reserves of EUR 35.0 million, accumulated profits amounted to EUR 75.0 million.

VALUE ADDED

The value added statement shows the total output of GERRY WEBER International AG in the fiscal year less intermediate expenditure. Intermediate expenditure usually relates to work performed by external contractors and comprises the cost of materials as well as depreciation, amortisation and other operating expenses. Intermediate expenditure is deducted from total output to determine the company's value added. Compared to the previous year, value added increased by 18.7% in 2011/12, which is primarily due to the fact that total output increased at a higher rate than intermediate expenditure. At 52.0%, employees accounted for the biggest share of value added (previous year: 50.7%). While the shareholders' share in value added remained almost unchanged at 12.3% (previous year: 12.4%), the profit distribution increased in absolute terms.

in EUR million	**2011/12**	2010/11
Origin		
Sales	802.3	702.7
Inventory changes	28.5	14.2
Other interest and similar income	21.0	13.6
Company performance	*851.8*	*730.5*
Cost of material	404.8	361.5
Depreciation	16.5	11.9
Other operating expenses	188.5	153.2
Total purchased material and services	*609.8*	*526.6*
VALUE ADDED	242.0	203.9
Absorbed by:		
Employees	125.8	103.3
Public sector	34.4	30.9
Lenders	2.4	2.6
Shareholders	29.8	25.2
Company (profit retention)	49.6	41.9

NET WORTH POSITION

On the assets side of the balance sheet, non-current assets, especially the company's fixed assets, increased significantly to EUR 246.0 million (previous year: EUR 166.6 million). Fixed assets (EUR 238.4 million) comprise intangible assets, property, plant and equipment, financial assets as well as investment properties. A look at intangible assets shows that these grew by roughly 150% to EUR 48.5 million in the fiscal year. This is mainly due to the initial recognition of the goodwill and other rights acquired in the context of the 2011/12 takeovers as well as to an increase in rights of supply to Houses of GERRY WEBER and shop-in-shops operated by third parties.

More or less the same applies to property, plant and equipment, which climbed from EUR 117.6 million in the previous year to EUR 159.6 million. The increase is due, among other things, to the capitalisation of the leasehold improvements, furnishings and fittings for newly opened Houses of GERRY WEBER and mono-label stores. Extensions to our headquarters in Halle / Westphalia as well as the construction of the GERRY WEBER Day Nursery also contributed to the increase in property, plant and equipment.

Investment properties comprise the carrying amount of Hall 30 in Düsseldorf. The building provides showroom space for various fashion companies and is fully let to external tenants. The completion of the building at the beginning of the current fiscal year increased the carrying amount of this building from EUR 21.2 million to EUR 27.5 million at the end of the reporting period.

Against the background of the accelerated expansion of the Retail activities and an increase in CMT production, inventories rose sharply from EUR 88.5 million in the previous year to EUR 120.5 million. The opening of new company-managed retail stores usually entails an increase in the stocks of finished goods in order to ensure timely supplies to the new stores. It should also be noted that further TAIFUN and SAMOON mono-label stores were opened in the first months of the current fiscal year 2012/13, for which merchandise was required. Also, the increase in CMT production led to an increase in raw materials and supplies at the end of the fiscal year 2011/12. Under CMT arrangements, all fabrics and ingredients required for production are supplied by the GERRY WEBER Group, while our partners confine themselves to their manufacturing role.

Liquid funds declined from EUR 90.6 million at the end of the financial year 2010/11 to EUR 49.2 million on the reporting date on 31 October 2012, which is primarily attributable to the takeover of the former WISSMACH and DON GIL stores as well as to increased investments in the expansion of the Retail segment and the profit distribution. The use of these funds is explained by the strong increase in fixed assets and inventories described above.

Against the background of the expansion of the business activity and the related investments, total assets rose by 16.5% to EUR 483.6 million (previous year: EUR 415.0 million).

On the liabilities side of the balance sheet, net income for the year led to a 15.6% increase in equity to EUR 363.0 million as of 31 October 2012. Accordingly, the equity ratio stayed at a high level of 75.1% (previous year: 75.7%) in spite of the much higher total assets.

Non-current liabilities also picked up from EUR 23.4 million to EUR 35.4 million, which is mainly due to the initial recognition of liabilities resulting from the acquisition of a 51% stake in retail stores in the Netherlands. In August 2012, GERRY WEBER International AG acquired a 51% stake in the operating companies of the largest Dutch franchisee. Accordingly, these two companies are fully consolidated in the consolidated financial statements of the GERRY WEBER Group and included in the Retail segment. There is a mutual option right for the acquisition of the remaining 49% with effect from autumn 2016, for which an amount of EUR 11.8 million has been recognised.

The company's current liabilities as of 31 October 2012 were up by a moderate 9.7% on the end of the previous fiscal year to EUR 85.2 million, which is mainly attributable to higher current provisions. The increase in other provisions is primarily due to the company's growth and the expansion of its business activity. Current and non-current financial liabilities were reduced by EUR 6.1 million to EUR 15.3 million due to scheduled repayments. There was no need to raise debt capital to fund the capital spending. Thanks to its internal financing strength and the cash flow from operating activities, GERRY WEBER International AG was able to finance all investments using its own liquid funds.

In summary, an equity ratio of 75.1%, liquid funds of EUR 49.2 million and financial liabilities of EUR 15.3 million mean that GERRY WEBER International AG has a very solid balance sheet structure.

FINANCIAL POSITION

Liquid funds declined by EUR 41.4 million on the previous year to EUR 49.2 million, reflecting the expansion of the Retail segment, especially the payment of the purchase prices for the DON GIL and WISSMACH acquisitions, the opening of some 230 new company-managed Houses of GERRY WEBER / mono-label stores and the related investments as well as the profit distribution.

The expansion of the business activity boosted cash flow from operating activities by 13.8% to EUR 81.1 million in spite of negative expense effects resulting from the expansion of the Retail segment.

Against the background of the expansion of the Retail activities and the related investments, the outflow of cash from investing activities rose sharply by 90.3% to EUR 84.5 million in the fiscal year 2011/12. These investments increased from EUR 30.6 million to EUR 56.4 million. In particular, the opening of some 230 new company-managed Houses of GERRY WEBER / mono-label stores required substantial leasehold improvements and spending on shop furnishings. The purchase price for the former WISSMACH stores and their inventories as well as the acquired DON GIL outlets increased the cash outflow from investing activities to EUR 20.6 million. These cash flows also include the purchase price paid for the 51% stake in the operating companies of our Dutch franchisee. At the end of August 2012,

ABBREVIATED CASH FLOW STATEMENT OF THE FISCAL YEAR 2011/12

in EUR million	**2011 / 12**	2010 / 11	Changes in %
Operating result	115.9	99.6	16.4
Cash inflows from operating activities	*81.1*	*71.2*	*13.8*
Cash inflows from current operating activities	*79.0*	*69.6*	*13.5*
Proceeds from the disposal of properties, plant and equipment and intangible assets	0.1	0.2	-50.1
Purchases of investments in property plant and equipment and intangible assets	-56.4	-30.6	84.4
Purchases for the acquisition of fully consolidated companies less cash acquired	-20.6	-0.4	5.047.3
Purchases of investments in investment property	-6.7	-12.6	-46.7
Proceeds from the disposal of financial assets	0.2	0.2	-15.1
Purchases of investments in financial assets	-1.1	-1.2	-11.2
Cash outflows from investing activities	*-84.5*	*-44.4*	*90.3*
Cash outflows / inflows from financing activities	*-35.9*	*19.5*	*-284.2*
Movement in cash and cash equivalents	-41.4	44.7	-192.6
Cash and Cash equivalents at the beginning of the fiscal year	90.6	45.9	97.4
Cash and cash equivalents at the end of the fiscal year	**49.2**	**90.6**	**-45.7**

we acquired a majority shareholding in 25 existing Houses of GERRY WEBER and 15 concession stores. Investments of EUR 6.7 million in the completion of the Hall 30 investment property in Düsseldorf added to the cash outflow from investing activities.

Cash outflow from financing activities primarily includes the distribution of the dividend of EUR 29.8 million. In addition, there were scheduled repayments of loans in the amount of EUR 6.7 million. Cash outflow from financing activities totalled EUR 35.9 million. In the previous year 2010/11, the sale of own shares (EUR 59.0 million) resulted in a one-time inflow of cash of EUR 19.5 million.

Due to the cash outflows from investing and financing activities of EUR 84.5 million and EUR 35.9 million, respectively, cash and cash equivalents declined by EUR 41.4 million to EUR 49.2 million at the end of the fiscal year 2011/12.

INVESTMENTS

Investments in the fiscal year 2011/12 were higher than in the previous years. Liquid funds were used, among other things, to finance the acquisition of DON GIL, WISSMACH and the majority shareholding in existing Houses of GERRY WEBER and concession stores in the Netherlands. Besides the purchase prices for these acquisitions, the related conversion expenses for leasehold improvements, furnishings and fittings, etc. also added to the total investment volume. Moreover, construction work on our Hall 30 investment property was completed and extensions to our Group headquarters in Halle/Westphalia were built. The past fiscal year also saw the construction and opening of the GERRY WEBER day nursery on our site in Halle. Total investments, which affected liquidity, including the payments made for the acquisition of fully consolidated companies, amounted to EUR 84.8 million (previous year: EUR 44.4 million). Investments in property, plant and equipment such as buildings, furnishings and fittings as well as intangible assets represented EUR 56.4 million, while investment properties accounted for EUR 6.7 million. An amount of EUR 20.6 million was invested in the takeover of DON GIL, WISSMACH and the majority stake in 25 Dutch Houses of GERRY WEBER and 15 concession stores. Thanks to the internal financing strength of GERRY WEBER International AG and the cash flow from operating activities, all investments were financed from the company's own liquid funds and cash flows.

SEGMENT REPORT

GERRY WEBER International AG distinguishes in two main segments: "Production and Wholesale" and "Retail". The two segments are defined in accordance with their respective distribution structures and customers as well as the allocation of own capital. The Wholesale segment comprises all distribution structures with external customers; these include the franchised Houses of GERRY WEBER worldwide, the shop-in-shops in our retail partners' stores as well as the multi-label business. The "Production and Wholesale" segment also comprises all development and production processes for our merchandise including transport and logistics. The "Retail" segment is almost exclusively a distribution segment and includes all company-managed Houses of GERRY WEBER, mono-label stores, concession shops, outlet stores as well as the individual national online shops. Earnings and expenses as well as assets and liabilities of the holding company were allocated as incurred to the two main segments. Specific organisational and information structures have been defined for each segment, which support the management and control as well as the performance measurement of the segments.

Production and Wholesale

In the past fiscal year, the "Production and Wholesale" segment was characterised by rising purchasing and production volumes on the one hand and by the ongoing internationalisation and expansion of our global distribution structures. The segment generated sales revenues of EUR 502,8 million, which represented 62.7% (previous year: 69.0%) of total Group sales. The 3.7% increase in sales was due not only to our entry into new markets and the expansion of existing customer structures but also to the successful strengthening of the distribution structures of the TAIFUN and SAMOON brands, especially in countries outside Europe.

42 new franchised Houses of GERRY WEBER were opened in 2011/12, 32 of them outside Germany, with the focus on Belgium (+4) and Scandinavia (+4) and, above all, Russia, where six new franchised stores were opened. New stores were also opened overseas, e. g. in Australia and Canada; two stores were closed. With regard to the total number of franchised Houses of GERRY WEBER (277), it should be noted that 25 existing stores in the Netherlands which still formed part of the Wholesale segment in the previous year, were taken over in the fiscal year 2011/12 and are now counted towards the Retail segment. For a detailed presentation of the franchised Houses of GERRY WEBER, please refer to the chart in the chapter "Material distribution channels and output markets" at the beginning of this Management Report. Besides Russia, where 45 Houses of GERRY WEBER are located, the key export markets are Belgium (21 HoGWs) and the Middle East (19 HoGWs), which includes eight stores in Saudi Arabia and three each in Egypt and Kuwait.

The expansion of the distribution structures not only led to higher sales revenues but also to an increase in the cost of materials. The same applies to the number of employees working in this segment, which increased from 1,289 to an average of 1,313. Economies of scale in production and strict cost management resulted in earnings before taxes (EBT) of EUR 93.2 million, up 8.8% on the previous year.

Retail

The past fiscal year 2011/12 was primarily characterised by the accelerated expansion of the Retail segment. While some 60 new company-managed Houses of GERRY WEBER had been opened in the previous year, 230 new stores were opened and 25 taken over from a Dutch franchisee in the fiscal year 2011/12. The number of company-managed Houses of GERRY WEBER and mono-label stores thus more than doubled to 493 in the past fiscal year. The Retail segment also comprises 64 concession stores (previous year: 45), 17 outlet stores (previous year: 13) as well as the online shops. The total Retail space increased from approx. 65,000 square metres to roughly 109,000 square metres (+67.7%).

Even though the new retail spaces made only a small contribution to sales revenues in fiscal 2011/12, the Retail segment's total sales were up by an impressive 37.4% on the previous year to EUR 299.5 million. The higher sales are mainly attributable to the new store openings in the previous two fiscal years, as the stores opened between November 2009 and October 2011 are making a growing contribution to total Retail revenues.

In November 2011, we took over 29 stores from DON GIL Textilhandel GmbH in Austria, of which 15 have been converted into Houses of GERRY WEBER. The new DON GIL stores contributed approx. EUR 6.7 million to the Retail segment's total sales. Due to extraordinary conversion and opening expenses, however, they led to a loss of EUR 2.2 million in the fiscal year 2011/12.

The takeover of some 200 stores from the bankrupt WISSMACH fashion chain in March 2012 further accelerated the expansion of the Retail segment. Of these 200 stores, approx. 170 were to be converted into brand stores of the GERRY WEBER Group. Every month, between 30 and 40 former WISSMACH stores were closed and converted. Before the stores were closed and converted, sales of the existing WISSMACH stocks continued in order to minimise current fixed costs and extraordinary charges resulting from the conversion phase. By the end of October 2012, 145 stores had been converted into mono-label stores, primarily of the TAIFUN and SAMOON brands. More such stores have been opened in November and December 2012. Sales revenues from the WISSMACH takeover amounted to EUR 25.4 million, of which EUR 14.9 million stems from the sale of the remaining WISSMACH merchandise.

Although the takeovers of the former DON GIL and WISSMACH stores led to an immediate increase in sales revenues, they weighed on the Retail segment's bottom line. The employees taken over as well as the rents for the acquired stores were fully counted towards personnel and other operating expenses. The average headcount in the Retail segment increased by 63.1% from 1,721 to 2,807 in the fiscal year 2011/12.

While the stores were closed and converted, which took between four and six weeks, fixed personnel and rental costs were incurred, but no sales were generated. This led to a negative effect from the WISSMACH takeover of approx. EUR 3.0 million; this amount does not include the acquisition and consulting costs. In spite of the one-time start-up expenses resulting from the business expansion, caused by the doubling of the company-managed retail spaces and the related above-average increased in fixed costs, the Retail segment's earnings before taxes (EBT) increased to EUR 20.1 million (previous year: EUR 7.1 million).

Investments in long-term Retail assets increased markedly from EUR 16.1 million in the previous year to EUR 55.1 million. This is primarily due to the necessary investments in the conversion of the newly acquired stores into brand stores of the GERRY WEBER Group. Accordingly, depreciation rose by 78.4% to EUR 8.1 million. Most of the investments, e.g. in shop fittings, IT and furnitures and fittings for rented stores, were capitalised, boosting Retail assets from EUR 129.8 million to EUR 230.8 million.

Other segments comprises in particular earnings and expenses as well as assets and liabilities of our investment property "Hall 30". For the first time earnings and expenses as well as assets and liabilities of the holding company were allocated as incurred to the Wholesale and Retail segment in fiscal year 2011/12. To improve comparability the previous year amounts were adjusted.

OPPORTUNITY AND RISK REPORT

As a global fashion and lifestyle company, we are exposed to changes and uncertainties that may result from domestic and international external conditions but also from internal factors. This is why GERRY WEBER has taken measures to identify opportunities at an early stage and to avoid risks to the extent possible. The aim of our risk management system is not to take risks in the first place and to manage those risks that have been identified and to take appropriate counter-measures. Our opportunity and risk management system forms the basis for active risk management and serves as an information base. The internal control system for the accounting process is an integral element of our risk management system, which is why this combined report covers both systems.

ORGANISATION OF THE RISK MANAGEMENT SYSTEM

The risk management system and the internal control system for the accounting process are key elements of corporate governance at GERRY WEBER International AG. The risk management system is based on internal processes which are controlled through monitoring mechanisms as well as on early detection systems used to monitor changes in external conditions. The insights gained are translated into targeted measures to remove or minimise the risks. The Managing Board is responsible for the consistent implementation of and compliance with the defined processes and structures.

The principles, risk segments and guidelines for our risk management are laid down in a Group-wide risk manual, which must be complied with by all employees. Unambiguous instructions and reporting lines as well as clearly defined responsibilities and control levels ensure an effective flow of information and the early identification of potential risks. The manual provides detailed instructions for assessing the amount of the potential damage / loss and the risk probability and describes suitable counter-measures. All risks are described in a consistent, transparent and comparable manner.

Potential risks identified by the individual units and employees are reported to the risk management team. The latter assesses the risks in terms of their probability of occurrence and their potential impact and condenses them into the risk report. Targeted counter-measures are formulated in conjunction with specialists from the individual areas as well as through cross-departmental collaboration. A risk agent is appointed and put in charge of implementing and monitoring the measures jointly with a member of the risk management team. This means that apart from a presentation of the individual risks, the risk report also contains an assessment of the risks and a list of clearly defined measures to address and monitor the mitigation measures adopted. As such the risk report reveals the risk status of all divisions and provides information on the GERRY WEBER Group’s overall risk exposure. The risk report is prepared on a quarterly basis. The responsible risk management team reports directly to the Managing Board who submits the risk report to the Supervisory Board at the prescribed intervals and briefs the Supervisory Board on an ad-hoc basis if and when required.

Independently of the reports to the company’s controlling and executive bodies, the risk management team regularly meets with the Risk Officers to discuss the risks that have been reported or newly identified by the latter. They discuss the status quo and the effectiveness of the counter-measures initiated as well as potential adjustments of defined measures. If necessary, the assessment of the risks is adjusted as well. This ongoing process not only increases the risk awareness of each individual employee but also helps prevent risks. The total risk management system is regularly checked for appropriateness and proper functioning; moreover, compliance with internal rules, regulations and standards is monitored by Group Auditing.

Internal control system for the accounting process

The internal control system for the accounting system also forms part of the risk management system. It is designed to ensure compliance with legal regulations and accounting standards as well as the correct reporting of our business figures and, hence, the correctness of internal and external accounting. In addition to these basic measures, they carry out assessments and analyses to minimise risks which can potentially affect our financial reporting. We constantly track changes to accounting rules and legal regulations, train our employees and consult external experts on certain issues. This internal controlling system of our accounting process is designed to ensure the preparation of fully compliant consolidated, annual and interim financial statements.

The internal control system for the accounting process is designed in such a way that the timely, uniform and correct recording and accounting of all business events is ensured. The aim is to have available reliable data on the net worth, financial and earnings position of the GERRY WEBER Group at all times. The finance department led by the Chief Financial Officer is in charge of the accounting process and, consequently, of the preparation of the consolidated and separate financial statements. The consolidated financial statements are prepared on a quarterly basis. The financial accounting department is tasked with the preparation of the interim and annual reports published by GERRY WEBER International AG and certain domestic and international subsidiaries. Moreover, the quarterly and annual reports published by certain international subsidiaries are prepared by external service providers. The financial statements of the main domestic subsidiaries are audited and certified by the auditors of the annual financial statements. The separate financial statements of foreign subsidiaries certified by local accountants who are incorporated into the consolidated financial statements are also critically reviewed and audited by the auditors of the annual financial statements.

The preparation of the consolidated financial statements is based on a detailed process which also comprises the stipulations of the financial reporting calendar. The fixed elements of this process include a check to ensure that the scope of companies to be covered by the consolidated financial statements has been determined correctly and completely. According to an examination by the auditors, the required systems are in place to ensure complete, accurate and timely recording and accounting at Group level. The consolidated financial statements are derived from the audited separate financial statements of the consolidated companies after completion of the consolidation entries. Consolidation software is used to prepare the consolidated financial statements.

Technical and organisational plausibility checks of the accounting data are another element of our internal control system for the proper capture and presentation of our business transactions. Moreover, we use personalised authorisation concepts and access restrictions to prevent abuse. The continuous adjustment and refinement of our risk management system are designed to improve the early identification and the management of risks and to identify opportunities more quickly as they arise.

CENTRAL RISK AREAS

As described above, potential risks are individually reported to the risk management team, which captures, analyses and quantifies them in cooperation with the Risk Officers. Individual risks may – in isolation or in combination with other risks – have an adverse impact on the net worth, the financial position and the earnings of the GERRY WEBER Group. Although our risk management system has already proven its worth and is updated constantly, other risks may arise for the GERRY WEBER Group which are not stated in our risk report or not known at present.

Macroeconomic risks

As a general rule, GERRY WEBER International AG is subject to the general economic and political environments in the countries and regions where the GERRY WEBER Group operates. The company's ability to sell its products may be negatively affected by a slowing of global economic growth and / or by regionally diverse trends acting as a brake on consumer demand.

Having lost in momentum for quite a while, the world economy found itself in a sustained phase of weakness at the end of 2012. While some countries of the European Union were in recession, others exhibited extreme robustness and were able to post slight growth. The majority of economists continue to forecast moderate growth in the world economy for 2013, with decisive stimulation coming from the emerging countries. The financial and debt crisis will continue to cause uncertainty and slow down growth. Across the Atlantic, the future of the US economy is equally tied to the resolution of the country's debt crisis.

Disposable incomes and consumer sentiment are factors of particular importance in our business model. Against the background of the high unemployment existing in several EU countries and the uncertainties about the future outlook for these regions, we expect to see continued consumer restraint in these markets. There is a lot to suggest that the German labour market will slightly weaken at least temporarily, resulting in increased insecurity among consumer households. Therefore one cannot rule out the possibility of consumer sentiment and, consequently domestic demand, weakening slightly in Germany.

We protect against such scenarios through our widely diversified distribution structures and the expansion of our presence outside our German home market. Our regional growth strategy and the variety of our brands allow us to enter new markets and tap new customer potential in order to compensate for the possibility of declining demand in individual markets.

Industry and market risks

The business model of the GERRY WEBER Group is based on the design, the development and the production as well as the subsequent sale of ladieswear products and accessories. The challenge is to develop attractive collections that cater to the requirements of our end customers and to realise them quickly. Consequently there is a potential risk of ignoring new fashion or market trends or of not recognising them early enough and failing to bring new products to the market in time.

To identify trends and developments at the earliest possible stage, GERRY WEBER trend scouts constantly monitor the national and international markets in respect of emerging trends, new materials and technologies or competitors. Moreover, our own Retail operations supply a constant stream of information on actual consumer purchases and manifest consumer needs. All information is instantly fed back into the development and design of our future collections. In addition, the success of a collection can be assessed early on based on the pre-orders received from our retail customers. Analysing the incoming pre-orders also shortens the lead time required for adjusting collections.

Our optimised collection structure provides for seven collections per year, each broken down into three themes comprising between 30 and 35 items each. Combined with our flexible procurement structures, this enables us to respond quickly to changing market conditions. Our ability to respond quickly speeds up our delivery of current trends to the showrooms which are supplied with fresh merchandise almost on a two-weekly basis.

The market entry of new competitors and/or changes at current competitors entails the risk of losing market share in the markets we serve. An unambiguous differentiation from existing competitors in terms of the design, quality and fit of our collections means that we stand out from our market segment. These quality features as well as our attractive designs have helped us build a loyal customer base. By continuing to hone our competitive advantages both domestically and internationally, we make it difficult for new competitors to enter the market while at the same time maintaining and enlarging our customer base. Market entries by competitors are also made difficult by our trusting relationships with retailers and our fair margin policy.

In the Wholesale segment we market our merchandise through selected German and international distribution partners. The loss of one or several major customers could potentially impact our sales and earnings. We address this risk by cultivating an ongoing dialogue with our customers and by constantly recording customer satisfaction levels. Moreover, we avoid becoming dependent on a few major customers by growing our presence in different regions and countries and by spreading our sales over several brands. No customer currently accounts for more than 5% of our sales. We therefore believe that there is no material risk of individual customer defections impacting our sales and earnings.

Strategic risks

We continue to push ahead the strategic development of the GERRY WEBER Group. This includes, in particular, the expansion and strengthening of our Retail and Wholesale segments, the increased internationalisation of our business and the entry into new markets as well as the ongoing optimisation of efficiency and profitability. The success of the decisions we take is always subject to a forecasting risk regarding future developments in the market, the selection of locations for new retail space as well as the implementability of the intended measures. To avoid such misjudgements and failed investments, we analyse comprehensive market and competitor data and make sure that decisions are taken based on information which is carefully researched and collated, partly with support provided by third parties.

When acquiring companies and expanding our retail space, it is not possible to exclude the risk of not all assumptions regarding the future materialising to the full extent. We mitigate this risk through detailed due diligence, as well as careful analyses of locations, market potential and existing customer potential.

We pay great attention to protecting and maintaining our brand image. The effective communication of the brand image and a clearly defined brand positioning, combined with efficient marketing, event and sponsoring measures, support the positive perception of the GERRY WEBER brand universe. The high quality of our products plays a particularly important role for the preservation of our brand image. This is why we subject all our production partners to comprehensive internal audits before accepting them as producers for the GERRY WEBER Group. Even before actual production starts, our employees conduct on-site inspections to verify the quality of outer fabrics and trimmings. At the production sites, our employees check whether the agreed standards have been implemented and are complied with. The finished merchandise is once more inspected for quality defects by internal and external experts. These audits cover not only the adherence to the high quality and production standards of GERRY WEBER but also compliance with national and international laws and social standards.

While respect for human rights, social standards and fair wages is an indispensable requirement in our selection of contract manufacturer, we cannot categorically exclude the possibility of our manufacturers' suppliers or subcontractors infringing on our standards and requirements. We seek to virtually rule out this risk, which could potentially also damage the reputation of our brand, through comprehensive and, above all, regular reviews and inspections.

Investment risks

Failed investments, cost overruns and / or delayed store openings can have a negative impact on the net worth, financial and earnings position of the GERRY WEBER Group. The expansion of our own Retail operations not only requires considerable capital expenditure but also entails an increase in overhead costs including rents and personnel costs. To minimise the risk of failed investments and unprofitable own stores, each new store opening is preceded by comprehensive location checks and analyses of their potential. A new investment is approved only after detailed sales and earnings projections have been drawn up and scrutinised. Daily performance checks of each House of GERRY WEBER make it possible to identify negative developments and deviations from existing plans at an early stage and to initiate countermeasures where required. Where individual outlets fail to meet their profitability targets within the stipulated period, the corrective action taken may go as far as closing down the operation.

Financial risks

Risk of debtor defaults

At the operational level, counterparty risks primarily result from bad debts. To minimise such risks from the very beginning, new customers are subjected to strict creditworthiness checks and short payment deadlines are agreed. Payment terms are agreed based on the history and the volume of the business relationship as well as experience gathered with previous transactions. The company additionally defines customer credit limits and monitors compliance with these limits as well as customers' payment behaviour on an ongoing basis. The effectiveness of these measures is reflected in the GERRY WEBER Group's extremely low bad debt ratio of some 0.2%.

Liquidity risk

Liquidity risk means that insufficient cash and cash equivalents exist at a given time or that access to the credit markets is squeezed. To ensure that the company is able to meet its payment obligations at all times, sufficient liquid funds and credit lines are kept available in accordance with our financial and rolling cash projections. As the company is largely equity-funded, the credit or liquidity risk plays only a minor role for GERRY WEBER. We consider the risk of not being able to raise sufficient debt capital at attractive conditions to be very low even in the event of banks' lending policies changing and / or interest rates deteriorating.

Interest rate risk

Interest risks arise as a consequence of changes in market rates determining future interest payments on variable-rate deposits and loans. GERRY WEBER International AG manages interest rate risks by raising long-term loans at fixed interest rates. Short-term credit agreements are signed, sometimes at floating interest rates, to offset seasonal cash spikes. Short-term floating-rate credit agreements expose the GERRY WEBER Group to a low cash flow risk. To further limit this risk, interest rate derivatives are used. As of the balance sheet date on 31 October 2012, no short-term floating rate bank loans were used. Against the background of GERRY WEBER International AG's high equity capitalisation as well as the almost stable level of interest rates currently prevailing in the markets, we do not deem the interest rate to be of material importance at this time.

Currency risk
Being an international corporation with a number of local subsidiaries, the GERRY WEBER Group operates in different currency areas. Given that we procure a part of our merchandise from countries outside the euro-zone, our receivables and liabilities may be exposed to currency risks resulting from exchange rate fluctuations. In particular, a further weakening of the euro against the US dollar could increase our procurement costs and thereby weigh on our operating margin. At the beginning of each season our foreign currency requirements are calculated based on the budget calculations compiled for the individual collections. To minimise exchange rate risks and hedge the cash flow forecasts for the individual collections, currency forwards and swaps as well as foreign exchange options are used. The foreign currency derivatives usually have terms of between 12 and 15 months. GERRY WEBER International AG does not trade in financial instruments.

Performance risks

Performance risks may result from our business model and from the business relations maintained with our customers and business partners.

Procurement risks
Although our manufacturing partners are subjected to thorough checks before we place our orders, risks may result from these relationships for the GERRY WEBER Group. Non-compliance with agreed delivery dates and, in particular, the delivery of defective products may have an adverse impact on the business and / or entail increased costs. Permanent reviews of our supply and production chains, ongoing quality controls before, during and after production as well as optimised management of all transport processes are elementary preconditions for timely deliveries to our customers. Central elements of this monitoring and control process include regular deadline monitoring activities and cross-disciplinary deadline discussions. A variety of instruments is used to ensure that all affected departments are informed of potential disruptions at the earliest possible stage and that suitable corrective action can be taken in good time.

Wage rises in the manufacturing countries and / or increasing commodity prices entail the risk of rising production costs and, hence, the risk of a deterioration in the company's earnings position. The GERRY WEBER Group is one of a few German fashion companies that still have their own pattern-making department and an in-house sewing line. This not only ensures an excellent fit of our garments but also gives us full control over our own patterns. This and the sourcing system described above allow the GERRY WEBER Group to respond swiftly and flexibly to changing production requirements.

Logistic risks
The delayed supply of goods, e.g. because of delays in the transport or delivery, or the incorrect making-out of orders could also have an adverse impact on the sales and earnings position. To minimise potential logistic risks, GERRY WEBER International AG has outsourced the logistic process to external logistics firms. Regular meetings between the service provider and the company, at which the deadlines are agreed and discussed, ensure that the complete logistic process is optimally monitored and managed.

Liability risks
We mitigate our exposure to property risks by introducing effective constructional and technical protective measures such as fire doors and smoke detectors as well as by ensuring regular maintenance and inspections of plant and machinery. Liability risks and risks arising from damages are reduced by taking out sufficient insurance cover. All risks insured are constantly reviewed by the company to avoid over or underinsurance.

IT risks

Our IT systems support our business activities from product development to procurement, from transport and logistics to distribution management and control. The key task is to provide users with accurate and meaningful data at the right time. To ensure this, we use advanced technologies (e.g. RFID) and continue to invest in our hardware and software assets. There is an inherent risk of networks failing to function as well as being affected, compromised or even destroyed by external influences. In spite of our high security standards, any failure or disruption of our IT system may adversely impact parts of our business activity and / or entail increased costs. To mitigate these risks, our networks are monitored on an ongoing basis. In addition, security and protection systems have been implemented to prevent the loss or abuse of data and the disruption of our computer networks.

Apart from these protection mechanisms against external abuse, we also ensure maximum data and information security also internally. Preventive measures are taken to protect both the Group's business information and employees' privacy. To ensure data integrity and confidentiality, user-related access authorisations are issued, all system-immanent processes are documented and clear administrator rights are assigned.

Human resources risks

Demographic change as well as problems in recruiting for specialist and executive positions can have a negative impact on the company's success and its planned growth. Our employees' expertise and experience are key to the successful implementation of our business model. By offering attractive remuneration models, exciting challenges and international career prospects, we retain this expertise within our company and safeguard our status as a preferred employer. In particular, we attach importance to employee training and further education. To prevent a lack of qualified staff, we train specialists in various areas and highlight potential careers at GERRY WEBER at an early stage. Our GERRY WEBER Academy provides a comprehensive further training programme, which may be tailored to the specific requirements of each individual employee. To increase our attractiveness as an employer, we offer a variety of working time models and, amongst other things, a local childcare service for employees at our Halle headquarters.

Industrial espionage

The GERRY WEBER Group's business may potentially be negatively impacted by industrial espionage targeting confidential and proprietary commercial and operational data, in particular relating to the development of new collections, and by passing on such information to competitors. We minimise this risk by including penalty provisions in contracts and agreements, by defining critical areas and information and by sensitising our employees to these risks.

Legal and compliance risks

Legal risks may result from legal action being taken against the company. Such litigation may not only entail substantial costs but can also have a damaging effect on the image of GERRY WEBER International AG. We address this risk by retaining external legal counsel and reviewing patents, brand rights and licenses on an ongoing basis. At present there are no legal disputes that could have a material impact on the financial situation of the GERRY WEBER Group.

To minimise the risk of infringing on laws and regulations, we have put in place a compliance programme. In addition, we have a code of conduct and a set of principles of responsible governance which are binding on all employees.

OVERALL ASSESSMENT OF THE RISK SITUATION

Our Group-wide risk management system provides the basis for the assessment of the individual risks and the overall risk. We continue to improve this system so that potential risks can be detected and addressed even faster.

In our estimation the risks outlined above are manageable. Based on current knowledge and information, no risks have been identified that could, on their own or in combination with other risks, jeopardise the continued existence of the GERRY WEBER Group today or in future.

OPPORTUNITIES REPORT

In order to assess future developments and the resulting opportunities for the GERRY WEBER Group, we collect and analyse a wide variety of market and competitor data and track demographic trends in different regions. In addition, we monitor the different fashion trends and carry out customer interviews in our own stores, thereby gaining insight into our customers' evolving needs and requirements. Applying the principle of risk minimisation, we develop suitable strategies to exploit all potential sales and earnings potential as effectively as possible. We see material opportunities for the GERRY WEBER Group in the continued development of existing markets, in the expansion into new countries and regions and in growing our own retail operations. Moreover, we see good opportunities for an expansion of our TAIFUN brand, which would further consolidate our position vis-à-vis demanding customers aged thirty and older.

Looking at demographic developments in the western industrialised nations over the coming decades, the age pyramid will shift towards a group called "best agers". Given that this group is included in the target audience of our GERRY WEBER brand, we see increasing potential for gaining new customers here. This is why we will continue expanding our sales activities in these markets both jointly with existing and new partners as well as through our own Retail operations.

As a general rule, the entry into new markets and the continued internationalisation of our distribution structures allow our company to develop new customer groups and to tap into new sales and earnings potentials. Here, too, selling our products in countries with different economic cycles and stages of economic development offer possibilities for regional diversification. Rising per-capita incomes in the emerging countries, in particular, allow us to access new customer potential.

We see material opportunities for sales and earnings growth through the international expansion of our Retail operations. Discretionary control over merchandise management at the point of sales is not only conducive to higher sales and earnings but also allows to project an internationally consistent brand image. In addition, we gain valuable insights into our customers' needs and purchasing behaviour and can reflect these insights in our collections. The careful tuning of our collections to customer needs allows our Wholesale customers, too, to tap into additional sales potential. Given that insights from retail sales can also be used to optimise merchandise ordering and space utilisation, we will increasingly offer our Wholesale customers the possibility to use our maximum order limit arrangements, under which they merely specify the overall volume of their order and leave the breakdown of the order to our merchandising experts.

The Internet continues to gain in importance as a distribution channel also for the fashion industry. By expanding our online activities we are responding to these changes in our customers' purchasing behaviour while at the same time gaining exposure to new customer groups. While the licensing business for GERRY WEBER branded third-party products is still at a low level, we want to develop new market potential and capitalise on opportunities in this area as well.

The success of our TAIFUN brand, which has been achieved, in particular, in conjunction with our trading partners, has demonstrated that TAIFUN is looking at excellent growth prospects in the international markets. We see good opportunities for growing our customer base in the segment of sophisticated, high-quality and, above all, modern fashion for young working women in the 30+ age bracket.

The growing globalisation of the markets also offers us possibilities for continued improvements on the procurement side. Building on our internal structures, we can respond quickly and flexibly when it comes to acting on opportunities in the procurement markets.

Where the development of new markets leads to additional growth prospects and where our high flexibility allows to reduce costs on the purchasing side, our approach will always be guided by the principle of balancing opportunities and risk. In doing so, we will not compromise on our insistence on high levels of quality as well as our norms and standards while always staying true to our values.

RELATED PARTY DISCLOSURES

CONCLUDING STATEMENT ON THE MANAGING BOARD'S RELATED PARTY DISCLOSURES PURSUANT TO SECTION 312 AKTG

"In accordance with section 312 para. 3 AktG we herewith declare that our company received due compensation and was never disadvantaged in any dealings with associated companies based on the circumstances known at the time when such dealings were transacted."

INFORMATION PURSUANT TO SECTION 289 PARA. 4 HGB AND SECTION 315 PARA. 4 HGB

COMPOSITION OF THE SUBSCRIBED CAPITAL

At the end of the reporting period on 31 October 2012, the subscribed capital (share capital) of GERRY WEBER International AG totalled EUR 45,905,960 and consisted of 45,905,960 bearer shares. Capital measures did not carried put during the reporting period.

Each share represents EUR 1.00 of the share capital. All shares carry the same rights and duties. Each share grants one vote at the Annual General Meeting and determines the shareholders' share in the company's profits. No restrictions, special privileges or other agreements exist with regard to the shares. There are no shares with special privileges granting controlling powers nor are there any voting right controls over employees holding shares.

SHAREHOLDINGS EXCEEDING 10% OF THE VOTING RIGHTS

Gerhard Weber, Chairman of the Managing Board, indirectly holds approx. 28.89% of the company's share capital. Supervisory Board member Udo Hardieck directly and indirectly holds approx. 17.42%. The company is not aware of any other shareholdings exceeding 10%.

REGULATIONS GOVERNING AMENDMENTS TO THE STATUTES AS WELL AS THE APPOINTMENT AND DISMISSAL OF MANAGING BOARD MEMBERS

Amendments to the statutes of GERRY WEBER International AG require a resolution by the Annual General Meeting supported by a majority of at least three quarters of the share capital represented when the resolution is passed; sections 179 et seq. of the German Stock Corporation Act (AktG) apply.

According to the statutes, the Managing Board of GERRY WEBER International AG consists of at least two members. The appointment and dismissal of Managing Board members are governed by sections 84 and 85 of the German Stock Corporation Act (AktG) and the company's statutes. The Supervisory Board appoints the members of the Managing Board, determines the number of Managing Board members and appoints the Chairman of the Managing Board.

POWERS OF THE MANAGING BOARD REGARDING THE ISSUE OF NEW SHARES

Pursuant to section 5 para. 4 of the statutes, the Managing Board is authorised to increase the company's share capital by 31 May 2014 once or several times against cash or non-cash contributions by a total of up to EUR 11,475,000.00 by issuing new bearer shares.

With regard to the subscribed capital, the statutes of GERRY WEBER International AG entitle the Managing Board, under certain conditions, to exclude shareholders' subscription rights with the consent of the Supervisory Board. Conditional capital does not exist at the reporting date.

POWERS OF THE MANAGING BOARD REGARDING THE ACQUISITION OF OWN SHARES

So far as permissible by law, the Managing Board is authorised to repurchase shares and to sell repurchased shares. As of 31 October 2012, the company no longer held own shares.

CONDITIONS OF A CHANGE OF CONTROL RESULTING FROM A TAKEOVER BID

The service contracts concluded between GERRY WEBER International AG and the members of the Managing Board contain regulations about a potential resignation of the Board members in the event of a change of control. These are outlined in the compensation report in the Management Report. The loans raised by GERRY WEBER International AG and the credit lines made available by the banks contain contractual regulations in line with general market practice which grant the contractual partners additional rights of termination in the event of a change of control resulting from a takeover bid.

COMPENSATION AGREEMENTS REACHED WITH MEMBERS OF THE MANAGING BOARD IN THE EVENT OF A TAKEOVER BID

In the event of premature termination of a Managing Board member's contract due to a change of control, the respective Managing Board members are entitled to a compensation payment. In accordance with the German Corporate Governance Code, the compensation payments for the members of the Managing Board amount to 150% of the severance payment cap, which is equivalent to three times the capitalised total annual compensation.

CORPORATE GOVERNANCE REPORT

Good corporate governance is an integral element of our corporate culture and has always been at the heart of our corporate activity. We believe that the concept of corporate governance embraces not only the creation of structures and processes but also the responsible, transparent and value-oriented management and control of the GERRY WEBER Group. Recognising that that sustained corporate success thrives on the confidence placed in our company by all our stakeholders, we aim to vindicate and enhance this confidence through good corporate governance, compliance with ethical standards and values and fair dealings with each other.

In the financial year 2011/12, the Managing Board and the Supervisory Board of GERRY WEBER International AG paid close attention to the German Corporate Governance Code (DCGK). On these pages, the Managing Board and the Supervisory Board report on corporate governance in the GERRY WEBER Group in accordance with Clause 3.10 of the Code. This report also contains the information on corporate governance required pursuant to section 289a of the German Commercial Code (HGB) as well as the compensation report.

DECLARATION OF CONFORMITY

In accordance with section 161 of the German Stock Corporation Act (AktG), the Supervisory Board and the Managing Board of GERRY WEBER International AG declare that the company has, since the publication of the last annual Declaration of Conformity on 28 November 2012, complied with the recommendations made by the Commission of the German Corporate Governance Code as last amended on 15 May 2012, save for the exceptions outlined below. Due to the size of the company, the number of Supervisory Board members and the business model, we did not comply with all recommendations of the Code.

<u>Clause 2.3.2 – Transmission by electronic means</u>
GERRY WEBER International AG will send the notification of the convening of the Annual General Meeting together with the convention documents by electronic means to individual domestic and foreign financial service providers, shareholders and shareholders' associations only upon request. GERRY WEBER International AG will continue to refrain from the general electronic transmission of these documents for organisational reasons. The shares of the company being bearer shares, it is not possible to identify all potential recipients.

<u>Clause 5.2 – Chairman of the Audit Committee</u>
The Chairman of the Supervisory Board is also the Chairman of the Audit Committee, which means that GERRY WEBER International AG does not comply with the recommendation of the Code that these positions be held by two different persons. The company is of the opinion that the dual chairmanship makes supervision more efficient and improves communication within the Supervisory Board.

<u>Clause 5.4.1 – Age limit for members of the Supervisory Board</u>
No age limit has been defined for the members of the Managing Board and the Supervisory Board, as abilities, qualifications and experience are regarded as the relevant criteria for appointment to these bodies. The company is of the opinion that it can only benefit from the knowledge and the experience of older Supervisory Board members.

<u>Clause 5.4.6 – Compensation of the members of the Supervisory Board</u>
Members of the Nomination Committee and the Audit Committee receive no additional compensation, as the company is of the opinion that the regular Supervisory Board compensation is sufficient.

<u>Clause 7.1.2 – Consolidated financial statements</u>
The consolidated financial statements were publicly accessible within 120 days of the end of the reporting period. The interim reports are publicly accessible within 45 days,

which is in accordance with the recommendations of the German Corporate Governance Code. GERRY WEBER International AG aims to comply with the 90-day deadline for the consolidated financial statements recommended by the Code in future. So far, the company has not complied with the recommended deadlines in order to ensure a higher quality of the figures reported.

Besides the recommendations, the German Corporate Governance Code also contains suggestions for good and responsible corporate governance. Save for a few exceptions, GERRY WEBER International AG complies with all suggestions of the Code.

Clause 2.3.3 – Voting proxies
The company shall facilitate the personal exercising of shareholders' voting rights and the use of proxies. The proxies designated by GERRY WEBER International AG can be reached by the participants in the General Meeting until the voting. Shareholders who do not attend the Annual General Meeting can reach the proxies until 4:00 pm on the day before the Annual General Meeting. Due to organisational processes and in order to ensure proper exercising of the voting rights, only shareholders attending the Annual General Meeting can currently reach the proxies after that time.

Clause 2.3.4 – AGM broadcast on the Internet
The company should make it possible for shareholders to follow the General Meeting using modern communication media (e. g. Internet). The 2012 General Meeting was not broadcast on the Internet and such broadcast is not planned for financial reasons. However, the address by the CEO and the voting results are published on the Internet at *www.gerryweber.com* immediately after the AGM.

The current Declaration of Conformity, the declarations from prior years as well as the coporate governance statement pursuant to section 289a HGB are published on our website at *www.gerryweber.com* (Corporate Governance).

SHAREHOLDERS AND ANNUAL GENERAL MEETING

Shareholders can exercise their rights at the Annual General Meeting of GERRY WEBER International AG, where they also exercise their voting rights. The AGM serves to inform shareholders about the situation of the company and facilitates a direct exchange between our shareholders and the controlling and executive bodies of GERRY WEBER International AG. The last AGM on 5 June 2012 in Halle / Westphalia was attended by some 1,150 shareholders and shareholder representatives, who represented an imputed 73.8% of the company's share capital.

Prior to the Annual General Meeting, the shareholders receive all information that is relevant for the AGM and / or can access this information as well as the Annual Reports and the interim reports on the company's website. The items on the agenda and conditions for participation are outlined in the invitation to the AGM. Shareholders also have the possibility to ask questions to the employees of our Investor Relations Department by phone or e-mail.

Our shareholders may exercise their voting rights at the Annual General Meeting either personally or through an authorised proxy. GERRY WEBER International AG supports its shareholders in exercising their voting rights by making available designated proxies who are bound by instructions prior to the AGM, as well as during the AGM for attending shareholders. A possibility of postal voting is currently not offered by the company for organisational reasons.

TRANSPARENT COMMUNICATIONS

GERRY WEBER International AG informs its shareholders not only once a year at the General Meeting but is in a constant dialogue with all relevant target groups. All stakeholders – e. g. shareholders, customers, analysts, press representatives and the interested public – are informed about the latest developments in an equal and timely manner. We publish all material business transactions and events that are of interest to our shareholders in the form of ad-hoc and / or press releases and also make them available on our website, where we also post our financial calendar. We provide regular information on the course of business, the latest developments and the implementation of our strategies at investor conferences and shareholder forums as well as in one-on-one talks.

In accordance with section 15 of the German Securities Trading Act (WpHG), directors' dealings of GERRY WEBER International AG are also immediately published and posted on the company's website at *www.gerryweber.com*. The table below shows the shares held by members of the Managing Board and the Supervisory Board as of 31 October 2012 in individualised form:

MANAGING BOARD	Number of shares in units	Share of capital in %
Gerhard Weber (indirect)	13,262,974	28.89
Doris Strätker (direct)	4,000	0.01

SUPERVISORY BOARD	Number of shares in units	Share of capital in %
Udo Hardieck (direct and indirect)	7,994,845	17.42
Charlotte Weber-Dresselhaus (direct)	69,006	0.15
Klaus Lippert (direct)	150	0.00
Olaf Diekmann (direct)	28	0.00

COOPERATION BETWEEN THE MANAGING BOARD AND THE SUPERVISORY BOARD

Headquartered in Halle / Westphalia, GERRY WEBER International AG is a German joint stock company. The dual management system comprising a Managing Board and a Supervisory Board is a fundamental principle of German stock corporation law. A characteristic feature of this system is the strict separation between the Managing Board, which has a managing function, and the Supervisory Board, which has an advisory and monitoring function. The Managing Board and the Supervisory Board cooperate closely to ensure that our objectives are implemented and to secure our sustained corporate success.

Managing Board

The Managing Board is responsible for independently managing the company and represents the company in transactions with third parties. The Managing Board defines the corporate objectives and the strategic positioning of the GERRY WEBER Group and controls and monitors the business units and subsidiaries. Its activities and decisions are geared to the interests of the company. The Managing Board is committed to creating sustainable value.

The members of the Managing Board manage the company in accordance with the applicable laws, the statutes, the rules of procedure of the Managing Board as well as all applicable internal rules and regulations. Among other things, the Managing Board is responsible for the preparation of the quarterly and annual financial statements of GERRY WEBER International AG as well as the consolidated financial statements. In addition, it must ensure that legal regulations, provisions and internal company policies are complied with throughout the Group. The Managing Board is currently composed of three members, who share the responsibility for managing the company. Gerhard Weber is the Chairman of the Managing Board, while Doris Strätker and Dr. David Frink are members of the Managing Board. The composition of the Managing Board remained unchanged in the fiscal year 2011/12.

The schedule of responsibilities shows which Managing Board member is responsible for which business segment: amendments require the unanimous decision of the Managing Board and the approval of the Supervisory Board. The Managing Board takes its decisions by a simple majority. In the event of a tie, the Chairman has the casting vote.

The Managing Board and the Supervisory Board cooperate closely in the interest of the GERRY WEBER Group and to ensure the sustainable development of the company and its value. The Management Board informs the Supervisory Board regularly, without delay and comprehensively of all issues of importance to the company with regard to planning, business development, risk situation and risk management and coordinates the enterprise's strategic approach with the Supervisory Board. In addition, the Managing Board regularly reports to the Supervisory Board on compliance. The Managing Board must obtain the Supervisory Board's approval for certain transactions which are defined in the statutes of GERRY WEBER International AG and in the rules of procedure of the Managing Board.

Composition of the Supervisory Board

The Supervisory Board appoints, supervises and supports the Managing Board and is directly involved in decisions that are of fundamental importance for the GERRY WEBER Group. Besides the regular meetings, the Supervisory Board maintains a constant exchange with the Managing Board, which ensures that it is at all times informed of the business policy, corporate planning and the strategy. Following a thorough review, the Supervisory Board approves the annual budget and the financing framework and endorses the financial statements of GERRY WEBER International AG and the Group, taking into account the auditors' report. The Supervisory Board also addresses the quarterly and interim reports, which are previously discussed by the Audit Committee.

The Supervisory Board of GERRY WEBER International AG consists of six members, of whom two are elected by the workforce. In accordance with the recommendations of the German Corporate Governance Code, the shareholder representatives are elected individually by the Annual General Meeting. The last elections to the Supervisory Board were held at the AGM on 1 June 2010. The members have been elected until the end of the Annual General Meeting deciding on the release from liability of the Supervisory Board members for the fiscal year 2013/14. No changes in the composition of the Supervisory Board occurred in the fiscal year 2011/12.

The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs the meetings and represents the body's interests externally. The Supervisory Board has laid down its own rules or procedure, which also apply to the committees of the Supervisory Board. The Supervisory Board takes its decisions on the basis of resolutions passed by a simple majority of the voting Supervisory Board members. In the event of a tie, the Chairman has the casting vote. All resolutions are passed at meetings. To simplify the procedure, resolutions may also be passed by way of a written vote.

When it comes to the composition of the Supervisory Board of GERRY WEBER International AG, attention has always been paid to ensuring that the members of the Supervisory Board have the required knowledge, skills and expert experience. Moreover, Supervisory Board members must have sufficient time to exercise their mandate. At least one member shall have several years of international experience. The aim is to appoint the members of the Supervisory Board in such a way as to ensure the competent control and advice of the Managing Board as well as the proper exercise of the decision-making and other rights of the Supervisory Board.

Against the background of the amendment of the German Corporate Governance Code with effect from 15 May 2012, the Supervisory Board has extended and re-adopted the objectives for its composition. The following objectives have been defined on the basis of the size of the Supervisory Board, the company's specific requirements and the aspects of diversity and independence:

Members of the Supervisory Board shall have experience in the fields of corporate governance, strategy and human resources. They must also be familiar with the company and the markets in which the company operates and/or have specific knowledge of customers industries. At least one independent member must have knowledge of accounting, internal control procedures or auditing. This independent Supervisory Board member should not be a former member of the Managing Board whose term of office ended less than two years ago.

A Supervisory Board member is considered independent if he / she has no personal or business relations with the company, its executive bodies, a controlling shareholder or a related party which may cause a substantial and not merely temporary conflict of interests. The existence of an employment relationship between a member of the Supervisory Board and a company of the GERRY WEBER Group or the existence of old-age pension commitments of one of these companies in favour of Supervisory Board members as such shall not be deemed to constitute a conflict of interest. In this respect, the Supervisory Board has defined the following objectives regarding its composition:

- Supervisory Board members shall not sit on an executive body or perform advisory tasks at a material competitor of the company or a Group company;
- Supervisory Board members shall not play an active role at customers or suppliers of the company or a Group company; and
- at least two of four shareholder representatives on the Supervisory Board shall be independent.

When it comes to appointing Managing Board members, nominating Supervisory Board members and filling executive positions, the Supervisory Board supports the company's efforts to achieve an appropriate degree of female representation. For a Supervisory Board composed of six members, the Supervisory Board aims for at least two female members.

In accordance with the recommendations of the Code, the Supervisory Board has subjected itself to an efficiency review. One member of the Supervisory Board is a former member of the Managing Board of GERRY WEBER International AG, who resigned from the company's Managing Board more than three years ago. Accordingly, the Supervisory Board has a sufficient number of independent members. No conflicts of interest on the Supervisory Board occurred.

To ensure that its tasks are performed efficiently, the Supervisory Board has set up two committees, which prepare the decisions of the Supervisory Board as well as some of the topics addressed by the full Supervisory Board. The Supervisory Board has formed a Nomination Committee and an Audit Committee. The Chairman of the Supervisory Board also chairs both committees, as the company and the Supervisory Board are of the opinion that this makes supervision more efficient and improves the communication with the Supervisory Board.

All information regarding the composition of the Managing Board and the Supervisory Board, the cooperation between the two bodies as well as our value system for dealings and communications within the company and with our stakeholders can be found in the corporate governance statement pursuant to section 289 a HGB on our website at *www.gerryweber.com*.

COMPLIANCE

For GERRY WEBER, it goes without saying that all legal provisions as well as all internal rules and regulations based on such provisions must be complied with. At GERRY WEBER, the concept of compliance therefore goes much further and defines a code of conduct for responsible action. Our principles for responsible corporate activity include the fundamental demands made on the behaviour of each individual employee. Being part of the GERRY WEBER Group and sharing its corporate culture means behaving in accordance with our principles.

Esteem and respect are fundamental values of our company. We are committed to respecting individual and cultural differences as well as to offering equal opportunities. We respect human rights and make sure they are complied with. We do not tolerate disrespectful, intimidating or offensive actions towards the company, its shareholders, customers, business partners or employees. Our personal behaviour ensures that the name of our company deserves trust and confidence at all times.

We expect the executive bodies of our company and our employees to always deliver the best possible performance to the benefit of our customers and our company. We are committed to observing and complying with laws and legal regulations. Wherever laws and regulations are violated, we will immediately initiate disciplinary measures; this also applies to any violation of our code of conduct. We expect our employees to always act in accordance with the highest professional standards.

The Compliance organisation forms part of the Accounting Department. To further develop and better understand the code of conduct, Group policies have been adopted which, among other things, comprise rules regarding anti-trust and competition law as well as guidelines for accepting and granting benefits. They also address the treatment of information and data, data protection and security as well as social compliance issues. GERRY WEBER aims to ensure that the fundamental human and labour rights are also enforced for the employees of our suppliers. The GERRY WEBER Group therefore obliges its suppliers to comply with social standards as defined by the Business Social Compliance Initiative (BSCI).

Our whistleblowing system encourages employees to openly address matters they consider important and to point out circumstances that indicate a violation of laws or international regulations. In addition, an independent external ombudsman has been appointed for employees and business partners to contact.

ACCOUNTING AND AUDIT

The consolidated financial statements and the interim reports of GERRY WEBER International AG are prepared to International Financial Reporting Standards (IFRS) such as they are applicable in the European Union. At the Annual General Meeting on 5 June 2012, Mazars GmbH, Wirtschaftsprüfungsgesellschaft, was appointed auditor of the separate and the consolidated financial statements for the financial year 2011/12. The auditor will immediately inform the Supervisory Board of all material findings and incidents that occur during the annual audit and are relevant for the tasks of the Supervisory Board. The auditor also has to inform the Supervisory Board and / or state in its audit report any facts

DESCRIPTION OF THE GERRY WEBER COMPLIANCE STRUCTURE

ORGANISATION	DIRECTIVES	WHISTLEBLOWING MANAGEMENT
Management Board Chief Compliance Officer Local Compliance Officer Compliance Committee	Competition and antitrust laws Conflict of interests Handling of information and data Capital markets and communication Safety, health and environment Social Compliance	Superiors General Management Works Council Chief Compliance Officer Management Board External Ombudsman
BASIC RULES: CODE OF CONDUCT		

that suggest that the Declaration of Conformity is not correct. Moreover, the Supervisory Board has satisfied itself of the independence of the auditor as defined in Clause 7.2.1 of the DCGK.

COMPENSATION REPORT

The compensation report summarises the principles for the determination of the total compensation of the Managing Board members of GERRY WEBER International AG. It outlines the individual compensation components and the amount of the compensation of the individual Managing Board members. The principles and the amount of the compensation of the Supervisory Board members are also outlined in this report. The compensation report forms part of the Group management report and, hence, of the audited consolidated financial statements.

Compensation system

As a general principle, the Managing Board compensation is designed to reward the striving for and achievement of successful corporate governance which is geared to sustainable growth. Moreover, the compensation must be in proportion to the size and the financial situation of the company and give special consideration to special achievements. The compensation must be attractive also in comparison with our competitors to ensure that excellent executives can be signed up and retained by GERRY WEBER International AG.

The amount and the structure of the Management Board compensation are defined and regularly reviewed by the Supervisory Board. The composition of the compensation of the Managing Board members was presented to the last Annual General Meeting on 24 May 2011 and approved by the latter. It applies to all Managing Board contracts signed after the AGM's approval. Managing Board contracts signed prior to the approval of the new compensation structure remain subject to the regulations that were in force at the time the contracts were signed.

Amount and structure

Criteria for assessing the appropriateness of the Managing Board compensation include the tasks of the individual Board members, their personal performance, the financial situation and the quantifiable performance of the company. When determining the Managing Board compensation, the compensation structure within the GERRY WEBER Group and within our peer group is also taken into account. The total compensation of the Managing Board consists of the following components: a non-performance-related fixed compensation component and variable, performance-related compensation components. The performance-related components include components with a multi-year assessment base. In addition, the members of the Managing Board receive other compensation (non-monetary compensation). No share-price-based compensation components exist.

Fixed compensation

The non-performance related fixed compensation is the contractually agreed basic compensation, which is paid in equal monthly instalments. In addition, the members of the Managing Board receive other benefits in the form of non-monetary compensation, part of which are considered benefits in money's worth and taxed accordingly. They include, in particular, the use of a company car as well as accident and liability insurance. The other benefits are recognised as fixed compensation components.

Performance-based compensation components

As a general rule, the performance-based, variable compensation components of the Managing Board members depend on the degree to which the objectives set by the Supervisory Board are achieved and their amount is dependent on the actual company performance. Under Managing Board contracts signed prior to the approval of the new regulations, i.e. prior to 24 May 2011, the variable compensation is dependent on the Group's result before taxes; under contracts signed after 24 May 2011, its is dependent on the criteria outlined below. As a general rule, the variable compensation is capped in all contracts signed after adoption of the new regulations. The management contracts of Gerhard Weber and Dr. David Frink were renewed after approval of the new regulations and therefore include a cap on the performance-based compensation.

Pursuant to the reorganisation of the Managing Board compensation for contracts signed after 24 May 2011, the amount of the variable compensation is, as a general rule, dependent on the degree to which objectives are achieved, with a distinction made between three types of objectives.

a) The variable compensation is calculated on the basis of the return on assets of the GERRY WEBER Group. The return on assets is weighted with an achievement factor which reflects the degree to which objectives are achieved. The amount of the return on assets to be generated is determined on the basis of the company's medium-term planning.

   If 50% or more of the objectives are reached, each percentage point, as well as fractions thereof, is multiplied by a factor of 0.02. The resulting factor is multiplied by a previously defined amount in euros. The result is the first variable compensation component. The maximum achievement of objectives is 150%, which means that the variable compensation is capped.

   If the degree of achievement is 50% or less, the multiplication factor is zero, which means that no variable compensation will be paid.

b) In addition to the variable compensation component defined under a) above, the Supervisory Board may grant a performance-related bonus, which is dependent on the individual performance of the individual Managing Board member. For this purpose, qualitative objectives are agreed with the individual members of the Managing Board. If 100% of the objectives are achieved, the bonus will be paid in full. If the Managing Board member exceeds or falls short of the objectives, the Supervisory Board may increase or reduce the bonus by up to 50% of the fixed annual salary.

c) In the event of outstanding achievements and / or extraordinary positive developments, the Supervisory Board may grant a special bonus and / or adjust the individual performance-related bonus of individual Managing Board members in an appropriate manner.

<u>Regulations relating to the termination of the Managing Board contract</u>
Managing Board contracts provide for a severance payment, including side benefits, that does not exceed the value of two years' compensation (severance payment cap) and compensates no more than the remaining term of the contract of the resigning Managing Board member if the contract is terminated prematurely without serious cause. The regulations in the management contracts thus comply with the recommendations of the German Corporate Governance Code as amended on 12 May 2012.

Managing Board members who lose their Managing Board mandates due to a change of control on the shareholder side are entitled to a compensation payment. In accordance with the German Corporate Governance Code, the compensation payments for the Managing Board members amount to 150% of the severance payment cap, which is equivalent to three times the capitalised total annual compensation.

Managing Board compensation for the financial year 2011/12

Against the background of the previously defined assessment base, the achievement of individual objectives by the Managing Board members and taking into account the economic performance and situation of the GERRY WEBER Group, the total compensation of the Managing Board of GERRY WEBER International AG for the fiscal year 2011/12 amounts to EUR 6.3 million (previous year: EUR 5.9 million). As outlined in detail above, the total compensation of the Managing Board includes a non-performance related fixed annual salary and non-performance-related other benefits as well as a performance-based compensation component.

The table below shows details of the Managing Board compensation for the fiscal year 2011/12 in itemised form. Prior year figures are stated in parentheses.

in KEUR	Fixed compensation	Variable component	Total
Gerhard Weber (CEO)	751 (469)	3,800 (3,715)	4,551 (4,184)
Doris Strätker	660 (660)	300 (300)	960 (960)
Dr. David Frink	467 (467)	320 (307)	787 (774)
Total	**1,878 (1,596)**	**4,420 (4,322)**	**6,298 (5,918)**

As a general rule, all sideline activities must be approved. No payment is received for the performance of management and / or Supervisory Board functions in Group member companies. In the past financial year, no member of the Managing Board received benefits or corresponding commitments from third parties with regard to their activity as Managing Board members.

Compensation of the Supervisory Board

The compensation is defined in section 13 of the statutes and was amended based on a resolution passed by the Annual General Meeting on 24 May 2011. The aim of the adjustment was to achieve even greater independence of the Supervisory Board as well as to reflect the liability risk as well as the generally higher workload, which is not least the result of the company's growth.

Accordingly, the compensation of the Supervisory Board comprises a fixed compensation component and the reimbursement of necessary expenses. The fixed compensation is KEUR 60.0 per full financial year and is payable after the Annual General Meeting for the past financial year; compensation for newly elected or retiring members is paid on a pro-rata temporis basis. The Chairman of the Supervisory Board receives three times this amount, while the Vice Chairman receives 1.5 times this amount.

The fixed compensation of the Supervisory Board members for the financial year 2011/12 totalled KEUR 510.0 (previous year: KEUR 510.0) including the reimbursement of expenses.

The table below shows the compensation received by the individual members of the Supervisory Board (where applicable, the compensation received in the previous year is shown in parentheses):

in KEUR	Fixed compensation
Dr. Ernst F. Schröder (Chairman)	180.0 (180.0)
Udo Hardieck (Vice Chairman)	90.0 (90.0)
Charlotte Weber-Dresselhaus	60.0 (60.0)
Dr. Wolf-Albrecht Prautzsch	60.0 (60.0)
Olaf Dieckmann	60.0 (60.0)
Klaus Lippert	60.0 (60.0)
Total	**510.0 (510.0)**

In the financial year, no member of the Supervisory Board received additional compensation and / or benefits for personal services rendered, especially advisory services, from GERRY WEBER International AG or related parties.

POST-BALANCE SHEET EVENTS

Since the conclusion of the 2011/12 financial year (period ended 31 October 2012) there have been no events which are expected to have a material impact on the net worth, financial and earnings position of the GERRY WEBER International AG.

FORECAST REPORT

FUTURE MACROECONOMIC SITUATION AND INDUSTRY OUTLOOK

GERRY WEBER International AG operates as an international fashion company in various regions of the world. While manufacturing predominantly takes place in Asia, Turkey and Eastern Europe, our collections are marketed in more than 62 countries. Consequently the GERRY WEBER Group is exposed to a variety of global economic and/or regional conditions and developments.

Growth in the global economy has been losing momentum for quite a while. At the end of 2012 the global economy found itself in a sustained period of weakness. Since the end of last year manufacturing output in the euro area has shrunk, the recovery in the US economy has slowed down and the pace of expansion has clearly reduced in the major emerging countries including China. Experts at such institutions as the Kiel Institute for the World Economy (ifw) and the European Commission assume that the world economy grew by only 3% (previous year: 3.9%) in 2012; this includes average growth figures of 1% for the developed industrial nations.

Most economists believe that the period of very subdued growth in the global economy will continue in 2013, with the key growth impulses coming from the emerging countries. The financial and debt crisis will continue to cause uncertainty and hamper growth primarily in Europe. The development in the US economy will equally depend on the resolution of the debt crisis. Uncertainty about the future course of the US economy following the presidential elections is likely to cause companies and households to hold back on (capital) spending. The World Bank assumes that the US economy expanded by 2.1% in 2012 and will grow by 2.3% in 2013. The ifo institute has confirmed the 2012 growth forecast but believes that the above mentioned uncertainties will keep growth at 1.6% in 2013. Russia is an important export market for the GERRY WEBER Group. Following a 4.5% increase in GDP in 2011, the World Bank has forecast a decline in the growth rate to 3.5% for 2012, citing the rising inflation and its constricting effect on domestic demand. Growth in 2013 is expected to remain steady at 3.6%.

While some countries of the European Union are in recession, others have demonstrated their extreme robustness and have been able to post slight growth. On the whole, however, both the ifo Institute and the European Commission assume that European (EU27) GDP contracted by minus 0.3% in 2012. In the coming year 2013 developments in the EU economies will primarily depend on companies' and households' confidence in governments' ability to consolidate their budgets and to implement the required structural reforms. If the current uncertainty were to persist or if the debt crisis were to escalate, this would lead to a recession. We can therefore not rule out the possibility of the European economy remaining sluggish during the first half of the year and, at best, picking up some momentum only in the second half of 2013. At the same time, domestic demand in Europe is set to remain recessive until mid-2013, stabilising only towards the end of the year, just like private consumption.

Against the background of the ongoing debt crisis in Europe and the slowdown in global economic growth, the economy in Germany has so far exhibited an exceedingly high level of stability. Even so, a number of detrimental factors became clearly apparent in the third quarter of 2012 which saw GDP expand by only 0.2% from the previous quarter. The ifo Institute believes that German GDP grew by only 0.8% in 2012 (previous year: 3.0%). We assume that overall economic growth in our home market will continue to weaken in the coming months. We do not expect the German economy to pick up before the middle of 2013 and this upturn will be conditional on a recovery in Europe and stronger momentum in the global markets. All told, growth in the German economy during 2013 is likely to come in at the previous year's level of around 1.0%.

Consumer sentiment is of particular importance for the fashion sector. This sentiment is a function of a variety of factors including expectations about the economy, unemployment figures as well as consumer households' perception of their available incomes. Against the background of already high unemployment as well as the uncertainty about the future in some EU countries, we assume that consumer spending will remain depressed in these countries. Our assessment is supported by the GfK Consumer Sentiment Study for Europe (October 2012). The readings for consumers' economic and income expectations as well as their inclination to make major purchases have declined clearly across almost all EU countries surveyed.

As for Germany, the same study shows a slight improvement in consumer sentiment, albeit from an extremely low level. Expectations about the economy, in particular, remained at an index level of -15.8 (-17.2 in the preceding month of September). It was only due to the low unemployment figures coupled with higher income expectations that the October 2012 consumer sentiment reading rose slightly (+0.1) to 6.1. Even so, we cannot rule out a decline in German consumer sentiment in the coming months. We feel that the slowdown in the global economy, the continuing uncertainty in Europe as well as price increases for electricity and energy will impact on corporate and consumer sentiment. As for the short term, we expect a slight rise in German unemployment figures, which will add to the uncertainties among consumer households, causing consumers to adopt a wait-and-see attitude. Consequently there is the prospect of a slight weakening of consumer spending and, by extension, domestic demand. Add to this the fact that the effects of overall economic trends typically impact the consumer goods sector only with a certain delay.

Conclusion

Based on our assessment of the economic prospects in Germany, Europe and our major export markets as well as the resulting effects on consumer spending, we cannot rule out the possibility of a slight deterioration in trading conditions for our business model particularly during the first months of 2012/13. However, we expect economic activity to pick up again in the second half of the year, leading to improved consumer sentiment and rising household spending.

During the crisis years of 2008 and 2009 we already demonstrated our ability to isolate ourselves from fluctuations in the general economy thanks to our strong position in the marketplace as well as our operational resilience and financial strength. We believe to be well prepared for the tasks ahead, benefiting from our uniquely positioned brands, our efficient operations, our flexible sourcing system and, most of all, our customer structure. In the Retail segment, we are supported by a loyal base of end customers who have above-average shopping budgets at their disposal even in time of crisis. In the wholesale segment, we have cultivated strong partnerships with our retailers who appreciate our long-standing commitment to ensuring well-balanced margins for both sides.

FUTURE POSITIONING OF THE GERRY WEBER GROUP AND GROWTH TARGETS

In the past fiscal year, we took over and reopened about 280 own retail and concession stores, continued to internationalise our distribution structures and expanded our market presence, especially for the TAIFUN and SAMOON brands. These important steps have laid the foundation for the future development of the GERRY WEBER Group. Our aim is to continue our sustainable and profitable growth in the years ahead.

In the coming months, the strategic positioning of the GERRY WEBER Group and of our operating activities will primarily focus on the following:

- expansion of the Retail segment, especially outside Germany;
- ongoing internationalisation of the distribution structures and, hence, expansion of the global presence of our brands;
- increase the international market penetration of TAIFUN and SAMOON;
- continued integration of the stores acquired/opened in 2011/12 and optimisation of existing structures and processes.

The Retail segment will remain an important driver of our profitable growth. The Houses of GERRY WEBER and mono-label stores opened in the past fiscal years constantly increase their sales and will make a commensurately higher contribution to total Group revenues. A House of GERRY WEBER or mono-label store typically reaches its average sales volume after about 24 to 36 months. As the Retail segment has been expanded over the past years, its contribution to total sales revenues and earnings will increase continuously over time. The medium-term target for the Retail segment is to make a 50% contribution to overall sales revenues. In this context, it should be noted, however, that a newly opened store initially generates between 60% and 80% of its average sales revenues, while incurring full fixed costs such as personnel and rental expenses. Having almost doubled its retail spaces in the fiscal year 2011/12, the Retail segment will benefit from growing sales revenues on the one hand and be affected by one-time start-up costs on the other hand.

Between 65 and 75 new retail spaces are planned to be opened in fiscal 2012/13, supporting the continued expansion of the Retail segment. New company-managed Houses of GERRY WEBER and mono-label stores will be opened in Germany and abroad, especially in countries such as Switzerland, the UK, Poland and other Eastern European markets.

The other distribution channels of the Retail segment will also be expanded, with a special focus placed on the development of the online shops. The existing e-commerce shops in Germany, the Netherlands, Austria and Switzerland will be complemented by online platforms in other local markets. As far as the concession shops are concerned, most of the new stores will be opened in Spain and the Netherlands.

In parallel to the expansion of the international presence of our company-managed GERRY WEBER stores, we also want to grow our Wholesale segment on a global scale. We intend to seize growth opportunities especially outside Germany in order to further strengthen our global presence and brand awareness and win market share. Together with existing and new franchisees, we will open new Houses of GERRY WEBER and mono-label stores. New store openings are already being planned in existing markets such as Russia and the Middle East as well as in France and Canada. In cooperation with our distribution partners, we also intend to tap new markets and customer groups in countries and regions in which no Houses of GERRY WEBER exist so far. Prior to every new market entry, we thoroughly review the opportunities offered by the respective market and the suitability of our prospective distribution partners.

The shop-in-shops operated in the stores of our wholesale partners are an important distribution channel of the Wholesale segment. Featuring our logos and our shop fittings, these retail spaces give us the opportunity to present our products in a way which meets the requirements of our consumers, while at the same time increasing the visibility of our brands. We currently operate roughly 2,750 shop-in-shops in Germany and abroad and intend to increase this number by about 200 in the fiscal year 2012/13.

As a strong and experienced partner, we want to support our wholesale customers also in the field of purchasing and ordering. Customers who are unable to visit our showrooms have the possibility to inspect and select the GERRY WEBER collections on the Internet where each single garment and its materials are explained and visualised in detail. Automated forms make it easy for the customer to place their order and transmit the order directly to our IT systems for further processing. To optimise the product offerings in our customers' retail stores, we have developed the maximum order limit concept which allows retailers to benefit from the insights we gain on a daily basis from more than 6,000 points of sale. Participating retailers merely define an upper limit for their order and leave the breakdown of the order entirely or partially to the GERRY WEBER experts, who compile the individual collection items on the basis of general and customer-specific information. This optimises the customer's product offering and their sales potential.

The GERRY WEBER Group has set the course for continued profitable growth in the fiscal year 2012/13. Compared to the past fiscal year 2011/12, however, the pace of growth will return to normal, as our projections include no major acquisitions comparable to last year's WISSMACH takeover. In view of our close partnership with our Wholesale customers, the many growth opportunities faced by the Retail segment and the experience we have gained in expanding our brand presence, we are optimistic that we will reach the growth targets we have set ourselves.

EXPECTED EARNINGS AND FINANCIAL PERFORMANCE

After an above-average increase in sales of 14.2% in the past fiscal year, which was partly attributable to the acquisitions, we anticipate high growth also for the current fiscal year. Against the background of different economic conditions in our output markets and slowly improving growth figures in Germany, we project sales revenues between EUR 890 and 900 million for the fiscal year 2012/13. This would represent a double-digit percentage growth rate on the previous year.

The increase in sales is primarily attributable to the expansion of the company-managed retail spaces in the previous years. In the past fiscal year alone, we almost doubled the number of company-managed stores, thus expanding our retail space by approx. 67%. Accordingly, the Retail segment's contribution to total Group revenues will continue to grow in the coming years.

However, we not only want to boost our sales revenues but also want to grow profitably and improve our operating result. After EUR 99.6 million in 2010/11 and EUR 115.9 million in the past fiscal year, we aim to generate earnings before interest and taxes (EBIT) of between EUR 131 and 135 million in 2012/13. The improved earnings position will primarily be based on the expansion of the Retail segment, which can generate higher margins. As outlined above, it should be noted that a newly opened store initially generates between 60% and 80% of its average sales revenues, while at the same time incurring full fixed costs such as personnel and rental expenses. Accordingly, one-time start-up expenses will again be incurred in conjunction with the expansion of the Retail segment in fiscal 2012/13. In the context of the expansion of our business activity in Germany and abroad, sales-related costs such as material and transport costs will increase, as will the fixed costs, especially personnel and rental expenses.

Based on a nearly unchanged financial result and a constant income tax rate, we expect both earnings after taxes and earnings per share to improve in fiscal 2012/13. As in the previous years, we want to give our shareholders a share in the operating performance of GERRY WEBER International AG. Accordingly, the payout ratio for 2012/13 is projected to amount to between 40% and 45% of the net income after taxes.

In view of an equity ratio of 75.1%, liquid funds of EUR 49.2 million and financial liabilities of EUR 15.3 million, we do currently not anticipate the raising of additional debt. Refinancing requirements can be regarded as negligible given the existing volume of financial liabilities. Based on the planned improvement in earnings and compliance with a strict cost management strategy, the Managing Board also projects continued high cash flows. The cash flow from operating activities and our internal financial strength will enable us to fully finance the planned investments from our own funds. Substantial investments were made in the past fiscal year 2011/12, including the DON GIL and WISSMACH acquisition, the subsequent store conversions, the final completion of our investment property, Hall 30, as well as other necessary investments. Total investments amounted to EUR 84.8 million. Based on organic growth of approx. 65 to 75 new company-managed stores, the planned expansion of the Wholesale segment and the usual replacement investments, we project a much lower investment volume of EUR 25 to 28 million for the current fiscal year 2012/13.

OVERALL STATEMENT ON THE PROJECTED PERFORMANCE

Over the past years, GERRY WEBER International AG and its five brands have evolved successfully in the key markets and grown continuously. Not only our sales revenues and our profitability but also the company's value in the capital market have increased significantly over the past years; in fiscal 2011/12 alone, our market capitalisation rose by over 60%. In the coming years, we will continue to focus on growing our company.

GERRY WEBER International AG aims to continue its profitable growth in spite of the global economic slowdown and the risk of increasing consumer restraint. Notwithstanding the difficult macroeconomic environment, we are confident that we will be able to reach our growth targets thanks to the excellent positioning of our five brands, our international growth opportunities and our operational strengths. Our sales target for the fiscal year 2012/13 is EUR 890 to 900 million, which represents an increase by at least 10.9%. Based on higher sales, the expansion of the Retail segment and the use of economies of scale, we project earnings before interest and taxes (EBIT) of between EUR 131 and 135 million for 2012/13. This would translate into an improved EBIT margin of 14.7% and 15.0%. Earnings per share will increase accordingly. The international growth opportunities of the GERRY WEBER Group are far from having been fully exploited, which is why we project profitable growth also beyond the fiscal year 2012/13.

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

for the fiscal year 2011/12

in KEUR	Notes	2011/12	2010/11
Sales	(23)	802,289.6	702,729.3
Other operating income	(24)	20,610.4	12,687.7
Changes in inventories	(25)	28,457.2	14,163.2
Cost of materials	(26)	-404,762.7	-361,519.3
Personnel expenses	(27)	-125,813.2	-103,326.1
Depreciation/Amortisation	(28)	-16,335.1	-11,947.6
Other operating expenses	(29)	-187,632.1	-152,157.2
Other taxes	(30)	-880.9	-1,022.1
Operating result		*115,933.0*	*99,607.9*
Financial result	(31)		
Income from long-term loans		32.8	42.7
Interest income		362.6	877.6
Writedowns on financial assets		-151.9	-309.1
Incidential bank charges		-892.3	-866.0
Interest expenses		-1,543.6	-1,707.3
		-2,192.4	*-1,962.1*
Results from ordinary activities		*113,740.6*	*97,645.8*
Taxes on income	(32)		
Taxes of the fiscal year		-34,370.1	-30,886.4
Deferred taxes		-539.6	278.4
		-34,909.7	*-30,608.0*
Net income of the year		*78,830.9*	*67,037.8*
Profit carried forward	(33)	31,152.1	23,953.2
Transfer of retained earnings	(34)	-35,000.0	-30,000.0
Accumulated profits		**74,983.1**	**60,991.0**
Earnings per share (basic)	(35)	1.72	1.48
Earnings per share (diluted)	(35)	1.72	1.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year 2011/12

in KEUR	**31 Oct. 2012**	31 Oct. 2011
Net income of the year	*78,830.9*	*67,037.8*
Other comprehensive income		
Currency translation: changes in the amount recognised in equity		
Changes in the balancing item for the currency translation of foreign subsidiaries	-338.4	-79.3
Cash flow hedges: changes in the amount recognised in equity		
Changes in the fair value of derivatives used for hedging purposes	619.9	3,854.8
Taxes on income		
Income taxes on the components of other net income	-186.0	-1,156.5
COMPREHENSIVE INCOME	**78,926.4**	**69,656.8**

CONSOLIDATED BALANCE SHEET

for the year ended 31 October 2012

ASSETS

in KEUR	Notes	31 Oct. 2012	31 Oct. 2011
NON-CURRENT ASSETS			
Fixed Assets	(1)		
Intangible assets	(a)	48,504.3	19,270.7
Property, plant and equipment	(b)	159,561.3	117,596.5
Investment properties	(c)	27,532.0	21,246.4
Financial assets	(d)	2,796.7	2,052.5
Other non-current assets			
Trade receivables	(2)	225.2	107.2
Other assets	(3)	0.0	753.1
Income tax claims	(4)	2,179.6	2,661.5
Deferred tax assets	(5)	5,244.6	2,910.2
		246,043.6	*166,598.1*
CURRENT ASSETS			
Inventories	(6)	120,546.0	88,526.7
Receivables and other assets			
Trade receivables	(7)	54,543.8	56,829.5
Other assets	(8)	12,395.7	11,925.6
Trade mark rights held for sale	(9)	441.0	0.0
Income tax claims	(10)	493.5	493.1
Cash and cash equivalents	(11)	49,159.1	90,584.7
		237,579.1	*248,359.6*
Total assets		**483,622.7**	**414,957.7**

EQUITY AND LIABILITIES

in KEUR	Notes	31 Oct. 2012	31 Oct. 2011
EQUITY	(12)		
Share capital	(a)	45,906.0	45,906.0
Capital reserve	(b)	102,386.9	102,386.9
Retained earnings	(c)	140,341.7	105,341.7
Accumulated other comprehensive income/loss acc. to IAS 39	(d)	-212.5	-646.4
Exchange differences	(e)	-400.5	-62.1
Accumulated profits	(f)	74,983.1	60,991.0
		363,004.7	*313,917.1*
NON-CURRENT LIABILITIES			
Provisions for personnel	(13)	190.5	396.2
Other provisions	(14)	5,005.0	3,105.4
Financial liabilities	(15)	9,857.1	15,214.3
Other liabilities	(16)	11,816.7	0.0
Deferred tax liabilities	(5)	8,520.0	4,639.2
		35,389.3	*23,355.1*
CURRENT LIABILITIES			
Provisions			
Tax liabilities	(17)	3,699.3	2,514.4
Provisions for personnel	(18)	12,594.9	12,388.7
Other provisions	(19)	12,005.1	8,223.6
LIABILITIES			
Financial liabilities	(20)	5,408.0	6,132.1
Trade payables	(21)	39,723.2	34,566.8
Other liabilities	(22)	11,798.2	13,859.9
		85,228.7	*77,685.5*
Total equity and liabilities		**483,622.7**	**414,957.7**

STATEMENT OF CHANGES IN GROUP EQUITY

for the fiscal year 2011/12 and 2010/11

in KEUR	Notes	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income/loss	Exchange differences	Accumulated profits	**Equity**
As of 1 November 2011		*45,906.0*	*102,386.9*	*105,341.7*	*-646.4*	*-62.1*	*60,991.0*	*313,917.1*
Dividends paid							-29,838.9	-29,838.9
Allocation of retained earnings of the AG from the net income of the year				35,000.0			-35,000.0	0.0
Adjustments of exchange differences						-338.4		-338.4
Changes in equity acc. to IAS 39					433.9			433.9
Net income of the year							78,830.9	78,830.9
As of 31 October 2012	**(12)**	**45,906.0**	**102,386.9**	**140,341.7**	**-212.5**	**-400.5**	**74,983.1**	**363,004.7**

in KEUR	Notes	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income/loss	Exchange differences	Accumulated profits	**Equity**
As of 1 November 2010		*21,317.2*	*45,039.0*	*98,294.7*	*-3,344.8*	*17.3*	*49,201.4*	*210,524.9*
Dividends paid							-25,248.3	-25,248.3
Capital increase from company funds		22,953.0		-22,953.0				0.0
Sale of own shares		1,635.7	57,348.0					58,983.7
Allocation of retained earnings of the AG from the net income of the year				30,000.0			-30,000.0	0.0
Adjustments of exchange differences						-79.3		-79.3
Changes in equity acc. to IAS 39					2,698.4			2,698.4
Net income of the year							67,037.8	67,037.8
As of 31 October 2011	**(12)**	**45,906.0**	**102,386.9**	**105,341.7**	**-646.4**	**-62.1**	**60,991.0**	**313,917.1**

SEGMENT REPORTING

for the fiscal year 2011/12

2011/12 in KEUR	Ladiesware production and wholesale	Ladiesware Retail	Other segments	Consolidated entries	**Total**
Sales by segment	668,824	304,903	0	-171,437	802,290
Thereof:					
sales with external third parties	502,815	299,475	0	0	802,290
inter segment revenues	166,009	5,428	0	-171,437	0
EBT (Earnings Before Tax)	93,226	20,131	1,619	-1,235	113,741
Depreciation of property, plant and equipment	8,242	8,069	452	-428	16,335
Interest income	627	17	0	-281	363
Interest expenses	1,201	652	0	-309	1,544
Assets	343,914	230,764	30,217	-121,272	483,623
Liabilities	40,877	196,591	0	-116,850	120,618
Investments in non-current assets	30,975	55,128	9,422	0	95,525
Number of employees (annual average)	1,313	2,807	1	0	4,121
Impairments recognised in profit/loss					
of inventories	-339	1,556	0	0	1,217
of trade receivables	1,153	58	0	0	1,211

2010/11 in KEUR	Ladiesware production and wholesale	Ladiesware Retail	Other segments	Consolidated entries	**Total**
Sales by segment	613,150	220,640	0	-131,061	702,729
Thereof:					
sales with external third parties	484,697	218,032	0	0	702,729
inter segment revenues	128,453	2,608	0	-131,061	0
EBT (Earnings Before Tax)	85,714	7,116	-30	4,846	97,646
Depreciation of property, plant and equipment	7,454	4,524	0	-30	11,948
Interest income	966	138	0	-226	878
Interest expenses	1,391	505	0	-189	1,707
Assets	355,755	129,825	21,246	-91,868	414,958
Liabilities	51,877	98,457	0	-49,294	101,040
Investments in non-current assets	10,970	16,135	21,246	0	48,351
Number of employees (annual average)	1,289	1,721	1	0	3,011
Impairments recognised in profit/loss					
of inventories	978	-183	0	0	795
of trade receivables	-1,284	-55	0	0	-1,339

SEGMENT INFORMATION BY REGION

for the fiscal year 2011/12

2011/12

in KEUR	Germany	Abroad	**Total**
Sales by segment	490,971	311,319	802,290
Assets	435,214	48,409	483,623
Liabilities	92,935	27,683	120,618
Investments in non-current assets	79,408	16,117	95,525
Number of employees (annual average)	2,942	1,179	4,121

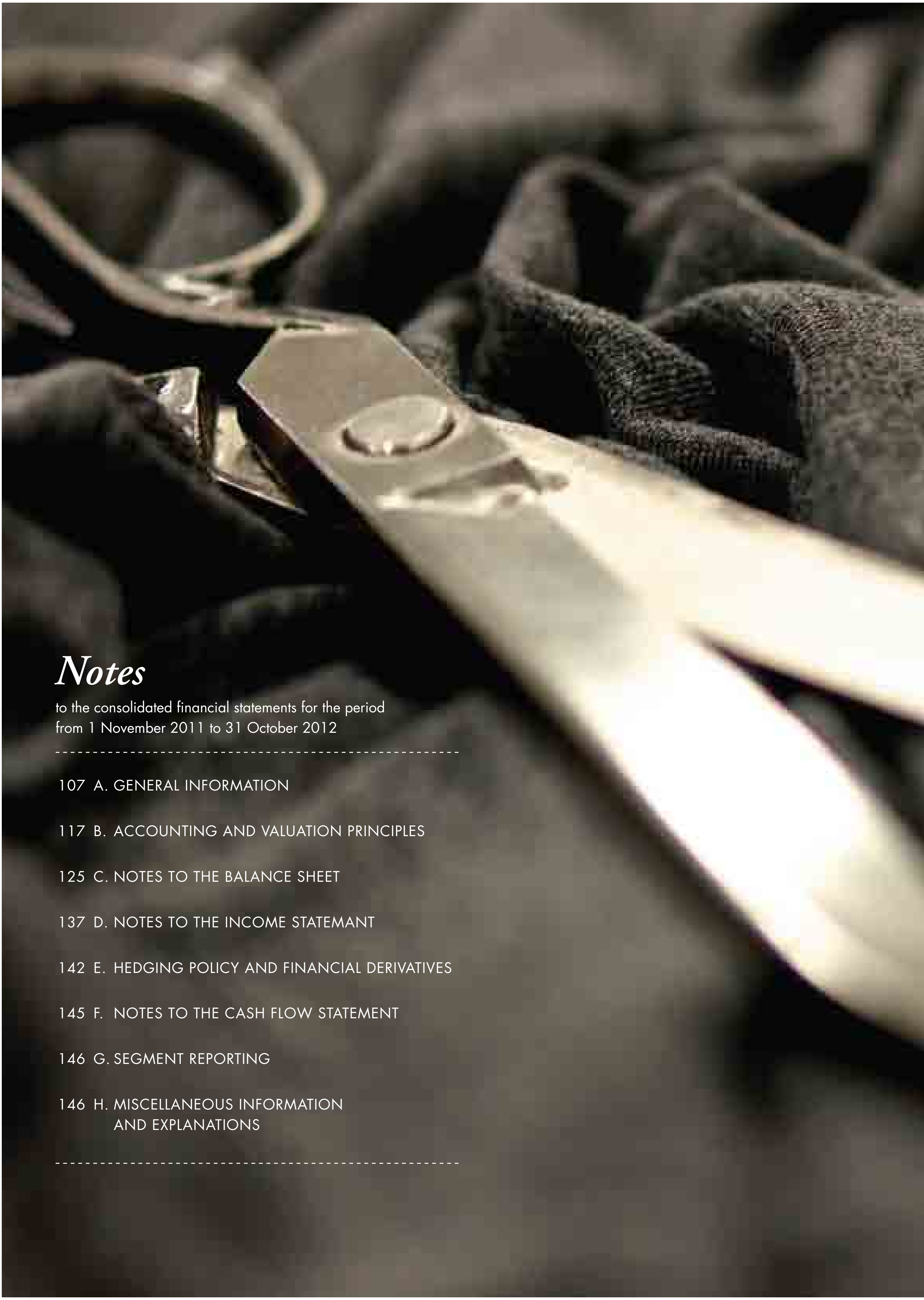
2010/11

in KEUR	Germany	Abroad	**Total**
Sales by segment	420,835	281,894	702,729
Assets	378,097	36,861	414,958
Liabilities	67,121	33,919	101,040
Investments in non-current assets	44,144	4,207	48,351
Number of employees (annual average)	2,085	926	3,011

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year 2011/12

in KEUR	2011/12	2010/11
Operating result	115,933.0	99,607.9
Depreciation/amortisation	16,335.0	11,947.6
Profit/loss from the disposal of fixed assets	522.1	1,653.4
Increase/decrease in inventories	-23,904.6	-15,272.7
Increase/decrease in trade receivables	3,642.9	843.3
Increase/decrease in other assets that do not fall under investing or financing activities	0.5	3,398.6
Increase/decrease in provisions	4,260.6	2,589.2
Increase/decrease in trade payables	1,694.9	1,353.3
Increase/decrease in other liabilities that do not fall under investing or financing activities	-4,719.7	-657.1
Income tax payments	-32,703.8	-32,110.9
Other non-cash effective income/expenses	0.0	-2,104.9
Cash inflows from operating activities	*81,060.9*	*71,247.7*
Income from loans	32.8	42.7
Interest income	362.6	877.6
Incidential bank charges	-892.3	-866.0
Interest expenses	-1,543.6	-1,707.3
Cash inflows from current operating activities	*79,020.4*	*69,594.7*
Proceeds from the disposal of properties, plant, equipment and intangible assets	86.8	173.9
Cash outflows for investments in property, plant, equipment and intangible assets	-56,413.0	-30,572.6
Cash outflows for the acquisition of fully consolidated companies and other business units less cash and cash equivalents acquired	-20,589.0	-418.0
Cash outflows for investments in investment properties	-6,714.5	-12,613.6
Proceeds from the disposal of financial assets	169.9	175.9
Cash outflows for investments in financial assets	-1,066.1	-1,164.8
Cash outflows from investing activities	*-84,525.9*	*-44,419.2*
Dividend payment	-29,838.9	-25,248.3
Proceeds of the sale of own shares	0.0	58,983.7
Raising/repayment of financial liabilities	-6,081.2	-14,243.5
Cash outflows/inflows from financing activities	*-35,920.1*	*19,491.9*
Changes in cash and cash equivalents	-41,425.6	44,667.4
Cash and cash equivalents at the beginning of the fiscal year	90,584.7	45,917.3
Cash and cash equivalents at the end of the fiscal year	**49,159.1**	**90,584.7**



Notes

to the consolidated financial statements for the period from 1 November 2011 to 31 October 2012

A. GENERAL INFORMATION

COMPANY DATA

GERRY WEBER International AG, headquartered at Neulehenstraße 8, D-33790 Halle / Westphalia, is a joint stock corporation under German law, which is registered with the Commercial Register of Amtsgericht Gütersloh under HRB 4779, whose shares are admitted to trading in the regulated market in the Prime Standard segment of the stock exchange in Frankfurt as well as the stock exchange in Düsseldorf.

The main activities of the Group are described in the segment report.

The fiscal year began on 1 November 2011 and ended on 31 October 2012 (previous year: 1 November 2010 to 31 October 2011).

ACCOUNTING PRINCIPLES

Pursuant to EU Directive (EC) No. 1606/2002 in conjunction with section 315a (1) of the German Commercial Code (HGB), the consolidated financial statements of GERRY WEBER International AG, the parent company, for the year ended 31 October 2012 were prepared in accordance with the International Financial Reporting Standards (IFRS) such as they are applicable in the European Union. The term "IFRS" also includes the applicable International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC). All IFRS that were mandatory for the fiscal year 2011/12 were applied to the extent that they had been endorsed by the European Union.

NEW IASB REGULATIONS FOR FIRST-TIME APPLICATION IN THE FINANCIAL YEAR 2011/12

The following accounting standards and supplements to existing regulations became mandatory for the fiscal year from 1 November 2011 to 31 October 2012:

New regulations			Impact on the GERRY WEBER Group
IFRS 7	Financial Instruments: Disclosures	Disclosures about transfers of financial instruments	No impact
IAS 24	Related Party Disclosures	Enhanced disclosure requirements for government-related entities	No impact
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Rules regarding prepaid contribution in conjunction with minimum funding requirements	No impact
Improvement Project 2010	IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 24, IAS 27, IFRIC 13		No material impact

NEW IASB REGULATIONS NOT APPLICABLE IN THE FINANCIAL YEAR 2011/12

Regulations that were not applied			Published by the IASB	First-time application	Adopted by EU Commission	Anticipated impact on the GERRY WEBER Group
IFRS 1	First-time Adoption of International Financial Reporting Standards	Rules on hyperinflation and the elimination of fixed dates	20.12.2010	01.07.2011	not yet	No material impact
IFRS 1	First-time Adoption of International Financial Reporting Standards	Rules regarding the prospective application of IAS 20	13.03.2012	01.01.2013	not yet	No material impact
IFRS 7	Financial Instruments: Disclosures	Disclosures regarding the offsetting of financial assets and financial liabilities	16.12.2011	01.01.2013	not yet	Increased disclosure requirements in the notes
IFRS 9	Financial Instruments	Rules on the recognition of financial instruments measured at amortised cost or fair value Rules on the recognition of financial instruments measured at amortised cost or fair value	12.11.2009 and 28.10.2010	01.01.2015	not yet	Change in the recognition of financial instruments classified as available for sale; negligible impact
IFRS 10	Consolidated Financial Statements	Guidelines for the definition of the basis of consolidation	12.05.2011	01.01.2013	not yet	No material impact
IFRS 11	Joint Arrangements	Rules on the balance sheet treatment of joint ventures	12.05.2011	01.01.2013	not yet	No material impact
IFRS 12	Disclosure of Interests in Other Entities	Disclosure requirements regarding interest held in other entities	12.05.2011	01.01.2013	not yet	Increased disclosure requirements in the notes
IFRS 13	Fair Value Measurement	Harmonisation of the rules governing the determination of the fair value	12.05.2011	01.01.2013	not yet	No material impact
IAS 1	Presentation of Financial Statements	Presentation of other comprehensive income	28.07.2011	01.07.2012	05.06.2012	No material impact
IAS 12	Income Taxes	Accounting for deferred taxes on investment properties and revalued assets	20.12.2010	01.01.2012	not yet	No material impact
IAS 19	Employee Benefits	Elimination of the corridor method for the valuation of pension obligations and enhanced disclosure requirements	16.06.2011	01.01.2013	05.06.2012	Increased equity volatility as the elimination of the corridor method also eliminates the deferral effect
IAS 27	Separate Financial Statements	Revision of the consolidation standards and incorporation into IFRS 10	12.05.2011	01.01.2013	not yet	No material impact
IAS 28	Investments in Associates and Joint Ventures	Revision of the accounting rules for associates and joint ventures	12.05.2011	01.01.2013	not yet	No material impact
IAS 32	Financial Instruments: Presentation	Disclosures regarding the offsetting of financial assets and financial liabilities	16.12.2011	01.01.2014	not yet	No material impact
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Rules for the accounting of separate benefits from stripping activities	19.10.2011	01.01.2013	not yet	No material impact
Improvement Project 2011	IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 1, IAS 7, IAS 12, IAS 16, IAS 24, IAS 36		03.05.2012 (draft)	01.01.2014	not yet	No material impact

The company plans to adopt these standards for the first time in the year in which they came into force.

In addition, other standards and interpretations were adopted, whose application will have no material consequences for GERRY WEBER International AG.

The consolidated financial statements were established in euros. Unless stated otherwise, all amounts are in thousand euros (KEUR).

The type of expenditure format was used for the income statement.

BASIS OF CONSOLIDATION

The consolidated financial statements cover GERRY WEBER International AG as the parent company as well as the following subsidiaries:

- GERRY WEBER Life-Style Fashion GmbH, Halle / Westphalia,
- TAIFUN-Collection GERRY WEBER Fashion GmbH, Halle / Westphalia,
- SAMOON-Collection Fashion-Concept GERRY WEBER GmbH, Halle / Westphalia,
- GERRY WEBER Retail GmbH, Halle / Westphalia,
- Energieversorgungsbetrieb GERRY WEBER GmbH, Halle / Westphalia,
- GERRY WEBER Fashion Iberica S.L., Palma de Mallorca, Spain,
- GERRY WEBER FAR EAST LIMITED, Hong Kong, People's Republic of China,
- GERRY WEBER France S.A.R.L., Paris, France,
- GERRY WEBER Denmark Ap, Albertslund, Denmark ,
- GERRY WEBER Dis Ticaret Ltd. Sirkuti, Istanbul, Turkey,
- GERRY WEBER Ireland Ltd., Dublin, Ireland,
- GERRY WEBER Support S.R.L., Bucharest, Romania,
- GERRY WEBER GmbH, Vienna, Austria,
- GERRY WEBER UK Ltd., London, UK,
- GERRY WEBER Belgien GmbH, Raeren, Belgium,
- GERRY WEBER Asia Ltd., Hong Kong, People's Republic of China,
- GERRY WEBER Shanghai Co. Ltd., Shanghai, People's Republic of China,
- GERRY WEBER Switzerland AG, Zurich, Switzerland,
- GERRY WEBER Polska Sp. z o.o., Warsaw, Poland,
- GERRY WEBER Retail Stores Verwaltungs GmbH, Halle / Westphalia,
- GW Media GmbH, Halle / Westphalia,
- GERRY WEBER Incompany BV, Amsterdam, Netherlands,
- GERRY WEBER Retail B.V., Amsterdam, Netherlands.

The shareholding in each of the two Dutch companies is 51%. All other companies are wholly owned.

The basis of consolidation increased by three companies due to the foundation of GW Media GmbH and the acquisition of GERRY WEBER Incompany BV and GERRY WEBER Retail B.V.

CONSOLIDATION PRINCIPLES

The assets and liabilities of the companies covered by the consolidated financial statements are recognised in accordance with the standard accounting and valuation principles of the GERRY WEBER International AG.

Business combinations are accounted for by offsetting the carrying amounts of the investments against the pro-rated revalued equity capital of the subsidiaries at the time of acquisition. Credit differences are capitalised as goodwill under intangible assets in accordance with IFRS 3. Debit differences were directly recognised in profit / loss.

IFRS 3 was not applied retrospectively to business combinations prior to 1 November 2004. The former consolidation method under the provisions of the German Commercial Code has been maintained. As a result, the fully amortised goodwill determined in accordance with the German Commercial Code in an amount of KEUR 264 has been retained for all business combinations prior to 1 November 2004. The same approach was applied to goodwill in an amount of KEUR 4,120, which was charged against equity with no effect on P / L under the old accounting regime. The presentation of the reserves and the profit carried forward was adjusted to the equity situation of the parent company as of 1 January 2004.

Sales, expenses and income as well as accounts receivable and payable and liabilities between the consolidated Group companies were offset and unrealised profits eliminated. Deferred tax positions were established to reflect the taxation effect of the consolidation processes.

CURRENCY TRANSLATION

The Group currency is the euro (EUR).

Foreign currency transactions in the separate financial statements of GERRY WEBER International AG and its subsidiaries are translated at the exchange rates prevailing at the time of the transaction. As of the balance sheet date, monetary items in foreign currency are shown at the closing rate. Exchange differences are recognised in profit or loss.

Given that the consolidated foreign companies mainly operate in their currency area, their financial statements are prepared in the local currency according to the concept of the functional currency and translated into euros as of the balance sheet date. Assets and liabilities with the exception of equity capital are translated at the closing rate. Effects from the currency translation of the equity capital are shown in equity. The items of the income statement are translated at average annual exchange rates. Exchange differences resulting from different translation rates in the balance sheet and the income statement are recognised in equity.

The table below shows the changes in the exchange rates on which the currency translation is based and which have a material influence on the consolidated financial statements:

Currencies		Closing rate		Average annual exchange rate	
1 EUR in		31 Oct. 2012	31 Oct. 2011	2011/12	2010/11
Denmark	DKK	7.45980	7.44200	7.44011	7.45318
UK	GBP	0.80645	0.87310	0.81820	0.86792
Hong Kong	HKD	10.0697	10.87350	10.03247	10.84006
Canada	CAN	1.30050	1.39300	1.29819	1.37381
Romania	RON	4.54200	4.33480	4.43032	4.23045
Turkey	TRY	2.33120	2.45630	2.33742	2.25738
USA	USD	1.29930	1.40010	1.29217	1.39293
China	CNY	8.10410	9.07149	8.17533	8.90000
Switzerland	CHF	1.20760	1.21900	1.20898	1.24790
Poland	PLN	4.13900	4.34470	4.24118	3.67593

BUSINESS COMBINATIONS PURSUANT TO IFRS 3

Transaction 1

With effect from the acquisition date on 29 November 2011, GERRY WEBER GmbH, Vienna, took over the following assets from DON GIL Textilhandel GmbH, Vienna, Austria.

- All intellectual property rights related to the company;
- the rights in the software used, especially the software licensing agreements;
- the customer data and customer database;
- the inventories;
- 29 lease agreements, including any tenant deposits;
- shop fittings and furnitures in the existing stores.

These assets constitute a business as defined in IFRS 3.3.

The acquisition was made with a view to expanding the retail spaces in prime locations in Austrian cities.

The agreed purchase price for the above assets was EUR 6.1 million and was paid exclusively in the form of cash and cash equivalents. The purchase price is final and not subject to any subsequent adjustments. There are no contingent liabilities or receivables. The purchase price was financed from own funds.

The resulting goodwill – the residual amount from the difference between tangible and intangible assets less liabilities, measured at fair value on the one hand and at cost on the other hand – amounts to approx. EUR 2.1 million. Goodwill essentially represents the additional opportunities to sell GERRY WEBER products.

The table below shows the carrying amounts and the fair values:

KEUR	Carrying amount	Adjustment	Fair value
Purchase price			6,100
Acquired assets			
Trademark rights	0	441	441
Customer relationships	0	1,156	1,156
Lease agreements	0	1,032	1,032
Leasehold improvements and furnitures and fittings	216	0	216
Inventories	408	0	408
Deferred tax assets	0	1,259	1,259
Deferred tax liabilities	0	-547	-547
Acquired net assets	*624*	*3,341*	*3,965*
Positive difference			**2,135**

Don Gil Textilhandel GmbH had regular customers which meet the definition and recognition criteria of an intangible asset. The customer relationships were therefore recognised and measured separately from goodwill. A fair value of KEUR 1,156 was determined for the customer relationships as of 29 November 2011.

GERRY WEBER AG has taken over 29 lease agreements from Don Gil. The benefit from the lease agreements arises from the property search costs saved, which means that the fair value of the asset was determined using a cost-oriented method. A fair value of KEUR 1,032 was determined for the advantageous lease agreements as of 29 November 2011.

The acquired retail stores generated a result of KEUR -2,223 on sales of KEUR 6,749 in the period from 29 November 2011 to 31 October 2012. If the transactions had taken place at the beginning of the fiscal year, the acquisitions would have made a pro-forma contribution to Group sales of KEUR 7,203 and a pro-forma contribution to Group earnings of KEUR -2,372.

Transaction 2

With effect from the acquisition date on 15 March 2012, GERRY WEBER Retail GmbH took over the following summarised assets and liabilities from Wissmach Modefilialen GmbH in Ulm:

- Lease agreements for 174 stores;
- obligation to pay rent for 30 stores until 31 May 2012;
- customer data from a customer retention programme;
- inventories including raw materials and supplies;
- leasehold improvements as well as office and store furnitures and fittings.

The assets acquired from Wissmach Modefilialen GmbH constitute a business as defined in IFRS 3.3.

The acquisition was made with a view to expanding the retail spaces in prime locations in German cities. A total of 174 lease agreements were taken over.

The agreed purchase price for the above assets totalled EUR 8.7 million and was paid exclusively in the form of cash and cash equivalents.

The purchase price is final and not subject to any subsequent adjustments. There are no contingent liabilities or receivables. The purchase price was financed from own funds.

The goodwill resulting from the purchase price allocation amounts to EUR 0.8 million. Goodwill essentially presents the additional opportunities to sell GERRY WEBER products.

The table below shows the carrying amounts and the fair values:

KEUR	Carrying amount	Adjustment	Fair value
Purchase price			8,733
Acquired assets			
Customer relationships	0	1,100	1,100
Lease agreements	0	2,986	2,986
Rights of use	0	197	197
Leasehold improvements and furnitures and fittings	715	0	715
Inventories	3,733	0	3,733
Rental payments due	0	-375	-375
Obligation to remove furnishings and fittings	0	-770	-770
Deferred tax assets	0	725	725
Deferred tax liabilities	0	-349	-349
Acquired net assets	*4,448*	*3,514*	*7,962*
Positive difference			**771**

Wissmach Modefilialen GmbH had regular customers, both via the customer retention programme in the physical stores and in the form of repeat online buyers. The definition and recognition criteria of an intangible asset were met. The customer relationships were therefore recognised and measured separately from goodwill. A fair value of KEUR 1,100 was determined for the customer relationships as of 15 March 2012.

GERRY WEBER Retail AG has taken over 174 lease agreements from Wissmach Modefilialen GmbH. The benefit from the lease agreements arises from the property search costs saved, which means that the fair value of the asset was determined using a cost-oriented method. A fair value of KEUR 2,986 was determined for the advantageous lease agreements as of 15 March 2012.

In the context of the takeover inventories were valued at fair value that the carrying amount corresponds to the fair value.

The acquired retail stores generated EBIT of KEUR -2,613 on sales of KEUR 25,381 in the period from 15 March 2012 to 31 October 2012. If the transactions had taken place at the beginning of the fiscal year, the acquisitions would have made a pro-forma contribution to Group sales of KEUR 41,972 and a pro-forma contribution to Group earnings of KEUR -2,963.

Transaction 3

With effect from the acquisition date on 31 August 2012, GERRY WEBER International AG acquired 51% of the shares in GERRY WEBER Retail B.V. and GERRY WEBER Incompany B.V. from Blom Modegroep B.V., Laren / Netherlands. The acquired companies sell textiles at retail level and operate 25 retail stores as well as 15 concession shops in the Netherlands.

The acquisition was made with a view to gaining access to retail spaces in prime locations in large Dutch cities as well as to concession shops in the Netherlands.

The purchase price for a 51% share in GERRY WEBER Retail B.V. was EUR 6.6 million. The purchase price for a 51% share in GERRY WEBER Incompany B.V. was EUR 1.4 million. The purchase prices were / are payable in two instalments defined in the acquisition contract as of 31 August 2012 and 28 February 2013 and were / will exclusively paid in the form of cash and cash equivalents. The first instalment of the purchase price payments was financed from own funds.

For the remaining 49% shares in GERRY WEBER Retail B.V. and GERRY WEBER Incompany B.V., GERRY WEBER AG has a call option in the period from 1 November 2016 and 30 April 2017, while the seller has a put option in the period from 1 May to 31 October 2017.

In both cases, the purchase price is equivalent to 9-times EBIT as of 31 October 2016, but no less than EUR 8 million altogether for the remaining shares in both companies.

The valuation was based on the following parameters:

KEUR	GW Retail	GW Incompany
Expected EBIT 2016	2,874	432
9x EBIT for 49% share	12,673	1,906
Discount factor	0,78	0,78
Purchase price liability	9,899	1,488

If the expectations and / or premises change, the purchase price liability will change accordingly. The expectations and premises did not change between the time of initial recognition and the balance sheet date.

Taking this option into account, the purchase price for all shares in GERRY WEBER Retail B.V. is EUR 16.5 million and the purchase price for GERRY WEBER Incompany B.V. is EUR 2.9 million.

Taking into account deferred tax assets and liabilities, the goodwill resulting from the allocation of the purchase price is:

- EUR 10.7 million for GERRY WEBER Retail B.V. and
- EUR 1.2 million for GERRY WEBER Incompany B.V.

Goodwill essentially presents the additional opportunities to sell GERRY WEBER products.

The table below shows the carrying amounts and the fair values:

1. GERRY WEBER Retail B.V.

KEUR	Carrying amount	Adjustment	Fair value
Purchase price			16,488
Acquired assets			
Fixed assets	2,068	0	2,068
Inventories	2,912	0	2,912
Receivables	768	0	768
Cash	222	0	222
Customer relationships	0	4,825	4,825
Lease agreements	0	1,231	1,231
Furnitures and fittings	0	291	291
Liabilities	-4,407	-276	-4,683
Deferred tax assets	0	83	83
Deferred tax liabilities	0	-1,904	-1,904
Acquired net assets	*1,563*	*4,250*	*5,813*
Positive difference			**10,675**

2. GERRY WEBER Incompany B.V.

KEUR	Carrying amount	Adjustment	Fair value
Purchase price			2,886
Acquired assets			
Fixed assets	8	0	8
Inventories	1,061	0	1,061
Other assets	1,034	0	1,034
Cash	422	0	422
Customer relationships	0	291	291
Liabilities	-1,004	0	-1,004
Deferred tax liabilities	0	-87	-87
Acquired net assets	*1,521*	*204*	*1,725*
Positive difference			**1,161**

GERRY WEBER Retail B.V. and GERRY WEBER Incompany B.V. have regular customers, even though no customer retention programme exists. The definition and recognition criteria of an intangible asset are met. The customer relationships were therefore recognised and measured separately from goodwill. A fair value of KEUR 4,825 was determined for the customer relationships of GERRY WEBER Retail B.V. as of 31 August 2012. The fair value for the customer relationships of GERRY WEBER Incompany B.V. as of 31 August 2012 was KEUR 291.

GERRY WEBER Retail B.V. has 25 lease agreements, while GERRY WEBER Incompany B.V. has 15 lease agreements for concession shops. The benefit of the combined takeover is that costs for the search of properties as well as real estate agent fees were saved. Consequently the fair value of the assets was determined using a cost-oriented method. A fair value totalling KEUR 1,231 was determined for the advantageous lease agreements of GW Retail as of 31 August 2012.

Between 1 September and 31 October 2012, the two Dutch companies generated EBIT of KEUR 1,746 on sales of KEUR 5,087. If the Dutch companies had been members of the GERRY WEBER Group at the beginning of the fiscal year, they would have made a pro-forma contribution to Group sales of KEUR 23,376 and a pro-forma contribution to Group earnings of KEUR 1,503.

B. ACCOUNTING AND VALUATION PRINCIPLES

GENERAL PRINCIPLES

The consolidated financial statements are generally prepared using the cost principle. This does not apply to derivative financial instruments.

GOODWILL

Goodwill arising on consolidation and representing the amount by which the cost of an acquisition exceeds the Group's share in the fair value of the subsidiary's net assets is recognised in accordance with IFRS 3 and tested for impairment on an annual basis and whenever there are indications of impairment.

OTHER INTANGIBLE ASSETS

Purchased intangible assets are recognised at cost for each category, taking ancillary costs and cost reductions into account and amortised using the straight-line method.

Development and research expenditure was recognised as expense in accordance with IAS 38, as the capitalisation requirements of IAS 38 did not apply. This expenditure mainly comprises the cost of the development of the collections.

The item includes exclusive rights of supply to Houses of GERRY WEBER operated by third-parties.

The item also includes the property search costs saved as a result of the acquired lease agreements.

The rents paid for two stores taken over as part of the acquisition of all shares in Castro Deutschland GmbH & Co. KG, Cologne, are clearly below market rates. These advantages have been capitalised at the present value. The present value was determined by means of the remaining term of the lease agreements (agreement 1 until 2026; agreement 2 until 2021) using a discount rate of 5%. The advantageous lease agreements recognised as depreciable intangible assets are written off over the remaining term of the leases using the straight-line method. The resulting expenses are recognised in the income statement under "Depreciation / Amortisation".

Determined pro-rata-temporis in the year of acquisition, the depreciation amounts are mainly based on the following useful lives:

	Useful life
Software	3–5 years
Supply rights	3–5 years
Lease rights	5–15 years
Search costs saved	5–15 years
Customer bases	5–10 years

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost – for each category – less scheduled straight-line depreciation. On a small scale, movable assets with a useful life of more than ten years that were added before 31 October 2007 were written off using the declining-balance method to the extent that this approach reflected the actual decrease in value. Since 1 November 2008, these assets have also been written off using the straight-line method.

The acquisition cost comprises the purchase price, ancillary costs and cost reductions. The cost of internally generated assets includes direct costs as well as directly attributable portions of the overheads. Borrowing costs are not included in the cost of production. Where furnishings and fittings for rented properties were concerned, dismantling costs were capitalised at their present value. An interest rate of 4.77% (previous year 5.15%) p.a. was applied.

No investment-related government grants were received.

Determined pro-rata-temporis in the year of acquisition, the depreciation amounts are mainly based on the following useful lives:

	Useful life
Building components and furnishings and fittings for rented properties	10–50 years
Plant and machinery	3–15 years
Other plant, furnitures and fixtures	1–15 years

Property, plant and equipment were written down for impairment in accordance with IAS 36 , if necessary.

Borrowing costs are recognised in profit or loss under both intangible assets and property, plant and equipment, if necessary.

INVESTMENT PROPERTY

Investment property is disclosed in accordance with IAS 40. It is recognised at cost and the building is written off using the straight-line method over a useful life of 50 years.

FINANCIAL INSTRUMENTS

According to IAS 39, financial instruments fall in the following categories:

- financial assets or financial liabilities at fair value through profit or loss,
- available-for-sale financial assets,
- loans and receivables
- held-to-maturity financial assets,
- financial liabilities recognised at amortised cost.

The classification depends on the respective purpose for which the financial assets were acquired and is reviewed as of every balance sheet date.

Unless stated otherwise, the financial instruments on the assets side are loans and receivables, while the financial instruments on the liabilities side are financial liabilities measured at amortised cost. The carrying amount is equivalent to the fair value.

Financial assets comprise not only original but also derivative claims or liabilities. Derivative financial instruments are used to hedge balance sheet items and future payment flows.

All purchases and sales of financial assets are recognised as of the trading day, i.e. the day on which the company makes a firm commitment to buy or sell the asset.

Financial instruments are recognised at amortised cost (using the effective interest method) or at their fair value. They are derecognised when the right to payment from the investment expires or is transferred and when the GERRY WEBER International AG has largely transferred all risks and opportunities resulting from ownership of the asset.

The amortised cost of a financial asset or a financial liability is determined using the effective interest method as the amount at which the financial asset or liability was measured at initial recognition minus any principal repayments and any write-downs for impairment. Foreign currency receivables and liabilities are measured at the mean rate prevailing on the balance sheet date. The amortised cost of a liability is always equivalent to the nominal amount or the repayment amount.

The fair value is generally equivalent to the current or market value. If no active market exists, the fair value is determined using methods of quantitative finance.

Wherever the fair value is not specifically stated in the notes to the balance sheet under C., the fair value is equivalent to the carrying amount. On each balance sheet date, the company examines whether there are objective indications that an impairment of a financial asset or of a group of financial assets has occurred.

Financial assets are derecognised when their sale has been contractually agreed.

The table below shows the carrying amounts and the fair values of the individual financial assets and liabilities for each category of financial instruments and reconciles them with the respective balance sheet items. The market values of cash and cash equivalents, current receivables, trade payables and other current financial liabilities are more or less equivalent to the carrying amounts. This is primarily due to the short terms of such instruments.

KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets/liabilities	
	Carrying amount 31 Oct. 2012	For information: Fair value 31 Oct. 2012	Carrying amount 31 Oct. 2012	Carrying amount 31 Oct. 2012	Carrying amount in the balance sheet 31 Oct. 2012
Financial assets	2,797	2,793			2,797
Loans and receivables	2,793	2,793			2,793
Available-for sale financial assets	4	(*)			4
Trade receivables (non-current)	225	225			225
Loans and receivables	225	225			225
Trade receivables (current)	54,544	54,544			54,544
Loans and receivables	54,544	54,544			54,544
Other assets (current)			517	11,879	12,396
Derivatives qualifying for hedge accounting			177		177
Derivatives not qualifying for hedge accounting			340		340
Non-financial assets				11,879	11,879
Trademarks held for sale				441	441
Liquid funds	49,159	49,159			49,159
Loans and receivables	49,159	49,159			49,159
Total financial assets	**106,725**		**517**		**107,242**
Financial liabilities (non-current)	9,857	9,857			9,857
Measured at amortised cost	9,857	9,857			9,857
Other liabilities (non-current)					11,817
Liabilities from minority options			11,817		11,817
Financial liabilities (current)	5,408	5,408			5,408
Measured at amortised cost	5,408	5,408			5,408
Trade liabilities (current)	39,723	39,723			39,723
Measured at amortised cost	39,723	39,723			39,723
Other liabilities			1,002	10,796	11,798
Derivatives qualifying for hedge accounting			480		480
Derivatives not qualifying for hedge accounting			522		522
Non-financial liabilities				10,796	10,796
Total financial liabilities	**54,988**		**12,819**		**67,807**

(*) cannot be reliably determined

KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets/liabilities	
		For information:			
	Carrying amount 31 Oct. 2011	Fair value 31 Oct. 2011	Carrying amount 31 Oct. 2011	Carrying amount 31 Oct. 2011	Carrying amount in the balance sheet 31 Oct. 2011
Financial assets	2,052	2,049			2,052
Loans and receivables	2,049	2,049			2,049
Available-for sale financial assets	3	(*)			3
Trade receivables (non-current)	107	107			107
Loans and receivables	107	107			107
Trade receivables (current)	56,829	56,829			56,829
Loans and receivables	56,829	56,829			56,829
Other assets (current)			108	11,818	11,926
Derivatives qualifying for hedge accounting			6		6
Derivatives not qualifying for hedge accounting			102		102
Non-financial assets				11,818	11, 818
Liquid funds	90,585	90,585			90,585
Loans and receivables	90,585	90,585			90,585
Total financial assets	**149,573**		**108**		**149,681**
Financial liabilities (non-current)	15,214	15,214			15,214
Measured at amortised cost	15,214	15,214			15,214
Financial liabilities (current)	6,132	6,132			6,132
Measured at amortised cost	6,132	6,132			6,132
Trade liabilities (current)	34,567	34,567			34,567
Measured at amortised cost	34,567	34,567			34,567
Other liabilities			972	12,888	13,860
Derivatives qualifying for hedge accounting			930		930
Derivatives not qualifying for hedge accounting			42		42
Non-financial liabilities				12,888	12,888
Total financial liabilities	**55,913**		**972**		**56,885**

(*) cannot be reliably determined

ORIGINAL FINANCIAL INSTRUMENTS

Liabilities and receivables are measured at amortised cost. The fair values additionally stated in the notes to the consolidated financial statements are equivalent to the amortised cost where current items are concerned. The fair values of non-interest-bearing assets or liabilities with a remaining maturity of more than one year are determined by discounting the future payment flows at the market rate.

No liabilities under finance lease agreements existed as of the balance sheet date.

No securities were held as of the balance sheet date.

DERIVATIVE FINANCIAL INSTRUMENTS

The GERRY WEBER International AG holds derivative financial instruments only to hedge currency risks arising from operations as well as interest rate risks; to a minor extent, they are used to hedge commodity prices.

When using hedges, suitable derivatives are assigned to certain underlying transactions (micro hedging). The requirements of IAS 39 regarding the qualification of the transactions as hedges were fulfilled.

As of the balance sheet date, there were nine accumulating currency forwards that do not qualify for hedge accounting.

According to IAS 39, all derivative financial instruments must be recognised at their fair value, irrespective of the purpose or intention for which they are used.

If the financial instruments used are effective hedges in the context of a hedging relationship as defined in IAS 39 (cash flow hedges), fluctuations in the fair value have no effect on profit or loss during the term of the derivative. Fluctuations in the fair value are recognised in the respective equity item. The accumulated value in equity is recognised in profit or loss upon maturity of the hedged payment flow.

The fair value is generally equivalent to the current or market value. Given that no active market exists, the fair value is determined using generally accepted determination models and confirmed by banks.

Such financial instruments shall be divided into levels 1 to 3, depending on the extent to which the fair value is observable:

- Level 1 valuations at fair value result from quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

- Level 2 valuations at fair value are based on parameters other than quoted prices for assets and liabilities included within level 1 (data), either directly derived (i.e. as prices) or indirectly derived.
- Level 3 valuations at fair value result from models which use parameters that are not based on observable market data to measure assets or liabilities (non-observable parameters, assumptions).

The fair value of the derivatives corresponds to level 2.

The Group has a hedging policy of only using effective derivatives to hedge currency and interest rate risks. With the exception of the above-mentioned derivatives that do not qualify for hedge accounting, the material and formal requirements of IAS 39 for treatment as hedges were fulfilled both on the day the hedges were signed and on the balance sheet date.

The derivatives that do not qualify for hedge accounting are classified as financial assets or financial liabilities which are measured at fair value through profit / loss and classified as such at initial recognition. Positive fair value is included in other assets, while negative fair value is included in other liabilities. The resulting income is included in other operating income, while the expenses incurred are included in other operating expenses.

The underlying transaction of one interest rate swap ceased to exist. The negative fair value is included in other liabilities. Expenses are recognised in interest expenses.

DEFERRED TAXES

In accordance with IAS 12, deferred taxes are recognised using the so-called balance sheet-oriented liability method. Under this method, deferred tax liabilities must be recognised for all temporary differences between the carrying amounts of the assets and liabilities in the consolidated balance sheet and their tax base. Deferred tax liabilities must also be recognised for tax loss carryforwards. Deferred tax assets for accounting and valuation differences as well as for tax loss carryforwards are recognised only if it is sufficiently probable that the differences will result in a benefit for the company. Tax assets and liabilities are not discounted. Deferred tax assets are not offset against deferred tax liabilities. In accordance with IAS 1.70, deferred taxes are recognised as non-current.

INCOME TAX RECEIVABLES

Confirmed German corporate income tax assets will be paid out in ten equal amounts in the assessment periods from 2008 to 2017. The present value of the receivables is stated with a discount factor of 4% (previous year: 4%). The portion that has a term of more than one year is recognised as non-current income tax receivables.

INVENTORIES

In accordance with IAS 2, inventories are measured at average purchase and conversion costs. Conversion costs include direct costs as well as adequate indirect materials and labour costs. No borrowing costs are capitalised.

Where required, inventories were written down to lower net realisable values. These write-downs take account of the loss-free measurement as well as of all other inventory risks. When the circumstances which previously caused inventories to be written down no longer exist, the amount of the write-down is reversed.

The costs of purchase and conversion of finished goods are assessed based on the realisable selling price.

Intercompany profits resulting from sales within the Group are eliminated.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are booked at their nominal values.

OTHER PROVISIONS

Provisions are recognised in accordance with IAS 37. They are established when legal or constructive obligations exist as a result of a past event and a reliable estimate can be made of the amount of the outflow of resources required to settle the obligation. In the case of individual risks, the provision is valued as the most probable settlement amount taking into account all discernible. risks. Non-current provisions are discounted and recognised at their present value. As of 31 October 2012, non-current provisions were discounted at a rate of 4.77% (previous year: 5.15%).

REALISATION OF REVENUE AND EXPENSES

Sales revenues are recognised when the merchandise or product is delivered or the service provided.

Expenses are reflected in profit or loss at the time the service is used or the time when they are caused.

CAPITAL RESERVE AND RETAINED EARNINGS

The premiums that exceeded the par value of own shares repurchased in the previous years were deducted from the capital reserve in the pro-rata amount of the premium paid per share relative to the originally paid-in capital; the excess amount is deducted from retained earnings.

The sales proceeds generated from the sale of own shares in excess of the imputed nominal amount were fully allocated to the capital reserve.

ASSUMPTIONS, ESTIMATES AND DISCRETIONARY DECISIONS

The consolidated financial statements are prepared on the basis of certain assumptions and estimates which have an effect on the amount and presentation of the reported assets, liabilities, income, expenses and contingent liabilities. Uncertainties primarily relate to the valuation of provisions, allowances and derivative financial instruments. Actual values may differ from the assumptions and estimates made.

C. NOTES TO THE BALANCE SHEET

(1) FIXED ASSETS

The changes in and composition of the fixed assets are shown in the fixed asset schedules attached to the notes for the fiscal years 2011/12 and 2010/11. Currency translation differences are negligible and are therefore not stated separately.

(a) Intangible assets / Goodwill

Additions to other intangible assets mainly relate to acquired software and customer relationships taken over in the context of the acquisitions as well as lease agreements.

Intangible assets include exclusive rights of supply to Houses of GERRY WEBER operated by third parties in an amount of KEUR 7,392 (previous year: KEUR 6,455). Depreciation of these rights of supply totalled KEUR 2,453 in the fiscal year 2011/12 (previous year: KEUR 1,736). Additions in the fiscal year totalled KEUR 3,336.

The item also comprises lease agreements in an amount of KEUR 8,538 (previous year: KEUR 3,844). The amortisation of these assets amounted to KEUR 556 in the financial year 2011/12 (previous year: KEUR 156). Additions in the fiscal year totalled KEUR 5.249.

As of 31 October 2012, customer relationships were recognised as intangible assets in the amount of KEUR 7,053 (previous year: KEUR 0). The amortisation of these assets amounted to KEUR 319 in the financial year 2011/12 (previous year: KEUR 0). Additions in the fiscal year amounted to KEUR 7,372.

A trademark right of KEUR 441 (previous year: KEUR 0) taken over in the context of a business combination is recognised under receivables and other assets, as it has been acquired with the intention to sell.

As of 31 October 2012, goodwill was recognised at a carrying amount of KEUR 14,743 (previous year: KEUR 0.00) and results from the positive difference arising from the business combinations.

Impairment tests for intangible assets did not result in write downs in the past fiscal year. Cash flows were discounted using a weighted average cost of capital (WACC) before taxes of 5.9%–6.4% based on market data. GERRY WEBER uses constant growth rates of 3% over the detailed planning period of 13 years to extrapolate the cash flows. If the discount rate before taxes were increased by one percentage point to 6.9%–7.4%, no write-downs would be required. This would also be the case if the growth rate used to calculate the perpetual annuity were reduced by one percentage point reduction and if the operating result declined by 5%.

As a general rule, the individual stores were defined as cash-generating units. For the Dutch companies, the legal entities were defined as cash-generating units. In the context of the impairment test, the carrying amount of the cash-generating unit is compared with its recoverable amount. The recoverable amount is determined as the value in use on the basis of the future cash flows, which are based on internal planning. Sensitive planning premises include sales growth, net profit expectations, estimates of replacement investments in the store network as well as personnel expenses as a percentage of sales for the individual stores. The projections refer to the fixed term of the respective lease agreements. The planning period ranges from one to ten years.

Other assets recognised include software.

(b) Tangible assets

This item comprises company properties in Halle, Steinhagen-Brockhagen, Düsseldorf and Romania including their furnitures and fixtures. It also comprises furnishings and fittings in rented retail properties.

(c) Investment properties

In the fiscal year 2008/09 the Group acquired a property in Düsseldorf. The company has built a new order centre, whose premises will be let to other fashion companies, on this site. The property is recognised at cost and the building is written off using the straight-line method over a useful life of 50 years. The building was completed and let in the fiscal year 2011/12.

An appraisal based on the income approach specified in the "Immobilienwertermittlungsverordnung" (German Ordinance for the Determination of Real Estate Values) resulted in fair value of the property of EUR 39.6 million as of the balance sheet date. The appraisal was carried out by an independent appraiser who has the required professional qualification as well as current experience with the location and type of the property in question. In the previous year, the fair value had been estimated internally at between EUR 24.0 million and EUR 34.0 million based on commonly applied multipliers, expected rental income and estimated completion costs. Income generated from the property amounted to KEUR 2,882 (previous year: KEUR 0), while direct operating expenses amounted to KEUR 804 (previous year: KEUR 30).

(d) Financial assets

KEUR	31 Oct. 2012	31 Oct. 2011
Long-term loans	2,151	1,373
Long-term deposits	329	328
Rent deposits	313	294
Loans to commercial agents	0	54
Shares in limited partnerships	4	3
	2,797	**2,052**

Financial assets are recognised at amortised cost, which is equivalent to the fair value. The long-term loans had to be written down by KEUR 150 (previous year: KEUR 300). As a general rule, the limited partner's shares are recognised at cost as the fair value cannot be reliably determined. Two investments in limited partnerships were written down by KEUR 2 in the financial year.

(2) TRADE RECEIVABLES (NON-CURRENT)

Trade receivables with a maturity of more than one year amounted to KEUR 225 (previous year: KEUR 107). These are market rate interest bearing trade receivables.

(3) OTHER ASSETS (NON-CURRENT)

KEUR	31 Oct. 2012	31 Oct. 2011
Receivables relating to GERRY WEBER OPEN	0	594
Other	0	159
	0	**753**

(4) INCOME TAX RECEIVABLES (NON-CURRENT)

This item is an officially confirmed corporate income tax credit, which will be paid out in ten equal amounts in the assessment periods from 2008 to 2017. The present value of the receivables is stated with a discount factor of 4% (previous year 4%). The portion that has a term of more than one year is recognised as non-current income tax receivables.

Existing corporate income tax credits of the domestic companies are recognised under non-current income tax receivables in an amount of KEUR 2,180 (previous year: KEUR 2,661) and under current income tax receivables in an amount of KEUR 494 (previous year: KEUR 493).

(5) DEFERRED TAXES

The following deferred tax assets and liabilities were stated to reflect recognition and valuation differences of the individual balance sheet items:

	Deferred tax assets		Deferred tax liabilities	
KEUR	**31 Oct. 2012**	31 Oct. 2011	**31 Oct. 2012**	31 Oct. 2011
Non-current assets	1,594	122	6,682	3,304
Current assets	1,598	1,092	1,636	1,187
Provisions	1,225	657	202	148
Liabilities	312	354	0	0
Tax loss carryforwards	515	685	0	0
	5,244	**2,910**	**8,520**	**4,639**

The expenses or income from temporary differences stated in the income statement are equivalent to the change in the respective balance sheet items unless they were offset against equity in accordance with IAS 39.

Of the deferred tax assets relating to non-current assets, an amount of KEUR 1,143 (previous year: KEUR 0) relates to goodwill in the amount of KEUR 4,573 (previous year: KEUR 0), as this is tax-deductible.

Tax loss carryforwards amount to EUR 20.7 million (previous year: EUR 20.8 million). They mainly refer to GERRY WEBER Fashion Iberica S.L., Palma de Mallorca, Spain, GERRY WEBER United Kingdom Ltd., London and GERRY WEBER Ireland Ltd., Dublin, Ireland. The resulting deferred tax assets in the amount of EUR 5,522 (previous year: KEUR 5,749) were written down in an amount of KEUR 5,006 (previous year: KEUR 5,065) as the realisation of the respective tax advantages is unlikely in the medium term.

Of the unrecognised deferred tax assets, amounts totalling KEUR 3,367 (previous year: KEUR 3,505) will expire in one to thirteen years.

(6) INVENTORIES

KEUR	**31 Oct. 2012**	31 Oct. 2011
Raw materials and supplies	13,519	10,230
Work in progress	14,098	14,186
Finished goods and merchandise	89,173	60,629
Prepayments on intangibles	3,756	3,482
	120,546	**88,527**

The impairment resulting from the sales-oriented measurement of inventories amounted to KEUR 1,452 (previous year: KEUR 2,669).

The income (previous year: income) for the fiscal year 2011/12 is included in the cost of materials. The usual reservations of ownership apply.

(7) TRADE RECEIVABLES (CURRENT)

Trade receivables in an amount of KEUR 54,544 (previous year: KEUR 56,829) have a maturity of less than one year.

Allowances for doubtful accounts amounted to KEUR 2,655 (previous year: KEUR 3,866). Allowances for doubtful accounts are established if and when the third reminder remains without response and the debt collection procedure is initiated. Any existing trade credit insurance is taken into account in the calculation of the allowances.

The expenses and income related to trade receivables are included in other operating expenses and other operating income.

Valuation allowances for assets:

KEUR	**31 Oct. 2012**	31 Oct. 2011
Allowances at the beginning of the period	3,866	2,526
Additions	730	1,837
Disposals	1,941	497
Allowances at the end of the period	**2,655**	**3,866**

(8) OTHER ASSETS (CURRENT)

Other assets in an amount of KEUR 12,396 (previous year: KEUR 11,926) have a maturity of less than one year.

Other assets comprise:

KEUR	31 Oct. 2012	31 Oct. 2011
Tax claims	3,902	2,671
Prepaid expenses	2,112	1,461
Supplier balances	1,232	461
Rent receivables	665	0
Receivables relating to GERRY WEBER OPEN	593	3,534
Bonus claims	481	370
Receivables from insurance companies	372	412
Sale of promotional items	185	348
HR receivables	653	288
Other	2,201	2,381
	12,396	**11,926**

(9) TRADEMARK RIGHT HELD FOR SALE

The trademark right “DON GIL” was taken over in the context of the DON GIL acquisition.

(10) CORPORATE INCOME TAX CLAIM (CURRENT)

Tax refund claims of KEUR 494 (previous year: KEUR 493) refer to domestic income tax.

(11) CASH AND CASH EQUIVALENTS

Apart from current accounts with banks, this item comprises cheques and cash.

Current accounts are held with various banks in different currencies.

(12) EQUITY

Changes in equity are shown in the statement of changes in equity.

The Group manages its capital with the aim of maximising the income for the stakeholders by optimising the debt-to-equity ratio. In this context, the company ensures that all Group companies can operate as a going concern.

Equity capital and total assets amounted to:

KEUR	**31 Oct. 2012**	31 Oct. 2011	Change
Equity capital	363,005	313,917	49,088
Equity in % of total capital	75.1	75.7	-0.6
Debt capital	120,618	101,041	19,577
Debt capital in % of total capital	24.9	24.3	0.6
Total capital (equity and debt capital)	**483,623**	**414,958**	**68,665**

Equity capital comprises the total capital and the reserves of the Group. Debt capital is defined as current and non-current financial liabilities, provisions and miscellaneous liabilities.

(a) Subscribed capital

The subscribed capital of GERRY WEBER International AG is divided into 45,905,960 (previous year: 45,905,960) bearer shares with an accounting par value of EUR 1.00.

Subject to approval by the Supervisory Board, the Managing Board is entitled to increase the company's share capital by up to a total of EUR 11,475,000 through one or several issues of new bearer shares against cash or non-cash capital contributions by 31 May 2014. Shareholders must be granted a subscription right. Subject to approval by the Supervisory Board, however, the Managing Board is entitled to exclude fractional amounts from shareholders' subscription rights. Subject to approval by the Supervisory Board, the Managing Board is also entitled to exclude shareholders' subscription rights in case of capital increases against contributions in kind for the purpose of company takeovers or investments in companies. In addition, the Managing Board is authorised to exclude shareholders' subscription rights if the issue price of the new shares is not materially lower than the stock market price and the shares issued do not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. This percentage includes shares that are issued based on an authorisation to sell own shares pursuant to section 71 para. 1 No. 8 sentence 5 and section186 para. 3 sentence 4 of the German Stock Corporation Act (AktG) in an ex-rights issue.

The Managing Board is authorised to stipulate the further details of the capital increase and its execution with the approval of the Supervisory Board.

The Supervisory Board is entitled to amend the articles of incorporation from time to time to properly reflect the respective utilisation of the authorised capital as well as after expiry of the authorisation.

(b) Capital reserve

The capital reserve includes the premiums on the shares issued less the pro-rated premiums paid in the acquisition of own shares plus the premiums paid in the sale of own shares.

(c) Retained earnings

Retained earnings comprise the profits generated by the consolidated companies in the past which were not distributed or converted into share capital as well as earnings effects resulting from consolidation measures in the previous years less the pro-rated premiums paid in the acquisition of own shares, to the extent that they were not deducted from the capital reserve.

(d) Cumulative changes in equity not stated through profit or loss according to IAS 39

This item includes the effects of the remeasurement of financial instruments after taxes being accounted for in equity. The financial instruments used by the company are currency hedges.

KEUR	**31 Oct. 2012**	31 Oct. 2011	Change
Positive fair values of financial instruments	177	6	171
Negative fair values of financial instruments	-480	-929	449
Deferred tax assets	144	279	-135
Deferred tax liabilities	-53	-2	-51
	-212	**-646**	**434**

(e) Exchange differences

This item comprises the differences arising from the currency translation of the financial statements of foreign subsidiaries which are not prepared in EUR.

(f) Accumulated profits

The table below shows the changes in accumulated profits:

KEUR	
Carried forward from 1 November 2011	60,991
Dividend distribution in June 2012	-29,839
Transfer to retained earnings from net income for the year based on a resolution by the Managing Board and the Supervisory Board	-35,000
Net income for the year 2011/12	78,831
Accumulated profits as of 31 October 2012	**74,983**

(13) PROVISIONS FOR PERSONNEL (NON-CURRENT)

An amount of KEUR 190 (previous year: KEUR 396) represents the non-current portion of the provisions for old-age part-time work. An amount of KEUR 206 was used up (previous year: KEUR 588).

(14) OTHER PROVISIONS (NON-CURRENT)

This item includes an amount of KEUR 5,005 (previous: KEUR 3,105) resulting from the company's obligation to remove furnishings and fittings from rented properties. Allocations amounted to KEUR 1,900 (previous year: KEUR 858).

(15) FINANCIAL LIABILITIES (NON-CURRENT)

KEUR	31 Oct. 2012	31 Oct. 2011
Liabilities to banks and insurance companies	**9,857**	**15,214**

These include non-current financial liabilities with a remaining maturity of more than five years in an amount of KEUR 0 (previous year: KEUR 0).

(16) OTHER LIABILITIES (NON-CURRENT)

KEUR	31 Oct. 2012	31 Oct. 2011
Liabilities from minority options	**11,817**	**0**

Liabilities with a maturity of more than 5 years amount to KEUR 0 (previous year: KEUR 0).

There are obligations to acquire the shares held by minority shareholders in the two Dutch subsidiaries.

Pursuant to IAS 32, these obligations shall be recognised as financial liabilities at fair value. For this purpose, the individual obligations were measured on the basis of the respective contractual agreements.

Provisions 31 October 2012 and 31 October 2011 (current)

The table below shows the changes in, and the composition of, the provisions:

KEUR	Carried forward 01 Nov. 2011	Use	Reversal	Allocation	**As at 31 Oct. 2012**
Type of provision					
(17) TAX PROVISIONS	*2,514*	*1,586*	*104*	*2,875*	*3,699*
(18) PROVISIONS FOR PERSONNEL					
Bonuses	5,258	5,203	55	5,145	5,145
Vacation	2,356	2,356	0	2,924	2,924
Old-age part-time work (current)	292	77	0	0	215
Special annual payment	3,187	3,101	86	2,924	2,924
Other	1,296	1,288	8	1,387	1,387
	12,389	*12,025*	*149*	*12,380*	*12,595*
(19) OTHER PROVISIONS					
Guarantees	678	678	0	771	771
Outstanding invoices	6,079	5,973	106	6,908	6,908
Accounting expenses	367	367	0	444	444
Payments to commercial agents	0	0	0	501	501
Supervisory Board compensation	510	510	0	510	510
Other	590	570	20	2,871	2,871
	8,224	*8,098*	*126*	*12,005*	*12,005*
	23,127	**21,709**	**379**	**27,260**	**28,299**

KEUR	Carried forward 01 Nov. 2010	Use	Reversal	Allocation	**As at 31 Oct. 2011**
Type of provision					
(17) TAX PROVISIONS	*4,408*	*3,766*	*367*	*2,239*	*2,514*
(18) PROVISIONS FOR PERSONNEL					
Bonuses	5,113	5,093	20	5,258	5,258
Vacation	2,159	2,159	0	2,356	2,356
Old-age part-time work (current)	758	545	0	79	292
Special annual payment	2,790	2,790	0	3,187	3,187
Other	391	362	29	1,296	1,296
	11,211	*10,949*	*49*	*12,176*	*12,389*
(19) OTHER PROVISIONS					
Guarantees	607	607	0	678	678
Outstanding invoices	3,967	3,881	86	6,079	6,079
Accounting expenses	432	432	0	367	367
Supervisory Board compensation	489	489	0	510	510
Other	875	875	0	590	590
	6,370	*6,284*	*86*	*8,224*	*8,224*
	21,989	**20,999**	**502**	**22,639**	**23,127**

(20) CURRENT FINANCIAL LIABILITIES (REMAINING MATURITY OF LESS THAN ONE YEAR)

KEUR	**31 Oct. 2012**	31 Oct. 2011
Liabilities to banks and insurance companies	**5,408**	**6,132**

Information on collateral and agreements

The following collateral has been provided for non-current bank liabilities:

- Land charges in an amount of KEUR 0 (previous year: KEUR 307).

The table below shows the main contractual terms of the liabilities to banks and insurance companies as of the closing date of the fiscal year 2012:

Fixed-income agreements

Financial instrument	**Carrying amount 2011 / 12**	Carrying amount 2010 / 11	Maturity until	Nominal interest rate
	KEUR	KEUR	month / year	% p. a.
Bank 1	2,000	3,000	7 / 2014	4.15
Bank 2	500	1,500	3 / 2013	4.42
Bank 3	2,000	3,000	6 / 2014	4.20
Insurance company 1	10,714	13,571	7 / 2016	4.35
	15,214	**21,071**		

The market values are equivalent to the carrying amounts. Nominal interest rates do not differ materially from the effective interest rates. In addition, there are current liabilities to banks in an amount of KEUR 51 (previous year: KEUR 275). There are currently no signs of a liquidity or financing risk. Principal and interest were paid at maturity. No default occurred.

(21) TRADE PAYABLES

Liabilities from the delivery of goods are subject to the usual reservations of ownership.

(22) OTHER LIABILITIES

KEUR	**31 Oct. 2012**	31 Oct. 2011
Other taxes (especially wage and turnover tax)	4,482	7,139
Payment of remaining purchase price to Blom Modegroep B.V., Laren / Netherlands	1,591	0
Customer vouchers, bonus cards and goods on return	1,241	1,103
Liabilities to personnel	791	734
Liabilities to customers	657	644
Negative fair value of financial instruments not qualifying for hedge accounting	522	43
Negative fair value of financial instruments qualifying for hedge accounting	480	929
Social security		309
GERRY WEBER Management & Event oHG	16	1,968
Other liabilities	1,559	991
	11,798	**13,860**

The payment of the remaining purchase price results from the acquisition of 51% shares in GERRY WEBER Retail B.V. and GERRY WEBER Incompany B.V. from Blom Modegroep B.V., Laren / Netherlands.

D. NOTES TO THE INCOME STATEMENT

(23) SALES

This item comprises revenues from the sale of products and services to customers less sales deductions.

The breakdown of sales by business segments is explained in the segment report.

Sales revenues include licensing fees in an amount of KEUR 941 (previous year: KEUR 908) for the utilisation of the name rights.

Revenues are deemed to be realised once the service has been provided in full.

(24) OTHER OPERATING INCOME

Other operating income comprises the following:

KEUR	**2011/12**	2010/11
Rental income	8,519	5,205
Income from IT services for third parties	2,598	1,348
Income from the passing on of advantageous lease agreements	2,400	0
Income from the reversal of provisions and allowances	2,027	356
Exchange gains, income from currency forwards	1,369	827
Income from the provision of motor vehicles	805	668
Wage tax refunds	509	0
Payment of damages/insurance compensation	399	879
Income from negative differences	0	2,105
Other	1,984	1,300
	20,610	**12,688**

The rental income primarily results from leased investment property as well as income from the sub-letting of rented properties not used by the company.

In the previous year, income from negative differences comprised income from the acquisition of Castro Deutschland GmbH & Co. KG, Cologne.

(25) INVENTORY CHANGES

Purchased services include expenses for cut-make-trim (intermediate contractors) as well as expenses for the procurement of goods manufactured by third parties according to our specifications (so-called "full package services").

After arrival of the goods in our shipping centre, it is no longer possible to distinguish between CMT goods and FPS goods. As a result, all finished goods added to our inventories must be shown under inventory changes in the income statement, even though the fully contracted goods should actually be shown net of expenses.

(26) COST OF MATERIALS

KEUR	2011/12	2010/11
Expenses for raw materials and supplies and purchased goods	79,929	70,110
Expenses for services purchased	324,834	291,409
	404,763	**361,519**

(27) PERSONNEL EXPENSES

KEUR	2011/12	2010/11
Wages and salaries	106,944	88,184
Social security contributions	18,869	15,142
	125,813	**103,326**

The GERRY WEBER Group concludes old-age part-time agreements according to the so-called "block model". In accordance with IAS 19, provisions are established according to the projected unit credit method at an interest rate for accounting purposes of 5.06% (previous year: 5.13%) based on a salary trend of 1% p.a. (previous year: 1% p.a.). The computations are based on the Heubeck mortality tables 2005 G. No discount on staff turnover is taken into account.

Provisions for the top-up amounts are established for the full duration of the agreement and used up on a pro rata temporis basis. Accruals to cover the outstanding obligations are made on a monthly basis; the provisions are used up during the retirement period.

No provisions were established in the fiscal year for potential future obligations of the GERRY WEBER Group arising from the use of old-age part-time options, as this probability was estimated at zero.

Average number of employees:

	2011/12		2010/11	
	Total	Germany	Total	Germany
Blue-collar workers	439	120	426	111
White-collar workers	3,648	2,788	2,549	1,937
	4,087	*2,908*	*2,975*	*2,048*
Trainees/apprentices	34	34	36	36
	4,121	**2,942**	**3,011**	**2,084**

(28) DEPRECIATION / AMORTISATION

The composition of depreciation and amortisation is shown in the consolidated fixed-asset movement schedule.

As in the previous year there were no write-downs for impairment in fiscal 2011/12.

(29) OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

KEUR	2011/12	2010/11
Rent, space costs	63,739	43,342
Freight, packaging, logistics	36,329	30,618
Advertising, trade fairs	20,507	16,946
Sales agent commissions	13,550	13,677
Collection development	8,279	8,086
Legal and consulting costs	8,432	6,486
IT costs	5,511	4,127
Other personnel expenses	5,091	4,156
Travelling expenses	4,252	3,750
Insurance, contributions, fees	4,076	3,581
Del credere and credit card commissions	2,996	2,505
General administration	2,791	2,151
Losses on receivables/allowances	1,009	2,134
Office and communications	2,360	2,112
Vehicles	2,626	2,114
Maintenance	3,493	2,200
Loss from asset disposal	522	1,662
Exchange rate fluctuations	302	492
Other	1,767	2,018
	187,632	**152,157**

(30) OTHER TAXES

This item mainly comprises real property and motor vehicle taxes as well as council taxes in the UK.

(31) FINANCIAL RESULT

KEUR	2011/12	2010/11
Income from financial assets loaned	33	43
Interest income	363	877
Write-downs on financial assets	-152	-309
Incidental bank charges	-892	-866
Interest expenses	-1,544	-1,707
	-2,192	**-1,962**

(32) TAXES ON INCOME

Taxes on income comprise the following main components:

KEUR	2011/12	2010/11
Taxes of the fiscal year	34,435	31,456
Tax expenses/income of prior years	-65	-570
Deferred taxes	-540	-278
	34,910	**30,608**

Deferred taxes were generally calculated on the basis of the applicable tax rates of each company. A standard tax rate of 30% (previous year: 30%) was applied to calculate deferred taxes on consolidation measures shown in profit and loss.

The reconciliation of expected tax expenses with reported tax expenses is as follows:

KEUR	**2011/12**	2010/11
Profit before taxes on income	113,741	97,646
Group tax rate	30.0%	30.0%
Expected tax expenses	34,122	29,294
Non-recognition of deferred tax assets due to operating losses and utilisation of those assets	89	1,162
Initial recognition of deferred tax assets from tax loss carryforwards/use of tax loss carryforwards	-143	0
Taxes on trade tax additions/deductions	648	499
Taxes on non-deductible operating expenses	179	165
Off-period tax expenses/income	-66	-570
Tax expenses from the sale of own shares	0	444
Tax expense on negative difference from acquisitions	0	-605
Others	81	219
Actual tax expenses 30.7% (previous year: 31.3%)	**34,910**	**30,608**

(33) PROFIT CARRIED FORWARD

Changes in the profit carried forward are shown in the statement of changes in equity.

(34) ALLOCATION TO RETAINED EARNINGS

Amounts of KEUR 35,000 (previous year: KEUR 30,000) were allocated to retained earnings in the fiscal year 2011/12 based on a resolution by the Managing Board and the Supervisory Board, respectively.

(35) EARNINGS PER SHARE

In accordance with IAS 33, earnings per share were calculated on the basis of the consolidated net income/loss for the year after taxes attributable to ordinary shareholders and the average number of shares outstanding during the period.

The amounts on which the calculation is based were determined as follows:

Consolidated net income/loss for the year

KEUR	**2011/12**	2010/11
Consolidated net income/loss attributable to ordinary shareholders of the parent company	**78,831**	**67,038**

Number of ordinary shares

Number of shares	
Voting shares on 31 October 2011	45,905,960
Voting shares on 31 October 2012	**45,905,960**

Each ordinary share carries a voting right and is fully entitled to dividends. All shares have the same rights.

The table below shows the average number of shares outstanding determined on the basis of a time weighting factor:

Fiscal year 2011/12:	Fiscal year 2010/11:
45,905,960 x 12/12	42,634,484 x 1/12
	+ 43,212,292 x 1/12
	+ 44,416,018 x 1/12
	+ 44,766,618 x 1/12
	+ 45,905,960 x 8/12
45,905,960 shares	**45,189,758 shares**

Earnings per share amount to EUR 1.72 (previous year: EUR 1.48).

Basic earnings per share are identical with diluted earnings per share.

The accumulated profits were used to pay out a dividend of EUR 0.65 (previous year: EUR 0.55) per share. The remaining amount was carried forward to new account.

It will be proposed to the Annual General Meeting to pay out a dividend of EUR 0.75 per share from the accumulated profits. This is equivalent to an amount of EUR 34.4 million. In Germany, dividends are subject to capital income tax of 25% plus a 5.5% solidarity surcharge.

E. HEDGING POLICY AND FINANCIAL DERIVATIVES

As a company operating on an international level, GERRY WEBER International AG is exposed to risks resulting from changes in exchange rates and interest rates. Such risks are mitigated using derivative financial instruments. The company exclusively uses marketable instruments with sufficient market liquidity. The use of derivative financial instruments is subject to the internal guidelines and controlling mechanisms of GERRY WEBER International AG.

The company mitigates default risks from derivative financial instruments through the careful selection of its contractual partners. When measuring the financial instruments at the fair value, all factors that would be taken into account by market participants are taken into consideration, including the appropriate consideration of the trading partners' credit risks. This ensures that changes in the trading partners' credit risks are adequately reflected in the measurement of the derivative financial instruments and, hence, in the financial statements.

The use of derivative financial instruments exposes GERRY WEBER International AG to counterparty default risk. To mitigate this risk, derivative transactions are entered into only with banks of excellent credit standing. The maximum default risk is therefore set at KEUR 0 (previous year: KEUR 0).

With a view to hedging subsidiaries' expected payments fully or partially against exchange rate risks, GERRY WEBER International AG uses derivative financial instruments, mainly currency forwards and currency options.

In particular, GERRY WEBER International AG hedges expected payments from those countries in which the company has a strong operational presence.

These include the US dollar region, the UK and Canada. The currency forwards and options have a maximum term of 18 months, but usually 12 to 15 months. The expected payments mainly result from sales expected to materialise within 18 months.

The company uses long-term credit agreements at favourable fixed interest rates to mitigate interest rate risks. In addition, interest rate derivatives are used.

As of 31 October 2012, negative effects from the market valuation of financial instruments in an amount of KEUR -212 (previous year: negative effects KEUR -646) were reflected in equity.

GERRY WEBER International AG believes that the use of derivative financial instruments reduces the risks described above and uses such instruments exclusively for risk hedging purposes.

CURRENCY FORWARDS AND OPTIONS DEALINGS FOR THE PROCUREMENT OF GOODS

Where goods and services purchased have to be paid in foreign currency, suitable currency forwards and currency options are taken out before each season in order to hedge the pricing of our products. As of the balance sheet date, the respective volume amounted to EUR 63.0 million (previous year: EUR 107.5 million) at Group level. Income and expenses from these transactions are recognised under cost of materials.

All derivative financial instruments formed valuation units with the underlying transactions.

As of the balance sheet date, the currency forwards had a negative fair value of EUR 0.5 million (previous year: negative fair value of EUR 0.9 million).

The change was recognised in equity and is reflected in the statement of comprehensive income.

CURRENCY FORWARDS FOR THE SALE OF GOODS

Foreign currency claims from sales existing as of the balance sheet date have been hedged with currency forwards and options. Income and expenses from these transactions are recognised under sales revenues.

The forward transactions had a volume of EUR 11.5 million as of the balance sheet date (previous year: EUR 10.5 million).

All currency forwards formed valuation units with the underlying transactions.

The positive fair value of these currency forwards for merchandise receivables was EUR 0.1 million as of the balance sheet date (previous year: positive fair value of EUR 0.1 million).

The change was recognised in equity and is reflected in the statement of comprehensive income.

The market values of the currency forwards are carried as other assets or other liabilities. They do not reflect contrary value developments in the underlying transactions. The market values are not necessarily identical with the amounts that will be generated in future under current market conditions.

INTEREST RATE DERIVATIVES

As of the balance sheet date, the company's accounts included an interest rate derivative with a notional amount of EUR 5.0 million (previous year: EUR 5.0 million) which did not qualify for hedge accounting due to the lack of an underlying transaction. The change of the negative market value KEUR 95 (previous year: KEUR 207) in the amount of KEUR 111 was recognised as an interest expense. The change is due to changes in the market interest rate. Other provisions include negative market values from interest rate hedges in an amount of KEUR 95.

These are financial liabilities that were classified as recognisable at the fair value upon initial recognition.

ACCUMULATING CURRENCY FORWARDS FOR THE PROCUREMENT OF GOODS

Where goods and services purchased by the Group have to be paid in a foreign currency, suitable currency forwards and currency options as well as accumulating currency forwards are taken out before each season in order to hedge the pricing of our products.

As of the balance sheet date, the accumulating currency forwards totalled EUR 55.8 million (previous year: EUR 8.1 million). The accumulating currency forwards had a negative fair value of EUR 0.2 million on the balance sheet date (previous year: EUR 0.1 million).

As the accumulating currency forwards formed no valuation units with the goods and services sourced, they resulted in other operating expenses of EUR 0.2 million (previous year: EUR 0.1 million).

The market values of the currency forwards are carried as other current liabilities. The market values are not necessarily identical with the amounts that will be generated in future under current market conditions.

These are financial liabilities that were classified as recognisable at the fair value upon initial recognition.

COMMODITY DERIVATIVES

As of the balance sheet date, no cotton options (previous year: two) were in place. There was no notional amount as of 31 October 2012 (previous year: EUR 1.0 million). As a result, no other operating expense or other operating income was generated in the fiscal year 2011/12 (previous year: other operating income of KEUR 33 from the positive market value).

F. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents shown in the cash flow statement exclusively comprise the cash and cash equivalents shown in the balance sheet.

The cash flow statement describes the cash flows in the fiscal year 2011/12 and the previous year, divided into cash inflows and outflows from operating activities, from investing activities and from financing activities. Changes in the basis of consolidation and in exchange rates had no effect on cash and cash equivalents.

Cash outflow from investing activities comprises additions to property, plant and equipment and financial assets as well as income from fixed asset disposals. Financing activities comprise changes in other financial liabilities.

In the fiscal year 2011/12, cash inflow from operating activities includes payments for interest received in an amount of KEUR 363 (previous year: KEUR 878) and for interest paid in an amount of KEUR 1,544 (previous year: KEUR 1,707). Income tax payments amounted to KEUR 32,704 (previous year: KEUR 32,111).

The GERRY WEBER Group has an unused credit line in an amount of EUR 55.2 million (previous year: EUR 57.7 million).

G. SEGMENT REPORTING

In accordance with IFRS 8, the business activities of the GERRY WEBER Group are divided into business segments as the primary reporting format and into geographical segments as the secondary reporting format.

The segmentation of the GERRY WEBER Group results from the internal organisational and reporting structure and is based on the product units Ladieswear, Retail and Other Segments. Secondary segment reporting is based on geographical segments.

For purposes of segment reporting by business segments, the Ladieswear segment comprises the GERRY WEBER brand and its two sublabels, GERRY WEBER EDITION and G.W., and the TAIFUN brand as well as the SAMOON brand.

The Retail segment comprises the domestic and international HOUSES OF GERRY WEBER, concession stores, factory outlets as well as our online shops.

"Other segments" comprise investment property "Hall 30" as well as those activities that cannot be assigned to any of the other segments.

The "Consolidation entries" segment is used to show consolidation effects and the reconciliation of the respective Group figures.

In fiscal year 2011/12 "other segments" and "consolidation entries" were shown separately for the first time. The previous year figures has been adjusted.

For purposes of segment reporting by geographical segments, external sales are defined by customers' head offices. In accordance with internal controlling and reporting, a distinction is made between the regions "Germany" and "Outside Germany".

The segment information is based on the same recognition and valuation measures as the consolidated financial statements.

The transfer prices charged to the domestic Retail company are calculated using the cost-plus method.

H. MISCELLANEOUS INFORMATION AND EXPLANATIONS

RISK MANAGEMENT, RISKS FROM FINANCIAL INSTRUMENTS AND INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS

In the context of its operating activities, the Group is exposed to currency, interest rate and default risks.

Risk management is organised centrally and is the responsibility of the holding company.

Under the current strategy, hedges are used to mitigate currency and interest rate risks.

Currency risks result from unfavourable exchange rate changes between the creation and the fulfilment of claims and liabilities in foreign currencies. The company used currency forwards and options to mitigate these risks. The net requirements or surplus of the respective currencies is hedged at nearly 100%. The currency derivatives usually have a term of up to twelve months.

Sensitivity analyses were carried out to quantify the currency risk. These are based on an assumed 5% change in the exchange rate.

The pre-tax effect including the currency hedge is shown:

KEUR	Cash inflows	Cash outflows	Net amount	Effect from a +5% appreciation in the euro
USD	3,782	-70,257	-66,475	114
GBP	11,202	0	11,202	-67
CAD	1,786	0	1,786	-12

The company manages the interest rate risk by raising long-term loans at fixed interest rates as well as by maintaining a high equity ratio.

To offset seasonal peaks, credit agreements with variable interest rates are signed with a view to exploiting opportunities to reduce the funding cost in the case of declining interest rates on debt capital. As a result, the Group is exposed to an interest-related cash flow risk. Interest rate derivatives were used to mitigate this risk.

Due to the good liquidity situation, no variable rate loans were recognised as of 31 October 2012. An existing interest rate swap with a notional amount of EUR 5.0 million at 3-month Euribor and a negative market value in an amount of KEUR 95 (previous year: KEUR 207) was recognised under interest expenses due to the lack of an underlying transaction.

Due to the good liquidity situation, no interest-bearing liabilities are used in the fiscal year 2011/12. An interest rate risk does not exist. Accordingly, there is no need to perform a sensitivity analysis in accordance with IFRS 7.

Credit risks are mitigated by reviewing the creditworthiness of counterparties. The maximum default risk is always the carrying amount.

The default risks are within normal market limits and are adequately provisioned for. The Group is not exposed to material default risks of a contractual party or a group of contractual parties with similar characteristics. The Group considers contractual parties to have similar characteristics if they are related companies. Individual value allowances for overdue receivables are mostly geared to the age structure of the receivables, with different valuation discounts being applied based on past success ratios.

RESEARCH AND DEVELOPMENT

Research and development expenses shown under expenses amount to KEUR 8,279 (previous year: KEUR 8,086) and refer to the development of the collections.

CONTINGENCIES

The Group has contingencies resulting from the issue and transfer of bills of exchange in an amount of KEUR 28 (previous year: KEUR 22).

There is a payment obligation for shares in partnerships (start-up funds) in an amount of KEUR 34 (previous year: KEUR 37).

OTHER FINANCIAL LIABILITIES / OPERATING LEASES WHERE THE COMPANY IS THE LESSEE

As of 31 October 2012, the purchase commitment for investments in property, plant and equipment amounted to EUR 2.4 million (previous year: EUR 5.7 million).

The Group has other financial liabilities under operating leases as shown below:

KEUR	**31 Oct. 2012**	31 Oct. 2011
Within 1 year	2,714	2,366
Between 1 and 5 years	1,205	1,554
	3,919	**3,920**

Expenses under these operating leases amounted to KEUR 2,714 in 2012 (previous year: KEUR 2,366). The assets financed by operating leases had a gross carrying amount of KEUR 9,500 in the fiscal year 2011/12 (previous year: KEUR 8,281).

These are mainly motor vehicle and IT leasing agreements, which are signed for a period of three to five years and have no renewal option. No price adjustment clauses exist.

In addition, the company has signed numerous property leases with the respective property owners.

In particular, the property leases comprise properties leased for the Group's own retail activities and offices used by Group companies.

KEUR	31 Oct. 2012	31 Oct. 2011
Within 1 year	54,487	35,617
Between 1 and 5 years	159,365	109,621
After 5 years	82,353	64,111
	296,205	**209,349**

In the fiscal year 2011/12, rental expenses in an amount of KEUR 46,260 (previous year: KEUR 30,621) were recognised. Shop leases are usually signed for a period of 10 to 15 years. Some leases include renewal options. The leases contain price adjustment clauses that are typical of the industry and are linked to general inflation.

In conjunction with the shop leases, the company frequently agrees to make contributions to the communal advertising expenses:

KEUR	31 Oct. 2012	31 Oct. 2011
Within 1 year	1,017	1,001
Between 1 and 5 years	2,793	3,046
After 5 years	1,090	1,395
	4,900	**5,442**

In the fiscal year 2011/12, the Group generated KEUR 1,780 (previous year: KEUR 1,595) from subleases. The table below shows the minimum lease payments from subleases:

KEUR	31 Oct. 2012	31 Oct. 2011
Within 1 year	2,399	1,813
Between 1 and 5 years	7,634	6,009
After 5 years	2,863	1,634
	12,896	**9,456**

The marked increase in income from subleases is attributable to lease agreements taken over from Wissmach.

OPERATING LEASES WHERE THE COMPANY IS THE LESSOR

The "Halle 29" order centre in Düsseldorf, which is partially used by the company itself, generates rental income from the letting of premises to other textile manufacturers. The leases usually have a term of five years. The rent is inflation-linked. The leases include a one-time renewal option for the tenant, usually for another five years. No purchase options have been agreed. The table below shows the remaining minimum leases until the end of the respective contractual period:

KEUR	31 Oct. 2012	31 Oct. 2011
Within 1 year	1,945	1,949
Between 1 and 5 years	4,171	5,705
After 5 years	0	472
	6,116	**8,126**

Rental income is also generated from the letting of retail space at the Fashion Outlet in Steinhagen-Brockhagen. The leases usually have a term of five years and do not include any purchase or renewal options. A ten-year term with a one-time renewal option for another five years has been agreed with one tenant. The table below shows the remaining minimum leases until the end of the respective contractual period:

KEUR	31 Oct. 2012	31 Oct. 2011
Within 1 year	334	291
Between 1 and 5 years	278	447
After 5 years	0	27
	612	**765**

An exclusively turnover-based rent has been agreed with one tenant. Income from such conditional rents amounted to KEUR 69 in the fiscal year 2011/12 (previous year: KEUR 48).

The "Halle 30" property in Düsseldorf generates rental income from the letting of premises to other textile manufacturers. The leases usually have a term of four years. The rent is inflation-linked. The leases include a one-time renewal option for the tenant, usually for another four and six years. No purchase options have been agreed. The table below shows the remaining minimum leases until the end of the respective contractual period:

KEUR	**31 Oct. 2012**	31 Oct. 2011
Within 1 year	2,537	0
Between 1 and 5 years	4,693	0
After 5 years	0	0
	7,230	**0**

LITIGATIONS

GERRY WEBER International AG or its subsidiaries are not involved in court or arbitration proceedings that have a major impact on the situation of the Group.

Adequate risk provisions were established to cover risks from other court or arbitration proceedings.

RELATED PARTY DISCLOSURES

Apart from the Managing Board and the Supervisory Board of GERRY WEBER International AG, related parties as defined in IAS 24 mainly include the non-consolidated subsidiaries.

In addition, relationships of dependence as defined in section 17 of the German Stock Corporation Law exist with the following companies:

- GERRY WEBER Management & Event oHG, Halle / Westphalia
- GERRY WEBER Sportpark Hotel GmbH & Co. KG, Halle / Westphalia
- Golfplatz Eggeberg GmbH & Co. Anlagen KG, Halle / Westphalia
- Golfplatz Eggeberg Beteiligungs- und Verwaltungsgesellschaft mbH, Halle / Westphalia
- Clubhaus Eggeberg GmbH & Co. KG, Halle / Westphalia
- Clubhaus Eggeberg Beteiligungs- und Verwaltungsgesellschaft mbH, Halle / Westphalia
- N & A Hardieck GmbH & Co. KG, Halle / Westphalia
- Hardieck Anlagen GmbH & Co. KG, Halle / Westphalia
- Hardieck Anlagen GmbH, Halle / Westphalia
- R + U Weber GmbH & Co. KG, Halle / Westphalia
- Webba Invest S.L., Palma de Mallorca, Spain
- Udo Hardieck e.K.

These companies were included in the dependency report, which received an unqualified audit certificate from MAZARS GmbH Wirtschaftsprüfungsgesellschaft.

The table below shows the expenses and income that are listed in the dependency report:

KEUR	2011/12		2010/11	
	Expenses	Income	Expenses	Income
Advertising, GERRY WEBER Open	3,680		3,534	0
Advertising	454		419	0
Rental expenses	267		242	0
Interest expenses	0		58	0
Accommodation, entertainment	247		208	0
Annual General Meeting	110		70	0
Various services expenses	382		114	0
IT charge		7		9
Various services income		22		25
Prepaid postage		63		39
Book-keeping		93		101
Delivery of goods		117		105
Interest income		57		6
Rental income		187		148
	5,140	**546**	**4,645**	**433**

In addition, the Group had the following current receivables and liabilities towards related companies as at the balance sheet date:

KEUR	31 Oct. 2012		31 Oct. 2011	
	Receivables	Liabilities	Receivables	Liabilities
GERRY WEBER Management & Event oHG	663	16	4,641	2,069
GERRY WEBER Sportpark Hotel GmbH & Co. KG	1,277	135	666	133
	1,940	**151**	**5,307**	**2,202**

On 1 October 2008, Mr Ralf Weber (son of Gerhard Weber, CEO) assumed a senior position at GERRY WEBER International AG. Apart from this, he continues to perform managing functions at some of the companies listed in the dependency report.

In the past fiscal year, Mr Ralf Weber received compensation in an amount of KEUR 380 (previous year: KEUR 727) for his work at the company.

Trendline Promotion GmbH supplied the Group with promotional materials in an amount of KEUR 1,228 (previous year: KEUR 823) net of VAT. As at the balance sheet date, liabilities totalled KEUR 25 (previous year: KEUR 110).

Mr Klaus Friedrich, Wuppertal, the husband of Managing Board member Doris Strätker, provided advisory services in an amount of KEUR 154 (previous year: KEUR 116).

No allowances or derecognitions relating to receivables from related parties were required. No guarantees or securities were obtained or granted.

Other agreements

On 6 December 2007, a sponsorship agreement with effect from 1 January 2008, 00:00h, was signed with GERRY WEBER Management & Event oHG, Halle / Westphalia (OHG). The agreement expired on 31 December 2012.
Based on an independent appraisal, a present value of EUR 16.3 million was determined for the right to the name "GERRY WEBER WORLD" and for the sponsorship payments for the "GERRY WEBER OPEN". The auditor did not prepare an appraisal. The present value was released over the term of the agreement and amounted to KEUR 593 on 31 October 2012 (previous year: KEUR 4,128).
On 20 December 2012, a new sponsorship agreement was signed with GERRY WEBER Management & Event oHG with effect from 1 January 2013, 00:00 h, which replaces the previous sponsorship agreement.
In this agreement, GERRY WEBER Management & Event oHG undertakes, among other things, to carry out and market its activities under the "GERRY WEBER WORLD" umbrella brand. These activities include, in particular, all sports and entertainment events related to the GERRY WEBER Stadium, the GERRY WEBER Event & Convention Center, the GERRY WEBER Sportpark and the GERRY WEBER Sportpark Hotel. The agreement runs from 1 January 2013 to 31 December 2017 and includes two renewal options for periods of five years each.
Based on an independent appraisal, sponsorship amounts totalling EUR 21.5 million were determined for the right to the name "GERRY WEBER WORLD" and for the sponsorship amounts for the "GERRY WEBER OPEN". The auditor did not prepare an appraisal.

No transactions that require reporting were effected with the members of the Supervisory Board and the Managing Board.

The appropriateness of the performance and the counter-performance was described in detail by the Managing Board of GERRY WEBER International AG in the dependency report for 2011/12 as defined in section 312 of the German Stock Corporation Law and confirmed by the auditors of GERRY WEBER International AG.

MANAGING BOARD

- Gerhard Weber, Chairman, businessman, Halle / Westphalia,
- Dr. David Frink, businessman, Bielefeld,
- Doris Strätker, businesswoman, Wuppertal.

The Managing Board members are also members of other supervisory boards or control organs as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Law.

Gerhard Weber
Member of the Supervisory Board:
- no mandates

Dr. David Frink
Member of the Supervisory Board:
- DSC Arminia Bielefeld GmbH & Co. KGaA, Bielefeld

Doris Strätker
- no mandates

In the previous year, none of the Managing Board members were a member of other supervisory boards or control organs as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Law.

SUPERVISORY BOARD

- Dr. Ernst F. Schröder, Bielefeld, Chairman,
- Udo Hardieck, Halle / Westphalia, Vice Chairman,
- Charlotte Weber-Dresselhaus, Halle / Westphalia,
- Dr. Wolf-Albrecht Prautzsch, Münster,
- Olaf Dieckmann, Halle / Westphalia, staff representative,
- Klaus Lippert, Halle / Westphalia, staff representative.

The Supervisory Board members also sit on the following supervisory boards and control organs as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Law.

Dr. Ernst F. Schröder,
personally liable partner of Dr. August Oetker KG, Bielefeld

Chairman of the Supervisory Board:
- S.A.S. Hôtel Le Bristol, Paris, France,
- S.A.S. Hôtel du Cap-Eden-Roc, Antibes, France,
- S.A.S. Château du Domaine St. Martin, Vence, France.

Member of the Supervisory Board:
- Douglas Holding AG, Hagen,
- S.A. Damm, Barcelona, Spain.

Chairman of the advisory council:
- Bankhaus Lampe KG, Düsseldorf.

Dipl.-Ing. Udo Hardieck,
Diplom-Ingenieur, Halle / Westphalia

Member of the advisory council:
- Nordfolien GmbH, Steinfeld

Charlotte Weber-Dresselhaus,
banker, Halle / Westphalia

- no mandates

Dr. Wolf-Albrecht Prautzsch,
banker, Münster

Chairman of the Supervisory Board:
- Westfalen AG, Münster

Member of the Supervisory Board:
- Gauselmann AG, Espelkamp

Olaf Dieckmann,
technical employee, Halle / Westphalia

- no mandates

Klaus Lippert,
commercial employee, Halle / Westphalia

- no mandates

TOTAL COMPENSATION OF THE MANAGING BOARD

The table below shows the compensation paid to the individual members of the Managing Board:

KEUR	2011 / 12 Basic salary	2011 / 12 Share in profits	**2011 / 12 Total**	2010 / 11 Basic salary	2010 / 11 Share in profits	**2010 / 11 Total**
Managing Board						
Gerhard Weber	751	3,800	4,551	469	3,715	4,184
Dr. David Frink	467	320	787	467	307	774
Doris Strätker	660	300	960	660	300	960
	1,878	**4,420**	**6,298**	**1,596**	**4,322**	**5,918**

The variable components of the Managing Board compensation are performance-linked. There are no stock option plans or other remuneration models based on the share price.

TOTAL COMPENSATION OF THE SUPERVISORY BOARD

For its work for the parent company and the Group, the Supervisory Board will receive a compensation of KEUR 510 (previous year: KEUR 510), which was provisioned for in the fiscal year. No variable compensation is granted.

The table below shows the compensation paid to the individual members of the Supervisory Board:

KEUR	2011/12 Total	2010/11 Total
Supervisory Board		
Dr. Ernst F. Schröder – Chairman	180.0	180.0
Udo Hardieck – Vice Chairman	90.0	90.0
Charlotte Weber-Dresselhaus	60.0	60.0
Dr. Wolf-Albrecht Prautzsch	60.0	60.0
Olaf Dieckmann – staff representative	60.0	60.0
Klaus Lippert – staff representative	60.0	60.0
	510.0	**510.0**

There is a lease agreement with Udo Hardieck e.K., which is controlled by Mr Udo Hardieck. Rent payments in the financial year 2011/12 totalled KEUR 31 (previous year: KEUR 29).

Liabilities totalling KEUR 2 (previous year: KEUR 8) existed as of 31 October 2012.

SHARES HELD BY THE MANAGING BOARD

As of the balance sheet date, the Managing Board directly and indirectly held the following shares:

- Gerhard Weber: indirectly 13,262,974 shares (previous year: indirectly 13,009,475 shares)
- Doris Strätker: directly 4,000 shares (previous year: directly 4,000 shares)

SHARES HELD BY THE SUPERVISORY BOARD

As of the balance sheet date, members of the Supervisory Board held the following shares:

- Udo Hardieck: directly and indirectly 7,994,845 shares (previous year: directly and indirectly 8,193,896 shares)
- Charlotte Weber-Dresselhaus: directly 69,006 shares (previous year: directly 69,006 shares)
- Olaf Dieckmann: directly 28 shares (previous year: directly 28 shares)
- Klaus Lippert: directly 150 shares (previous year: directly 150 shares)

SHAREHOLDINGS

R+U Weber GmbH & Co. KG, Halle/Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 21 March 2005 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle/Westphalia, Germany, had exceeded the 5% threshold of voting rights on 21 March 2005 and on that date amounted to 26.35%.

N & A Hardieck GmbH & Co. KG, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 21 March 2005 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had exceeded the 5% threshold of voting rights on 21 March 2005 and on that date amounted to 17.57%.

N & A Hardieck GmbH & Co. KG, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 24 October 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had dropped below the 3, 5, 10, 15% thresholds of voting rights on 19 October 2012 and on that date amounted to 0,26% (corresponding to 117,749 voting rights).

Hardieck Anlagen GmbH & Co. KG, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 24 October 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had dropped below the 3, 5, 10, 15% thresholds of voting rights on 19 October 2012 and on that date amounted to 16.78% (corresponding to 7,704,000 voting rights).

Hardieck Anlagen-Verwaltungs-GmbH, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 19 October 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had exceeded the 3, 5, 10, 15% thresholds of voting rights on 19 October 2012 and on that date amounted to 16.78% (corresponding to 7,704,000 voting rights).
All of these voting rights are imputable to Hardieck Anlagen-Verwaltungs-GmbH pursuant to section 22 para. 1 sentence 1 No. 1 WpHG. Of the following controlled companies, 3% or more is imputable towards Hardieck Anlagen-Verwaltungs-GmbH: Hardieck Anlagen GmbH & Co. KG.

Ralf Weber, Germany, notified us pursuant to section 21 para. 1 WpHG on 25 May 2011 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had dropped below the 5% threshold of voting rights on 25 May 2011 and on that date amounted to 4.98%.
0.94% of the voting rights (432,000 voting rights) are imputable to Ralf Weber pursuant to section 22 para. 1 sentence 1 No. 1 WpHG.

Ralf Weber, Germany, notified us pursuant to section 21 para. 1 WpHG on 16 April 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had dropped below the 3% threshold of voting rights on 16 April 2012 and on that date amounted to 2.9895% (corresponding to 1,372,352 voting rights). 0.94% of the voting rights (432,000 voting rights) are imputable to Ralf Weber pursuant to section 22 para. 1 sentence 1 No. 1 WpHG.

William Blair & Company, LLC, Chicago, USA, notified us pursuant to section 21 para. 1 WpHG on 27 March 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had exceeded the 3% threshold of voting rights on 16 March 2012 and on that date amounted to 3.01% (corresponding to 1,384,424 voting rights). These voting rights are fully imputable to William Blair & Company, LLC, pursuant to section 22 para. 1 sentence 1 No. 6 WpHG.

William Blair & Company, LLC, Chicago, USA, notified us pursuant to section 21 para. 1 WpHG on 6 August 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle/Westphalia, Germany, had dropped below the 3% threshold of voting rights on 3 August 2012 and on that date amounted to 2.97% (corresponding to 1,367,949 voting rights). These voting rights are fully imputable to William Blair & Company, LLC, pursuant to section 22 para. 1 sentence 1 No. 6 WpHG.

TRANSACTIONS PURSUANT TO SECTION 15A OF THE GERMAN SECURITIES TRADING ACT (WPHG)

In the fiscal year, Gerhard Weber, Chairman of the Managing Board, acquired 253,499 shares at prices between EUR 21.23 and EUR 34.34 per share through a company controlled by him.

AUDITOR'S FEES

The following auditor's fees were recognised as Group expenses:

KEUR	**2011/12**	2010/11
Audit	447	431
Tax consulting services	25	47
Other services	287	47
	759	**525**

The "Audit" item includes audit fees of foreign associated companies in an amount of KEUR 81 (previous year: KEUR 65).

GERMAN CORPORATE GOVERNANCE CODE / STATEMENT REQUIRED UNDER SEC. 161 AKTG

The statement required under section 161 of the German Stock Corporation Law was issued by the Managing Board and the Supervisory Board on 27 November 2012 and published on the website of GERRY WEBER International AG at www.gerryweber.com under Investor Relations/Corporate Governance.

POST BALANCE SHEET EVENTS

After the end of the reporting period (31 October 2012), no events occurred that may influence both the net worth, financial and earnings position and the business performance of GERRY WEBER International AG.

On 31 January 2013, the Managing Board resolved that the consolidated financial statements and the Group management report of GERRY WEBER International AG be submitted to the Supervisory Board.

The consolidated financial statements will be published on 27 February 2013.

EXEMPTION FROM DISCLOSURE PURSUANT TO SEC. 264 PARA. 3 OF THE GERMAN COMMERCIAL CODE (HGB)

The following fully consolidated domestic subsidiaries took advantage of the disclosure exemption option provided under sec. 264 para 3. of the German Commercial Code (HGB):

- TAIFUN-Collection GERRY WEBER Fashion GmbH, Halle / Westphalia,
- GERRY WEBER Life-Style Fashion GmbH, Halle / Westphalia,
- SAMOON-Collection Fashion-Concept GERRY WEBER GmbH, Halle / Westphalia,
- GERRY WEBER Retail GmbH, Halle / Westphalia

PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements in the legally required form received an unqualified audit certificate from MAZARS GmbH Wirtschaftsprüfungsgesellschaft and were disclosed in the electronic Federal Gazette.

Halle / Westphalia, 31 January 2013

GERRY WEBER International AG

The Managing Board

Gerhard Weber Doris Strätker Dr. David Frink

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the performance 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."

Halle / Westphalia, 31 January 2013

GERRY WEBER International AG

The Managing Board

Gerhard Weber | Doris Strätker | Dr. David Frink

AUDIT CERTIFICATE

We have audited the consolidated financial statements of GERRY WEBER International AG, Halle / Westphalia – comprising balance sheet, income statement, statement of changes in equity, segment reporting, cash flow statement and notes – as well as the Group management report for the fiscal year from 1 November 2011 to 31 October 2012. The statement of corporate governance was not subject of our audit.

The preparation of the consolidated financial statements and the Group management report according to IFRS, such as they are applicable in the EU, as well as to the complementary accounting standards as defined in section 315 a para. 1 of the German Commercial Code (HGB) is the responsibility of the company's legal representatives. It is our task, based on our audit, to provide an opinion on the consolidated financial statements and the Group management report.

We conducted our audit pursuant to section 317 HGB in compliance with German generally accepted auditing principles defined by the Institute of German Certified Public Accountants (IDW). According to these principles, the audit must be planned and conducted in a manner sufficiently likely to identify misrepresentations and violations having a major impact on the net worth, financial and earnings position as presented by the consolidated financial statements established in accordance with applicable accounting standards as well as the Group management report.

When defining the auditing processes, the knowledge of the business activity and the economic and legal environment of the Group as well as the expectations regarding potential errors are taken into account. In the context of the audit, the effectiveness of the accounting-related internal controlling system and the records provided to prove the correctness of the information and figures in the consolidated financial statements and the Group management report are largely checked on the basis of random samples.

The audit covers the assessment of the financial statements of the consolidated companies, the definition of the scope of consolidation, the accounting and consolidation principles applied and the most important estimations made by the legal representatives as well as the evaluation of the overall presentation of the consolidated financial statements and the Group management report. We are confident that our audit is a sufficiently safe basis for our audit opinion.

Our audit has resulted in no objections.

In our opinion, based on the results of our audit, the consolidated financial statements comply with IFRS, such as they are applicable in the EU, as well as with the complementary accounting standards as defined in section 315 a para. 1 of the German Commercial Code (HGB) present a true and fair view of the net worth, financial and earnings position of the Group.

The Group management report is in accordance with the consolidated financial statements, provides a true and fair view of the situation of the Group and correctly presents the risks and opportunities of the future development.

Bielefeld, 31 January 2013

MAZARS GmbH
Wirtschaftsprüfungsgesellschaft

Peters	Angele
Auditor	Auditor

CHANGES IN THE GROUP'S FIXED ASSETS

for the fiscal year 2011/12

			Costs		
in KEUR	01 Nov. 2011	Additions	Disposals	Reclassifications	**31 Oct. 2012**
FIXED ASSETS					
Intangible assets					
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	46,561.0	19,302.6[1]	3,047.2	1,065.1	63,881.5
Goodwill on consolidation	264.5	14,743.1[2]	0.0	0.0	15,007.6
Prepayments on intangibles	2,174.1	1,931.9	0.0	-1,505.5	2,600.5
	48,999.6	*35,977.6*	*3,047.2*	*-440.4*	*81,489.6*
Property, plant and equipment					
Land, leasehold rights and buildings including buildings on third-party land	120,775.2	28,554.4	563.7	1,743.7	150,509.6
Plant and machinery	6,973.5	114.6	973.9	155.5	6,269.7
Other fixtures and fittings, tools and equipment	47,971.6	20,316.6	2,127.0	734.3	66,895.5
Payments on account and plant under construction	2,228.3	2,781.3	0.0	-2,193.1	2,816.5
	177,948.6	*51,766.9*	*3,664.6*	*440.4*	*226,491.3*
Investment properties	21,246.4	6,714.5	0.0	0.0	27,960.9
Financial assets					
Investments	263.5	2.6	0.0	0.0	266.1
Other loans	2,349.5	1,063.4	169.8	0.0	3,243.1
	2,613.0	*1,066.0*	*169.8*	*0.0*	*3,509.2*
	250,807.6	**95,525.0**	**6,881.6**	**0.0**	**339,451.0**

[1] Thereof additions from company mergers KEUR 12,817.9
[2] Thereof additions from company mergers KEUR 14,743.1

	Accumulated depreciation/amortisation					Net carring amount	
	01 Nov. 2011	Additions	Disposals	**31 Oct. 2012**		**31 Oct. 2012**	31 Oct. 2011
	29,464.4	6,238.6	2,982.2	32,720.8		31,160.7	17,096.6
	264.5	0.0	0.0	264.5		14,743.1	0.0
	0.0	0.0	0.0	0.0		2,600.5	2,174.1
	29,728.9	*6,238.6*	*2,982.2*	*32,985.3*		*48,504.3*	*19,270.7*
	29,600.6	3,728.2	342.8	32,986.0		117,523.6	91,174.6
	6,118.5	299.7	931.6	5,486.6		783.1	855.0
	24,633.0	5,639.6	1,815.2	28,457.4		38,438.1	23,338.6
	0.0	0.0	0.0	0.0		2,816.5	2,228.3
	60,352.1	*9,667.5*	*3,089.6*	*66,930.0*		*159,561.3*	*117,596.5*
	0.0	429.0	0.0	429.0		27,532.0	21,246.5
	260.5	1.9	0.0	262.4		3.7	3.0
	300.0	150.0	0.0	450.0		2,793.1	2,049.4
	560.5	*151.9*	*0.0*	*712.4*		*2,796.7*	*2,052.4*
	90,641.5	**16,487.0**	**6,071.8**	**101,056.7**		**238,394.3**	**160,166.1**

CHANGES IN THE GROUP'S FIXED ASSETS

for the fiscal year 2010/11

	Costs				
in KEUR	01 Nov. 2010	Additions	Disposals	Reclassifications	**31 Oct. 2011**
FIXED ASSETS					
Intangible assets					
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	36,666.0	9,252.3[1]	3.8	646.5	46,561.0
Goodwill on consolidation	264.5	0.0	0.0	0.0	264.5
Prepayments on intangibles	1,864.7	1,236.4	280.6	-646.5	2,174.1
	38,795.2	*10,488.7*	*284.4*	*0.0*	*48,999.6*
Property, plant and equipment					
Land, leasehold rights and buildings including buildings on third-party land	105,047.6	9,091.7	1,815.1	8,451.0	120,775.2
Plant and machinery	6,763.8	179.5	104.3	134.5	6,973.5
Other fixtures and fittings, tools and equipment	38,084.6	10,235.8	1,860.2	1,511.5	47,971.6
Payments on account and plant under construction	7,868.2	4,576.9	119.9	-10,097.0	2,228.3
	157,764.2	*24,083.9*	*3,899.5*	*0.0*	*177,948.6*
Investment properties	8,632.8	12,613.6	0.0	0.0	21,246.4
Financial assets					
Investments	258.3	5.3	0.0	0.0	263.5
Other loans	1,365.7	1,159.6	175.8	0.0	2,349.5
	1,624.0	*1,164.9*	*175.8*	*0.0*	*2,613.0*
	206,816.2	**48,351.1**	**4,359.7**	**0.0**	**250,807.6**

[1] Thereof additions from company mergers KEUR 4,000

	Accumulated depreciation/amortisation				Net carring amount	
	01 Nov. 2010	Additions	Disposals	**31 Oct. 2011**	**31 Oct. 2011**	31 Oct. 2010
	24,965.8	4,502.4	3.8	29,464.4	17,096.6	11,700.2
	264.5	0.0	0.0	264.5	0.0	0.0
	0.0	0.0	0.0	0.0	2,174.1	1,864.7
	25,230.3	*4,502.4*	*3.8*	*29,728.9*	*19,270.7*	*13,564.9*
	27,170.7	3,187.7	757.8	29,600.6	91,174.6	77,876.9
	5,864.4	349.2	95.0	6,118.5	855.0	899.4
	22,224.4	3,908.3	1,499.8	24,633.0	23,338.6	15,860.2
	0.0	0.0	0.0	0.0	2,228.3	7,868.2
	55,259.5	*7,445.2*	*2,352.6*	*60,352.1*	*117,596.5*	*102,504.7*
	0.0	0.0	0.0	0.0	21,246.5	8,632.8
	251.4	9.1	0.0	260.5	3.0	6.8
	0.0	300.0	0.0	300.0	2,049.4	1,365.8
	251.4	*309.1*	*0.0*	*560.5*	*2,052.4*	*1,372.6*
	80,741.3	**12,256.7**	**2,356.4**	**90,641.5**	**160,166.1**	**126,075.0**

Financial statements

of the GERRY WEBER International AG

The development of the company is best reflected in the consolidated financial statements. This is why we have decided to publish only an abriged version of the separate financials statements of the Annual Report of GERRY WEBER International AG.

INCOME STATEMENT

for the fiscal year 2010/11

in KEUR	**2011/12**	2010/11
Sales revenues	10,793,174.63	10,338,213.04
Increase/decrease in finished goods and work in progress	-289,896.31	99,056.90
Other operating income	96,899,140.55	84,779,627.76
thereof from currency differences: KEUR 963,684.09 (previous year: KEUR 507,195.92)		
Cost of materials		
Cost of raw materials and supplies	-9,546,634.34	-9,520,671.58
Cost of purchased services	-934,939.46	-390,967.58
	-10,481,573.80	*-9,911,639.16*
Personnel expenses		
Wages and salaries	-33,945,451.79	-32,789,047.40
Social security contributions	-4,736,171.09	-4,733,497.42
	-38,681,622.88	*-37,522,544.82*
Depreciation of intangible assets and tangible assets	-6,329,601.12	-5,050,902.45
Other operating expenses	-44,583,631.27	-43,756,962.03
thereof from currency differences: KEUR 1,427.68 (previous year: KEUR 92,544.79)		
Income from profit transfer agreements	105,429,471.56	95,102,582.52
Income from other investments and long-term loans	32,455.77	42,636.43
Other interest and similar income	1,848,033.14	2,147,323.25
thereof relating to affiliated companies: KEUR 1,520,440.00 (previous year: KEUR 1,375,649.55)		
Amortisation of financial assets and investments classified as current assets	-151,880.63	-361,748.69
Expenses from absorption of losses	-2,466,342.19	0.00
Interest and similar expenses	-1,110,136.58	-1,503,248.59
thereof relating to affiliated companies: KEUR 9,774.66 (previous year: KEUR 3,634.00)		
thereof from the compounding of provisions: KEUR 18,974.00 (previous year: KEUR 29,613.00)		
Results from ordinary activities	*110,907,590.87*	*94,402,394.16*
Taxes on income	-33,428,796.24	-30,495,102.91
Other taxes	-199,654.96	-181,818.96
Income for the year	*77,279,139.67*	*63,725,472.29*
Profit carried forward	18,431,312.77	14,544,714.48
Allocation to revenue reserves	-35,000,000.00	-30,000,000.00
Net profit of the year	**60,710,452.44**	**48,270,186.77**

BALANCE SHEET

for the year ended 31 October 2011

ASSETS

in KEUR	**31 Oct. 2012**	31 Oct. 2011
FIXED ASSETS		
Intangible assets		
Concessions, industrial property rights and related rights and values as well as lincences for such rights and values	7,287,906.00	6,171,888.40
Payments on account	2,600,461.84	2,174,084.89
	9,888,367.84	*8,345,973.29*
Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	87,179,729.98	58,289,785.68
Plant and machinery	320,436.00	352,457.00
Other fixtures, tools and equipment	5,719,322.93	4,150,476.00
Payments on account and plants under construction	52,420.00	18,085,185.37
	93,271,908.91	*80,877,904.05*
Financial assets		
Shares in affiliated companies	20,611,285.87	12,505,052.84
Investments	3,726.02	3,008.54
Other loans	2,151,208.26	1,373,222.72
	22,766,220.15	*13,881,284.10*
	125,926,496.90	*103,105,161.44*
CURRENT ASSETS		
Inventories		
Raw materials and supplies	1,507,761.54	1,072,775.03
Work in progress	15,695.42	305,591.73
Payments on account	203,695.69	203,595.14
	1,727,152.65	*1,581,961.90*
Receivables and other assets		
Trade receivables	3,219,880.80	3,600,236.44
therof with a remaining maturity of more than one year: KEUR 181,276.23 (previous year: KEUR 60,468.32)		
Receivables from affiliated companies	217,649,202.12	152,479,333.72
Other assets	3,729,074.62	7,544,072.07
therof with a remaining maturity of more than one year: KEUR 1,652,349.00 (previous year: KEUR 2,619,994.00)		
	224,598,157.54	*163,623,642.23*
Cash on hand, cash in banking accounts and cheques	34,164,805.82	77,586,991.07
	260,490,116.01	*242,792,595.20*
PREPAYMENTS AND ACCRUED INCOME	1,223,270.50	889,350.75
	387,639,883.41	**346,787,107.39**

LIABILITIES

in KEUR	31 Oct. 2012	31 Oct. 2011
EQUITY		
Subscribed Capital	45,905,960.00	45,905,960.00
Capital reserves	63,201,099.21	63,201,099.21
Revenue reserves	179,426,393.18	144,426,393.18
Net profit of the year	60,710,452.44	48,270,186.77
	349,243,904.83	*301,803,639.16*
PROVISIONS		
Provisions for taxation	3,540,750.72	2,427,000.00
Other provisions	9,498,948.94	9,114,454.90
	13,039,699.66	*11,541,454.90*
LIABILITIES		
Due to banks	15,261,328.41	21,117,956.73
Trade accounts payable	5,156,843.75	5,177,952.77
Liabilities to affiliated companies	1,089,349.50	27,961.30
Other accounts payable	3,814,287.28	7,093,066.25
thereof from taxes: EUR 2,059,008.94 (previous year: KEUR 4,769,382.89)		
thereof from social security contributions: KEUR 46,532.02 (previous year: KEUR 4,194.75)		
	25,321,808.94	*33,416,937.05*
DEFERRED INCOME	34,469.98	25,076.28
	387,639,883.41	**346,787,107.39**

CALENDAR FOR FINANCIAL EVENTS

Annual result press conference	27 February 2013
Publication of the First Quarter Report 2012/13	15 March 2013
Annual General Meeting	6 June 2013
Publication of the First Half Year Report 2012/13	14 June 2013
Publication of the Nine Month Report 2012/13	13 September 2013
End of fiscal year 2012/13	31 October 2013

IMPRINT

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www.ir-1.com

Werbe Agentur
Nowack Thelen GmbH & Co. KG,
Cologne
www.w-a-n-t.de

PHOTOGRAPHY

Arzenšek/Photography &
Visual Projects,
Cologne
www.arzensek.com

TRANSLATION

LanguagePartner GmbH,
Düsseldorf
www.languagepartner.de

STATEMENTS RELATING TO THE FUTURE

This annual report contains statements that relate to the future and are based on assumptions and estimates made by the management of GERRY WEBER International AG. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. GERRY WEBER International AG makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this annual report. It is neither the intention of GERRY WEBER International AG nor does GERRY WEBER International AG accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published. Rounding differences may occur in the percentages and figures stated in this report.

The annual report is available in English. If there are variances, the German version has priority over the English translation. It is available for download in both languages at *http://www.gerryweber.com*.

FIVE-YEAR-OVERVIEW

in EUR million	2011/12	2010/11	2009/10	2008/09	2007/08
Sales	802.3	702.7	621.9	594.1	570.0
Domestic	491.0	420.8	370.1	355.6	315.9
International	311.3	281.9	251.8	238.5	254.1
Sales[6]	802.3	702.7	621.9	594.1	570.0
Wholesale	502.8	484.7	441.7	444.4	455.2
Retail	299.5	218.0	173.6	143.8	112.5
Sales split by brand					
GERRY WEBER	76.4%	78.3%	77.1%	75.7%	72.5%
TAIFUN	18.3%	16.6%	16.6%	18.0%	19.3%
SAMOON	5.3%	5.1%	5.3%	5.3%	5.8%
Others	<1.0%	<1.0%	<1.0%	<1.0%	2.4%
Cost of materials	-404.8	361.5	318.8	306.9	305.5
Personnel expenses	-125.8	103.3	91.4	87.0	77.4
Other operating income	-187.6	152.2	137.0	127.7	125.9
Depreciation/Amortisation	-16.3	11.9	11.9	12.4	11.3
Earnings key figures					
EBITDA	132.3	111.6	95.2	83.6	74.0
EBITDA margin	16.5%	15.9%	15.3%	14.1%	13.0%
EBIT	115.9	99.6	83.3	71.2	62.7
EBIT margin	14.5%	14.2%	13.4%	12.0%	11.0%
EBT	113.7	97.6	79.6	66.4	57.4
EBT margin	14.2%	13.9%	12.8%	11.2%	10.1%
Net income of the year	78.8	67.0	54.0	43.0	39.4
Earnings per share in Euro[1]	1.72	1.48[1]	1.29[2]	2.08[3]	1.75[4]
Capital structure	483.6	415.0	326.5	293.3	297.4
Equity	363.0	313.9	210.5	158.9	181.1
Investments	84.8	44.4	28.7	19.9	21.6
Equity ratio	75.1%	75.7%	64.5%	54.2%	60.9%
Key figures					
Staff number at the end of the fiscal year	4,584	3,260	2,699	2,420	2,321
Return on Investment (ROI)[5]	24.0%	24.0%	25.5%	24.3%	21.1%
Return on Equity (ROE)[5]	31.9%	31.7%	39.6%	44.8%	34.6%

[1] 2011/12 and 2010/11 on basis of 45,905,960 outstanding shares
[2] 2009/10 adjustments after the issue of free shares on a 1:1 basis
[3] 2008/09 on basis of 20,661,848
[4] 2007/08 on basis 22,508,820
[5] EBIT basis
[6] changes in the segment reporting 2011/12 and 2010/11

GERRY WEBER INTERNATIONAL AG

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