GERRY WEBER
INTERNATIONAL AG

STYLE

MORE THAN STYLE

"we LOVE fashion"

ANNUAL REPORT 2014 / 15

FOUR POWERFUL BRANDS

GERRY WEBER
COLLECTION

TAIFUN

4

SAMOON
by GERRY WEBER

HALLHUBER

fashion BRANDS

more than STYLE

„we **LOVE** *fashion"*

Our fashion and our accessories convey a modern and feminine attitude towards life.

THE ANNUAL REPORT IN MINUTES
This sign shows selected important highlights of the fiscal year 2014 / 15.

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GERRY WEBER KEY FIGURES AT A GLANCE

in EUR million	2014 / 15	2013 / 14	Changes in %
Sales by region	**920.8**	**852.1**	**8.1%**
Domestic	574.6	510.4	12.6%
International	346.2	341.7	1.3%
Sales by segment	**920.8**	**852.1**	**8.1%**
GERRY WEBER Core Wholesale	365.4	447.2	–18.3%
GERRY WEBER Core Retail	440.3	404.9	8.7%
HALLHUBER [3]	115.2	0.0	–
Sales split by brand			
GERRY WEBER	66.6%	76.2%	–9.6 pp
TAIFUN	16.1%	18.3%	–2.2 pp
SAMOON	4.8%	5.6%	–0.8 pp
HALLHUBER [3]	12.5%	0.0%	–
Others	<1.0%	<1.0%	–
Earnings key figures			
EBITDA	115.8	134.2	–13.8%
EBITDA margin	12.6%	15.7%	–3.1 pp
EBIT	79.3	108.9	–27.2%
EBIT margin	8.6%	12.8%	–4.2 pp
EBT	73.1	105.9	–30.8%
EBT margin	7.9%	12.3%	–4.3 pp
Net income of the year	52.2	71.4	–27.7%
Earnings per share in Euro [1]	1.14	1.56	–26.9%
Capital structure	**938.6**	**685.2**	**37.0%**
Equity	483.4	455.3	6.2%
Investments	216.6	65.0	233.2%
Equity ratio	51.5%	66.4%	–14.9 pp
Key figures			
Average staff number	7,027	5,202	35.1%
Return on Investment (ROI) [2]	8.4%	15.9%	–7.5 pp
Return on Equity (ROE) [2]	16.4%	23.9%	–7.5 pp

1 on the basis of 45.905.960 shares **2** EBIT basis **3** only nine months consolidated

156,300 sqm

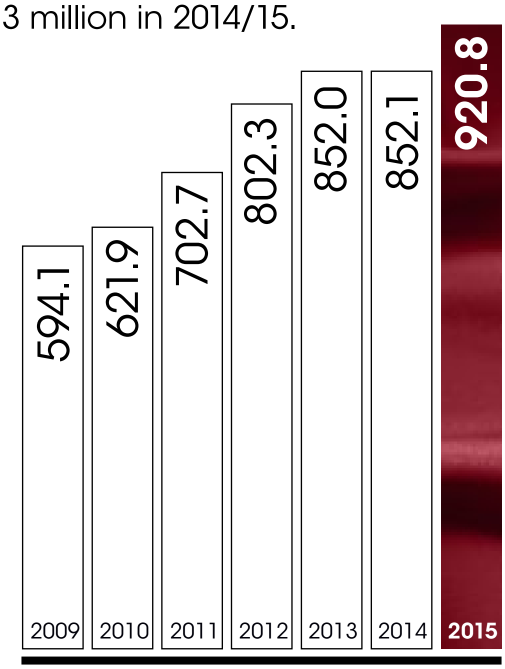
Company-managed sales spaces increased by 12.9% to 156,300sqm

79,3 EUR million

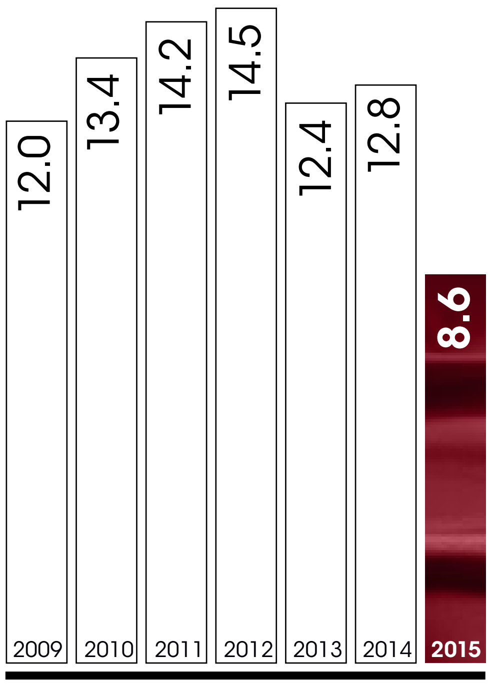
The operating result (EBIT) decreased from EUR 108.9 million in the previous year to EUR 79.3 million in 2014/15.

275 spales spaces

HALLHUBER spales spaces as of the end of the financial year 2014 / 15; HALLHUBER's share in Group sales was 12.5%



Sales revenues in EUR million
Due to the initial consolidation of HALLHUBER into the GERRY WEBER Group sales revenues increased by 8.1% to EUR 920.8 million (previous year: EUR 852.1 million).



EBIT-Marge in %
The operating result (EBIT) decreased from EUR 108.9 million to EUR 79.3 million. The EBIT-margin thus dropped from 12.8% to 8.6%.

we LOVE fashion

"we LOVE fashion"

4

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SERVICE

FOREWORD BY THE MANAGING BOARD – INTERVIEW

In this interview, the company's Managing Board fields some of the important questions raised by the financial year 2014 / 15, which was an eventful and challenging period for the GERRY WEBER Group. Apart from reporting on the business performance and the current market situation, the Board members highlight the measures already initiated as well as the programme launched to restructure the GERRY WEBER Group.

The financial year 2014 / 15 commenced in December 2014 with the acquisition of Munich-based fashion company HALLHUBER. How has HALLHUBER performed in the past months? Has this performance been in line with your expectations?

Ralf Weber: HALLHUBER was our first strategic acquisition. The HALLHUBER brand ideally complements the existing GERRY WEBER brand portfolio, which consists of GERRY WEBER, TAIFUN and SAMOON. It helps us reach a younger target group in a comparable price segment and to further diversify the Group. Moreover, HALLHUBER is fully vertically integrated, which means that it sells its products exclusively in company-managed stores. It has become clear over the past months that some of the HALLHUBER processes can be transferred to the GERRY WEBER Core segment.

But let me get back to your question: HALLHUBER has performed excellently over the past months and even exceeded our high expectations. HALLHUBER increased its sales revenues by 18.0% on the previous year and contributed EUR 115.2 million to the GERRY WEBER Group's total revenues. It should be noted that HALLHUBER was consolidated only since February 2015.

Unfortunately, GERRY WEBER's business slowed down towards the middle of the financial year 2014 / 15, forcing you to issue a profit warning in June 2015. What were the reasons for your failure to reach your EBIT target of EUR 110 million to EUR 115 million?

Dr. David Frink: We cannot be satisfied with the current business performance of the GERRY WEBER Core brands. External and internal factors had a negative impact on our business. The market environment for the fashion industry as a whole is very difficult at present. The textile retail sector has been unable to benefit from the good economic data in Germany. Consumers currently prefer to spend their money on other products such as furniture, cars or electronic devices.

In addition, footfalls in city centres and shopping malls have declined sharply. This decline has not been fully offset by e-commerce. Consumers are simply buying fewer fashion products. Inverse weather conditions could be a reason, as the last winters were too warm and the months in which the summer apparel is sold were rainy and cool. In addition, there was the crisis in Russia, which had an adverse impact on sales to our Wholesale partners in Russia and its neighbouring countries.

But we cannot only blame external factors but must also look for the reasons internally.

MANAGING BOARD TRIO LEADS GERRY WEBER

Managing Board of
GERRY WEBER International AG:

Ralf Weber (Chief Executive Officer),
Dr. David Frink (Chief Financial Officer) and Norbert Steinke (Chief Retail Officer)

THE REPOSITIONING PROGRAMME COMPRISES A SET OF MEASURES AIMED PRIMARILY AT THE FOLLOWING: INCREASE THE PROFITABILITY OF THE GERRY WEBER CORE RETAIL SEGMENT; STREAMLINE THE PROCESSES IN THE CENTRAL DIVISIONS; IMPROVE MARKET CULTIVATION AND REFRESH THE INDIVIDUAL GERRY WEBER BRANDS, BOOST WHOLESALE REVENUES.

Ralf Weber: GERRY WEBER Core has grown sharply over the past years as a result of our expansion. In the past five years, the number of company-managed sales spaces more than tripled from 293 to 987 (excluding HALLHUBER). This has nearly resulted in overdistribution in some regions in Germany. Moreover, the reduced footfall has disproportionately affected smaller cities where GERRY WEBER also has its own stores. We failed to generate the planned sales revenues, while our fixed costs remained unchanged. This has reduced the profitability of the stores and, hence, of the Group.

Dr. David Frink: The fast and ongoing growth of the past has made us inflexible. Some of the processes in the GERRY WEBER Core Retail segment are not efficient. We paid insufficient attention to the cost structures in this segment during the growth phase.

We failed to realise the planned sales revenues starting with the autumn / winter season 2014 / 15. Lower revenues and unchanged fixed costs led not only to reduced operating margins but also to disproportionately high inventories at the end of the season. Due to the size of the excess inventories in the fashion sector as a whole, these could be sold only at very high discounts, which also weighed on the company's operating margin

Norbert Steinke: What is more, some collections did not sufficiently cater to consumers' wishes and requirements. We must make our collections more balanced – both with items which our loyal customer knows and wants and with short-term trendy items to introduce new ideas and new favourite items.

What measures have you defined to improve the company's profitability and to restore its old strength?

Ralf Weber: We have launched a programme aimed at the repositioning of the GERRY WEBER Group in order to position the company in such a way that we can operate profitably in this difficult market environment in the future. The medium-term objective is to help GERRY WEBER return to its old profitability. But some deep cuts will be required to achieve this goal.

18

to 24 months

until the realigment programme will be fully implemented

WE HAVE ALREADY BEGUN TO IMPLEMENT SOME MEASURES SUCH AS THE INTRODUCTION OF FLEXIBLE PURCHASING LIMITS (OPEN-TO-BUY LIMITS) OR THE BETTER ALLOCATION OF WORKING HOURS IN THE RETAIL SEGMENT. THIS REPOSITIONING PROGRAMME WILL LAST FOR THE NEXT 18 TO 24 MONTHS.

What do you intend to do to improve the profitability of the GERRY WEBER Core Retail segment?

Norbert Steinke: As we said before, GERRY WEBER's Retail segment expanded at an accelerated pace in the past years. Some of the stores have so far failed to generate the originally planned target margins. Other stores are located in regions for which we see only limited growth potential for the future. We have therefore decided to subject the complete store portfolio to a thorough analysis and to optimise it. Store closures cannot be ruled out and will be implemented in accordance with the respective rental and staff situation. The aim is to optimise the portfolio in order to avoid regional overdistribution on the one hand and to improve the profitability of the GERRY WEBER Core Retail segment on the other hand.

In addition, a modified merchandise management and improved inventory management process will help increase the profitability of the GERRY WEBER Core Retail segment. Even with lower customer footfalls, we must be able to attract consumers to our stores. We must provide new incentives and stimuli, for example by means of appealing shop fittings and shop windows that arouse curiosity but also with new, attractive products.

Dr. David Frink: We are aware that the optimisation of the store portfolio may result in extraordinary expenses for the GERRY WEBER Group, especially in the current financial year 2015 / 16. But as the optimisation of the store portfolio will result in potential savings from the reduction in current fixed costs, we expect a positive effect on the profitability of the GERRY WEBER Core Retail segment and the company as a whole already for the next financial year 2016 / 17.

What will the streamlining of processes in the central divisions and the introduction of strategic business units mean?

Dr. David Frink: The internal processes and workflows must become quicker and more efficient again. We must rebuild the tanker into flexible speedboats. We have therefore taken a look at all internal processes and partly redefined them. The aim is to optimise the processes in order to reduce the operating and personnel expenses of the central divisions as of 2017. The logistic centre that was taken into operation in December 2015 will also help to accelerate and optimise the processes.

To position the GERRY WEBER brands more independently in the market, each brand (GERRY WEBER, TAIFUN, SAMOON and HALLHUBER) will represent a strategic business unit, which will be led by a Brand Officer, who assumes responsibility for his or her unit. The Retail, Wholesale and Online distribution functions will be retained as cross-sectional functions across all brands.

Thanks to the reorganisation of the brands into strategic business units, the latter will be able to optimally align themselves with the market and customer requirements and to operate largely independently in the market. At the same time, the holding company functions such as Human Resources, Controlling, Accounting, IT and Logistics will provide their services to all strategic business units going forward.

What do you intend to do to refresh the image of the GERRY WEBER brands and what does that mean for GERRY WEBER apparel?

Ralf Weber: The positioning and the image of the GERRY WEBER Core brands (GERRY WEBER, TAIFUN and SAMOON) have also been analysed in detail. We will give our GERRY WEBER core brand fresh input, complement part of the collections by adding short-term trendy items and give the presentation at the point of sale a more modern appeal. The brand identity of TAIFUN, our second largest brand, will be reviewed thoroughly. TAIFUN should be positioned even more independently from the GERRY WEBER brand.

The overriding objective for all brands is to accelerate product development and to get the merchandise to the point of sale more quickly and in line with actual requirements. We have therefore decided to move our Wholesale support closer to the point of sale. We have launched partnership programmes to optimise merchandise management and offer our customers better services.

As you can see, we have put all areas of the company to the test and launched a comprehensive repositioning programme. The current financial year 2015 / 16, however, will be a year of consolidation for GERRY WEBER Core, which will entail far-reaching changes for the company as a whole.

890

to 920 million euros

is the sales target for 2015 / 16

What effect will the defined measures have on the sales revenues and earnings of the GERRY WEBER Group as a whole?

Dr. David Frink: We expect significant cuts in both revenues and earnings for the GERRY WEBER Core segment for the current financial year 2015 / 16. Against the background of the optimisation of the store portfolio but also due to an anticipated moderate decline in Wholesale revenues, we assume that sales revenues will be lower than in the previous year. We expect HALLHUBER's revenues to increase to EUR 180 million to EUR 190 million. Accordingly, we project Group sales revenues to amount to between EUR 890 million and EUR 920 million (previous year: EUR 920.8 million).

As outlined before, the defined repositioning programme will cause extraordinary expenses, especially in the current financial year 2015 / 16. In addition, the anticipated decline in Wholesale business will lead to reduced earnings. Growing earnings from the HALLHUBER segment will

60

to 70 million euros
is the expected Group-EBITDA

not fully offset these declines. Considering all adverse effects, we expect the Group's earnings before interest and taxes (Group-EBIT) to amount to between EUR 10 million and EUR 20 million after potential extraordinary expenses resulting from the repositioning. We project consolidated EBITDA of between EUR 60 million and EUR 70 million. HALLHUBER will contribute between EUR 15 million and EUR 20 million to planned consolidated earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA).

We do not expect the GERRY WEBER Core segment's sales revenues to increase significantly in the next financial year 2016 / 17; the increase in revenues on the previous year will again be generated primarily by our HALLHUBER subsidiary. However, we expect the repositioning programme to have the first positive effects on earnings in the financial year 2016 / 17. While we will not have restored our old profitability in full, we project an operating margin in the high single-digit range.

HAVE YOUR LONG-TERM STRATEGY OR YOUR LONG-TERM MARGIN TARGETS CHANGED?

Ralf Weber: Definitely not. We will stick to our targets and our strategy in the long term. After we have completed our transformation, we want to grow profitably again. The focus will be on the optimisation and vertical integration of all distribution channels and the internationalisation of our brands.

MANY THANKS
FOR THE INTERVIEW!

4 "we LOVE fashion"

POWERFUL BRANDS

GERRY WEBER, TAIFUN, SAMOON by GERRY WEBER and **HALLHUBER** are four powerful brands inspiring women around the world. Representing a vivacious lifestyle, these brands are always exciting, modern and irresistibly feminine.

GERRY WEBER INTERNATIONAL AG IS ONE OF GERMANY'S BEST KNOWN FASHION AND LIFESTYLE COMPANIES.

FOUR MAJOR BRAND FAMILIES - GERRY WEBER, TAIFUN, SAMOON BY GERRY WEBER AND HALLHUBER – OFFER THE LATEST FASHION TRENDS IN COLLECTIONS OF OUTSTANDING QUALITY, COMPLEMENTED BY MATCHING ACCESSORIES FOR WOMEN WITH AN ASSURED SENSE OF STYLE AND QUALITY.

trend-oriented and high quality FASHION

GERRY WEBER serves fashion conscious women who appreciate attractive and trend-driven designs combined with excellent fits and high-quality workmanship. Apart from these shared characteristics, each individual brand projects its own signature style and fashion statement. A trend leader and always in touch with the zeitgeist, HALLHUBER appeals to women from 20 and up. TAIFUN targets the 30+ group of women looking for sophisticated and feminine fashion for all occasions. The GERRY WEBER brands are marketed to fashion conscious 40+ women who appreciate being able to choose between complete feminine outfits (GERRY WEBER Collection), relaxed and authentic separates (GERRY WEBER Edition) or casual fashion with a sporty feminine touch (GERRY WEBER Casual). The brand portfolio is completed by SAMOON by GERRY WEBER, a dedicated plus-size brand for women of all ages wishing to present their curves in the best possible light – confident, contemporary and with a positive outlook on life.

In February 2015 the Group acquired HALLHUBER, a fully vertically integrated fashion brand whose products are exclusively sold in company-managed stores. As a result, the Group's percentage of company-managed stores, and consequently its degree of vertical integration, rose significantly during the financial year 2014/15.

Unconventional industrial design, elements of urban loft style and a clear colour scheme

staged PERFECTLY

GERRY WEBER
COLLECTION

LIKEABLE – DEMANDING – FEMININE

GERRY WEBER Collection offers sophisticated fashion for today's style-conscious 40+ women looking for coordinated outfits.

THE COLLECTION REPRESENTS A LIFESTYLE, TRANSLATING TRENDS ALWAYS WITH A RELIABLE SENSE OF STYLE AND UNDERLINING THE PERSONALITY OF THE WEARER.

Entire outfit concepts in diverse colour themes make it easier for the customer to combine tops and bottom parts. With a strong focus on details, looks are matched harmoniously and staged perfectly.
GERRY WEBER Collection is exemplary for feminine fashion with a high demand on quality and fit.

SENSE OF STYLE

GERRY WEBER EDITION IS A COLLECTION WITH STRONG SINGLE ITEMS, PROVIDING A PERFECT COMPLETION FOR EVERY OUTFIT.

EXCEPTIONAL DETAILS, PRECIOUS MATERIALS AND PERFECT FIT EMPHASIZE THE MODERN LOOK. THE BRAND PROVIDES FASHIONABLE HIGHLIGHTS, TRANSLATING THEM IN LINE WITH THE COLLECTION – AUTHENTIC, PERSONAL AND CASUAL.

IN LINE

GERRY WEBER
EDITION

casual

PERSONAL
AUTHENTIC

EXEPTIONAL details

MORE THAN STYLE

WWW.GERRY-WEBER.DE
Takes you straight to our online shop

GERRY WEBER CASUAL

the cosy way

FEELGOOD FASHION

SPORTY, EASY-GOING AND STILL FEMININE, GERRY WEBER CASUAL EMBODIES A CHEERFUL LIFESTYLE.

The GERRY WEBER Casual collection brings together a selection of distinctively themed separates, allowing customers to pick and choose items which result in coordinated yet personalised outfits. Exceptional detailing, high-quality materials, beautiful colours and perfect fits are the hallmarks of this relaxed and confident look.

In contrast to GERRY WEBER Collection, GERRY WEBER Casual comprises sporty separates in four categories, namely Knitwear, Trousers, Skirts and Outdoor.

7 thousand employees worldwide

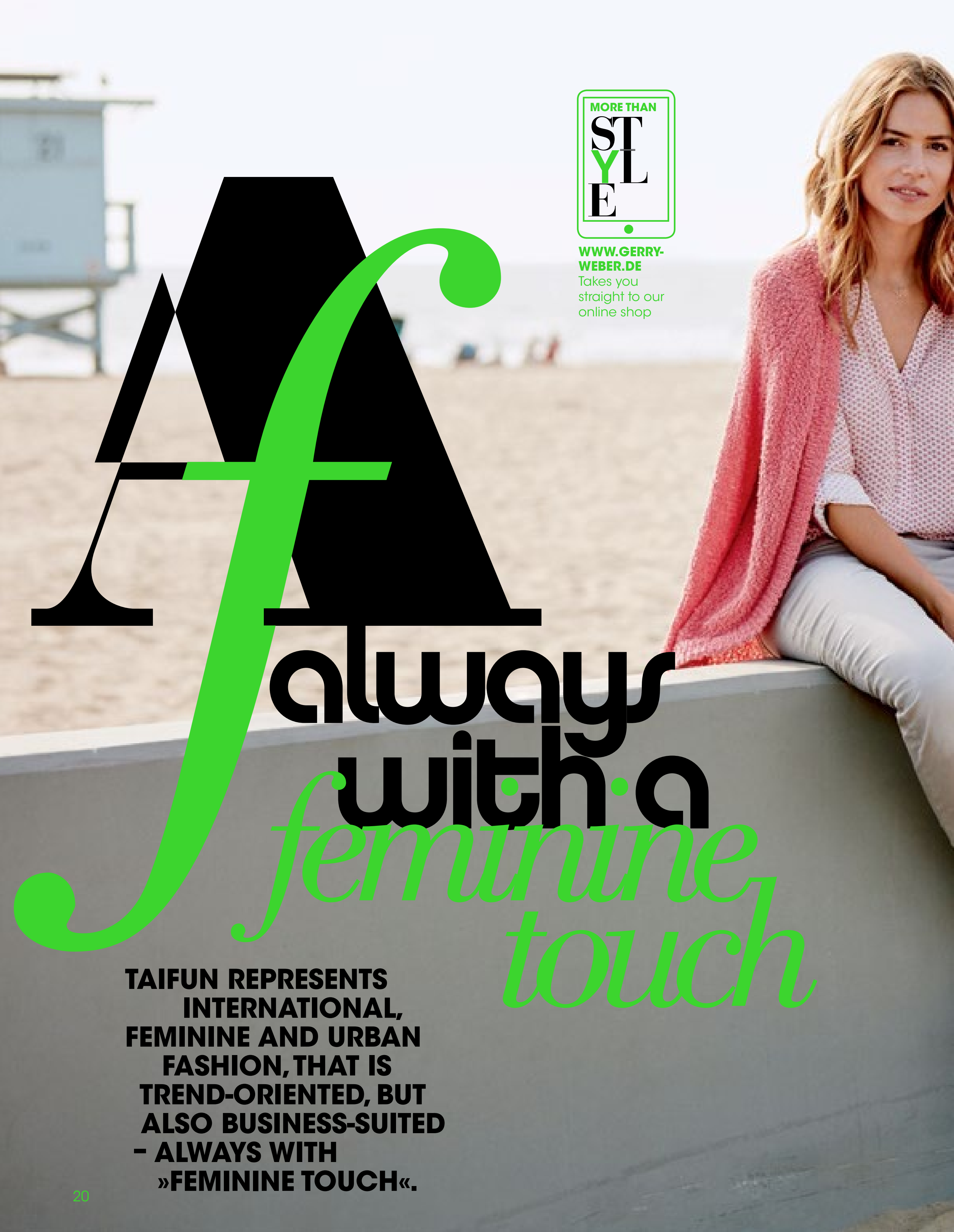
62 Distribution structures in more than 62 countries

A add that certain some thing

"FASHION MEETS COMFORT" IS THE MOTTO FOR THE GERRY WEBER SHOES COLLECTIONS WHICH ARE DESIGNED TO MEET THE VERY HIGHEST EXPECTATIONS IN TERMS OF FIT, COMFORT AND QUALITY.

THE FASHION AND LIFESTYLE UNIVERSE OF GERRY WEBER IS OPTIMALLY COMPLEMENTED BY THE GERRY WEBER LICENSE COLLECTIONS – GERRY WEBER BAGS, GERRY WEBER SHOES, GERRY WEBER JEWELRY AND GERRY WEBER EYEWEAR – AS WELL AS THE GERRY WEBER ACCESSORIES.

Well thought-out functions, stylish forms, craftsmanship and attention to detail are the hallmarks of the stylishly designed GERRY WEBER Bags.



MORE THAN STYLE

WWW.GERRY-WEBER.DE
Takes you straight to our online shop

Always with a *feminine touch*

TAIFUN REPRESENTS INTERNATIONAL, FEMININE AND URBAN FASHION, THAT IS TREND-ORIENTED, BUT ALSO BUSINESS-SUITED – ALWAYS WITH »FEMININE TOUCH«.

TAIFUN

is the GERRY WEBER Group's
second biggest brand,
accounting for 16.1% of sales.

16.1%

contemporary
dressy
urban

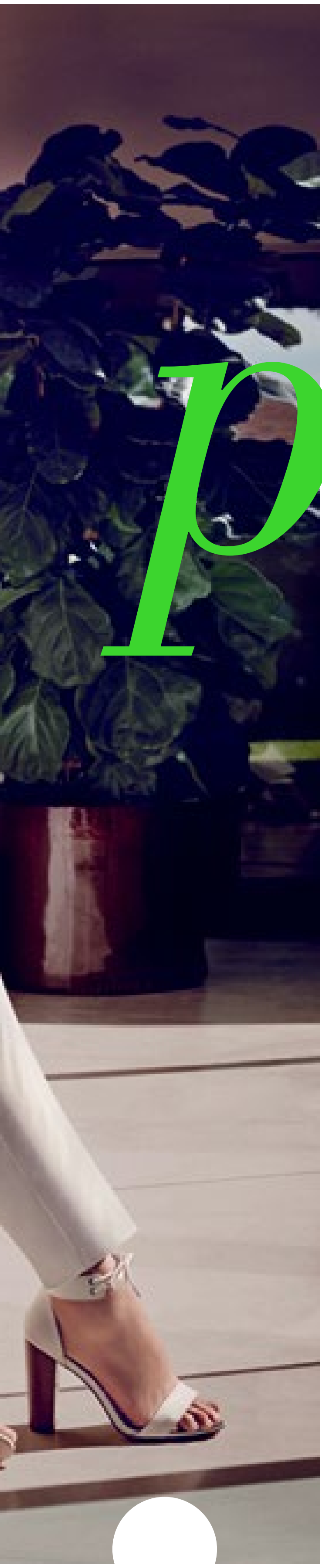
SAMOON BY GERRY WEBER IS EXEMPLARY FOR CASUAL, SELF-CONFIDENT FASHION FOR WOMEN WITH PLUS SIZES. TRENDY CUTS, SOPHISTICATED MATERIALS AND AN EXCELLENT FIT EMPHASIZE FEMININITY.

OWING TO THE PERFECT INTERPRETATION OF CURRENT TRENDS, CURVES ARE HIGHLIGHTED FAVOURABLY, MAKING WOMEN FEEL SELF-CONFIDENT AND AT EASE.

SAMOON offers high-quality plus-size fashion.

42
company-managed mono-label stores in Germany

THE *perfect* PLUS



SAMOON 'S fashion statement is casual and confident – sophisticated materials and figure-flattering cuts for today's women from size 42.

SAMOON
by GERRY WEBER

MORE THAN *perfect*

HALLHUBER

Recognising the requirements of HALLHUBER customers and combining them stylishly with the latest fashion trends is both aspiration and motivation.

HALLHUBER is modern. The design team is internationally networked and always in tune with the current mood. HALLHUBER uses carefully selected, high-quality fabrics and, with a great deal of attention to detail, manufactures them into up-to-the-minute favourite pieces. Every two weeks, HALLHUBER surprises its customers with new collections, which tell unique stories and offer countless possible combinations. The complete look always takes centre stage here. HALLHUBER customers value reliable fits, perfect craftsmanship and a highly attractive price bracket.

MORE THAN STYLE

WWW.HALLHUBER.COM
Takes you straight to our online shop

% 12.5

SHARE UN GROUP SALES

READY STEADY GO GO GO

ready to wear

HALLHUBER IS FEMININE. HALLHUBER OFFERS FASHIONISTAS A UNIQUE SELECTION OF READY-TO-WEAR ITEMS, ACCESSORIES, BAGS AND SHOES TO CREATE INDIVIDUAL LOOKS.

urban touch

UNDERSTATEMENT

Unconventional designs, a cool factory style and clear colour schemes emphasise the urbane and feminine direction of TAIFUN and TAIFUN Separates.


TAIFUN
SEPARATES
TAIFUN
2.0
unconventional
unexpected

HALLHUBER SHOP CONCEPT

275

275 HALLHUBER stores and shops at the end of the financial year

– in Germany, Switzerland, Austria, the Netherlands, the UK and Ireland as well as in Belgium and Norway. HALLHUBER has been a fully consolidated member of the GERRY WEBER Group since the second quarter of the financial year 2014/15.

smart SHOPPING

THE BIG INVESTMENT

RFID-TECHNOLOGY simplifies and accelerates many logistic processes

1255 SHUTTLES

THE NEW LOGISTICS CENTRE IS ALMOST FULLY AUTOMATED. INVENTORY IS POOLED ACROSS ALL DISTRIBUTION CHANNELS USING A COMMON INVENTORYSTOCK. THIS ALLOWS FOR MORE EFFICIENT MERCHANDISE MANAGEMENT AS WELL AS GREATER FLEXIBILITY IN RESPONDING TO THE DEMANDS OF THE INDIVIDUAL DISTRIBUTION CHANNELS.

37 **million**
items system output per year

90 **million**
euros invested

5.6 **million**
items warehouse capacity


we LOVE Toronto
GERRY WEBER
GERRY WEBER
international
STY
we LOVE Chile
GERRY WEBER


we LOVE Hamburg
GERRY WEBER
we LOVE Warschau
”we LOVE fashion“
LE
GERRY WEBER
we LOVE Kuweit

REPORT OF THE SUPER-VISORY BOARD

DEAR SHAREHOLDERS,

The financial year 2014 / 15 was characterised by operational and structural changes at the GERRY WEBER Group. After the successful acquisition of Munich-based fashion company HALLHUBER at the beginning of the financial year, business gradually declined as the year progressed. Lower footfalls in the city centres and stores as well as more aggressive discounting throughout the fashion market lead to lower-than-planned sales revenues and earnings.

Against this background, the Managing Board has defined a number of measures and partly implemented them to help the GERRY WEBER Group return to its previous profitability. These measures will be implemented with determination in the next 18 to 24 months with support from the Supervisory Board. We expect to see the first positive results in the financial year 2016 / 17.

The implementation of the necessary measures will not only take time but will also entail structural changes within the Group. Change is not always easy but we will implement it successfully together with our employees, our business partners and our shareholders. The change process will focus on the transformation of the GERRY WEBER Group into a vertically integrated fashion and lifestyle company. These changes are necessary to secure the company's competitive position.

Composition of the Managing Board and the Supervisory Board

In order to take the significantly higher headcount of the GERRY WEBER Group into account and to ensure compliance with the provisions of the Co-determination Act, the number of Supervisory Board members of GERRY WEBER International AG was increased from six to twelve. The six staff representatives were elected by the workforce in February 2015, followed by the election of the six shareholder representatives at the company's Annual General Meeting on 16 April 2015. Consequently, the Supervisory Board of GERRY WEBER International AG has comprised the following members since 16 April 2015:

* MEMBERS OF THE SUPERVISORY BOARD

SHAREHOLDER REPRESENTATIVES: DR. ERNST F. SCHRÖDER, GERHARD WEBER, ALFRED THOMAS BAYARD, UTE GERBAULET, UDO HARDIECK, CHARLOTTE WEBER-DRESSELHAUS.
STAFF REPRESENTATIVES: OLAF DIECKMANN, KLAUS LIPPERT, ANDREAS STRUNK, ANNETTE VON DER RECKE AS WELL AS MANFRED MENNINGEN AND HANS-JÜRGEN WENTZLAFF AS REPRESENTATIVES OF THE IG METALL METAL WORKERS UNION

This means that the shareholder representatives fulfil the statutory female representation rate of 30% even before the coming into force of the "Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen" (Law on the Equal Participation of Women and Men in Leadership Positions) on 1 January 2016.

The term of office of the Supervisory Board members will end at the end of the Annual General Meeting approving the actions of the Supervisory Board during the financial year 2018/19. At the constituent meeting of the Supervisory Board on 16 April 2015, Dr. Ernst F. Schröder was re-elected Chairman and Gerhard Weber was elected Vice Chairman of the Supervisory Board.

The Managing Board of GERRY WEBER International AG was composed of four members at the end of the financial year on 31 October 2015. Ralf Weber, who was appointed Chairman of the Managing Board with effect from 25 February 2015, was in charge of Sales & Marketing and Corporate Development until October 2015. This comprised responsibility for the national and international business with the retail partners (Wholesale) and the final customers (Retail). With Norbert Steinke appointed Chief Retail Officer as of 19 October 2015, Ralf Weber handed over the Retail department to his new fellow Board member. Norbert Steinke, a renowned retail expert, will continue to serve as Managing Director of Munich-based fashion and lifestyle company HALLHUBER.

The other Board members are CFO and Director of Labour Relations Dr. David Frink, who is responsible for Finance, IT, Logistics and Human Resources. He also serves as the contact for the capital market. In his capacity as Chief Product Officer, Board member Arnd Buchardt was responsible for Product Development including Procurement in the financial year 2014/15. He is also in charge of Licensing and Brand Marketing. Arnd Buchardt retired from the Managing Board of GERRY WEBER International AG at his own request with effect from 30 November 2015.

Cooperation between the Managing Board and the Supervisory Board

In the year under review, the Managing Board and the Supervisory Board again cooperated successfully and constructively in the interest of the company. We believe that trusting cooperation between the two bodies is a sign of good corporate governance and control especially in a challenging corporate environment. In the financial year 2014/15, the Supervisory Board performed the tasks imposed on it by the law, the statutes, the rules of procedure and the German Corporate Governance Code with great care. It constantly advised the Managing Board on managing the operations of the GERRY WEBER Group and reviewed and monitored the Managing Board's activities. The strategic positioning of the GERRY WEBER Group and the definition of the necessary measures to implement the initiated transformation were discussed and agreed with the Supervisory Board.

The Managing Board informed the Supervisory Board in a regular, timely and comprehensive manner, verbally and in writing, about all essential aspects of the GERRY WEBER Group. The Supervisory Board was involved in all decisions that were of fundamental importance for the Group at an early stage. Among other things, it received early information about the plans to acquire the HALLHUBER fashion company and was regularly updated on the progress of the transaction. The Managing Board presented the short and medium-term plans and budgets to the Supervisory Board and discussed them with the latter. The Supervisory Board received regular reports on the financial position and results of operation, the business trend at segment level including the risk situation as well as on compliance with the plans and budgets adopted. The two bodies regularly addressed the implementation of the synergies between GERRY WEBER and HALLHUBER and the performance of the national and international points of sale and discussed capital market and compliance-related topics.

The Chairman of the Supervisory Board was regularly informed by the Managing Board, also in between the Supervisory Board meetings. Transactions requiring the Supervisory Board's approval were submitted to the Supervisory Board by the

Managing Board for decision-making. The content and scope of the reports provided by the Managing Board fully complied with the requirements defined by the Supervisory Board. The Supervisory Board had sufficient time to familiarise itself with the topics in question and to prepare its resolutions. The resolutions were adopted at Supervisory Board meetings or by written vote.

Key topics addressed by the Supervisory Board

Reports on the current business trend including the respective risk situation were provided at all four ordinary meetings held by the Supervisory Board in the financial year 2014 / 15. These reports covered the sales and earnings performance of the Group and its subsidiaries, the financial and net worth position as well as the pre-order business. In particular, the participants addressed the deviations of the business from the original plans and budgets. The Managing Board explained the reasons for these deviations and the measures initiated in detail. In the context of the optimisation of the company's Retail segment, the Supervisory Board was extensively informed about the introduced measures to revise the store portfolio.

The Supervisory Board was continuously apprised of the business opportunities and risks as well as of compliance-related topics. Consequently, the Supervisory Board and the Audit Committee, which is a component of the internal control system of the GERRY WEBER Group, were aware of the company's risk situation at all times. The regular information provided by the Managing Board also covered the share price performance as well as capital market-related topics. At each of the meetings, the Managing Board member in charge of the large-scale "New Logistic Centre" project briefed the Supervisory Board on the construction progress as well as on compliance with the budget and time schedule.

The four ordinary meetings were attended personally by all members of the Supervisory Board. Resolutions were adopted at the four meetings or by written vote. The members of the Managing Board attended most of the meetings, some of which were additionally attended by their assistants, who reported on specific topics. The Supervisory Board also met without the Managing Board or with only some of its members. Besides the topics mentioned above, the following subjects and projects were discussed at the four ordinary Supervisory Board meetings:

The first meeting of the financial year 2014 / 15 was held on **2 December 2014**, i.e. before the expansion and election of the Supervisory Board on 16 April 2015. During the meeting, the Managing Board informed the Supervisory Board about the initial provisional sales figures for the past financial year 2013 / 14 and presented the short and medium-term plans and budgets of the GERRY WEBER Group. The sales and earnings plans for the financial year 2014 / 15 were explained in detail.

In addition, the Managing Board reported on the corporate restructuring of the brand subsidiaries and the resulting changes to the segment reports. A key topic addressed at this meeting were potential acquisitions of retail spaces in Norway and Finland and of Munich-based fashion company HALLHUBER. The Managing Board provided detailed explanations of the rationale behind the acquisitions and the realisation of potential synergies.

At this meeting, the Supervisory Board also addressed compliance with and implementation of the Corporate Governance Code and adopted the declaration of conformity for 2015 together with the Managing Board.

At an extraordinary meeting also held on 2 December 2014, which was not attended by the Managing Board, the Supervisory Board decided to modify the compensation system for the Managing Board; this modification had become necessary because of the ongoing vertical integration of the business model and the resulting increase in tied-up capital.

A key topic addressed at the Supervisory Board meeting on **24 February 2015** was the audit of the separate and the consolidated financial statements for the financial year 2013 / 14, the audits performed by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and the Managing Board's profit appropriation proposal. The meeting was attended by the auditor, who reported on the audit and the audit results. Following preparation by the Audit Committee, the consolidated financial statements for 2013 / 14 were discussed in detail and approved by the full Supervisory Board. The Supervisory Board agreed with the Managing Board's proposal to leave the dividend unchanged at EUR 0.75.

The Chairman of the Nomination Committee explained the procedure for the upcoming expansion and election of the Supervisory Board by the Annual General Meeting on 16 April 2015. He presented the Supervisory Board candidates to be proposed to the Annual General Meeting for election. In this context, the Managing Board reported on the election of the staff representatives on the Supervisory Board and the representatives of the IG Metall metal workers union. In addition, the Supervisory Board adopted the agenda for the Annual General Meeting on 16 April 2015 and asked for information about the organisation of the event.

As in the previous years, the Supervisory Board subjected itself to an efficiency review. The results of this review were also presented at the meeting on 25 February 2015. According to the auditor, the high averages achieved indicate a high efficiency of the activity of the Supervisory Board.

Besides regular reports on the current business trend, the respective risk situation, the share price performance and the construction progress of the logistic centre, the Managing Board reported on the state of the HALLHUBER acquisition. Following the approval of the antitrust authorities, HALLHUBER was consolidated for the first time as of February 2015.

At an extraordinary meeting on 25 February 2015, which was not attended by the Managing Board members, the Supervisory Board elected Ralf Weber Chairman of the Managing Board of GERRY WEBER International AG with effect from the following day.

The election of the new Supervisory Board by the Annual General Meeting on **16 April 2015** was followed by the constituent meeting of the Supervisory Board, at which Dr. Ernst F. Schröder and Gerhard Weber were elected Chairman and Vice Chairman, respectively, of the Supervisory Board. In addition, the members of the Mediation Committee, the Human Resources Committee, the Audit Committee and the Nomination Committee were elected. The Supervisory Board appointed Dr. David Frink Director of Labour Relations of the company.

At the Supervisory Board meeting on **29 May 2015**, the Managing Board presented its "Strategy 2020" to the new Supervisory Board members. The objectives already presented to the old Supervisory Board were updated, as some interim objectives had already been reached, e.g. the acquisition of HALLHUBER. In addition, the Managing Board submitted a detailed status report on the current business performance, the deviations from the plans and budgets and their causes. The Board also reported on the work of the Compliance Department.

Another ordinary meeting of the Supervisory Board was held on **2 October 2015**. Besides the report on the state of the Group, the consultations focused on the achievement of the updated guidance for the financial year 2014 / 15. The Managing Board also presented a set of measures aimed at achieving a significant improvement in the profitability of the GERRY WEBER Group following a transformation phase of 18 to 24 months. The Supervisory Board instructed the Managing Board to put the set of measures in more concrete terms and to present it to the Supervisory Board at the next meetings in order to resolve on the short and medium-term plans and budgets.

Besides new partnership schemes for the Wholesale segment, the Managing Board presented measures aimed at improving the profitability of the Retail segment to the Supervisory Board.

Other topics addressed at the October meeting included the work of Group Auditing as well as the amendments to the Corporate Governance Code. In view of the current contractual situation, a female representation target of 0% was defined for the Managing Board until 30 June 2017. The Supervisory Board will aim to increase the share of women in the future composition of the company's highest management body and has approved the female representation target of 30% for the first management tier below the Managing Board and of 50% for the second management tier.

Apart from the extraordinary meetings on **2 December 2014** and **24 February 2015**, the Supervisory Board held another extraordinary meeting on **1 October 2015.** These meetings were not attended by the Managing Board members and addressed the Managing Board structure. At the meeting on 1 October 2015, Norbert Steinke was appointed to the Managing Board as Chief Retail Officer with effect from 19 October 2015.

Committees of the Supervisory Board

Before the number of its members was increased from six to twelve by the Annual General Meeting on 16 April 2015, the Supervisory Board had set up two committees from among its members, i.e. an Audit Committee and a Nomination Committee. Both committees were chaired by Supervisory Board Chairman Dr. Ernst Schröder.

Between 1 November 2014 and the election of the new Supervisory Board, the Nomination Committee was composed of Dr. Ernst F. Schröder, Gerhard Weber and Udo Hardieck. Its meetings on 2 December 2014 and 25 February 2015 were attended by all three members. The consultations at both meetings focused on the future composition and structure of the Supervisory Board following its expansion from six to twelve members. In addition, the Nomination Committee determined the candidates to be proposed as shareholder representatives to the Annual General Meeting.

After the expansion and election of the new Supervisory Board by the Annual General Meeting on 16 April 2015, the Supervisory Board set up four committees: a Mediation Committee, a Human Resources Committee, an Audit Committee and a Nomination Committee. Dr. Ernst F. Schröder was elected Chairman of the committees. The table below shows the composition of the committees:

Committee	Members
Mediation Committee	Dr. Ernst F. Schröder, Gerhard Weber, Olaf Dieckmann, Hans-Jürgen Wentzlaff
Human Resources Committee	Dr. Ernst F. Schröder, Gerhard Weber, Klaus Lippert, Olaf Dieckmann
Audit Committee	Dr. Ernst F. Schröder, Gerhard Weber, Udo Hardieck, Ute Gerbaulet, Manfred Menningen, Klaus Lippert
Nomination Committee	Dr. Ernst F. Schröder, Gerhard Weber, Udo Hardieck

The Audit Committee held two meetings in the financial year 2014 / 15 and reported on its activity to the full Supervisory Board. In addition, three telephone conferences were held in the run-up to the quarterly reports. Up to the election of the new Supervisory Board on 16 April 2015, the Audit Committee was composed of Dr. Ernst F. Schröder, Gerhard Weber and Udo Hardieck. At the meeting on **24 February 2015**, the committee members extensively addressed the separate and the consolidated financial statements for 2013 / 14 and the auditor's report. The meeting was attended by the auditor, who explained the separate and the consolidated financial statements in detail. The members of the Audit Committee discussed and prepared the separate and the consolidated financial statements for approval by the full Supervisory Board. In addition, the Audit Committee satisfied itself of the independence of the auditor.

The Audit Committee meeting on 2 October 2015 focused on the analysis of the forecast for the remaining course of the financial year and, most importantly, examined the plausibility of the preliminary budget figures for the financial year 2015 / 16 and the medium-term planning. The Audit Committee prepared these topics for presentation and resolution at the meeting of the full Supervisory Board.

The Human Resources Committee elected on 16 April 2015 met once in the financial year 21014 / 15 on 1 October 2015 and prepared the new Managing Board structure for presentation to the full Supervisory Board on 2 October 2015.

Corporate governance

As in the previous years, the Managing Board and the Supervisory Board paid close attention to the amendments to the German Corporate Governance Code (DCGK). Against the background of the expansion of the Supervisory Board from six to twelve members and the female representation rate coming into effect on 1 January 2016, the targets for the composition of the Supervisory Board were updated. These targets and details of corporate governance including the exact wording of the declaration of conformity issued by the Managing Board and the Supervisory Board on 24 November 2015 in accordance with section 161 of the German Stock Corporation Act (AktG) can be found under "Corporate governance statement and report on corporate governance" in the present Annual Report and on the company's website at **www.gerryweber.com** under "Investors – Corporate Governance". The declarations of conformity of prior years are also permanently available for inspection on the Group's website.

Audit of the separate and the consolidated financial statements for 2014 / 15 (reporting period)

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft has audited the consolidated financial statements of GERRY WEBER International AG, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and the notes, as well as the Group management report for the period ended 31 October 2015, which is combined with the management report of GERRY WEBER International AG, and issued an unqualified audit certificate. The auditor of the separate and the consolidated financial statements was elected by the Annual General Meeting and appointed by the Supervisory Board. The Supervisory Board satisfied itself of the independence of the auditor and the persons acting on its behalf.

The separate financial statements of GERRY WEBER International AG were prepared in accordance with the German Commercial Code (HGB), while the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed for the EU.

Having been pre-examined by the Audit Committee, the financial statements and the audit reports were discussed in depth at the plenary Supervisory Board meeting on 24 February 2016. 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. In addition, the auditor stated that a risk management system meeting statutory provisions is in place; the latter was audited and found to be effective. No weaknesses requiring reporting were identified with regard to the accounting-related internal control system.

The auditor's audit reports and the financial statements were available to all members of the Supervisory Board and were discussed in detail at the annual accounts meeting. Based on its own examination of the separate financial statements as well as the consolidated financial statements and the combined management report of GERRY WEBER International AG, 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 combined management and Group management report for the financial year 2014 / 15 at the annual accounts meeting on 25 February 2016. The financial statements for the fiscal year 2014 / 15 have thus been duly approved in accordance with section 172 of the German Stock Corporate Act.

THE SUPERVISORY BOARD ENDORSED THE SEPARATE AND THE CONSOLIDATED FINANCIAL STATEMENTS AS WELL AS THE COMBINED MANAGEMENT AND GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2014 / 15 AT THE ANNUAL ACCOUNTS MEETING ON 25 FEBRUARY 2016. THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2014/15 HAVE THUS BEEN DULY APPROVED IN ACCORDANCE WITH SECTION 172 OF THE GERMAN STOCK CORPORATE ACT.

40

cent Divident
per share

The Supervisory Board concurs with the Managing Board's profit appropriation proposal and the proposal to pay out a dividend of EUR 0.40 per share.

On behalf of the full Supervisory Board, I would like to thank the members of the Managing Board and all employees for their work. In a challenging market environment such as it was faced by our company in the past financial year, their knowledge and their commitment are the very basis for the future success of the GERRY WEBER Group.

Our thanks also go to our business partners, customers and shareholders for their loyalty and the confidence placed in us.

On behalf of the Supervisory Board
Halle / Westphalia, 25 February 2016

Dr. Ernst F. Schröder
Chairman of the Supervisory Board

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Expansion of the Supervisory Board from six to twelve members

* SUPERVISORY BOARD MEMBERS

CORPORATE GOVERNANCE REPORT

Good and transparent corporate governance is an important basis for our success.

CORPO-RATE GOV-ERN-ANCE REPORT

including the corporate governance statement and compensation report

Corporate governance describes the legal and factual framework for the management and supervision of an enterprise. This includes the allocation of powers between the Annual General Meeting, the Supervisory Board and the Managing Board with regard to the management and control of the company. GERRY WEBER International AG believes that good and transparent corporate governance which meets both national and international standards is an important basis for our success. Corporate governance is therefore part of our identity as a company and reflects the high demands we impose on ourselves. We aim to strengthen the confidence placed in us by our customers, investors, employees and the public through good corporate governance. The Managing Board and the Supervisory Board attach great importance to working together in a trusting relationship and ensuring compliance with the recommendations of the German Corporate Governance Code (DCGK).

GERRY WEBER International AG in accordance with clause 3.10 of the German Corporate Governance Code is provided below. In the financial year 2014 / 15, both bodies thoroughly studied the requirements of the German Corporate Governance Code.

*** WOMEN'S QUOTA**

THE SUPERVISORY BOARD AIMS FOR AN APPROPRIATE DEGREE OF FEMALE REPRESENTATION. **WITH TWO OUT OF SIX FEMALE MEMBERS** THE SHAREHOLDER REPRESENTATIVES FULFIL THE **STATUTORY REGULATIONS.**

In addition to the declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG), the Corporate Governance Report in this Annual Report also comprises the corporate governance statement pursuant to section 289a para. 2 no. 3 of the German Commercial Code (HGB). Both documents – and all declarations and statements of prior years – are permanently available in digital form in the "Investors" section of our website at www.gerryweber.com. This Corporate Governance Report moreover includes the compensation report of GERRY WEBER International AG. The latter also forms part of the combined Group management report for the financial year 2014 / 15 and as such of the audited consolidated financial statements of GERRY WEBER International AG.

Corporate Governance Report pursuant to the German Corporate Governance Code

In this chapter, the Managing Board and the Supervisory Board report on their work. Since the introduction of the DCGK in 2002, GERRY WEBER International AG has complied with nearly all recommendations. There are only very few exceptions, which are attributable to the size of the company, its business model as well as to company-specific aspects; these exceptions are outlined and explained in the declaration of conformity in accordance with the "comply or explain" principle laid down in section 161 of the German Stock Corporation Act (AktG). The suggestions made by the Code which are not complied with by the company are also outlined below.

Declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG)

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 2 December 2014, complied with the recommendations made by the Government Commission of the

German Corporate Governance Code as amended on 5 May 2015 and published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette, save for the exceptions outlined below:

Code 4.2.3 – Compensation cap for the Managing Board:
The amount of compensation shall be capped, both overall and for the variable compensation components. As a general rule, the variable compensation is capped in the Managing Board contracts of GERRY WEBER International AG. One of the parameters used to determine the variable compensation is the adjusted return on assets of the GERRY WEBER Group. The amount of the return on assets to be generated is defined in advance on the basis of the company's medium-term planning. As the return on assets generated in one year's time was not known at the time the variable compensation structure was fixed (the actual return on assets is determined only at the end of a fiscal year), this variable compensation component has not been capped, but the maximum degree of target achievement was fixed at 150%. In the context of the next regular control of the Managing Board compensation structure, the Supervisory Board will review the possibility of capping the compensation.

Code 5.2 – Chairman of the Audit Committee:
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.

Code 5.4.1 – Age limit and regular limit of length of membership for members of the Supervisory Board:
No age limit and no regular limit of length of membership have 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 only stands to benefit from the knowledge and the experience of older Supervisory Board members, regardless of the length of their Supervisory Board membership.

45

DAYS
until the interim reports were publicly available

Code 5.4.6 – Compensation of the members of the Supervisory Board:
Members of the Mediation Committee, the Human Resources Committee, 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.

Code 7.1.2 – Consolidated financial statements:
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.

Not only the recommendations of the German Corporate Governance Code but also the suggestions of the Code provide guidance for good corporate governance. The suggestions with which the company does not comply are outlined below:

4

COMMITTEES
Mediation Committee
Human Resources Committee
Nomination Committee
Audit Committee

Code 2.3.2 – Voting proxies:
The company shall facilitate the personal exercising of shareholders' voting rights and the use of proxies as far as possible. The proxies designated by GERRY WEBER International AG can be reached by all participants on the premises until shortly before the voting. Shareholders who do not attend the Annual General Meeting in person can reach the proxies until 4:00 pm on the day before the Annual General Meeting. In order to ensure smooth and proper

exercising of the voting rights, only shareholders attending the Annual General Meeting can to date reach the proxies after that time.

Code 2.3.4 – AGM broadcast on the Internet:
The company should make it possible for shareholders to follow the Annual General Meeting on the Internet, e.g. by a live stream. The 2015 Annual General Meeting was not broadcast on the Internet. However, the address by the CEO and the voting results of the individual items on the agenda were published in the "Investors" section of the company's website at **www.gerryweber.com** immediately afterwards.

Corporate governance statement pursuant to section 289a of the German Commercial Code (HGB)

To achieve our objectives, we have defined principles for our corporate activity that go beyond the legal regulations which we naturally comply with. These principles (code of conduct) are based on our general values and provide guidance for our day-to-day activities. They are included in the corporate governance statement, which is published in full under "Investors – Corporate Governance" on our website at www.gerryweber.com. An extract from the corporate governance statement on the allocation of powers, the composition and the work of the Managing Board and the Supervisory Board and on the equal participation of women and men in leadership positions is provided below.

Allocation of powers, composition and work of the Managing Board and the Supervisory Board

Managing Board
Under the dual board system of GERRY WEBER International AG, the Managing Board is responsible for 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. The Managing Board gears its activities and decisions to the interests of the company. In doing so, it 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. They undertake to implement the rules and recommendations of the German Corporate Governance Code within the scope of the company's abilities and resources and to the extent that no declarations to the contrary were made in the Managing Board's annual declaration pursuant to section 161 of the German Stock Corporation Act (AktG). For the latest declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG) and the declarations of conformity of the previous years, visit our website at **www.gerryweber.com** ("Investors – Corporate Governance").

The Managing Board is currently composed of three members. 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 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 company's strategic approach with the Supervisory Board. The Managing Board must obtain the Supervisory Board's prior 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.

Supervisory Board
The Supervisory Board supervises and supports the Managing Board and is directly involved in decisions that are of fundamental importance for the GERRY WEBER Group. 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. 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' reports.

The Chairman of the Supervisory Board coordinates the work on the Supervisory Board, leads its 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. This resolution policy also applies to the appointment and dismissal of Managing Board members by the Supervisory Board. All resolutions are passed at meetings. To simplify the procedure, the Supervisory Board may stipulate that resolutions be passed by way of a written vote.

The Supervisory Board of GERRY WEBER International AG is currently composed of twelve members, six of whom were elected as representatives of the workforce. In accordance with the recommendations of the German Corporate Governance Code, the representatives of the shareholders are elected individually by the Annual General Meeting. The latest scheduled election of the Supervisory Board members was held at the Annual General Meeting on 16 April 2015. The representatives of the workforce were elected already in February 2015. The term of office of all Supervisory Board members will end at the end of the Annual General Meeting resolving on discharging the Supervisory Board from liability for the financial year 2018 / 19.

The composition of the Supervisory Board of GERRY WEBER International AG has always ensured that all members have the knowledge, skills and expert experience required to perform their tasks properly. Diversity is another aspect ensured in the composition of the Supervisory Board. 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.

Objectives for the composition of the Supervisory Board

Against the background of the amendments to the German Corporate Governance Code with effect from 5 May 2015 and the expansion of the Supervisory Board from six to twelve members, the Supervisory Board redefined the objectives for its composition.

The Supervisory Board has set itself objectives regarding its future composition, allowing itself sufficient lead time. The following objectives have been defined taking into account the size of the Supervisory Board, the company's specific requirements as well as diversity:

- Members of the Supervisory Board shall have experience in the fields of corporate governance, strategy and human resources. In addition, familiarity with the company and the markets in which it operates and / or specific knowledge of the customers' industries are required.

- At least one independent member must have knowledge of accounting, internal control procedures or auditing. This independent member of the Supervisory Board shall not be a former member of the Managing Board whose term of office ended less than two years ago.

- At least one shareholder representative shall have several years' international experience from a professional activity or be a foreign national.

- 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.

- No more than two former members of the Managing Board shall sit on the Supervisory Board. Managing Board members may not become members of the Supervisory Board of the company within two years after the end of their appointment unless they are appointed upon a motion presented by shareholders holding more than 25% of the voting rights in the company. In the latter case appointment to the chairmanship of the Supervisory Board shall be an exception to be justified to the Annual General Meeting.

- Supervisory Board members shall have sufficient time to perform their mandate, so that they can fulfil their mandate with the required regularity and care. A Supervisory Board member who sits on the Managing Board of a listed company shall not accept more than a total of three Supervisory Board mandates in listed companies or in supervisory bodies of companies with similar requirements that are not members of the group of which the company for which the Managing Board activity is performed is a member.

- The Supervisory Board aims for an appropriate degree of female representation. With a view to complying with the legal provisions coming into force on 1 January 2016, the company considers it appropriate if at least one third of the positions of the shareholder representatives and staff representatives are filled with women. This will be taken into account by the Supervisory Board in its election proposals for the next scheduled election of the Supervisory Board or when a Supervisory Board member departs prematurely.

- At least three of six shareholder representatives on the Supervisory Board shall be independent.

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 accordance with the recommendations of the Code, the Supervisory Board has subjected itself to an efficiency review. Two members of the Supervisory Board are former members of the Managing Board of GERRY WEBER International AG, one of whom resigned from the company's

Managing Board more than five years ago. The Supervisory Board thus has three independent members, which is an appropriate number. There were no conflicts of interest of individual Supervisory Board members.

Equal participation of women and men in leadership positions

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.

At the time of the preparation of the Annual Report the Managing Board of GERRY WEBER International AG is composed of three members – Ralf Weber (CEO), Dr. David Frink (CFO) and Norbert Steinke (CRO). No women sit on the company's Managing Board at present. Against this background and in view of the existing Managing Board contracts, it is not planned to appoint women to the Managing Board of GERRY WEBER International AG before the expiry of the statutory deadline on 30 June 2017.

As at 31 October 2015, the degree of female representation was 33.3% at the first management tier below the Managing Board of GERRY WEBER International AG and 53.1% at the second management tier. The future aim is to have a minimum share of women of 30% at the first management tier below the Managing Board of GERRY WEBER International AG and of 50% at the second management tier.

The desired degree of female representation on the Managing Board and the first and second management tiers below the Managing Board of GERRY WEBER International AG is to be reached by 30 June 2017. The company will regularly report on the status quo and the achievement of the defined targets in the Group management report and the corporate governance statement.

33

PERCENT

degree of female representation at the first management tier below the Managing Board of GERRY WEBER International AG as at 31 October 2015

53

PERCENT

degree of female representation at the second management tier below the Managing Board as at 31 October 2015

Annual General Meeting and shareholders' rights

The shareholders of GERRY WEBER International AG exercise their voting and control rights at the ordinary Annual General Meeting. The "one share, one vote" principle applies, which means that each share carries one vote. In the past financial year, the Annual General Meeting was held on 16 April 2014 and was attended by some 1,000 shareholders, who represented 73.3% of the share capital. The shareholders of GERRY WEBER International AG may cast their votes personally or via a proxy of their choice or via a designated proxy of the company who is bound by instructions. Prior to the Annual General Meeting, shareholders receive all relevant information or can access it at the company's website. In addition, all annual and quarterly reports are available in the "Investors" section of the company's website at www.gerryweber.com. At the Annual General Meeting, all items on the agenda and the conditions for participation are explained.

Accounting and audit

The consolidated financial statements and the interim reports of the GERRY WEBER Group are prepared to the International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB) under consideration of the Interpretations of the Financial Reporting Interpretations Committee (IFRIC), such as they are applicable in the European Union. The separate financial statements of GERRY WEBER International AG are prepared in accordance with the German Commercial Code (HGB).

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft was elected auditor by the Annual General Meeting. The Audit Committee of the Supervisory Board had previously satisfied itself of the independence of the auditor. The appointed auditor participates in the Supervisory Board's discussions of the separate financial statements and the consolidated financial statements and reports on the key results of the audit. The auditor informs the Supervisory Board of all material results obtained in the course of the audit which are relevant for the tasks of the Supervisory Board. The auditor furthermore reports to the Supervisory Board any facts identified during the audit which are inconsistent with the declaration of conformity issued by the Managing Board and the Supervisory Board.

Opportunity and risk management

The responsible handling of risks in connection with the management of the company forms part of the principles of good corporate governance and is an essential element of our corporate governance policy. The early identification of risks and opportunities allows us to anticipate negative deviations and to initiate counter-measures but also to seize opportunities more effectively. In this context, the GERRY WEBER Group has introduced a risk management system in accordance with section 91 para. 2 of the German Stock Corporation Act (AktG), which is described in detail in the risk report in the present Annual Report.

Compliance

GERRY WEBER defines compliance as the sustainable anchoring of compliant behaviour in the corporate structure. GERRY WEBER International AG has a Group-wide compliance organisation that is designed to preclude infringements by domestic and foreign employees and to enable employees to implement the company's internal guidelines.

Besides complying with laws and statutory provisions as well as internal regulations, we attach great importance to anchoring ethically and morally correct behaviour in the corporate culture as this creates the basis for mutual trust.

The compliance programme of GERRY WEBER International AG is based on a code of conduct that is binding upon all employees. The code comprises all behavioural rules for dealing with colleagues, customers, suppliers and other external stakeholders and is available in the form of a printed brochure. Besides the code of conduct, our compliance structure comprises rules relating to social compliance, competition and anti-trust law, the avoidance of conflicts of interest, gifts and invitations, the capital market and communications as well as health, safety and the environment.

The Compliance unit is part of the Group Auditing Department and covers all material areas of the company. Reporting directly to the CFO, the Chief Compliance Officer is instrumental in ensuring that the compliance programme is implemented in all areas of the Group and that all employees and executives receive compliance training. The Compliance Officer chairs the Compliance Committee, which aims to constantly improve the compliance programme and meets at regular intervals. The compliance programme is complemented by a whistleblowing system, which is designed to encourage employees to openly express their concerns and to highlight circumstances which indicate that laws or internal regulations have been violated. In the event of justified suspicions, an independent external ombudsman serves as the port of call for employees and external parties.

Potential conflicts of interest and directors' dealings

The Managing Board and the Supervisory Board are committed to serving the interests of the company. They are not allowed to exploit their position to pursue personal interests or for the benefit of related parties. Any conflicts of interest resulting from sideline activities must immediately be disclosed to the Supervisory Board. The latter then decides about any further steps to be taken. In the past fiscal year, no conflicts of interest of members of the Managing Board or the Supervisory Board occurred.

Given that transparency forms the basis for good corporate governance, we report all directors' dealings as well as dealings by their related parties. Pursuant to section 15a of the German Securities Trading Act (WpHG), the members of the Managing Board and the Supervisory Board as well as related parties must disclose the acquisition or sale of shares as well as related purchase or sales rights, such as options or rights, which are directly dependent on the price of the GERRY WEBER share. The directors' dealings of the past financial year 2014/15 are listed on the company's website **www.gerryweber.com** under "Investors – Financial News". The shareholdings of the members of the Managing Board and the Supervisory Board of GERRY WEBER International AG as of 31 October 2015 are also listed in the notes to the consolidated financial statements in this Annual Report.

Transparent communication

We provide information about the performance and current developments of the GERRY WEBER Group on an ongoing basis. All stakeholders i.e. all shareholders, customers, analysts, press representatives and the interested public, are simultaneously furnished with equal information by way of press releases, capital market publications as well as annual and quarterly reports. The simultaneous publication of such information in English ensures that international, non-German-speaking stakeholders receive the same information at the same time as their German-speaking counterparts. Upon publication of the documents, all information is made available on our website, where it can be accessed at any time. In addition, we regularly inform existing and potential new investors about our business model, the value drivers and the current business trend at investor conferences and equity forums as well as in one-to-one talks. The financial calendar on our website lists all important dates of the financial year such as the date of the Annual General Meeting and the publication dates. The financial calendar can also be found at the end of this Annual Report.

Compensation report 2014 / 15

The compensation report comprises a summary of the principles for the determination of the total compensation of the Managing Board and the Supervisory Board of GERRY WEBER International AG. In this context, the individual compensation components as well as the amount of the respective compensation received by individual members of the Managing Board and the Supervisory Board are explained. The report is based on the recommendations of the German Corporate Governance Code (DCGK) and the requirements of the German Commercial Code (HGB), German generally accepted accounting standards as well as the International Financial Reporting Standards (IFRS). The compensation report forms part of the Group management report and, hence, of the audited financial statements.

Compensation of the Managing Board of GERRY WEBER International AG

Principles of the Managing Board compensation

The structure of the Managing Board compensation of GERRY WEBER International AG was approved by the Annual General Meeting on 16 April 2015 and is geared to sustainable development which increases the value of the company. It comprises both fixed and variable components. The amount of the Managing Board compensation is based in particular on the economic situation, the performance and the future prospects of the GERRY WEBER Group, determined among other things by the adjusted return on assets and the consolidated net income for the year. It is furthermore based on the personal achievements of the individual Managing Board members as well as the compensation of the horizontal and vertical comparative environment, which is determined by the compensation structures of peer companies on the one hand and by the salaries of the senior management and the relevant workforce of the company on the other hand.

Amount and structure

In line with the principles for the determination of the Managing Board compensation, the latter consists of a non-performance-based (fixed) component and a performance-based (variable) component. The performance-based component includes components with a short-term and multi-year assessment base. In addition, the members of the Managing Board receive customary other benefits such as non-monetary compensation and / or insurance premiums. There are no share-based Managing Board compensation components.

Fixed compensation

The non-performance-based (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 in line with general market and Group practice such as the use of a company car as well as accident insurance and D&O insurance with a deductible. Where such non-monetary compensation is deemed to constitute non-financial benefits for tax purposes, it is taxed accordingly. The other benefits are recognised as fixed compensation components.

Performance-based compensation components

The variable compensation of the Managing Board contracts is dependent on the following criteria:

The performance-based, i.e. variable, compensation components are primarily determined by the degree to which the targets set by the Supervisory Board are achieved. The performance-based part of the compensation is divided into three components: the return on assets determined on a multi-year basis and adjusted for one-time effects and a bonus based on the consolidated net income for the year which is paid if the minimum consolidated net income is exceeded in terms of the multi-year result; these two components reflect the company's performance. The third component is the option of a performance-based bonus which the Supervisory Board may grant on the basis of the personal performance of each individual Managing Board member. The compensation system contains caps in the form of percentage limits but no capped amounts.

a) The variable compensation is calculated on the basis of the return on assets of the GERRY WEBER Group adjusted for one-time effects. The return on assets is weighted with an achievement factor which reflects the degree to which targets are achieved. The amount of the return on assets to be generated is determined in advance by the Supervisory Board on the basis of the company's medium-term planning.

If more than 50% of the targets are reached, each percentage point over 50%, 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 percentage for the variable compensation 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) A bonus based on the consolidated net income for the year which is paid if the minimum consolidated net income is exceeded in terms of the multi-year result.

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

The variable compensation is capped as a general principle in all contracts. One of the parameters is the adjusted return on assets of the GERRY WEBER Group. The amount of the return on assets to be generated is defined in advance on the basis of the company's medium-term planning. As the return on assets generated in one year's time was not known at the time the variable compensation structure was fixed (the actual return on assets is determined only at the end of a fiscal year), this variable compensation component has not been capped, but the maximum degree of target achievement was fixed at 150%.

Regulations relating to the termination of Managing Board contracts

If Managing Board contracts are terminated prematurely without serious cause, compensation including other benefits is continued to be paid to the leaving Managing Board member for a maximum of two years (severance payment cap) and may not exceed the compensation for the remaining term of the respective contract. This means that the regulations in the Managing Board contracts comply with the relevant recommendations of the German Corporate Governance Code as amended on 5 May 2015.

Managing Board compensation for the financial year 2014/15

Against the background of the compensation system described above, the total compensation of the Managing Board of GERRY WEBER International AG for the financial year 2014/15 amounts to EUR 2.6 million (previous year: EUR 6.5 million). The table below shows the respective fixed and variable amounts, with the prior year figures shown in parentheses.

In KEUR	Fixed compensation	Variable compensation	Total
Gerhardt Weber (CEO till 31 Oct. 2014)	0 (755)	0 (3.200)	**0 (3.955)**
Ralf Weber (since 1 Aug. 2013)	671 (472)	250 (350)	**921 (822)**
Dr. David Frink	568 (474)	250 (350)	**818 (824)**
Arnd Buchardt (CPO till 1 Aug. 2013)	571 (522)	250 (350)	**821 (872)**
Norbert Steinke (CRO since Oct. 2015)	42 (0)	20 (0)	**62 (0)**
Gesamt	**1.852 (2.223)**	**770 (4.250)**	**2.622 (6.473)**

Granted benefits ("target remuneration") [1)]

in EUR	Ralf Weber CEO			
	2013 / 14	2014 / 15	2014 / 15 (Min)	2014 / 15 (Max)
Fixed compensation	450,000	650,000	650,000	650,000
Fringe benefits	21,141	21,141	21,141	21,141
Total	*471,141*	*671,141*	*671,141*	*671,141*
One-year variable compensation	150,000	150,000	0	325,000
Multi-year variable compensation	276,000	411,600	0	1,237,500
Total	*426,000*	*561,600*	*0*	*1,562,500*
Total compensation	**897,141**	**1,232,741**	**671,141**	**2,233,641**

1 This table shows the compensation in the past financial year and the previous year which would be paid in the case of full target achievement (target income) as well as the minimum and maximum compensation for the financial year.

in EUR	Dr. David Frink COO and CFO			
	2013 / 14	2014 / 15	2014 / 15 (Min)	2014 / 15 (Max)
Fixed compensation	455,000	550,000	550,000	550,000
Fringe benefits	18,376	18,376	18,376	18,376
Total	*473,376*	*568,376*	*568,376*	*568,376*
One-year variable compensation	150,000	150,000	0	275,000
Multi-year variable compensation	276,000	411,600	0	787,500
Total	*426,000*	*561,600*	*0*	*1,062,500*
Total compensation	**899,376**	**1,129,976**	**568,376**	**1,630,876**

in EUR	Arnd Buchardt CPO			
	2013 / 14	2014 / 15	2014 / 15 (Min)	2014 / 15 (Max)
Fixed compensation	497,600	550,000	550,000	550,000
Fringe benefits	21,075	21,075	21,075	21,075
Total	*518,675*	*571,075*	*571,075*	*571,075*
One-year variable compensation	150,000	150,000	0	275,000
Multi-year variable compensation	276,000	411,600	0	787,500
Total	*426,000*	*561,600*	*0*	*1,062,500*
Total compensation	**944,675**	**1,132,675**	**571,075**	**1,633,575**

in EUR	Norbert Steinke CRO (since October 2015)			
	2013/14	2014/15	2014/15 (Min)	2014/15 (Max)
Fixed compensation	0	41,700	41,700	41,700
Fringe benefits	0	1,000	1,000	1,000
Total	***0***	***42,700***	***42,700***	***42,700***
One-year variable compensation	0	12,500	0	20,850
Multi-year variable compensation	0	34,300	0	65,625
Total	***0***	***46,800***	***0***	***86,475***
Total compensation	**0**	**89,500**	**42,700**	**129,175**

in EUR	Gerhard Weber CEO (till 31 October 2014)			
	2013/14	2014/15	2014/15 (Min)	2014/15 (Max)
Fixed compensation	720,000	0	0	0
Fringe benefits	34,575	0	0	0
Total	***754,575***	***0***	***0***	***0***
One-year variable compensation	700,000	0	0	0
Multi-year variable compensation	3,174,000	0	0	0
Total	***3,874,000***	***0***	***0***	***0***
Total compensation	**4,628,575**	**0**	**0**	**0**

Compensation inflow[2]

in EUR	Ralf Weber CEO 2013/14	Ralf Weber CEO 2014/15
Fixed compensation	450,000	650,000
Fringe benefits	21,141	21,141
Total	*471,141*	*671,141*
One-year variable compensation	54,200	129,000
Multi-year variable compensation	53,800	221,000
Total	*108,000*	*350,000*
Total compensation	579,141	1,021,141

in EUR	Arnd Buchardt CPO 2013/14	Arnd Buchardt CPO 2014/15
Fixed compensation	497,600	550,000
Fringe benefits	21,075	21,075
Total	*518,675*	*571,075*
One-year variable compensation	49,200	129,000
Multi-year variable compensation	62,800	221,000
Total	*112,000*	*350,000*
Total compensation	630,675	921,075

in EUR	Dr. David Frink COO and CFO 2013/14	Dr. David Frink COO and CFO 2014/15
Fixed compensation	455,000	550,000
Fringe benefits	18,376	18,376
Total	*473,376*	*568,376*
One-year variable compensation	47,000	129,000
Multi-year variable compensation	253,000	221,000
Total	*300,000*	*350,000*
Total compensation	773,376	918,376

in EUR	Norbert Steinke CRO (since 5 October 2015) 2013/14	Norbert Steinke CRO (since 5 October 2015) 2014/15
Fixed compensation	0	41,700
Fringe benefits	0	1,000
Total	*0*	*42,700*
One-year variable compensation	0	0
Multi-year variable compensation	0	0
Total	*0*	*0*
Total compensation	0	42,700

2 This table shows the inflows within the meaning of the Income Tax Act in the past financial year and the previous year. The variable compensation usually relates to payments of claims earned and recognised in the previous years.

in EUR	Gerhard Weber CEO (till 31 October 2014)	
	2013 / 14	2014 / 15
Fixed compensation	720,000	0
Fringe benefits	34,575	0
Total	***754,575***	***0***
One-year variable compensation	286,000	661,000
Multi-year variable compensation	2,714,000	2,539,000
Total	***3,000,000***	***3,200,000***
Total compensation	**3,754,575**	**3,200,600**

2 This table shows the inflows within the meaning of the Income Tax Act in the past financial year and the previous year. The variable compensation usually relates to payments of claims earned and recognised in the previous years.

Compensation of the Supervisory Board of GERRY WEBER International AG

The compensation of the Supervisory Board is determined by the Annual General Meeting and is governed by section 13 of the statutes of GERRY WEBER International AG. Besides the reimbursement of their expenses, the members of the Supervisory Board receive a fixed annual compensation in the amount of EUR 60,000.00. Each Vice Chairman receives 1.5 times this amount, while the Chairman of the Supervisory Board receives three times this amount. The exclusively non-performance-based compensation is paid after the Annual General Meeting for the past fiscal year. If and when new elections are held, which was the case in the financial year 2014 / 15, the compensation is paid on a pro rata temporis basis. The company refunds the turnover tax imposed on each Supervisory Board member's compensation and takes out D&O insurance for the members of the Supervisory Board. The compensation paid to the individual current and retired members of the Supervisory Board in the financial year 2014 / 15 is shown in the table below. The figures in parentheses are the previous year's amounts.

in KEUR	2014 / 15	2013 / 14
Dr. Ernst F. Schröder (Chairman)	180	180
Gerhard Weber (Vice Chairman)	90	0
Alfred Thomas Bayard	32	0
Ute Gerbaulet	32	0
Udo Hardieck	60	90
Charlotte Weber-Dresselhaus	60	60
Olaf Dieckmann	60	60
Klaus Lippert	60	60
Annette von der Recke	32	0
Andreas Strunk	32	0
Manfred Menningen	32	0
Hans-Jürgen Wentzlaff	32	0
Dr. Wolf-Albrecht Prautzsch	0	60
Total	**702**	**510**

The table shows that the compensation of the Supervisory Board increased in the past financial year and totalled EUR 702 million, compared to KEUR 510 in the previous year. This is exclusively attributable to the expansion of the Supervisory Board from six to twelve members in April 2015. The structure of the Supervisory Board compensation and, hence, the compensation received by each individual member did not change in the past financial year.

THE GERRY WEBER SHARE

The past financial year 2014 / 15 was no easy year for GERRY WEBER International AG. The unsatisfactory business trend is also reflected in the performance of the GERRY WEBER share, which lost about 53.8% in the past financial year 2014 / 15. After a positive start to the financial year, which was supported by the announcement of the **HALLHUBER** acquisition in December 2014, the share clearly underperformed the relevant indices, especially during the second half of the reporting period.

Performance of the DAX

Following a spectacular start to the new year 2015, which saw the DAX reach a new all-time high of 12,390.75 points on 10 April 2015, the index exhibited a rather mixed performance in May and June 2015. The DAX primarily suffered from the escalation of the Greek crisis in June 2015, which temporarily pushed the index back below the 11,000 points mark. While the DAX recovered after the European Union reached an agreement with Greece, it failed to return to the high springtime level, as investors' uncertainty about the future export trend was too high although the DAX companies presented excellent results.

The third quarter of 2015 saw share prices drop sharply across the globe. The negative share price performance and the growing capital market volatility were primarily attributable to weak Chinese growth figures presented in mid-August and the resulting stock market turmoil in Asia. This trend was intensified by the uncertainty arising in conjunction with the upcoming interest rate hike by the US Fed in September 2015. The DAX consequently delivered a disappointing performance in the third quarter. The weak Chinese economy pushed the index down to 9,648 points on 24 August 2015. While the DAX has meanwhile recovered from this low, it reached only 10,850 points as of the end of the financial year of GERRY WEBER International AG (31 October 2015), not least due to the Volkswagen emissions crisis. Although the stock market year was quite mixed, the DAX gained 17.3% during the course of the financial year of GERRY WEBER International AG from November 2014 to October 2015.

Performance of the GERRY WEBER share in the financial year 2014 / 15

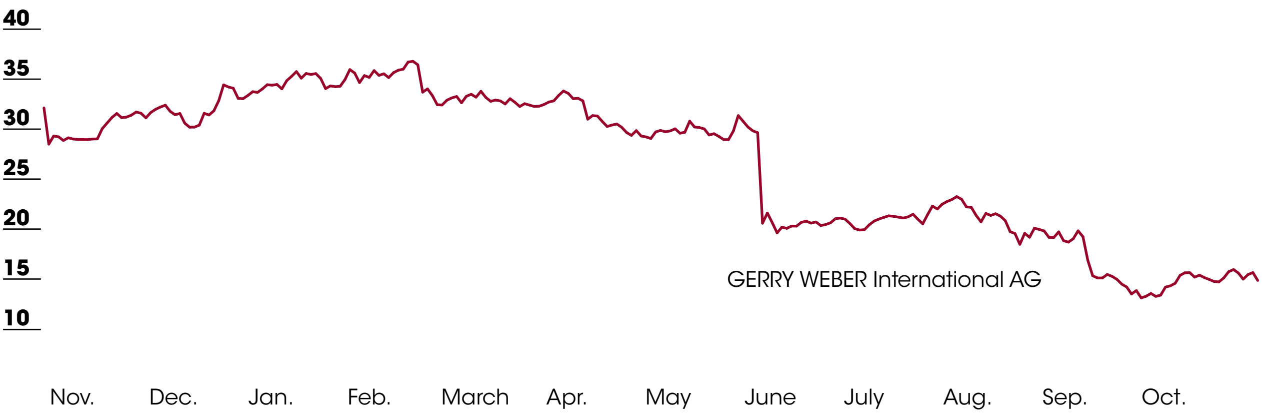
Following a good start to the financial year 2014 / 15, the price of the GERRY WEBER share climbed steadily in the first four months – not least driven by the announcement of the HALLHUBER acquisition in December 2014 – and reached EUR 36.72, the highest level in the financial year 2014 / 15, on 24 February 2015. After the announcement of the guidance for the financial year 2014 / 15, which fell short of the expectations of the capital market, the price declined slightly in the course of the first half-year and isolated itself from the performance of the SDAX and MDAX indices. In the first weeks of the third quarter 2014 / 15, the price of the GERRY WEBER share moved within a narrow margin between EUR 28.89 and EUR 31.29, which was more or less in line with the general market performance. After the adjustment of the short-term forecast for the current financial year on 10 June 2015 and the publication of the report on the first six months of 2014 / 15 on 12 June 2015, the share price fell below the EUR 20.00 mark. While the GERRY WEBER share recovered moderately in July 2015, it was unable to defy the negative developments in the international stock markets originating in Asia as of mid-August and again dropped below the EUR 20.00 mark. The capital market was disappointed not only with the 9-month figures but also with the change from the MDAX to the SDAX on 21 September 2015, sending the GERRY WEBER share falling to a low of EUR 13.07 on 28 September 2015. The GERRY WEBER share recovered somewhat towards the end of the financial year and closed at EUR 14.81 on 31 October 2015.

In the past financial year 2014 / 15, more than twice as many GERRY WEBER shares were traded per day on average than in the previous year. While the average daily turnover in the financial year 2013 / 14 amounted to 94,533 shares, some 246,475 shares were traded per day in the reporting period. The daily turnovers increased significantly on the days following the adjustment of the guidance for the current financial year in June and September 2015. A total of 62.1 million shares were traded at all German stock exchanges in the financial year 2014 / 15 (previous year: 23.8 million).

62.1

million shares were traded at all German stock exchanges in the financial year 2014 / 15 (previous year: 23.8 million).

Development of the GERRY WEBER share price
from 1 November 2014 to 31 October 2015



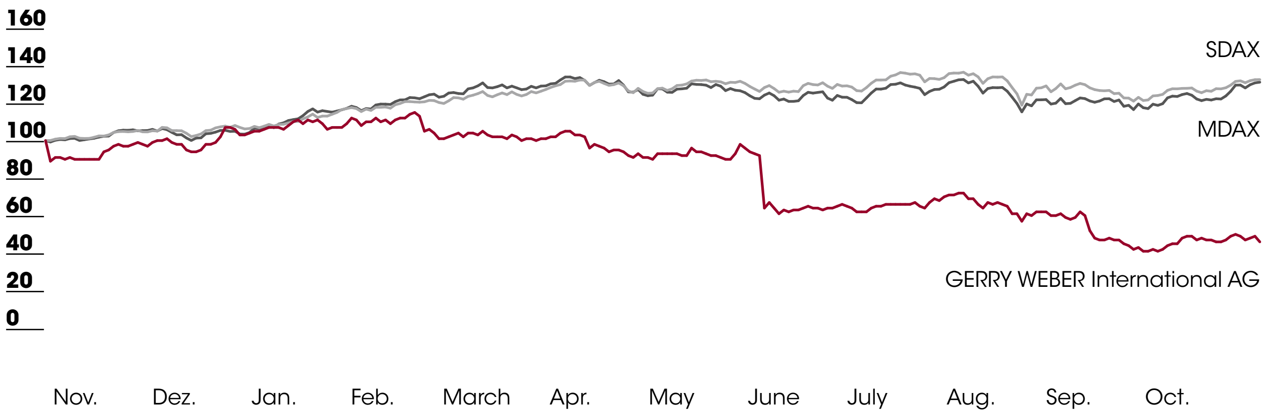
Dividend policy	2014 / 15	2013 / 14	2012 / 13
Net income for the year after taxes (in EUR million)	52.2	71.4	71.0
Earnings per share (in EUR)	1.14	1.56	1.55
Dividend per share (in EUR)	0.40 *	0.75	0.75
Payout volume (in EUR million)	18.4	34.4	34.4
Payout ratio (in %)	35.1 *	48.2	48.5

* Proposal to the next Annual General Meeting

Shareholder structure and Annual General Meeting

As of 31 October 2015, i.e. the end of the financial year 2014 / 15, 29.64% of the shares were attributable to the current Vice Supervisory Board Chairman Gerhard Weber. Supervisory Board member Udo Hardieck and CEO Ralf Weber held 17.52% and 3.36%, respectively, of the GERRY WEBER shares as of 31 October 2015. This means that 49.48% of the shares were widely held as of the reporting date. 73.3% (previous year: 72.8%) of the voting share capital of GERRY WEBER International AG was represented at the ordinary Annual General Meeting on 16 April 2015 in Halle / Westphalia. The roughly 1.000 shareholders approved all items on the agenda with a large majority. A special item on the agenda was the election of the shareholder representatives on the Supervisory Board. To reflect the increased headcount and comply with legal provisions, the Supervisory Board of GERRY WEBER International AG was expanded from six to twelve members. With the six staff representatives already having been elected by the workforce in February 2015, the Annual General Meeting elected the six shareholder representatives. For details of the agenda items and the voting results, please refer to the "Investors" section under "Annual General Meeting" at **www.gerryweber.com**.

Performance of GERRY WEBER share price in comparison to SDAX and MDAX
from 1 November 2014 to 31 October 2015 (indexed)



THE GERRY WEBER SHARE

GERRY WEBER in the capital market

We believe that transparent communication and direct, open-minded dialogue are even more important in challenging times such as the past financial year. The business performance of the GERRY WEBER Group fell short of our own expectations and had a strong impact on the performance of the GERRY WEBER share. A 53.8% decline in the financial year 2014 / 15 means that the share price performance was extremely disappointing for us and our shareholders.

Last year saw us intensify our contacts and our active dialogue with national and international investors in order to explain the circumstances which led to the unsatisfactory results of the past financial year. Following a detailed analysis of the reasons for the weak revenues and earnings generated by the GERRY WEBER core brands, the Managing Board immediately began to develop a set of measures to improve the profitability of the GERRY WEBER Group significantly. We held a large number of one-on-one and group talks with capital market participants to outline the transformation phase of the GERRY WEBER Group and define the required time-frame. In this context, we benefit from close and regular contacts with our analysts, who play an important role as multipliers. The GERRY WEBER share is currently monitored and evaluated by 17 analysts.

Annual and quarterly reports as well as press releases and presentations reporting on the performance of the GERRY WEBER Group are important elements of our communication. Regular attendance of capital market conferences, roadshows and shareholder events also provides important opportunities for communication with capital market participants. The financial year 2014 / 15 saw us attend 8 national and international conferences. During a total of 12 roadshow days, we outlined the current and future development of the company and presented and explained the risks and the opportunities that will arise in the future.

At various shareholder events, we inform our retail shareholders of the current situation of the company and answer their questions directly. The reports and events are complemented by comprehensive information for all stakeholders on our website at **www.gerryweber.com**. Besides financial reports and press releases as well as information on corporate governance and the Annual General Meeting, the website offers a host of other useful information. Our Investor Relations Team is available to answer any further questions.

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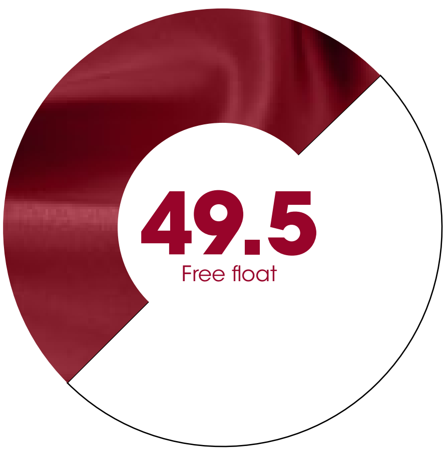
ANALYSTS
currently monitor and evaluate the performance of the GERRY WEBER share.

Shareholder structure
(end of the fiscal year 2014 / 15)



29.6 Gerhard Weber (indirectly), **17.5** Udo Hardieck (directly and indirectly), **3.4** Ralf Weber (directly and indirectly), **3.3** BNY Mellon Service Kapitalanlage-Gesellschaft, **3.1** Goldman Sachs Asset Management

CORPO-RATE SOCIAL RESPON-SIBILITY REPORT

Sustainable business management and social responsibility have traditionally been important values of GERRY WEBER International AG. Both form the basis of forward-looking and value-based corporate governance. We are committed to attaining the objectives we have set ourselves with regard to social and environmental responsibility without ever losing sight of our goal to generate profitable growth.

Key facts and figures of the GERRY WEBER share

WKN / ISIN	MDAX (since 21 Sept. 2015 SDAX), DAXsector Consumer, DAXsubsector Clothes & Footwear, DAXPLUS Family 30, CDAX
Indices	Regulated Market Frankfurt / Prime Standard
Transparency levels	45,905,960
Number of shares as of 31 October 2015	45,905,960 Stück
Designated sponsors	ODDO SEYDLER BANK AG Deutsche Bank AG

Share prices in FY 2014 / 15

High* (in EUR)	36.72
Low* (in EUR)	13.07
Closing price on 31 Oct. 2015 (in EUR)	14.81
Share price performance in the financial year in %	–53.81 %
Market capitalisation as of 1 Nov. 2014 (in EUR million)	1,471.7
Market capitalisation as of 31 Oct. 2015 (in EUR million)	679.9
Average daily turnover in EUR **	5,840,693
Average daily turnover in shares **	246,475
Dividend per common share ***	0.40
Earnings per share	1.14

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

Employees

Our employees have always been and will always remain our most important resource. The success of GERRY WEBER hinges on committed, motivated and well-trained people. As of 31 October 2015, some 7,000 employees (annual average) in Halle / Westphalia, in Munich at our HALLHUBER subsidiary, in the external offices, at our production facilities in Romania and, last but not least, in our worldwide Retail store network contributed to the success of the company. 1,800 of our employees work outside Germany. In the context of the integration of HALLHUBER into the GERRY WEBER Group, 1,550 new colleagues from Munich and the 275 HALLHUBER points of sale in Germany, the Netherlands, Belgium, the UK, Switzerland and Austria joined our Group in February 2015.

GERRY WEBER International AG was established by Gerhard Weber and Udo Hardieck in eastern Westphalia in 1973. The construction of the new logistic centre in the immediate vicinity of the headquarters in Halle / Westphalia and the creation of

90

CHILDREN ACCOMODATES
the day nursery right on our premises in Halle / Westphalia.

some 200 new jobs in the context of the construction and the taking into operation of the logistic centre clearly reflect our commitment to the eastern Westphalian region and our Halle / Westphalia headquarters.

The GERRY WEBER Group offers all employees career and further education opportunities that are matched to their requirements. Our human resources development, training and further education programme ensures that our employees are always well prepared to handle their tasks. We attach importance not only to offering a wide range of training and further education options but also to creating a modern and, in particular, a family-friendly working environment. With women making up over 90% of our workforce, the GERRY WEBER Group is very much committed to promoting a good work-life balance. The company-managed "KIDS WORLD" day nursery accommodates some 90 children of our employees right on our premises in Halle / Westphalia.

Women in leadership positions at GERRY WEBER

The "Gesetz zur gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen" (Law on the Equal Participation of Women and Men in Leadership Positions), which came into force on 1 May 2015, has laid the basis for a significant increase in the percentage of women in leadership positions in the medium term and is ultimately aimed at achieving gender parity. The targets defined by the company with regard to the proportion of women on the Managing Board and the two management tiers below the Managing Board are to be implemented successively by 30 June 2017. The statutory requirement of 30% female representation on the Supervisory Board applies to all new elections held on or after 1 January 2016.

As a fashion and lifestyle company, we have a very high percentage of female employees compared to other sectors. We encourage and assist our female employees to gradually assume more responsible roles and thus improve the percentage of women in leadership positions.

The Managing Board of GERRY WEBER International AG is currently composed of three members – Ralf Weber (CEO), Dr. David Frink (CFO) and Norbert Steinke (CPO). No women sit on the company's Managing Board at present. Against this background and in view of the existing Managing Board contracts, it is not planned to appoint women to the Managing Board of GERRY WEBER International AG before the expiry of the statutory deadline on 30 June 2017.

As of the end of the financial year 2014 / 15, the degree of female representation was 33.3% at the first management tier below the Managing Board of GERRY WEBER International AG and 53.1% at the second management tier. The future aim is to have a minimum share of women of 30% at the first management tier below the Managing Board of GERRY WEBER International AG and of 50% at the second management tier.

Supervisory boards of listed companies which are subject to parity co-determination rules – such as GERRY WEBER International AG – must have a minimum proportion of women of 30% for new elections held on or after 1 January 2016. The latest Supervisory Board election of GERRY WEBER International AG was held in the first quarter of the past financial year 2014 / 15 for the employee representatives and at the last Annual General Meeting on 16 April 2015 for the shareholder representatives, which means that these elections were not subject to the new regulation. As of 31 October 2015, 25% of the Supervisory Board members were women. Two of the six shareholder representatives are women, which means that the 30% target has already been reached for them. For more information on the composition of the Supervisory Board, please refer to the Supervisory Board Report and the Corporate Governance Report in this Annual Report.

Production and quality

Social responsibility in the supply chain

We are committed to doing our best to ensure compliance with social standards and human rights. We make it clear to our employees and the employees of our suppliers worldwide that equal treatment, the freedom of association and the right to collective bargaining must be ensured and protected. We strictly condemn and prohibit child, forced and compulsory labour and will by no means tolerate such exploitative and inhumane practices.

BUSINESS SOCIAL COMPLIANCE INITIATIVE

BSCI IS A LEADING BUSINESS-DRIVEN INITIATIVE SUPPORTING RETAILERS, IMPORTERS AND BRANDS TO IMPROVE WORKING CONDITIONS IN A WORLDWIDE VALUE CHAIN. IT OFFERS COMMERCIAL **ENTERPRISES A SYSTEMATIC MONITORING AND QUALIFICATION SYSTEM** TO IMPROVE WORKING CONDITIONS OF PEOPLE AROUND THE WORLD.

To support these matters of concern more effectively, we joined the Business Social Compliance Initiative (BSCI) already back in 2010 and have endorsed its rules and regulations.

Principles of the BSCI

While compliance with these social standards is governed by law in most countries, their actual implementation is often hampered by a variety of factors. We therefore need an alliance of many enterprises, such as the BSCI, to exert influence and to bring about changes also at a social and political level.

The guidelines of the BSCI 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:

- 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 hour regulations
- as well as compliance with occupational health and safety regulations.

Member of the Textiles Partnership

GERRY WEBER International AG is not only a member of the BSCI but also joined the Textiles Partnership, which was launched by an initiative of the Federal Ministry for Economic Cooperation and Development, in October 2015. The Partnership for Sustainable Textiles comprises manufacturers, retailers, policy-makers and civil society and has committed itself, among other things, to goals such as improved fire protection and building safety, prohibiting the use of toxic chemicals in production as well as appropriate wages that allow for a dignified life. The existing defects and shortcomings are not only socially and ethically unacceptable but also entail risks to our company which should be eliminated. Such challenges can be addressed only if the entire industry cooperates closely with trade unions, governments and NGOs. The Textiles Partnership provides the central platform to solve the most urgent problems as efficiently as possible based on a joint strategy. To do this, the Textiles Partnership builds on existing initiatives and acknowledges companies' own efforts.

Amendments to the Code of Conduct and in procurement

Established in 2010, the company's Social Compliance unit is tasked with implementing the company's commitment to working exclusively with suppliers using socially and environmentally compatible production methods. At our company, the examination of and compliance with social standards is based on GERRY WEBER's own Code of Conduct as well as on the guidelines of the Business Social Compliance Initiative (BSCI). The resulting social standards form an integral element of the contractual agreements with all our manufacturing partners. The BSCI Code of Conduct is being improved and expanded on an ongoing basis. Most recently, an improved audit evaluation system was added which allows a more differentiated analysis of the quality of our suppliers and thus ensures increased transparency. Moreover, our suppliers now have even greater responsibility for their sub-contractors and must involve them in the BSCI process. Another long-term objective is the introduction of a living wage that goes beyond the minimum wage.

A new aspect of our GERRY WEBER specific supplier selection process is that the selection of suppliers now explicitly hinges on the approval of the Corporate Social Responsibility Department and the examination of the social performance of all potential suppliers, i.e. the degree to which they comply with social standards in the production process.

No use of real fur

Besides social aspects, the GERRY WEBER Group attaches great importance to animal protection. Trendy, high-quality garments can be produced also without animal materials. In November 2014, the TAIFUN biker jacket won the PETA Vegan Award. The one-of-a-kind biker jacket from TAIFUN combines trendy denim patch with synthetic leather and ideally complements any autumn outfit. According to the jury, the high-contrast material mix makes the jacket a trendy and animal-friendly eye-catcher.

For GERRY WEBER International AG, it goes without saying that no real fur is used in the collections of any of its brands. In spring 2015, the company joined the "Fur Free Retailer" initiative to underline the fact that no real fur is used for accessories or trimmings.

Sustainability Report

More detailed information on corporate social responsibility and sustainable business management in the GERRY WEBER Group will be provided in our Sustainability Report, whose first issue will be published in April.

FOR GERRY WEBER INTERNATIONAL AG, IT GOES WITHOUT SAYING THAT NO REAL FUR IS USED IN THE COLLECTIONS OF ANY OF ITS BRANDS. IN SPRING 2015, THE COMPANY JOINED THE "FUR FREE RETAILER" INITIATIVE TO UNDERLINE THE FACT THAT NO REAL FUR IS USED FOR ACCESSORIES OR TRIMMINGS.

THE **HALLHUBER**-LIFESTYLE

COMBINED MANAGEMENT REPORT

Combined Management Report for the fiscal year 2014 / 15

In accordance with section 315 para. 3 of the German Commercial Code (HGB) in conjunction with section 298 para. 3 HGB, the Group management report has been combined with the management report of GERRY WEBER International AG. The combined management report includes the presentation of the net worth, financial and earnings position of GERRY WEBER International AG and of the GERRY WEBER Group as well as additional disclosures required under the German Commercial Code. All financial amounts are shown in euros.

GENERAL CORPORATE INFORMATION

Business model

Business activity and organisation

GERRY WEBER International AG is one of the best known fashion and lifestyle companies in Germany. Four large brand families – GERRY WEBER, TAIFUN, SAMOON by GERRY WEBER and HALLHUBER – offer trend-oriented apparel and accessories for demanding and quality-conscious consumers. Each of the brands is targeted at a specific and unique market. The percentage of company-managed sales spaces and, consequently, the Group's vertical integration increased notably in the course of the financial year 2014 / 15 as a result of the February 2015 acquisition of the fully vertically integrated HALLHUBER fashion brand, which exclusively sells its products in its own Retail stores.

GERRY WEBER International AG was established by Gerhard Weber and Udo Hardieck in Eastern Westphalia in 1973. As of 31 October 2015, the company maintained distribution structures in over 62 countries across the globe. The company-managed Retail spaces comprise 520 Houses of GERRY WEBER and 142 mono-label stores, 291 GERRY WEBER concession stores as well as 34 GERRY WEBER outlet stores worldwide. The acquisition of HALLHUBER in February 2015 added another 262 stand-alone HALLHUBER stores and concession stores as well as 13 HALLHUBER outlet stores to the GERRY WEBER Group's store portfolio, which brings the total number of company-managed sales spaces to 1,262. Besides the company-managed sales spaces, there are another 271 franchised Houses of GERRY WEBER as well as 2,510 shop-in-shops in the stores of our retail partners. The distribution structure is rounded off by our own branded online shops serving both German and international consumers. Some 7,000 employees worldwide form part of the GERRY WEBER family (annual average). 1,550 of them joined us in February 2015 in the context of the HALLHUBER acquisition. In the financial year 2014 / 15 (1 November 2014 – 31 October 2015), the GERRY WEBER Group generated sales revenues of EUR 920.8 million (previous year: EUR 852.1 million) and a consolidated net income of EUR 52.2 million (previous year: EUR 71.4 million).

Based in Halle / Westphalia and acting as an operational holding company, GERRY WEBER International AG provides Group-wide services such as accounting, controlling, HR, IT, auditing, compliance as well as marketing and communication services. To negotiate the best possible terms and achieve economies of scale, the staff of the holding company is also responsible for purchasing and procurement and the product development. The complete purchasing process is coordinated in close cooperation with the subsidiaries. Certain divisions of HALLHUBER, our new subsidiary, are not fully integrated into the holding company. With a view to leveraging further synergies, selected operations will be grouped in Halle / Westphalia or Munich in future. The Product Development Department, which is the heart of the HALLHUBER brand, will remain in Munich.

As of 31 October 2015, the basis of consolidation of the GERRY WEBER Group comprised 37 domestic and international subsidiaries. As a result of the acquisition of HALLHUBER Beteiligungs GmbH in February 2015, HALLHUBER Beteiligungs GmbH and its subsidiary, HALLHUBER GmbH, were also added to the portfolio.

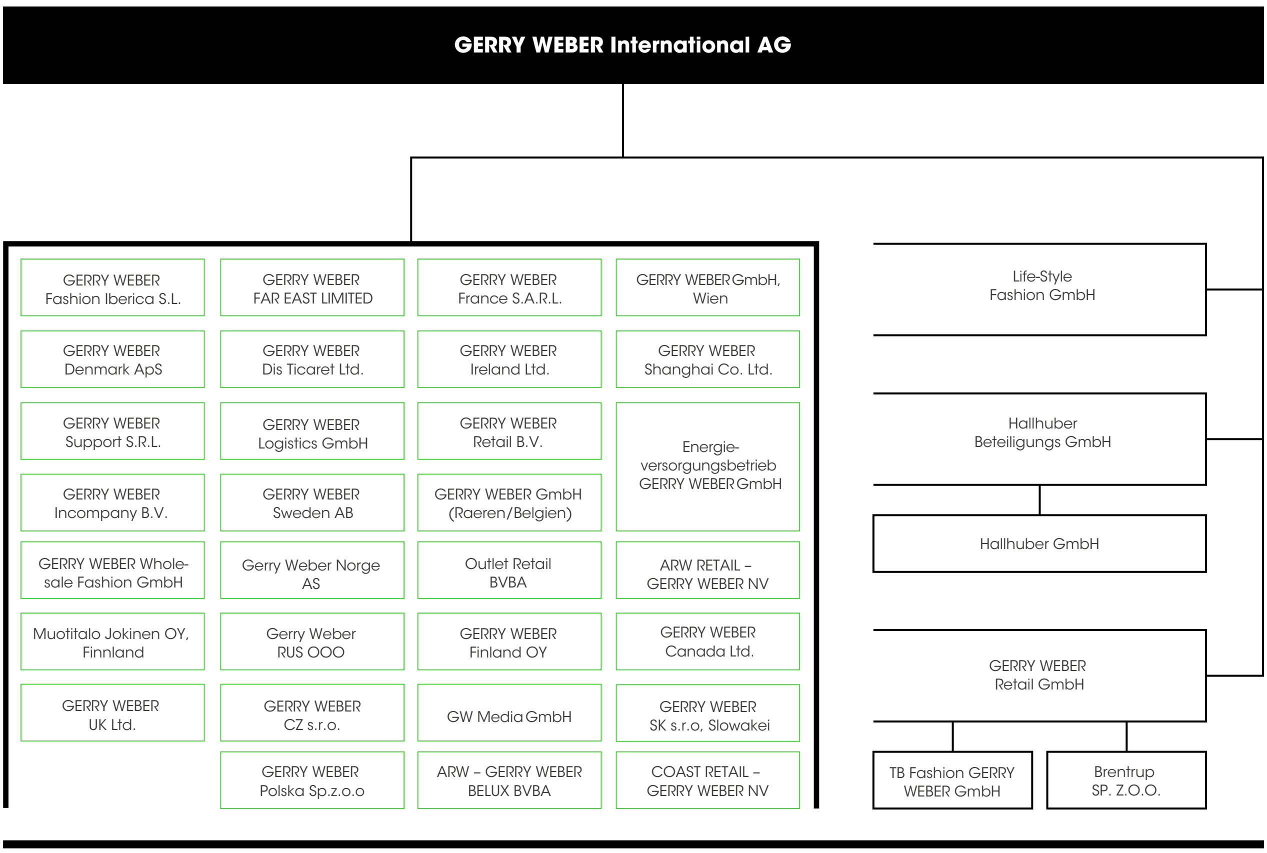
Until 31 October 2014, four subsidiaries were responsible for the operating activities of the GERRY WEBER, TAIFUN and SAMOON by GERRY WEBER brands. This responsibility ranged from the design of the collections to the distribution of the finished goods. GERRY WEBER Retail GmbH was responsible for the company-managed sales spaces in Germany as well as for the online shops of the GERRY WEBER, TAIFUN and SAMOON by GERRY WEBER brands. The foreign subsidiaries acted as distribution companies and represented either certain markets in which the GERRY WEBER Group operates or procurement and production locations.

To ensure increased transparency and effectiveness, the structures established over the years were simplified in the past financial year 2014 / 15 and the three existing brand companies – GERRY WEBER, TAIFUN and SAMOON – were merged into a wholesale distribution company. The aim of the gradual legal reorganisation was to create clear and unambiguous distribution structures so that today two distribution companies are responsible for the distribution activities of the "Retail" and "Wholesale" segments. Contrary to the past practice, all development and production departments of the goods including transport and logistics are not exclusively counted towards the "Production and Wholesale" segment but are allocated proportionately to the two distribution segments.

Accordingly, all income and expenses as well as assets and liabilities which can be assigned to product development and procurement are allocated to the "Retail" segment and the "Wholesale" segment. The other segments remained unchanged and primarily comprise the income and expenses as well as the assets and liabilities of the Hall 30 investment property. Income and expenses as well as assets and liabilities of the holding company are also allocated proportionately to the individual segments.

After the acquisition of HALLHUBER Beteiligungs GmbH in February 2015, HALLHUBER was included in the consolidated financial statements of GERRY WEBER International AG for the first time in Q2 2014 / 15. The sales revenues and results of HALLHUBER are stated separately for increased transparency and due to its operational control. Consequently, the "Retail" and "Wholesale" segments were complemented by the new "HALLHUBER" segment.

Legal corporate structure



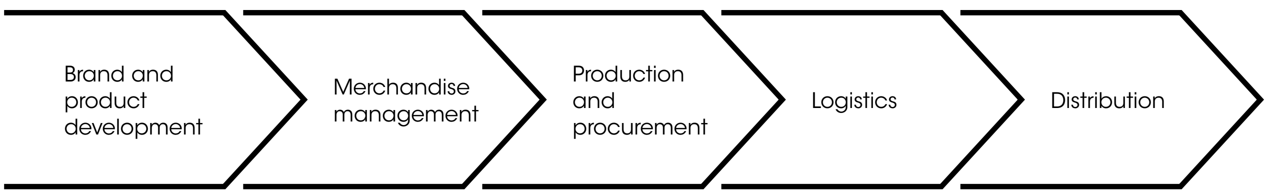
Key business processes

The business model of the GERRY WEBER Group covers the complete value chain from the development and the design of the collections to production, transport, logistics and the sale of the merchandise at the point of sale. The individual stages of the value chain and, in particular, their interplay at the interfaces are a key competency for the unique quality of our products and form the basis of our long-term success. To produce and distribute the collections in a time and cost-efficient manner, all processes need to be coordinated as effectively as possible. We therefore strive continuously to further improve our processes. This is all the more true in the current financial year, when we need to simplify processes and make them more efficient. To optimise the logistic and online distribution processes, in particular, and to implement the planned multi-channel approach as planned, we began to build a new logistic centre in the immediate vicinity of the company headquarters in April 2014. The ramp-up phase of the logistic centre started in December 2015.

Development of the collections

Unlike many other fashion companies, product development at GERRY WEBER is a teamwork process. The design teams comprise not only designers but also engineers and product managers who decide on the development of individual products and the composition of the collections. The teams combine creativity and a flair for innovations with technical know-how and the data-based evaluation of the goods sold and the most popular items. Our designers regularly visit the large fashion capitals of the world and seek inspiration from the latest trends, cuts and colours. As trend followers, we adapt these trends and adjust them to the requirements of our customers. Together with our textile engineers, we decide how to translate their ideas into fashion products and which materials to use. The designs prepared by the design teams are then passed on to the in-house pattern-making department, which produces the patterns for the prototypes. All prototypes are entirely produced in Halle / Westphalia. After consultation with the design teams each individual item in the collection is finally approved, possibly after some last modifications that may be required. The definitive collection items are then reproduced for the sample collections. At the same time, our pattern-making department scales the different sizes. The ready-to-send technical data includes the patterns for the different sizes as well as exact positioning parameters for optimum utilisation of the materials. This way, we ensure that our contractual partners meet our production and quality standards, which is key to the consistent fit of each garment. This approach allows us to keep control over our own patterns and to remain flexible when it comes to choosing manufacturing partners. Moreover, the positioning images ensure optimum utilisation of the materials. New manufacturing partners can swiftly be integrated into the procurement structures of the GERRY WEBER Group. Unlike the GERRY WEBER Core brands – GERRY WEBER, TAIFUN and SAMOON by GERRY WEBER – HALLHUBER does not develop its collections in Halle / Westphalia but in Munich, where the company has operated since its inception. HALLHUBER's collection development approach is very similar to that of GERRY WEBER in Halle. So far

Value-added process



HALLHUBER has sourced its goods through agencies in Asia and does not maintain local teams of technicians and quality assurance staff. Going forward, HALLHUBER will take advantage of the know-how available in the local GERRY WEBER procurement offices.

Merchandise management

The collection development process is followed by merchandise management, which includes the decision what quantities of which articles should be produced for which retail spaces. For this purpose, the prior year figures are analysed, trends are examined and specific characteristics such as certain colours which are more popular in some countries than others are considered. Factors such as the size of each individual sales space also play an important role. The merchandise for the Trusted Wholesale customers and the merchandise for the Retail segment is planned and scheduled in the same way. Trusted Wholesale Customers merely specify an order limit to GERRY WEBER but leave the breakdown of the orders to the GERRY WEBER experts, who compile the collection items depending on the retailer's specific customer structure and retail space. Long-standing experience, which is also gained from the systematic evaluation of the daily sales figures obtained from the point of sale through over 6,000 EDI interfaces, enables us to optimally manage the merchandise in line with the specific requirements and characteristics of the individual sales spaces. This has allowed us to steadily increase our sales potential over the past years. We want to share our knowledge of the collections with our partners, which is why more and more customers of our Wholesale segment take advantage of our Trusted Wholesale Concept.

At the same time, the Wholesale segment asks all customers who are not Trusted Wholesale Customers to submit their preorders. The sales staff use the above-mentioned sample collections to present the new collection, from which the franchise and retail partners can choose and order the required merchandise. Alternatively, customers may place their orders using the Internet-based order platform.

Production and procurement

The production requirements per product are defined on the basis of the merchandise management and the preorder data of the Wholesale customers. In the financial year 2014 / 15, the production volume of the GERRY WEBER Group totalled approx. 29 million items, of which 3.6 million items related to the HALLHUBER brand.

6

THOUSAND

EDI interfaces enable us to optimally manage the merchandise in line with the specific requirements and characteristics of the individual sales spaces

We generally distinguish between two different types of procurement, namely cut-make trim (CMT) and full package service (FPS). In the former case, all components required for a garment, such as zippers, buttons and fabrics, are purchased by GERRY WEBER in advance and compiled for production, while the selected manufacturing partners are merely in charge of the production process proper. In contrast to CMT suppliers, our FPS partners produce the entire garment. In this case, they are responsible not only for manufacturing but also for the procurement of all materials. FPS partners also receive the technical data as well as clear instructions regarding outer fabrics and findings from GERRY WEBER. Unlike the GERRY WEBER Core brands (GERRY WEBER, TAIFUN and SAMOON by GERRY WEBER), HALLHUBER has so far had its garments produced exclusively under FPS agreements. Our success hinges on cost-efficient procurement structures. The GERRY WEBER Group operates its own procurement and sourcing system, which allows us to select the best manufacturing partners in terms of our quality standards and social compliance requirements at competitive prices. All manufacturing partners subject themselves to a strict selection process and are continuously monitored by GERRY WEBER staff. Suppliers are admitted to the GERRY WEBER Group's supplier pool only after they have been approved by the Social Compliance Department. This allows us to guarantee the quality of the GERRY WEBER garments together with our partners and to constantly optimise the corresponding production processes.

Our manufacturing partners are selected on the basis of objective production-related criteria and GERRY WEBER-specific aspects. Compliance with our high quality and processing standards is a key criterion in this context. We attach importance not only to the quality awareness of our manufacturing partners in the production process proper but also to the quality of the materials used and make sure they comply with legal regulations relating to the materials and findings used. Products from GERRY WEBER must not contain any hazardous materials. To ensure this, we not only rely on internationally accepted test institutes but also carry out random checks in our in-house lab in Halle / Westphalia. Another very important selection criterion is the ability of a potential supplier to deliver the required quantities at the agreed dates. It is indispensable for us to receive the goods ordered at the agreed date.

Besides the technical production parameters, our manufacturing partners must also meet the specific selection criteria relating to GERRY WEBER's social and environmental standards. We are not only a member of the globally acknowledged Business Social Compliance Initiative (BSCI) but also conduct our own audits based on our own criteria. We only choose manufacturing partners that our Social Compliance Department approves and considers to be able to meet our requirements regarding compliance with social and environmental standards. Besides the above-mentioned aspects, criteria considered when selecting manufacturing partners include their respectability, reputation and creditworthiness.

We maintain a global network of suppliers and production partners and make our decision which of our audited partners is awarded a production order dependent on the product, the material and the required quantities. This makes our sourcing process extremely flexible, quality-driven and cost-efficient. The fact that we employ our own staff in our offices in Shanghai, Istanbul and Bangkok means that we can regularly verify compliance with our high quality standards and review the working and production conditions in the procurement regions.

In the context of the HALLHUBER acquisition and the integration of the new subsidiary in the GERRY WEBER Group, we have begun to leverage the first synergies, especially in procurement. The joint procurement activities lead to significant economies of scale. Another learning process in the cooperation with the new subsidiary was the introduction of "open-to-buy limits", which HALLHUBER has used very successfully for quite some time already. Under these production / procurement plans, we initially order about 80% of the anticipated total requirements for a collection from the producer. The remaining 20% or even more may be ordered subsequently and be delivered at very short notice, if and when the actual requirements are known. This ensures that we order only the quantities that are actually sold at the point of sale and avoid excess inventories at the end of a season.

In the financial year 2014 / 15, the GERRY WEBER Core brands (GERRY WEBER, TAIFUN and SAMOON by GERRY WEBER) sourced about 77.1% (previous year: 77.9%) of their merchandise from FPS suppliers and about 22.9% (previous year: 22.1%) from CMT suppliers. All products sourced under CMT arrangements are produced in Eastern Europe, primarily in Moldavia, Bulgaria and Macedonia, which means that products made in Eastern Europe represent 24.5% of the total output (previous year: 22.1%). Accounting for approx. 48.2% (previous year: 49.6%), Asia is the main procurement region of the GERRY WEBER Core brands, with the regional focus on China, Sri Lanka, India and, after the latest audit of production partners, in Bangladesh. Turkey accounts for 23.8% (previous year: 28.3%). The remaining 3.5% of the merchandise comes from Western Europe. HALLHUBER's most important manufacturing countries are China (39.5%), Turkey (23.6%) and Bulgaria, which accounts for 14.1% of the total production volume.

Logistics

Up to the end of the financial year 2014 / 15, the GERRY WEBER Group essentially relied on the capacity of specialist logistics companies to cover its total demand for logistic services. GERRY WEBER employees cooperated closely with the logistic service providers and ensured that all processes were handled in accordance with our instructions. In a total of eight warehouses, which specialise in hanging or folded merchandise or online distribution or (in the case of HALLHUBER) a certain brand, respectively, our own employees or the logistic partners managed and handled the transport preparations, warehousing, making-out and dispatch to the individual points of sale. Three of the eight warehouses are used by the HALLHUBER brand. Of these three warehouses, two are operated by HALLHUBER and the third one is operated in cooperation with a logistic service provider, for the online shop and for replenishment.

Against the background of the changing demands made on our logistic processes and the company's growth in the past years the GERRY WEBER Group decided to build its own multi-channel warehouse which is tailored to its specific requirements. April 2014 saw the turning of the first sod for the new logistic centre. With the logistic centre completed in

December 2015 and the first parcel shipped from the new warehouse, the start-up phase of the new logistic centre will commence in the first half of 2016. All brands will successively be migrated to the new warehouse in the coming months. During this period, the existing cooperations with the logistic service providers will initially be maintained to ensure a reliable and smooth start-up of the new logistic structures. The new multi-channel warehouse allows us to decide just in time before delivery which distribution channel – online, retail or wholesale – to use for a given product. This will enable us to exploit previously unused sales potential more effectively. What is more, we will greatly reduce the logistic costs per item thanks to the very high degree of automation. The investment volume for the new logistic centre totals approx. EUR 90 million. The aim is to fully take the logistic centre into service in the course of the first half of 2016 and to integrate HALLHUBER as of mid-2016.

To leverage the full potential of the multi-channel warehouse, radio frequency identification (RFID) technology, which we introduced in 2010, plays an important role. This technology allows many logistic processes to be simplified and accelerated. Each collection item of the GERRY WEBER Core brands is marked with a unique product number in the RFID microchip that is sewn into the care label during the production process. This product number can be recorded and evaluated with the help of special reading devices, which makes it easy to identify the goods upon delivery to the multi-channel warehouse and to check them for completeness. The same applies to recording stocks at the individual stores. RFID technology not only makes the logistic process more transparent but also affords a more exact overview of stocks and enables a faster supply of merchandise to the points of sale. Once a product has been sold, the microchip is either deactivated or removed at the check-out or it is destroyed after several washes. Thanks to the RFID chip's excellent visibility on the care label, it can also be easily removed by the consumer at any time. As HALLHUBER is integrated into the new logistic centre, all HALLHUBER products will also be equipped with RFID microchips in future.

* FACTS TO THE GERRY WEBER LOGISTIC CENTRE

- **TOTAL PLOT SIZE:** APPROX. 145,000 SQM, COMPOSED OF 111,000 SQM LOGISTIC CENTRE
- **LOGISTIC CENTRE:** APPROX. 30,000 SQM BUILT-UP AREA APPROX. 76,000 SQM USEFUL AREA (I.E. WAREHOUSE AND FUNCTIONAL SPACE)
- **STORAGE CAPACITY:** 5.6 MILLION ITEMS
- **SYSTEM OUTPUT:** UP TO 37 MILLION ITEMS P.A.
- **CONSTRUCTION TIME:** 20 MONTHS ALTOGETHER
- **COMPLETION:** START OF RAMP-UP PHASE AS PLANNED IN MID-DECEMBER 2015
- **INVESTMENT VOLUME:** APPROX. EUR 90 MILLION

Sales and distribution channels

The business of the GERRY WEBER Group is essentially based on three distribution channels, basically mirroring the segment structure of the GERRY WEBER Group. The Wholesale segment supplies our retail partners with the collections of the GERRY WEBER Core brands, GERRY WEBER, TAIFUN and SAMOON by GERRY WEBER. The Retail segment distributes the collections of the GERRY WEBER Core brands through the company-managed sales spaces and online shops directly to end customers. The third channel, which also constitutes the third segment of the GERRY WEBER Group, is represented by the fully vertically integrated HALLHUBER brand. Acquired in February 2015, HALLHUBER has been fully consolidated since the second quarter. The HALLHUBER results are stated separately for increased transparency and due to its operational control.

The GERRY WEBER Core Retail business covers all company-managed sales formats and online platforms. Accounting for 47.8% of total sales revenues, the Retail segment, which comprises the company-managed Houses of GERRY WEBER as well as the mono-label stores of the TAIFUN, SAMOON by GERRY WEBER and GERRY WEBER EDITION brands, is the most important distribution channel of the GERRY WEBER Group. Besides the Houses of GERRY WEBER and the mono-label stores, this distribution channel / segment also includes the concession stores and the online shops of the GERRY WEBER, TAIFUN and SAMOON by GERRY WEBER brands.

Number of sales spaces by distribution channel

	2014 / 15	2013 / 14
GERRY WEBER Core Retail		
Houses of GERRY WEBER	520	485
Mono-label stores	142	144
Concession stores	291	119
Factory outlets	34	30
GERRY WEBER Core Wholesale		
Houses of GERRY WEBER	271	282
Shop-in-shops	2,510	2,808
HALLHUBER		
HALLHUBER mono-label stores	117	–
HALLHUBER concession stores	145	–
HALLHUBER outlet stores	13	–

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Sales and distribution channels

*Wholesale customers transfer the order process to GERRY WEBER experts

The number of company-managed stores has increased steadily ever since the opening of the first House of GERRY WEBER in Bielefeld in December 1999. As of the end of the reporting period on 31 October 2015, the Retail segment comprised 987 (previous year: 778) company-managed Houses of GERRY WEBER, concession stores, mono-label stores and factory outlets of the GERRY WEBER Core brands in Germany and abroad. A House of GERRY WEBER has an average sales area of approx. 200 square metres. Depending on the actual size and location, such a House of GERRY WEBER sells all GERRY WEBER brands (not HALLHUBER). The smaller mono-label stores, which average about 100 square metres in size, each specialise in the presentation of a specific brand. In the past financial year, the expansion of the Retail segment's distribution network focused on markets outside Germany.

200

sqm is the average size of the sales space in a House of GERRY WEBER

Besides the Houses of GERRY WEBER and the mono-label stores, the GERRY WEBER Core Retail segment also comprises 34 factory outlets (previous year: 30) as well as 291 concession stores (previous year: 119). Concession stores are company-managed shop-in-shops which are manned with our own staff and for which we manage the merchandise. Under this scheme, the rent we pay for the sales space depends on the turnover generated, which significantly reduces the fixed cost percentage. The concession stores are located in large department stores outside Germany, e.g. at our Spanish partner "El Corte Inglés" (42 stores) and in the Netherlands at "de Bijenkorf", "Hout Brox" and "van Vuuren Mode" (64 stores). In summer 2015, 162 former shop-in-shops in Galeria Kaufhof department stores in Germany were taken over and converted into concession stores. This shows that we continue the vertical integration strategy as announced. The additional sales spaces strengthen the consistent presentation of our brands at the retail level. With more such stores opened in the course of the year, the portfolio comprised a total of 291 concession stores in Germany and abroad as of 31 October 2015.

The GERRY WEBER Core Retail segment's portfolio of physical stores is complemented by six online shops, which ensure that our products are available in a total of nine countries. The EU online shop launched in June 2014 allows customers from Germany, Switzerland, the Netherlands, Austria, Poland, Belgium, Sweden, the UK and France to shop the GERRY WEBER, TAIFUN and SAMOON by GERRY WEBER brands online. Our aim is to support the physical retail stores with a dedicated online shop in the respective country.

Besides the GERRY WEBER Core Retail segment, HALLHUBER is the second segment which exclusively comprises the distribution of the merchandise in the company-managed stores. After the acquisition of HALLHUBER Beteiligungs GmbH in February 2015, HALLHUBER became part of the GERRY WEBER brand universe and has been fully consolidated since Q2 2014 / 15. HALLHUBER is an exclusively vertically integrated company which sells its merchandise only through its own Retail stores and the online shops. So when we state the Retail division's share in total sales revenues, this percentage includes the sales revenues generated by the GERRY WEBER Core Retail segment and the HALLHUBER segment. As a result of the acquisition of HALLHUBER, the HALLHUBER stores also form part of the sales spaces of the GERRY WEBER Group. With another five HALLHUBER sales spaces opened in Q3 of fiscal 2014 / 15 and another 33 stores opened in Q4, HALLHUBER now operates a total of 275 sales spaces. HALLHUBER's expansion continued in September 2015, when the company entered the Norwegian market. The five stores in Oslo, Trondheim and Alesund are independent stores designed in the familiar HALLHUBER style. Apart from entering new markets, HALLHUBER continues to focus on expanding in existing markets. Norway is the seventh country after Germany, Austria, Switzerland, the Netherlands, Belgium and the UK in which HALLHUBER sets up shop. The sales spaces break down into 117 mono-label stores, 145 concession stores as well as 13 outlet stores.

Besides the physical stores, HALLHUBER also sells its products online through five company-owned online shops in Germany, Switzerland, Austria, France and the UK. In addition, HALLHUBER products are available through 15 external platforms such as Amazon, Otto, Zalando or House of Fraser. HALLHUBER currently generates about 8.6% of its total revenues online.

The table below provides a detailed breakdown of the Retail store portfolio by regions.

Country / Region	Total	There of GWI Core	There of HALLHUBER
Germany	839	636	203
Austria	49	48	1
Netherlands	103	102	1
Belgium	44	29	15
Scandinavia	54	49	5
Eastern Europe	28	28	0
Spain	52	52	0
UK & Ireland	50	31	19
Canada	9	9	0
Italy	1	1	0
Switzerland	31	0	31
France	2	2	0

The Wholesale segment is the third distribution channel of GERRY WEBER. Our retail and franchise partners order collection items and sell them to the final consumer in their own stores. The Wholesale segment comprises three distribution channels: Houses of GERRY WEBER run by our franchisees, shop-in-shops and multi-label outlets. As of the end of the financial year 2014 / 15, 271 Houses of GERRY WEBER were run by franchisees (previous year: 282). These stores feature the same shop fittings as our company-managed Houses of GERRY WEBER so that end customers will not notice any differences between the two distribution channels. Shop-in-shops are sales spaces whose fittings clearly identify them as part of the GERRY WEBER (or TAIFUN / SAMOON) brand. They are located in exposed sections of the stores of our retail partners and are operated by the latter. In contrast to this, multi-label retail outlets sell our products alongside third-party merchandise and do not represent the brand.

In June 2015, we converted 162 existing shop-in-shops in Galeria Kaufhof department stores into concession stores, which have since formed part of the Retail segment.

Adjusted for these reclassified sales spaces, the number of shop-in-shops amounted to 2,510 as of 31 October 2015, compared to 2,808 in the previous year. 536 of these sales spaces are located outside Germany (previous year: 544).

Long-standing experience, which is also gained from the systematic evaluation of the daily sales figures obtained from the point of sale through over 6,000 EDI interfaces, enables us to optimally manage the merchandise in line with the specific requirements and characteristics of the individual sales spaces. This has allowed us to steadily increase our sales potential over the past years. We want to share our knowledge of the collections with our partners, which is why more and more customers of our Wholesale segment take advantage of our Trusted Wholesale Concept. Under these arrangements, retailers merely 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. The Trusted Wholesale Concept enables us to optimise our almost vertical processes even further and to bring our merchandise to the stores even faster and align it even more effectively with consumer expectations.

Houses of GERRY WEBER operated by franchise partners by region	
Germany	59
Russia	55
Middle East	30
Switzerland	24
Eastern Europe	22
Frankreich	20
BeNeLux	12
Baltic States	13
Poland	7
Italy	5
Austria	4
Others	20

Strategy and objectives

Defining and implementing the strategy and objectives of the GERRY WEBER Group is the task of the Managing Board. The sustainable and profitable growth of the Group is the primary objective of the company. To achieve this growth ambition, the Managing Board has launched a number of strategies and measures which are implemented successively and adjusted to changing conditions as required. The long-term strategic focal points are the strengthening of the individual brand profiles, the ongoing development of our collections and products, the optimisation of our internal processes as well as the further vertical integration and internationalisation of our distribution structures.

Strengthening the brand profiles

Our brands are characterised by a clear market, customer and price positioning. Our umbrella brands GERRY WEBER, TAIFUN, SAMOON by GERRY WEBER and HALLHUBER are positioned at the top of the medium price segment. We are committed to offering a comparable quality and fit as a premium product, albeit at a much lower price. Accordingly, we see ourselves as a bridge to the premium and luxury suppliers and at a much higher quality level than products from the young fashion segment.

GERRY WEBER's target group comprises fashion-conscious women who attach importance to attractive and trend-oriented design combined with high quality and, above all, a good fit. Thanks to the GERRY WEBER in-house pattern making department, we remain in control of the patterns and fits of the GERRY WEBER Core brands and can guarantee reliable fits at all times, regardless of the manufacturer chosen to produce a specific item. Apart from these common features, each brand has its very own style and fashion statement. While HALLHUBER tends to target women aged 20+, TAIFUN is marketed to the 30+ segment. The target group of the GERRY WEBER brands comprises fashion-conscious women aged 40+. The brand portfolio is complemented by SAMOON by GERRY WEBER, which is targeted at plus size women of any age.

66

PERCENT
is the share in total Group sales of GERRY WEBER, the main brand and name giver of the company

GERRY WEBER, the oldest umbrella brand, which has also given the company its name, makes the biggest contribution to the Group's total sales revenues, at 66.6% (previous year: 76.2% excl. HALLHUBER). GERRY WEBER Collection stands for high-quality fashion for quality-conscious women aged 40+ who prefer coordinated outfits. As a combination collection, GERRY WEBER Collection caters to consumers' wishes for perfectly matched colour and shape combinations of high quality with a good fit and high wearing comfort.

GERRY WEBER Collection is complemented by the sublabels GERRY WEBER EDITION, GERRY WEBER CASUAL and G.W. Unlike GERRY WEBER Collection, GERRY WEBER EDITION consists of sporty individual items in the knitwear, trousers, skirts and outdoor segments. As of 31 October 2015, there were 20 company-managed mono-label stores which exclusively sell GERRY WEBER EDITION products. GERRY WEBER CASUAL has a similar style as GERRY WEBER EDITION but relies on the combination idea behind GERRY WEBER Collection. G.W. was originally designed for the Group's own Retail segment and not offered to the Wholesale partners. This sublabel is meanwhile also available to customers of the Wholesale segment. As no preorder phase is necessary for G.W., we can deliver the collections to the stores and respond to new trends even more quickly. It is planned to relaunch the G.W. label in the coming months to match it even more closely to consumers' requirements.

Accounting for 16.1% of total revenues (previous year: 18.3% excl. HALLHUBER), TAIFUN is an important brand of the GERRY WEBER Group. TAIFUN is not only more fashionable than GERRY WEBER but also characterised by younger cuts. The fits are generally slimmer and the skirts somewhat shorter. TAIFUN presents an intelligent mix of formal business wear and casual fashion. High-quality individual items with a very high fashion appeal can be combined skilfully both for special occasions and casual events and upgrade each outfit. As of the end of the reporting period on 31 October 2015, there were 80 company-managed TAIFUN mono-label stores in Germany and Austria. Due to the great acceptance enjoyed by the TAIFUN collection, the brand is to be expanded further; the store concept is to be redesigned and accessories will be added to the product portfolio.

SAMOON by GERRY WEBER stands for high-quality plus size fashion. SAMOON presents casual, self-confident fashion made from high-quality materials with flattering fits for plus size women. As many as 42 company-managed mono-label stores exclusively for SAMOON customers testify to the authenticity of the SAMOON brand. Accounting for 4.8% of total sales revenues (previous year: 5.6% excl. HALLHUBER), SAMOON has huge potential as a brand with a constantly growing customer base in the industrialised countries.

As a result of the acquisition of HALLHUBER Beteiligungs GmbH in February 2015, HALLHUBER became part of the GERRY WEBER brand universe. While HALLHUBER is similarly positioned in terms of quality standards and prices, it targets a younger consumer with a more urbane fashion style. HALLHUBER is feminine, modern and style-setting. HALLHUBER offers fashion aficionados a unique choice of ready-to-wear items, accessories, bags and shoes to create personalised looks. HALLHUBER is committed to identifying consumers' requirements and matching them with the latest fashion trends in a stylish manner. HALLHUBER uses carefully selected high-quality fabrics to produce trendy favourite items with great love for detail. Just like GERRY WEBER Collection, HALLHUBER always focuses on complete outfits. The HALLHUBER customer appreciates reliable fits, perfect workmanship and highly attractive prices. HALLHUBER was fully consolidated with effect from the second quarter of the financial year 2014/15, at the end of which HALLHUBER operated a total of 275 sales spaces and accounted for 12.5% of the Group's total sales revenues.

GERRY WEBER Core launches six collections per year and brand, divided into three themes with 30 to 35 individual items, which ensures that consumers find new products in the stores roughly every three weeks. The only exception to these delivery intervals are G.W. and HALLHUBER. Both brands are pure-play "Retail brands", which means that no preorders are received from Wholesale customers. Accordingly, the development and delivery cycles of both brands ensure they can deliver their products to the stores at a faster pace and respond to the latest trends more quickly. G.W. customers find new products in the stores once every month, while HALLHUBER presents new collections that tell unique stories and offer countless combination possibilities every two weeks.

12,5

PERCENT
is the share in total Group sales of the newly integrated brand HALLHUBER

The collections created by the design teams of our brands are the basis of our success. We will be successful in the long term only if the products we develop deliver what our customers really want. Where our GERRY WEBER Core brand is concerned, we must make sure that we neither ignore the wishes of the existing customers that have been loyal to our brand for many years nor fail to meet the requirements of new, younger customers. In the past financial year, we were not always able to strike this balance. In the coming months, we will therefore focus on developing collections that are more effectively matched to consumers' actual requirements.

Internationalisation of the distribution structures

In the financial year 2014/15, our international distribution activities contributed approx. 37.6% to total Group revenues. In the previous year, international sales revenues (excl. HALLHUBER's revenues, of which 79.6% is generated in Germany) represented approx. 40.1%. We aim to increase the percentage of sales revenues generated outside Germany for all brands to achieve greater regional diversification and exploit existing market potential. Given the already good distribution of the GERRY WEBER brand in Germany, growth potential for this brand exists almost exclusively in foreign markets. In the past financial year 2014/15, the GERRY WEBER brand opened its first own Retail stores in Canada and in Finland. Unlike GERRY WEBER, HALLHUBER has huge growth potential which we intend to leverage both in Germany and abroad. HALLHUBER's international expansion strategy continued in September 2015, when the brand entered the Dutch and Norwegian markets.

Retail

GERRY WEBER's own Retail operations, which result in better control over the flow of merchandise and the presentation of the brands at the point of sale, are an integral element of the Group's growth strategy. As distribution structures in the fashion industry change and lead to increased vertical integration, the company-managed Retail spaces continue to gain importance. Besides the improved positioning and presentation of the brands at the point of sale, direct contact with the consumer allows us to learn more about their wishes and requirements. This knowledge is used effectively in the development of our collections. As a result of the acquisition of HALLHUBER, which sells its products exclusively through its own stores, the Retail segment's relative contribution to total sales revenues increased significantly compared to the previous year. In the financial year 2014 / 15, the company-managed stores generated sales revenues of EUR 555.4 million, which represents approx. 60.3% of the GERRY WEBER Group's total revenues (previous year: 47.5% excluding HALLHUBER). In the current financial year 2015 / 16, the company-managed Retail space will be expanded primarily through the opening of 50-60 HALLHUBER stores in Germany and abroad. The above-average earnings potential of the own Retail operations contrasts with increased risks in the form of higher fixed costs. To keep these fixed costs as variable as possible, we will increasingly rely on more flexible retail formats such as concession stores. The rents of the concession stores are dependent on the turnover, which means that a major portion of them is variable, which clearly reduces the risks. Moreover, the complete store portfolio is checked regularly and we do not shy away from closing unprofitable stores.

Vertical integration and optimisation of processes

Organisationally, the GERRY WEBER Group has become a vertically integrated fashion company over the past years. Thanks to the close integration, management and control of the individual stages of the value chain, the interaction between development, production and sales has been continuously improved. As a result, development and delivery times have been reduced already. The fact that the collections have been streamlined successively and thus become less complex has additionally helped to accelerate the production and delivery cycles. As a clothing company poised to become a fully vertically integrated player, we want to cover and control the complete value chain. In times when customers expect the latest trends to arrive in the stores ever faster, this is of great importance. The ongoing vertical integration will reduce delivery times even further and give us full control over merchandise management in the stores. The completion and start-up of the new multi-channel warehouse, which is located in the immediate vicinity of our company headquarters, in December 2015 marked another important step in our process optimisation efforts. The new multi-channel warehouse allows us to select the distribution channel – online, retail or wholesale – for a given product just in time before dispatch. This will enable us to exploit previously unused sales potential more effectively. What is more, we will greatly reduce the logistic costs per item thanks to the very high degree of automation.

Ongoing integration of HALLHUBER and realisation of synergies

The acquisition of HALLHUBER, which is a fully vertically integrated company that exclusively sells its products through company-managed stores, has further increased the vertical integration of the GERRY WEBER Group. The GERRY WEBER Core brands benefit from the long-standing experience gained by HALLHUBER as a fully vertically integrated player. Another important learning process in the cooperation with the new subsidiary was the introduction of "open-to-buy limits", which HALLHUBER has used very successfully for quite some time already. Under these production / procurement plans, we initially order about 80% of the anticipated total requirements for a collection from the producer. The remaining 20% or even more may be ordered subsequently and be delivered at very short notice, if and when the actual requirements are known. This ensures that only those quantities that are actually sold at the point of sale are produced while avoiding excess inventories at the end of a season. Other synergies result from the joint procurement structures, as larger order volumes lead to economies of scale, and from the integration of HALLHUBER into the new GERRY WEBER logistic centre in the second half of 2016.

The unsatisfactory performance in the past financial year forces us to define and implement measures to help GERRY WEBER International AG return to profitable growth. Following a detailed analysis of the situation, the Managing Board defined a set of measures in September 2015, which was already presented in the Q3 2014 / 15 financial

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to 24 month until the realignment programme will be fully completed

report, and whose details have been and continue to be put into more concrete terms in the ensuing months. **We started to implement the first measures already in the past financial year. We will need about 18 to 24 months to successfully implement these measures in order to improve the company's profitability significantly.** A detailed presentation of the realignment programme of the GERRY WEBER Group can be found in the Forecast report in this Annual Report.

Management and control / Key performance indicators

As a capital market-oriented company, GERRY WEBER International AG aims to increase the value of the GERRY WEBER Group on a sustainable basis. With a view to quantifying and measuring the implementation of the strategies initiated and the targets derived from them, we have installed a standardised control system, which uses a set of financial and non-financial performance indicators to map the development of the company.

It is the long-term objective of GERRY WEBER International AG to grow profitably again and to increase the company value in the process. Consequently, profitable **revenue growth** is an important corporate objective and, hence, an important performance indicator used by the Managing Board to steer the company. The **breakdown of revenues by regions** is another important performance indicator, as it indicates the **level of internationalisation of the company**. The percentage of sales revenues generated by the GERRY WEBER brands outside Germany is to exceed 50% in the medium term. As GERRY WEBER is not only a growth-oriented but also a results-oriented company, performance indicators such as **earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA)** are also important financial performance indicators of the GERRY WEBER Group.

With a view to achieving sustainable profitable growth in the long term, we place a major focus on our vertical integration strategy. This comprises not only the profitable expansion of the Retail segment but also the ongoing vertical integration of the Wholesale segment. Improved control over the merchandise flow and better support of our Wholesale partners is a key focus of our work.

In the next 18-24 months, the expansion of the Retail segment will focus on the HALLHUBER brand, with 50-60 new HALLHUBER stores per year to be opened in Germany and abroad. Following years of expansion, the store portfolio of the GERRY WEBER Core brands will be subjected to strict review in order to avoid over-distribution on the one hand and improve the profitability of the GERRY WEBER Core Retail segment on the other hand. The number of stores and / or the sales space in square metres is an important nonfinancial performance indicator used by the company.


THE **TAIFUN**-LIFESTYLE

ECO-NOMIC AND SECTOR REPORT

As a fashion and lifestyle company, GERRY WEBER International AG's sales and earnings performance primarily depends on consumers' spending behaviour. Consumer's behaviour is influenced by a large number of factors such as the macroeconomic situation, expectations regarding the future economic trend and, most importantly, private households' disposable incomes. The weather and temperatures also have an impact on consumers' spending behaviour. This includes the question whether they should spend or save their money and for which products and services they should use their money.

Macroeconomic situation

Just like last year, the world economic forecast for the current calendar year had to be downgraded several times in 2015. The economic growth forecasts for 2015 published in autumn by the experts of the International Monetary Fund (IMF) and the World Bank were 0.2% lower on average than their spring forecasts. The IMF now expects the global gross domestic product (GDP) to grow by 3.1%, which would be 0.3 percentage points less than in the previous year, while the World Bank projects a growth rate of 2.8%. According to the experts, especially the developing and emerging countries, which were the main driver of the world economy after the financial crisis, fell short of expectations, as the oil-exporting countries are increasingly suffering from the low oil price. The latest interest rate hike by the US Federal Reserve could further increase the borrowing costs of the emerging countries.

By contrast, the expectations for the **USA** and the **eurozone** are positive. Low inflation and the weak euro are providing additional stimulation for the eurozone. The IMF projects a growth rate of 1.5% for 2015 (previously: 0.9%) and, hence, a continued recovery of the eurozone economy.

In spite of the weak euro and the low energy costs, the forecast for **Germany's** GDP also had to be corrected in the course of the year. At the beginning of the year 2015, the leading economic institutes expected somewhat higher GDP growth in Germany than at the end of the year. In the autumn forecast, most of the experts, including the federal government's expert commission, anticipated an average growth rate of 1.7% for the German economy for 2015.

Consumer behaviour in the German core market

Despite the increasing geographic diversification of its business model, GERRY WEBER generated approx. 62.4% of its sales revenues (incl. HALLHUBER) in Germany in the financial year 2014 / 15. Germany and the German-speaking area thus remain the most important output market of the GERRY WEBER Group.

Private consumption was the main driver of the German economy for the better part of the year 2015. The **Consumer Climate Index for Germany** of the **GfK** (Gesellschaft für Konsumforschung), which summarises "economic expectations", "income expectations" and „willingness to buy", climbed to a 13-year high in January and continued to mark new records testifying to German consumers' great spending mood. However, the tendency of a good start to the year 2015 and a weaker-than-expected second half-year was reflected not only in the downgraded GDP forecast for Germany but also in the GfK Consumer Climate Index for Germany. All parameters increased continuously in the first half of the year, only to decline in the second half.

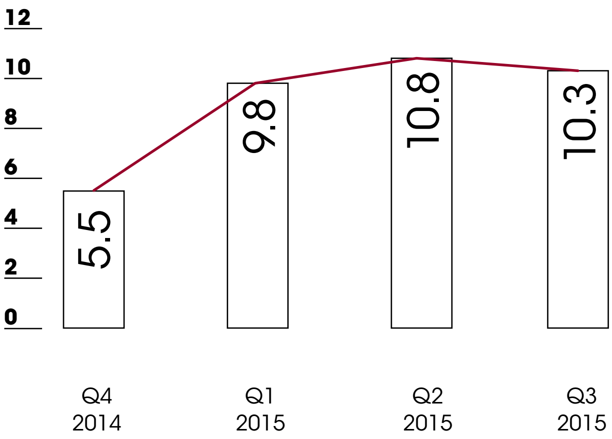
For several months, Germans seemed to be rather unimpressed by the crises in Ukraine and Syria or the threat of Greece's exit from monetary union. A climbing income expectations index, which hit the highest level since German reunification in June, at 58.6 points, fuelled consumers' willingness to buy, which, in turn, reached a high of 63 points in March 2015. While German consumers' economic expectations, i.e. the look into the future, improved strongly until May 2015, consumers' began to show growing fears of the effects of the Greek crisis, the crises in Ukraine and the Middle East as well as concern about the growing number of refugees in Germany as of June. Towards the end of the financial year, economic expectations fell below the zero points mark, i.e. below the level recorded at the beginning of the financial year in November 2014.

The consumer climate in Europe

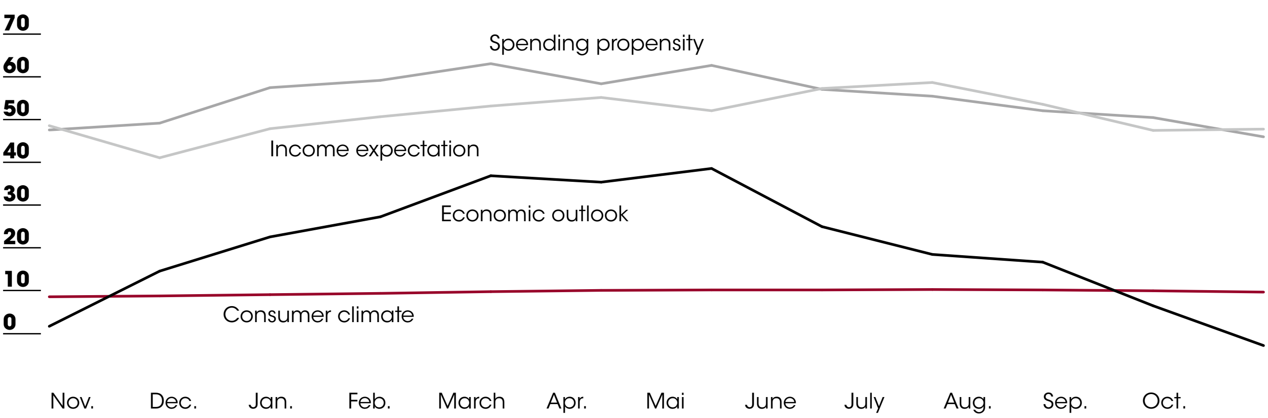
The consumer climate in Europe improved primarily in the first quarter of 2015. In the first three months of the year, the GfK Consumer Climate Index for the EU 28 climbed 4.3 points to 9.8 points, the highest level since 2008. Consumers in Western and Southern Europe were particularly optimistic, with economic expectations in Spain reaching an all-time high. By contrast, Eastern European consumers were much more pessimistic in view of the crisis in the Ukraine and the economic sanctions imposed on Russia.

In spite of consumers' notable uncertainty about the crisis in Russia and Ukraine and Greece's potential exit from the eurozone, the **GfK Consumer Climate Index for Europe** continued to pick up in the second quarter of 2015 when it reached 10.8 points, thus continuing its recovery following the damper at the end of 2014.

Development of the GfK Consumer Climate in Europe in the financial year 2014 / 15
GfK indicator points



Development of the Consumer Climate in Germany in the financial year 2014 / 15
GfK indicator points



The survey for the third quarter of 2015 reflected the influence of the Greek crisis and increasingly also the strong media coverage of the thousands of refugees fleeing from Syria, which made many Europeans more aware of the crises in the Near and Middle East. While some countries felt more of the psychological effects in the form of slightly poorer economic expectations, others were actually affected by changes regarding economic growth and unemployment.

Russia

Sales revenues of a bit more than EUR 30 million make **Russia** an important output market for the GERRY WEBER Group. The difficult economic situation in Russia, primarily because of the still very low oil price and the ongoing depreciation of the rouble but also because of the international sanctions imposed on Russia as a result of the Crimea conflict, are having an adverse impact on the purchasing power and spending mood of Russian consumers. These developments not only affected Russia but were increasingly felt by Russia's neighbouring countries in the financial year 2014 / 15. According to Rosstat, Russia's statistical office, economic growth in the second quarter of 2015 was lower than expected at –4.6% (Q1 2015: -2.2%). In view of the poor figures for the second quarter, the central bank downgraded Russia's economic growth forecast for 2015 to -3.2%. The situation also had a clearly noticeable negative impact on the sales revenues of the GERRY WEBER Group in Russia and its neighbouring countries, as for example in Finland, the Baltic States or other countries).

The German textile retail sector

Except for the situation in Russia, the general conditions for the German economy, which greatly benefited from consumers' spending mood, were very good in the financial year 2014 / 15. By contrast, German textile retailers failed to benefit from the positive economic data and the increased consumer climate index in the past financial year. According to TW Testclub, a panel organised by German trade magazine "Textilwirtschaft", sales in the German textile market dropped sharply almost throughout the year compared to the previous year. With sales in November and December 2014 and January 2015 (the first quarter of the GERRY WEBER Group) down by 9%, 4% and 3% on the respective month of the previous year, this trend continued in February, March and April 2015 (the second quarter of the GERRY WEBER Group) at 7%, –4% and +0%, respectively. After a weak May (-5%), year-on-year sales growth turned positive for the first time again in June (+3%) and July (+4%), i.e. the third quarter of the GERRY WEBER Group. It should be noted, however, that the positive figure for July is mainly attributable to sales growth in the menswear segment, whereas ladieswear sales were still down by approx. 5% on the previous year. In the fourth quarter of GERRY WEBER's financial year (i.e. in August, September and October 2015), sales were very volatile. A dramatic 16% slump in August was followed by positive growth rates of 8% and 11% in September and October, respectively, albeit from a low prior year base. Averaged out for the November 2014 to October 2015 period, monthly sales contracted by -2% year-on-year.

Overall assessment of the economic environment in the financial year 2014 / 15

The general sales trend in the German textile retail sector is in stark contrast to private households' positive income expectations and willingness to buy. It seems as if German consumers, in particular, are spending less money on clothing. Declining by 4.4%, like-for-like sales of the GERRY WEBER Group in the financial year 2014 / 15 followed the overall negative trend of the German market as a whole and fell clearly short of our expectations. Only HALLHUBER, the newly acquired subsidiary, outperformed the German fashion market by far and realised an outstanding like-for-like growth in sales revenues of 3.2 % during the nine months since its first consolidation.

Besides low footfall in the city centres and a general decline in apparel sales in Germany, above-average discounts in the direct store environments made it difficult to sell garments at regular prices and also forced GERRY WEBER to sell more products at a discount. Due to the very mild winter 2014 / 15, winter garments remained in the stores, resulting in increased inventories. These seasonal items could be sold only far below the regular price. In summary, neither the textile market in general nor GERRY WEBER in particular was able to benefit from the good economic environment and consumers' high willingness to buy.

TARGET ACHIEVE-MENT

In February 2015, GERRY WEBER International AG announced a forecast for the full year 2014 / 15 separately for the GERRY WEBER Core segment (GERRY WEBER, TAIFUN and SAMOON) and HALLHUBER. When drawing up the projections on the basis of market conditions at the time of the forecast, the Managing Board expected the Group to generate consolidated sales revenues of EUR 970 million to EUR 1,000 million in the financial year 2014 / 15. The Managing Board of GERRY WEBER International AG expected HALLHUBER to contribute between EUR 110 million and EUR 120 million to total Group revenues. This means that the GERRY WEBER Core segment was originally expected to generate sales revenues of EUR 860 million to EUR 880 million. In this context, it should be noted that HALLHUBER was consolidated only with effect from February 2015, which means that it contributed to Group revenues for a period of only nine months.

According to the original forecast of February 2015, the Managing Board expected consolidated EBITDA to come in at between EUR 148 million and EUR 157 million and consolidated EBIT to amount to between EUR 118 million and EUR 126 million. HALLHUBER was expected to contribute an additional 5% to 10% on the GERRY WEBER Core segment's EBITDA.

Target achievement

Target achievement

	Forecast 2014/15 (updated on 9 June 2015)	Achievement 2014/15
Sales revenues	Single-digit percentage increase on previous year (previous year: EUR 852.1 million)	EUR 920.8 million (+8.1%)
EBIT	Decline by 20% to 25% compared to previous year (previous year: EUR 108.9 million)	EUR 79.3 million (–27.2%)
Retail	GERRY WEBER Core: 10% increase in sales spaces (previous year: 138,400 square metres) HALLHUBER: Opening of 50–60 new sales spaces	GERRY WEBER Core: 12.9% increase in sales spaces to 156,300 square metres HALLHUBER: Opening of 57 new sales spaces
Equity ratio	At least 50%	51.5%

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12.9

PERCENT
increase in sales space
to 156,300sqm

Besides the revenue and earnings targets, the projections focused on the further expansion of the GERRY WEBER Core Retail spaces, which were expected to grow by 10% in the past financial year 2014 / 15. The target set for 2014 / 15 was to increase the percentage of revenues generated by company-managed Retail spaces to over 50%. The original forecast also provided for an equity ratio of at least 50%.

As outlined in this Group management report, the external conditions continued to deteriorate in the course of the financial year 2014 / 15. Low customer footfalls in city centres and stores led to lower-than-planned sales revenues. The fact that the sales revenues of the GERRY WEBER Core segment were lower than planned resulted in high inventories at the end of the winter season, which had to be sold at above-average discounts. But the lower-than-planned revenues of the GERRY WEBER Core segment were also due to internal challenges, especially with regard to the composition and fashion appeal of the collections. These factors had an adverse impact on the GERRY WEBER Group's earnings position.

57

new HALLHUBER sales spaces

Against this background, the Managing Board of GERRY WEBER International AG updated its forecast of February 2015 on 9 June 2015, especially for the GERRY WEBER Core segment. The targets defined for the HALLHUBER subsidiary remained unchanged. The Managing Board projected consolidated revenues to increase by a high single-digit percentage and consolidated EBIT to decline by between 20% and 25% compared to the previous year. The other targets remained unchanged.

Based on the updated forecast of 9 June 2015, the GERRY WEBER Group fulfilled the market expectation. We are extremely satisfied with the performance of our HALLHUBER subsidiary, which reached all targets set in February 2015 in spite of the challenging market environment. Generating sales revenues of EUR 115.2 million and EBITDA of EUR 10.9 million, HALLHUBER contributed 13.7% to consolidated EBITDA, which exceeded our expectations.

NET WORTH, FINANCIAL AND EARNINGS POSITION

Sales performance

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Although sales revenues increased from EUR 852.1 million to EUR 920.8 million, the financial year 2014 / 15 was not a satisfactory year for the GERRY WEBER Group. Both external and internal factors had an adverse impact on our performance. The market environment for the retail fashion sector as a whole is difficult and challenging at present. The textile retail sector has been unable to benefit from the good economic data, especially in our biggest market Germany. In addition, footfalls in city centres and shopping malls have declined sharply, especially in small and medium-sized cities. This decline has not been fully offset by e-commerce. Consumers are simply buying fewer fashion products. Inverse weather conditions could be a reason, as recent winters were too warm and the last summer season was rainy and cool.

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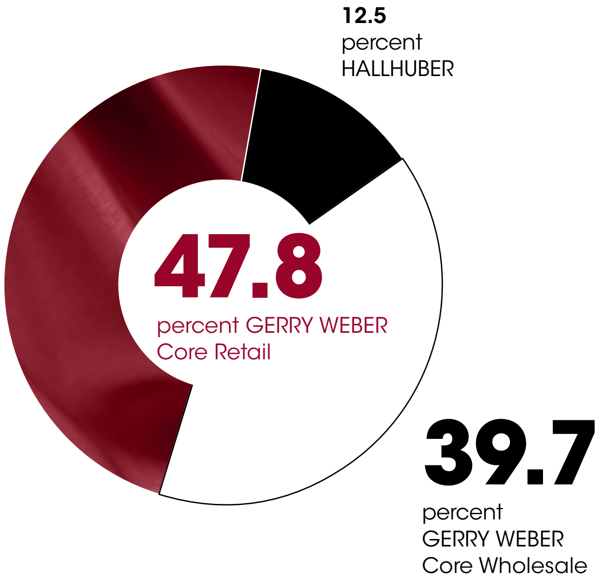
However, the unsatisfactory business performance of the GERRY WEBER Group is also attributable to internal factors. While the HALLHUBER subsidiary, which was acquired in February 2015, delivered a very positive performance and contributed EUR 115.2 million to Group revenues, the sales revenues generated by the GERRY WEBER Core brands (GERRY WEBER, TAIFUN and SAMOON) declined by 5.4% or EUR 46.4 million to EUR 805.6 million.

The breakdown by segments shows that the GERRY WEBER Core Retail segment contributed EUR 440.3 million to total Group revenues; the 8.7% increase on the previous year is attributable to the segment's ongoing expansion. Sales revenues of the GERRY WEBER Wholesale segment dropped sharply by 18.3% to EUR 365.4 million. HALLHUBER accounted for 12.5% of the Group's total sales revenues; it should be noted that HALLHUBER was consolidated only with effect from February 2015. The chart below shows a detailed breakdown of Group sales revenues by segments:

Breakdown of 2014 / 15 Group revenues by segment
as of 31 October 2015



HALLHUBER exclusively operates its own company-managed points of sale and therefore forms part of the Retail distribution channel. Between them, the company-managed points of sale contributed EUR 555.4 million or 60.3% to total Group sales revenues.

920.8

million euros Group sales in financial year 2014 / 15

Sales performance of the GERRY WEBER Core Retail segment

The sales revenues generated by the GERRY WEBER Core brands – GERRY WEBER, TAIFUN and SAMOON – in our own company-managed points of sale are counted towards the GERRY WEBER Core Retail segment. Own points of sale comprise the company-managed Houses of GERRY WEBER and mono-label stores, concession stores, outlet stores as well as online shops. These revenues increased by 8.7% to EUR 440.3 million in the financial year 2014 / 15. The increase is primarily attributable to the opening of new company-managed stores and the reclassification of former shop-in-shops (Wholesale segment) into concession stores (Retail segment).

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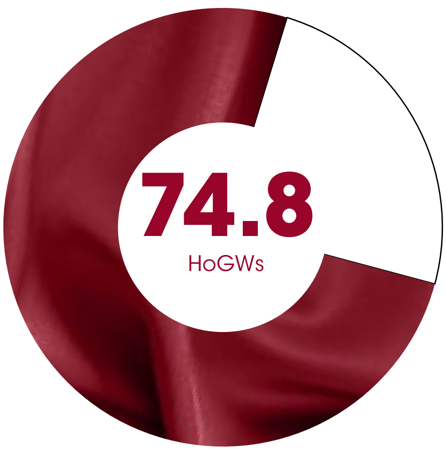
In the financial year, the number of company-managed GERRY WEBER Core Retail stores and concession stores climbed from 778 to 987, so that the total sales space increased by 12.9% to 156,300 square metres (previous year: 138,400 square metres). Apart from 55 Houses of GERRY WEBER, mostly outside Germany, the increased space is mainly attributable to the higher number of concession stores. In June 2015, 162 shop-in-shops in the department stores of Kaufhof, a partner of our Wholesale segment, were converted into concession stores and have since been counted towards the GERRY WEBER Core Retail segment. From July to October 2015 sales revenues generated on these sales spaces amounted to EUR 5.8 million.

Like-for-like sales, i.e. sales generated in stores that are older than two years, of the GERRY WEBER Core Retail segment declined by 4.4%, which was in line with the general negative market trend in Germany. Like-for-like sales across the German fashion retail sector decreased by approx. 2% during GERRY WEBER's financial year.

By contrast, the trend in the GERRY WEBER Core Online segment was positive. E-commerce revenues increased by 9.3% from EUR 21.7 million to EUR 23.8 million in the reporting period. Moreover, selected products of the GERRY WEBER brands are distributed through external online platforms such as Zalando.de or otto.de. Revenues generated via external online platforms are, however, not counted towards the Retail segment, but form part of the Wholesale segment.

A breakdown of the GERRY WEBER Core Retail revenues by distribution formats shows that the 662 Houses of GERRY WEBER and mono-label stores accounted for 74.8% of the Retail revenues in the reporting period (previous year: 76.5%). The chart below shows a breakdown of Retail revenues by distribution formats.

Breakdown of 2014715 GERRY WEBER Core Retail revenues bydistribution channel in percent



Sales performance of the GERRY WEBER Core Wholesale segment

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The Wholesale segment generated sales revenues of EUR 365.4 million in the past financial year, compared to EUR 447.2 million in the previous year. The 18.3% decline is attributable to both reduced order volumes placed by our Wholesale customers and to a shift in Wholesale revenues to the Retail segment due to the reclassification of shop-in-shops into concession stores. Unlike the shop-in-shops, the concession stores are managed by the company itself; in addition, GERRY WEBER is responsible for merchandise management and the flow of goods. In the financial year 2014 / 15, 162 shop-in-shops in Kaufhof department stores were converted into concession stores. Consequently, sales revenues of approx. EUR 5.8 million were transferred from the Wholesale segment to the Retail segment.

The difficult market environment described in the "Economic and sector report" also affects our Wholesale partners. Lower-than-planned sales led not only to lower revenues for these customers but also to above-average inventories, which, in turn, led to high discounts at the end of a season. This resulted in lower order volumes of our wholesale partners. Moreover, orders placed by our franchise partners in Russia and neighbouring countries declined sharply due to the economic and geopolitical situation in this region.

GERRY WEBER has granted licences for handbags, shoes, jewellery and eyewear, among other things, which are distributed both by the GERRY WEBER Core Retail segment and by our Wholesale partners. Licensed products sold under the GERRY WEBER brand generated licensing fees of EUR 2.1 million (previous year: EUR 2.0 million). External revenues with accessories and licensed products generated by our own Retail business as well as our Wholesale partners totalled approx. EUR 22.3 million (previous year: EUR 21.4 million).

Sales performance of HALLHUBER

HALLHUBER contributed EUR 115.2 million to the GERRY WEBER Group's total sales revenues. In this context, it should be noted that HALLHUBER was initially consolidated as of February 2015, which means that the consolidated financial statements cover only nine months of HALLHUBER's financial year. Compared to the same period of the previous year (February to October 2014), HALLHUBER's revenues increasedby 18.0%. This increase is attributable not only to the newly opened points of sale but also to the existing stores. HALLHUBER's like-for-like revenues rose by 3.2%, which means that the company clearly outperformed the German fashion market as a whole (–2%).

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In the past nine months, HALLHUBER opened 57 new points of sale. As of 31 October 2015, the company thus managed a total of 275 points of sale in Germany and abroad.

The increase in sales revenues was also driven by the online business, whose revenues were up by 48.5% on the prior year period to EUR 9.5 million, which represents 8.3% of the revenues generated between February and October 2015.

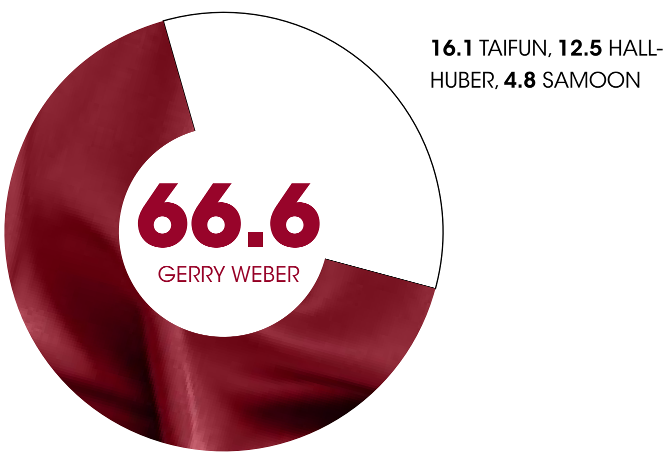
Brand sales performance

When comparing the individual brands' shares in total Group revenues with the prior year figures, it should be noted that HALLHUBER has been included in the consolidated financial statements since February 2015, which means that the prior year figures are not fully comparable.

The GERRY WEBER core brand and its sublabels, EDITION, CASUAL and G.W., contributed 66.6% to total Group revenues in the financial year 2014 / 15 (previous year: 76.2%). The decline is exclusively attributable to the fact that HALLHUBER is included in the 2014 / 15 figures for the first time. A breakdown of the GERRY WEBER Core revenues (excl. HALLHUBER) shows that the GERRY WEBER brand family accounted for 76.1% of total sales revenues (previous year: 76.2%).

The chart below shows a breakdown of Group sales revenues by brand families including HALLHUBER:

Breakdown of 2014 / 15 Group revenues by brand family
in percent

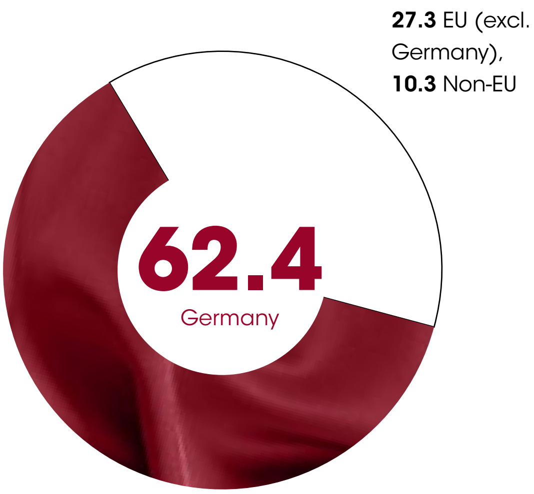


Regional sales performance

Accounting for 62.4% of total Group revenues (previous year: 59.9%), Germany is the most important output market of the GERRY WEBER Group. The increase on the previous year is attributable to the inclusion of HALLHUBER, which generates 79.6% of its revenues in Germany. The percentage of revenues generated by the GERRY WEBER Core brands in Germany has remained unchanged.

The foreign markets accounted for 37.6% of the Group's revenues, which breaks down into 27.3% (previous year: 29.2%) for the European Union (excl. Germany) and 10.3% (previous year: 10.9%) for non-EU markets. The Netherlands, Austria, Belgium and Switzerland are the most important foreign single markets. With 31 points of sale and a 9.7% share in total revenues, Switzerland is HALLHUBER's second biggest market behind Germany.

Breakdown of 2014 / 15 Group revenues by region
(incl. HALLHUBER) in percent



Earnings position

Condensed profit and loss account

EUR million	2014 / 15	2013 / 14	Change in %
Sales	920.8	852.1	8.1 %
Other operating income	37.7	15.5	143.2 %
Changes in inventories	12.4	27.9	55.6 %
Cost of materials	–392.7	–390.9	0.5 %
Personnel expenses	–187.1	–154.9	20.8 %
Depreciation / Amortisation	–36.5	–25.3	44.3 %
Other operating expenses	–273.8	–214.2	27.8 %
Other taxes	–1.5	–1.3	15.4 %
Operating result	79.3	**108.9**	**–27.2 %**
Financial result	–6.2	–4.3	44.2 %
Result from ordinary activities	73.1	**104.6**	**–30.1 %**
Taxes on income	–20.9	–33.2	37.0 %
Net income of the year	52.2	**71.4**	**–26.9 %**

Because of the initial consolidation of HALLHUBER, the GERRY WEBER Group's consolidated sales revenues increased by 8.1% to EUR 920.8 million (previous year: EUR 852.1 million).

By contrast, the Group's profitability failed to improve. Earnings before interest, taxes, depreciation and amortisation (EBITDA) declined by 13.7% to EUR 115.8 million. Accordingly, earnings before interest and taxes (EBIT) dropped from EUR 108.9 million in the previous year to EUR 79.3 million. The EBIT margin for the financial year 2014 / 15 thus amounted to 8.6% (previous year: 12.8%).

Other operating income increased from EUR 15.5 million to EUR 37.7 million in the financial year 2014 / 15. The increase was mostly due to rental income from the Hall 29 and 30 investment properties and key money received for the subletting of stores as well as to income from currency gains (EUR 4.3 million). In addition, other liabilities were released. The remaining purchase price payments for 49% of the shares in our Dutch and Belgian partners are expected to be lower than originally assumed. When we acquired 51% in the companies of our franchise partners in the Netherlands and Belgium, a purchase option for the remaining 49% was agreed. The liabilities recognised for this option were reduced as of the balance sheet date. This also led to an increase in other operating income (EUR 12.6 million).

The merchandise for the newly opened Retail stores led to an increase in inventories by EUR 12.4 million. EUR 9.1 million of this amount can be attributed to HALLHUBER. Although inventories were sold at increased discounts in the course of the financial year 2014/15, the gross margin climbed from 57.4% to 58.7%. This is attributable to the higher Retail share of the GERRY WEBER Core brands (GERRY WEBER, TAIFUN, SAMOON) as well as to the initial consolidation of HALLHUBER. The cost of materials of the GERRY WEBER Core segment was down by 11.6% on the previous year to EUR 345.7 million (previous year: EUR 390.9 million) with gross margin remaining almost stable. The higher gross margin of the GERRY WEBER Group is also due to the inclusion of HALLHUBER. As a fully vertically integrated fashion company which exclusively operates its own Retail stores, HALLHUBER generated a gross margin of 67.1% in the period from February to October 2015. The gross margin is calculated as the cost of materials, complemented by changes in inventories, in relation to sales revenues.

As a result of the opening of new points of sale and the HALLHUBER acquisition, the headcount of the GERRY WEBER Group increased from 5,202 to 7,027 on an annual average. The personnel expenses of HALLHUBER, which employs 1,579 people, amounted to EUR 21.5 million for the nine months covered by the consolidated financial statements. Personnel expenses of the total GERRY WEBER Group for the financial year 2014/15 amounted to EUR 187.1 million (previous year: EUR 154.9 million). Personnel expenses of the GERRY WEBER Core brands were up by 6.9% on the previous year and personnel expenses as a percentage of sales revenues amounted to 20.5% (previous year: 18.2%).

The integration of HALLHUBER (EUR 8.5 million), leasehold improvements and fixtures and fittings for the newly opened stores as well as scheduled depreciation of land and buildings led to an increase not only in property, plant and equipment but, as a consequence, also in scheduled depreciation and amortisation. The investments undertaken during the reporting period led to additional depreciation and amortisation. In total, depreciation and amortisation were up by EUR 11.2 million on the previous year to EUR 36.5 million in the reporting period.

Other operating expenses increased by a strong 27.8% to EUR 273.8 million in the financial year (previous year: EUR 214.2 million), with HALLHUBER contributing EUR 47.7 million. On an adjusted basis (excl. HALLHUBER), other operating expenses amounted to EUR 226.1 million. As outlined under personnel expenses, the increase is essentially attributable to the expansion of the company's own Retail segment and thus the rental of new stores as well as the integration of HALLHUBER. Consequently, occupancy costs of the GERRY WEBER Core segment climbed from EUR 85.5 million to EUR 97.9 million (+14.4%), which was one of the main reasons for the increase in other operating expenses. In spite of the 12.9% increase in company-managed points of sale, especially outside Germany, freight and packaging expenses rose at a much lower rate from EUR 37.2 million to EUR 40.9 million, with HALLHUBER accounting for EUR 3.3 million.

Other operating expenses also include marketing and sponsoring expenses, which increased by only 2.7% to EUR 28.3 million in spite of the inclusion of HALLHUBER. The first successes of our efforts to cut costs through the ongoing vertical integration of our business model are primarily reflected in collection development costs, which declined from EUR 6.3 million to EUR 5.8 million.

After deduction of all operating expenses, earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 115.8 million (previous year: EUR 134.2 million). Accordingly, the EBITDA margin declined from 15.7% to 12.6%. This reduction is primarily due to the fact that sales revenues of the GERRY WEBER Core segment were lower than planned while fixed costs remained unchanged as well as to the integration of HALLHUBER. As HALLHUBER is in the midst of a broad-based expansion phase, the company is still posting a lower EBITDA margin than the GERRY WEBER Core segment. Not least due to the fact that we will increasingly leverage synergies and economies of scale, we expect HALLHUBER's profitability to improve notably in the next two financial years.

79.3

MILLION EUROS CONSOLIDATED EBIT
in financial year 2014 / 15

Earnings before interest and taxes (EBIT) declined from EUR 108.9 million in the previous year to EUR 79.3 million. Accordingly, the EBIT margin dropped from 12.8% to 8.6%. As a result of the increased depreciation / amortisation (+EUR 11.2 million), the EBIT margin (–4.2 percentage points) declined at a disproportionately higher rate than the EBITDA margin (–3.1 percentage points).

The financial result deteriorated from EUR 4.2 million to EUR 6.2 million in the reporting period, which is primarily attributable to the higher interest expenses. The Group's total interest expenses climbed from EUR 3.5 million in the previous year to EUR 6.7 million as of 31 October 2015. The increase was mostly due to the interest payments on the note loan used to finance the HALLHUBER acquisition.

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Against the background of a nearly constant tax ratio, the GERRY WEBER Group generated consolidated net income after taxes of EUR 52.2 million (previous year: EUR 71.4 million). Accordingly, earnings per share declined to EUR 1.14 (previous year: EUR 1.56) with the total number of shares remaining unchanged. HALLHUBER contributed EUR 0.02 to earnings per share, which means that the company made a positive contribution to EPS already in its first year.

Value added

The value added statement shows the total output of GERRY WEBER International AG in the financial 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. When comparing the figures with those of the previous year, the initial consolidation of HALLHUBER as of February 2015 (nine months) should be taken into account, which means that the figures are not fully comparable. With total output amounting to EUR 972.9 million and intermediate expenditure totalling EUR 704.7 million, the GERRY WEBER Group's value added in the financial year 2014 / 15 amounted to EUR 268.2 million (previous year: EUR 265.3 million). At 69.8%, employees accounted for the biggest share of value added (previous year: 58.2%). The shareholders' stake in value added remained almost constant at 12.8% (previous year: 13.0%).

Value added 2014 / 15

in EUR million	2014 / 15	2013 / 14
Origin		
Sales revenues	920.8	852.0
Inventory Changes	12.4	27.9
Other interest and similar income	39.7	15.8
Company performance	972.9	895.7
Cost of materials	392.7	390.9
Depreciation / Amortisation	36.5	25.3
Other operating expenses / Other taxes	275.5	214.2
Total purchased material and services	*704.7*	***630.4***
Value added	**268.2**	**265.3**
Absorbed by		
Employees	187.1	154.9
Public sector	20.9	33.2
Lenders	8.2	4.6
Shareholders	34.4	34.4
Company (profit retention)	17.6	38.2

Net worth position

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Due to the expansion of the business activity, the acquisition of HALLHUBER Beteiligungs GmbH in February 2015 and the related issue of a EUR 140.0 million note loan to finance the purchase price, the GERRY WEBER Group's balance sheet grew from EUR 685.2 million to EUR 938.6 million as of 31 October 2015. This is equivalent to an increase by 37.0%.

On the assets side, the HALLHUBER acquisition is primarily reflected in non-current assets, especially in intangible assets and property, plant and equipment. In the past financial year, non-current assets rose by 69.1% from EUR 327.3 million to EUR 553.2 million.

The rise in intangible assets from EUR 135.0 million to EUR 229.9. million primarily relates to acquired customer relationships, lease agreements and software as well as goodwill in conjunction with the 100% acquisition of HALLHUBER and two smaller businesses in Finland and Norway. Besides the takeover of HALLHUBER's assets and liabilities, a purchase price allocation was effected, which disclosed a fair value of the HALLHUBER brand of EUR 54.0 million. In addition, hidden reserves from lease agreements were disclosed and the value of the customer relationships was measured. The respective figures are shown under intangible assets in the balance sheet.

Property, plant and equipment increased by EUR 92.7 million or 47.5% to EUR 287.8 million in the financial year and include property, plant and equipment of HALLHUBER in the amount of EUR 27.0 million. This item also includes the assets created in the context of the construction of the new logistic centre as well as assets relating to the investments made in conjunction with the expansion of the GERRY WEBER Core Retail segment such as leasehold improvements and shop fittings.

Investment properties comprise the carrying amount of Hall 30 in Düsseldorf. The building provides exhibition space and showrooms for various fashion companies and is fully let to external tenants. At EUR 26.5 million (previous year: EUR 26.8 million), the carrying amount remained almost constant in the reporting period.

Current assets increased by only a moderate 7.7% to EUR 385.4 million (previous year: EUR 357.9 million). As a result of the expansion and the initial consolidation of HALLHUBER's inventories (EUR 23.7 million), the GERRY WEBER Group's inventories were up by EUR 22.9 million on the end of the financial year 2013 / 14 to EUR 163.6 million (previous year: EUR 140.7 million). Trade receivables declined by 10.1% to EUR 63.7 million as of the balance sheet date, while other assets rose by EUR 31.3 million to EUR 70.5 million. This item includes the carrying amounts of the financial derivatives used for currency hedging in the amount of EUR 46.2 million (previous year: EUR 26.4 million), which are equivalent to the fair values.

As of 31 October 2015, cash and cash equivalents amounted to EUR 76.1 million, compared to EUR 104.3 million on the prior year balance sheet date.

On the liabilities side of the balance sheet, in particular the result for the year less dividend payments for the financial year 2013 / 14 led to a 6.2% increase in equity capital to EUR 483.4 million as of 31 October 2015. Although a EUR 140.0 million note loan was raised to finance the HALLHUBER acquisition and to repay the HALLHUBER bond, the equity ratio still stood at 51.5% (previous year: EUR 66.4%). Accumulated other comprehensive income / loss as defined in IAS 39 in the amount of EUR 31.5 million comprises the positive fair values of financial instruments qualifying for hedge accounting (currency forwards), which are used against the background of the EUR / USD exchange rate trend.

Non-current liabilities of the GERRY WEBER Group increased sharply compared to the prior year balance sheet date from EUR 142.5 million to EUR 301.4 million. The increase is primarily due to the fact that financial liabilities rose by EUR 137.9 million to EUR 215.0 million, which, in turn is mainly attributable to the placement of the above-mentioned EUR 140.0 million note loan to finance the HALLHUBER acquisition. For further information on this note loan and the EUR 75.0 million note loan issued in November 2013 to finance the logistic centre, please refer to the notes to the consolidated financial statements in this report.

Other non-current liabilities declined from EUR 36.9 million to EUR 26.6 million as of the balance sheet date on 31 October 2015. When we acquired 51% in the companies of our franchise partners in the Netherlands and Belgium, a purchase option for the remaining 49% was agreed. The liabilities recognised for this option were reduced as of the

51.5

PERCENT
equity ratio at the balance sheet date

balance sheet date.

Current liabilities increased from EUR 87.5 million to EUR 153.8 million at the end of the reporting period. This is primarily attributable to the inclusion of the HALLHUBER bond in the consolidated financial statements of GERRY WEBER. The bond was placed with a volume of EUR 30.0 million and carries a coupon of 7.25%. In view of the much more favourable financing terms available to GERRY WEBER International AG, Hallhuber Beteiligungs GmbH prematurely called the bond with effect from 18 June 2016. Accordingly, current financial liabilities rose by EUR 28.7 million to EUR 35.7 million. Trade liabilities increased by EUR 23.4 million to EUR 60.7 million as of 31 October 2015. In this context, it should be noted that trade liabilities of EUR 16.6 million were added as a result of the consolidation of HALLHUBER.

Other current liabilities picked up moderately from EUR 18.1 million to EUR 24.3 million, which is mainly attributable to the integration of HALLHUBER (EUR 6.2 million). Current and non-current provisions climbed from EUR 31.2 million to EUR 41.8 million. This is mainly attributable to the integration of HALLHUBER as well.

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In spite of the reduced equity ratio of 51.1%, the balance sheet of the GERRY WEBER Group has a solid structure. Current and non-current financial liabilities in the amount of EUR 250.7 million do not include any covenants or collateral. Moreover, cash and cash equivalents of EUR 76.1 million more than cover the current financial liabilities of EUR 35.7 million.

Financial situation

Despite the lower result of EUR 79.3 million (previous year: EUR 108.9 million), net cash provided by operating activities was up by 21.2% on the previous year to EUR 82.7 million (previous year: EUR 68.3 million). This was mainly due to increased depreciation / amortisation of EUR 36.5 million (previous year: EUR 25.3 million), which weighed on the operating result as non-cash expenses, as well as to the lower increase in inventories of EUR 6.8 million (previous year: EUR 27.4 million). Taking into account cash interest income and expenses as well as payment costs, net cash provided by current business activities amounted to EUR 77.9 million (previous year: EUR 66.2 million), EUR 11.7 million or 17.6% more than in the previous year.

The financial year 2014 / 15 was characterised by above-average investments. Spending on property, plant and equipment increased from EUR 57.9 million in the previous year to EUR 108.8 million as of 31 October 2015. Besides current investments in the maintenance and expansion of the company-managed points of sale, this increase is primarily due to cash investments in the new logistic centre in the amount of EUR 68.4 million. Payments for the acquisition of fully consolidated entities also rose sharply from EUR 6.4 million to EUR 107.5 million, which is mainly attributable to the acquisition of HALLHUBER Beteiligungs GmbH (EUR 104 million incl. ancillary expenses) and two smaller smaller companies in Finland and Norway. Accordingly, total net cash used in investing activities rose from EUR 64.1 million in the previous year to EUR 211.2 million in the past financial year. This represents an increase of 229.5%.

To finance the acquisition of Hallhuber Beteiligungs GmbH and to repay HALLHUBER's EUR 30.0 million bond in June 2016, a note loan in the amount of EUR 140.0 million was raised in February 2015. Taking into account dividend payments of EUR 34.5 million and payments relating to the scheduled repayment of financial loans, net cash provided by financing activities totalled EUR 102.3 million (previous year: EUR 36.6 million).

Compared to the prior year balance sheet date, cash and cash equivalents declined by EUR 31.0 million to EUR 73.3 million as of 31 October 2015.

Capital expenditures

As mentioned above, the GERRY WEBER Group's capital expenditures in the past financial year were exceptionally high and totalled EUR 216.6 million, compared to EUR 64.1 million in the previous year. The increase was mainly driven by the strategic investments in the new logistic centre (EUR 68.4 million) and the acquisition of HALLHUBER (EUR 104 million incl. ancillary expenses). Investments in property, plant and equipment such as leasehold improvements as well as fixtures and fittings accounted for EUR 45.2 million.

Segment report

GERRY WEBER International AG modified its segment reporting practice as of the beginning of the financial year 2014 / 15. With initial effect from Q1 2014 / 15, GERRY WEBER International AG distinguished between two distribution segments, “Wholesale” and “Retail”. Contrary to the past practice, all development and production processes of the goods including transport and logistics are not exclusively counted towards the “Production and Wholesale” segment but are allocated to the two new segments, “Wholesale” and “Retail”. Accordingly, all income and expenses as well as assets and liabilities which can be assigned to product development and procurement are allocated to either the “Retail” segment or the “Wholesale” segment.

Against the background of the initial inclusion of Hallhuber Beteiligungs GmbH and Hallhuber GmbH (hereinafter referred to as HALLHUBER) in the consolidated financial statements of GERRY WEBER International AG, the new “HALLHUBER” segment was added to the segment report. For the purpose of greater transparency, the income and expenses as well as the assets and liabilities of HALLHUBER are presented as a separate segment.

The “other segments” remained unchanged and primarily comprise the income and expenses as well as the assets and liabilities of the Hall 30 investment property. Income and expenses as well as assets and liabilities of the holding company are also allocated proportionately to the individual segments.

To ensure better comparability, the figures for the “Wholesale” and “Retail” segment for the financial year 2013 / 14 have been adjusted accordingly. In spite of this adjustment, the figures are not fully comparable, as HALLHUBER was first included in the consolidated financial statements of GERRY WEBER International AG as of the second quarter of 2014 / 15 and the prior year figures therefore do not include HALLHUBER figures.

GERRY WEBER Core Wholesale segment

Sales revenues of the GERRY WEBER Core Wholesale segment dropped from EUR 447.2 million in the previous year 2013 / 14 to EUR 365.4 million; the segment’s share in total Group revenues thus declined from 52.5% to 39.7%. This decline by 18.3% or EUR 81.8 million is attributable, among other things, to stagnating and declining order volumes from our Wholesale partners, whose retail business has likewise been affected by the difficult market conditions described above. Excess inventories at the end of a season and high discounts led to reduced and more cautious ordering.

In addition, the crisis in Russia has increasingly affected Russia's neighbouring countries, which have also reduced their orders. Sales revenues in Russia and its neighbouring countries consequently declined by roughly 30%.

As a result of cost-cutting measures already implemented in the Wholesale segment, earnings before interest and taxes in this segment declined by 26.6%, i.e. at a higher rate than sales revenues, and amounted to EUR 63.1 million in the financial year 2014 / 15.

Due to closures and takeovers of previously franchised stores in countries where our Retail segment has a growing presence (e.g. Finland), the number of franchised Houses of GERRY WEBER declined moderately from 282 at the end of the financial year 2013 / 14 to 271. The number of shop-in-shops declined from 2,808 at the beginning of the financial year to 2,510, mainly due to the reclassification of 162 Kaufhof shop-in-shops from the Wholesale to the Retail segment with effect from July 2015. As of the end of the financial year 2014 / 15, 536 of the shop-in-shops were located outside Germany.

The segment’s assets and liabilities were up by 14.1% and 62.6%, respectively, on the previous year and totalled EUR 300.1 million and EUR 59.2 million, respectively. Investments in non-current assets amounted to EUR 47.0 million and primarily reflect the pro-rated allocation of the holding company’s assets and liabilities to the individual segments. The number of employees remained almost stable with 704 after 708 in the previous year.

Number of sales spaces by distribution channel	2014 / 15	2013 / 14
GERRY WEBER Core-Retail		
Houses of GERRY WEBER	520	485
Mono-label stores	142	144
Concession stores	291	119
Factory outlets	34	30
	987	*778*
GERRY WEBER Core-Wholesale		
Houses of GERRY WEBER	271	282
Shop-in-shops	2,510	2,808
HALLHUBER		
HALLHUBER mono-label stores	117	–
HALLHUBER concession stores	145	–
HALLHUBER outlet stores	13	–

GERRY WEBER Core Retail segmentt

The GERRY WEBER Core Retail segment comprises all company-managed distribution channels of the GERRY WEBER Core brands GERRY WEBER, TAIFUN and SAMOON.

Sales revenues of the GERRY WEBER Core Retail segment were up by 8.7% on the previous financial year to EUR 440.3 million. The increase is attributable to the opening of new company-managed points of sale and the reclassification of shop-in-shops from the Wholesale to the Retail segment. In the financial year, the number of company-managed GERRY WEBER Core Retail stores and concession stores increased from 778 to 987, which represents a 12.9% increase in the total sales space to 156,300 square metres (previous year: 138,400 square metres). Apart from 55 new Houses of GERRY WEBER, mostly outside Germany, the increase is mainly attributable to the increase in concession stores. In June 2015, 162 shop-in-shops in the department stores of our Wholesale partner Kaufhof were reclassified into concession stores and have since formed part of the GERRY WEBER Core Retail segment.

Like-for-like sales, i.e. sales generated in stores that are older than two years, of the GERRY WEBER Core Retail segment declined, however, by 4.4%, which was below the general negative market trend in Germany. Like-for-like sales of the German fashion retail sector decreased by approx. 2% in GERRY WEBER's financial year.

Although sales revenues were up on the previous year, earnings before interest, taxes, depreciation and amortisation (EBITDA) of the GERRY WEBER Core Retail segment dropped sharply. Due to the costs incurred in conjunction with the expansion, primarily personnel expenses and rents for the company's own retail stores, the GERRY WEBER Core Retail segment's EBITDA declined from EUR 38.0 million to EUR 31.5 million. Due to lower-than-planned sales and excess inventories, seasonal items were marked down significantly. Moreover, the sale of the seasonal collections in the spring and summer months also fell short of expectations. With the costs – especially personnel expenses and rents – increasing this put substantial pressure on EBITDA.

Depreciation / amortisation of the GERRY WEBER Core Retail segment increased by 14.6% to EUR 19.3 million as a result of the expansion and the acquisitions. This is mainly attributable to the expansion of the Retail segment and the related increase in property, plant and equipment.

Consequently, earnings before interest and taxes (EBIT) of the GERRY WEBER Core Retail segment declined from EUR 21.2 million to EUR 12.2 million in the financial year 2014 / 15.

As a result of the new stores opened in the past twelve months and the reclassification of shop-in-shops into company-managed concession stores, assets of the GERRY WEBER Core Retail segment increased from EUR 404.2 million to EUR 417.0 million. By contrast, the segment's liabilities grew moderately from EUR 203.2 million to EUR 205.1 million.

The GERRY WEBER Core Retail segment's headcount increased from 4,493 to 4,743 as a result of the expansion.

HALLHUBER segment

Hallhuber Beteiligungs GmbH holds 100% in Hallhuber GmbH (HALLHUBER), which is responsible for the operating activities. HALLHUBER operates in the upper mid-price ladieswear segment. The products are exclusively distributed via the company's own sales spaces and online shops. As of the end of the reporting period (31 October 2015), there were 275 company-managed HALLHUBER sales spaces in Germany and a few other European countries. For a detailed breakdown by type of sales space and region as well as their performance over the past years, please refer to the chart below.

Sales Floor Spaces	2012	2013	2014	Oct. 2015
Germany	108	141	161	**203**
Switzerland	17	24	28	**31**
UK / Ireland	–	6	11	**19**
Belgium	–	3	10	**15**
Norway	–	–	–	**5**
Austria	5	7	8	**1**
Netherlands	1	1	1	**1**
Summe	**131**	**182**	**219**	**275**
Thereof Monolabels	61	79	94	**117**
Thereof Concessions	60	91	113	**145**
Thereof Factory Outlets	10	12	12	**13**

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Since the inclusion of HALLHUBER in the consolidated financial statements of GERRY WEBER International AG in February 2015, HALLHUBER has contributed EUR 115.2 million to the GERRY WEBER Group's sales revenues. Compared to the same period of the previous year, the company boosted its revenues by approx. 18%. The increase is attributable not only to the 57 newly opened stores but also to the existing points of sale. HALLHUBER's like-for-like revenues rose by 3.2%, which means that the company clearly outperformed the German fashion market as a whole (–2%). This shows that HALLHUBER fashion is widely accepted among consumers and is uniquely positioned in the market.

The company's personnel expenses totalled EUR 21.5 million in the reporting period (February – October 2015). The increase on the financial year 2014 is attributable to the ongoing expansion strategy and the related new hirings. Personnel expenses as a percentage of sales revenues climbed only moderately from 17.8% to 18.8%. Other operating expenses amounted to EUR 47.7 million and primarily included occupancy costs (EUR 33.3 million), freight costs and customs duties (EUR 3.3 million).

From February to October 2015, HALLHUBER generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 10.9 million, up by approx. 24% on the prior year period.

The company's depreciation / amortisation increased to EUR 8.5 million as a result of the expansion and the acquisitions made in 2014 / 15. Amortisation of identified intangible assets attributable to the HALLHUBER segment from a Group point of view totalled EUR 4.9 million.

After deduction of Group-related depreciation / amortisation, earnings before interest and taxes amounted to EUR 2.4 million in the reporting period.

Liabilities attributable to the HALLHUBER segment amounted to EUR 197.1 million as of 31 October 2015. They include EUR 27.9 million relating to a EUR 30 million bond issued in 2013. This item also includes interest on the bond. Financial liabilities incurred to finance the 100% acquisition of Hallhuber Beteiligungs GmbH were also allocated to the HALLHUBER segment. Assets attributable to the HALLHUBER segment including intangible assets as well as property, plant and equipment totalled EUR 167.2 million as of 31 October 2015.

HALLHUBER employed an average 1,579 people during the reporting period.

GERRY WEBER INTERNA-TIONAL AG

(condensed, according to German Commercial Code (HGB))

Complementing the reports of the GERRY WEBER Group, this report outlines the performance of GERRY WEBER International AG. As a general rule, the combined management report also covers all legal obligations of GERRY WEBER International AG. The annual financial statements of GERRY WEBER International AG are prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The different accounting and valuation methods result in different valuations, especially of fixed assets, provisions, financial instruments and deferred taxes.

GERRY WEBER International AG, headquartered in Halle / Westphalia, Germany, is the parent company of several national and international subsidiaries. Acting as an operational holding company, the parent company provides Group-wide services such as accounting, controlling, HR, IT, auditing, compliance, marketing and communication services to all subsidiaries. It is also in charge of product development and procurement. GERRY WEBER International AG employed 723 people on an annual average (financial year 2014 / 15).

The economic conditions for GERRY WEBER International AG are essentially the same as those for the GERRY WEBER Group and are described in detail in the Group management report. Sales to the subsidiaries and income from investments are the key performance indicators of GERRY WEBER International AG.

Earnings position of GERRY WEBER International AG

In its capacity as holding company, GERRY WEBER International AG provided key services to the GERRY WEBER Group. It is also in charge of product development, which means that it is responsible for sourcing the goods which are invoiced to the distribution subsidiaries at defined Group transfer prices. The resulting revenues contrast with the costs incurred for procurement. As the procurement activities and the related revenues and expenses were transferred to GERRY WEBER International AG in the past financial year 2014 / 15, the income statement is not fully comparable with the previous year. The resulting revenues and income are shown as expenses at the subsidiaries.

Due to the expansion of the tasks and services provided by GERRY WEBER International AG compared to the previous year, sales revenues climbed from EUR 8.5 million in the previous year to EUR 436.6 million in the past financial year. They contrast with an increased cost of materials for the goods now sourced by the parent company, which amounted to EUR 338.6 million (previous year: EUR 5.9 million), and increased personnel expenses of EUR 49.0 million (previous year: EUR 37.4 million). As a result of the transfer of the product development and procurement activities, the number of employees rose from 516 to 723 (annual average). GERRY WEBER International AG's personnel expenses consequently climbed from EUR 37.3 million to EUR 49.0 million (+31.3%).

Other operating income essentially comprises intra-group cost allocations and the rents for Hall 29 and 30 and amounted to EUR 35.1 million, compared to EUR 94.4 million in the previous year. The earnings position of GERRY WEBER International AG is also influenced by the performance of its subsidiaries. Under the existing profit-and-loss transfer agreements, the subsidiaries transferred a total amount of EUR 51.2 million to the parent company (previous year: EUR 98.0 million).

At EUR 7.3 million (previous year: EUR 7.2 million) amortisation / depreciation of intangible assets and property, plant and equipment remained almost unchanged from the previous year. Due to the above-mentioned placement of a EUR 140.0 million note loan to finance the HALLHUBER acquisition in February 2015, interest expenses rose from EUR 2.1 million to EUR 3.3 million as of 31 October 2015. Interest income remained almost constant at EUR 2.1 million (previous year: EUR 2.0 million).

Taking into account the above items, the result from ordinary activities totalled EUR 54.1 million, compared to EUR 104.5 million in the previous year. Net income after income and other taxes amounted to EUR 36.5 million (previous year: EUR 72.8 million).

The economic situation of GERRY WEBER International AG is essentially characterised by the operating activities of the subsidiaries. GERRY WEBER International AG participates in the operating results of the subsidiaries through the dividends distributed and / or the profits transferred by the latter. This means that the economic situation of GERRY WEBER International AG is generally consistent with that of the GERRY WEBER Group.

Net worth position of GERRY WEBER International AG

Fixed assets of GERRY WEBER International AG rose sharply from EUR 229.2 million to EUR 391.6 million in the financial year 2014 / 15. This includes an increase in property, plant and equipment from EUR 116.5 million to EUR 177.8 million, which is primarily attributable to advance payments (EUR 92.6 million; previous year: EUR 23.5 million) for the construction of the new logistic centre. Financial assets also picked up notably from EUR 97.0 million in the previous year to EUR 193.6 million as of 31 October 2015. The increase is essentially due to the acquisition of HALLHUBER Beteiligungs GmbH and other smaller companies in Scandinavia and the related increase in shares in affiliated companies from EUR 94.9 million to EUR 188.4 million at the end of the past financial year 2014 / 15.

Current assets rose moderately to EUR 320.2 million (previous year: EUR 310.3 million). This includes increased inventories in the amount of EUR 57.0 million (previous year: EUR 1.9 million) and reduced cash in hand and cash at banks of EUR 49.0 million (previous year: EUR 78.7 million) as well as reduced receivables and other assets of EUR 214.2 million (previous year: EUR 229.7 million). The sharp rise in inventories is attributable to the fact that the procurement activities were transferred to GERRY WEBER International AG in the financial year 2014 / 15, which means that inventories are now carried on the balance sheet of GERRY WEBER International AG.

In spite of the investments made, the balance sheet structure of GERRY WEBER International AG remains solid. At EUR 430.2 million, GERRY WEBER International AG's equity capital was almost unchanged at the end of the reporting period. The equity ratio amounted to 60.2% as of 31 October 2015 (previous year: 79.0%). The decline in the equity ratio is primarily attributable to the issue of a EUR 140.0 million note loan in February 2015 to finance the acquisition of HALLHUBER. Accordingly, financial liabilities climbed from EUR 81.4 million in the previous year to EUR 220.0 million as of 31 October 2015. Taking into account increased trade liabilities of EUR 33.6 million (previous year: EUR 6.2 million), total liabilities amounted to EUR 270.4 million as of 31 October 2015 (previous year: EUR 103.5 million). Against this background, total assets rose by 31.9% to EUR 714.2 million.

Risks and opportunities of GERRY WEBER International AG

The business of GERRY WEBER International AG is essentially exposed to the same risks and opportunities as the GERRY WEBER Group. The risk management system and the internal control system for the accounting process are installed at GERRY WEBER International AG and monitored by the latter in its capacity as the parent company. For a detailed presentation of the GERRY WEBER Group's risk and opportunity profile, please refer to the risk and opportunity report in the combined Group management report.

Outlook

The expectations for the business performance of GERRY WEBER International AG in the next twelve months are essentially identical with the outlook for the GERRY WEBER Group, as the earnings position of the parent company is largely influenced by the performance of the subsidiaries. The expectations and projections of the GERRY WEBER Group are outlined in detail in the forecast report in the Group management report. We anticipate a significant decline in GERRY WEBER International AG's earnings before interest and taxes (EBIT) in the financial year 2015 / 16 compared to the past financial year 2014 / 15.


THE SAMOON-LIFESTYLE

OPPORTUNITY AND RISK REPORT

Opportunities and risks

Being part of a complex, global business world, GERRY WEBER International AG is exposed to diverse opportunities and risks which may have positive and negative effects on its net worth, financial and earnings position. Apart from securing the company's continued existence, the risk and opportunity management policy of GERRY WEBER International AG aims to ensure that the financial and strategic objectives of the GERRY WEBER Group are achieved. As an integral element of GERRY WEBER's corporate governance, the opportunity and risk management system is designed to identify opportunities at an early stage while avoiding risks to the extent possible or minimising their effects. Management's present assessment of the risks and opportunities relates to the period covered by the general forecast on the business performance of GERRY WEBER International AG.

Risk report

Principles of the risk management system

GERRY WEBER International AG has introduced a comprehensive risk management system in order to identify risks at an early stage and to assess and manage them effectively. The system is designed to identify and to manage the potential future developments or events that may lead to a deviation from the expected business performance. These are the key features of the risk management system:

- Integration of the risk management system into current operational business processes
- Identification of risks and monitoring of the measures initiated by the specialist and functional departments
- Assessment of risks and control together with the Risk Management Team
- Reduction of existing risks to an acceptable minimum by launching appropriate counter-measures
- Active involvement and integration of all employees

Organisation and instruments of the risk management system

Against the background of the importance of the risk management system and the internal control system for the accounting process, these are managed and controlled centrally by the parent company, GERRY WEBER International AG. The company's Managing Board is responsible for the consistent implementation of and compliance with the defined processes. The risk management system covers all companies in which GERRY WEBER International AG holds a majority interest.

Identifying risks

Potential risks identified by the individual departments and employees are reported to the Risk Management Team. A wide range of instruments are used to identify risks, e.g. analyses of order intake, sales revenues and inventories, market and competitor analyses, talks with customers as well as the ongoing monitoring and assessment of the economic environment.

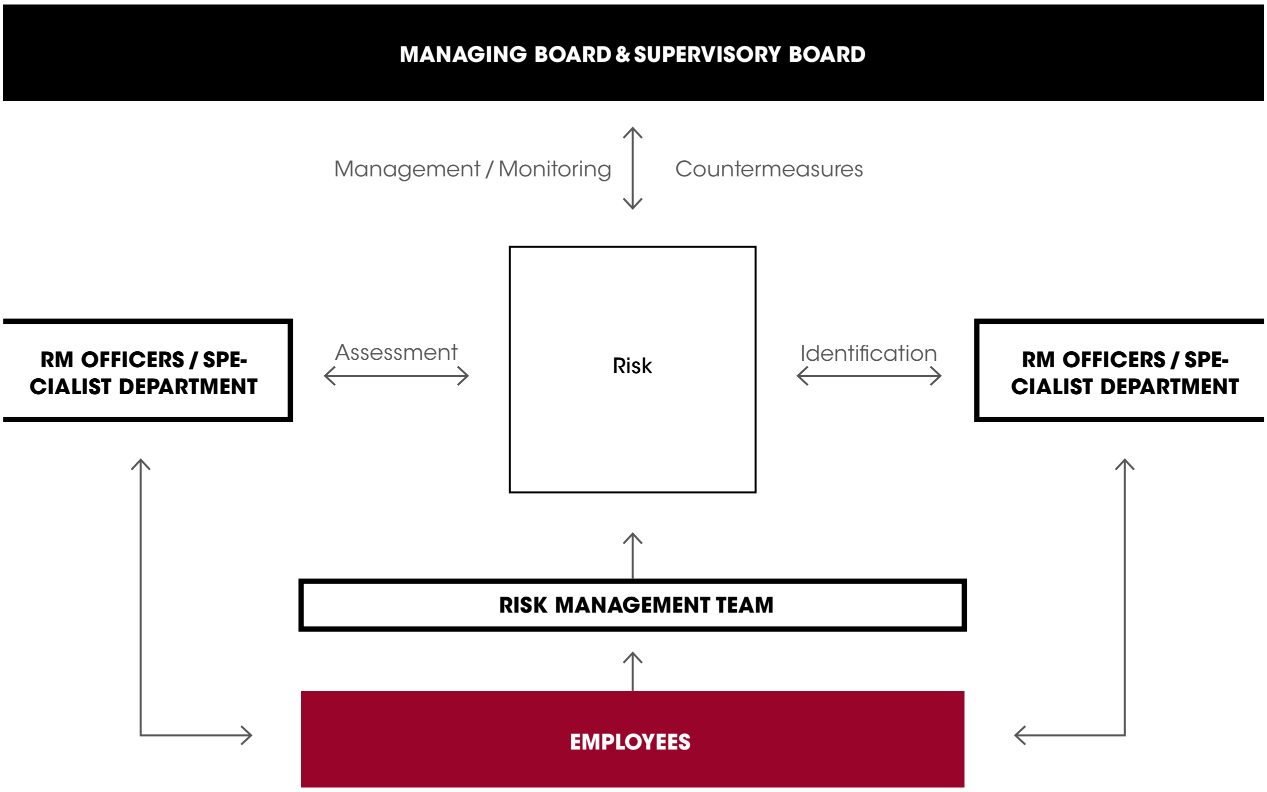
Assessing, quantifying and managing risks

The Risk Management Team records and analyses the individual risks that have been identified and then assesses their potential implications in consultation with the respective specialist departments. This results in an assessment as to whether and to what extent the individual risks may affect the GERRY WEBER Group. Subsequently, effective counter-measures are devised in the specialist departments but also on a cross-departmental basis in order to minimise the impact of the risks as far as possible. Each specialist department has a Risk Officer who is responsible for implementing and controlling the defined preventive measures together with a member of the Risk Management Team. When quantifying potential risks, we always take a combined view of the individual risks, which means that we consider the full extent of all risks without the impact of the corresponding counter-measures.

Instruments

The individual risks and their assessment as well as the description of the counter-measures are summarised in the risk report. As such the risk report reveals the individual risks 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 Risk Management Team reports directly to the Managing Board, which 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. The principles, risk segments, guidelines and reporting lines for our risk management system are laid down in a Group-wide Risk Manual, which must be complied with by all employees.

Risk management system



Internal control system and accounting process

The disclosures below include information pursuant to section 289 para. 5 and section 315 para. 2 No. 5 of the German Commercial Code (HGB).

The internal control system for the accounting process forms part of the risk management system. It ensures that legal regulations are complied with, that the applied accounting standards are implemented and that accounting is reliable with regard to the numerical presentation of the business processes. The aim is to have available reliable data on the net worth, financial and earnings position of the GERRY WEBER Group at all times. Apart from these fundamentals, we perform assessments and analyses to minimise the risks which have a direct impact on financial reporting. We stay abreast of changes to accounting standards and legal regulations, train our employees and consult external experts on specific issues as required.

The Finance Department, which is led by the Chief Financial Officer, is in charge of the accounting process and, consequently, of the preparation of the consolidated financial statements and of the separate financial statements of most subsidiaries. The financial statements of the auditable entities, i.e. the material domestic subsidiaries, are audited and certified by independent auditors. This primarily serves to ensure the process-independent surveillance of the Group accounting process. The interim and annual financial statements of some foreign subsidiaries are prepared by external service providers. They are certified by local accountants before they are incorporated into the consolidated financial statements. Interim consolidated financial statements are prepared each quarter; the annual consolidated financial statements are subjected to a full audit by the auditor.

Risks and risk categories

The following is a description of the individual risks which may have an impact on the business, net worth, financial and earnings position of the GERRY WEBER Group. The order in which the risks are presented within the individual risk categories reflects the current assessment of the effects of the risk and provides an indication as to the current relevance of these risks for GERRY WEBER International AG. Unless stated otherwise, the individual risks relate to all GERRY WEBER segments. The risks that are relevant for GERRY WEBER International AG are divided into six categories: external risks, industry and market risks, strategic risks, financial and performance risks as well as corporate risks. For a summary of the risk assessment, refer to the table at the end of the risk report.

Risk categories

PROBABILILITY OF OCCURANCE	EXTENT (BASED ON EBIT)			
	< EUR 1.0 million very low	= EUR 1.0 – 5.0 million low	= EUR 5.0 – 10.0 million moderate	> EUR 10.0 million material
unlikely < 10%	NEGLIGIBLE RISK	NEGLIGIBLE RISK	MEDIUM RISK	MEDIUM RISK
low = 10% – 20%	NEGLIGIBLE RISK	MEDIUM RISK	MEDIUM RISK	MATERIAL RISK
medium = 20% – 50%	MEDIUM RISK	MEDIUM RISK	MATERIAL RISK	SERIOUS RISK
likely > 50%	MEDIUM RISK	MATERIAL RISK	SERIOUS RISK	SERIOUS RISK

External risks – Macroeconomic and geopolitical risks

Risks relating to adverse weather conditions

The increasingly changing climatic conditions in our output markets influence not only the purchasing behaviour of our customers but also the production and delivery processes of the GERRY WEBER Group.

Adverse weather conditions may have a negative impact on the sales revenues of the GERRY WEBER Group, as seasonally atypical temperatures and weather patterns may weigh heavily on consumers' shopping mood or lead to a shift in demand. A very mild autumn or winter, for instance, may lead to reduced or delayed sales of autumn and winter apparel. Such developments may result in increased inventories at the end of the respective season as well as in higher discounts to sell the remaining seasonal merchandise. If the weather is seasonally atypical for an extended period or for several seasons in a row, this may have negative effects on the sales revenues and earnings of the GERRY WEBER Group.

To be able to respond to adverse weather conditions, the GERRY WEBER Group has made its purchasing processes more flexible. With effect from the spring / summer collection 2016 we have introduced "open-to-buy limits", under which fewer goods are initially produced than would be required to reach the plan and production capacities are "reserved" at our manufacturing partners. If the respective season starts as planned, these capacity reserves can be used for subsequent deliveries and for the production of products reflecting the latest trends. We have also improved our in-season management and increased the number of products which are available for short-term delivery to the stores depending on the prevailing weather conditions. We consider the probability of atypical weather conditions, i.e. a too cold summer or a too mild winter, to be low. The effects are classified as material. This means that the risk resulting from adverse weather conditions is classified as a material risk.

Economic trend

Economic or geopolitical conditions may have a material influence on our success in business. A stagnating or declining economy or the prospect of an economic slowdown in the countries in which GERRY WEBER International AG operates may have a material impact on consumer spending and, by extension, on the company's revenues and earnings. Private households' propensity to consume and buy is particularly important for our business model. This is influenced by economic expectations and income growth but also by unemployment figures.

Geopolitical events or changes in the regulatory environment, e.g. the crisis in Ukraine / Russia or trade sanctions, may also have an adverse impact on consumer demand and thus on our sales revenues. Such a negative trend in consumer spending may lead not only to declining sales but also to increased pressure on margins. Our regular customers generally have higher incomes and higher budgets for fashion, which means that they are less exposed to economic fluctuations than other target groups. Against this background, we consider the effect of a negative economic trend, in conjunction with a slowdown in consumer spending, on our business model to be low. The probability of occurrence is currently also regarded as low. This risk is thus classified as a medium risk.

We counter the economic and geopolitical risks with our regionally diversified distribution structures and the expansion of our market presence outside Germany. Our international growth strategy and the diversity of our brands allow us to enter new markets and tap new customer potential in order to offset potentially declining demand in individual markets.

Force majeure risk

Apart from political and regulatory changes, terrorist acts and natural disasters such as floods also pose a hazard to the economic situation of GERRY WEBER International AG. With a view to minimising such risks in our procurement markets, the GERRY WEBER Group has developed a flexible sourcing system which allows us to replace manufacturing partners swiftly and easily. To reduce distribution-related country risks to a minimum, GERRY WEBER products are primarily distributed in countries characterised by stable political conditions. To the extent possible, insurance cover has been taken out for potential losses or damages resulting from natural disasters. The company currently considers the force majeure risk to be negligible; the probability of occurrence is classified as unlikely and the effect as very low.

Industry and market risks

Fashion and collection risk

Being an international fashion corporation, the GERRY WEBER Group's business model 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 anticipate trends and to translate them into attractive collections that cater to the requirements of our end customers. In this context, there is a risk of ignoring new trends or market tendencies or of not recognising them early enough or of developing collections or individual items that fail to respond to customers' requirements.

GERRY WEBER counters this risk by conducting thorough analyses of markets and fashion trends. The proximity to our customers resulting from our own Retail stores also helps us to incorporate customer requirements and expectations into our collections as quickly as possible. Moreover, some 6,000 points of sale provide us with daily sales updates on products, sizes and colours. All information is immediately collated by the design teams and used in the development of future collections. What is more, our collections comprise 16 themes per year and are structured in such a way that new products are delivered to the points of sale every two to three weeks. These quick delivery cycles also ensure that the latest trends reach our customers in a timely manner.

Against this background, we believe that the probability of our collections failing to meet market trends and consumer requirements is low. If this were to happen, the effects would be material. This risk is therefore classified as a material risk.

Risks relating to a changing customer structure

The customers of our Wholesale segment represent an important distribution channel of the GERRY WEBER Core segment (GERRY WEBER, TAIFUN, SAMOON). Just like the GERRY WEBER Group, these customers are exposed to external risks which may influence their sales, earnings and liquidity position. This may lead to existing customers of the Wholesale segment being lost altogether or reducing the volume of the orders placed with GERRY WEBER.

Moreover, the market entry of new fashion or retail firms may entail changes to existing sales structures. This, in turn, could lead to the default or insolvency of existing Wholesale customers. To mitigate the declines in sales and earnings which may result from these risks, we continue to expand our own Retail activities while at the same time diversifying the customer structure of the Wholesale segment. Moreover, we reduce our dependence on a few major customers by expanding our presence in different regions and countries and by spreading our sales over several brands. No customer of the Wholesale segment currently accounts for more than 5% of our sales revenues.

In view of the fragmented fashion market, which is characterised by a large number of retailers, and our diversified distribution structures, we classify the risk resulting from a changing customer structure as negligible. The probability of occurrence is rated at clearly below 10%, while the effects on EBIT are classified as low.

Risks relating to a changing competitive structure

The entry of new competitors into our market segment may lead to fiercer competition and, hence, to a loss of market share. Moreover, a changed price structure of our competitors may reduce our margins. Thanks to our in-house collection development process, the high quality and the perfect fit of our products as well as our coordinated business processes, we were able to expand our unique sales propositions within the market segment over the past years, thus greatly raising the market entry barriers for new competitors. As we continue to develop our collections and deepen our market penetration, especially outside Germany, we constantly increase our brand awareness and expand our market position. In view of the high fragmentation of the fashion market in our segment, we consider the probability of new competitors entering our market segment to be rather unlikely. Due to the low effect, we classify this risk as negligible.

Strategic risks

Risks relating to the national and international Retail expansion

A key strategy for the advancement of the GERRY WEBER Group consists in the vertical integration of the business model and the resulting successive expansion of the company-managed Retail stores. As a result of the February 2015 acquisition of HALLHUBER, which exclusively sells its products through its own retail stores, our Retail operations have gained even greater importance.

The growing number and importance of the company-managed points of sale leads to an increased inventory risk. The challenge of effective inventory management is to ensure that the optimum merchandise can be delivered to each POS at all times without resulting in excess inventories at the end of a season. To mitigate the inventory risk, the GERRY WEBER Group has made its purchasing processes more flexible. With effect from the spring / summer collection 2016 we have introduced "open-to-buy limits", under which fewer goods are initially produced than would be required to reach the plan and production capacities are "reserved" at our manufacturing partners. If the respective season starts as planned, these capacity reserves can be used for subsequent deliveries and for the production of products reflecting the latest trends. The more flexible production volumes allow us not only to respond more quickly and effectively to changing market conditions but also to avoid excess inventories.

The expansion of our own Retail operations increases the fixed costs of the GERRY WEBER Group such as personnel and rental expenses, which are, however, offset by a higher gross profit margin if sales revenues develop as planned. A drop in demand and, hence, in sales revenues may have an adverse impact on the profitability of the GERRY WEBER Group, as the margin may decline if fixed costs remain unchanged. To mitigate this risk, we have initiated measures to make the personnel and rental expenses of the Retail segment more flexible. These include, among other things, the implementation of a centrally controlled working time management system and the introduction of variable salary components in the Retail segment as well as the agreement of turnover-based rents, e.g. for the concession stores.

The success of the Retail expansion also depends on choosing the right locations for the new sales spaces as well as on the performance of the locations chosen. A poorly performing new sales space may fail to reach the profitability target and make a lower contribution to the overall Group performance. This could have an adverse impact on sales revenues and earnings of the GERRY WEBER Group. Such a scenario should also be seen in conjunction with other risks such as a changing competitive structure or atypical weather conditions, which may be the cause of poor performance at individual stores.

The GERRY WEBER Group has accelerated its international expansion over the past years. This is done not only to ensure continued growth in the long term but also to reduce our exposure to structural and economic developments in our home market and to diversify the risk. In the short term, however, the launch of our brands in a new market may entail the risk of misjudgements regarding consumers' acceptance of the brands in the individual target market.

To avoid misjudgements and failed investments in our markets, we not only conduct detailed analyses of markets and competitors but also evaluate a comprehensive set of data, with a focus on detailed location analyses as well as analyses of the market and customer potential. In addition, we prepare sales and earnings projections including detailed targets and deadlines for each individual location. New store openings are approved only after all information has been examined in detail. Once a store has been opened, daily performance reviews make it possible to monitor the performance of each sales space and to initiate potential counter-measures at an early stage. The development of different concepts for our stores allows us to respond swiftly to changes in demand and to modify store formats if required. If individual outlets fail to meet our financial targets and we see no further development potential for them, they will be closed. Thanks to the excellent locations of our stores, most of them can easily be let or sub-let to new tenants if necessary. If it is not possible to terminate leases or sub-let locations at short notice, extraordinary store closure expenses may weigh on the GERRY WEBER Group's bottom line.

We currently consider the risk relating to the national and international expansion to be a material risk. Due to changing framework conditions and the resulting external risks, we currently estimate the probability of occurrence of a risk relating to the national and international expansion at 10% to 20%. In view of the challenging market conditions and the growing importance of the company-managed Retail spaces, the effects are to be classified as material.

Brand and corporate image risk

The brand image, i.e. the way our customers and stakeholders perceive our brands, is of great importance for the economic success of the GERRY WEBER Group. The high quality standard and the good fit are unmistakable characteristics of our fashion products and underpin our brand image. A clear brand positioning, a consistent global brand identity and its effective communication support the positive perception of the GERRY WEBER brand universe.

The corporate image of the GERRY WEBER Group is determined by the perception of the company by its stakeholders such as customers, shareholders, suppliers and employees. Failure to meet our quality standards, an ambiguous brand positioning or non-compliance with national and international laws and social standards by our partners are potential risks which may have an adverse impact on the image of the GERRY WEBER brand families. To mitigate the brand and corporate image risk, we support the positioning of our brands with various events as well as marketing and sponsorship measures and have implemented comprehensive processes throughout our Group. To make sure that our high quality standards are met, our manufacturing partners undergo comprehensive audits before being accepted as producers for the GERRY WEBER Group. Besides examining our partners' production capacities and know-how, we also check their compliance with national and international laws and social standards. At the production sites, our employees examine whether the agreed standards have been implemented and are complied with. Finally, our goods are checked for quality standards by internal and external experts. These processes are complemented by a Group-wide compliance management system. Against the background of the business trend during the past months and the related presentation of the GERRY WEBER Group in the media, we classify the probability of our brand image being adversely affected as medium. The effect is regarded as low. Consequently, this risk is classified as a medium risk.

Investment risk

Investment risks may arise in conjunction with the opening of new company-managed Retail spaces. Besides this risk, which has been outlined above (see risks relating to the national and international expansion), failed investments and / or deviations from the cost plans for investment projects may have an adverse impact on the net worth, financial and earnings position of the GERRY WEBER Group. The largest investment project in the history of the company to date, the construction of the new logistic centre, is a project which may entail such risks. If construction and ramp-up phase fail to proceed according to plan, i.e. if delays occur or significant additional construction or operating costs are incurred, this could have an adverse impact on the net worth, financial and earnings position of the GERRY WEBER Group. To reduce this risk to a minimum, the project was preceded by a detailed analysis of the construction and engineering options as well as by detailed investment and cost planning involving external experts. The logistic centre started according to plan in mid-December 2015. The cost of the construction and start-up phase was also within the planned budget. We currently consider the risk of delays or higher costs occurring in the further course of the ramp-up phase to be negligible. The probability of occurrence is classified as unlikely and the effect as very low.

Financial risks

Currency risk

The currency risks of GERRY WEBER International AG result from the international orientation of the business activities, especially from the fact that the company sources part of its goods outside the eurozone. Add to this the increasing intra-group financing of non-euro entities such as the subsidiaries in the UK, Sweden, Norway and Canada. Currency risks also result from the translation of net assets as well as income and expenses of subsidiaries outside the eurozone.

Currency hedges are used to mitigate currency risks arising from procurement activities outside the eurozone. As we source part of our goods in USD, a further weakening of the euro against the US dollar may lead to increased procurement costs and, hence, to reduced operating margins. The foreign currency requirements are calculated based on the budget calculations for the individual collections and hedged at 100%. To minimise the currency risk, currency forwards are used. The foreign currency derivatives usually have terms of between 12 and 24 months. Where additional foreign currency requirements arise subsequently, further hedging is used depending on the anticipated exchange rate and in the event of an expected increase. Apart from this, GERRY WEBER International AG does not trade in financial instruments.

0.1

PERCENT
ratio of bad debts

The intra-group currency risks are also minimised through natural hedging. This means that income and expenses in foreign currencies more or less offset each other.

In accordance with IFRS 7, the effects of changes in the key interest rates on equity have been reviewed and are shown in section H of the notes.

The probability of considerable exchange rate fluctuations occurring in general is considered to be medium. In view of the existing hedges and the resulting planning certainty, however, the actual probability of being affected by exchange rate fluctuations is regarded as unlikely. In view of the USD-denominated procurement volume, the effect on the procurement side is rated as material. In view of the existing hedges and the flexible sourcing system, however, the actual effect is regarded as low. We therefore classify the currency risk as negligible.

Risk of debtor defaults

The creditworthiness and the payment ability of our customers are examined and monitored closely. In spite of our bad debt management system, it is possible that trade receivables are settled belatedly or not at all. To mitigate defaults, all new customers are subjected to strict creditworthiness checks and short payment terms are agreed. Where credit insurance is inadequate, we request advance payments from our customers. If this is not possible, we reserve the right not to supply this customer for the time being. Payment terms are usually agreed based on the history and the volume of the business relationship as well as experience gathered from previous transactions. Moreover, customers' payment behaviour is monitored and checked continuously. The effectiveness of these measures is reflected in the Group-wide bad debt ratio, which currently stands at 0.1%. In view of the measures implemented to check customers' creditworthiness, we consider the probability of debtor defaults to be rather unlikely and the effect on EBIT to be low. The overall risk of debtor defaults is therefore classified as negligible.

Financing and liquidity risk

Liquidity risks may arise when a company lacks the financial resources to settle liabilities with regard to their maturity, amount and currency structure. This would result in a lack of liquidity to settle liabilities or in rising financing costs. To ensure that the company is able to meet its current payment obligations as well as to ensure financial flexibility, sufficient liquid funds and credit lines are kept available in accordance with our financial and rolling cash projections. The company's operations are largely equity-funded and its liabilities settled using funds generated from its operating activities. Two note loans in the amount of EUR 75 million and EUR 140 million, respectively, were taken out exclusively to finance the logistic centre and the acquisition of the HALLHUBER fashion company. No collateral has been furnished and the note loans are not subject to any covenants. Consequently, the financing and liquidity risk plays only a minor role for GERRY WEBER. Even in the event of banks changing their lending policies, we consider the risk of insufficient liquidity and the risk of not being able to raise sufficient debt capital at attractive terms to be negligible. The probability of occurrence is unlikely and the effect very low.

Interest rate risk

Interest rate risks arise as a consequence of changing market interest rates and the resulting volatilities. They have an impact on future interest payments on variable-rate deposits and loans and thus influence the amount of interest expenses. Material changes in interest rates may therefore influence the profitability, liquidity and financial position of the Group. GERRY WEBER International AG manages this risk 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 GERRY WEBER International AG to a low short-term cash flow risk. In accordance with IFRS 7, we have reviewed the effects of changes in the key interest rates on net income.

In the financial year 2013 / 14, GERRY WEBER International AG issued a EUR 75 million note loan with fixed and variable interest rate tranches to finance the construction of the logistic centre. The fixed tranches yield an average interest rate of 2.3%. Taking into account the current low interest rates and the excellent creditworthiness of the GERRY WEBER Group, the average interest rate for the full amount is currently below 2.0%. Another note loan in the amount of EUR 140 million was issued to finance the HALLHUBER acquisition and to repay HALLHUBER's bond. This note loan carries an average fixed interest rate of 1.5%. The bond issued by our HALLHUBER subsidiary in 2013, which carries a coupon of 7.25%, was called in the financial year 2014 / 15 with effect from 18 June 2016. The repayment will have a positive effect on the interest expenses of the whole GERRY WEBER Group.

Against the background of the favourable interest rates of the financing structure, the high equity portion of GERRY WEBER International AG and the current low interest rates, we consider the probability of occurrence to be unlikely and the effect of the interest rate risk to be very low. The interest rate risk is therefore classified as negligible.

Sales and inventory risk

Detailed information on the sales and inventory risk of our own Retail operations was provided in conjunction with the risk resulting from the national and international expansion of the Retail segment. The inventory risk increases in line with the number of company-managed points of sale. Although most of the inventories relate to the Retail segment, a low inventory risk also arises from the Wholesale business.

To fulfil the re-orders placed by our Wholesale partners, we produce 5% to 10% more goods than pre-ordered. Should our Wholesale partners place fewer re-orders than planned or no re-orders at all during a season, this could lead to higher inventories at the end of the season.

The above-described open-to-buy limits can also be used to fulfil potential re-orders placed by our Wholesale partners during a season. Against this background, we consider both the probability of occurrence and the effect of the inventory risk of the Wholesale segment to be low. The risk is therefore classified as negligible. The sales and inventory risk is therefore classified as medium risk.

Performance risks

Procurement risk

The high demands made on the quality of GERRY WEBER products and the required compliance with agreed delivery dates mean that our suppliers must meet high standards. Our suppliers are subjected to a strict selection process, which comprises not only manufacturing standards and know-how but also a capacity and creditworthiness check as well as compliance with social standards. After our suppliers have passed this audit, our own engineers monitor compliance with our standards during the on-site production process. Contracts for the production of GERRY WEBER products and the available production capacities are managed centrally by our Procurement Department. The production volume is spread over several previously audited suppliers in different regions, which means that the risk of non-performance is reduced effectively.

Should one or several suppliers nevertheless be unable to deliver because of economic or technical problems, natural disasters, capacity bottlenecks or strikes, the GERRY WEBER Group may be forced to look for new partners at short notice. The same applies in case of increased procurement prices resulting from embargoes, trade restrictions, additional customs duties or wage rises. Such a sudden change of supplier may result in delayed deliveries and higher expenses, which may have an adverse impact on the company's revenues and earnings. To counteract this risk, the GERRY WEBER Group maintains a reliable, tried-and-tested network of strategic suppliers. Thanks to our in-house product development unit and the comprehensive technical production preparations made internally at GERRY WEBER, such as the production of the patterns and the scaling of the sizes in Halle/Westphalia, we are able to respond swiftly and flexibly and to replace production partners if required. The possibility to make available the technical data required for production facilitates the handling between GERRY WEBER and the partner company and speeds up the order placement process. We consider the probability of delayed deliveries and additional expenses resulting from procurement problems to be unlikely. The effect is considered to be low. The risk is therefore classified as a negligible risk.

Logistic risk

As the GERRY WEBER Group continues to expand both nationally and internationally, functioning logistic processes are becoming increasingly important. Any disruption of these processes may have an adverse impact on our ability to deliver and, hence, on the punctual fulfilment of orders. This could lead to declining sales, additional costs and, possibly, to a deterioration in our customer relationships. To minimise potential logistic risks, GERRY WEBER International AG has sourced out the logistic functions to two service providers. Regular meetings at which delivery dates are discussed between the service providers and the company ensure that the complete process is managed and monitored effectively.

Changing and growing distribution channels, our ongoing international expansion and increasing transhipment volumes have increased our need for customised logistic processes. In April 2014, we therefore started to build a multi-channel logistic centre in the immediate vicinity of our Group headquarters. The first consignment was delivered in mid-December 2015. The new GERRY WEBER logistic centre will reach full capacity utilisation after a ramp-up phase of about five to six months. The five externally managed GERRY WEBER warehouses and three HALLHUBER warehouses will then be merged into a single logistic centre. Garments will then no longer need to be allocated to a specific distribution channel in advance; instead there will be a single pool of stock feeding all distribution channels and brands. The new centralised logistic concept will thus reduce the risk of misallocating goods to a distribution channel. The central warehouse will also facilitate the simultaneous delivery of hanging and folded merchandise, which used to be delivered by different warehouses, to the point of sale. The new logistic centre will thus ensure faster and optimised delivery of the products to the points of sale. This potential risk minimisation in the logistic area contrasts with an investment risk; this is described in detail under "Investment risk".

During the transitional period of completing the change from the decentralised warehouses to the new logistic centre, delays and / or misallocations may occur. We expect this transitional period of both systems operating in parallel to last about five to six months. Should this transitional period take longer than planned, this may have an impact on the net worth, financial and earnings position of GERRY WEBER International AG. We consider the probability of occurrence of such a case to be unlikely, as we have allowed for a sufficient transitional phase and the logistic centre was taken into operation within the planned deadline. The effect is also considered to be low, which is why the logistic risk is classified as negligible.

IT risk

Our IT structures and systems support our business activities. There is generally a risk that IT systems fail, are adversely affected or distorted or even destroyed by external influences. A serious system failure or a material loss of data could lead to business disruptions. Projects of material importance for the Group could be delayed and thus become more expensive than planned. Moreover, viruses could lead to system failures and to the loss of critical and / or confidential information. To minimise this risk, our networks are monitored constantly. In addition, we have implemented security and protection systems to prevent the loss and abuse of data.

Apart from these protection mechanisms against external abuse, we also ensure maximum internal data and information security. To ensure data integrity and confidentiality, user-related access authorisations are issued, all system-immanent processes are documented, clear administrator rights are assigned and comprehensive security mechanisms are installed. We consider the risk of an IT system failure having financial effects to be rather unlikely and the effects to be low. This risk is therefore classified as a negligible risk.

Other risks

Human resources risk

Our employees, their commitment and their skills are key factors for the success of the GERRY WEBER Group. Human resources risks primarily arise in the context of recruitment, skills shortage and staff turnover. In this context, the risk of employees in key positions leaving the company or taking sick leave, which would mean that important knowledge, experience and expertise are no longer available, is of great importance for the GERRY WEBER Group, as filling these positions at short notice could have an impact on the net worth, financial and earnings position of the Group. To mitigate this risk, we have not only installed replacement processes but also implemented a comprehensive deputising policy. In addition, we constantly work to increase the GERRY WEBER Group's attractiveness as an employer.

Human resources risks also include high staff turnover as well as growing competition for qualified people in the labour market. Effective staff retention and well trained employees are therefore critical factors for the success of our company. We offer attractive compensation systems and personalised working time schemes, challenging tasks as well as interesting career prospects in Germany and abroad to increase the satisfaction of our employees and retain them in the company. We consider the effect of the above risks to be low and the probability of occurrence to be medium. The human resources risk as a whole is classified as a medium risk.

Legal and compliance risks

Legal risks may arise in the context of our business activities. All material legal transactions are examined and approved using external specialists in order to avoid legal disputes. Should legal disputes occur nevertheless, they may not only entail high costs but also have an adverse impact on the image of GERRY WEBER International AG. At present there are no legal disputes that could have a material impact on the financial situation of the GERRY WEBER Group.

GERRY WEBER's understanding of compliance calls for the sustainable anchoring of compliant behaviour throughout the organisation. To minimise the risk of violations of the law or of our Code of Conduct, we have put in place a compliance programme. Our Code of Conduct and our Group Guidelines define a set of principles for responsible governance which are binding on all employees. Group-wide compliance with these rules and regulations is monitored centrally and reported directly to the Managing Board. While these defined rules of conduct, which are monitored by the Compliance Team, cannot fully rule out violations, we consider the probability to be unlikely and the effect to be low. Therefore this risk is classified as negligible.

Liability risk

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, e.g. damages caused by water, are reduced by taking out sufficient insurance cover. All risks insured are constantly reviewed by the company to avoid over or underinsurance. We consider the financial effect of liability risks to be very low and the probability of occurrence to be unlikely. We therefore classify the risk as negligible.

Risk category	Individual risks	Probability of occurance	Effect	Risk category	Development of risks
External Risks					
	Risks relating to adverse weather conditions	low	material	material risk	⇥
	Risks relating to the economic trend	low	low	medium risk	↗
	Force majeure risk	unlikely	very low	negligible risk	⇥
Industry and market risks					
	Fashion and collection risk	low	material	material risk	⇥
	Risk relating to a changing customer structure	unlikely	low	negligible risk	⇥
	Risks relating to a changing competitive structure	unlikely	low	negligible risk	⇥
Strategic risks					
	Risk relating to the national and international Retail expansion	low	material	material risk	↗
	Brand and corporate image risk	medium	low	medium risk	⇥
	Investment risk	unlikely	very low	negligible risk	↗
Financial risks					
	Currency risk	unlikely	low	negligible risk	↗
	Risk of debtor defaults	unlikely	low	negligible risk	⇥
	Financing and liquidity risk	unlikely	very low	negligible risk	⇥
	Interest rate risk	unlikely	very low	negligible risk	↘
Performance risks					
	Sales and inventory risk	low	low	medium risk	⇥
	Procurement risk	unlikely	low	negligible risk	⇥
	Logistic risk	unlikely	low	negligible risk	↗
	IT risk	unlikely	low	negligible risk	⇥
Other corporate risks					
	Human resources risk	medium	low	medium risk	⇥
	Legal and compliance risks	unlikely	low	negligible risk	⇥
	Liability risks	unlikely	very low	negligible risk	⇥

⇥ unchanged risk ↗ increased risk ↘ decreased risk

Opportunity report

The GERRY WEBER Group operates in a constantly changing environment. As an international fashion company, we are exposed not only to changing fashion trends but also to changing economic, political and social conditions in our output markets. To minimise the risks resulting from changing conditions and environments, the risk management system outlined above has been implemented within the Group. Our opportunity management system is designed to identify positive developments at an early stage and to seize the opportunities arising in this context to the benefit of the company.

The **economic situation** in the countries in which we sell our fashion products is of material importance for the whole GERRY WEBER Group. In particular, consumers' disposable incomes and, as a result, their spending behaviour influence our business model. This means that a potential improvement in the economic environment as a whole or in individual regions may have a positive impact on sales revenues and earnings of the GERRY WEBER Group. Moreover, an improved economic environment makes it possible to sell our products in countries with different economic cycles and development stages, which supports our diversification in terms of regions and product lifecycles.

The **demographic development** in the western industrialised countries also opens up opportunities for expanding the customer base of the GERRY WEBER Group. In the coming decades, the age pyramid will shift towards a group often referred to as "best agers". This means a growing number of potential consumers in the market targeted by the GERRY WEBER brand. We therefore plan to expand our distribution activities both through our own Retail stores and together with our partners.

Against the background of **changing distribution structures** in the fashion retail sector, especially because of the growing market presence of purely vertical fashion suppliers and the resulting elimination of small and medium-sized retailers, we see good opportunities for our own Retail segment. The expansion of our Retail operations in selected European markets and Canada will open up additional growth potential for the whole GERRY WEBER Group. 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, direct distribution allows us to gain valuable insights into our customers' needs and purchasing behaviour and to incorporate these insights more quickly into our collections.

The growing importance of online commerce in the fashion industry will also open up opportunities for winning new customer groups for the GERRY WEBER brands. We are expanding our online activities in order to respond to customers' changing purchasing behaviour, to develop new customer groups and to benefit from potential arising in the market.

We believe that the integration of stationary retail stores and online shops offers a way to exploit unused sales potential. In future, it could be possible that articles which are no longer available in a store are ordered online by the shop assistant, with the consumer choosing whether to pick up the articles in the store or have them delivered to their home address. This or similar solutions could help to tap unused sales potential.

The increasing consolidation in the fashion retail sector also represents a potential opportunity. Against the background of the difficult conditions for fashion retailers as well as stagnating to slightly declining sales of textiles in Europe, there is a great probability that smaller suppliers will be driven out of the market and only large, vertically integrated companies will survive, which will then divide the market volume between them. Not least thanks to its size, the GERRY WEBER Group may benefit from the effects of this consolidation process.

The above-mentioned consolidation process in the clothing market may open up opportunities for one or several acquisitions by the GERRY WEBER Group in the medium term. The acquisition of new brands boosts the sales and earnings potential of the GERRY WEBER Group as a whole and gives us access to new customer groups. The acquisition of franchisees and additional sales spaces may also open up possibilities for growing sales revenues and earnings.

The integration of stationary stores and online shops will also be supported by the **new logistic** centre. This facility will allow us to decide just in time before delivery which distribution channel to use for a given product. This will lead to improved and optimised product availability both in the online shops and the stationary retail stores. In addition, reduced logistic costs per piece will result in potential cost savings. Another opportunity arising in conjunction with the new logistic centre relates to the optimised delivery of individual items. It is extremely important, especially for our combination collections, that all items of an outfit are available at the same time. The new logistic centre is thus expected to help exploit hitherto unused sales potential.

The acquisition of Munich-based fashion company HALLHUBER has helped the GERRY WEBER Group to rejuvenate and expand is target group significantly. The GERRY WEBER brands are targeted at a female target group aged 25+ in the upper medium market segment. We believe that our **multi-brand strategy** opens up good opportunities to reach different customer groups. We will therefore, in particular, expand our HALLHUBER brand in order to tie existing and new consumers more closely to our brands across different phases of their lives. The entry into new markets and the ongoing internationalisation of our distribution structures as well as the development of new customer groups generally open up additional growth prospects for our company.

Moreover, the **development of new products** offers further growth opportunities for the GERRY WEBER Group. Apart from introducing new product groups in existing collections, e.g. fashionable trend capsules for fast delivery, we see further potential in the development of new sub-labels for our main brands. The growing globalisation of the markets also opens up opportunities on the **procurement side**. Building on our internal product development and procurement structures, we can respond quickly and make efficient use of potentially improving conditions.

Our **employees** are a key factor for the development and future growth of the GERRY WEBER Group. A good working environment characterised by good working time and compensation schemes as well as extensive training and further education measures increases the attractiveness of the GERRY WEBER Group as an employer and, consequently, our possibilities to win qualified and committed people for the company and to retain them in the long term.

Our opportunity management system is aimed at identifying existing and arising opportunities at an early stage and to leverage them to the benefit of the GERRY WEBER Group.

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 2015, the subscribed capital (share capital) of GERRY WEBER International AG totalled EUR 45,905,960.00 and consisted of 45,905,960 bearer shares. There were no capital measures in the fiscal year 2014/15.

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 until 31 October 2014 and member of the Supervisory Board since 1 November 2014, indirectly held 29.64% of the company's share capital as of 31 October 2015. Supervisory Board member Udo Hardieck directly and indirectly held 17.52% as of the same date. The company is not aware of any other voting rights exceeding 10% of the share capital of GERRY WEBER International AG.

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 may appoint a Chairman of the Managing Board.

Powers of the Managing Board regarding the issue of new shares
According to a resolution adopted by the Annual General Meeting on 6 June 2013, the existing authorised capital was cancelled and the following authorisation was granted: Pursuant to section 5 para. 3 of the statutes, the Managing Board is authorised to increase the company's share capital by 5 June 2018 once or several times against cash or non-cash contributions by a total of up to EUR 22,952,980.00 by issuing new bearer shares with the consent of the Supervisory Board.

As a general rule, the shareholders benefit from subscription rights. 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.

The sum total of the shares issued against cash and non-cash contributions in an ex-rights issue subject to this authorisation is limited to an amount which does not exceed 20% of the share capital, neither at the time this authorisation becomes effective nor at the time this authorisation is used.

The Managing Board is authorised, subject to the consent of the Supervisory Board, to stipulate the further details of the capital increase and its execution including the details of the share rights and the conditions of the share issue.

The Annual General Meeting on 6 June 2013 also resolved to conditionally increase the share capital by up to EUR 4,590,590.00 through the issue of 4,590,590 new bearer shares. The conditional capital increase serves to grant bearer shares to the holders of convertible or option bonds (or combinations of these instruments) with conversion or option rights or conversion or option obligations issued by the company or a member company of the Group as defined in section 18 of the German Stock Corporation Act (AktG) by 5 June 2018. The new shares shall be issued at a conversion or option price to be determined. The conditional capital increase shall be executed only to the extent that conversion or option rights are exercised or conversion or option obligations are settled and that no other forms of settlement are used. The new shares issued due to the exercise of conversion or option rights or the settlement of conversion or option obligations are entitled to profit from the beginning of the financial year in which they are issued. The Managing Board is authorised to stipulate the further details of the execution of the conditional capital increase with the consent of the Supervisory Board.

Powers of the Managing Board regarding the acquisition of own shares

According to a resolution adopted by the Annual General Meeting on 16 April 2015, the Managing Board is authorised to acquire own shares in the amount of up to 10% of the current share capital until 15 April 2020 in accordance with section 71 para. 1 No. 8 of the German Stock Corporation Act (AktG). The shares acquired in accordance with the present authorisation, together with other shares in the company which the company has previously acquired and still holds or which are attributable to the company as own shares pursuant to section 71d and 71e of the German Stock Corporation Act (AktG), must, at no time, represent more than 10% of the respective share capital.

As of the reporting date on 31 October 2015, the company held no 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 Group 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 caps.

POST-BALANCE SHEET EVENTS

The following events which may influence the earnings, net worth and financial position as well as the future business performance of the GERRY WEBER Group occurred after the end of the financial year 2014 / 15 (31 October 2015).

On 26 January 2016, the Managing Board of GERRY WEBER International AG introduced a realignment programme of the GERRY WEBER Group, whose details will be explained on the annual press conference on 26 February 2016. It will take 18 to 24 months until the programme is fully implemented. The programme's main goal is to return to the company's former profitability after all measures of the programme have been implemented.

No other material events occurred which may influence the earnings, net worth and financial position as well as the future business performance of the GERRY WEBER Group.

FORECAST

Forward-looking statements

The present forecast of GERRY WEBER International AG reflects management's expectations regarding the future geopolitical, macroeconomic, sector-specific, financial and company-specific developments which many influence the business activities of the GERRY WEBER Group. It is based on management's knowledge at the time of the preparation of the Group Management Report. As an increasingly international fashion and lifestyle corporation, the GERRY WEBER Group operates not only in Germany but also in other parts of the world. With 37.6% of our sales revenues generated outside Germany, the economic, political and social conditions prevailing outside our home market are of major importance. Moreover, we source our goods from different regions of the world, which means that we are also exposed to economic and geopolitical conditions in these regions.

The world economy

With a growth rate of 3.1% projected for 2015, the International Monetary Fund (IMF) expects the world economy to grow by 3.4% in 2016 (update in January 2016), noting that the growth rates of the industrialised and the emerging countries still differ considerably. The IMF economists continue to view the emerging economies with concern, seeing that their high growth rates of the past have declined for the fifth consecutive year, although these countries were the engine of the world economy after the financial crisis. Problems are primarily expected to result from the economic slowdown in the oil-exporting countries caused by the lowest oil price since 2009. But the generally declining commodity prices also suggest that the economies, especially in Latin America, will slow down even further. Following the stock market turmoil in late summer and early 2016, China is struggling to cope with the transformation from an export-oriented economy to an economy increasingly relying on domestic demand.

Eurozone

In the "Economic Outlook" of October 2015, the International Monetary Fund (IMF) assumes that, after three bleak years, the eurozone will grow by 1.5% and 1.6% again in 2015 and 2016, respectively. In 2015, this growth was not least attributable to the low oil price, the weak euro and the ECB's quantitative easing programme. The eurozone has benefited not only from the good economic trend in Germany but also from the fact that the economies in some former crisis countries have rebounded; the IMF projects growth rates of 2.5% for Spain, 1.5% for Portugal and as much as 3.8% for Ireland year 2016.

Germany

Respected economic research institutes, the federal government and the Bundesbank project a moderate growth rate of 1.8% on average for the German economy in 2016. Growth will again be supported by high consumer spending, whose strong increases continue to be driven by private households' growing real incomes. This is also reflected in the GfK's leading indicator, "consumers' economic expectations", whose slump of the past months stabilised above the long-term annual average of zero points at 2.9 points in December. Demand is also stimulated by the additional expenses required to accommodate and integrate refugees. The low oil price not only results in higher real incomes for Germany's private households but also brings relief for the German economy. Exports continue to be driven by the weak euro. According to the experts, the weaker world economy is a problem in this context. They expect Germany's foreign trade to slow down significantly as a result of the poorer global economic conditions, meaning that negative net exports could partly offset Germany's GDP growth.

Future positioning of the GERRY WEBER Group and strategic measures

The GERRY WEBER Group is currently undergoing a transformation. As outlined in detail above, the external conditions for the fashion retail sector are extremely challenging and not easy at present. In the reporting period (November 2014 to October 2015), Germany's fashion retailers recorded a decline in sales of about 2%. The Managing Board believes that customer footfalls in city centres and shopping malls will not pick up notably in the future. The company will continue to face fundamental problems and challenges. Against this background, the Managing Board started to define and implement measures already in mid-2015 in order to prepare the company for these difficult trading conditions.

Among other things, the procurement processes have been made more flexible through the introduction of open-to-buy limits, which were implemented for the spring- / summer collection at the first time. Under these arrangements, fewer goods are initially produced than would be required to reach the plan and production capacities are "reserved" at our manufacturing partners. If the respective season starts as planned, these capacity reserves can be used for follow-up shipments and for the production of products reflecting the latest trends. The more flexible production volumes allow us not only to respond more quickly and effectively to changing market conditions but also to avoid excess inventories. We have also revised the work schedules of the Retail staff with a view to ensuring greater flexibility.

The measures initiated will not be sufficient, however, to get the GERRY WEBER Group back on the familiar path to success. The Managing Board has therefore decided to launch a programme aimed at repositioning the company which will examine all business segments to identify potential for improvement.

The repositioning programme comprises a set of measures aimed at increasing the GERRY WEBER Group's sales revenues on the one hand and improving its profitability on the other hand. The table below provides an overview of the defined measures and objectives:

Revenue programmes

Enhance the attractiveness of the company-managed points of sale

Against the background of lower footfalls in the city centres and shopping malls, we must make our stores and sales spaces more attractive. New incentives and stimuli are required. We must arouse the curiosity of consumers to make them want to visit our stores and we need to ensure they enjoy being there. This is to be achieved with the help of appealing shop fittings and attractive shop windows but also with new, attractive products.

Review the brand statement/collections

The strong appeal of the GERRY WEBER Core brands – GERRY WEBER, TAIFUN and SAMOON – must be restored. The presentation of our main GERRY WEBER brand must be updated and we need to add modern favourite items catering to consumers' requirements to our collections. The brand identity of TAIFUN will be reviewed to give the brand even more independence from the main brand. TAIFUN Separates will be positioned more independently, similar to GERRY WEBER EDITION, and offer more casual individual items. The main TAIFUN collection will continue to offer feminine fashion for all spheres of life. To address customers more effectively, we have revised the store concept for TAIFUN and also offer it to our Wholesale partners for their shop-in-shops.

Raise Wholesale revenues

It is an overriding objective for all brands to accelerate product development and get the merchandise to the points of sale more quickly and in accordance with actual requirements. We have therefore developed concepts to support retailers more effectively at the point of sale. Partnership programmes have been developed to optimise the merchandise management process and provide customers with better services. We also intend to increase the number of customers placing their orders under maximum order limit arrangements. Under these arrangements, retailers merely define an upper limit for their orders and leave the breakdown of the order and the timing of the deliveries to the GERRY WEBER specialists.

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Measures of the realignment programme

Programme	Activities	Objectives
Sales revenues programmes	Enhance the attractiveness of the company-managed point of sales – Appealing shopfitting and window facade Review of the brand statement/collections – Modernisation of the GERRY WEBER brand – Expansion of TAIFUN Separates and further increase of the TAIFUN independence Raise Wholesale revenues – Provide better customer service – Increase number of trusted wholesale partners Digitalisation – Relaunch GERRY WEBER E-Shop – Continuation of our multichannel approach	Sales revenues increase
Gross profit programme	Improved merchandise and inventory management	Gross margin improvement
Efficiency programmes	Optimisation of the company-managed stores Adjust and increase the efficiency of processes and workflows of the central functions – Review of processes and workflows – Reduction of personnel and administration costs due to more efficient processes	Reduction of personnel and administration costs Operating result (EBIT) improvement

Continue the digitalisation
Online commerce will continue to gain importance in the future. It is therefore important to integrate the physical stores with our online shops. The consumer must be able to choose where to order, pick up and potentially return the goods. The first HALLHUBER and GERRY WEBER test stores have already been equipped with tablet computers, which allow consumers to decide where to buy the goods – directly in the store or in the e-shop. The logistic centre opened in mid-December 2015 will play an important role in the integration of the physical stores and the online shops, as it means that the goods for all distribution channels will be stocked in the same place going forward. Such a centralised stock that is independent of the distribution channels will allow more effective merchandise and inventory management as well as faster and more flexible feeding into the individual channels.

Gross profit programme

Merchandise and inventory management
The introduction of more flexible open-to-buy limits marked the first step toward improved merchandise and inventory management. We will build on this basis and further optimise the merchandise and inventory management processes, e.g. by streamlining the delivery cycles. The aim is to align the deliveries to the stores more effectively with consumers' actual requirements, to improve pricing at the point of sale and, consequently, to further raise the gross profit margin. We also want to increase the percentage of accessories at the points of sale.

Efficiency programmes

Optimise the portfolio of company-managed stores
The number of company-managed points of sale of the GERRY WEBER Core brands – GERRY WEBER, TAIFUN and SAMOON – more than tripled from 293 to 987 over the past five years, as the Retail strategy clearly focused on expanding the company-managed sales spaces. Some of the stores opened in the past years fail to reach the originally planned target margins, not least due to the changed trading conditions. Other stores are located in regions for which we see only limited future growth potential. We have therefore decided to subject the complete store portfolio to a thorough analysis and to optimise it. This explicitly includes potential store closures, which will be implemented in accordance with the local rental and staff situation. The aim is to optimise the portfolio to avoid potential regional overdistribution and to improve the profitability of the GERRY WEBER Core Retail segment. After years of expansion we will review our store portfolio and expect a decline of own retail spaces in a low single-digit percentage range. In this context, it should be noted, however, that potential store closures will entail extraordinary one-time expenses for rents, redundancies and write-downs.

Adjust and increase the efficiency of processes and workflows of the central functions
The GERRY WEBER Group has grown strongly over the past years. The number of company-managed points of sale increased more than three times over the past five years and sales revenues climbed from EUR 621.9 million (2009 / 10) to EUR 920.8 million (+48.1%). We will therefore use the repositioning programme also to realign and adjust the internal structures. Processes and workflows must become faster and more efficient again. We have therefore analyse all internal processes and redefined some of them. The aim is to optimise the processes to achieve a sustainable reduction in operating and personnel expenses of the central divisions over the next 18 to 24 months. The logistic centre opened in mid-December 2015 will also help to accelerate and optimise the processes and workflows.

HALLHUBER

Our HALLHUBER subsidiary remains largely unaffected by the transformation of the GERRY WEBER Core segment. HALLHUBER continues to expand and will be the growth driver of the GERRY WEBER Group in the coming months.

HALLHUBER remains poised for growth in the financial year 2015 / 16 and will further improve its profitability. The number of points of sale (275 as of 31 October 2015), i.e. stores and concession stores, is to increase by 50 to 60 each year. While the regional focus will be on Germany, new HALLHUBER stores will also be opened in the Netherlands, Norway, the UK and Spain. GERRY WEBER will make its existing distribution network available to push ahead the expansion and support local HALLHUBER stores.

The integration of HALLHUBER into the GERRY WEBER Group will focus on the company's inclusion in the new GERRY WEBER logistic centre in Halle / Westphalia. The transfer of the HALLHUBER brands is scheduled to start in mid-2016. Against the background of the high degree of automation of the new logistic centre, we expect HALLHUBER's logistic expenses to be reduced significantly.

Long-term orientation of the GERRY WEBER Group

During the next 18 to 24 months, the GERRY WEBER Core segment (GERRY WEBER, TAIFUN and SAMOON) will undergo fundamental structural changes. The aim of this transformation is to align the GERRY WEBER Core segment with the changing market environment and to make it more responsive and more efficient so that it can operate successfully and profitably in the market.

This said, we have not lost sight of our long-term strategies and objectives. After the transformation, we want to grow profitably again. The focus will be on the optimisation and vertical integration of all distribution channels and the internationalisation of our brands.

During the transformation phase of the GERRY WEBER Core segment, HALLHUBER will be the growth driver of the GERRY WEBER Group. Our subsidiary will primarily concentrate on boosting brand awareness and expanding its sales spaces in selected European countries while at the same time growing both its revenues and earnings.

Expected earnings and financial performance

In this forecast, we have already described the anticipated future conditions for our business activity, the business trend and the measures planned for the next 18 to 24 months. Against the background of the implementation of the planned repositioning programme, the Managing Board expects both sales revenues and earnings of the GERRY WEBER Core segment and, hence, of the Group as a whole to decline notably in the current financial year 2015 / 16. The financial year will, in particular, be influenced by extraordinary one-time expenses.

Sales projections for 2015 / 16

In view of the optimisation of the store portfolio of the GERRY WEBER Core brands (GERRY WEBER, TAIFUN and SAMOON) and the anticipated decline in revenues of the GERRY WEBER Wholesale segment but also because of declining like-for-like sales of the GERRY WEBER Core Retail segment, the Managing Board expects sales revenues of the **GERRY WEBER Core segment** to decline compared to the previous year.

Against the background of the growth rates of the past years, which averaged between 15% and 20% p.a., the excellent business trend of the past months and the planned expansion of the sales spaces, we expect **HALLHUBER's** sales revenues to climb to EUR 180 million to EUR 190 million. HALLHUBER will not be able, however, to fully offset the reduction in the GERRY WEBER Core segment's revenues. We therefore expect consolidated sales revenues of the **GERRY WEBER Group** as a whole between EUR 890 and 920 Mio. in the financial year 2015 / 16 (2014 / 15: EUR 920.8 million).

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Earnings projections for 2015 / 16

The Managing Board expects extraordinary one-time expenses to result from the initiated repositioning programme, especially from the efficiency programmes, in the financial year 2015 / 16. At the time of the preparation of this forecast, neither the amount nor the time at which these one-time expenses will be incurred were known, as the details of the repositioning programme were still being worked out. The Managing Board will present the detailed repositioning programme of the GERRY WEBER Group at the annual accounts press conference on 26 February 2016.

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We also expect reduced earnings as a result of the anticipated decline in the Wholesale business. These reductions will not be fully offset by growing earnings of the HALLHUBER segment. Taking into account all potential adverse extraordinary one-time effects, we project earnings before interest and taxes of the GERRY WEBER Group (consolidated EBIT) to come in at between EUR 10 million and EUR 20 million. HALLHUBER will make the biggest contribution to the Group's EBIT.

The potential extraordinary one-time expenses arising in conjunction with the efficiency programmes include not only cash effects but may also comprise extraordinary depreciations resulting from the store optimization. The Managing Board therefore expects the GERRY WEBER Group's depreciation / amortisation to increase at an above-average rate in the financial year 2015 / 16, which makes earnings before interest, taxes, depreciation and amortisation (EBITDA) an increasingly important performance indicator. Taking the

890

million euros to 920 million euros expected Group sales target for financial year 2015 / 16

END

extraordinary effects arising under the repositioning programme into account, the Managing Board projects consolidated EBITDA of between EUR 60 million and EUR 70 million for the financial year 2015 / 16. HALLHUBER is expected to contribute between EUR 15 and 20 million million to the planned consolidated EBITDA.

Financial year 2016 / 17

The Managing Board does not expect the GERRY WEBER Core segment's revenues to pick up significantly in the following financial year 2016 / 17, when revenue growth will again be driven by our HALLHUBER subsidiary. The GERRY WEBER Group's total sales revenues are therefore anticipated to increase only moderately in the financial year 2016 / 17.

The Board does, however, expect the repositioning programme to start delivering positive effects on the bottom line in the following financial year 2016 / 17. While the GERRY WEBER Group will not yet return to its old profitability, it will generate an operating margin (EBIT margin) in the high single-digit range.

Overall statement on the projected performance

The Managing Board of GERRY WEBER International AG does not expect the conditions for our business model to improve in the coming months. External factors such as the weather, customer footfalls in city centres or the economic environment in some of our distribution countries will again fail to have a positive effect on our business. The Managing Board has therefore developed a repositioning programme aimed at positioning the GERRY WEBER Group in such a manner that we will be able to operate profitably in this difficult market environment in the future.

The repositioning programme addresses all areas of company activity. Various measures are planned or have already been initiated which are expected to increase the GERRY WEBER Group's sales revenues and improve its profitability. The programme, i.e. the measures planned, will be implemented in the next 18 to 24 months.

For the current financial year 2015 / 16, however, the Managing Board expects the repositioning programme, especially the efficiency programmes, to result in extraordinary one-time expenses. With Group sales revenues to reach between EUR 890 and 900 million (2014 / 15: EUR 920.8 million), the Managing Board expects the GERRY WEBER Group's earnings before interest, taxes, depreciation and amortisation (consolidated EBITDA) to come in at between EUR 60 million and EUR 70 million. After deduction of scheduled depreciation / amortisation and potential depreciations in conjunction with the efficiency programmes, the Group's earnings before interest and taxes (consolidated EBIT) are thus expected to reach between EUR 10 million and EUR 20 million.

Acquired in February 2015, our HALLHUBER subsidiary will remain largely unaffected by the repositioning programme and continue its growth strategy. Thanks to the positive development over the past months and the expansion of the points of sale, HALLHUBER will be the growth driver in the financial years 2015 / 16 and 2016 / 17.

HALLHUBER WILL CONTRIBUTE BETWEEN EUR 180 MILLION AND EUR 190 MILLION TO THE PROJECTED GROUP REVENUES IN 2015 / 16. THE PROJECTED CONSOLIDATED GROUP-EBIT OF BETWEEN EUR 10 MILLION AND EUR 20 MILLION WILL ESSENTIALLY BE GENERATED BY HALLHUBER.

The GERRY WEBER Core segment will undergo fundamental changes in the coming months. The extraordinary effects resulting from the restructuring will temporarily weigh on the Group's operating margin in spite of HALLHUBER's profitable growth. We expect the GERRY WEBER Group's profitability to increase significantly in the medium term once the repositioning programme and all planned measures have been implemented and the GERRY WEBER Core segment has completed its consolidation.

119 CONSOLIDATED FINANCIAL STATEMENTS

The last financial year 2014 / 15 was a challenging and difficult year for the GERRY WEBER Group. Only our subsidiary HALLHUBER showed a positive performance.

CONSOLIDATED INCOME STATEMENT

for the fiscal year 2014 / 15

in KEUR	Notes	2014 / 15	2013 / 14
Sales	22	920,838.3	852,085.8
Other operating income	23	37,676.9	15,526.1
Changes in inventories	24	12,403.1	27,856.9
Cost of materials	25	–392,659.7	–390,907.0
Personnel expenses	26	–187,078.5	–154,864.8
Depreciation / Amortisation	27	–36,496.7	–25,278.3
Other operating expenses	28	–273,841.9	–214,249.5
Other taxes	29	–1,551.5	–1,286.9
Operating result		***79,290.0***	***108,882.3***
Financial result	**30**		
Income from the fair value measurement of financial instruments		1,354.1	0.0
Interest income		639.3	297.5
Income from loans of financial assets		20.4	24.6
Incidential bank charges		–1,489.0	–1,017.7
Interest expenses		–6,749.2	–3,546.7
		–6,224.4	***–4,242.3***
Results from ordinary activities		***73,065.6***	***104,640.0***
Taxes on income	**31**		
Taxes of the fiscal year		–21,502.4	–33,836.9
Deferred taxes		614.1	623.1
		–20,888.3	–33,213.8
NET INCOME OF THE YEAR		***52,177.3***	***71,426.1***
Earnings per share (basic)	32	1.14	**1.56**
Earnings per share (diluted)	32	1.14	1.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year 2014 / 15

in KEUR	2014 / 15	2013 / 14
Net income of the year	52,177.3	71,426.1
Other comprehensive income		
Items that can be reclassified in the profit and loss account		
Currency translation: changes in the amount recognised in equity		
Changes in the balancing item for the currency translation of foreign subsidiaries	–3,130.7	–86.8
Cash flow hedges: changes in the amount recognised in equity		
Changes in the fair value of derivatives used for hedging purposes	18,813.8	32,208.1
Taxes on income		
Income taxes on the components of other net income	–5,341.5	–9,662.4
Comprehensive income	**62,518.9**	**93,885.0**

CONSOLIDATED BALANCE SHEET

for the year ended 31 October 2015

ASSETS

in KEUR	Notes	2014 / 15	2013 / 14
NON-CURRENT ASSETS			
Fixed Assets	**(1)**		
Intangible assets	(a)	**229,862.1**	94,895.8
Property, plant and equipment	(b)	**287,828.0**	195,125.5
Investment properties	(c)	**26,537.4**	26,828.0
Financial assets	(d)	**2,596.8**	2,559.3
Other non-current assets			
Trade receivables	(2)	**245.2**	480.1
Other non-current assets	(3)	**387.1**	148.4
Income tax claims	(4)	**577.4**	1,132.5
Deferred tax assets	**(5)**	**5,212.1**	**6,089.5**
		553,246.1	327,259.1
CURRENT ASSETS			
Inventories	(6)	**163,583.7**	140,671.5
Receivables and other assets			
Trade receivables	(7)	**63,715.7**	70,844.4
Other assets	(8)	**70,479.8**	39,210.6
Income tax claims	(9)	**11,454.4**	2,930.7
Cash and cash equivalents	**(10)**	**76,130.3**	**104,295.5**
		385.363.9	***357.952.7***
Total assets		**938,610.0**	**685,211.8**

EQUITY AND LIABILITIES

in KEUR	Notes	2014 / 15	2013 / 14
EQUITY	**(11)**		
Subscribed capital	(a)	45,906.0	45,906.0
Capital reserve	(b)	102,386.9	102,386.9
Retained earnings	(c)	230,380.6	230,380.6
Accumulated other comprehensive income / loss acc. to IAS 39	(d)	31,491.4	18,321.8
Exchange differences	(e)	–3,140.4	–312.4
Accumulated profits	(f)	76,328.0	58,580.2
		483,352.5	***455,263.1***
NON-CURRENT LIABILITIES			
Provisions for personnel	(12)	49.6	0.0
Other provisions	(13)	8,645.0	6,124.7
Financial liabilities	(14)	215,000.0	77,142.8
Other liabilities	(15)	26,637.5	36,857.1
Deferred tax liabilities	(5)	51,086.5	22,373.8
		301,418.6	***142,498.4***
CURRENT LIABILITIES			
Provisions			
Tax liabilities	(16)	5,601.5	2,680.2
Provisions for personnel	(17)	11,792.2	13,943.5
Other provisions	(18)	15,739.2	8,429.4
LIABILITIES			
Financial liabilities	(19)	35,740.4	7,016.4
Trade payables	(20)	60,662.0	37,309.2
Other liabilities	(21)	24,303.6	18,071.6
		153,838.9	***87,450.3***
Total equity and liabilities		938,610.0	**685,211.8**

STATEMENT OF CHANGES IN GROUP EQUITY

for the fiscal year 2014 / 15 and 2013 / 14

in KEUR	Notes	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income / loss	Exchange differences	Accumulated profits	Equity
As of 1 Nov. 2014		**45,906.0**	**102,386.9**	**230,380.6**	**18,321.8**	**–312.4**	**58,580.1**	**455,263.1**
Group net income							52,177.3	**52,177.3**
Other comprehensive income					13,169.7	–2,828.1		**10,341.6**
Overall comprehensive income		**0.0**	**0.0**	**0.0**	**13,169.7**	**–2,828.1**	**52,177.3**	**62,518.9**
Transactions with shareholders								
Dividend payments to the shareholders of the parent company							–34,429.4	**–34,429.4**
As of 31 Oct. 2015	**11**	**45,906.0**	**102,386.9**	**230,380.6**	**31,491.5**	**–3,140.5**	**76,328.0**	**483,352.5**
As of 1 Nov. 2013		**45,906.0**	**102,386.9**	**195,380.6**	**–4,223.9**	**–225.6**	**56,583.5**	**395,807.5**
Group net income							71,426.1	**71,426.1**
Other comprehensive income					22,545.7	–86.7		**22,459.0**
Overall comprehensive income		**0.0**	**0.0**	**0.0**	**22,545.7**	**–86.7**	**71,426.1**	**93,885.1**
Transactions with shareholders				35,000.0			–35,000.0	**0.0**
Dividend payments to the shareholders of the parent company							–34,429.4	**–34,429.4**
As of 1 Nov. 2014	**11**	**45,906.0**	**102,386.9**	**230,380.6**	**18,321.8**	**–312.4**	**58,580.1**	**455,263.1**

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year 2014 / 15 and 2013 / 14

in KEUR	2014 / 15	2013 / 14
Operating result	79.290,0	108.882,3
Depreciation / amortisation	36.496,7	25.278,3
Non-Cash relevant income	–14.083,0	0,0
Profit / loss from the disposal of fixed assets	1.449,6	1.405,1
Increase / decrease in inventories	–6.853,2	–27.393,8
Increase / decrease in trade receivables	7.363,5	–5.250,2
Increase / decrease in other assets that do not fall under investing or financing activities	1.544,6	–538,5
Increase / decrease in provisions	2.757,4	1.593,0
Increase / decrease in trade payables	12.062,6	2.023,7
Increase / decrease in other liabilities that do not fall under investing or financing activities	–2.306,0	–4.176,9
Income tax payments	–35.019,6	–33.560,6
cash inflows from operating activities	***82.702,3***	***68.262,4***
Income from loans	0,0	24,6
Interest income	639,3	297,5
Incidential bank charges	–1.489,0	–1.017,7
Interest expenses	–3.946,0	–1.328,3
Cash inflows from current operating activities	***77.906,6***	***66.238,5***
Proceeds from the disposal of properties, plant, equipment and intangible assets	5.368,8	529,0
Cash outflows for investments in property, plant, equipment and intangible assets	–108.757,8	–57.899,0
Cash outflows for the acquisition of fully consolidated companies and other business units less cash and cash equivalents acquired	–107.524,6	–6.484,7
Cash outflows for investments in investment properties	–196,5	–59,1
Proceeds from the disposal of financial assets	94,5	348,0
Cash outflows for investments in financial assets	–144,5	–528,1
Cash outflows from investing activities	***–211.160,1***	***–64.093,9***
Dividend payment	–34.429,5	–34.429,5
Proceeds from borrowings	140.000,0	76.334,6
Cash outflows for the repayment of financial liabilities	–3.233,9	–5.346,2
Cash outflows / inflows from financing activities	***102.336,6***	***36.558,9***
Changes in cash and cash equivalents	–30.916,9	38.703,5
Currency related changes in cash and cash equivalents	–79,6	0,0
Cash and cash equivalents at the beginning of the fiscal year	104.295,5	65.592,0
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR*	**73.299,0**	**104.295,5**

* Cash and cash equivalents consists of cash (EUR 76.1 million) less current liabilities to banks (EUR 2.8 million)

The consolidated financial statement cover 37 subsidiaries beside the parent company

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You find details about the HALLHUBER acquisition on page 133 ff.

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. It is the ultimate parent company of the Group.

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

The fiscal year began on 1 November 2014 and ended on 31 October 2015 (previous year: 1 November 2013 to 31 October 2014).

Accounting principles

Pursuant to EU Directive (EC) No. 1606 / 2002 in conjunction with section 315a para. 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 2015 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 2014 / 15 were applied to the extent that they had been endorsed by the European Union.

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

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

New IASB regulations for first-time application in the fiscal year 2014 / 15

The following accounting standards and supplements to existing regulations became mandatory for the fiscal year from 1 November 2014 to 31 October 2015:

New regulations			Impact on the GERRY WEBER Group
IFRS 10	Consolidated Financial Statements	Guidelines for the definition of the basis of consolidation replace the provisions of IAS 27 and SIC-12 that are relevant for consolidated financial statements and are based on control of the subsidiary by the parent company. Pursuant to IFRS, a company has control over an investee if it has power over the latter's material activities, is exposed to variable returns and has the ability to affect those returns through its power over the investee.	No material impact
IFRS 11	Joint Agreements	Rules for the presentation of joint agreements in the consolidated financial statements. With regard to the joint agreements, a distinction is made between joint operations and joint ventures. These regulations replace the former provisions of SIC-13 and IAS 31.	No impact
IFRS 12	Disclosure of Interests in Other Entities	This standard defines the disclosure duties regarding subsidiaries, joint agreements, associates as well as consolidated and unconsolidated structured entities.	Increased disclosure requirements in the notes
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transitional regulations	The transitional regulations include relief for the first-time application of the new standards. The adjusted comparable information must be disclosed only for the period directly preceding the current one.	No material impact
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment companies	Definition and exemption of investment entities from the consolidation of controlled subsidiaries in their consolidated financial statements. Investments must then be measured at fair value.	No impact
Amendments to IAS 27	Separate Financial Statements	Revision of the consolidation regulations and inclusion in IFRS 10. IAS 27 now governs the recognition of investments in subsidiaries, associates und joint ventures in the separate financial statements of the shareholder.	No impact
Amendments to IAS 28	Investment companies	Revision of the accounting rules of associates and joint ventures. The equity method is mandatory for the recognition of investments in associates and joint ventures.	No impact
Amendments to IAS 32	Financial Instruments: Presentation	Disclosures regarding the offsetting of financial assets and financial liabilities. Financial assets and financial liabilities may only be offset in the balance sheet if the right of set-off is available today and not contingent on a future event and is exercisable both in the normal course of business and in the event of default, insolvency or bankruptcy.	No material impact
Amendments to IAS 39	Financial Instruments: Recognition and Measurement	Novation of derivatives and continued hedge accounting. Even in case of novation, derivatives remain designated as hedging instruments in continued hedging relationships.	No material impact
IFRIC 21	Levies	Regulations regarding the accounting for obligations to pay levies which are not income taxes as defined in IAS 12.	No material impact

New IASB regulations not applicable in the fiscal year 2014 / 15:

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
Amendments to IAS 1	Presentation of Financial Statements	Disclosure Initiative: amendments clarify issues regarding statement of financial position and statement of profit or loss	18.12.2014	01.01.2016	18.12.2015	Different presentation and structuring within the notes
IFRS 9	Financial Instruments	Rules regarding the recognition of impairment losses, changes of the classification and measurement of financial assets	24.07.2014	01.01.2018	Not yet	Changed recognition of available-for-sale financial instruments; the impact that would result from application is still being reviewed
Amendments to IFRS 10 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures	Sale or contribution of assets between an investor and its associate or joint venture	11.09.2014	01.01.2016	Not yet	No impact
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment companies	Investment companies: application of the consolidation exception	18.12.2014	01.01.2016	Not yet	No impact
Amendments to IFRS 11	Joint Agreements	Accounting for acquisitions of interests in joint operations	06.05.2014	01.01.2016	24.11.2015	No impact
IFRS 14	Regulatory Deferral Accounts	Financial reporting for regulatory deferral account balances that arise when an entity provides goods or services at a price or rate that is subject to rate regulation	30.01.2014	01.01.2016	Not yet	No impact
Amendments to IAS 19	Employee Benefits	Employee contribution to performance oriented pension benefits	21.11.2013	01.02.2015	17.12.2014	No impact
Amendments to IAS 27	Separate Financial Statements	Application of the equity method in separate inancial statements	12.08.2014	01.01.2016	18.12.2015	No impact
Improvement project 2012	Improvement of IFRS (2010–2012) IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38, IAS 24		12.12.2013	01.02.2015	17.12.2014	No material impact
Improvement project 2013	Improvement of IFRS (2011-2013) IFRS 1, IFRS 3, IFRS 13, IAS 40		12.12.2013	01.01.2015	19.12.2014	No material impact
Improvement project 2014	Improvement of IFRS (2012–2014) IFRS 5, IFRS 7, IAS 19, IAS 34		25.09.2014	01.01.2016	15.12.2015	No material impact

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
IFRS 15	Revenue from Contracts with Customers	Principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer	28.05.2014	01.01.2018	Not yet	The impact that would result from application is still being reviewed
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	New regulation regarding the valuation of biological assets and transfer to IAS 16	30.06.2014	01.01.2016	23.11.2015	No impact
Amendments to IAS 16 and IAS 38	Property, Plant and Equipment Intangible Assets	Clarification of acceptable methods of depreciation and amortisation	12.05.2014	01.01.2016	02.12.2015	No impact
IFRS 16	Leases	The lessee must recognise longer-term leases in the form of a right of use and a liability in the balance sheet	13.01.2016	01.01.2019	Not yet	Strong increase in fixed assets and liabilities. Shift between operating result and financial result
IAS 12	Deferred tax	Recognition of deferred tax assets for unrealised losses'	19.01.2016	01.01.2017	Not yet	The impact that would result from application is still being reviewed

The company plans to adopt the new or amended standards – save for the exception below – for the first time in the year in which they come into force:

The amendments to IAS 36, which are effective for annual periods commencing on or after 1 January 2014, were applied by the GERRY WEBER Group already in the fiscal year 2013 / 14.

Basis of consolidation

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

- Life-Style Fashion GmbH, Halle / Westphalia,
- Gerry Weber Retail GmbH, Halle / Westphalia,
- Energieversorgungsbetrieb Gerry Weber GmbH, Halle / Westphalia,
- Gerry Weber Iberica S.L., Palma de Mallorca, Spain,
- GERRY WEBER FAR EAST Ltd., Hong Kong, China,
- Gerry Weber France s.a.r.l., Paris, France,
- Gerry Weber Denmark ApS, Albertslund, Denmark,
- Gerry Weber Dis Ticaret Ltd. Sirkuti, Istanbul, Turkey,
- Gerry Weber Ireland Ltd., Dublin, Ireland,
- Gerry Weber Support s.r.l., Bukarest, Romania,
- Gerry Weber GmbH, Vienna, Austria,
- GERRY WEBER UK Ltd., London, UK,
- Gerry Weber GmbH, Raeren, Belgium,
- GERRY WEBER ASIA Ltd., Hong Kong, China,
- Gerry Weber Shanghai Co. Ltd., Shanghai, China,
- GERRY WEBER Polska Sp. Z o.o., Warsaw, Poland,
- Gerry Weber Logistics GmbH, Halle / Westphalia,
- GW Media GmbH, Halle / Westphalia,
- GERRY WEBER Incompany B.V., Amsterdam, Netherlands *,
- GERRY WEBER Retail B.V., Amsterdam, Netherlands,
- GERRY WEBER Sweden AB, Malmö, Sweden,
- GERRY WEBER CZ s.r.o., Prague, Czech Republic,
- ARW – GERRY WEBER BELUX BVBA, Brussels, Belgium *,
- ARW RETAIL – GERRY WEBER NV, Brussels, Belgium *,
- COAST RETAIL – GERRY WEBER NV, Nieuwpoort, Belgium *,
- GERRY WEBER SK s.r.o., Bratislava, Slovakia,
- GERRY WEBER Finland OY, Helsinki, Finland,
- GERRY WEBER Wholesale Fashion GmbH, Glattpark, Switzerland,
- GERRY WEBER Canada Ltd., Moncton, Canada,
- Outlet Retail BVBA, Brussels, Belgium,
- Gerry Weber Norge AS, Trondheim, Norway,
- TB Fashion GERRY WEBER GmbH, Halle / Westphalia *,
- Brentrup Sp. Z o.o., Lodz, Poland *,
- Hallhuber GmbH, Munich,
- Hallhuber Beteiligungs GmbH, Munich,
- Muotitalo Jokinen OY, Finland,
- OOO Gerry Weber RUS, Moskau, Russia.

* The shareholdings in each of the two Dutch companies, in the three Belgian companies and in TB Fashion GERRY WEBER GmbH and its subsidiary, Brentrup Sp. z o.o., amount to 51% each. All other companies are wholly owned.

Changes to the basis of consolidation

The basis of consolidation changed through the foundation of

- OOO GERRY WEBER RUS, Moscow, Russia

the acquisition of

- Hallhuber GmbH, Munich,
- Hallhuber Beteiligungs GmbH, Munich
- Muotitalo Jokinen OY, Finland
- Joh. Maehle & Co AS, Norway

the liquidation of

- Toni Brentrup Verwaltungs-GmbH

and the merger of

- TAIFUN-Collection Gerry Weber Fashion GmbH, Halle / Westphalia,
- SAMOON-Collection Fashion-Concept Gerry Weber GmbH, Halle / Westphalia,
- GW Norge AS, Norway
- Chantal AS, Norway
- Joh. Maehle & Co AS, Norway

Further information on the acquisition of Hallhuber GmbH, Munich, and Hallhuber Beteiligungs GmbH, Munich, of Muotitalo Jokinen OY, Finland and Joh. Maehle & Co AS, Norway, is provided under "Business combinations pursuant to IFRS 3".

The consolidated subsidiaries have the same reporting date as the parent company except for one subsidiary which is consolidated on the basis of an interim report.

Consolidation principles

Subsidiaries are all companies controlled by the Group. Pursuant to IFRS 10, the GERRY WEBER has control over an investee if it has power over the latter's material activities, is exposed to variable returns and has the ability to affect those returns through its power over the investee.

This is generally the case where the voting interest exceeds 50%. When assessing whether the Group has control, the existence and the effect of potential voting rights which are currently exercisable or convertible are taken into account.

Subsidiaries are consolidated (full consolidation) from the time at which control is transferred to the Group. They are deconsolidated at the time when control ends.

The effects of intra-group transactions are eliminated. Receivables and liabilities between the consolidated entities are netted, intercompany profits and losses are eliminated and intra-group income is offset against the corresponding expenses. Deferred taxes as required pursuant to IAS 12 are established for temporary differences on consolidation.

Business combinations

Subsidiaries are accounted for using the acquisition method. The cost of acquisition is equivalent to the fair value of the assets surrendered, the equity instruments issued and the liabilities incurred and / or assumed at the time of the transaction. It also includes the fair values of all assets or liabilities resulting from contingent consideration agreements. Assets, liabilities and contingent liabilities which are identifiable in the context of a business combination are initially recognised at their fair value at the time of acquisition.

Where mutual call and put options for the non-acquired shares are agreed for company acquisitions, it is examined, in each individual case, whether the owner-specific rewards and risks are economically attributable to the GERRY WEBER Group already at the time the option agreement is signed. In these cases, a purchase price liability needs to be recognised for the (conditional) liability (liabilities from minority options), which is recognised at cost. Non-controlling interests in the amount of the option are not recognised.

Acquisition-related costs are recognised as an expense at the time they are incurred.

Any contingent consideration is measured at the fair value at the time of acquisition. Subsequent changes in the fair value of a contingent consideration classified as an asset or liability are measured in accordance with IAS 39 and any resulting gain or loss is recognised either in profit or loss. A contingent consideration classified as equity will not be remeasured and its subsequent settlement will be recognised in equity.

Goodwill

Goodwill is recognised at the value that arises from the surplus of the acquisition costs, the amount of the minority interests in the company acquired as well as the fair value of any previously held equity interests as of the acquisition date above the equity interest of the Group in the net assets measured at fair value. Should the cost of acquisition be lower than the net assets measured at fair value of the subsidiary acquired, the difference is recognised directly in the income statement.

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.

Business combinations pursuant to IFRS 3

Transaction 1

With effect from 9 February 2015, GERRY WEBER International AG acquired 100% of the shares in Hallhuber Beteiligungs GmbH, Munich, from Change Capital Partners LLP, London, as well as a shareholder loan, which was valued at EUR 18.1 million as of the time of acquisition. Hallhuber Beteiligungs GmbH holds 100% of the shares in Hallhuber GmbH, which means that GERRY WEBER International AG has indirectly acquired this company as well.

Hallhuber GmbH operates in the upper medium price segment of the ladieswear market. Hallhuber's fashion collections are produced by selected suppliers according to the company's own designs and exclusively distributed through its own stores. At the time of the acquisition, the company operated 218 points of sale under the HALLHUBER brand name. This number increased to 275 by 31 October 2015.

HALLHUBER ideally complements the existing GERRY WEBER brands: GERRY WEBER, TAIFUN and SAMOON. Employing a similar value proposition, HALLHUBER targets a younger customer, which means that the GERRY WEBER Group's brand portfolio now offers apparel and accessories for the modern, style-conscious customer from their mid-twenties. Goodwill is therefore essentially recognised on the basis of the expansion of the customer groups and the resulting increased market share for the GERRY WEBER Group.

The purchase price for the 100% interest in Hallhuber Beteiligungs GmbH amounted to EUR 86.2 million. The purchase price was exclusively settled in cash and cash equivalents. A purchase price allocation was effected, which disclosed hidden reserves on the part of HALLHUBER.

The non-tax-deductible goodwill resulting from the purchase price payment including deferred tax assets and liabilities amounts to EUR 52.2 million.

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

EUR million	Carrying amount	Adjustment	Fair value
Purchase price			86.2
Acquired assets			
Fixed assets	23.8	0.0	23.8
Inventories	13.2	0.0	13.2
Receivables	5.6	0.0	5.6
Cash and cash equivalents	9.0	0.0	9.0
Customer relationships	0.0	14.7	14.7
HALLHUBER brand	0.0	54.0	54.0
Advantageous lease agreements	0.0	14.4	14.4
Deferred tax assets	0.0	0.8	0.8
Bond	−30.0	−2.6	−32.6
Liabilities	−39.1	0.0	−39.1
Provisions	−4.9	0.0	−4.9
Deferred tax liabilities	0.0	−24.9	−24.9
Acquired net assets	***−22.4***	***56.4***	***34.0***
Goodwill	**–**	**–**	**52.2**

Hallhuber GmbH has regular customers through its own customer retention programme. 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 EUR 14.7 million was determined for the customer relationships as of the time of acquisition

A fair value of EUR 14.4 million was determined for the advantageous lease agreements as of the time of acquisition.

The gross amount of the acquired receivables is equivalent to the carrying amount of EUR 5.6 million.

A fair value of EUR 54.0 million was determined for the "HALLHUBER" brand as of the time of the transaction. Due to the possibility to assign cash flows to the "HALLHUBER" brand, the fair value is determined using the net present value in the form of the relief-from-royalty method.

With effect from 19 June 2013, HALLHUBER issued a bond in the amount of EUR 30 million. The bond has a term of five years and is listed in the Mittelstandsmarkt segment of the Düsseldorf Stock Exchange. The bond carries a coupon of 7.25% p.a. A fair value of EUR 32.6 million was determined for the bond at the time of acquisition based on its market price.

Between 1 February and 31 October 2015, the acquired HALLHUBER companies generated sales revenues of EUR 115.2 million and contributed KEUR 70.0 to the consolidated net income.

Transaction costs of KEUR 243.7 were immediately recognised under other operating expenses.

Transaction 2

With effect from the acquisition date on 10 February 2015 GERRY WEBER International AG acquired 100% of the shares in Joh. Maehle & Co AS, Norway.

Joh. Maehle & Co AS sells textiles at retail level and operates five retail stores in Norway.

The acquisition was made with a view to gaining better access to retail spaces in selected Norwegian locations.

The purchase price for a 100% share in the above retail business of Joh. Maehle & Co AS was KEUR 1,622 (KNOK 13,996) and was exclusively payable in the form of cash and cash equivalents.

The parties additionally agreed an earn-out payment in case that certain earnings targets are reached for the fiscal year 2019. These special payments amount to KEUR 360 for reaching an EBIT level of KNOK 7,238 in the financial year 2019. Based on current plans, GERRY WEBER International AG assumes that the earn-out payment will have to be made in 2019. The earn-out payment thus forms another component of the purchase price and is shown under other liabilities (non-current) in the balance sheet.

The purchase price for the total retail business of Joh. Maehle & Co AS amounts to KEUR 1,914 (KNOK 16,515). Taking into account deferred tax assets and liabilities, the non tax-deductible goodwill resulting from the allocation of the purchase price is KEUR 934.

Goodwill essentially represents the additional sales opportunities for GERRY WEBER products in the Norwegian market. The GERRY WEBER Group intends to exploit these sales opportunities more intensively going forward.

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

KEUR	Carrying amount	Adjustment	Fair value
Purchase price			1,914
Acquired assets			
Fixed assets	488		488
Inventories	1,015		1,015
Receivables	247		247
Cash and cash equivalents	158		158
Customer relationships		852	852
"Maehle" brand		213	213
Liabilities	–1,677		–1,677
Deferred tax liabilities		–316	–316
Acquired net assets	***–231***	***749***	***980***
Goodwill	**–**	**–**	**934**

The company has 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 852 was determined for the customer relationships of the companies as of 10 February 2015.

A fair value of KEUR 213 was determined for the “Maehle brand, which represents the 5 multi-label stores operated by Joh. Maehle & Co AS as of the time of the transaction. Due to the possibility to assign cash flows to the “Maehle” brand, the fair value is determined using the net present value in the form of the relief-from-royalty method.

The gross amount of the acquired receivables is equivalent to the carrying amount of EUR 0.2 million.

Between 11 February and 31 October 2015, Joh. Maehle & Co AS generated sales revenues of KEUR 498.0 and accounted for KEUR 11.1 of the consolidated net income.

Transaction costs of KEUR 74 were immediately recognised under other operating expenses.

Transaction 3

With effect from the acquisition date on 11 May 2015 GERRY WEBER International AG acquired 100% of the shares in Muotitalo Jokinen Oy, Finland.

Muotitalo Jokinen Oy is a textiles retailer operating five retail stores in Finland.

The purpose of the acquisition was to gain access to retail space in selected locations in Finland.

The purchase price for 100% control of the retail business of Muotitalo Jokinen Oy was KEUR 5,142 and was exclusively payable in the form of cash and cash equivalents.

Taking into account deferred tax assets and liabilities, the non tax-deductible goodwill resulting from the allocation of the purchase price is KEUR 1,384.

Goodwill essentially represents the additional sales opportunities for GERRY WEBER products in the Finnish market. The GERRY WEBER Group intends to exploit these sales opportunities more intensively going forward.

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

KEUR	Carrying amount	Adjustment	Fair value
Purchase price			5,142
Acquired assets			
Fixed assets	321		321
Inventories	1,803		1,803
Receivables	204		204
Cash and cash equivalents	987		987
Customer relationships		1,377	1,377
Liabilities	–526		–526
Deferred tax liabilities		–408	–408
Acquired net assets	***2,789***	***969***	***3,758***
Goodwill	**–**	**–**	**1,384**

The company has 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 1,377 was determined for the customer relationships of the companies as of 11 May 2015.

The gross amount of the receivables is consistent with the carrying amount von EUR 0.2 million.

Between 11 May and 31 October 2015, Muotitalo Jokinen Oy generated sales revenues of KEUR 4,372.7 and accounted for KEUR –55.9 of the consolidated net income.

Transaction costs of KEUR 178 were immediately recognised under other operating expenses.

If the acquired companies had formed part of the GERRY WEBER Group as of the beginning of the financial year, sales revenues and consolidated net income would have amounted to KEUR 964,422.9 and KEUR 53,667.2 on a pro-forma basis.

Currency translation

The financial statements of the parent company are prepared in euros (EUR), which is also the functional currency.

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 at 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 at 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 an influence on the consolidated financial statements:

Currencies		Closing rate		Average annual exchange rate	
1 EUR in		**31 Oct. 2015**	**31 Oct. 2014**	**2014/15**	**2013/14**
Denmark	DKK	7.46	7.44	7.45	7.46
UK	GBP	0.72	0.78	0.74	0.81
Hong Kong	HKD	8.54	9.71	8.81	10.46
Canada	CAN	1.45	1.41	1.41	1.47
Romania	RON	4.43	4.42	4.44	4.45
Turkey	TRY	3.21	2.78	2.97	2.90
USA	USD	1.10	1.25	1.14	1.35
China	CNY	6.97	7.65	7.094	8.29
Switzerland	CHF	1.09	1.21	1.09	1.22
Poland	PLN	4.26	4.22	4.17	4.18
Sweden	SEK	9.39	9.27	9.36	9.03
Czech Republic	CZK	27.09	27.77	27.39	27.46
Norway	NOK	9.39	8.49	8.84	8.28

B. ACCOUNTING AND VALUATION PRINCIPLES

With the exception of certain items such as derivative financial instruments, the GERRY WEBER Group prepares its balance sheet using the cost method. The accounting and valuation methods used for the individual items are explained in greater detail below.

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. Impairment losses are immediately recognised as an expense and not reversed in subsequent period.

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.

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
Advantageous lease agreements	5–15 years
Customer bases	5–10 years
Brand rights	5–30 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 down 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 down 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 taken into account for qualifying assets. Where furnishings and fittings for rented properties were concerned, dismantling costs were capitalised at their present value. An interest rate of 3.6% (previous year: 4.24%) 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 where required.

Gains or losses from the derecognition of an item of property, plant and equipment are determined as the difference between the proceeds from the sale and the carrying amounts of the item of property, plant and equipment and recognised under other operating income or other operating expenses in the income statement.

Impairment of non-financial assets

Non-financial assets (property, plant and equipment, intangible assets including goodwill) are tested for impairment triggering events on every reporting date. Where such triggering events are identified, an estimate of the recoverable amount of the respective asset is made. Regardless of whether a triggering event is identified, intangible assets with infinite lives and goodwill acquired in a business combination are tested for impairment on an annual basis. The recoverable amount is the higher of the fair value of an asset less costs of disposal and its value in use. The value in use is equivalent to the present value of the expected cash flows. To discount the expected cash flows, a weighted average cost of capital is used, which reflects the risks of the asset. If no recoverable amount can be determined for an asset, the recoverable amount for the smallest identifiable group of assets (cash-generating unit or CGU) is determined which can be assigned to the respective asset. If the carrying amount of an asset or a CGU or a group of CGUs exceeds the recoverable amount, the asset is immediately written down through profit / loss. Where an impairment loss exists in a CGU or group of CGUs, any existing goodwill is first written off. The remaining impairment loss proportionally reduces the remaining non-current assets of the CGU or group of CGUs.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until substantially all activities necessary to prepare the asset for its intended use are complete. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

When determining the amount of the borrowing costs eligible for capitalisation in a period, all investment income from the temporary investment of the borrowings is deducted from the borrowing costs.

Other borrowing costs are expensed in the period in which they are incurred.

Investment property

Investment property is disclosed in accordance with IAS 40. It is recognised at cost and the building is written down using the straight-line method over a useful life of 50 years. Rental income from properties held as financial investments are recognised as other operating income over the term of the respective tenancy on a straight-line basis.

Financial instruments

IAS 39 defines a financial instrument as any contract that give rise to both a financial asset of one enterprise and a financial liability of equity instrument of another enterprise.

Financial assets comprise cash and cash equivalents, trade receivables as well as loans and receivables originated by the enterprise and derivative financial assets.

Financial liabilities include trade accounts payable, liabilities to banks, derivative financial liabilities and other financial liabilities.

To the extent relevant for the GERRY WEBER Group, financial assets and financial liabilities are divided into 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.

Financial assets and liabilities are assigned to the above categories upon initial recognition.

The category "at fair value through profit or loss" comprises the earn-out payments from the purchase of retail stores in the Netherlands, Belgium, Norway and Germany.

Where permissible and required, reclassifications are made as of the end of the fiscal year. No reclassifications were made in the fiscal year 2014/15 and the previous year.

Where no active market exists and the fair value cannot be reliably measured, equity instruments are measured at amortised cost.

Financial assets

All regular way purchases and sales of financial assets are recognised in the balance sheet as of the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Financial assets are measured at fair value upon initial recognition. Transaction costs directly attributable to the acquisition are recognised for all financial assets not classified as "financial assets or financial liabilities at fair value through profit or loss".

The fair values recognised in the balance sheet are usually identical with the market prices of the financial assets. Where these are not available, they are calculated using accepted measurement methods and current market parameters. The measurement methods include the use of the latest transactions between knowledgeable, willing parties in an arm's length transaction, the comparison with the fair value of another, essentially identical financial instrument, the analysis of discounted cash flows and the use of other measurement models.

Cash and cash equivalents recognised in the balance sheet comprise cash, bank balances as well as current deposits and are measured at amortised cost.

After initial recognition, trade receivables as well as other loans and receivables are measured at amortised cost, possibly using the effective interest rate method, less impairment. Gains and losses are recognised in net profit/loss for the period upon derecognition, impairment or settlement of the receivables.

The category "at fair value through profit or loss" comprises derivative financial instruments which do not qualify for hedge accounting pursuant to IAS 39 although they represent a hedge from an economic point of view.

Gains or losses on financial assets recognised at fair value through profit or loss are always recognised in profit or loss.

Financial assets not assigned to the category "at fair value through profit or loss" are tested for impairment at each balance sheet date.

The carrying amounts of financial assets not recognised at fair value through profit or loss are tested for objective evidence of impairment at each balance sheet date. There is objective evidence of impairment in the following cases: evidence of financial difficulty of a customer or customer group, default or delinquency in interest or principal payments, the probability of bankruptcy as well as facts indicating a measurable reduction in estimated future cash flows such as unfavourable changes in the payment situation of the borrower or the economic situation which are consistent with the default. The impairment loss for financial assets recognised at amortised cost is equivalent to the difference between the carrying amount and the present value of the expected future cash flows, discounted at the original effective interest rate of the financial asset. If, in a subsequent period, an increase in the fair value is determined, the impairment is reversed up to an amount no higher than amortised cost.

A financial asset is derecognised when the contractual rights to cash flows from that financial asset expire or are transferred. In the context of such a transfer, substantially all rewards and risks associated with ownership of the financial asset or control of the financial asset must be transferred.

No financial assets are posted as collateral for liabilities or contingent liabilities.

Financial liabilities

Financial liabilities are measured at fair value upon initial recognition.

Derivatives not forming part of an effective hedging relationship are assigned to the category "financial liabilities at fair value through profit or loss" if they have a negative fair value. An exchange-trade bond obligation also falls in this category. Gains and losses from subsequent measurement are recognised through profit or loss.

After initial recognition, trade accounts payable and interest-bearing loans are measured at amortised cost using the effective interest-rate method. Gains and losses arising in this process are recognised in profit or loss upon derecognition or repayment of the liabilities.

A financial liability is derecognised when the underlying obligation is settled, is cancelled or expires.

As in the previous year, no liabilities from finance leases existed as of the balance sheet date.

Derivative financial instruments

The GERRY Weber Group uses derivative financial instruments exclusively in the form of cash flow hedges to hedge exchange rate risks from its operating activities.

The cash flow hedges serve to hedge the foreign currency risk in the procurement or sale of goods. The Group uses currency forwards and currency options. These are contractual arrangements for the purchase or sale of two defined currencies at a given time at a fixed price.

When using hedges, suitable derivatives are assigned to certain hedged items. The requirements of IAS 39 regarding the qualification for hedge accounting are met with the following exception: as of the balance sheet date, there were three currency forwards / options which did not meet the requirements for hedge accounting in accordance with IAS 39. Changes in the fair value of these derivative financial instruments are recognised in profit or loss.

According to IAS 39, all derivative financial instruments must be recognised at their fair value regardless 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 cash flow. Where an ineffective portion of the value changes of the hedges exists, these are recognised in profit or loss.

Transactions not qualifying for hedge accounting should be classified as a financial asset or a financial liability recognised at fair value through profit or loss and classified as such upon initial recognition. Positive fair value is included in other assets, while negative fair value is included in other liabilities. Income generated and expenses incurred are included in other operating income and other operating expenses, respectively.

The fair value is generally equivalent to the current or market value. If no active market exists, the fair value is determined using accepted calculation methods as well as bank valuations.

Determination of fair values

A number of accounting methods and disclosures of the GERRY WEBER Group require the determination of the fair values of financial and non-financial assets and liabilities.

To the extent possible, the GERRY WEBER Group uses available market data to determine the fair value of an asset or a liability. Based on the input factors used for the measurement methods, the fair values are assigned to different levels in the fair value hierarchy:

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

Current tax

Actual tax is the expected tax liability or tax asset on the taxable income or tax loss for the fiscal year based on tax rates that apply for the taxation period, as well as all adjustment of tax liabilities of previous years.

Deferred tax

Deferred tax is recognised for all temporary differences between the tax base of the assets and liabilities and their carrying amounts in the IFRS statements ("liability method"). Deferred taxes are measured at the respective tax rates (and tax regulations) valid or about to be adopted in law as of the balance sheet reporting date and which are expected to be valid at the time of the recognition of the tax claim or the settlement of the deferred tax liability.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be used. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In accordance with IAS 1.70, deferred tax assets and deferred tax liabilities are recognised as non-current and are not discounted.

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. 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 conversion of finished goods are assessed based on the realisable selling price.

Intercompany profits resulting from sales within the Group are eliminated.

Miscellaneous 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 on the basis of a pre-tax rate. As of 31 October 2015, non-current provisions were discounted at a rate of 3.6% (previous year: 4.24%). Increases in provisions resulting purely from interest compounding are expensed through profit or loss in the income statement.

Other liabilities / liabilities from minority options

The liabilities from minority options result from the acquisition of the Dutch and Belgian retail companies in the Netherlands, Belgium and Germany, which are recognised at cost. The strike price of the respective option depends on the future EBIT figures of the target companies. The amount was recognised on the basis of an EBIT plan. If the actual EBIT differ from the plan, the liability is to be adjusted in the income statement.

In addition, the company recognised outstanding purchase price payments and earn-out payments from the purchase of the Norwegian retail companies. The earning-out payments depend on future sales and earnings targets being reached.

Realisation of income and expenses

Sales revenues are measured at the fair value of the consideration received or to be received. Sales revenues comprise the consideration from the sale of goods and are recognised net of turnover tax, returns, rebates and price discounts. The Group recognises sales revenues when the amount of the revenues can be reliably measured, when it is probable that economic benefit will flow to the company and when the specific criteria for each type of activity described below are met. The Group makes estimates based on historical figures – taking customer-specific, transaction-specific and contract-specific features into account.

(a) Sale of goods – Wholesale

The Group produces and sells a range of ladieswear to wholesalers. Revenues from the sale of goods are recognised when a Group entity has delivered products to a wholesaler, when the sales channel and the sales price of the product are at the discretion of the wholesaler and when there are no unmet obligations which could affect the wholesaler's acceptance of the goods. Delivery will be deemed to have occurred only after all goods have been sent to the stipulated place, the risk of obsolescence and loss has passed to the wholesaler and either the wholesaler has accepted the goods in accordance with the provisions of the purchase contract or the Group has objective indications that all conditions of acceptance have been met.

(b) Sale of goods – Retail

The Group operates a chain of retail stores selling ladieswear. Revenues from the sale of goods are recognised when a Group entity has sold products to an end consumer. Retail sales are usually settled in cash or by credit card.

Historical information is used as the basis to estimate the rate of returns and the creation of an appropriate provision at the time of sale.

(c) Internet revenues

Revenues from the web-based sale of goods are recognised at the time when the risks and benefits from the goods pass to the customer, i.e. upon delivery. Provisions for Internet credit items are calculated on the basis of the expected returns; this calculation is based on historical return rates.

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.

Historical 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

Impairment of non-financial assets

When testing intangible assets, especially goodwill and property, plant and equipment of the company-managed retail stores, certain basic assumptions were made with regard to the recoverable amount. Within this framework, the expected cash flows for the impairment tests are derived from planned budgets for the cash-generating units or groups of cash-generating units and discounted. Management assumes that the assumptions and estimates on which the discounted cash flows are based are adequate. Changes in the economic conditions and the sector-specific growth assumptions may, however, have an impact on the impairment tests that may lead to impairment in future. The basic assumptions made to determine the recoverable amount for the different cash-generating units are explained in greater detail in paragraph C. "Intangible assets / Goodwill".

Accounting for acquisitions

Acquisitions typically result in the recognition of goodwill reflecting the difference between the consideration and the amount of the non-controlling interests in the acquired company and its assets and liabilities. Upon initial recognition, all identifiable assets and liabilities are recognised at the fair value. These fair values constitute a key estimate. Where intangible assets are identified, the fair value is determined using adequate measurement techniques, depending on the type of the intangible asset. These measurements are based on different input factors and partly on management's assumptions regarding the future performance of the assets and the discount rates used.

Acquisitions have resulted in liabilities from minority options which are recognised at amortised cost. The strike price of the minority options depends on the expected EBIT of the individual companies. In the event of deviations from the expected EBIT, liabilities from minority options should be adjusted through profit or loss in the income statement.

In the past financial year, the minority options were adjusted through profit or loss due to changes in EBIT expectations of the companies. The adjustment amount totalling KEUR 12,612 (previous year: KEUR 689) has been recognised as other operating income through profit or loss.

Based on the existing plans, the anticipated results stated in the respective financial statements of the Dutch and Belgian retail companies that are relevant for the purchase price are highly likely to be lower in FY 2015 / 16 than had been expected at the time of initial consolidation as well as last year. This is primarily attributable to the market and economic conditions which are comparable to those prevailing in Germany and have led to declining footfalls in the stores and will continue to do so. As a consequence, the declining absolute profit contributions will lead to these lower results as fixed costs for personnel and rents will remain relatively constant. The relevant purchase price liabilities for 49% of the shares have therefore been reduced to the contractually agreed minimum purchase prices of KEUR 14,630 taking discounting effects into account.

Provisions

GERRY WEBER operates in numerous countries where the company is exposed to the most diverse conditions. Due to the complexity of the international rules and regulations, it is possible that deviations between the actual events and the assumptions made and / or changes in such assumptions require future adjustments of the provisions recognised in the balance sheet. Provisions are established for the potential effects of individual facts based on reasonable estimates. Potential differences between the original estimate and the actual outcome may have an impact on the net worth, financial and earnings position of the GERRY WEBER Group in the respective period.

Inventories

To account for inventory risks, inventories are written down to the expected lower selling price. The costs of conversion of finished goods are assessed based on the realisable selling price.

Write-downs of receivables

The recoverability of receivables is assessed on the basis of the estimated probability of default. Overdue receivables are written down using individually determined percentage rates. If the financial situation of a customer deteriorates, the amount of the actually required derecognition may exceed the write-downs, which may have an adverse impact on the earnings position.

Derivative financial instruments

The assumptions made to measure derivative financial instruments are based on market conditions prevailing at the balance sheet date and thus reflect the fair value. For more details, please refer to E. Additional disclosures and explanations regarding financial instruments.

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 2014 / 15 and 2013 / 14. Currency translation differences of the previous years were negligible. 2014 / 15 was the first financial year in which currency translation differences were not negligible and were therefore presented separately for the first time. The resulting amounts are recognised in other comprehensive income.

No security interests in fixed asset items have been provided for liabilities of the Group.

(a) Intangible assets / Goodwill
Additions to other intangible assets mainly relate to acquired software as well as customer relationships and brand rights taken over in the context of the acquisitions as well as lease agreements.

Exclusive rights of supply

Intangible assets include exclusive rights of supply to Houses of GERRY WEBER operated by third parties in an amount of KEUR 10,101 (previous year: KEUR 8,311). Depreciation of these rights of supply totalled KEUR 3,261 in the fiscal year 2014 / 15 (previous year: KEUR 2,900), disposals at residual carrying amounts totalled KEUR 130. Additions in the fiscal year totalled KEUR 5,181.

Lease agreements

The item also comprises lease agreements for stores in an amount of KEUR 24,620 (previous year: KEUR 14,366). The amortisation of these assets amounted to KEUR 4,036 in the fiscal year 2014 / 15 (previous year: KEUR 1,813). Additions in the fiscal year totalled KEUR 14,400 (previous year: KEUR 869).

The rents stipulated in the lease agreements taken over in the context of the business combinations of the past four fiscal years are clearly below the market level. These advantages were capitalised at the present value. The present value was determined based on the remaining duration of the lease agreements using a duration-specific discount rate. 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”.

Customer relationships

As of 31 October 2015, customer relationships were recognised as intangible assets in the amount of KEUR 29,029 (previous year: KEUR 17,175). The amortisation of these assets amounted to KEUR 4,290 in the fiscal year 2014 / 15 (previous year: KEUR 1,877). Additions in the fiscal year amounted to KEUR 16,929 (previous year: KEUR 8,090).

Customer relationships were identified in the context of the business combinations of the past four fiscal years. They were capitalised at the present value. The present value was determined based on an assumed useful life of five to eight years using a duration-specific discount rate. The customer relationships recognised as depreciable intangible assets are written off using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation / Amortisation”.

“CHANTAL” brand name

In the context of the takeover of T. Angen Kapesenteret AS, the “CHANTAL” brand name was acquired and shown under intangible assets valued at KEUR 711. The “CHANTAL” brand has a presence in the market through the 16 multi-label stores operated by T. Angen Kapesenteret AS and generates assignable cash flows. The brand, which is recognised as a depreciable intangible asset, is written off over a period of ten years using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation / Amortisation”.

“Hallhuber” brand name

In the context of the takeover of Hallhuber, the “Hallhuber” brand name was acquired and shown under intangible assets valued at KEUR 54,000. The “Hallhuber” brand has a presence in the market and generates assignable cash flows. The brand, which is recognised as a depreciable intangible asset, is written off over a period of ten years using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation / Amortisation”.

“Maehle” brand name

In the context of the takeover of Joh. Maehle & Co AS, the “Maehle” brand name was acquired and shown under intangible assets valued at KEUR 213. The “Maehle” brand has a presence in the market through the 5 multi-label stores operated by Joh. Maehle & Co AS and generates assignable cash flows. The brand, which is recognised as a depreciable intangible asset, is written off over a period of four years using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation / Amortisation”.

Goodwill

As of 31 October 2015, goodwill was recognised at a carrying amount of KEUR 86,787 (previous year: KEUR 33,923) and results from the positive difference arising from the business combinations.

The following goodwill is recognised:

in KEUR	31 Oct. 2015	31 Oct. 2014
Stores Austria	2,136	2,136
Stores Germany	3,495	3,495
Stores Netherlands	10,675	10,675
Concessions Netherlands	1,161	1,161
Stores Belgium	6,198	6,198
Stores Norway	9,514	10,258
Stores Finland	1,384	0
Stores Hallhuber	52,224	0
	86,787	**33,923**

The goodwill relating to the stores in Norway has increased by KEUR 934 as a result of the acquisition of Joh. Maehle & Co AS. In addition, a currency-related adjustment in the amount of KEUR 1,678 was made with effect from the balance sheet date.

Goodwill is primarily attributable to the "Retail Gerry Weber" segment, save for the Hallhuber goodwill, which is attributable to the "Retail Hallhuber" segment. In these segments, the individual sales spaces are defined as cash-generating units.

For the purpose of impairment tests, goodwill is assigned to groups of cash-generating units. These groups of cash-generating units represent the lowest corporate level at which goodwill is monitored for internal management purposes.

In the context of the impairment test, the carrying amount of the respective group of cash-generating units 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.

Impairment tests for intangible assets did not result in write-downs in the past fiscal year. Due to a consistent risk structure cash flows were discounted using a weighted average cost of capital (WACC) before taxes of 9.10% (after taxes of 6.76%) based on market data. Gerry Weber uses constant growth rates of 1% over the detailed planning period of one year to extrapolate the cash flows. Besides new store openings and closures of individual points of sale, like-for-like sales and EBIT growth of 1% as well as capital expenditures in the same amount as depreciation / amortisation are assumed for the detailed planning period. Even in the unlikely event of reduced assumptions, no need for write-downs would occur. If the discount rate before taxes were increased by one percentage point to 10.1%, no write-downs would be required. This would a also be the case if the growth rate used to calculate the perpetual annuity were reduced by one percentage point and if the operating result declined by 5%.

(b) Tangible assets

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

Borrowing costs of KEUR 1,519 (previous years: KEUR 1,080) were capitalised in the context of the construction of the new logistic centre (RAVENNA-Park) in the financial year 2014 / 15. A capitalisation rate of 2.0% (previous year: 1.9%) was used to determine the borrowing costs eligible for capitalisation.

(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 down using the straight-line method over a useful life of 50 years. The building was completed and let during 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 a fair value of the property of EUR 41.1 million as of 31 October 2015.

Under the German income approach, the gross income for the period is first determined based on the market revenues (monthly rent per square metre of useful space) which the property is capable of generating assuming proper management and permissible use; the non-apportionable operating expenses are then deducted from gross income to calculate net income. The net rent is taken as the basis from which administrative expenses, maintenance expenses and the risk of rental loss are deducted. The fair value of the investment property determined using the income approach corresponds to level 3 of the fair value hierarchy.

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.

Measuring the fair value of the investment property management costs of the building of 12.2% on the gross profit and an interest rate on the land value of 5.75% were calculated. If gross profit changes by + / –5%, the fair value of the investment property increases / decreases by KEUR 1,734.

Income generated from the property amounted to KEUR 3,322 (previous year: KEUR 3,774), while direct operating expenses amounted to KEUR 990 (previous year: KEUR 674).

(d) Financial assets

in KEUR	31 Oct. 2015	31 Oct. 2014
Long-term loans	1,965	2,060
Long-term deposits	232	178
Rent deposits	180	180
Shares in limited partnerships	17	12
Shares in foreign corporations	203	130
	2,597	2,560

Financial assets are recognised at amortised cost, which is equivalent to the fair value. As a general rule the shares in limited partnerships and the shares in foreign corporations are recognised at cost as the fair value cannot be reliably determined. There is no active market in these shares.

(2) Trade receivables (non-current)

Trade receivables with a maturity of more than one year amounted to KEUR 245 (previous year: KEUR 480). These are market rate interest-bearing trade receivables.

(3) Other assets (non-current)

Other non-current assets have duration times up to four years.

(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 577 (previous year: KEUR 1,133). The short-term part of corporate income tax credits and other tax refunds in an amount of KEUR 11,454 (previous year: KEUR 2,931) are recognised under current income tax receivables.

(5) Deferred taxes

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

in KEUR	Deferred tax assets		Deferred tax liabilities	
	31 Oct. 2015	31 Oct. 2014	31 Oct. 2015	31 Oct. 2014
Non-current assets	963	1,267	35,880	12,618
Current assets	1,293	2,623	1,411	1,599
Non-current provisions	1,999	1,605	299	224
Tax loss carryforwards	957	513	0	0
Changes in equity not stated through profit or loss according to IAS 39	0	81	13,496	7,933
	5,212	6,089	51,086	22,374

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.

Of the deferred tax assets relating to non-current assets, an amount of KEUR 766 (previous year: KEUR 892) relates to goodwill in the amount of KEUR 3,063 (previous year: KEUR 3,566), as this is tax-deductible.

Tax loss carryforwards amount to EUR 23.8 million (previous year: EUR 18.6 million). They mainly refer to Gerry Weber Fashion Iberica S.L., Palma de Mallorca, Spain, Gerry Weber United Kingdom Ltd., London, Gerry Weber Ireland Ltd., Dublin, Ireland, GERRY WEBER Retail B.V., Amsterdam, Netherlands and GW Norge AS, Trondheim, Norway. The resulting deferred tax assets in the amount of KEUR 5,977 (previous year: KEUR 4,774) were written down in an amount of KEUR 5,020 (previous year: KEUR 4,261) as the realisation of the respective tax advantages is unlikely in the medium term.

Of the unrecognised deferred tax assets, amounts totalling KEUR 3,546 (previous year: KEUR 3,484) will expire in one to thirteen years.

If deferred taxes arise at Group companies which posted losses in the current period or the previous years, these are capitalised only if management assumes that the company will in future generate profits which support the value of the deferred tax assets. Except for the deferred taxes on loss carryforwards, no deferred taxes were capitalised for these companies in the current year and the previous year.

(6) Inventories

in KEUR	31 Oct. 2015	31 Oct. 2014
Raw materials and supplies	15,149	13,365
Work in progress	12,250	13,345
Finished goods and merchandise	136,185	109,787
Prepayments on intangibles	0	4,174
	163,584	**140,671**

The impairment resulting from the sales-oriented measurement of inventories amounted to KEUR 3,725 (previous year: KEUR 2,217).

The expenses for the fiscal year 2014 / 15 are included in the cost of materials. The usual reservations of ownership apply.

(7) Trade receivables (current)

Trade receivables in an amount of KEUR 63,716 (previous year: KEUR 70,844) have a maturity of less than one year. Thereby the majority part is due in less than three months.

Allowances for doubtful accounts amounted to KEUR 1,976 (previous year: KEUR 2,629). Any existing trade credit insurance is taken into account in the calculation of the allowances.

Expenses and income for trade receivables are recognised in other operating expenses and income.

(8) Other assets (current)

Other assets in an amount of KEUR 70,480 (previous year: KEUR 39,211) have a maturity of less than one year.
Other assets comprise:

in KEUR	31 Oct. 2015	31 Oct. 2014
Financial assets		
Currency forwards and currency options	46,173	26,443
Supplier balances	5,464	896
Bonus claims	517	295
Rent receivables	1,898	938
Sale of promotional items	132	164
Receivables from insurance companies	0	68
	54,184	*28,804*
Non-financial assets		
Tax claims	4,831	3,018
Prepaid expenses	5,309	3,544
HR receivables	1,160	837
Receivables relating to GERRY WEBER Open	550	692
Other	4,446	2,316
	16,296	*10,407*
	70,480	39,211

With regard to the positive market values of the currency forwards and currency options, please refer to E. Additional disclosures and explanations regarding financial instruments.

(9) Corporate income tax claim (current)

Tax refund claims of KEUR 11,454 (previous year: KEUR 2,931) relate to domestic corporate income tax and trade tax as well as to the solidarity surcharge associated with corporate income tax.

(10) Cash and cash equivalents

Apart from current accounts with banks, this item comprises cheques, payments in transit and cash.
Current accounts are held with various banks in different currencies.

(11) 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. The capital structure is exclusively managed centrally by the parent company. To monitor capital management requirements and targets, regular reporting processes have been installed, from which decisions about dividend payments or capital measures are derived on a case-by-case basis. In view of these targets, it was decided to raise the note loans in the financial year 2014 / 15.

Equity capital and total assets amounted to:

	31 Oct. 2015	31 Oct. 2014	Change
Equity capital in KEUR	483,352	455,263	28,089
Equity in % of total capital	51.5	66.4	–14.9
Debt capital in KEUR	455,258	229,949	225,309
Debt capital in % of total capital	48.5	33.6	14.9
Total capital (equity and debt capital) in KEUR	**938,610**	**685,212**	**253,398**

Equity capital comprises the subscribed 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.

Pursuant to section 5 para. 3 of the statutes, the Managing Board of GERRY WEBER International AG is authorised, subject to the consent of the Supervisory Board, to increase the company's share capital once or several times by up to a total amount of EUR 22,952,980 by 5 June 2018.

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.

The Managing Board is also authorised to define the details of the execution of a conditional capital increase with the consent of the Supervisory Board. For this purpose, the share capital has been conditionally increased by up to EUR 4,590,590 through the issue of up to 4,590,590 new bearer shares. The Annual General Meeting of 1 June 2010 additionally authorised the Managing Board to repurchase own shares representing up to 10% of the share capital by 31 May 2015.

(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. 2015	31 Oct. 2014	Change
Positive fair values of financial instruments	44,988	26,443	18,545
Negative fair values of financial instruments	0	–269	269
Deferred tax assets	0	81	–81
Deferred tax liabilities	–13,497	–7,933	–5,564
	31,491	**18,322**	**13,169**

The tax effects of KEUR-5,341 (previous year: KEUR –9,663) shown in the statement of comprehensive income relate to changes in the fair values of the currency hedges.

Of the other comprehensive income, an amount of KEUR -11,619 (previous year: KEUR – 4,484) was reclassified to the cost of materials, while an amount of KEUR 288 (previous year: KEUR 93) was reclassified to sales revenues in the income statement.

(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 2014	58,580
Dividend payment in 2015	–34,429
Transfer to retained earnings from net income for the year based on a resolution by the Managing Board and the Supervisory Board	0
Net income for the year 2014/15	52,177
Accumulated profits as of 31 October 2015	76,328

(12) Provisions for personnel (non-current)

An amount of KEUR 50 resulted from offsetting the assets used to secure the old-age part-time obligations against the corresponding provisions as of 31 October 2015. This asset is shown under "Provisions for personnel (non-current)".

(13) Other provisions (non-current)

This item includes an amount of KEUR 8,645 (previous year: KEUR 6,125) resulting from the company's obligation to remove furnishings and fittings from rented properties.

These provisions are established on the basis of the expected settlement amounts as well as the agreed lease terms. Uncertainties exist with regard to the cost estimates and the actual time at which the provisions will be used.

Allocations amounted to KEUR 947 (previous year: KEUR 646). The initial consolidation of Hallhuber GmbH resulted in additional obligations for the removal of furnishings and fittings in the amount of KEUR 1,684. Costs for the removal of furnishings and fittings of KEUR 111 were incurred in the financial year, which were offset against the provision. There were no unutilised amounts that would have to be released in the financial year.

Interest expenses in the amount of KEUR 589 (previous year: KEUR 154) from unaccrued interest on provisions were recognised. Expected cash outflows accrue within a period of 5 to 20 years.

(14) Financial liabilities (non-current)

in KEUR	31 Oct. 2015	31 Oct. 2014
Liabilities to banks and insurance companies	**215,000**	77,143

The table below shows the main contractual terms of the non-current loan liabilities to banks and insurance companies as at the closing date of the fiscal year 2015:

	Carrying amount 2014 / 15 KEUR	Carrying amount 2013 / 14 KEUR	Maturity until month / year	Nominal interest rate % p, a,	Effective interest rate % p, a,
Note loan 1					
Tranche 1 (fix)	**40,000**	0.00	3 / 2020	1.13	1.19
Tranche 2 (fix)	**60,000**	0.00	3 / 2022	1.44	1.49
Tranche 3 (fix)	**40,000**	0.00	3 / 2025	2.00	2.03
	140,000	***0.00***			
Note loan 2					
Tranche 1 (fix)	**10,000**	10,000	11 / 2016	1.53	1.74
Tranche 2 (variable)	**10,000**	10,000	11 / 2016	0.86	1.07
Tranche 3 (fix)	**23,500**	23,500	11 / 2018	2.19	2.30
Tranche 4 (variable)	**7,500**	7,500	11 / 2018	1.06	1.17
Tranche 5 (fix)	**24,000**	24,000	11 / 2020	2.80	2.88
	75,000	***75,000***			
Other	**0**	2,143	7 / 2016	4.35	4.42
	215,000	**77,143**			

Non-current financial liabilities with a maturity of more than 5 years represented KEUR 124,000 (previous year: KEUR 24,000).

The differences between the carrying amounts and the fair values of the non-current financial liabilities are described in paragraph E. Additional disclosures and explanations regarding financial instruments.

(15) Other liabilities (non-current)

in KEUR	31 Oct. 2015	31 Oct. 2014
Financial liabilities		
Liabilities from minority options	16,956	28,282
Payment of remaining purchase price for acquisitions	8,185	8,530
Other	1,497	45
	26,638	**36,857**

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

The company has options to acquire the interests held by minority shareholders in the fully consolidated companies in the Netherlands, Belgium and Germany.

In the financial year, the liabilities for the minority options for Belgium and the Netherlands were adjusted through profit / loss in view of changed expectations regarding the purchase-price-relevant EBIT of the respective companies. The adjustment amount totalling KEUR 12,612 (previous year: KEUR 689) has been recognised under other operating income.

The option price depends on the future EBIT of these companies. If the projected EBIT differs by + / - 5% from the actual EBIT, the corresponding liability for the Dutch companies will change by + / - KEUR 580, for the Belgian companies by + / - KEUR 619 and for TB Fashion GERRY WEBER GmbH by + / - KEUR 95.

The payment of the remaining purchase price for acquisitions relates to the remaining purchase price payments for the acquisition of the Norwegian companies. These portions of the purchase prices are due in 2018.

Another liability in the amount of KEUR 302 had to be recognised for the takeover of Joh. Maehle & Co AS. In addition, a currency-related adjustment of KEUR 1,055 was made as of the balance sheet date. The price gain was recognised in other operating income.

The non-interest-bearing liabilities from minority options and the remaining purchase price payments were compounded in the financial year. The accrued interest totalling KEUR 2,120 was recognised in interest expenses.

Provisions 31 Oct. 2015 and 31 Oct. 2014 (current)

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

Type of provision in KEUR	Carried forward 1 Nov. 2014	Use	Reversal	Allocation	As of 31 Oct. 2015
(16) Tax provisions	**2,680**	**1,660**	**0**	**4,581**	**5,601**
(17) Provisions for personnel					
Bonuses	6,494	6,334	160	3,102	**3,102**
Vacation	3,369	3,369	0	3,667	**3,667**
Old-age part-time work (current)	0	0	0	25	**25**
Special annual payment	3,529	3,529	0	4,100	**4,100**
Other	552	452	100	898	**898**
	13,944	***13,684***	***260***	***11,792***	***11,792***
(18) Other provisions					
Guarantees	783	783	0	659	**659**
Outstanding invoices	3,292	3,112	180	10,109	**10,109**
Accounting expenses	515	484	31	586	**586**
Payments to commercial agents	115	115	0	0	**0**
Supervisory Board compensation	510	510	0	702	**702**
Other	3,214	3,214	0	3,683	**3,683**
	8,429	***8,218***	***211***	***15,739***	***15,739***
	25,053	**23,562**	**471**	**32,112**	**33,132**

Type of provision in KEUR	Carried forward 1 Nov. 2013	Use	Reversal	Allocation	As of 31 Oct. 2014
(16) Tax provisions	**1,920**	**1,590**	**0**	**2,350**	**2,680**
(17) Provisions for personnel					
Bonuses	6,003	5,858	145	6,494	**6,494**
Vacation	2,999	2,996	3	3,369	**3,369**
Old-age part-time work (current)	145	145	0	0	**0**
Special annual payment	3,374	3,216	158	3,529	**3,529**
Other	626	626	0	552	**552**
	13,147	***12,841***	***306***	***13,944***	***13,944***
(18) Other provisions					
Guarantees	800	800	0	783	**783**
Outstanding invoices	2,409	2,264	145	3,292	**3,292**
Accounting expenses	437	387	50	515	**515**
Payments to commercial agents	960	743	102	0	**115**
Supervisory Board compensation	510	510	0	510	**510**
Other	3,157	3,157	0	3,214	**3,214**
	8,273	***7,861***	***297***	***8,314***	***8,429***
	23,340	**22,292**	**603**	**24,608**	**25,053**

(19) Current financial liabilities (remaining maturity of less than one year)

in KEUR	31 Oct. 2015	31 Oct. 2014
Thereof liabilities to banks and insurance companies	6,776	7,016

	Carrying amount 2014 / 15	Carrying amount 2013 / 14	Maturity until month / year	Nominal interest rate % p, a,	Effective interest rate % p, a,
Bank	425	725	10 / 2015	3.51	3.56
Bond	28,964	0	6 / 2016	7.25	7.25
Insurance company	2,143	2,857	7 / 2016	4.35	4.42
Other	4,208	3,434		3.93	3.93
	35,740	**7,016**			

With effect from 19 June 2013, HALLHUBER issued a bond in the amount of EUR 30 million. This five-year bond is listed in the Mittelstandsmarkt segment of the Düsseldorf Stock Exchange. It is measured at fair value and carries a coupon of 7.25% p.a. In view of more favourable financing options becoming available, the bond has been called prematurely with effect from 18 June 2016 and is therefore recognised as a current financial liability. The Group acquired parts of the bond in the financial year and therefore recognises only the share of external creditors. All of the covenants stipulated in the terms and conditions of the bond were met in the financial year.

There are currently no signs of a liquidity or financing risk. Principal and interest were paid at maturity.

Due to the short-term maturities no significant differences exist between market values and the carrying amounts of the other current financial liabilities.

(20) Trade payables

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

(21) Miscellaneous liabilities

in KEUR	31 Oct. 2015	31 Oct. 2014
Financial liabilities		
Negative fair value of financial instruments qualifying for hedge accounting	0	269
Liabilities to customers	452	1,298
	452	***1,567***
Non-financial liabilities		
Other taxes (especially wage and turnover tax)	10,122	8,836
Customer vouchers, bonus cards and goods on return	3,253	2,322
Liabilities to personnel	1,383	910
Social security	417	289
Deferred income	984	1,070
Other liabilities	7,693	3,078
	23,852	***16,505***
	24,304	18,072

D. NOTES TO THE INCOME STATEMENT

(22) Sales revenues

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 2,059 (previous year: KEUR 1,985) for the utilisation of the name rights.

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

(23) Other operating income

Other operating income comprises the following:

in KEUR	31 Oct. 2015	31 Oct. 2014
Release of liabilities for purchase price options	12,612	689
Rental income	11,787	10,414
Exchange gains	3,213	998
Income from the reversal of provisions and allowances	1,806	782
Income from the provision of motor vehicles	1,191	989
Currency-related adjustments of liabilities	1,055	0
Keymoney	1,096	0
Income from own work	1,048	0
Income from derivatives not qualifying for hedge accounting	1,020	0
Payment of damages / insurance compensation	770	1,086
Income from IT services for third parties	106	94
Other	1,973	474
	37,677	**15,526**

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.

The release of liabilities for purchase price options relates to the minority options for Belgium and the Netherlands, which were adjusted through profit / loss in view of changed expectations regarding the purchase-price-relevant EBIT of the respective companies.

(24) Inventory changes

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

(25) Cost of materials

in KEUR	2014 / 15	2013 / 14
Expenses for raw materials and supplies and purchased goods	62,522	69,980
Expenses for services purchased	330,138	320,927
	392,660	**390,907**

(26) Personnel expenses

in KEUR	2014 / 15	2013 / 14
Wages and salaries	157,150	129,453
Social security contributions	29,928	25,412
	187,078	**154,865**

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 4.00% (previous year: 4.62%) based on a salary trend of 1.00% p.a. (previous year: 1.00% p. a.). The computations are based on the Heubeck mortality tables 2005 G. No discount on staff turnover is taken into account.

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:

in KEUR	2014 / 15		2013 / 14	
	Total	**Germany**	**Total**	**Germany**
Blue-collar workers	266	0	347	0
White-collar workers	6,706	5,177	4,813	3,473
	6,972	*5,177*	*5,160*	*3,473*
Trainees / apprentices	55	55	42	42
	7,027	**5,232**	**5,202**	**3,515**

The distinction between “blue-collar workers” and “white-collar workers” was discontinued following the technical merger of the respective payroll units with effect from 1 November 2013.

(27) 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 2014 / 15.

(28) Other operating expenses

Other operating expenses comprise the following:

in KEUR	2014 / 15	2013 / 14
Rent, space costs	131,150	85,549
Freight, packaging, logistics	40,929	37,221
Advertising, trade fairs	28,274	27,521
IT costs	10,854	8,221
Sales agent commissions	7,108	6,933
Collection development	5,840	6,338
Legal and consulting costs	8,233	7,545
Insurance, contributions, fees	5,527	5,157
Other personnel expenses	4,798	3,918
Travelling expenses	4,884	3,954
Vehicles	3,591	3,277
Maintenance	3,447	3,846
Office and communications	3,293	2,163
General administration	3,153	2,278
Del credere and credit card commissions	2,863	3,145
Exchange rate fluctuations	1,556	1,090
Losses on receivables / allowances	1,425	1,271
Loss from asset disposal	1,449	1,387
Other	5,468	3,436
	273,842	**214,250**

(29) Other taxes

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

(30) Financial result

in KEUR	2014 / 15	2013 / 14
Income from the fair value measurement of financial liabilities	1,355	0
Interest income	639	297
Income from financial assets loaned	20	25
Incidental bank charges	–1,489	–1,017
Interest expenses	–6,749	–3,547
	–6,224	**–4,242**

Incidental bank charges essentially comprise fees for letter of credits.

(31) Taxes on income

Taxes on income comprise the following main components:

in KEUR	2014 / 15	2013 / 14
Taxes of the fiscal year	21,502	33,449
Tax expenses / income of prior years	0	388
Deferred taxes	−614	−623
	20,888	**33,214**

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:

in KEUR	2014 / 15	2013 / 14
Profit before taxes on income	73,066	104,640
Group tax rate	30.00 %	30.00%
Expected tax expenses	21,920	31,392
Non-recognition of deferred tax assets due to operating losses and utilisation of those assets	759	484
Taxes on trade tax additions / deductions	1,362	838
Taxes on non-deductible operating expenses	240	154
Off-period tax expenses / income	91	388
Tax income from the sale of own shares	0	0
Tax rate differences	111	0
Tax effect on non-taxable income	−3,784	0
Miscellaneous	189	−42
Actual tax expenses 28.6% (previous year: 31.7%)	20,888	33,214

(32) Earning 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 of GERRY WEBER International AG 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 in KEUR	2014 / 15	2013 / 14
Consolidated net income / loss attributable to ordinary shareholders of the parent company	52,177	71,426

Number of ordinary shares	Shares
Voting shares on 31 Oct. 2014	45,905,960
Voting shares on 31 Oct. 2015	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 2014 / 15	Fiscal year 2013 / 14
45,905,960 × 12 / 12	45,905,960 × 12 / 12
45,905,960 shares	**45,905,960 shares**

Earnings per share amount to EUR 1.14 (previous year: EUR 1.56).

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

The accumulated profits were used to pay out a dividend of EUR 0.75 (previous year: EUR 0.75) per share. The remaining amount was carried forward to new account.

It shall be proposed to the Annual General Meeting to pay out a dividend of EUR 0.40 per share from the accumulated profits. This is equivalent to an amount of EUR 18.4 million. In Germany, dividends are subject to capital income tax of 25% plus 5.5% solidarity surcharge.

E. ADDITIONAL DISCLOSURES AND EXPLANATIONS REGARDING FINANCIAL INSTRUMENTS

Maturity analysis of financial assets

The maturities of the financial assets are shown below:

in KEUR	Neither written down nor due as of the reporting date	Not written down as of the reporting date but due since:					Gross value of the written-down receivables
		< 1 month	1 to 3 month	3 to 6 month	6 to 12 month	> 12 month	
Loans	1,615	–	–	–	–	–	500
Trade receivables	57,935	3,406	499	299	–	–	3,807
Other assets	54,184	–	–	–	–	–	0
Carrying amount 31 Oct. 2015	***113,734***	***3,406***	***499***	***299***	***–***	***–***	***4,307***
Loans	1,710	–	–	–	–	–	500
Trade receivables	61,333	2,844	3,885	526	–	–	5,365
Other assets	28,668	–	–	–	–	–	471
Carrying amount 31 Oct. 2014	***91,711***	***2,844***	***3,885***	***526***	***–***	***–***	***6,336***

Write-down schedule

KEUR	Prev. year	Addition	Con-sumption	Release	Reporting year
Loans	150	0	0	0	150
Trade receivables	2,629	26	359	320	1,976
Other assets	335	0	335	0	0
2014/15	***3,114***	***26***	***694***	***320***	***2,126***
Loans	150	0	0	0	150
Trade receivables	2,224	804	391	8	2,629
Other assets	532	171	368	0	335
2013/14	***2,906***	***975***	***759***	***8***	***3,114***

Trade credit insurance is taken out for the trade receivables, which cover about 71% (previous year: 70%) of the respective total receivables. In addition, the creditworthiness of the counterparties is examined. In the other cases, the default risks are equivalent to the carrying amounts.

Contractual remaining terms of financial liabilities

The table below shows the contractual remaining maturities of the financial liabilities. The figures are based on undiscounted cash flows, based on the earliest day on which the GERRY WEBER Group may be obliged to pay.

KEUR	Carrying amount	Undiscounted cash flows			Total
		up to 1 year	**1 to 5 years**	**more than 5 years**	
Note loan	215,000	0	91,000	124,000	215,000
Loans	2,568	2,568	0	0	2,568
Bond	28,964	28,427	0	0	28,427
Liabilities from company acquisitions	25,141	0	26,786	0	26,786
Other financial liabilities	5,705	5,705	0	0	5,705
Financial liabilities (total)	***277,378***	***36,700***	***117,786***	***124,000***	***278,486***
Trade liabilities	60,662	60,662	0	0	60,662
Carrying amount 31 Oct. 2015	***338,040***	***97,362***	***117,786***	***124,000***	***339,148***
Note loan	75,000	0	51,000	24,000	75,000
Loans	3,582	1,439	2,143	0	3,582
Bond	36,812	0	41,075	0	41,075
Liabilities from company acquisitions	3,748	3,434	0	0	3,434
Other financial liabilities	***119,142***	***4,873***	***94,218***	***24,000***	***123,091***
Financial liabilities (total)	38,607	38,607	0	0	38,607
Carrying amount 31 Oct. 2014	***157,749***	***43,480***	***94,218***	***24,000***	***161,698***

The short-term cash outflows from financial liabilities are offset by planned cash inflows from receivables and other financial assets. To cover short-term cash outflows, GERRY WEBER International AG additionally has a sufficient funding reserve in the amount of cash and cash equivalents and unused credit lines available as of the balance sheet.

Due to the early termination, the bond obligation recognised at fair value will be repaid at 102% of its nominal amount, which was taken into account in the recognition of the undiscounted cash flows.

The contractually agreed remaining maturities of the financial liabilities as of the reporting date result in the following future interest payments for the GERRY WEBER Group.

Future interest payments

KEUR	Undiscounted interest payments			Total
	up to 1 year	1 to 5 years	more than 5 years	
Note loan	4,284	14,421	6,400	*25,105*
Loans	108			*108*
Other financial liabilities	1,192			*1,192*
as of 31 Oct. 2015	***5,584***	***14,421***	***6,400***	***26,405***
Note loan	2,835	9,150	1,344	13,329
Loan	243	217		460
Financial liabilities	78			78
as of 31 Oct. 2014	***3,156***	***9,367***	***1,344***	***13,867***

Accounting for derivative financial instruments and hedges

All derivatives are recognised in the balance sheet at their fair value. Some derivatives do not qualify for hedge accounting, although they represent a hedge from an economic point of view. The relations between hedging instruments and hedged items as well as the risk management objectives and strategies in conjunction with the individual hedges are documented.

Financial derivatives

GERRY WEBER exclusively uses market financial derivatives with sufficient market liquidity. These are currency forwards and currency options. The present strategy provides for the use of hedges to limit the currency risks. The transactions are made exclusively with banks of excellent credit standing. Risks are managed centrally by GERRY WEBER International AG.

The nominal amount is the sum total of all purchase and sale amounts underlying the transactions. The financial instruments as of the reporting date serve to hedge against currency risks from the operating activities. No financial derivatives are used for speculation purposes.

The company hedges expected cash flows from the currency areas in which the GERRY WEBER has material operations; these include the US dollar area, the UK and Canada.

Nominal amount of financial derivatives

KEUR	Nominal amount as of 31 Oct. 2015 up to 12 months	12 to 24 months	more than 24 months	Total	Nominal amount as of 31 Oct. 2014 up to 12 months	12 to 24 months	more than 24 months	Total
Currency forwards and currency options								
in the procurement of goods	147,136	150,949	60,268	**358,353**	155,774	140,905	14,656	**311,335**
in the sale of goods	3,573	0	0	**3,573**	9,276	0	0	**9,276**

Fair values of the financial derivatives

Currency forwards and options qualifying for hedge accounting

KEUR	Nominal amount 31 Oct. 2015	31 Oct. 2014	Fair value 31 Oct. 2015	31 Oct. 2014
Currency forwards and currency options				
in the procurement of goods	**358,353**	311,335	**403,249**	337,778
in the sale of goods	**3,573**	9,276	**3,481**	9,545

Changes in the carrying amounts are recognised in equity and are shown in the statement of comprehensive income.

As of 31 October 2015, positive effects from fair value measurement after deduction of deferred taxes in the amount of KEUR 31,491 (previous year: positive effects of KEUR 18,322) were recognised in equity.

Currency forwards and currency options not qualifying for hedge accounting.

KEUR	Nominal amount 31 Oct. 2015	31 Oct. 2014	Fair value 31 Oct. 2015	31 Oct. 2014
Currency forwards and currency options				
in the procurement of goods	**9,026**	0	**10,046**	0
in the sale of goods		0		0

Some derivatives do not qualify for hedge accounting, although they represent a hedge from an economic point of view, e.g. accumulating currency forwards. The corresponding income of KEUR 1,020 (previous year: KEUR 0) is shown under other operating income.

The fair values do not necessarily represent the amounts that can be generated in future under current market conditions.

The table below shows the carrying amounts of the financial derivatives which are equivalent to the fair values. A difference is made between derivatives qualifying for hedge accounting pursuant to IAS 39 and derivatives not qualifying for hedge accounting.

Derivative financial instruments in KEUR	Carrying amount 31 Oct. 2015	Carrying amount 31 Oct. 2014
Assets		
Currency forwards and currency options		
Qualifying for hedge accounting (Cash flow hedges)	44,988	26,443
Not qualifying for hedge accounting	1,020	0
Liabilities		
Currency forwards and options		
Qualifying for hedge accounting (Cash flow hedges)	0	269
Not qualifying for hedge accounting	0	0

The carrying amounts of the financial assets are recognised as other assets or as other liabilities.

Financial instruments

Financial risk management

As a result of its international activities, the GERRY WEBER Group is exposed to a number of financial risks. These include, in particular, the effects of changes in exchange rates and interest rates. The risk management system of GERRY WEBER is geared to reducing risks.

The Managing Board defines the general risk management guidelines and thus determines the general approach to hedging exchange rate and interest rate risks and the use of derivative financial instruments. For further information on financial market risks and financial risk management, please refer to the Group management report.

Exchange rate risk

The GERRY WEBER Group is exposed to exchange rate risks relating to different foreign currencies, especially the US dollar, the Canadian dollar and the British pound. To mitigate these risks, currency forward and option contracts are signed with banks of excellent credit standing. The net requirement / surplus of the respective currencies is hedged at close to 100%.

Sensitivity analyses were performed to quantify the exchange rate risk. This is done on the basis of a hypothetical 5% change in the exchange rate.

The tables below show the pre-tax effect including the exchange rate hedges:

31 Oct. 2015 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate
USD	2,700	−425,828	−423,128	−655
GBP	4,658	0	4,658	−56
CAD	78	0	78	−4

31 Oct. 2014 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate
USD	4,621	–332,909	–328,288	527
GBP	11,813	0	11,813	–198
CAD	2,481	0	2,481	–27

Counterparty risk

The GERRY WEBER Group has counterparty default risks in the amount of the invested liquid funds and the positive market values of the derivatives. As a general rule, money transactions and financial instruments are signed only with a defined group of banks of excellent credit standing. The creditworthiness of these banks is monitored continuously and classified using quantitative and qualitative factors.

Liquidity risk

Liquidity risks may arise from the lack of available follow-up financing (liquidity risk in the narrower sense) as well as from delays in planned cash inflows and unplanned payments (plan risk). The liquidity risk is monitored continuously on the basis of the budget prepared for the budget year and the following years. New and unplanned business transactions (e.g. acquisitions) are incorporated continuously. In addition, the maturity profiles of financial assets and liabilities are matched regularly. Plan risks are managed through constant monitoring of projected and actual cash flows. Furthermore, the durations of financings are chosen in such a way that the maturities are diversified over time, so that an increase in the refinancing costs would have an effect only in the long term. Unplanned payments are covered by credit lines from banks.

Interest rate risk

Interest rate risks primarily relate to interest-bearing financial liabilities. The GERRY WEBER Group manages interest rate risks by raising long-term loans and through a high equity ratio. The financial liabilities of the GERRY WEBER Group mostly carry fixed interest rates agreed for long durations.

Sensitivity analyses are performed to quantify the interest rate risk from these financial liabilities. In view of the continued low interest rates, a +100 / -30 bp shift in the yield curve was assumed as of the balance sheet date to ensure that realistic scenarios are used for the analysis of the interest rate sensitivities.

Variable interest rate liabilities of KEUR 17,500 (31 October 2014: KEUR 17,500) were included in the analysis. The resulting interest payments expected until the maturity date are not hedged by financial derivatives. The resulting interest rate risk is also a cash flow risk with implications for the amount of future interest payments. The pre-tax effect on consolidated net income for the year is shown:

	2014 / 15		2013 / 14	
	+100 bp	–30 bp	+100 bp	–30 bp
Cash flow risks	–413	+124	–487	+104

Bottom line effect of financial instruments

KEUR	Loans and receivables	Financial liabilities
From interest rates / payments	639	–6,749
From losses of receivables and write-downs	–1,424	
From adjustments of minority options	0	12,612
2014 / 15		
From interest rates / payments	297	–3,546
From losses of receivables and write-downs	–1,271	
From adjustments of minority options	0	689
2013 / 14		

Carrying amount and fair values by measurement categories

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 corresponding balance sheet items. The fair values of cash and cash equivalents, of current receivables, of trade payables and of other current financial liabilities are largely identical with the carrying amounts. This is primarily due to the short maturities of such instruments.

KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets and liabilities	
	Carrying amount 31 Oct. 2015	For information: **Fair value 31 Oct. 2015**	**Carrying amount 31 Oct. 2015**	**Carrying amount 31 Oct. 2015**	**Carrying amount in the balance sheet 31 Oct. 2015**
Financial assets	**2,597**	**2,597**			**2,597**
Loans and receivables	2,377	2,377			2,377
Available-for sale financial assets	220	220			220
Trade receivables (non-current)	**245**	**245**			**245**
Loans and receivables	245	245			245
Trade receivables (current)	**63,716**	**63,716**			**63,716**
Loans and receivables	63,716	63,716			63,716
Other assets (current)	**8,011**	**8,011**	**46,173**	**16,296**	**70,480**
Derivatives qualifying for hedge accounting			46,173		46,173
Loans and receivables	8,011	8,011			8,011
Non-financial assets				16,296	16,296
Cash and cash equivalents	**76,130**	**76,130**			**76,130**
Loans and receivables	76,130	76,130			76,130
Total financial assets	**150,699**		**46,173**		**196,872**
Financial liabilities (non-current)	**215,000**	**215,000**			**215,000**
Measured at amortised cost	215,000	215,000			215,000
Other liabilities (non-current)	**26,638**	**26,638**			**26,638**
Measured at amortised cost	1,497	1,497			1,497
Liabilities from company acquisitions	25,141	25,141			25,141
Financial liabilities (current)	**35,740**	**6,776**	**28,964**		**35,740**
Measured at amortised cost	6,776	6,776			6,776
Bond	28,964		28,964		28,964
Trade liabilities (current)	**60,662**	**60,662**			**60,662**
Measured at amortised cost	60,662	60,662			60,662
Other liabilities	**452**	**452**		**23,852**	**24,304**
Measured at amortised cost	452	452			452
Non-financial liabilities				23,852	23,852
Total financial liabilities	**338,492**		**28,964**		**338,492**

KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets and liabilities	
	Carrying amount 31 Oct. 2014	For information: Fair value 31 Oct. 2014	Carrying amount 31 Oct. 2014	Carrying amount 31 Oct. 2014	Carrying amount in the balance sheet 31 Oct. 2014
Financial assets	**2,559**	**2,559**			**2,559**
Loans and receivables	2,417	2,417			2,417
Available-for sale financial assets	142	142			142
Trade receivables (non-current)	**480**	**480**			**480**
Loans and receivables	480	480			480
Trade receivables (current)	**70,844**	**70,844**			**70,844**
Loans and receivables	70,844	70,844			70,844
Other assets (current)	**2,361**	**2,361**	**26,443**	**10,407**	**39,211**
Derivatives qualifying for hedge accounting			26,443		26,443
Loans and receivables	2,361	2,361			2,361
Non-financial assets				10,407	10,407
Cash and cash equivalents	**104,296**	**104,296**			**104,296**
Loans and receivables	104,296	104,296			104,296
Total financial assets	**180,540**		**26,443**		**206,983**
Financial liabilities (non-current)	**77,173**	**77,173**			**77,173**
Measured at amortised cost	77,173	77,173			77,173
Other liabilities (non-current)	**36,857**	**36,857**			**36,857**
Measured at amortised cost	45	45			45
Liabilities from company acquisitions	36,812	36,812			36,812
Financial liabilities (current)	**7,016**	**7,016**			**7,016**
Measured at amortised cost	7,016	7,016			7,016
Bond	**37,309**	**37,309**			**37,309**
Trade liabilities (current)	37,309	37,309			37,309
Measured at amortised cost	**1,298**	**1,298**	**269**	**16,505**	**18,072**
Other liabilities			269		269
Measured at amortised cost	1,298	1,298			1,298
Non-financial liabilities				16,505	16,505
Total financial liabilities	**159,653**		**269**		**159,922**

Fair values of financial assets and liabilities by measurement categories

The assignment of the financial instruments measured at fair value to one of the three levels of the fair value hierarchy can be seen from the table "Carrying amounts and fair values by measurement categories".

The fair values of financial assets and liabilities is assigned to level 2 of the fair value hierarchy.

As in the previous year, no reclassifications between levels 1, 2 and 3 were made in the fiscal year 2014 / 15.

Market comparison methods are used to determine the fair values of level 2. The fair values of currency forwards and currency options are based on valuations by banks. Given that similar contracts are traded in an active market, these valuations reflect the actual transactions for similar instruments.

F. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents comprise current liquid funds (KEUR 76,130.3; previous year: KEUR 104,295.5) less current liabilities to banks (KEUR 2,831.3; previous year: KEUR 0.0).

The cash flow statement describes the cash flows in the fiscal year 2014 / 15 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.

Non-cash income relates primarily to the release of purchase price liabilities from minority options for Belgium and the Netherlands, which were adjusted through profit / loss in view of changed expectations regarding the purchase-price-relevant EBIT of the respective companies.

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 2014 / 15, cash inflow from operating activities includes payments for interest received in an amount of KEUR 639 (previous year: KEUR 297) and for interest paid in an amount of KEUR 3,946 (previous year: KEUR 1,328). Income tax payments amounted to KEUR 35,020 (previous year: KEUR 33,561).

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

G. SEGMENT REPORTING

Fiscal year 2014 / 15

in KEUR	GERRY WEBER Wholesale	GERRY WEBER Retail Core	HALLHUBER Retail	Other segments	Consoli-dated entries	Total
Sales by segment thereof:	**373,430**	**443,207**	**115,189**	**0**	**–10,988**	**920,838**
sales with external third parties	365,398	440,251	115,189	0	0	920,838
inter segment revenues	8,032	2,956	0	0	–10,988	0
EBIT (Earnings Before Interest and Tax)	63,130	12,172	2,408	1,942	–362	79,290
Depreciation / Amortization	8,063	19,314	8,516	604	0	36,497
EBITDA	71,193	31,486	10,924	2,546	–362	115,787
Personnel Expenses	44,787	120,762	21,529	0	0	187,078
Interest income	379	237	18	0	5	639
Interest expenses	1,090	3,802	1,863	0	–6	6,749
Assets	300,087	417,004	198,091	29,360	–5,932	938,610
Liabilities	59,249	205,136	197,069		–6,196	455,258
Investments in non-current assets	47,025	59,313	167,162	197	0	273,697
Number of employees (annual average)	704	4,743	1,579	1	0	7,027
Impairments recognised in profit / loss						
of inventories		–1,610	0	0	0	–1,508
of trade receivables	529	156	0	0	0	685

Fiscal year 2013 / 14

in KEUR	GERRY WEBER Wholesale	GERRY WEBER Retail Core	HALLHUBER Retail	Other segments	Consoli-dated entries	Total
Sales by segment thereof:	**455,162**	**407,869**	**0**	**0**	**–10,945**	**852,086**
sales with external third parties	447,155	404,931	0	0	0	**852,086**
inter segment revenues	8,007	2,938	0	0	–10,945	**0**
EBIT (Earnings Before Interest and Tax)	85,990	21,158	0	2,156	–422	**108,882**
Depreciation / Amortization	7,841	16,849	0	588	0	**25,278**
EBITDA	93,830	38,007	0	2,745	–422	**134,160**
Personnel Expenses	45,446	109,418	0	0	0	**154,864**
Interest income	557	360	0	0	–620	**297**
Interest expenses	432	2,556	0	0	559	**3,547**
Assets	262,013	402,220	0	29,704	–9,725	**684,212**
Liabilities	36,440	203,199	0	0	–9,690	**229,949**
Investments in non-current assets	22,998	57,407	0	56	0	**80,461**
Number of employees (annual average)	708	4,493	0	1	0	**5,202**
Impairments recognised in profit / loss						
of inventories	–210	–382	0	0	0	**–592**
of trade receivables	–13	–234	0	0	0	**–247**

For the purpose of segment reporting, the segments of the GERRY WEBER Group are defined by the Group's business activities pursuant to the management approach (IFRS 8).

GERRY WEBER International AG modified its segment reporting practice as of the beginning of the financial year 2014 / 15 and for the first time distinguished between two distribution segments, "Wholesale" and "Retail". Contrary to the past practice, all development and production processes of the goods including transport and logistics are not exclusively counted towards the "Production and Wholesale" segment but are allocated to the two new segments, "Wholesale" and "Retail". Accordingly, all income and expenses as well as assets and liabilities which can be assigned to product development and procurement are allocated to the "Retail" segment and the "Wholesale" segment.

To ensure better comparability, the figures for the "Wholesale" and "Retail" segment for the financial year 2013 / 14 have been adjusted accordingly.

The "Retail" segment comprises the company's own retail activities in the national and international Houses of GERRY WEBER and mono-label stores, the concession stores, the factory outlets and online shops (e-commerce).

The "Wholesale" segment comprises the wholesale activities of the Group's brands (GERRY WEBER, TAIFUN and SAMOON).

Against the background of the initial inclusion of Hallhuber Beteiligungs GmbH and Hallhuber GmbH in the consolidated financial statements of GERRY WEBER International AG, the new "HALLHUBER" segment has been added to the segment report. For the purpose of greater transparency, the income and expenses as well as the assets and liabilities of HALLHUBER are presented as a separate segment. The presentation of the "Wholesale" and "Retail" segments remains unchanged.

The "other segments" also remained unchanged and primarily comprise the income and expenses as well as the assets and liabilities of the Hall 30 investment property.

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

Transfer prices between the segments are fixed on terms equivalent to those that prevail in arm's length transactions.

The Managing Board of GERRY WEBER INTERNATIONAL AG has chosen earnings before interest and taxes (EBIT) and sales revenues as performance indicators for controlling and reporting.

Net interest income and tax expenses are viewed by management only at a Group-wide level.

Geographic information:

2014 / 15 KEUR	Germany	Abroad	Total
Sales by regions	**574,603**	**346,235**	**920,838**
Non-current assets	461,304	86,730	548,034
Investments in non-current assets	261,054	12,643	273,697
Number of employees	5,232	1,795	7,027

2013 / 14 KEUR	Germany	Abroad	Total
Sales by regions	**512,513**	**339,573**	**852,086**
Non-current assets	237,924	83,246	321,170
Investments in non-current assets	71,483	8,978	80,461
Number of employees	3,515	1,687	5,202

For purposes of segment reporting by geographical segments, external sales are defined by customers' head offices. A regional distinction is made between "Germany" and "outside Germany".

H. MISCELLANEOUS INFORMATION

Research and development

Research and development expenses shown under expenses amount to KEUR 5,840 (previous year: KEUR 6,338) 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 0 (previous year: KEUR 26).

There is a payment obligation for shares in partnerships (start-up funds) in an amount of KEUR 29 (previous year: KEUR 25).

Other financial liabilities / operating leases where the company is the lessee

As of 31 October 2015, the purchase commitment for investments in non-current assets amounted to EUR 11.1 million (previous year: EUR 43.9 million).

The Group has other financial liabilities resulting from operating lease contracts in the following amount:

in KEUR	31 Oct. 2015	31 Oct. 2014
Within 1 year	7,478	5,750
Between 1 and 5 years	2,087	2,217
	9,565	**7,967**

Expenses under these operating leases amounted to KEUR 7,478 in the fiscal year 2014 / 15 (previous year: KEUR 5,750).

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.

in KEUR	31 Oct. 2015	31 Oct. 2014
Within 1 year	103,245	64,203
Between 1 and 5 years	303,575	183,592
After 5 years	162,381	91,690
	569,201	**339,485**

In the fiscal year 2014 / 15, rental expenses in an amount of KEUR 105,825 (previous year: KEUR 66,871) were recognised. Store 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 store leases, the company frequently agrees to make contributions to the communal advertising expenses:

in KEUR	31 Oct. 2015	31 Oct. 2014
Within 1 year	2,254	1,541
Between 1 and 5 years	7,342	4,667
After 5 years	3,443	2,057
	13,039	**8,265**

In the fiscal year 2014 / 15, the Group generated KEUR 2,855 (previous year: KEUR 2,664) from subleases. The table below shows the minimum lease payments from subleases:

in KEUR	31 Oct. 2015	31 Oct. 2014
Within 1 year	2,586	2,353
Between 1 and 5 years	8,019	6,791
After 5 years	3,137	2,016
	13,742	**11,160**

Operating leases where the company is the lessor

The "Halle 29" order centre in Düsseldorf, which is 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:

in KEUR	31 Oct. 2015	31 Oct. 2014
Within 1 year	1,598	2,005
Between 1 and 5 years	1,814	1,602
After 5 years	79	0
	3,491	**3,607**

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:

in KEUR	31 Oct. 2015	31 Oct. 2014
Within 1 year	20	325
Between 1 and 5 years	0	88
After 5 years	0	0
	20	**413**

An exclusively turnover-based rent has been agreed with one tenant. Income from such conditional rents amounted to KEUR 52 in the fiscal year 2014 / 15 (previous year: KEUR 58).

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 to six years. No purchase options have been agreed. The table below shows the remaining minimum leases until the end of the respective contractual period:

in KEUR	31 Oct. 2015	31 Oct. 2014
Within 1 year	2,575	2,689
Between 1 and 5 years	1,225	1,128
After 5 years	200	0
	4,000	3,817

Lease agreements in which the GERRY WEBER Group is the lessor are classified as operating leases pursuant to IAS 17. Rental income is recognised on a straight-line basis over the term of the respective lease agreement.

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

Related parties within the meaning of IAS 24 (Related party disclosures) are legal or natural persons that may exert influence over GERRY WEBER International AG and its subsidiaries or are subject to control or material influence by GERRY WEBER International AG. These include, in particular, the members of the executive bodies GERRY WEBER International AG. There are no unconsolidated entities as well as associates and joint ventures.

In the financial year 2014 / 15, transactions were made only with members of the executive bodies and / or with companies that are controlled by such members.

The table below shows the received goods and services (expenses) and supplied goods and services (income) rendered for or by these companies:

in KEUR	2014 / 2015	2013 / 2014
Services provided by the Group		
Goods and services	5,227	705
Rental, lease and leasing agreements	159	160
Management and consulting services	105	93
Other services	113	135
Total	5,604	1,093
Services received by the Group		
Advertising services	4,756	6,037
Management and consulting services	484	0
Rental, lease and leasing agreements	107	298
Hotel services	390	278
Other services	474	416
Goods and services	756	0
Total	6,967	7,029

The transactions listed above essentially relate to companies that are controlled by members of the executive bodies. Only the management and consulting services received by the Group relate directly to such members.

In addition, the Group had the following receivables and liabilities towards these related parties as at the balance sheet date, with the balances relating exclusively to companies controlled by members of the executive bodies:

in KEUR	31 Oct. 2015	31 Oct. 2014
Trade receivables from	734	123

in KEUR	31 Oct. 2015	31 Oct. 2014
Credit receivables from loans	1,518	1,520

in KEUR	31 Oct. 2015	31 Oct. 2014
Trade payables	259	87

All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions based on international price comparison methods. This also applies to the terms and conditions for trade receivables and trade payables as well as the loans.

No allowances or derecognitions relating to receivables from related parties were required. No guarantees or securities were obtained or granted; nor do financial assets serve as collateral.

There are no financial obligations from purchase commitments towards related parties.

Contracts and agreements

Sponsorship agreement with Gerry Weber Management & Event oHG

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 signed on 6 December 2007, which expired on 31 December 2012.

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 payments for the "GERRY WEBER OPEN" for the period from 1 January 2013 to 31 December 2017.

Consultancy agreement with Mr Gerhard Weber

A consultancy agreement was signed with Mr Gerhard Weber on 31 October 2014. The object of the agreement is the provision of advice and comprehensive support in the contractually agreed consultancy areas.

The agreement commenced on 1 November 2014 and has a fixed term until 31 October 2016. It will be automatically renewed by another twelve months unless it is terminated by either party no later than six months prior to expiry.

Lease agreement with DALOU Grundstücks-GmbH & Co. KG

On 5 June 2014, a lease agreement was signed between Gerry Weber Retail GmbH, which is a fully consolidated company of the Group, and DALOU Grundstücks-GmbH & Co. KG, Halle / Westphalia. The object of the agreement is the still-to-be-built outlet store in "Ravenna-Park", which the company plans to operate in the immediate vicinity of the logistic centre under construction after relocation of the previous outlet store in Brockhagen. The space to be let was handed over at the end of 2015.

The agreement commenced on 1 October 2014 and has a fixed term until 30 September 2024 and includes a 5-year option right for the lessee. Obligations in the amount of KEUR 5,300 arise under this agreement.

Mr Ralf Weber is sole limited partner of DALOU Grundstücks-GmbH and sole Managing Director of its general partner, DALOU Verwaltungs GmbH, Halle / Westphalia.

Managing Board

- Ralf Weber, Chairman, in charge of Corporate Developments and Distribution, businessman, Steinhagen,
- Dr. David Frink, Board member in charge of Finance, Logistics, IT, Administration and Human Resources, businessman, Bielefeld,
- Arnd Buchhardt, until 30 November 2015, Board member in charge of Products, Brands and Licences, businessman, Bielefeld.
- Norbert Steinke, since 19 October 2015, Board member in charge of Retail.

The respective entries in the Commercial Register were made on 19 October 2015.

As in the previous year, Dr. David Frink sits on the Supervisory Board of DSC Arminia Bielefeld GmbH & Co. KGaA, Bielefeld.

Norbert Steinke is a member of the advisory council of eyes and more GmbH, Hamburg.

None of the Managing Board members was a member of other supervisory boards or control organs as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Act.

Supervisory Board

- Dr. Ernst F. Schröder, Bielefeld, – Chairman –,
- Gerhard Weber, Halle / Westphalia, – Vice Chairman –, since 16 April 2015,
- Udo Hardieck, Halle / Westphalia, – Vice Chairman –, until 15 April 2015
- Charlotte Weber-Dresselhaus, Halle / Westphalia,
- Ute Gerbaulet, Düsseldorf, since 16 April 2015,
- Alfred Thomas Bayard, Bern, since 16 April 2015,
- Olaf Dieckmann, Halle / Westphalia, – staff representative –,
- Klaus Lippert, Halle / Westphalia, – staff representative –,
- Annette von der Recke, – staff representative –, since 16 April 2015,
- Andreas Strunk, – staff representative –, since 16 April 2015,
- Manfred Menningen, Frankfurt am Main, – staff representative –, since 16 April 2015,
- Hans-Jürgen Wentzlaff, Bielefeld, – staff representative –, since 16 April 2015.

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

Dr. Ernst F. Schröder, businessman, Bielefeld

Member of the Supervisory Board:
- L. Possehl GmbH & Co., Lübeck, Chairman since 15 April 2014
- S.A. Damm, Barcelona.

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.

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

Mr Gerhard Weber, businessman, Halle / Westphalia,
- No mandates

Mr Udo Hardieck, Diplom-Ingenieur, Halle / Westphalia
Member of the advisory council:
- Nordfolien GmbH, Steinfeld

Ms Charlotte Weber-Dresselhaus, banker, Halle / Westphalia
- No mandates

Mr Olaf Diekmann, technical employee, Halle / Westphalia
- No mandates

Mr Klaus Lippert, commercial employee, Halle / Westphalia
- No mandates

Ms Ute Gerbaulet, businesswoman, Düsseldorf.
Member of the Supervisory Board:
- RWE Supply & Trading GmbH, Essen

Member of the Supervisory Board:
- NRW Bank, Düsseldorf

Member of the advisory council:
- Lampe Beteiligungsgesellschaft mbH, Düsseldorf

Ms Annette von der Recke, commercial employee, Bielefeld
- No other mandates

Mr Andreas Strunk, technical employee, Bad Salzuflen.
- No other mandates

Mr Alfred Thomas Bayard, businessman, Bern, Switzerland.
President of the Supervisory Board:
- Mode Bayard Holding AG, Bern, Switzerland
- SPN Invest AG, Visp, Switzerland
- Bayard Immobilien & Handels AG, Visp, Switzerland
- Gerry Weber Switzerland AG, Bern, Switzerland
- Tennis & Sportcenter AG, Bern, Switzerland

Member of the Supervisory Board:
- Mode Bayard AG, Bern, Switzerland

Mr Manfred Menningen, Secretary of the Board Chairman of IG Metall, Frankfurt.
Member of the Supervisory Board:
- Hella KGaA, Lippstadt

Herr Hans-Jürgen Wentzlaff, second commissioner of IG Metall, Bielefeld.
- No other mandates

Total compensation of the Managing Board

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

KEUR	2014 / 15 Basic salary	2014 / 15 Share in profits	2014 / 15 Total	2013 / 14 Basic salary	2013 / 14 Share in profits	2013 / 14 Total
Ralf Weber [2]	671	250	**921**	472	350	822
Gerhard Weber [1]	0	0	**0**	755	3,200	3,955
Dr. David Frink	568	250	**818**	474	350	824
Arnd Buchardt [2]	571	250	**821**	522	350	872
Norbert Steinke [3]	42	20	**62**	0	0	0
	1,852	**770**	**2,622**	**2,223**	**4,250**	**6,473**

1 until 31 October 2014
2 since 1 August 2013
3 since 19 October 2015

The variable components of the Managing Board compensation are performance-linked and are included in provisions. There are no stock option plans or other remuneration models based on the share price. The compensation represents a short-term benefit within the meaning of IAS 24.17 (a).

Total compensation of the Supervisory Board

In accordance with the statutes, the Supervisory Board will receive compensation of KEUR 702 (previous year: KEUR 510) for its work for the parent company and the Group, which was provisioned for in the financial year. No variable compensation is granted.

The table below shows the compensation paid to the individual members of the Supervisory Board, which are short-term benefits in accordance to IAS 24.17(a).

In detail, the following compensations were paid:

KEUR	2014 / 15 Basic salary	2014 / 15 Total	2013 / 14 Basic salary	2013 / 14 Total
Supervisory Board				
Dr. Ernst F. Schröder Chairman	180	**180**	180	180
Gerhard Weber Vice Chairman	90	**90**	0	0
Udo Hardieck	60	**60**	90	90
Charlotte Weber Dresselhaus	60	**60**	60	60
Dr. Wolf Albrecht Prautzsch	0	**0**	60	60
Olaf Dieckmann Staff representative	60	**60**	60	60
Klaus Lippert Staff representative	60	**60**	60	60
Annette von der Recke Staff representative	32	**32**	0	0
Andreas Strunk Staff representative	32	**32**	0	0
Hans-Jürgen Wentzlaff IG Metall	32	**32**	0	0
Manfred Menningen IG Metall	32	**32**	0	0
Alfred Thomas Bayard	32	**32**	0	0
Ute Gerbaulet	32	**32**	0	0
	702	**702**	**510**	**510**

The staff representatives on the Supervisory Board remain entitled to a regular salary under their employment contracts.

There is a lease agreement with Udo Hardieck e.K., which is controlled by Udo Hardieck. Rent payments in the fiscal year 2014 / 15 totalled KEUR 25 (previous year: KEUR 25).

Shares held by the Managing Board

As at the balance sheet date, the Managing Board directly and indirectly held 1,550,239 shares (previous year: 14,458,065 shares).

Shares held by the Supervisory Board

As at the balance sheet date, members of the Supervisory Board directly and indirectly held 21,729,677 shares (previous year: 8,072,051 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%.

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 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).

Hardieck Anlagen-Verwaltungs-GmbH, 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 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.

Mr Ralf Weber, Germany, notified us pursuant to section 21 para. 1 WpHG on 16 June 2015 that his share of the voting rights in GERRY WEBER International AG Halle / Westphalia, Germany, had exceeded the 3% threshold of voting rights on 12 June 2015 and on that date amounted to 3.3204% (corresponding to 1,524,239 voting rights). 0.9411% of these voting rights (corresponding to 432,000 voting rights) are imputable to Mr Ralf Weber pursuant to section 22 para. 1, sentence 1, No. 1 WpHG.

BNY Mellon Service Kapitalanlage-Gesellschaft mbH, Frankfurt am Main, Germany, notified us pursuant to section 21 para. 1 WpHG on 16 September 2015 that its share of the voting rights in GERRY WEBER International AG Halle / Westphalia, Germany, had exceeded the 3% threshold of voting rights on 14 September 2015 and on that date amounted to 3.27% (corresponding to 1500000 voting rights).

BNY Mellon Service Kapitalanlage-Gesellschaft mbH, Frankfurt am Main, Germany, notified us pursuant to section 21 para. 1 WpHG on 26 January 2016 that its share of the voting rights in GERRY WEBER International AG Halle / Westphalia, Germany, had exceeded the 5% threshold of voting rights on 22 January 2016 and on that date amounted to 5.25% (corresponding to 2,412,000 voting rights).

Deutsche Bank AG, Frankfurt am Main, Germany, notified us pursuant to section 21 para. 1 WpHG on 2 December 2015 that its share of the voting rights in GERRY WEBER International AG Halle / Westphalia, Germany, had exceeded the 3% threshold of voting rights on 26 November 2015 and on that date amounted to 3.15% (corresponding to 1,445,212 voting rights). Deutsche Bank AG, Frankfurt am Main, Germany, also notified us 2 December 2015 that its share of the voting rights in GERRY WEBER International AG Halle / Westphalia, Germany pursuant to section 25 WpHG amounted to 4.68% (corresponding to 2,146,577 voting rights) on 26 November 2015.

Transactions pursuant to section 15a of the German Securities Trading Act (WpHG)

Mr Ralf Weber, Chairman of the Managing Board, acquired 425,294 shares at prices between EUR 15.48 and EUR 34.59 per share in the financial year.

In addition, Mr Ralf Weber sold derivatives (nominal: 4,600) at a price of EUR 30.77 per derivative. Shares in GERRY WEBER International AG are the underlyings of these derivatives.

Mrs Irina Weber, wife of Mr Ralf Weber, Chairman of the Managing Board, acquired 975 shares at a price of EUR 15.16 per share in the financial year.

Mr Gerhard Weber, member of the Supervisory Board, acquired 291,501 shares at prices between EUR 15.00 and EUR 30.68 per share, and sold 23,000 shares at a price of EUR 28.72 per share in the financial year through a company controlled by him.

Mr Udo Hardieck, member of the Supervisory Board, acquired 50,000 shares at a price of EUR 20.55 per share in the financial year.

Mr Klaus Lippert, member of the Supervisory Board, acquired 400 shares at prices between EUR 21.79 and EUR 29.25 per share in the financial year.

Auditor's fees

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

in KEUR	2014 / 15	2013 / 14
Audit	480	431
Other certification services	70	9
Tax consulting services	63	85
Other services	557	400
	1,170	**925**

German Corporate Governance Code / Statement required under section 161 AktG

The statement required under section 161 of the German Stock Corporation Act was issued by the Managing Board and the Supervisory Board on 24 November 2015 and published on the website of GERRY WEBER International AG at www.gerryweber.com under Investors / Corporate Governance.

Post balance sheet events

After the end of the financial year 2014 / 15 (31 October 2015), no material events occurred which may have a material influence on the net worth, financial and earnings position as well as the future business performance of the GERRY WEBER Group.

On 30 January 2016, 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 26 February 2016.

Exemption from disclosures pursuant to section 264 para. 3 of the German Commercial Code HGB

The following fully consolidated domestic subsidiaries took advantage of the options provided under section 264 para. 3 of the German Commercial Code (HGB) with regard to the disclosure of their annual accounts and the preparation of the management report:

- Gerry Weber Life-Style Fashion GmbH, Halle / Westphalia
- Gerry Weber Retail GmbH, Halle / Westphalia

Publication of the consolidated financial statements

The consolidated financial statements in the legally required form will be examined and endorsed by the Supervisory Board of GERRY WEBER International AG at its meeting on 24 February 2015 and thus be approved for electronic publication in the Federal Gazette.

Halle / Westphalia, 29 January 2016
The Managing Board

Ralf Weber   Dr. David Frink   Norbert Steinke


THE TAIFUN-LIFESTYLE

CHANGES IN THE GROUP'S FIXED ASSETS

for the fiscal year 2014 / 15

in KEUR	Costs 1 Nov. 2014	Additions	Disposals	Reclassifications	Currency translation	31 Oct. 2015
fixed assets						
Intangible assets						
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	104,972.6	94,197.3 [1]	593.5	985.2	–1,227.0	198,334.6
Goodwill on consolidation	34,187.3	54,542.6 [2]	0.0	0.0	–1,678.4	87,051.5
Prepayments on intangibles	6,589.0	6,418.2	156.6	–828.1	0.0	12,022.5
	145,748.9	*155,158.1*	*750.1*	*157.1*	*–2,905.4*	*297,408.6*
Property, plant and equipment						
Land, leasehold rights and buildings including buildings on third-party land	172,477.6	23,817.9 [3]	11,406.6	93.7	–51.6	184,931.0
Plant and machinery	7,779.5	485.5	302.9	11.4	–13.9	7,959.6
Other fixtures and fittings, tools and equipment	79,711.5	20,849.2 [4]	4,270.1	–97.8	–173.3	96,019.5
Payments on account and plant under construction	25,134.6	73,045.0 [5]	0.0	–164.4	–28.5	97,986.7
	285,103.2	*118,197.6*	*15,979.6*	*–157.1*	*–267.3*	*386,896.8*
Investment properties	**28,221.4**	**196.5**	**0.0**	**0.0**	**0.0**	**28,417.9**
Financial assets						
Investments	406.2	90.5 [6]	0.0	0.0	–12.5	484.2
Other loans	2,867.5	54.0	94.5	0.0	0.0	2,827.0
	3,273.7	*144.5*	*94.5*	*0.0*	*–12.5*	*3,311.2*
	462,347.2	**273,696.7**	**16,824.2**	**0.0**	**–3,185.2**	**716,034.5**

1 Thereof additions from company mergers KEUR 86,985.0
2 Thereof additions from company mergers KEUR 54,542.6
3 Thereof additions from company mergers KEUR 12,342.6
4 Thereof additions from company mergers KEUR 9,299.0
5 Thereof additions from company mergers KEUR 1,129.0
6 Thereof additions from company mergers KEUR 90.5

Accumulated depreciation / amortisation					Net carring amount	
1 Nov. 2014	Additions	Disposals	Currency translation	31 Oct. 2015	31 Oct. 2015	31 Oct. 2014
50,588.6	17,365.0	464.2	207.4	67,282.0	131,052.6	54,384.0
264.5	0.0	0.0	0.0	264.5	86,787.0	33,922.8
0.0	0.0	0.0	0.0	0.0	12,022.5	6,589.0
50,853.1	*17,365.0*	*464.2*	*207.4*	*67,546.5*	*229,862.1*	*94,895.8*
42,391.8	7,124.5	5,297.2	22.2	44,196.9	140,734.1	130,085.8
6,179.0	652.3	303.0	12.9	6,515.4	1,444.2	1,600.5
41,406.9	10,867.7	3,847.1	71.0	48,356.5	47,663.0	38,304.6
0.0	0.0	0.0	0.0	0.0	97,986.7	25,134.6
89,977.7	*18,644.5*	*9,447.3*	*106.1*	*99,068.8*	*287,828.0*	*195,125.5*
1,393.4	**487.1**	**0.0**	**0.0**	**1,880.5**	**26,537.4**	**26,828.0**
264.4	0.0	0.0	0.0	264.4	219.8	141.8
450.0	0.0	0.0	0.0	450.0	2,377.0	2,417.5
714.4	*0.0*	*0.0*	*0.0*	*714.4*	*2,596.8*	*2,559.3*
142,938.6	**36,496.6**	**9,911.5**	**313.5**	**169,210.2**	**546,824.3**	**319,408.6**

CHANGES IN THE GROUP'S FIXED ASSETS

for the fiscal year 2013 / 14

in KEUR	Costs 1 Nov. 2014	Additions	Disposals	Reclassifica-tions	31 Oct. 2014
fixed assets					
Intangible assets					
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	86,133.0	17,654.9 [1]	491.4	1,676.1	**104,972.6**
Goodwill on consolidation	21,205.8	12,981.5 [2]	0.0	0.0	**34,187.3**
Prepayments on intangibles	3,566.9	4,563.4	0.0	–1,541.3	**6,589.0**
	110,905.7	***35,199.8***	***491.4***	***134.8***	***145,748.9***
Property, plant and equipment					
Land, leasehold rights and buildings including buildings on third-party land	162,910.0	10,681.8	1,318.5	204.3	**172,477.6**
Plant and machinery	6,579.5	1,247.7	0.0	–47.7	**7,779.5**
Other fixtures and fittings, tools and equipment	71,925.2	9,374.5	1,491.3	–96.9	**79,711.5**
Payments on account and plant under construction	1,430.8	23,898.3		–194.5	**25,134.6**
	242,845.5	***45,202.3***	***2,809.8***	***–134.8***	***285,103.2***
Investment properties	**28,162.2**	**59.2**	**0.0**	**0.0**	**28,221.4**
Financial assets					
Investments	270.0	136.2	0.0	0.0	**406.2**
Other loans	2,823.7	392.1	348.3	0.0	**2,867.5**
	3,093.7	***528.3***	***348.3***	***0.0***	***3,273.7***
	385,007.1	**80,989.6**	**3,649.5**	**0.0**	**462,347.2**

1 Thereof additions from company mergers KEUR 9,670.5
2 Thereof additions from company mergers KEUR 12,981.5

	Accumulated depreciation / amortisation					Net carring amount	
	1 Nov. 2013	Additions	Disposals	31 Oct. 2014		31 Oct. 2014	31 Oct. 2013
	40,550.9	10,288.5	250.8	50,588.6		54,384.0	45,582.1
	264.5	0.0	0.0	264.5		33,922.8	20,941.3
	0.0	0.0	0.0	0.0		6,589.0	3,566.9
	40,815.4	***10,288.5***	***250.8***	***50,853.1***		***94,895.8***	***70,090.3***
	37,752.1	5,325.7	686.0	42,391.8		130,085.8	125,157.9
	5,409.7	769.3	0.0	6,179.0		1,600.5	1,169.8
	33,773.9	8,411.7	778.7	41,406.9		38,304.6	38,151.3
	0.0	0.0	0.0	0.0		25,134.6	1,430.8
	76,935.7	***14,506.7***	***1,464.7***	***89,977.7***		***195,125.5***	***165,909.8***
	910.3	**483.1**	**0.0**	**1,393.4**		**26,828.0**	**27,251.9**
	264.4	0.0	0.0	264.4		141.8	5.6
	450.0	0.0	0.0	450.0		2,417.5	2,373.7
	714.4	***0.0***	***0.0***	***714.4***		***2,559.3***	***2,379.3***
	119,375.8	**25,278.3**	**1,715.5**	**142,938.6**		**319,408.6**	**265,631.3**

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 combined 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, 29 January 2016

GERRY WEBER International AG

The Managing Board

Ralf Weber | Dr. David Frink | Norbert Steinke

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, which has been combined with the management report for GERRY WEBER International AG, for the fiscal year from 1 November 2014 to 31 October 2015.

The preparation of the consolidated financial statements and the combined Group management report according to IFRS, such as they are applicable in the EU, and to the complementary accounting standards as defined in section 315 a para. 1 of the German Commercial Code (HGB) as well as the supplementary provisions of the articles of incorporation is the responsibility of the company's Managing Board. It is our task, based on our audit, to provide an opinion on the consolidated financial statements and the combined 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 combined 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 combined 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 Managing Board as well as the evaluation of the overall presentation of the consolidated financial statements and the combined 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, and with the complementary accounting standards as defined in section 315 a para. 1 of the German Commercial Code (HGB) as well as the supplementary provisions of the articles of incorporation present a true and fair view of the net worth, financial and earnings position of the Group.

The combined 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, 11 February 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Carsten Schürmann	Burkhard Peters
Auditor	Auditor


THE GERRY WEBER-LIFESTYLE

GERRY WEBER International AG is parent company of several national and international subsidiaries

Acting as an operational holding GERRY WEBER International AG provides Group-wide services. It is also in charge of product development and procurement.

FINANCIAL STATEMENTS

INCOME STATEMENT

from 1 November 2014 to 31 October 2015

in KEUR	2014/15	2013/14
Sales revenues	436,552.5	8,546.7
Increase / decrease in goods and services in progress	–6,757.1	–103.2
Other own work capitalised	1,048.0	618.0
Other operating income	35,063.0	94,398.5
thereof currency differences: KEUR 7.8 (previous year: KEUR 265.1)		
Cost of materials		
a) Cost of raw materials and supplies	–63,002.5	–5,579.5
b) Cost of purchased services	–275,570.2	–346.0
	–338,572.7	*–5,925.4*
Personnel expenses		
a) Wages and salaries	–42,305.6	–32,642.5
b) Social security contributions	–6,720.0	–4,698.9
	–49,025.6	*–37,341.4*
Depreciation of intangible assets and tangible assets	–7,262.2	–7,157.0
Other operating expense	–67,053.2	–46,641.6
thereof currency differences: KEUR 1,054.7 (previous year: KEUR 0.0)		
Income from participations	169.8	272.3
thereof related to affiliated companies: KEUR 169.8 (previous year: KEUR 272.3)		
Income from profit transfer agreements	51,189.6	98,001.40
Income from other investments and long-term loans	20.4	24.6
Other interests and similar income	2,122.0	1,977.8
thereof from the accumulation of receivables: KEUR 0,00 (previous year: KEUR 17.1)		
thereof relating to affiliated companies: KEUR 2,077.9 (previous year: KEUR 1,707.7)		
Depreciation of financial assets and of securities held as current assets	–83.5	0
Interests and similar expenses	–3,346.4	–2,140.0
thereof from the discounting of receivables: KEUR 31.0 (previous year: KEUR 55.9)		
thereof from the compounding of provisions: KEUR 2.0 (previous year: KEUR 5.2)		
thereof relating to affiliated companies: KEUR 4.9 (previous year: KEUR 7.8)		
Results from ordinary activities	*54,064.6*	***104,530.9***

in KEUR	2014/15	2013/14
Taxes on income	–17,129.6	–31,452.5
Other taxes	–394.4	–286.4
Income for the year	***36,540.6***	***72,791.9***
Profit carried forward	15,087.6	11,725.1
Allocation to revenue reserves	0	–35,000.0
Net profit of the year	**51,628.2**	**49,517.1**

BALANCE SHEET

for the year ended 31 October 2015

ASSETS

in KEUR	31 Oct. 2015	31 Oct. 2014
Fixed assets		
Intangible assets		
Concessions, industrial property rights and related rights and values as well as licences for such rights and values	8,130.2	9,186.6
Payments on account	12,022.5	6,589.0
	20,152.7	*15,775.6*
Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	80,634.9	87,764.4
Plant and machinery	105.0	144.9
Other fixtures, tools and equipment	4,450.2	5,107.5
Payments on account and plants under construction	92,629.5	23,489.8
	177,819.6	*116,506.6*
Financial assets		
Shares in affiliated companies	188,376.5	94,887.8
Loans to affiliated companies	3,271.8	0.0
Investments	16.6	12.3
Other loans	1,965.0	2,059.5
	193,629.9	*96,959.6*
	391,602.2	229,241.8
Current assets		
Inventories		
Raw materials and supplies	13,578.9	1,634.6
Work in progress	12,250.0	44.6
Finished goods and merchandise	29,620.5	0.0
Advance payments	1,566.6	198.5
	57,016.0	*1,877.7*
Receivables and other assets		
Trade receivables	1,623.0	1,752.4
thereof with a remaining maturity of more than one year: KEUR 245.2 (previous year KEUR 480.0)		
Receivables from affiliated companies	195,977.1	222,491.2
thereof with a remaining maturity of more than one year: KEUR 27,660.0 (previous year: KEUR 1,360.8)		
Other assets	16,562.1	5,423.3
thereof with a remaining maturity of more than one year: KEUR 437.7 (previous year: KEUR 858.6)		
	214,162.2	*229,667.0*
Cash on hand, cash in baking accounts	49,004.4	78,721.3
	320,182.6	310,266.0
Prepayments and accrued income	2,415.6	1,950.3
Active difference resulting from asset offsetting	0.0	45.2
	714,200.5	541,503.4

LIABILITIES

in KEUR	31 Oct. 2015	31 Oct. 2014
Equity		
Subscribed capital	45,906.0	45,906.0
Capital reserves	63,201.1	63,201.1
Revenue reserves	269,426.4	269,426.4
Net profit of the year	51,628.2	49,517.0
	430,161.6	***428,050.5***
Provisions		
Provisions for taxation	204.2	495.5
Other provisions	12,708.6	8,486.4
	12,912.8	***8,981.9***
Liabilities		
Financial liabilities	219,981.1	81,441.0
Trade accounts payable	33,570.1	6,222.2
Liabilities to affiliated companies	3,294.1	2,501.4
thereof from trade accounts payable: KEUR 1,377.6 (previous year: KEUR 21.5)		
Other liabilities	13,545.0	13,530.5
thereof from taxes: KEUR 4,784.6 (previous year: KEUR 5,441.8)		
thereof from social security contributions: KEUR 0.00 (previous year: KEUR 4.0)		
	270,390.3	***103,695.1***
Deferred income	735.8	**775.9**
	714,200.5	**541,503.4**


THE GERRY WEBER-LIFESTYLE

SERVICE

The Annual General Meeting will take place on 14 April 2016.

For questions and suggestions our Investor Relations Team is always happy to help.

CALENDAR FOR FINANCIAL EVENTS

2015 / 16

Annual Results Press Conference	26 February 2016
Publication of the First Quarter Report 2015 / 16	16 March 2016
Annual General Meeting	14 April 2016
Publication of the First Half Year Report 2015 / 16	14 June 2016
Publication of the Nine Month Report 2015 / 16	14 September 2016
End of the fiscal year 2015 / 16	31 October 2016

IMPRINT

EDITOR AND CONTACT
GERRY WEBER International AG
Claudia Kellert / Anne Hengelage
Neulehenstraße 8
33790 Halle / Westfalen

Telefon: +49 (0) 5201 18 5 – 0
Fax: +49 (0) 5201 58 57
E-Mail: c.kellert@gerryweber.de
Internet: www.gerryweber.com

CONCEPT AND LAYOUT
IR-One AG & Co.,
Hamburg
www.ir-1.com

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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 www.gerryweber.com.

FIVE-YEAR-OVERVIEW

in EUR million	2014 / 15	2013 / 14	2012 / 13	2011 / 12	2010 / 11
Sales by region	**920.8**	**852.1**	**852.0**	**802.3**	**702.7**
Domestic	574.6	510.4	520.2	491.0	420.8
International	346.2	341.7	331.8	311.3	281.9
Sales by segment	**920.8**	**852.1**	**852.0**	**802.3**	**702.7**
GERRY WEBER Core Wholesale	365.4	447.2	488.3	502.8	484.7
GERRY WEBER Core Retail	440.3	404.9	363.7	299.5	218.0
HALLHUBER[3]	115.2	0.0	0.0	0.0	0.0
Sales split by brand					
GERRY WEBER	66.6%	76.2%	75.2%	76.4%	78.3%
TAIFUN	16.1%	18.3%	19.4%	18.3%	16.6%
SAMOON	4.8%	5.6%	5.3%	12.5%	5.1%
HALLHUBER[3]	12.5%	0.0%	0.0%	0.0%	0.0%
Others	<1.0%	<1.0%	<1.0%	<1.0%	<1.0%
Cost of materials	392.7	390.9	386.2	404.8	361.5
Personnel expenses	187.1	154.9	143.3	125.8	103.3
Other operating expenses	237.8	214.3	203.7	187.6	152.2
Depreciation / Amortisation	36.5	25.3	21.6	16.3	11.9
Earnings key figures					
EBITDA	115.8	134.2	127.5	132.3	111.6
EBITDA margin	12.6%	15.7%	15.0%	16.5%	15.9%
EBIT	79.3	108.9	105.8	115.9	99.6
EBIT margin	8.6%	12.8%	12.4%	14.5%	14.2%
EBT	73.1	105.9	102.8	113.7	97.6
EBT margin	7.9%	12.3%	12.1%	14.2%	13.9%
Net income of the year	52.2	71.4	71.0	78.8	67.0
Earnings per share in Euro[1]	1.14	1.56	1.55	1.72	1.48
Capital structure	**938.6**	**685.2**	**531.6**	**483.6**	**415.0**
Equity	483.4	455.3	395.8	363.0	313.9
Investments	216.6	65.0	37.9	84.8	44.4
Equity ratio	51.5%	66.4%	74.5%	75.1%	75.7%
Key figures					
Average staff number	7,027	5,202	4,700	4,121	3,260
Return on Investment (ROI)[2]	8.4%	15.9%	19.9%	24.0%	24.0%
Return on Equity (ROE)[2]	16.4%	23.9%	26.7%	31.9%	31.7%

1 on the basis of 45.905.960 shares **2** EBIT basis **3** only nine months consolidated "we LOVE fashion"

GERRY WEBER INTERNATIONAL AG
NEULEHENSTRASSE 8
33790 HALLE / WESTPHALIA

WWW.GERRYWEBER.COM