GERRY WEBER

GERRY WEBER International AG
Annual Report 2002/2003

Key figures at a glance

To HGB – All figures in Euro million (if not otherwise indicated)

GERRY WEBER Group	1998/99	1999/2000	2000/01	2001/02	2002/03
Sales revenues	297.5	336.8	395.6	395.4	350.1
Domestic	171.9	195.4	223.5	225.7	202.1
International	125.6	141.4	172.1	169.7	148.0
Sales of the individual brands in % of total sales					
GERRY WEBER	56.6 %	58.5 %	60.8 %	59.4 %	61.0 %
TAIFUN	21.1 %	20.6 %	20.2 %	23.5 %	25.2 %
SAMOON	10.0 %	9.7 %	10.4 %	8.5 %	7.5 %
COURT ONE	6.1 %	5.6 %	5.2 %	4.6 %	3.3 %
AIGNER[1]/YOMANIS	5.2 %	5.6 %	3.4 %	1.9 %	0.8 %
Other	–	–	–	2.1 %	2.2 %
Personnel expenses	35.8	41.7	48.2	51.2	48.3
Depreciation	4.3	5.0	6.5	6.4	5.9
EBITDA	29.9	35.1	42.3	42.1	30.7
EBITDA margin	10.0 %	10.4 %	10.7 %	10.7 %	8.7 %
EBIT	25.6	30.1	35.8	35.7	24.8
EBIT margin	8.6 %	8.9 %	9.1 %	9.1 %	7.1%
EBT	24.1	28.4	31.2	31.1	20.6
EBT margin	8.1 %	8.4 %	7.9 %	7.9 %	5.9 %
Profit for the year	13.0	15.5	16.6	15.5	9.0
Gross cash flow	28.4	33.4	37.7	37.5	26.5
DVFA earnings per share [2,3] in Euro	0.56	0.66	0.78	0.85 [4]	0.61
Staff numbers at the end of the fiscal year	1,174	1,267	1,727	1,976	1,637
Total assets	131.4	164.3	201.3	195.2	201.4
Fixed asset investments	11.2	6.9	33.3 [5]	10.5	13.2
Equity in % of total assets	58.7 %	52.5 %	47.4 %	53.3 %	52.4 %
Return on investment (ROI) [6]	18.3 %	17.3 %	15.5 %	16.0 %	10.2 %
Return on equity (ROE) [6]	31.3 %	32.9 %	32.7 %	29.9 %	19.5 %

[1] The brand AIGNER has been produced and distributed under license until FY 1999/2000 and was replaced by YOMANIS since FY 2000/2001.

[2] nominal value changed to EUR 1 per share from 2000; [3] fully diluted on the basis of 23,443,200 outstanding shares;

[4] The DFVA result of EUR 0.95 was restated in the light of the March 2003 legislative change according to which the corporate tax deduction on distributed dividends was abolished; this change needed to take retroactive effect for FY 2001/2002 but was not yet reflected in the 2001/2002 annual accounts finalized in December 2002.

[5] incl. additions from first-time consolidation in Portugal, France, Tunisia and Romania of EUR 10 million; [6] on EBT basis

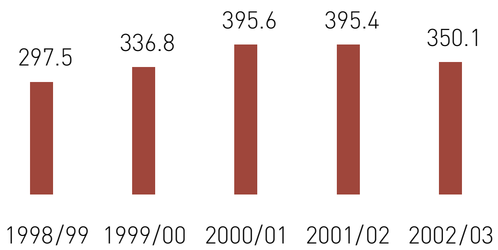
GERRY WEBER

JEWELRY

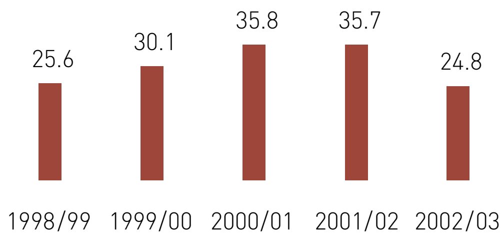
BAGS

WATCHES

EYEWEAR



Sales in EUR million



EBIT in EUR million

GERRY WEBER

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GERRY WEBER IS A SUCCESSFUL INTERNATIONAL FASHION AND LIFESTYLE BRAND WHICH DRAWS ITS STRENGTH FROM PROFESSIONAL BRAND DEVELOPMENT AND CONSISTENT BRAND MANAGEMENT.

Table of contents

Dear shareholders,
dear friends of our company,

The last two years were challenging both for the industry as a whole and for GERRY WEBER. Particularly affected by the depressed consumer spending, the clothing market recorded slumping sales and rising insolvencies, with numerous retailers and manufacturers going out of business.

However, a crisis also separates the wheat from the chaff, creating opportunities for companies relying on superior strategies. In contrast to many competitors, GERRY WEBER met its profit target also in 2002/2003, posting an EBIT margin of 7.3%. While the discontinuation of the YOMANIS and COURT ONE brands slowed down our growth trend, the foundations for future growth are now in place.

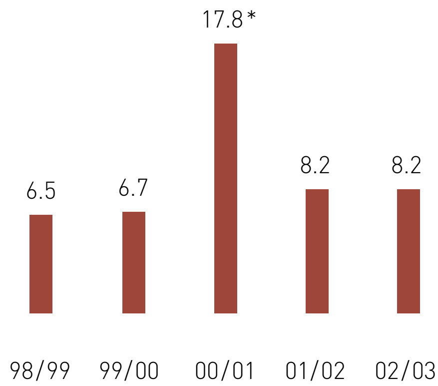
Already two years ago we started to make our company leaner and more efficient, to break up familiar structures and to optimize our entire process chains. Mounting competitive pressure has changed the rules of the game, and GERRY WEBER is today better prepared to accept the new challenges. Regrettably, this process has also required a certain amount of redundancies. Having endeavored to handle this issue in a socially acceptable manner minimizing the hardship for those affected, we would like to thank all employees for the loyalty and their dedication in this challenging phase which our company is going through.

The GERRY WEBER brand is firmly established in the German and international fashion markets. Brand power has emerged as the single most important prerequisite for success in today's consumer goods business. Our extensive brand building and brand management efforts of the past years are now paying off and will continue to do so in the future.

Retailers have come to appreciate our new compact collections and our fast-selling sub-labels. As GERRY WEBER continues to set standards in terms of speed and pricing for the entire industry, our new shops and stores at home and abroad, our international expansion and our licenses all spell out good growth prospects for the coming years.

We intend to pay our shareholders a EUR 0.35 dividend also this year, once more ensuring a good dividend yield. Add to this our solid fundamentals and the performance of our share and it is obvious that GERRY WEBER remains a promising investment. We are confident that the share will be rediscovered by many investors in 2004 and thank all our shareholders for the trust placed in us.

Gerhard Weber Udo Hardieck



Dividend development in EUR million
* including special dividend

Managing Board and Supervisory Board

Gerhard Weber

Udo Hardieck

Dr. Ernst F. Schröder

Managing Board

Gerhard Weber (Chairman), Halle/Westfalia
Udo Hardieck, Halle/Westfalia

Supervisory Board

Dr. Ernst F. Schröder (Chairman), Bielefeld
Unlimited partner of Dr. August Oetker KG, Bielefeld

Peter Mager (Vice Chairman), Steinfeld in Oldenburg
Chairman of the Supervisory Board of Nordenia AG, Greven

Dr. Wolf-Albrecht Prautzsch, Münster
Banker
Vice Chairman of the Managing Board of Westdeutsche Landesbank Girozentrale ret., Düsseldorf

Charlotte Weber-Dresselhaus, Halle/Westfalia
Banker

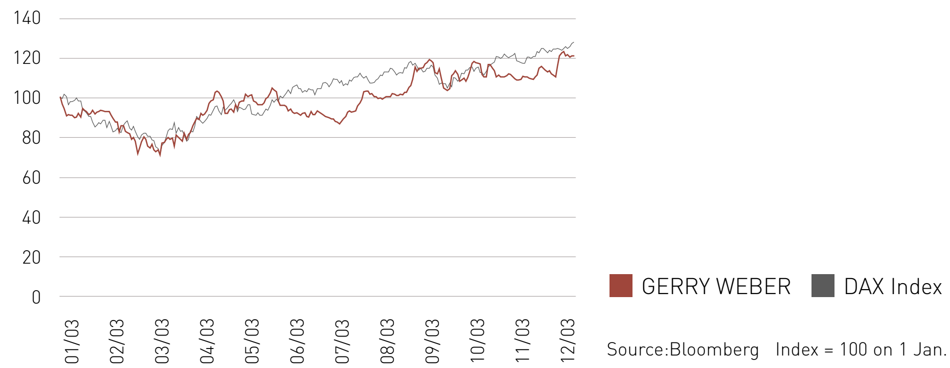
Olaf Dieckmann, Dissen
Technical employee

Jürgen Plaumann, Gütersloh
Commercial employee

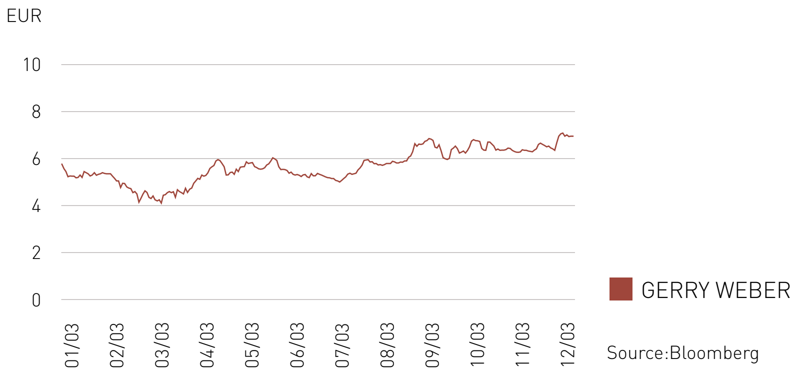
The share

The 2003 stock market was characterized by a general recovery in the German equities market which, following the quick conclusion of the Iraq war, was stimulated by the prospects of an economic pick-up. The GERRY WEBER share was largely influenced by the general situation in the stock market, with the poor state of the clothing industry putting some temporary pressure on the stock. In the second half of the year, the stock gained some strength from the upward trend in the DAX and the prospects of stronger consumer demand. In response to a series of good company announcements the GERRY WEBER share rose to its annual high towards year-end. Compared to the price movements seen in other retail and fashion brands, it is fair to say that the share held its ground even in a difficult stock market environment.

On July 14, 2003, GERRY WEBER International AG was the first German company to convert its registered shares back into bearer shares. The registered shares had been introduced in 2001 with a view to improving investor relations and gaining a clearer view of the shareholder structure. Experience subsequently showed that this measure did not produce any concrete benefits for the company's investor relations efforts. It was therefore reversed so that the expensive management of the shareholder register is no longer required. The change of the share type entailed a change of the securities identification code (Wertpapierkennnummer, WKN). The old WKN was 776150 (ISIN DE0007761504); the new code is 330410 (ISIN DE0003304101).



Source:Bloomberg Index = 100 on 1 Jan. 2003



Source:Bloomberg

GERRY WEBER International AG was admitted to the Prime Standard segment at the time of the resegmentation of the German stock market and has complied with the demanding standards stipulated for membership of this segment ever since. The GERRY WEBER share has been part of the SDAX since the MDAX was cut from 70 to 50 shares. While this has reduced the research coverage of the share, the Board members and the CFO have maintained regular contacts with analysts, institutional investors and the private investor community. Apart from attending the DVFA conference in Frankfurt in early March, the management team explained the course of business and the corporate strategy in the context of roadshows and in individual meetings. In addition, various presentations in front of private investors as well as meetings with shareholder representatives were used in order to strengthen investors' confidence in the brand. As in the years before, all investor relations activities focused on ensuring an appropriate valuation of the GERRY WEBER share.

To improve investor relations also on the Internet, our website was redesigned and relaunched in September. The Investor Relations section has been expanded and complemented by new services. Apart from additional information on the GERRY WEBER share, new possibilities for downloads and faster operation, the new IR section allows users to register in a new e-mailing list so as to regularly receive current news and reports. Going forward, more features will be added, making this medium increasingly important for our communication with shareholders.

Investor relations contact:

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WKN	330410
ISIN	DE0003304101
Stock exchange symbol	GWI1.FSE
Bloomberg ticker symbol	GWI1 GR
Designated sponsor	WestLB
Type	No-par bearer shares
Market segment	Prime Standard
Index member	SDAX
	CDAX Performance
	Prime Consumer Performance
Subscribed capital	EUR 23,443,200
Latest capital issue in June 2002	EUR 1,465,200
Authorized capital	EUR 9,523,800
Common shares	23,443,200
Free float	12,676,632
Dividend/common share	EUR 0.35
Earnings per share to DVFA/SG	EUR 0.61
Cash flow per share	EUR 1.13
Average daily turnover in shares (FY)	36,978
Average daily turnover in EUR (FY)	207,025
Price at start of FY (1 Nov., 2002)	EUR 7.10
Price at end of FY (31 Oct., 2003)	EUR 6.48
High/low of the FY	EUR 7.10 / 4.06
Market capitalization at start of FY	EUR 167 million
Market capitalization at end of FY	EUR 152 million
Share price performance in the FY	– 8.7 %
Total return[1] in the FY	– 3.8 %
Shareholder structure	Gerhard Weber 27.37 %
	Udo Hardieck 18.55 %
	Free float 54.08 %

[1] price loss plus dividend

The brand core

The GERRY WEBER brand is a prime example of professional brand building and consistent brand management. Registered as a brand name in 1986, it took only 15 years to achieve 60% brand name awareness in Germany. This is the result of a clear-cut brand strategy combining an unerring focus on the brand core with a flexible response to constantly changing fashion trends. These core elements center on consumer preferences, modernity, fit, high-quality finish and a clear position in the upper middle price segment. Other ingredients in the GERRY WEBER success formula include a keen awareness of fashion trends as well as clear collection statements.

The past financial year saw our collections gain an even sharper profile. As part of the process chain optimization, the collection programs were made more compact and leaner as well as faster; while earlier themes comprised 120 different items, this number has been brought down to 70. In addition, close cooperation between designers and product managers has facilitated swifter decision-making, faster production and earlier product availability at the retail level. This reflects the company's declared will to optimize all decisions and activities to the point of sale, for GERRY WEBER will be successful only if retailers are successful. This strong retail orientation is also ensured by the company-owned HOUSES OF GERRY WEBER which are a source of valuable data pointing to new trends so that future developments can be anticipated in good time.

The »GERRY WEBER principle«

The GERRY WEBER brand has been developed in accordance with the idea of an integrated marketing strategy, using unconventional concepts to combine the individual elements of such a strategy.
GERRY WEBER was one of the first market players to recognize the potential of shop-in-shop systems and went on to play a pioneering role in the industry. These systems give retailers high sales turnover per square meter, high sell-off rates and yields, while at the same time expanding the brand image through a shopping environment styled in line with the GERRY WEBER universe. The number of these shop-in-shop outlets rose to 600 last year, 100 of which are located abroad.

The »GERRY WEBER principle« also stands for a successful tie-in between the world of fashion and sports. TV broadcasts of the ATP tournaments staged in the GERRY WEBER Stadium in Halle/Westfalia as well as the accompanying press coverage have boosted brand awareness to a level which could otherwise have been achieved only through clearly higher ad spending. In 1993 alone, the first year of the GERRY WEBER OPEN, brand awareness rose from 14 to 21 %. This tennis tournament, which is broadcast even in Asia, has also prepared the ground for launching the brand in foreign markets. The sponsorship agreement for the stadium and tournament was put on a longer-term basis at the end of 2002 in order to ensure continuity in favor of the brand rights and the brand substance of GERRY WEBER.

GERRY WEBER also brought a fresh approach to classical print advertising, using sophisticated inserts in high-circulation fashion magazines. Featuring perfect photography and high production values, these inserts boldly present GERRY WEBER as a leading fashion brand and emphasize its »complete lifestyle« concept by integrating the license products. This concept is also propagated by the company's stylish flagship stores which enjoy good acceptance among the targeted consumer groups. A total of 50 stores and HOUSES OF GERRY WEBER have meanwhile been opened in prime locations, selling exclusively the company's own brands. These outlets are important brand management tools both in Germany and abroad. The opening of the company's own trade showroom in Düsseldorf is a logical extension of this strategy. The sophisticated ambience of this showroom has set new standards for the industry.

The company's licensing policy is seamlessly integrated with the brand strategy. Licences for bags, eyewear, watches, jewelry and perfume have been granted to carefully selected licensees whose professionalism will ensure consistency of brand management. Cosmopolitan Cosmetics, a Wella subsidiary, signed a licensing agreement last year and will launch its GERRY WEBER scent and body-care series in summer 2004; this launch will be supported by a major advertising campaign. Perfume complementing the GERRY WEBER fashion will be another element in the GERRY WEBER lifestyle universe.

Trading down and multi-brand strategy

GERRY WEBER EDITION, GERRY WEBER SPORT and G.W. are successful sublabels benefiting from the GERRY WEBER brand power in order to exploit additional sales potential. Launched two years ago, G.W. has so far been available only in the HOUSES OF GERRY WEBER. This own brand is comprised of fashionable items supplied at monthly intervals, scoring turnover rates otherwise reached only by vertically integrated vendors. The new GERRY WEBER SPORT line also complements the main line by offering several sportive themes per season. GERRY WEBER EDITION is a collection of individual ideas comprising knitwear and shirts, trousers and outdoor wear. All elements are color coordinated and represent an important module in the merchandise presented in the HOUSES OF GERRY WEBER.

In contrast, TAIFUN and SAMOON are independent brands with clearly defined philosophies and target groups. While TAIFUN, the business label, targets a clearly younger and more trend-conscious group, SAMOON successfully taps into the larger-sizes market. TAIFUN is one of the most popular collections on the German fashion scene and has steadily contributed to sales. The multi-brand strategy is also vindicated by the solid sales development of SAMOON, whose potential is far from being fully exploited.

Continuing strength

In the past two years the entire process chain has been optimized with a clear focus on the point of sale. This means leaner structures, faster processes and collections which are tailored even more effectively to available retail space. Based on the data mined at our own stores, the collection themes are continously optimized from the point of view of inventory turnover rates. So it is possible to supply exactly the right items, colors and quantities which retailers need at any given time to achieve fast sell-through. Thanks to this process chain optimization, GERRY WEBER was able to clearly lower the average price ranges in line with current market conditions without jeopardizing the level of quality and perceived value.

This means that the GERRY WEBER brand continues to gain in strength, projecting a strong image of dependability and continuity, which is exactly what retailers and consumers are looking for today. However, a fashion brand needs to be managed and nurtured – otherwise it will soon be out of sync with current trends. Consistent brand management and innovative concepts have always been important elements of GERRY WEBER's formula for success. From the launch of an efficient supply chain management system to the introduction of radio emitting labels allowing the entire distribution route to be tracked from the factory to the retail outlet – GERRY WEBER continues to lead the industry in terms of logistics and IT, two areas which are increasingly emerging as the key competitive factors in tomorrow's fashion market.

Economic situation

The world economy has been on a recovery course since spring 2003, with global economic output accelerating after the swift conclusion of the Iraq war. This trend was once again led by the USA, even though Japan and South East Asia also managed to overcome their phase of economic weakness. While output continued to expand at steady rates in the countries about to join the EU, the eurozone remained in stagnation.

Total economic output in Germany even shrank in the first half of 2003, with employment declining further. Export demand was dampened by insecurities in connection with the Iraq conflict and the continuing appreciation of the euro, resulting in an export slump. Steadily declining employment and stagnating private consumption also meant that the domestic economy remained weak. The economy started to recover only around mid-2003; however, this recovery was affected by low capacity utilization and the high exchange rate of the euro. As a result, the overall economic development in GERRY WEBER's most important market was recessive in 2003.

Retail sales failed to stimulate the economy in 2003 as well. Faced with uncertainty surrounding the eventual level of tax relief as well as additional fees and charges, consumers cut back their spending and showed greater sensitivity to prices. Retail sales contracted by approximately 1% (source: umbrella organization of the German retailing associations).

Industry situation

The prolonged slump in the German textile retail sector continued also in 2003. Even deep discounts and rebates were not effective in motivating consumers to buy more clothing. According to the German Association of Textile Retailers (BTE), ladieswear sales in the January to September period declined by approximately 4% compared to the previous year. As a result, numerous retailers were forced into insolvency or had to exit from the market.

In the previous years, a brisk export business helped German textile manufacturers cope with the sluggish domestic demand. However, this became increasingly difficult in 2003. According to the manufacturers' associations, the German clothing industry's sales fell by about 10% in 2003, marking a new record in the industry's downward trend which has persisted for several years. As sales fell, so did the number of employees whose number declined from 55,000 to approximately 48,000 by year-end. The number of insolvencies and companies going out of business rose as well. Apart from low margins and high write-downs, the clothing sector was affected by mounting competition from vertical suppliers.

	FY 2002/2003	FY 2001/2002	+/–
GERRY WEBER	203.0	225.3	– 9.9 %
TAIFUN	84.0	88.2	– 4.8 %
SAMOON	26.3	33.6	– 21.7 %
YOMANIS	2.8	7.5	– 62.7 %
COURT ONE	10.6	15.2	– 30.3 %
RETAIL	15.8	17.1	– 7.6 %
Other	7.6	8.5	– 10.6 %

Sales of the brands in EUR million

The situation of the Group

The 2002/2003 sales and profit trend of the GERRY WEBER Group was in line with the forecasts presented at the beginning of the year. Consolidated Group sales including shop sales amounted to EUR 350.1 million compared to EUR 395.4 million in the previous year. This development mainly reflected the discontinuation of the YOMANIS and COURT ONE brands which ceased to contribute to sales during the year or at the beginning of the year, respectively, as well as the challenging situation in the marketplace. An EBIT margin of 7.1% proves GERRY WEBER's strong competitiveness in this challenging market environment. The operating result (EBIT) for the financial year amounts to EUR 24.8 million compared to EUR 35.7 million in the previous year.

Sales performance

In light of the sales trends shown by the individual GERRY WEBER brands, management decided to adjust the brand policy and to further optimize the operating structures. This resulted in a concentration on the strong GERRY WEBER and TAIFUN brands as well as the SAMOON brand which is successful in the niche market for larger sizes. Following the discontinuation of the YOMANIS premium brand at the end of the spring/summer 2003 season, the sportive COURT ONE label was also found to be in need of an adjustment, given that the sales trend remained unsatisfactory. As a consequence, COURT ONE will no longer be managed as a stand-alone brand but be integrated into the core GERRY WEBER brand.

Accounting for 61.0% of sales, GERRY WEBER is the core brand of the GERRY WEBER Group. In line with the general market trend, sales in the financial year declined by 9.9% to EUR 203.0 million compared to EUR 225.3 million in the previous year. International sales once again accounted for almost half of the sales; 47.3% compared to 48.3% in the previous year. Positioned in the upper to middle price segment, this umbrella brand is complemented by the GERRY WEBER EDITION, G.W. and (since this year) GERRY WEBER SPORT sublabels.

FY 2002/2003	EUR Million	domestic	international
GERRY WEBER	203.0	106.8 (52.7 %)	96.2 (47.3 %)
TAIFUN	84.0	54.4 (64.8 %)	29.6 (35.2 %)
SAMOON	26.3	17.5 (66.5 %)	8.8 (33.5 %)
YOMANIS	2.8	1.3 (46.4 %)	1.5 (53.6 %)
COURT ONE	10.6	6.1 (57.5 %)	4.5 (42.5 %)
RETAIL	15.8	10.1 (63.9 %)	5.7 (36.1 %)
Other	7.6	5.9 (77.6 %)	1.7 (22.4 %)

Sales of the brands in EUR million

GERRY WEBER EDITION adds a knitwear, trousers and outdoor line to the GERRY WEBER brand; this line has been of increasing importance to the GERRY WEBER brand. Designed for fast turnover, the aggressively priced individual items sold under the G.W. brand started to make significant sales contributions during the financial year even though they were exclusively available in the HOUSES OF GERRY WEBER. Due to this successful introduction, this vertically structured label is now also being supplied to external retailers and will probably exploit its full sales potential in the second half of FY 2003/2004. GERRY WEBER SPORT complements the core lines by adding a classy range of city sportswear to the GERRY WEBER brand universe.

TAIFUN is the GERRY WEBER Group's second most important brand, accounting for 25.2% of sales. This brand continued to deliver a good performance in the past financial year which saw it contribute EUR 84.0 million to sales, compared to EUR 88.2 million in the previous year. The export share for this brand is 35.2% compared to 35.5% in the previous year, which is below the export level of the core brand. TAIFUN is a young business fashion brand positioned in the medium price segment. Its responsiveness to new trends has made it one of the most successful brands on the German fashion scene. Its development has been promoted through shop-in-shop systems (70 by latest count), as was the case with the core brand.

Accounting for 7.5% of sales, SAMOON is the GERRY WEBER Group's third brand. Sales declined from EUR 33.6 million to EUR 26.3 million; the export share was 33.5% compared to 34.8% in the previous year. It is generally assumed that the larger sizes market was particularly affected by customers' spending restraint in 2003. SAMOON nevertheless remains an important element in the Group's brand strategy, given that this niche market offers substantial sales potential particularly in sizes 42 to 54 which complement and extend the normal size range.

Sales of COURT ONE, the sportive brand, came in at EUR 10.6 million compared to EUR 15.2 million in the previous year. The export share was 42.5% (42.1% in the previous year). Given that sales have continued to decline, the COURT ONE brand will no longer be managed as an independent brand but will be integrated into the GERRY WEBER core brand. YOMANIS, the premium brand, was taken off the market at the end of the spring/summer 2003 season; sales in the period totaled EUR 2.8 million compared to EUR 7.5 million in the previous year.

The company managed HOUSES OF GERRY WEBER held their ground well in the past financial year. Retail sales declined by 7.6% from EUR 17.1 million to EUR 15.8 million. The 52 HOGW are mainly operated by selected franchisees. Located in prime downtown locations and exclusively selling the Group's own brands, these HOGW and stores fulfil an important image-building function which makes them an important brand management tool for GERRY WEBER.

GERRY WEBER Service GmbH provided intra-Group services (technology, IT) worth EUR 34.9 million (previous year: EUR 36.7 million) in the past financial year. Being an internal service provider, GERRY WEBER Service GmbH is dependent on the order situation and the economic situation of the Group.

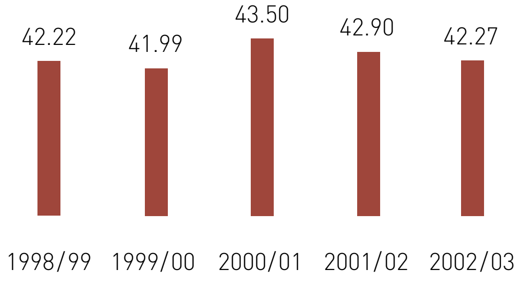
The foreign markets accounted for a substantial portion of sales also in the past fiscal year, with the share of foreign sales standing largely unchanged at the previous year's level of approximately 42%. The UK, the Netherlands, Belgium, Switzerland and Austria remained the most important markets for the GERRY WEBER brand, absorbing more than two thirds of the Group's exports. However, the Scandinavian and Eastern European countries continue to gain in importance as well; Russia has meanwhile become an important market, too. In contrast, the expansion in the Middle East was slowed down by the crisis situation in this region. Great potential is seen in the Chinese market, where GERRY WEBER will open its first Beijing store in mid-2004. The non-European countries' accounted for 14% of total Group exports in the period.

The companies in Hong Kong and Turkey merely provide services to the GERRY WEBER Group's brand companies. These foreign units operate at break-even level and no particular risks exist.

The Romanian production company established in 2000 is still being built up, currently employing 646 staff. Marker making and pattern development departments were added last year. Total operating performance amounted to EUR 2.9 million compared to EUR 2.0 million in the previous year.

Following a reorientation completed last year, the French distribution company now exclusively focuses on the wholesale business. Sales amounted to EUR 4.0 million compared to EUR 3.4 million in the previous year.

In the past year the cost structures of our Spanish subsidiary were optimized by reducing the sales space in order to increase space productivity. Going forward, this measure will substantially strengthen the company's profitability.



Share of export sales in %

Earnings position

Cost structures across the Group have been optimized by way of a comprehensive restructuring program targeting the entire process chain over the past two years. As a result, the Group was able to lower its price levels without compromising on the level of quality or jeopardizing retailers' margins. The new product range policy has strengthened the trend towards individual items as opposed to complete combinations; this has also entailed a lowering of the price levels. Despite this market-oriented pricing policy, the GERRY WEBER Group achieved an excellent profitability as is reflected in consolidated earnings before interest and taxes (EBIT) of approximately EUR 24.8 million and an EBIT margin of 7.1%. This was mainly the result of lower »other expenses« and personnel expenses. Clear personnel cost savings were made possible through headcount reduction at Halle as well as at the former production sites in Tunisia and Portugal. The headcount reduction by 340 resulted in the staff costs declining by EUR 2.9 million to EUR 48.3 million.

Consolidated earnings before taxes (EBT) came in at EUR 20.6 million compared to the previous year's EUR 31.1 million. The Group's EBT-based return on equity thus amounted to 19.5% compared to 29.9% in the previous year. Considering the Group's tax ratio of 30.4%, the consolidated profit for the year was EUR 9.0 million compared to EUR 15.5 million in the previous year. DVFA earnings per share amounted to EUR 0.61, compared to EUR 0.85 in the previous year. The EUR 0.95 DVFA earnings shown in the last annual report were restated in the light of the March 2003 legislative change according to which the corporate tax deduction on distributed dividends was abolished; this change had to take retroactive effect for FY 2001/2002 but was not yet reflected in the 2001/2002 annual accounts finalized in December 2002.

Net worth position

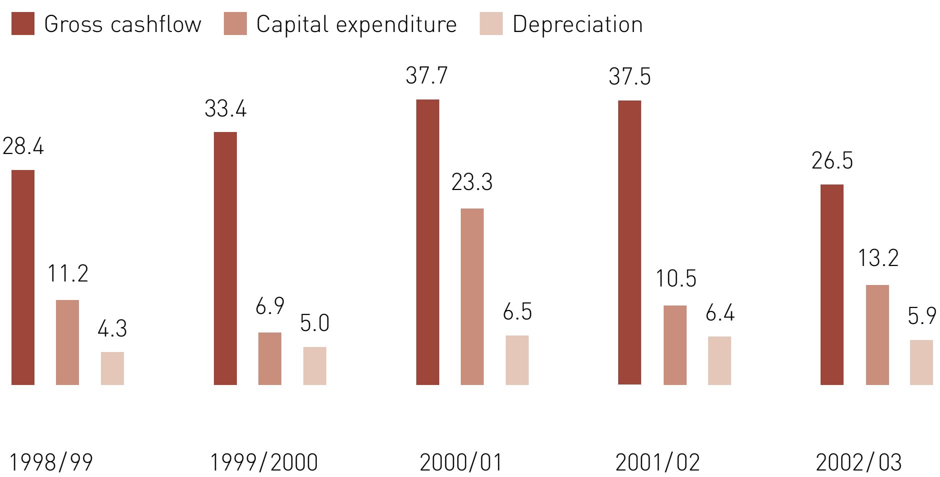
Despite the lower sales and profit reported for the financial year, the GERRY WEBER Group's balance sheet ratios and capitalization have remained very healthy and robust. At 52.4%, the equity ratio has remained almost unchanged compared to the previous year. The equity-to-fixed-assets ratio is 151.1% compared to the previous year's 156.6%. While tangible fixed assets changed only insignificantly, current assets increased from EUR 127.9 million to EUR 130.4 million, reflecting an increase in »other assets«.

Financial situation

Most investments could be funded internally also in the past financial year. While gross cash flow reflected the profitability trend and declined from the previous year's EUR 37.5 million to EUR 26.5 million, it still ensured a sufficient level of liquidity at all times during the financial year. Net financial liabilities amounted to EUR 51.1 million compared to EUR 37.3 million in the prior period.

Capital expenditure

The GERRY WEBER Group's capital expenditure in the past fiscal year amounted to EUR 13.2 million compared to EUR 10.5 million in the previous year. GERRY WEBER International AG accounted for 80% of this sum. The funds were used to secure the name rights (EUR 5.0 million) by creating a longer-term basis for the marketing activities surrounding the GERRY WEBER OPEN lawn tennis tournament. Other significant investments included the expansion of the Düsseldorf trade showroom (EUR 5.5 million), IT investments (EUR 0.6 million) as well as spending on the expansion of the Group's own retail resources (EUR 1.3 million).



Gross cashflow, capital expenditure and depreciation in EUR million

Employees

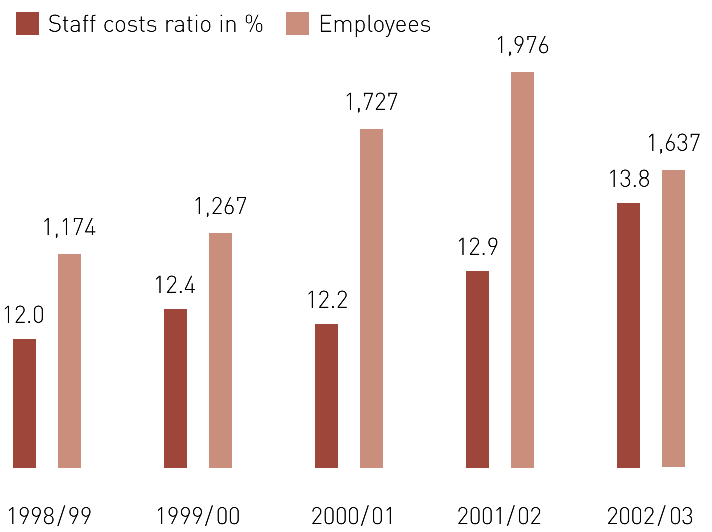
The tight market situation and the need for profound structural changes necessitated a headcount reduction in the GERRY WEBER Group, in the course of which the number of employees was reduced from 1,976 to 1,637. This socially acceptable reduction primarily occurred at the Tunisian and Portuguese plants which were closed during the financial year. In contrast, the number of employees increased in Romania which is by far the GERRY WEBER Group's most important production location. At the head office site in Halle/Westfalia, almost all Group units underwent rationalization measures which involved the reduction or restructuring of individual jobs and positions. GERRY WEBER's year-end headcount stood at 913 in Germany (previous year: 986) and 724 abroad (previous year: 990). These numbers can be broken down into 726 white-collar workers (previous year: 851), 858 blue-collar workers (previous year: 1,089) and 53 apprentices (previous year: 36).

Licenses

Income from licenses for bags, eyewear and jewelry amounted to EUR 0.4 million compared to EUR 0.8 million in the previous year. This decline mainly reflects the non-recurrence of income under the shoe license resulting from the termination of the contract with this licensee. The scheduled launch of the GERRY WEBER scent and bodycare line in late summer of 2004 will be supported by a major advertising campaign, marking the successful continuation of the Group's licensing strategy.

Segment report

The present Annual Report contains no segment report given that both the retail operations and the licensing income account for clearly less than 10% of the total business volume. No meaningful segments can be defined in production or distribution terms, either.



Staff costs ratio and employees of the GERRY WEBER Group

The situation of GERRY WEBER International AG

Sales

GERRY WEBER International AG's external sales mainly result from the bag, eyewear and jewelry licenses which amounted to EUR 0.4 million in the past financial year. The decline from the previous year's EUR 0.8 million reflects the non-recurrence of income under the shoe license resulting from the termination of the contract with this licensee. In addition, the holding company also provided central services to the GERRY WEBER Group's member companies.

Net worth, financial and earnings position

GERRY WEBER International AG's balance sheet ratios are very solid, with the equity ratio standing at 59.4% compared to the previous year's 62.0%; the capitalization stood at EUR 94.5 million compared to EUR 96.7 million. The equity-to-fixed-assets ratio was 166.0% compared to 179.0% in the previous year. The increase in »other assets« mainly reflects the capitalized prepayment of the sponsoring agreement in an amount of EUR 11.5 million and tax assets in an amount of EUR 8.9 million. Net debt (liquid funds less liabilities to banks) amounted to EUR 54.3 million compared to EUR 47.0 million, reflecting the investments in the new trade showroom in Düsseldorf and the brand rights. The liquid funds stood at EUR 3.9 million at the end of the financial year, compared to EUR 0.3 million in the previous year.

The company reported a profit for the year of EUR 6.0 million compared to EUR 15.5 million in the previous year. The amount of the profit was primarily determined by the following factors:

1. Termination of the dormant partner contribution in GERRY WEBER Life Style Fashion GmbH
2. Distribution of a EUR 545,000 dividend by GERRY WEBER Far East Ltd., Hong Kong
3. Lower net interest income at EUR 2.0 million
4. Better results from the profit transfer agreements

Capital expenditure

GERRY WEBER International AG's capital expenditure – EUR 10.5 million compared to EUR 6.4 million in the previous year – mainly referred to the expansion of the Düsseldorf order taking center and the prepayments of the capitalized value for name rights.

Employees

GERRY WEBER International AG employed 122 (previous year: 101) people on the balance sheet date, including 53 (previous year: 36) apprentices.

Profit transfer agreement with Court One Fashion

In accordance with a decision taken at the general meeting of shareholders with effect from 1 November 2003, a controlling and profit transfer agreement has been signed with Court One Fashion GmbH, a fully owned subsidiary of GERRY WEBER International AG.

Forward-looking risks

As a company operating in the international fashion markets, the GERRY WEBER Group is exposed to the risks customarily associated with any entrepreneurial activity with this industry in general. A Group-wide risk management system permits to recognize risks early and proactively as well as to capitalize on opportunities resulting from new trends.

In line with the stipulations of the German law on corporate control and transparency, the Group has installed a comprehensive risk management system which integrates a variety of management and control tools to ensure an effective monitoring of existing and potential risks. The Group's risk management system is based on a risk manual listing all major fields of risk (production, inventory, receivables, interest rates and exchange rate risks). Appropriate indicators have been assigned to the individual fields of risk. Apart from defining the amounts of potential damage and the likelihood of risks actually occurring, the manual also describes activities which are suitable to recognize these risks in good time so that they can be managed effectively.

Exchange rate hedging transactions were entered into also during the past financial year. However, such transactions referred exclusively to non-euro-denominated imports from the Far East and exports to Great Britain. The receivables default risk is limited by way of efficient debtor management and a Group-wide credit insurance contract. This combination has proven very effective in recent years.

Due to its domestic and international orientation, the GERRY WEBER Group is subject to a wide variety of local laws and regulations representing a potential exposure. The Group has a policy of retaining consultants with a view to mitigating this exposure. Appropriate insurance cover is in place to protect the Group against potential liabilities and damages. The scope of the insurance cover is reviewed annually. At the time of the preparation of this Annual Report, the Group is not involved in any litigation for damages which might substantially affect its future development.

The Group's stocks and inventories were found to be balanced and free of structural problems at the end of the financial year. As a fashion company, GERRY WEBER is regularly exposed to the risk of its next seasonal collection not being accepted by the market. This risk is counteracted by way of constant monitoring of the fashion market and by way of a diversified collection policy. In addition, the Group is present at numerous fashion trade shows in order to be able to recognize emerging trends early on.

All member companies of the Group are funded through GERRY WEBER International AG's cash management system. The Group's equity of EUR 105.6 million supports a solid equity ratio of 52.4 % and lessens its exposure to interest rate trends. In addition, GERRY WEBER International AG has sufficient credit lines with a number of different banks, meaning that it is not dependent on individual financial institutions.

The margin pressure exerted by retailers is counteracted by way of a consistent brand policy. At the same time, dependence on individual major accounts is strongly mitigated by the diversified customer base comprising a total of approximately 6,000 retailers.

Apart from the general economic risks and the risks which are inherent in the fashion market, there are no discernible risks which might potentially jeopardize the continued existence of the GERRY WEBER Group and GERRY WEBER International AG. Both the capitalization and the profitability remain at a high level and continue to provide a solid basis for the company's future development. Risks can be recognized and counteracted early on thanks to the IT system in place.

Owing to the shareholding interests and relationships, the risks described in this management report also apply to GERRY WEBER International AG.

Statement on dependency report

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

Outlook

According to Germany's economic forecasting institutions, the tax relief for consumer households and the improved economic outlook will result in more lively consumer spending in 2004; moderate economic growth is expected on the whole. Against this background, GERRY WEBER expects to record slight sales growth in the current financial year. This trend has also been confirmed by the spring/summer 2004 order figures. Due to the improved cost structures, the EBIT margin is expected to rise based on the trends and facts currently known.

Once the phase of optimization has been concluded in early 2004, the GERRY WEBER Group will be excellently positioned to benefit from the opportunities presenting themselves in the coming years. Lean structures and highly efficient procurement, production and logistics organization mean that GERRY WEBER will be able to meet all future market requirements. Speed and retailer orientation will remain the strengths of the GERRY WEBER strategy.

In the current financial year, incremental sales will be achieved in particular by the aggressively priced G.W. and GERRY WEBER EDITION labels. Following the successful conclusion of the test phase in the HOUSES OF GERRY WEBER, independent retailers will be able to order G.W. in 2004 as well. The new GERRY WEBER SPORT line is another key element of the brand strategy which will focus on three brands in the future – GERRY WEBER, TAIFUN and SAMOON.

The proven distribution strategy will be continued also in 2004. Another 60 shop-in-shop systems are firmly planned to be opened, including six in Hungary alone. The number of stores and HOUSES OF GERRY WEBER in Germany and abroad will also be increased further. Additional growth prospects are provided by the Group's international expansion – in the European core markets and, in particular, in the countries about to join the EU – as well as the licensing business. Following two difficult years for the industry, during which GERRY WEBER restructured and optimized its operations, the Group is now once again headed for growth.

Special events occurring after the reporting date

In January 2004 the GERRY WEBER Group did not experience any special events in its business operations or changes to its structures whose inclusion would alter the validity of the 2002/2003 Annual Report.

Halle/Westfalia, January 2004

Gerhard Weber Udo Hardieck

Report of the Supervisory Board for FY 2002/2003

The Supervisory Board monitored the actions of the Managing Board throughout the fiscal year 2002/2003 in full compliance with its statutory obligations and its tasks as defined in the company's charter.
In particular, the Supervisory Board gained detailed insight into the GERRY WEBER Group's operating performance through oral and written reports by the Managing Board as well as ongoing information on all major business events and the company's strategic orientation. In addition to attending the Supervisory Board meetings, the Chairman of the Supervisory Board and the Chairman of the Managing Board met for discussion and consultation on a regular basis.
The Supervisory Board and the Managing Board convened on four scheduled occasions in order to discuss fundamental matters of business strategy. The issues discussed centered on the company's market position and competitive situation, the positioning of brands and their prospects for the future as well as the conclusion of new license agreement. The closure of the Portuguese and Tunisian production facilities was discussed in great depth.
The implications of changes in fiscal legislation and accounting principles were also addressed at the meetings as were GERRY WEBER International AG's Corporate Governance principles which received the Supervisory Board's full attention. The Supervisory Board feels a special obligation to promote the respon-sible and value-oriented governance and control of GERRY WEBER International AG in order to strengthen investors' confidence in the company.
The meetings held on 4 December 2002 and 24 February 2003 were attended by all members of the Supervisory Board. The meetings on 27 May 2003 and 8 September 2003, were not attended by Mrs Weber-Dresselhaus and Mr Mager, respectively.
According to the resolution passed by the General Meeting of Shareholders, the Supervisory Board appointed Haarmann, Hemmelrath & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Bielefeld, as auditors of the financial statements and the consolidated financial statements of GERRY WEBER International AG for the year ended 31 October 2003. The auditor has audited the company's financial statements and the consolidated financial statements for the financial year ended October 31, 2003 as well as the management report and Group management report for FY 2002/2003 prepared by the Managing Board. An unqualified audit certificate was issued following the audit. In accordance with § 313 AktG, the auditor also audited the Managing Board's report on relationships with affiliated companies (»dependency report«) and awarded an unqualified audit certificate. The financial statements, the consolidated financial statements, the management report and Group management report, the dependency report, the auditors' respective audit reports as well as the Managing Board's profit appropriation proposal were all made available to the members of the Supervisory Board. Having reviewed the financial statements, the consolidated financial statements, the management report and Group management report, the dependency report as well as the Managing Board's profit appropriation proposal, the Supervisory Board discussed these documents with the Managing Board. These deliberations were also attended by the auditors who reported on essential findings of their audit. Having concluded its own review, the Supervisory Board concurred with the auditors' findings and did not raise any objections against the financial statements, the consolidated financial statements, the management report and the Group management report. At its meeting on 23rd February 2004, the Supervisory Board formally approved the financial statements of GERRY WEBER International AG and the consolidated financial statements which are therefore deemed to have been duly approved according to § 172 AktG. Having reviewed the Managing Board's proposal for the appropriation of the net profit, the Supervisory Board endorsed said proposal.
The dedication shown by the members of the Managing Board as well as the company's employees made a substantial contribution to the result of the financial year. The Supervisory Board would like to express its appreciation for this commitment along with the best wishes for the current financial year.

Halle/Westfalia, February 2004

Dr. Ernst F. Schröder
Chairman of the Supervisory Board

Corporate Governance Report in the GERRY WEBER International AG annual report

The Corporate Governance principles of GERRY WEBER International AG serve to facilitate the transparent, responsible and value-oriented management and supervision of GERRY WEBER International AG. The purpose of the Corporate Governance Code of GERRY WEBER International AG is to promote the trust of investors, customers, employees and the general public in the company's management in order to support its acceptance in the capital market.

Management and supervision of GERRY WEBER International AG are organized along the lines prescribed by the German Stock Corporation Act. The Managing Board conducts the company's business in accordance with legal provisions and on the basis of the rules of procedure which will be amended by the Supervisory Board in spring 2004.

The Supervisory Board monitors and supports the activities of the Managing Board. The Supervisory Board has laid down rules of procedure to govern its own actions and decision-making process. The Supervisory Board of GERRY WEBER International AG did not and does not form committees because the formation of committees would be inappropriate given the number of Supervisory Board members. Also, the Supervisory Board deems its meetings to be both sufficient and efficient so that the formation of committees can be dispensed with.

In the spring of 2004 the Supervisory Board will conduct its first appraisal of the efficiency of its own activities. This appraisal focuses on the frequency of meetings, the quality of the preparation of these meetings, the efficiency and openness of communication during the actual meetings, the provision of information by the chairman, the Managing Board's compliance with reporting and disclosure duties, the resolution of conflict situation within or between the boards as well as the treatment of the Corporate Governance principles, the transparency of contractual agreements between the Managing Board and the company, the corporate strategy and important measures and legal transactions, the risk management and accounting. The Supervisory Board will repeat this efficiency appraisal at annual intervals. In September 2002, GERRY WEBER International AG adopted a Corporate Governance Code which is largely in line with the recommendations of the Government Commission on the German Corporate Governance Code. Reflecting the 21 May 2003 amendments of the Code, the company's declaration of conformity was published on 15 December 2003. The declaration of conformity signed by the Managing Board and Supervisory Board pursuant to Article 161 of the German Stock Corporation Law deviates from the recommendations of the government commission on the German Corporate Governance Code as amended on 21 May 2003 with regard to the following points:

A deductible for the taking out of a D&O policy for the Managing Board and Supervisory Board was not and is not agreed because such a deductible is not believed to further increase the commitment of the Managing Board and Supervisory Board (Section 3.8 (2) of the Code).

The concrete details of a stock option plan or comparable compensation system were not and are not disclosed because GERRY WEBER International AG has not used stock options as a variable compensation component to date and does not intend to do so going forward.

The Managing Board is paid a basic salary plus a share in profits defined as a certain percentage of the results from ordinary activities. The compensation of the members of the Managing Board was not reported in individualized form in the Notes of the Consolidated Financial Statements (Section 4.2.4 of the Code).

The Supervisory Board of GERRY WEBER International AG did not and does not form committees because the formation of committees would be inappropriate given the number of Supervisory Board members (Section 5.2 Clause 2 and Section 5.3 of the Code).

The Supervisory Board is paid a compensation in accordance with Article 13 of the corporate charter of GERRY WEBER International AG as amended in May 2002.

The compensation of the members of the Supervisory Board was not and is not reported in individualized form in the Notes of the Consolidated Financial Statements subdivided according to components (Section 5.4.5 Clause 6 of the Code).

The Consolidated Financial Statements were publicly accessible within 120 days of the end of the financial year 2001/2002, interim reports were publicly accessible within 60 days of the end of the respective reporting period. This will also be the case going forward given that a shorter period for publication would not do justice to the specific conditions of the company (Section 7.1.2 of the Code).

GERRY WEBER International AG has opted to prepare its annual accounts in accordance with the provisions of the German Commercial Code (HGB) also for the past financial year. This decision was taken against the background of the profound changes currently taking place with regard to ISA/IFRS accounting, with numerous rules presently undergoing substantial revisions. In view of the resulting insecurities, which have triggered mounting criticism also in the financial and business media, the Group has decided not to prepare its accounts for the period ended 30 October 2003 to IAS/IFRS. This decision also means that this year's figures are easier to compare with last year's figures. IAS/IFRS accounting is to be adopted for the 2005/2006 financial year at the latest.

The complete Corporate Governance Code of GERRY WEBER International AG is available on the Internet at www.gerryweber-ag.de.

Halle / Westfalia, January 2004

The Managing Board and the Supervisory Board
of GERRY WEBER International AG

GERRY WEBER

Financial Statements

GERRY WEBER International AG Halle / Westfalia
Consolidated balance sheet for the year ended 31 October 2003

Assets

	31.10.2003 EUR	31.10.2002 EUR
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property rights and related rights and values as well as licences for such rights and values	5,996,664.75	1,266,463.05
2. Payments on account	240,477.33	490,564.24
	6,237,142.08	**1,757,027.29**
II. Tangible assets		
1. Land and leasehold rights and buildings, including buildings on third-party land	55,081,597.53	50,323,073.94
2. Plant and machinery	2,852,611.66	4,075,247.23
3. Other fixtures and fittings, tools and equipment	4,915,019.58	7,701,333.12
4. Payments on account and plant under construction	51,387.00	1,971,111.86
	62,900,615.77	**64,070,766.15**
III. Financial assets		
1. Shares in affiliated companies	10,971.50	11,000.00
2. Investments	1,022.58	1,022.58
3. Other loans	703,130.28	655,894.29
	715,124.36	**667,916.87**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	4,732,585.19	5,163,969.54
2. Work in progress	8,767,687.00	10,309,795.00
3. Finished goods	22,915,477.14	29,266,235.73
4. Payments on account	1,238,857.66	2,609,965.75
	37,654,606.99	**47,349,966.02**
II. Receivables and other assets		
1. Trade receivables	58,847,626.17	58,578,253.92
thereof with a remaining maturity of more than one year: EUR 2,012,787.00 (Prev. year: EUR 932,956.00)		
2. Other assets	26,032,875.43	11,670,463.14
thereof with a remaining maturity of more than one year: EUR 580,000.00 (Prev. year: EUR 49,090.60)		
III. Cash on hand, cash in banking accounts, cheques	7,892,917.81	10,297,747.46
	92,773,419.41	**80,546,464.52**
C. Prepayments and accrued income		
1. Discount	247,110.61	286,778.78
2. Other	931,263.58	522,159.33
	1,178,374.19	**808,938.11**
	201,459,282.80	**195,201,078.96**

Liabilities

	31.10.2003 EUR	31.10.2002 EUR
A. Capital stock		
I. Subscribed capital		
Common shares	23,443,200.00	23,443,200.00
II. Capital reserve	33,668,025.21	33,668,025.21
III. Revenue reserves		
Other revenue reserves	23,759,861.23	23,464,908.73
IV. Net profit for the year	24,693,207.09	23,571,285.75
	105,564,293.53	**104,147,419.69**
B. Provisions		
1. Provisions for taxation	3,034,624.11	2,271,644.45
thereof deferred taxes acc. to sec. 274 HGB: EUR 1,703,984.00		
(Prev. year: EUR 1,112,000.00)		
2. Other provisions	7,598,270.91	14,141,946.91
	10,632,895.02	**16,413,591.36**
C. Accounts payable		
1. Due to banks	59,050,892.37	47,590,650.77
2. Advance payments received on account of orders	0.00	510,400.00
3. Trade accounts payable	18,786,786.80	21,627,434.52
4. Other accounts payable	7,398,616.33	4,910,815.68
thereof taxes: EUR 3,656,602.09 (Prev. year: EUR 2,181,730.09)		
thereof social security contributions: EUR 1,047,125.02 (Prev. year: EUR 1,042,294.35)		
	85,236,295.50	**74,639,300.97**
D. Deferred income	**25,798.75**	**766.94**
	201,459,282.80	**195,201,078.96**

GERRY WEBER International AG Halle / Westfalia
Consolidated income statement for 2002/2003

	EUR	2002/2003 EUR	2001/2002 EUR
1. Sales revenues		344,950,504.67	387,536,958.22
2. Decrease in finished goods and work in progress		– 7,765,662.88	– 8,900,273.92
3. Other operating income		13,200,078.50	15,251,347.78
4. Cost of materials			
a) Cost of raw materials and supplies	– 47,974,532.69		– 63,217,778.65
b) Cost of purchased services	– 152,171,606.39		– 155,951,397.76
		– 200,146,139.08	
5. Personnel expenses			
a) Wages and salaries	– 40,861,526.00		– 43,667,814.16
b) Social security contributions and expenses			
for old-age pensions	– 7,381,597.72		– 7,521,639.00
thereof for old-age pensions: EUR 0.00 (Prev. year: EUR 0.00)		– 48,243,123.72	
6. Depreciation of intangible fixed assets and tangible assets		– 5,907,806.62	– 6,374,184.30
thereof unscheduled: EUR 0.00 (Prev. year: EUR 0.00)			
7. Other operating expenses		– 71,394,901.02	– 81,542,491.58
8. Income from other investments and long-term loans		32,478.26	89,564.18
thereof relating to affiliated companies:			
EUR 0.00 (Prev. year: EUR 0.00)			
9. Other interest and similar income		850,563.19	589,288.10
thereof relating to affiliated companies:			
EUR 0.00 (Prev. year: EUR 0.00)			
10. Interest and similar expenses		– 4,957,595.58	– 5,156,469.32
thereof relating to affiliated companies:			
EUR 0.00 (Prev. year: EUR 0.00)			
11. Results from ordinary activities		**20,618,395.72**	**31,135,109.59**
12. Extraordinary expenses	– 4,161,762.24		– 8,591,038.54
13. Extraordinary result		**– 4,161,762.24**	
14. Taxes on income		– 7,286,213.12	– 6,915,257.94
thereof deferred taxes acc. to sec. 274 HGB:			
EUR 591,984.00 (Prev. year: EUR + 1,270,560.62)			
15. Other taxes		– 187,182.48	– 157,683.98
16. Profit for the year		**8,983,237.88**	**15,471,129.13**
17. Profit carried forward		15,709,969.21	13,784,940.96
18. Allocation to revenue reserves of GERRY WEBER International AG		0.00	5,684,784.34
19. Net profit for the year		**24,693,207.09**	**23,571,285.75**

GERRY WEBER International AG Halle / Westfalia
Balance sheet for the year ended 31 October 2003

Assets

	31.10.2003 EUR	31.10.2002 EUR
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property rights and related rights and values as well as licences for such rights and values	4,991,343.29	408,442.00
2. Payments on account	27,744.00	0.00
	5,019,087.29	**408,442.00**
II. Tangible assets		
1. Land and leasehold rights and buildings, including buildings on third-party land	43,870,820.75	38,257,239.31
2. Plant and machinery	12,868.00	12,970.00
3. Other fixtures and fittings, tools and equipment	1,325,615.00	1,529,712.00
4. Payments on account and plant under construction	0.00	1,918,407.19
	45,209,303.75	**41,718,328.50**
III. Financial assets		
1. Shares in affiliated companies	6,436,790.87	6,685,236.02
2. Loans to affiliated companies	0.00	5,112,918.81
3. Investments	1,022.58	1,022.58
4. Other loans	244,585.06	161,609.64
	6,682,398.51	**11,960,787.05**
	56,910,789.55	**54,087,557.55**
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	605,275.20	535,212.51
2. Due from affiliated companies	76,644,605.71	97,145,137.55
3. Other assets	20,697,256.90	3,143,491.80
thereof with a remaining maturity of more than one year: EUR 580,000.00		
(Prev. year: EUR 49,090.60)		
	97,947,137.81	**100,823,841.86**
II. Cash on hand, cash in banking accounts, cheques	3,927,860.50	282,358.35
	101,874,998.31	**101,106,200.21**
C. Prepayments and accrued income		
1. Discount	247,110.61	286,778.78
2. Other	99,245.64	65,544.56
	346,356.25	**352,323.34**
	159,132,144.11	**155,546,081.10**

Liabilities

	31.10.2003 EUR	31.10.2002 EUR
A. Capital stock		
I. Subscribed capital	23,443,200.00	23,443,200.00
II. Capital reserve	33,668,025.21	33,668,025.21
III. Revenue reserves	28,000,000.00	28,000,000.00
IV. Net profit for the year	9,340,758.09	11,545,475.93
	94,451,983.30	**96,656,701.14**
B. Provisions		
1. Provisions for taxation	35,486.25	805,700.00
2. Other provisions	2,587,544.68	2,238,714.06
	2,623,030.93	**3,044,414.06**
C. Accounts payable		
1. Due to banks	58,275,001.44	47,391,696.68
2. Trade accounts payable	525,908.46	981,688.95
3. Liabilities to affiliated companies	406,576.71	6,017,842.91
4. Other accounts payable	2,823,844.52	1,452,970.42
thereof taxes: EUR 2,599,618.49 (Prev. year: EUR 1,280,667.94)		
thereof social security contributions: EUR 89,309.22 (Prev. year: EUR 83,540.53)		
	62,031,331.13	**55,844,198.96**
D. Deferred income	**25,798.75**	**766.94**
	159,132,144.11	**155,546,081.10**

GERRY WEBER International AG Halle / Westfalia
Income statement for 2002 / 2003

		2002/2003 EUR	2001/2002 EUR
1. Sales revenues		370,498.15	788,417.81
2. Other operating income		22,182,924.33	23,980,879.55
3. Personnel expenses			
a) Wages and salaries		– 5,007,933.96	– 5,145,766.92
b) Social security contributions and expenses for old-age pensions		– 562,049.05	– 488,348.74
4. Depreciation of intangible fixed assets and tangible assets		– 3,058,987.80	– 2,727,819.33
5. Other operating expenses		– 8,031,130.92	– 8,065,653.67
6. Income from investments		545,383.72	0.00
thereof relating to affiliated companies:			
EUR 545,383.72 (Prev. year: EUR 0.00)			
7. Income from profit transfer agreements		7,997,679.19	6,720,778.24
8. Income from other investments and long-term loans		11,691.15	12,622,329.50
thereof relating to affiliated companies:			
EUR 0.00 (Prev. year: EUR 12,612,691.50)			
9. Other interest and similar income		8,266,455.99	10,482,156.59
thereof relating to affiliated companies:			
EUR 7,656,310.40 (Prev. year: EUR 10,358,431.79)			
10. Amortization of financial assets and investments classified as current assets		– 444,150.56	– 648,889.05
11. Expenses relating to the transfer of losses		– 2,622,705.10	– 7,040,326.34
12. Interest and similar expenses		– 5,875,319.10	– 5,134,592.98
thereof relating to affiliated companies:			
EUR 2,113,262.66 (Prev. year: EUR 1,119,137.42)			
13. Results from ordinary activities		**13,772,356.04**	**25,343,164.66**
14. Extraordinary expenses	– 2,786,079.60		– 318,266.34
15. Extraordinary result		**– 2,786,079.60**	**– 318,266.34**
16. Taxes on income		– 4,863,166.19	– 9,481,459.54
17. Other taxes		– 122,708.09	– 68,402.19
18. Profit for the year		**6,000,402.16**	**15,475,036.59**
19. Profit carried forward		3,340,355.93	1,755,223.68
20. Allocation to revenue reserves		0.00	– 5,684,784.34
21. Net profit for the year		**9,340,758.09**	**11,545,475.93**

GERRY WEBER

Notes

I. Accounting principles

The financial statements and the consolidated financial statements of GERRY WEBER International AG, Halle/Westfalia, for FY 2002/2003 were established in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Law. The present financial statements cover the period from 1 November 2002 to 31 October 2003.

With a view to making the balance sheet and income statement as clear as possible, explanations and comments on individual items are provided in the notes and no empty headings are shown, unless explicitly prohibited by legal provisions. The notes to the financial statements of GERRY WEBER International AG and the consolidated financial statements have been combined below; unless stated otherwise, all explanations refer to both statements.

II. Shareholdings, consolidated entity and consolidation principles

The following companies are covered by the consolidated financial statements for the year ended 31 October 2003:

GERRY WEBER International Aktiengesellschaft, Halle / Westfalia
TAIFUN-Collection GERRY WEBER Fashion GmbH, Halle / Westfalia
ha-we-modelle Gesellschaft mit beschränkter Haftung, Halle / Westfalia
GERRY WEBER Life-Style Fashion GmbH, Halle / Westfalia
First Class Fashion Bekleidungs-GmbH, Halle / Westfalia
SAMOON-Collection Fashion Concept GERRY WEBER GmbH, Halle / Westfalia
GERRY WEBER Service International GmbH, Halle / Westfalia
GERRY WEBER Retail GmbH, Halle / Westfalia
Court One Fashion GmbH, Halle / Westfalia
GERRY WEBER Fashion Outlet S.L., Palma de Majorca, Spain
GERRY WEBER FAR EAST LIMITED, Hong Kong, People's Republic of China
GERRY WEBER France S.A.R.L., Paris
GERRY WEBER Beschaffung Osteuropa GmbH, Recklinghausen
GERRY WEBER Dis Tic. Ltd. Sirkuti, Istanbul, Turkey
GERRY WEBER Tunesia S.A.R.L., Sidi Bou Ali, Tunisia
GERRY WEBER Support S.R.L., Bucharest, Romania

The following two companies have been sold and are no longer part of the consolidated entity:

GERRY WEBER Portugal, Confecções, Limitada, Figueiró dos Vinhos, Portugal
GW-INVESTIMENTOS IMOBILIARIOS UNIPESSOAL, LDA, Figueiró dos Vinhos, Portugal

The fully consolidated companies are consolidated according to the book value method under sec. 301 para. 1 No. 1 of the German Commercial Code (HGB).

The first consolidated statements were prepared for fiscal 1988. Hawe Textil SRL, Bucharest, Romania, which was established in FY 2001/2002 and has not yet started to operate, has not been included in the consolidated financial statements.

The EUR 264,000 balancing item on the assets side resulting from the capital consolidation in the previous years was written off as goodwill according to sec. 309 HGB in the previous years. In the following years, the inclusion of new companies and the increase in our interests in TAIFUN-Collection, GERRY WEBER Fashion GmbH and SAMOON Collection Fashion-Concept GERRY WEBER GmbH resulted in additional balancing items of EUR 4,555,000 which were also charged against the revenue reserve. The sale of the Portuguese companies entailed the retirement of balancing items amounting to EUR 315,000 so that the revenue reserves are now reduced by balancing items in the amount of EUR 4,240,000.

No offsetting item is carried on the liabilities side for shares in the capital, open reserves and profit held by outsiders to the Group, given that no shares in consolidated companies are held by outsiders. Receivables and payables of fully consolidated companies were offset in the consolidated financial statements in accordance with sec. 303 para. 1 HGB, while revenues and expenditures of fully consolidated companies were consolidated in accordance with sec. 305 para. 1 HGB.

Intercompany profits from assets to be taken over resulting from deliveries between consolidated companies were eliminated in accordance with sec. 304 para. 2 HGB in an amount of EUR 633,000 (previous year: EUR 657,000).

No tax accruals and deferrals were required for the consolidation processes affecting the operating result.

The assets and liabilities of the subsidiaries based outside the euro-zone are shown at the rate prevailing on the reporting date (mean). The adjustment of the opening inventory in the fixed-asset movement schedule required for this method was exclusively due to a shift in the exchange rate as compared to the previous period. The adjustment amount totaled EUR – 22,000.

Due to the high inflation in Romania, this method results in a clear undervaluation of these assets. They are therefore shown in inflation-adjusted terms in the balance sheet.

All revenues and expenditures of companies whose balance sheets are not established in euros were converted at the mean rate of the fiscal year.

III. Accounting and valuation standards

The financial statements of GERRY WEBER International AG and the other consolidated companies are established to uniform accounting and valuation standards. Tax valuation and write-off possibilities in the individual financial statements are largely used. In the 1992 consolidated financial statements, the company for the first time used exclusively the straight-line method for the depreciation of fixed assets by distributing the residual values of the previous year evenly over the remaining useful life. A total useful life of 50 years was assumed for buildings.

As a result of this change in the Group depreciation method EUR 280,000 less in depreciation were reported than shown in the individual statements in 2002/2003. Deferred taxes of EUR 107,000 are carried in accordance with sec. 274 HGB. From 1992 to 2002/2003, EUR 5,844,000 less in depreciation were reported than shown in the individual statements as a result of the change in the Group depreciation method.

The related provisions for deferred taxes according to sec. 274 HGB totaled EUR 2,230,000. This measure was taken in order to present an earnings situation in the consolidated financial statements, which more aptly reflects the Group's operating profits, without having to forfeit the advantages of the declining balance method of depreciation.

Intangible assets are written off over their expected useful lives using the straight-line method. Tangible fixed assets are carried at the cost of acquisition or production less scheduled depreciation through use. In the financial statements of GERRY WEBER International AG, some buildings are written off using the straight-line method over a maximum period of 50 years, while others are written off according to the tax rules of sec. 7 para. 5 EStG. Moveable fixed assets are written off at the highest permissible rates, partly using the declining balance method, partly using the straight-line method.

The tax rule of simplification was used. The straight-line method of depreciation was used for useful lives of up to 5 years. The shift from the straight-line method to the declining balance method is made at the most favorable time.

Low-value items as defined in sec. 6 para. 2 EStG are written off in the year of acquisition. In the fixed-asset movement schedule, such assets are immediately treated as disposals. Shares in affiliated companies are shown at cost in the financial statements of GERRY WEBER International AG and in the consolidated financial statements. Loans to affiliated companies in the previous year's financial statement of GERRY WEBER International AG referred the dormant partner contribution to GERRY WEBER Life-Style Fashion GmbH, Halle/Westfalia. This dormant partner relationship was terminated effective 1 November 2002 in the context of the conclusion of the profit transfer agreements. Other intra-Group loans comprise longer-term loans. In the consolidated financial statements, raw materials and supplies are valued at cost, work in progress and finished goods are valued at production costs, including appropriate portions of production-related overhead. Appropriate adjustments are made for old inventories and materials of little use.

Value adjustments were made for discernible risks relating to receivables and other assets, which are shown at cost. A bad-debt provision was established for the general risk of default inherent in receivables. As far as goods and services payable in foreign currencies are concerned, currency forwards and option contracts are used to hedge our calculations before the start of each season. On the reporting date, the total volume stood at EUR 44.6 million (previous year: EUR 25.1 million) at Group level and at EUR 13.1 million (previous year: EUR 0.0) at the level of GERRY WEBER International AG.

The strong decline in the USD exchange rate as of the reporting date was covered by provisions for impending losses from pending transactions. Receivables in foreign currencies resulting from our sales activities as of the reporting date are hedged by currency forwards. These hedges and the underlying sales transactions are regarded as a whole, so that unfavorable exchange rate fluctuations do not require additional value adjustments on the reporting date. No exchange rate risks occurred in relation to the exchange rate prevailing on the reporting date. Total currency forwards at Group level had a volume of EUR 14.3 million (previous year: EUR 20.8 million) and of EUR 2.8 million (previous year: EUR 0.0 million) at the level of GERRY WEBER International AG on the reporting date.

Unhedged foreign currency receivables and/or accounts payable are shown at the exchange rates prevailing on the reporting date, but are of minor significance. Accrued and deferred items include expenses that occurred before the reporting date and refer to a certain period after that date. Provisions for taxation are in line with the expected tax payments for prior years resulting from the tax results achieved. Deferred taxes according to sec. 274 HGB are indicated. Other provisions cover all discernible risks and contingent liabilities to the extent they need to be carried as liabilities. Accounts payable are shown at the repayment amounts.

IV. Notes to the balance sheet

1a. Development of the fixed assets of GERRY WEBER International Aktiengesellschaft

	Acquisition and production costs				
	01.11.2002	Additions	Reclassi-fications	Disposals	31.10.2003
Fixed assets	EUR	EUR	EUR	EUR	EUR
I. Intangible assets					
1. Concessions, industrial property rights and related rights and values as well as licences for such rights and values	3,575,082.72	4,991,679.97	0.00	0.00	8,566,762.69
2. Payments on account	0.00	27,744.00	0.00	0.00	27,744.00
	3,575,082.72	**5,019,423.97**	**0.00**	**0.00**	**8,594,506.69**
II. Tangible assets					
1. Land and leasehold rights and buildings, including buildings on third-party land	52,507,836.34	5,181,076.88	1,918,407.19	17,206.04	59,590,114.37
2. Plant and machinery	1,844,722.89	7,492.54	0.00	4,522.16	1,847,693.27
3. Other fixtures and fittings, tools and equipment	17,087,559.92	328,835.65	0.00	245,254.07	17,171,141.50
4. Payments on account and plant under construction	1,918,407.19	0.00	−1,918,407.19	0.00	0.00
	73,358,526.34	**5,517,405.07**	**0.00**	**266,982.27**	**78,608,949.14**
III. Financial assets					
1. Shares in affiliated companies	7,334,125.07	395,429.80	0.00	648,891.05	7,080,663.82
2. Loans to affiliated companies	5,112,918.81	0.00	0.00	5,112,918.81	0.00
3. Investments	1,022.58	0.00	0.00	0.00	1,022.58
4. Other loans	161,609.64	107,887.86	0.00	24,912.44	244,585.06
	12,609,676.10	**503,317.66**	**0.00**	**5,786,722.30**	**7,326,271.46**
	89,543,285.16	**11,040,146.70**	**0.00**	**6,053,704.57**	**94,529,727.29**

Accumulated depreciation					Net book value	
01.11.2002	Additions	Amortization	Disposals	31.10.2003	31.10.2003	31.10.2002
EUR	EUR	EUR	EUR	EUR	EUR	EUR
3,166,640.72	922,427.86	513,649.18	0.00	3,575,419.40	4,991,343.29	408,442.00
0.00	0.00	0.00	0.00	0.00	27,744.00	0.00
3,166,640.72	**922,427.86**	**513,649.18**	**0.00**	**3,575,419.40**	**5,019,087.29**	**408,442.00**
14,250,597.03	1,623,177.75	154,481.16	0.00	15,719,293.62	43,870,820.75	38,257,239.31
1,831,752.89	7,594.54	0.00	4,522.16	1,834,825.27	12,868.00	12,970.00
15,557,847.92	505,787.65	0.00	218,109.07	15,845,526.50	1,325,615.00	1,529,712.00
0.00	0.00	0.00	0.00	0.00	0.00	1,918,407.19
31,640,197.84	**2,136,559.94**	**154,481.16**	**222,631.23**	**33,399,645.39**	**45,209,303.75**	**41,718,328.50**
648,889.05	643,872.95	0.00	648,889.05	643,872.95	6,436,790.87	6,685,236.02
0.00	0.00	0.00	0.00	0.00	0.00	5,112,918.81
0.00	0.00	0.00	0.00	0.00	1,022.58	1,022.58
0.00	0.00	0.00	0.00	0.00	244,585.06	161,609.64
648,889.05	**643,872.95**	**0.00**	**648,889.05**	**643,872.95**	**6,682,398.51**	**11,960,787.05**
35,455,727.61	**3,702,860.75**	**668,130.34**	**871,520.28**	**37,618,937.74**	**56,910,789.55**	**54,087,557.55**

1b. Development of the fixed assets of the Group

	Acquisition and production costs					
	01.11.2002	Additions	Disposals	Reclassi-fications	Deconsoli-dation	31.10.2003
Fixed assets	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets						
1. Concessions, industrial property rights and related rights and values as well as licences for such rights and values	5, 636,355.83	5,550,512.60	246,409.15	215,018.53	0.00	11,155,477.81
2. Goodwill from consolidation	264,478.48	0.00	0.00	0.00	0.00	264,478.48
3. Payments on account	490,564.24	130,195.99	165,264.37	−215,018.53	0.00	240,477.33
	6,391,398.55	**5,680,708.59**	**411,673.52**	**0.00**	**0.00**	**11,660,433.62**
II. Tangible assets						
1. Land and leasehold rights and buildings, including buildings on third-party land	61,414,714.14	5,554,118.29	457,729.89	1,959,788.19	−1,508,090.00	66,962,800.73
2. Plant and machinery	7,939,700.28	250,781.41	291,859.86	147,223.00	−1,936,259.54	6,109,585.29
3. Other fixtures and fittings, tools and equipment	29,483,158.17	1,409,814.21	4,344,460.32	2,228.00	− 236,299.73	26,314,440.33
4. Payments on account and plant under construction	1,971,111.86	225,301.00	35,786.67	−2,109,239.19	0.00	51,387.00
	100,808,684.45	**7,440,014.91**	**5,129,836.74**	**0.00**	**−3,680,649.27**	**99,438,213.35**
III. Financial assets						
1. Shares in affiliated companies	11,000.00	0.00	28.50	0.00	0.00	10,971.50
2. Investments	1.022,58	0.00	0.00	0.00	0.00	1,022.58
3. Other loans	655.894,29	137.594,53	90,358.54	0.00	0.00	703,130.28
	667,916.87	**137,594.53**	**90,387.04**	**0.00**	**0.00**	**715,124.36**
	107,867,999.87	**13,258,318.03**	**5,631,897.30**	**0.00**	**−3,680,649.27**	**111,813,771.33**

Accumulated depreciation						Net book value	
01.11.2002	Additions	Disposals	Amortization	Deconsoli-dation	31.10.2003	31.10.2003	31.10.2002
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
4,371,798.59	1,352,974.42	19,223.05	546,736.90	0.00	5,158,813.06	5,996,664.75	1,266,463.05
264,478.48	0.00	0.00	0.00	0.00	264,478.48	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	240,477.33	490,564.24
4,636,277.07	**1,352,974.42**	**19,223.05**	**546,736.90**	**0.00**	**5,423,291.54**	**6,237,142.08**	**1,757,027.29**
11,091,640.20	1,756,494.20	129,020.04	154,481.16	– 683,430.00	11,881,203.20	55,081,597.53	50,323,073.94
3,864,453.05	466,361.41	149,851.40	0.00	– 923,989.43	3,256,973.63	2,852,611.66	4,075,247.23
21,801,895.20	2,331,976.59	2,531,601.04	0.00	-202,850.00	21,399,420.75	4,915,019.58	7,701,333.12
0.00	0.00	0.00	0.00	0.00	0.00	51,387.00	1,971,111.86
36,757,988.45	**4,554,832.20**	**2,810,472.48**	**154,481.16**	**– 1,810,269.43**	**36,537,597.58**	**62,900,615.77**	**64,070,766.15**
0.00	0.00	0.00	0.00	0.00	0.00	10,971.50	11,000.00
0.00	0.00	0.00	0.00	0.00	0.00	1,022.58	1,022.58
0.00	0.00	0.00	0.00	0.00	0.00	703,130.28	655,894.29
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**715,124.36**	**667,916.87**
41,394,265.52	**5,907,806.62**	**2,829,695.53**	**701,218.06**	**-1,810,269.43**	**41,960,889.12**	**69,852,882.21**	**66,495,710.31**

2. Intangible fixed assets

Additions to intangible fixed assets include the right to organize the ATP tennis tournament in Halle/Westfalia under the »GERRY WEBER OPEN« name up to 31 December 2010.

3. Financial assets

The financial assets of GERRY WEBER International AG include the following shares in affiliated companies:

TAIFUN-Collection GERRY WEBER Fashion GmbH, Halle/Westfalia
ha-we-modelle Gesellschaft mit beschränkter Haftung, Halle/Westfalia
First Class Fashion Bekleidungs-GmbH, Halle/Westfalia
SAMOON-Collection Fashion-Concept GERRY WEBER GmbH, Halle/Westfalia
Court One Fashion GmbH, Halle/Westfalia
GERRY WEBER Service International GmbH, Halle/Westfalia
GERRY WEBER Retail GmbH, Halle/Westfalia
GERRY WEBER France S.A.R.L., Paris
GERRY WEBER Beschaffung Osteuropa GmbH, Recklinghausen
GERRY WEBER Fashion Outlet S.L., Palma de Mallorca, Spain
GERRY WEBER FAR EAST LIMITED, Hong Kong, People's Republic of China
GERRY WEBER Dis. Tic. Ltd. Sirkuti, Istanbul, Turkey
GERRY WEBER Tunesia S.A.R.L., Tunisia

4. Other assets

The largest components of the Group's other assets are:	31.10.2003	31.10.2002
	TEUR	TEUR
Lump-sum prepayment of the sponsoring fee and option for extending the sponsorship of the »GERRY WEBER OPEN«	11,465	0
Tax assets	8,879	7,336
Outstanding purchase price from sale of Portuguese companies	1,160	0
Loans	1,499	1,818

5. Liquid funds

Liquid funds of the Group and GERRY WEBER International AG almost exclusively comprise cash in banking accounts with domestic and foreign banks. Cash in hand is held at a low level by the Group.

6. Tax accruals and deferrals

In conjunction with the consolidation processes, no tax deferrals pursuant to sec. 306 HGB were required to reflect the lack of coincidence of the accounting period and the benefit period.

7. Equity capital

The subscribed capital of GERRY WEBER International Aktiengesellschaft is divided as follows:

23,443,200 no-par share certificates with a nominal value of EUR 1	EUR 23,443,200.00

Equity schedule of GERRY WEBER International AG

	Subscribed capital EUR	Capital reserves EUR	Other revenue reserves EUR	Net profit for the year EUR	Equity capital EUR
As at 1 Nov. 2002	23,443,200.00	33,668,025.21	28,000,000.00	11,545,475.93	96,656,701.14
Dividends paid	0.00	0.00	0.00	– 8,205,120.00	– 8,205,120.00
Profit for the year	0.00	0.00	0.00	6,000,402.16	6,000,402.16
As at 31 Oct. 2003	23,443,200.00	33,668,025.21	28,000,000.00	9,340,758.09	94,451,983.30

Consolidated equity schedule

	Subscribed capital EUR	Capital reserves EUR	Other revenue reserves EUR	Net profit for the year EUR	Equity capital EUR
As at 1 Nov. 2002	23,443,200.00	33,668,025.21	23,464,908.73	23,571,285.75	104,147,419.69
Changes to the scope of consolidation	0.00	0.00	+ 294,952.50	+ 343,803.46	+ 638,755.96
Dividends paid	0.00	0.00	0.00	– 8,205,120.00	– 8,205,120.00
Consolidated profit for the year	0.00	0.00	0.00	8,983,237.88	8,983,237.88
As at 31 Oct. 2003	23,443,200.00	33,668,025.21	23,759,861.23	24,693,207.09	105,564,293.53

8. Authorized capital

Subject to approval by the Supervisory Board, the Managing Board is entitled to increase the company's share capital by up to EUR 9,523,800 through one or several issues of new registered shares against cash contributions by 31 March 2005. Shareholders must be granted a subscription right; subject to approval by the Supervisory Board, however, the Managing Board is entitled to exclude fractional amounts from shareholders' subscription right.

The Supervisory Board is entitled to amend the articles of incorporation for the purpose of a capital increase from authorized capital.

9. Other provisions

Other provisions primarily include staff-related obligations (leave not taken, etc.) as well as obligations relating to guarantees and outstanding invoices. We also established provisions for risks from forward exchange transactions serving as hedges against currency rate fluctuations; a stand-alone assessment of these transactions under commercial law results in contingent losses to the extent that these transactions have to be assessed without regard to the underlying business transactions.

10. Accounts payable – Group – sorted by remaining maturities (previous years in parentheses)

With a remaining maturity of	up to 1 year	1 to 5 years	more than 5 years	Total
	EUR	EUR	EUR	EUR
Liabilities				
to banks	51,476,566.14	5,299,256.88	2,275,069.35	59,050,892.37
	(32,565,434.42)	(11,496,338.24)	(3,528,878.11)	(47,590,650.77)
Payments received on account of orders	0.00	0.00	0.00	0.00
	(510,400.00)	(0.00)	(0.00)	(510,400.00)
Trade accounts payable	18,786,786.80	0.00	0.00	18,786,786.80
	(21,627,434.52)	(0.00)	(0.00)	(21,627,434.52)
Other	7,398,616.33	0.00	0.00	7,398,616.33
	(4,910,815.68)	(0.00)	(0.00)	(4,910,815.68)
	77,661,969.27	**5,299,256.88**	**2,275,069.35**	**85,236,295.50**
	(59,614,084.62)	(11,496,338.24)	(3,528,878.11)	(74,639,300.97)

11. Accounts payable – GERRY WEBER International AG – sorted by remaining maturities (previous years in parentheses)

With a remaining maturity of	up to 1 year	1 to 5 years	more than 5 years	Total
	EUR	EUR	EUR	EUR
Liabilities				
to banks	50,700,675.21	5,299,256.88	2,275,069.35	58,275,001.44
	(32,366,480.33)	(11,496,338.24)	(3,528,878.11)	(47,391,696.68)
Trade accounts payable	525,908.46	0.00	0.00	525,908.46
	(981,688.95)	(0.00)	(0.00)	(981,688.95)
Liabilities to affiliated companies	406,576.71	0.00	0.00	406,576.71
	(6,017,842.91)	(0.00)	(0.00)	(6,017,842.91)
Other	2,823,844.52	0.00	0.00	2,823,844.52
	(1,452,970.42)	(0.00)	(0.00)	(1,452,970.42)
	54,457,004.90	**5,299,256.88**	**2,275,069.35**	**62,031,331.13**
	(40,818,982.61)	(11,496,338.24)	(3,528,878.11)	(55,844,198.96)

12. Sorted by type and amount of collateral:	Group 31.10.2003 EUR	Group 31.10.2002 EUR	GERRY WEBER International AG 31.10.2003 EUR	GERRY WEBER International AG 31.10.2002 EUR
Secured by real property liens	19,700,612.42	12,911,902.04	19,700,612.42	12,911,902.04
Liabilities to banks	19,700,612.42	12,911,902.04	19,700,612.42	12,911,902.04

Accounts payable resulting from the delivery of inventories are subject to the usual reservations of ownership.

13. Contingencies	Group 31.10.2003 TEUR	Group 31.10.2002 TEUR	GERRY WEBER International AG 31.10.2003 TEUR	GERRY WEBER International AG 31.10.2002 TEUR
Liabilities arising from the negotiation				
and transfer of bills of exchange	455	475	0	0
Rental agreements and leases				
due in 2003/04	6,530	6,085	777	1,640
due in 2004/05 – 2007/08	16,902	16,629	2,230	3,122
due after 2007/08	15,084	18,903	1,795	2,352
(due after 2002/2003)	(38,516)	(41,617)	4,802	(7,114)
Sponsoring agreement and use				
of the name »GERRY WEBER OPEN«				
due in 2003/04	1,808	1,483	1,808	203
due in 2004/05 – 2007/08	7,232	6,442	7,232	882
due after 2007/08	3,917	5,369	3,917	735
(due after 2002/2003)	(3,917)	(13,294)	(3,917)	(1,820)
Planned investments 2003/04	9,000	9,000	5,000	6,000
Joint and several liability for Group liabilities to banks	0	0	0	0

Sponsoring agreement and use of the name »GERRY WEBER OPEN«

In the financial year 2002/2003 GERRY WEBER International AG acquired from GERRY WEBER Management & Event GmbH and Hardieck & Weber GbR the right for the ATP tennis tournament in Halle to be organized under the name »GERRY WEBER OPEN« until 31 December 2010 (name right). The EUR 4,890,000 purchase price will be written off over the duration of the agreement. The purchase price will be reported as an intangible asset. At the same time, the sponsoring fees for the ATP tennis tournament in Halle for the period up to 31 December 2010 were prepaid in the form of a discounted lump sum (TEUR 8,577). This item is reported under »other assets« and will be retired over the duration of the agreement. A fee of EUR 2,888,000 was paid for an option to extend the name rights in the »GERRY WEBER OPEN« from 1 January 2011 to 31 December 2015 and for the corresponding sponsorship. If the sponsorship of the ATP tournament is extended beyond the year 2010, the option price will be offset against the sponsoring fee. The prepayments have been secured by way of an assignment of the tournament proceeds and other suitable measures.

V. Notes to the income statement

1. Sales revenues

All revenues stem from the sale of ladies' outerwear.

	Group 2002 / 2003	Group 2001 / 2002
Germany	59.2 %	57.1 %
Benelux	12.0 %	12.2 %
Austria / Switzerland	7.7 %	8.2 %
Scandinavia	5.6 %	5.0 %
UK / Ireland	8.7 %	10.4 %
Far East	1.5 %	1.0 %
Other countries	5.3 %	6.1 %
	100.0 %	**100.0 %**

Revenues generated in other countries include »Majorca« and »Paris« retail sales which account for 1.1% of total Group sales. Revenues generated in Germany include retail sales of GERRY WEBER Retail GmbH which represent 4.7% of total Group sales.

2. Inventory changes / purchased services

Purchased services include expenses for the processing of goods abroad for domestic account (intermediate contractors) as well as expenses for the procurement of goods manufactured by third parties according to our specifications (so-called »full contractors«). Group expenses for the full business amounted to EUR 154,372,000 (previous year: EUR 115,183,000) in the period covered by this report.

After arrival of the goods in our shipping center, it is no longer possible to distinguish between processed goods and fully contracted 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.

3. Other operating income

Other operating income includes the following:

	Group 2002/03 TEUR	Group 2001/02 TEUR
Exchange gains	1,094	421
Retransfer of provisions	1,883	157
Rental income	1,379	1,404
Payment of damages	481	770
Income from the use of cars	272	266
Income from fixed asset retirements	242	59
Retransfer of value adjustments	0	504
Shop-in-shop operations (installation)	4,907	6,504
Income from the sale of own shares and other investments	0	3,588
Other	2,942	1,578
	13,200	**15,251**

	GERRY WEBER International AG 2002/03 TEUR	GERRY WEBER International AG 2001/02 TEUR
Intra-Group cost allocation	16,680	18,493
Rental income	1,581	1,093
Intra-Group charging for name rights/sponsoring »GERRY WEBER OPEN«	1,287	0
Amortization of tangible fixed assets	668	0
Sales of investments in Portugal	399	0
Amortization of financial assets	370	0
Exchange gains	243	3,811
Other	955	584
	22,183	**23,981**

4. Extraordinary result

Extraordinary expenses mainly referred to

	Group 2002/03 TEUR	Group 2001/02 TEUR
Sales agent compensation	1,271	237
Losses from the sale of the Portuguese subsidiaries	1,868	0
Compensations paid in the context of the sales space reduction in Majorca	515	0
Discontinuation of production in Tunisia	407	0
Restructuring measures and plant closures	0	5,603
Risks from currency transactions	0	2,034
Compensation for termination of a continuous obligation	0	383
Capital issue costs	0	214

	GERRY WEBER International AG 2002/03 TEUR	GERRY WEBER International AG 2001/02 TEUR
Discontinuation of production in Tunisia	1,559	0
Losses from the sale of the Portuguese subsidiaries	1,028	0
Capital issue costs 2002	0	214
Costs of the conversion to IAS	0	94

5. Taxes on income

The extraordinary result reduced tax expenditure by EUR 916,000 (previous year: EUR 3,236,000), of which EUR 0 (EUR 2,264,000) referred to deferred taxes. The extraordinary result reduced tax expenditure of GERRY WEBER International AG by EUR 1,030,000 (previous year: EUR 127,000).

VI. Miscellaneous information

1. Staff

	Group 2002 / 2003	Group 2001 / 2002
Blue-collar workers	682	1,071
White-collar workers	871	851
Trainees	46	54
	1,599	**1,976**

	GERRY WEBER International AG 2002 / 2003	GERRY WEBER International AG 2001 / 2002
Blue-collar workers	15	8
White-collar workers	67	53
Trainees	46	53
	128	**114**

2. Managing Board

Gerhard Weber (Chairman), Halle / Westfalia,
Businessman
Udo Hardieck, Halle / Westfalia,
Dipl.-Ing.

Neither of the two Managing Board members is a member of other supervisory boards or control organs as defined in sec. 125 para. 1 sentence 3 of the German Stock Corporation Law.

3. Supervisory Board

Dr. Ernst F. Schröder
(Chairman), Bielefeld
Peter Mager
(Vice Chairman),
Steinfeld in Oldenburg
Charlotte Weber-Dresselhaus
Halle / Westfalia
Dr. Wolf-Albrecht Prautzsch
Münster
Olaf Dieckmann
(Staff representative), Dissen
Jürgen Plaumann
(Staff representative), Gütersloh

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

Herr Dr. Ernst F. Schröder
Unlimited partner of
Dr. August Oetker KG, Bielefeld

Radeberger Gruppe AG, Frankfurt / Main,
Vice chairman
CONDOR Allgemeine Versicherungs-AG, Hamburg,
Vice chairman
CONDOR Lebensversicherungs-AG, Hamburg,
Vice chairman
OPTIMA Versicherungs-AG, Hamburg,
Vice chairman
OPTIMA Pensionskasse AG, Hamburg,
Vice chairman
Société Anonyme Hotel Le Bristol, Paris, France,
Chairman of the Supervisory Board
Société Anonyme Hotel du Cap-Eden-Roc, Antibes, France,
Chairman of the Supervisory Board
Société Anonyme Chàteau du Domaine St. Martin, Vence, France,
Chairman of the Supervisory Board
Douglas Holding AG, Hagen,
Member of the Supervisory Board

Herr Peter Mager
Businessman, Steinfeld in Oldenburg

NORDENIA INTERNATIONAL AG, Greven,
Chairman of the Supervisory Board
Olfry Ziegelwerke GmbH, Vechta,
Member of the advisory council

Frau Charlotte Weber-Dresselhaus
Banker, Halle / Westfalia

No mandates

Herr Dr. Wolf-Albrecht Prautzsch
Banker, Münster
Vice Chairman of the Managing Board of Westdeutsche Landesbank Girozentrale ret., Düsseldorf

TA Triumph Adler AG, Nürnberg,
Chairman of the Supervisory Board
until 29 October 2003
Westfalia AG, Münster,
Vice Chairman of the Supervisory Board
RAG Immobilien Aktiengesellschaft, Essen,
Rethmann Beteiligungsaktiengesellschaft Selm,
Vice Chairman of the Supervisory Board
RWE Power AG, Dortmund,
Member of the Supervisory Board until 31 July 2003
Viterra AG, Essen,
Member of the Supervisory Board until 15 July 2003
Gauselmann AG, Espelkamp,
Hamburgische Landesbank, Hamburg,
Member of the Supervisory Board until 2 June 2003
Landesbank Rheinland-Pfalz, Mainz,
Member of the Supervisory Board until 1 May 2003
Landesbank Schleswig-Holstein, Girozentrale, Kiel,
Member of the Supervisory Board until 2 June 2003

Herr Olaf Dieckmann
Technical employee, Dissen

No mandates

Herr Jürgen Plaumann
Commercial employee, Gütersloh

No mandates

4. Total remuneration of the Managing Board
The total remuneration of the Managing Board in 2002/2003 amounted to EUR 2,147,000 (previous year: EUR 2,457,000) which consisted of a basic salary of EUR 809,000 (previous year: EUR 890,000) and a share in profits of EUR 1,338,000 (previous year: 1,567,000). For its work for the parent company and the Group the Supervisory Board received a compensation of EUR 170,000 (previous year: EUR 170,000), which were provisioned for in the fiscal year.

5. Shares held by the Managing Board
On the reporting date, the Managing Board held 10,766,568 shares (previous year: 10,766,568 shares).

6. Shares held by the Supervisory Board
On the reporting date, the members of the Supervisory Board held 34,762 shares (previous year: 34,710 shares).

7. Shareholdings
In accordance with sec. 21 para. 1 WpHG, Gerhard Weber, Halle / Westfalia, informed us that his voting share in GERRY WEBER International AG has exceeded the 25 % threshold and now stands at 27.37 %.

In accordance with sec. 21 para. 1 WpHG, Udo Hardieck, Halle / Westfalia, informed us that his voting share in GERRY WEBER International AG has exceeded the 10 % threshold and now stands at 18.55 %.

8. Shareholdings of GERRY WEBER International AG

	Shareholding (%)	Equity incl. net result TEUR	Profit (+) Loss (–) for the year TEUR
TAIFUN-Collection GERRY WEBER Fashion GmbH, Halle / Westfalia*	100.0	+ 5,731	0
ha-we-modelle Gesellschaft mit beschränkter Haftung, Halle / Westfalia	100.0	+ 29	+ 1
GERRY WEBER Life-Style Fashion GmbH, Halle / Westfalia	100.0	+ 1,354	0
First Class Fashion Bekleidungs-GmbH, Halle / Westfalia*	100.0	+ 521	0
SAMOON-Collection Fashion-Concept GERRY WEBER GmbH, Halle / Westfalia*	100.0	+ 3,230	0
Court One Fashion GmbH, Halle / Westfalia	100.0	+ 2,270	+ 3,154
GERRY WEBER FAR EAST LTD., Hong Kong	100.0	+ 217	– 42
GERRY WEBER Fashion Outlet S.L., Palma de Majorca	100.0	– 1,874	– 632
GERRY WEBER Service International GmbH, Halle / Westfalia*	100.0	+ 723	0
GERRY WEBER Retail GmbH, Halle / Westfalia*	100.0	+ 7	0
GERRY WEBER Beschaffung Osteuropa GmbH, Recklinghausen	100.0	– 30	+ 151
GERRY WEBER France S.A.R.L., Paris	100.0	– 1,841	– 177
GERRY WEBER Tunesia S.A.R.L., Sidi Bou Ali	100.0	– 1,080	– 503
GERRY WEBER Dis Ticaret Ltd., Sirkuti, Istanbul	100.0	+ 159	– 204
GERRY WEBER Support S.R.L., Bucharest, Romania	100.0	+ 60	– 97
Hawe Textil SRL, Bucharest, Romania	100.0	+ 11	0

* controlling and profit transfer agreement

9. Dependence Report
In the past financial year the GERRY WEBER Group had business dealings with related parties.
All legal transactions underlying this business relationship were conducted on an arm's length basis.

10. Transactions pursuant to Article 15a of the German Securities Trading Act (WpHG)
During the 2002 / 2003 financial year there were no transactions as defined in Article 15a of the German Securities Trading Act (WpHG).

11. Declaration of conformity pursuant to Article 161 of the German Stock Corporation Act (AktG)
In December 2003 GERRY WEBER International AG issued a declaration of conformity pursuant to Article 161 of the German Stock Corporation Act. This declaration is available on the Internet at www.gerryweber-ag.de.

12. Segment report
The present Annual Report contains no segment report given that no meaningful segments can be defined in production or distribution terms, either.

13. Consolidated cash flow statement		**2002 / 2003** TEUR		**2001 / 2002** TEUR
1. Profit for the year before extraordinary items and income taxes	+	20,431	+	30,977
2. Fixed asset depreciation	+	5,908	+	6,374
Cash flow	**+**	**26,339**	**+**	**37,351**
3. Profit from fixed assets retirements	–	242	–	59
4, Decrease in inventories	+	9,695	+	10,370
5. Increase in trade receivables	–	269	–	2,529
6. Increase in other assets non related to investing and financing activities	–	14,732	–	773
7. Decrease/increase in short-term provisions	–	5,781	+	5,311
8. Decrease in trade accounts payable	–	2,840	–	7,446
9. Increase in other liabilities non related to investing and financing activities	+	2,003	+	570
10. Disbursements from extraordinary items	–	3,524	–	8,591
11. Disbursements for income tax	–	7,286	–	6,915
Cash flow from operating activities	**+**	**3,363**	**+**	**27,289**
12. Receipts from fixed asset retirements	+	4,235	+	1,042
13. Disbursements for investments in intangible assets and property, plants and equipment	–	13,120	–	10,294
14. Disbursements for investments in financial assets	–	138	–	213
Cash flow from investment activities	**–**	**9,023**	**–**	**9,465**
15. Dividend payments of GERRY WEBER International AG	–	8,205	–	17,802
16. Deposits from shareholders by capital issue		0	+	10,989
17. Disbursements for the repayment of loans	+	11,460	–	13,196
Cash flow from financing activities	**+**	**3,255**	**–**	**20,009**
18. Cash changes in financial resources	–	2,405	–	2,185
19. Financial resources at the beginning of the fiscal year	+	10,298	+	12,483
20. Financial resources at the end of the fiscal year	**+**	**7,893**	**+**	**10,298**

Appropriation of profits

The Managing Board and the Supervisory Board propose to appropriate the net profit for the year of	**EUR 9,340,758.09**
as follows:	
Payment of a dividend of EUR 0.35 per common share with full entitlement to profits for the fiscal year 2002/2003	**EUR 8,205,120.00**
Carried forward to new account:	**EUR 1,135,638.09**
Net profit for the year:	**EUR 9,340,758.09**

Halle / Westfalia, February 2004
GERRY WEBER International AG

The Managing Board
Gerhard Weber, Udo Hardieck

Audit certificate

The financial statements and the consolidated financial statements of GERRY WEBER International AG, Halle/Westfalia, for the year ended 31 October 2003 are given the following unqualified audit opinion:

We have audited the financial statements and accounts of GERRY WEBER International AG as well as the consolidated financial statements and the management report for the company and the Group for the fiscal year from 1 November 2002 to 31 October 2003. The preparation of these documents according to German accounting standards and the complementary provisions in the articles of incorporation is the responsibility of the company's legal representatives. It is our task, based on our audit, to provide an opinion on the financial statements and the underlying accounts as well as the consolidated financial statements and the management report for the company and the Group.

We conducted our audit pursuant to sec. 317 HGB in compliance with German GAAP 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 financial statements and the consolidated financial statements established in accordance with generally accepted accounting principles as well as the management report for the company and the Group. When defining the auditing processes, the knowledge of the business activity and the economic and legal environment 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 accounts, the financial statements and the consolidated financial statements as well as the management report are largely checked on the basis of random samples. The audit covers the assessment of the accounting and consolidation principles applied and of the most important estimations of the legal representatives as well as the evaluation of the overall presentation of the financial statements and the consolidated financial statements as well as the management report for the company and the Group. 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, the financial statements and the consolidated financial statements established according to generally accepted accounting principles present a true and fair view of the net worth, financial and earnings position of the company and the Group. The management report for the company and the Group provides a true and fair view of the situation of the company and the Group and correctly presents the risks of the future development.

Bielefeld, 30 January 2004

Haarmann, Hemmelrath & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Schmal, Certified public accountant
ppa. Angele, Certified public accountant

Calendar of financial events

Annual accounts press conference	Tuesday, 24 February 2004, Düsseldorf
Analysts conference	Wednesday, 10 March 2004, Frankfurt a.M.
Report on the first three months	Monday, 29 March 2004
Annual General Meeting of Shareholders	Wednesday, 2 June 2004, Halle/Westfalia
Report on the first six months	Monday, 28 June 2004
Report on the first nine months	Tuesday, 28 September 2004

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