GERRY WEBER International AG
Annual Report 2003/2004

Key figures at a glance

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

GERRY WEBER Group	**1999/2000**	**2000/01**	**2001/02**	**2002/03**	**2003/04**
Sales revenues	336.8	395.6	395.4	350.1	352.2
Domestic	195.4	223.5	225.7	202.1	210.3
International	141.4	172.1	169.7	148.0	141.9
Sales of the individual brands in % of total sales					
GERRY WEBER	58.5 %	60.8 %	59.4 %	61.0 %	63.9 %
TAIFUN	20.6 %	20.2 %	23.5 %	25.2 %	25.8 %
SAMOON	9.7 %	10.4 %	8.5 %	7.5 %	7.9 %
COURT ONE	5.6 %	5.2 %	4.6 %	3.3 %	0.6 %
AIGNER[1]/YOMANIS	5.6 %	3.4 %	1.9 %	0.8 %	–
Other	–	–	2.1 %	2.2 %	1.8 %
Personnel expenses	41.7	48.2	51.2	48.3	47.7
Depreciation	5.0	6.5	6.4	5.9	5.5
EBITDA	35.1	42.3	42.1	30.7	33.4
EBITDA margin	10.4 %	10.7 %	10.7 %	8.7 %	9.5 %
EBIT	30.1	35.8	35.7	24.8	27.9
EBIT margin	8.9 %	9.1 %	9.1 %	7.1%	7.93 %
EBT	28.4	31.2	31.1	20.6	24.5
EBT margin	8.4 %	7.9 %	7.9 %	5.9 %	6.95 %
Profit for the year	15.5	16.6	15.5	9.0	12.7
Gross cash flow	33.4	37.7	37.5	26.5	30.0
DVFA earnings per share [2,3]	0.66	0.78	0.85	0.61	0.63
Staff numbers at the end of the fiscal year	1,267	1,727	1,976	1,637	1,517
Total assets	164.3	201.3	195.2	201.4	201.3
Fixed asset investments	6.9	33.3 [4]	10.5	13.2	6.7
Equity in % of total assets	52.5 %	47.4 %	53.3 %	52.4 %	54.7
Return on investment (ROI) [5]	18.3 %	17.8 %	18.3 %	12.3 %	13.9 %
Return on equity (ROE) [5]	34.9 %	37.5 %	34.2 %	23.5 %	25.3 %

[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 23,368,200 outstanding shares;

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

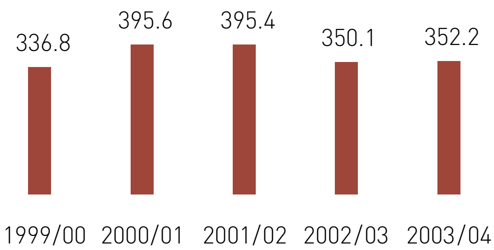
GERRY WEBER

JEWELRY

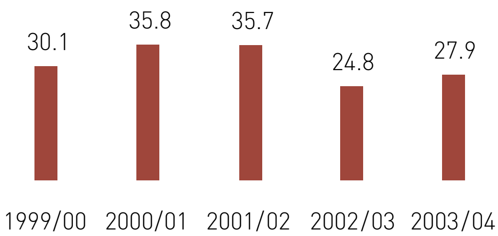
BAGS

PERFUME

EYEWEAR



Sales in EUR million



EBIT in EUR million

GERRY WEBER

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GERRY WEBER INTERNATIONAL AG IS A GLOBALLY OPERATING FASHION AND LIFESTYLE COMPANY. OUR SUCCESS IS BASED ON A PERFECT BLEND OF INNOVATION POWER, EXPERIENCE AND PROFESSIONALISM – AND NOT LEAST A CONSISTENT FOCUS ON THE WISHES, NEEDS AND DEMANDS OF OUR CUSTOMERS, WHO HAVE LOVED OUR COLLECTIONS FOR OVER 30 YEARS.

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Gerhard Weber

Udo Hardieck

Dear shareholders,
dear friends of our company,

In the past fiscal year, our company turned around and returned to the growth path just as we had planned. Sales increased moderately and supported a respectable profit margin. Even more importantly, however, the fundamental optimisation of our structures has created excellent long-term prospects for our company. We used the past years to eliminate weaknesses in our organisation. This required some hard cuts and unpleasant measures, but these have paid off. GERRY WEBER International AG is today in a better position than ever before to exploit the opportunities offered by the fashion market. While we are not entirely independent of general market developments, our strong business trend means we can be much more relaxed about them than many other companies.

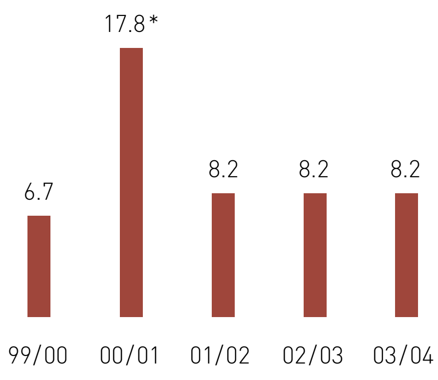
We expect to return to double-digit sales growth and profit margins in the coming years, and the high level of orders for our 2005 Spring/Summer Collections shows that we are on the right track. A large number of new HOUSES OF GERRY WEBER, new stores and shops, targeted activities in our foreign markets and a strong expansion of our licensing business will help us grow at a fast rate.

These are the goals to which we have committed ourselves. To achieve them, we can rely on an excellent management team, who have put their longstanding experience and expertise at our company's service. We have strengthened our management and extended the authorities granted to our management team. We rely on a team of executives who have for many years represented the company profile built up by the Managing Board. They include Christoph Auhagen, Manager of the GERRY WEBER brand, Wolfgang Wandel, Manager of the TAIFUN and SAMOON brands, Jan-Hendrik Muis, Technology Officer, Hans-Dieter Kley, in charge of Finance, Tax and Investor Relations as well as Marie-Rose Boffin, in charge of Human Resources and Training. Short decision-making lines, a high degree of flexibility and autonomous decisions within clearly defined authorities allow them to put their strengths and their abilities to best effect for our Group.

The management team and their excellent staff are the basis of the success of GERRY WEBER International AG. They will also secure the company's future. We would therefore like to sincerely thank the management team and all employees for their skills and their commitment.

As in the previous years, we want the shareholders of GERRY WEBER International AG to participate in the company's success and will therefore propose to the Annual General Meeting payment of a dividend of EUR 0.35 per share. The traditionally high dividend yield and the good outlook for the new fiscal year will also fuel the share price. We would like to thank all shareholders for the confidence they placed in us in the past fiscal year and will do everything in our power to earn their confidence also in future.

Gerhard Weber Udo Hardieck



Dividend development in EUR million
* including special dividend

Managing Board and Supervisory Board

Modern organisational structures combined with professional expertise – while the Managing Board determines the company's strategic direction, the members of second management tier can take autonomous decisions within the parameters of their defined responsibilities.

Gerhard Weber Chairman of the Managing Board, and Udo Hardieck Managing Board, surrounded by Wolfgang Wandel, Manager of the TAIFUN and SAMOON brands; Christoph Auhagen, Manager of the GERRY WEBER brand Hans-Dieter Kley, Finance, Tax and Investor Relations; Jan-Hendrik Muis, Technology Officer; Marie-Rose Boffin, Human Resources and Training (from right to left)

Managing Board

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

Supervisory Board

Dr. Ernst F. Schröder (Chairman), Bielefeld
Personally liable 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/Westphalia
Banker

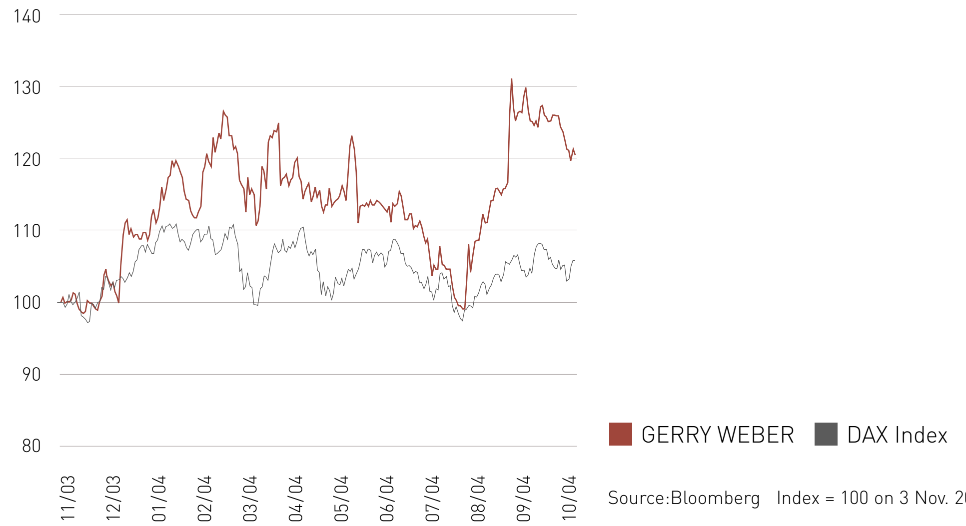
Olaf Dieckmann, Dissen
Technical employee

Jürgen Plaumann, Gütersloh
Commercial employee

The share

While 2004 was a rather disappointing year for many investors, the price of the GERRY WEBER share rose by approx. 20 %. The good fundamental data and the dividend yield of almost 5 % convinced many investors of the share's good value already in the first half of the year. In the second half of the year, the share was affected by the poor industry situation and especially by the retail crisis; the stock market punished most German retail and consumer shares. The GERRY WEBER share, however, quickly recovered from the August price drop. Until the end of the year, the share price was supported by the good nine-month figures and the high level of incoming orders.

Based on all key figures, the GERRY WEBER share is regarded as undervalued compared to its peer group. In particular, the good outlook for the next fiscal year and the successful optimisation programme suggest that the share has upside potential. This view is shared by most analysts and researchers. Westdeutsche Landesbank, DZ-Bank, HSBC Trinkaus & Burkhardt, Bankhaus Lampe and Berenberg Bank have included the share in their coverage.



Source:Bloomberg Index = 100 on 3 Nov. 2003

Source:Bloomberg

As a member of Deutsche Börse's Prime Standard, the GERRY WEBER share fulfilled all requirements of this market segment in the year under review. The share is listed in the SDAX, which outperformed the comparable DAX and MDAX indices in the fiscal year. The GERRY WEBER share improved its weighting in the SDAX from 1.53 % to 1.62 % in 2004. In January 2005, GERRY WEBER joined the »German Entrepreneur Index« (GEX), which tracks the performance of owner-managed businesses in Germany. The share prices of these companies have regularly outperformed the overall market in recent years.

In the course of the fiscal year, the GERRY WEBER management went on a number of roadshows in cities such as Zurich, Paris, London and Frankfurt. The corporate strategy and the business outlook were explained to investors in numerous one-on-one meetings. Interim reports and press releases regularly informed shareholders and investors about the company's performance. Communication with investors was also supported by our website, which makes it easy for users to access investor relations information and get in touch with the company by e-mail. Continued high media interest in the company and its management additionally had a positive effect on the visibility and attractiveness of the GERRY WEBER share.

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WKN	330410
ISIN	DE0003304101
Stock exchange symbol	GWI1.FSE
Bloomberg ticker symbol	GWI1 GR
Reuters ticker symbol	GWIG.F
Designated sponsor	WestLB
Type	No-par bearer shares
Market segment	Prime Standard
Index member	SDAX
	GEX
	Prime Consumer
Subscribed capital	EUR 23,443,200
Latest capital issue in June 2002	EUR 1,465,200
Authorised capital	EUR 11,721,600
Common shares	23,443,200
Free float	12,961,632
Dividend/common share	EUR 0.35
Earnings per share to DVFA/SG	EUR 0.63
Cash flow per share	EUR 1.28
Average daily turnover in shares (FY)	26,353
Average daily turnover in EUR (FY)	189,000
Price at start of FY	EUR 6.31
Price at end of FY	EUR 7.60
High/low of the FY	EUR 8.27 / 6.21
Market capitalisation at start of FY	EUR 148 million
Market capitalisation at end of FY	EUR 178 million
Share price performance in the FY	+ 20 %
Total return1 in the FY	+ 26 %
Shareholder structure	Gerhard Weber 26.54%
	Udo Hardieck 17.99%
	Free float 55.47%

[1] price win plus dividend

The brand strategy

The GERRY WEBER Group used the two-year optimisation phase to redefine its brand policy and optimise its market position. Since the past fiscal year, the company has focused on three strong brands, namely GERRY WEBER, TAIFUN and SAMOON, all of which hold leading positions in their respective market segments. GERRY WEBER, the best-selling and most important brand of the Group, stands for classical, high-quality combination collections for fashion- and quality conscious women aged 30 and older. TAIFUN-branded business fashion reflects the latest trends and fashion themes and is targeted at a slightly younger clientele. SAMOON is positioned in the fast-growing niche market for larger sizes and is characterised by fashionable cuts and a perfect fit. All three brands are uniquely positioned in the upper middle segment of the ladieswear market.

In the extremely difficult market environment that prevailed in 2004, GERRY WEBER adopted a professional brand and pricing policy to accommodate retailers' requirements, while at the same time strengthening the profiles of its brands. In response to market requirements, the company created sub-labels to allow more flexible pricing, without succumbing to ruinous price competition.

Product lines such as GERRY WEBER EDITION, GERRY WEBER SPORT and, in particular, the vertical G.W. line complement the main collections of the GERRY WEBER brand with single items. GERRY WEBER EDITION covers the knitwear, shirts, trousers and outdoor wear segment, while the GERRY WEBER SPORT line complements the main line with several sportive themes per season. The fashionable, aggressively priced G.W. line is sold exclusively in the HOUSES OF GERRY WEBER and supplies retailers with new merchandise at short intervals.

All sub-labels benefit from the strong brand name without diluting the profile of GERRY WEBER. Given that the prices are an integral element of the GERRY WEBER brand image, this strategy helps strengthen the brand, while at the same time avoiding exclusively price-based competition. Moreover, the collections of the main brand have been streamlined in order to highlight the collection statements and allow faster changes. The success of the improved, younger design is already reflected in the double-digit increase in orders received for the next collections.

The sales strategy

GERRY WEBER also operates its own retail stores and continued to expand its activities in this segment with a view to exploiting untapped growth potential. The company aims to increase the number of HOUSES OF GERRY WEBER and single-brand stores from 70 to between 300 and 400 in the next three to four years. This sales strategy was adopted five years ago, when the first signs of problems became apparent in the German retail sector. The massive structural change in the sector now allows the company to rent properties in good locations at favourable conditions and, hence, to minimise the expansion risk.

While most of the HOUSES and stores are operated by franchisees, the company intends to more than double the number of owner-operated HOUSES OF GERRY WEBER – which are particularly important for the brand image – in the coming year. GERRY WEBER currently operates 20 HOUSES OF GERRY WEBER in cities such as Berlin, Hamburg, Dresden, Oberhausen, Munich and Bielefeld. This gain in experience as a vertical structured supplier serves as a source of valuable data, which is used to gear the collections more closely to retailers' requirements. In the past fiscal year, the sub-labels already helped to increase the retail productivity of the GERRY WEBER brand. These new programmes – especially the fast-turning G.W. sub-label – were initially tested in the company's own stores before they were offered to retailers with great success.

The company's expansion strategy is also based on its shop-in-shops, all of which feature the typical GERRY WEBER shop design. Currently operating approximately 700 such shop-in-shop outlets, the company intends to add new locations at a rate of 100 p.a. in the coming years. Retailers are increasingly looking for effective distribution alliances in order to minimise their own risks.
The GERRY WEBER, TAIFUN and SAMOON shop-in-shops not only offer them constant product supplies and a coordinated marketing approach but also boast sales per square metre, sell-through rates and profits which clearly exceed the retail industry average.

Ladieswear departments selling the GERRY WEBER, TAIFUN and SAMOON collections in addition to other brands continue to account for over half of GERRY WEBER's sales. The company's proximity to the retail sector and its growing retail experience mean that these retailers also benefit from the best possible support.

International expansion

To reduce its dependence on the German market, the GERRY WEBER Group has generated a high percentage of its sales abroad already for many years. Since fiscal 1997/1998, the company has boasted an export share of between 40 % and 44 %, reporting 40.3 % in the year under review. The Group is pushing ahead its expansion primarily in those countries in which GERRY WEBER has become firmly established. These include the UK, Scandinavia, the Netherlands, Belgium, Austria and Switzerland. While more than two thirds of the company's exports go to these countries, France, Spain, Eastern Europe, Greece, Canada, the Middle East and China are also gaining in importance as export markets.

For 20 years, GERRY WEBER products have been sold successfully to British fashion retailers, who count the brand among the top five ladieswear brands in the medium price segment, according to trade mag Drapers Record. Two stores have already been opened in Northern Ireland, with another 20 to follow in the next two years. In the Netherlands, where the rejuvenated collections met with a very positive response, a flagship store was opened in Amstelveen in the past fiscal year. The Dutch market, in which GERRY WEBER is very well positioned, offers potential for another 20 HOUSES and stores.

China is one of the most important markets of the future for the textile and clothing industry. While the GERRY WEBER Group has sourced finished products from China for quite some time, the Chinese market was opened to the company's own collections only in the past fiscal year. At present, GERRY WEBER operates two shops in Beijing and Qingdao although plans are underway for more shop openings.

While the expansion strategy provides for the company to expand its sales through retailer's ladieswear departments, a large number of new HOUSES OF GERRY WEBER as well as single-brand stores and shop-in-shops is to be opened abroad. Most of these will be operated by franchisees. GERRY WEBER intends to open its own stores in those locations where the market situation and the brand awareness open up promising prospects.

Management report for the company and the Group for the fiscal year 2003/2004

Economic situation

The strong upswing in the world economy has lost some momentum since spring 2004. The reasons for this slowdown can be found in the USA, where the stimulating effects of fiscal policy subsided, as well as in China. In the Far Eastern growth market, administrative measures were taken to keep the booming economy in check. The strong surge in crude oil prices put an additional damper on global economic activity, acting as a drain on purchasing power, while corporate spending continued to expand quickly.

In Germany, the economic recovery stabilised noticeably in the first six months of 2004. Compared to earlier upswings, however, economic momentum remained moderate and was exclusively supported by exports. Due to subdued medium-term income expectations, persistently high unemployment and increased energy prices, consumer spending remained too low to stimulate the economy. By contrast, corporate spending on plant and equipment gained in momentum. Apart from the favourable export prospects, this was attributable to the improved profit situation resulting from low interest rates, moderate pay rises and successful corporate consolidation. Overall, Germany's real GDP increased by 1.7 % in 2004 (source: Federal Statistical Office).

Against this background, the long downturn in the retail sector could not be stopped in 2004. Although the choice of products on sale is excellent and prices are low by international standards, sales continued to decline. Just like the retail sector, the entire consumer goods sector stagnated.

Industry situation

The German clothing industry did not experience positive turnaround in the course of 2004. After years of declining sales, another 3.8% drop in sales was reported for the first ten months of 2004 (source: Federal Statistical Office). If it had not been for the stable export business, the drop would have been even stronger. While German consumers' clothing spend remained weak, German fashion was in high demand abroad.

According to the clothing manufacturers' association, ladieswear sales dropped by almost 4 %, with menswear sales down by approx. 2 % in the first half of the year. Notwithstanding the continued decline in textile sales, the sector also saw some positive developments. According to both manufacturers and retailers, the »discount battles« clearly subsided in 2004. Moreover, textile and clothing discount stores lost in appeal, which appears to have put an end to the constant decline in specialist retailers' market shares. Specialist retailers accounted for only 54 % of total textile and clothing sales. In response to the shrinking market, retailers continued their cost-cutting efforts to return to the black.

	FY 2003/2004	FY 2002/2003	+/–
GERRY WEBER	215.8	203.0	+ 6.3 %
TAIFUN	87.8	84.0	+ 4.5 %
SAMOON	26.7	26.3	+ 1.5 %
YOMANIS	–	2.8	-
COURT ONE	2.3	10.6	– 78.3 %
RETAIL	16.3	15.8	+ 3.1 %
Others	3.3	7.6	– 56.6 %

Sales of the brands in EUR million

Group situation

After two fiscal years of stagnating or declining sales, which the company used to optimise its structures, the GERRY WEBER Group returned to growth in 2003/2004. Consolidated Group sales including the shops' sales rose from the previous year's EUR 350.1 million to EUR 352.2 million. This means that the drop resulting from the discontinuation of the YOMANIS and COURT ONE brands was more than offset by increased sales in other markets. The earnings position also developed very positively. Thanks to improved cost management, the EBIT margin climbed from the previous year's 7.1 % to 8.0 %. Earnings before interest and taxes (EBIT) rose by 12.6 % from EUR 24.8 million in the previous year to EUR 27.9 million.

Sales performance

All three brands of the GERRY WEBER Group reported growing sales in the past fiscal year, with the GERRY WEBER core brand expanding its market position particularly strongly. Accounting for 63.9 % of total sales, GERRY WEBER remains the Group's key brand, whose importance was further enhanced by the sublabels, G.W., GERRY WEBER EDITION and GERRY WEBER SPORT. In the past fiscal year, GERRY WEBER's sales rose by 6.3 % from EUR 203.0 million to EUR 215.8 million. International sales accounted for 47.3 % (48.2 %) of the Group's total sales.

Contributing 25.8 % to total sales, the young TAIFUN line is the Group's second most important brand. TAIFUN also achieved strong growth in the past fiscal year and generated sales of EUR 87.8 million, compared to EUR 84.0 million in the previous year. Positioned in the medium price segment, the young business fashion brand is popular with retailers and customers alike and is one of the most successful brands in the German fashion market. An export share of 35.5 % (35.2 %) means that TAIFUN is also well positioned abroad. The number of TAIFUN shop-in-shops was raised from 70 to 76 in the past fiscal year in support of the GERRY WEBER Group's brand-building efforts.

The value-added chain

	FY 2003/2004	FY 2002/2003
Group performance		
Sales revenues	349.3	344.9
Inventory changes	+ 1.3	– 7.8
Other interest and similar income	10.3	14.0
	360.9	**351.1**
Less purchased materials and service		
Cost of materials	207.3	200.1
Depreciation	5.5	5.9
Other operating expenses	72.0	71.4
Extraordinary expenses	2.7	4.2
	287.5	**281.6**
Value added	**73.4**	**69.5**

Value-added statement in EUR million

Accounting for 7.9% of total sales, SAMOON is the third brand in the Group's multi-brand strategy. The brand for larger sizes generated EUR 26.7 million in sales in 2003/2004, compared to EUR 26.3 million in the previous year. SAMOON thus effectively defended its position in this fast-growing niche market. As in the previous year, about one third of the SAMOON collections were sold abroad (35.8%, compared to 33.6%)

In fiscal 2002/2003, the YOMANIS and COURT ONE brand contributed EUR 13.4 million to total Group sales. In the context of the optimisation of the brand policy, both brands were discontinued and the free capacities restructured. While YOMANIS was discontinued as of the Spring/Summer 2003 Collection and did not generate any sales in the past fiscal year, COURT ONE achieved sales of EUR 2.3 million in the first half of 2003/2004 and also performs the holding function for GERRY WEBER Life Style Fashion GmbH. The latter reported an operating result before profit transfer of EUR – 0.2 million.

The Group's own retail activities, including the HOUSES OF GERRY WEBER, showed a highly satisfactory performance in the past fiscal year and generated sales of EUR 16.3 million, compared to EUR 15.8 million in the previous year. Some 20 of these flagship stores are now managed by the company with a view to supporting the brand-building efforts and deepening the company's retail experience. The remaining 60 HOUSES OF GERRY WEBER and single-brand stores opened in Germany and abroad in recent years are successfully run by franchisees. As in the previous year, about one third of the Group's retail sales were generated abroad.

The GERRY WEBER Group's export share remained stable in the past fiscal year. Accounting for 40.3 % of total sales, foreign markets remain very important for the company's development. The most important markets for GERRY WEBER products are the Netherlands, the UK, Ireland, Switzerland, Austria and Belgium, which absorbed two thirds of the Group's exports. GERRY WEBER continued to expand its market position in France, Spain, Greece and

Canada as well as in Eastern Europe and Scandinavia. A large number of HOUSES OF GERRY WEBER and single-brand stores were opened in these markets in support of the Group's brand-building efforts. Besides the Middle East and Russia, GERRY WEBER also sees great growth potential in China, where the first shops were opened in Beijing and Qingdao in the past fiscal year, with plans for more shops underway. Non-European countries accounted for 16.0 % of total exports in the past fiscal year, up from 14.0 % in the previous year.

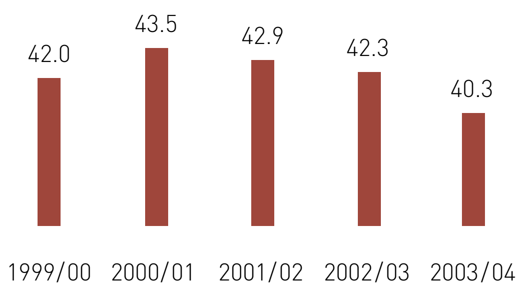
The subsidiaries in Hong Kong and Turkey are pure-play service companies and responsible for quality assurance and international sourcing. These companies operate at break-even level and do not generate external sales. No particular risks exist.

The French distribution company generated external sales of EUR 3.9 (4.0) million in the past fiscal year. The company was recently repositioned to focus exclusively on the wholesale business and is now still in the start-up phase. Sales are expected to increase to EUR 5.1 million in fiscal 2004/2005.

In the past fiscal year, the business activities of the Spanish subsidiary were expanded to include the wholesale business for the Spanish mainland. Wholesale revenues amounted to only EUR 0.9 million and are to be increased to EUR 1.7 million in fiscal 2004/2005.

The expanded wholesale activities of the Spanish and French distribution companies are expected to increase their profitability significantly.

The GERRY WEBER Group's production capacities, which are almost entirely located abroad, were increasingly shifted to the Far East in the past fiscal year on account of the weak US dollar. In the context of GERRY WEBER's quality assurance efforts, more than 40 engineers were deployed in the local production facilities to monitor compliance with quality standards and provide advice. GERRY WEBER maintains its own production facility in Romania, which contributes about 2.6 % to the Group's total output and operated at full capacity in the period under review. With a view to increasing productivity, this subsidiary was restructured in the past fiscal year and reported a gross performance of EUR 2.6 (2.9) million, which is the result of a headcount reduction to 485.



Share of export sales in %

Earnings position

Thanks to increased cost management efforts, the GERRY WEBER Group achieved excellent profitability in the past fiscal year while at the same time adapting its pricing policy to market requirements. Favourable supplier terms and effective logistics structures led to cost savings, which allowed more flexible pricing, especially for the sublabels. In addition to the cost of materials, we also reduced our personnel expenses, so that personnel expenses as a percentage of sales declined from 13.8 % to 13.5 %. The comprehensive optimisation of the corporate structures resulted in a leaner and more efficient organisation and greatly increased the profitability of the GERRY WEBER Group.

Consolidated earnings before interest and taxes (EBIT) surged by 12.6 % from the previous year's EUR 24.8 million to EUR 27.9 million, resulting in an EBIT margin of 8.0 %, up from 7.1 % in the previous year. Consolidated earnings before taxes (EBT) climbed from EUR 20.6 million to EUR 24.5 million. Accordingly, the Group's EBIT-based return on equity rose from 23.5 % to 25.3 %. The consolidated profit for the year increased from the previous year's EUR 9.0 million to EUR 12.7 million. The Group's tax ratio in the past fiscal year stood at 40.5 %, up from 44.8 % in the previous year. DVFA earnings per share climbed from EUR 0.61 in the previous year to EUR 0.63.

Net worth position

Even after the two-year restructuring and optimisation phase, the GERRY WEBER Group's capitalisation remains highly solid. At 54.7 %, (52.4 %) the equity ratio has hardly changed and represents a sound basis for future growth. The equity-to-fixed-assets ratio of 155.2 % (up from 151.1 %) reflects the high stability of the Group's funding. Current assets increased in the past fiscal year due to higher inventories and receivables.

The GERRY WEBER Group's total assets amounted to EUR 201.3 million, with fixed assets and current assets accounting for 35.2 % and 64.8 %, respectively. Compared to fiscal 2002/2003, this represents a moderate increase in the percentage of fixed assets.

Financial situation

The total capital of the GERRY WEBER Group is comprised of 54.7 % equity and 45.3 % debt capital. Even after the payout of the proposed dividend, the Group's equity ratio will remain healthy at 50.7 %. On the debt capital side, the main change referred to liabilities to banks, which were reduced from EUR 59.0 million to EUR 53.6 million. This was mainly attributable to a reduction in tax claims, which amounted to EUR 8.9 million in the previous year. These measures also served to further optimise the very good interest rate level of the Group's debt capital. Net interest charges dropped from EUR 4.1 million in the previous year to EUR 3.4 million in fiscal 2003 / 2004.

Due to the good profit situation, gross cash flow rose from the previous year's EUR 26.5 million to EUR 30.0 million. As of the balance sheet date, net financial liabilities amounted to EUR 44.7 million, compared to EUR 51.1 million in the previous year. As at 31 October 2004, cash resources stood at EUR 8.8 million, up from the previous year's EUR 7.9 million. As a result of the Group-wide cash management activities, GERRY WEBER had average annual cash resources of EUR 8.0 million; an excellent financial situation.

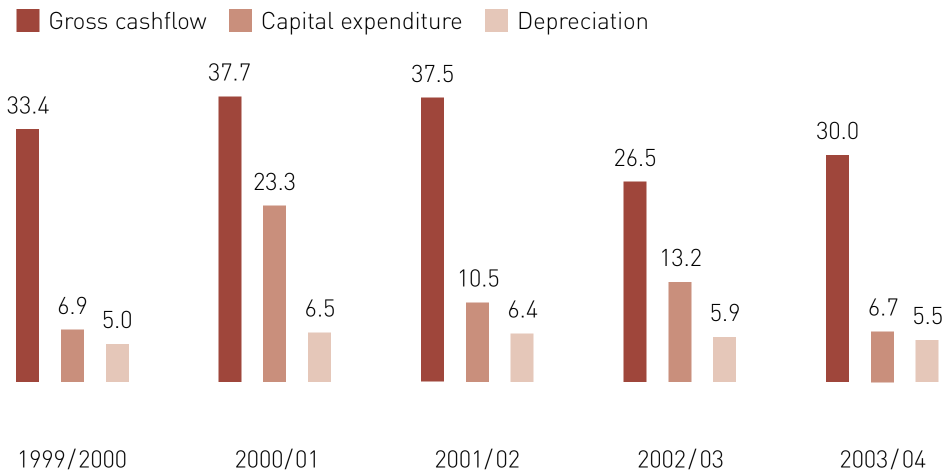
Capital expenditure

With no major investment projects implemented in the fiscal year, capital expenditure dropped from EUR 13.2 million to EUR 6.7 million. The Group's operating cash flow was sufficient to fund its capital expenditure in full.

At EUR 3.3 million, the bulk was invested in the expansion of the Group's own retail activities, specifically in new shop fittings and reconstruction activities. Capital spending projects also included new software solutions for the GERRY WEBER Group.

Employees

While the ongoing optimisation of the corporate structures entailed further job cuts in the past fiscal year, these were moderate compared to the previous year. As of the reporting date, the GERRY WEBER Group employed 1,517 people in Germany and abroad, compared to 1,637 one year earlier. The job cuts and staff restructurings referred to both the headquarters in Halle/Germany and the production facilities in Romania and Turkey. New jobs were created in the retail segment, whereas jobs were cut in the commercial/technical sector. As of the balance sheet date, domestic staff figures were down to 829 from the previous year's 913. 688 GERRY WEBER Group employees were based abroad compared to 724 in the previous year. Of the total workforce, 801 (726) were white-collar workers, while 673 (858) were blue-collar workers. The number of trainees and apprentices was down from the previous year's 53 to 43.



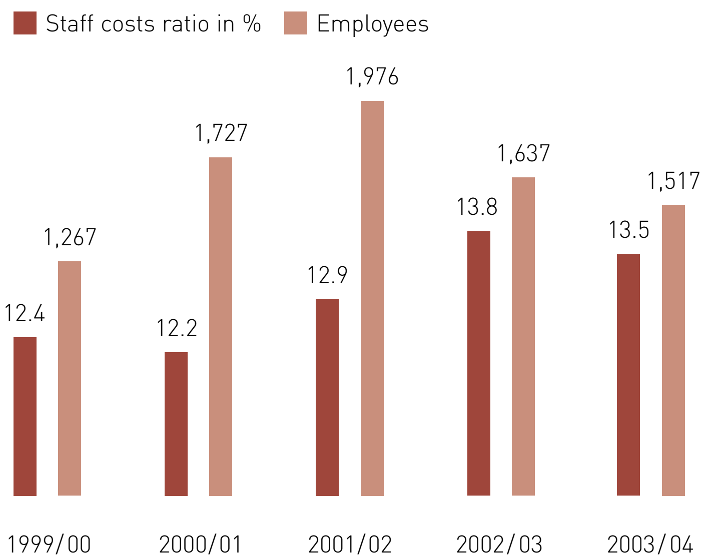
Gross cashflow, capital expenditure and depreciation in EUR million

Licenses

The market launch of the new fragrance and body care line continued the successful expansion of the Group's licensing activities. Representing an important element in GERRY WEBER's licensing strategy, the new fragrance license complements the existing licenses for bags, eyewear, watches and jewelry. The fragrance licensee, a subsidiary of the Wella Group, is an experienced player in the fragrance and cosmetics market and organised a highly professional launch of the GERRY WEBER fragrance. The last fiscal year also saw the sales start of the new jewelry collection. Since September 2004, a 70-piece jewelry line as well as six to eight watch models in the current year will be available under the GERRY WEBER brand name. The Group's licensing activities were additionally fuelled by the new licensing agreement for footwear, which was signed in November 2004. Licensing income rose from EUR 0.4 million to EUR 0.7 million. Given that both the fragrance and the jewelry collection were not launched before September and the footwear license will start only in 2005, a strong increase in licensing income is expected for the current fiscal year.

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

In its capacity as holding company, GERRY WEBER International AG provided key services to the member companies of the GERRY WEBER Group. The resulting fee and interest income is shown as expenses at the subsidiaries. The company's external sales, which mainly result from licensing income, amounted to EUR 0.8 million in the past fiscal year, up from EUR 0.4 million in the previous year.

Net worth, financial and earnings position

The sound balance sheet structure of GERRY WEBER International AG hardly changed in the past fiscal year. Capitalisation amounted to EUR 100.2 million, compared to EUR 94.5 million in the previous year. At 61.4 %, the equity ratio was even higher than the previous year's 59.4 %. The equity-to-fixed-assets ratio reached 183.6 %, up from 166.0 % in the previous year. The decline in other assets by approx. EUR 7.7 million is mainly attributable to the reduction in tax claims. As a result, net debt (liquid funds less liabilities to banks) was reduced by EUR 4.3 million from EUR 54.3 million to EUR 50.0 million. As a result of the merger of First Class Fashion Bekleidungs-GmbH into GERRY WEBER International AG and the liquidation of the Tunisian subsidiary, shares in affiliated companies declined from EUR 6.4 million to EUR 5.9 million. At the same time, a profit transfer agreement with Court One Fashion GmbH was signed at the beginning of the past fiscal year.

The company's net profit for the year rose from EUR 6.0 million in the previous year to EUR 13.9 million. It should be noted that the company's earnings are dependent on the performance of the subsidiaries.

Net profit for the year was largely determined by the profit transfers received from Court One Fashion GmbH and TAIFUN-Collection GERRY WEBER Fashion GmbH in an amount of EUR 11.2 million and EUR 5.5 million, respectively.

GERRY WEBER AG pursues a policy of continuous dividend payments. Therefore, the Managing Board will – subject to the approval of the Supervisory Board – again propose to the General Meeting of Shareholders to pay out a dividend of EUR 0.35 per share, which would add up to a total volume of EUR 8.2 million. An amount of EUR 5.0 million would be allocated to revenue reserves, while the remaining EUR 0.7 million would be carried forward to new account. Even after the planned dividend payout GERRY WEBER AG's equity ratio will remain solid at 56.3 % (prev. year: 54.2 %).

Capital expenditure

The company's capital expenditure in 2003 / 2004 amounted to EUR 1.4 million, compared to EUR 10.5 million in the previous year. The bulk was invested in the reconstruction of buildings.

Employees

As of the balance sheet date, the company employed 263 people, compared to 122 in the previous year, including 43 (53) trainees and apprentices.

Risk report of the Group and the company

The risk management system of the GERRY WEBER Group and the company again proved to be highly effective in the past fiscal year. The internal management and controlling tools ensure efficient monitoring of existing and potential risks as well as timely counter-measures in response to undesirable developments. In this respect, the brand strategy was adapted to actual market requirements, production was relocated to low-cost locations and effective logistic and distribution measures were taken with a view to protecting the company's profitability.

The Managing Board and the management team use a risk manual which lists all business segments exposed to special risks and assigns appropriate indicators to these segments. The manual serves to assess the amounts of potential damage and the probability of risks actually occurring and describes suitable counter-measures. Exchange rate hedges were again taken out in the past fiscal year to offset exchange rate fluctuations in imports from the Far East and exports to the UK. The risk of a loss of receivables is limited by way of a credit insurance policy. Insurance cover is in place to protect the Group against potential liabilities and damages resulting from its business activities. No litigation for damages which might substantially affect the Group's future development was pending at the time of writing. Procurement and production are managed as central departments in Halle. These central departments are responsible for managing the capacity utilisation of the production facilities as well as for deadline monitoring. Quality assurance is carried out by the Group's own engineers in the local production facilities. As of 31 October 2004, the GERRY WEBER Group had established risk provisions in an amount of EUR 8.4 million. These provisions mainly referred to potential guarantee risks as well as risks from currency forwards used to hedge exchange rate fluctuations.

In response to the risk of changing fashion trends, the GERRY WEBER Group constantly monitors the market and its competitors. The traditional design of the GERRY WEBER collections and the multi-brand strategy help reduce the risk of market fluctuations. The excellent positioning of the GERRY WEBER brands allows the company to withstand the price and margin pressure in the retail sector. A potential loss of individual major accounts would have no major impact on the business, given that the company has a broad customer base of approx. 6,000 retailers. The expansion of GERRY WEBER's own retail activities entails a commensurate increase in liabilities resulting from long-term rental agreements.

Apart from the general economic risks and the risks inherent in the fashion market, there are no discernible risks which might potentially jeopardise the continued existence of the GERRY WEBER Group and GERRY WEBER International AG. Both capitalisation and profitability remain at a high level and continue to provide a solid basis for the company's future development.

Environmental protection

Attaching great importance to nature and the environment, the GERRY WEBER Group is committed to efficient energy consumption and effective utilisation of waste and residues.

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

Following the two-year optimisation phase, the GERRY WEBER Group is again poised for growth. The 12 % increase in incoming orders for spring/summer 2005 underlines the future growth momentum. Given that this positive business trend is attributable to the company's market-compliant structures, our expansion prospects are largely independent of the economic development in Germany. A possible pick-up in consumer spending and a resulting recovery in the textiles sector would act as additional growth drivers for the company. Based on current market conditions, sales are expected to grow to approx. EUR 385 million in the current fiscal year, with similar growth rates projected for the following years. As a result of the improved cost management, the EBIT margin should reach the 9 % mark in 2004 / 2005.

This growth is primarily supported by the expansion of the shops and stores, the international markets and the licensing business. The successful HOUSES OF GERRY WEBER concept will be expanded from 70 to between 300 and 400 locations in the next three years. 65 % to 70 % of these stores will be opened in Germany, the rest abroad. The company aims to operate one GERRY WEBER flagship store in each German city with more than 80,000 inhabitants. While most of the HOUSES OF GERRY WEBER will be managed by franchisees, the company aims to increase the number of own stores by another 40 to a total of 60 before the end of the current fiscal year. This will generate additional sales contributions without margin losses and give the company added exposure to the retail sector, which will help to further optimise the collection structures. Growth will also be driven by the shop-in-shop systems, whose number is to be increased from 700 by several hundred p.a. in the coming years. Based on this store and shop strategy, the GERRY WEBER Group uses the massive structural change in the German retail sector to take over vacant retail space, manage it successfully and expand its own market position.

The Group will push ahead its international expansion by opening new flagship stores in prime locations in London, Paris and the Far East. This will set the course for future brand-building activities in these countries. Following last year's successful entry in the Chinese market, new shops will be opened in the coming months. Market penetration will be increased in GERRY WEBER's key foreign markets such as the Netherlands, UK, Belgium, Austria and Switzerland. Business activities will also be stepped up in France, Spain, Greece, Canada, Scandinavia and Eastern Europe. By increasing its export share, the GERRY WEBER Group intends to reduce its exposure to the domestic economy.

Licensing income will also gain in importance in the coming years. Additional fashion-related licenses will be added to the existing license portfolio for bags, eyewear, jewelry, watches, fragrances and footwear with a view to strengthening the profile of the GERRY WEBER brand. In the current fiscal year already, licensing income is expected to double thanks to the new fragrance and footwear licenses.

Special events occurring after the reporting date

No significant operational or structural changes or business incidents that would alter the validity of the 2003 / 2004 Annual Report have occurred in the GERRY WEBER Group since the balance sheet date.

Halle / Westphalia, January 2005

Gerhard Weber | Udo Hardieck

Report of the Supervisory Board for FY 2003/2004

In the fiscal year 2003/2004, the Supervisory Board performed its statutory tasks and monitored and advised the management. Detailed information about the development of the company was provided to the Supervisory Board at the meetings on 28 November, 23 February, 18 May and 13 September as well as in regular written and oral reports. Additionally, the Chairmen of the Managing Board and the Supervisory Board met on a regular basis to discuss business events and the strategic positioning of the company.

Dr. Ernst F. Schröder

The main topics discussed at the four meetings were the presentation and the growth strategy of the brands, the production structure and its prospects and the retail strategy. The participants also discussed currency hedging measures and the risk management system. Another focus was on GERRY WEBER International AG's corporate governance principles. The Supervisory Board's Code of Procedure was adapted to the latest developments. The consequences of the »Anlegerschutzverbesserungsgesetz« (»German Act for Improved Shareholder Protection«) regarding insider regulations, ad-hoc publicity and other duties of disclosure were discussed in detail. Transactions requiring the Supervisory Board's approval were addressed in the presence of the Managing Board. All inquiries requiring the Supervisory Board's approval were given a positive vote in the past fiscal year.

With the exception of the May and September meetings, which were not attended by Mr Hardieck and Mr Dieckmann, respectively, the meetings were attended by all Supervisory and Managing Board members. No committees were set up.

According to the resolution passed by the General Meeting of Shareholders, the Supervisory Board appointed RSM Haarmann Hemmelrath GmbH, Wirtschaftsprüfungsgesellschaft, Bielefeld branch, as auditors of the financial statements and the consolidated financial statements of GERRY WEBER International AG for the year ended 31 October 2004. The auditor has audited the company's financial statements and the consolidated financial statements for the financial year ended October 31, 2004 as well as the management report and Group management report for FY 2003/2004 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 discussions were also attended by the auditors, who answered questions and 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 22 February 2005, 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 in accordance with § 172 AktG. Having reviewed the Managing Board's proposal to use the net profit to pay out a dividend of EUR 0.35 per share and to carry forward the residual amount to new account, the Supervisory Board endorsed said proposal.

The Supervisory Board would like to express its thanks and appreciation to the Managing Board and the employees of the GERRY WEBER Group for their commitment and achievements.

Halle / Westphalia, February 2005

Dr. Ernst F. Schröder
Chairman of the Supervisory Board

Corporate Governance Report

The corporate governance principles of GERRY WEBER International AG form the basis for a transparent, responsible and value-oriented management and supervision of GERRY WEBER International AG. To promote the trust of investors, customers, employees and the general public in the company's management, further steps were taken in the past fiscal year to ensure greater transparency and good corporate governance.

This progress was reflected in a statement of compliance issued in March 2004. A review of corporate governance in the GERRY WEBER Group has shown that no inconsistencies with the December 2003 and March 2004 statements of compliance occurred.

Important incidents, developments and measures in fiscal 2003/2004:

Shareholders and General Meeting

The General Meeting of Shareholders held on 2 June 2004 was attended by roughly 1,200 shareholders, who represented an imputed 55.88 % of the share capital. All items on the agenda submitted for resolution were approved by a vast majority. The shareholders also approved amendments to the statutes of GERRY WEBER International AG with a view to adapting these to the recommendations of the government commission on the German Corporate Governance Code. The statutes are available for inspection and downloading on the company's website together with the Corporate Governance Code and the statement of compliance.

Cooperation between Managing Board and Supervisory Board

The Managing Board's main duties of information and reporting to the Supervisory Board are laid down in the Managing Board's Code of Procedure, which was updated in 2004. The representatives of the shareholders and of the employees are free to prepare the meetings separately. If necessary, the Supervisory Board may meet without the Managing Board, at least temporarily. These regulations comply with section 3.6 of the Code. This is the first corporate governance report which, in compliance with section 3.10 of the Code, also addresses the main recommendations of the Code - to the extent that they affect the company directly.

Managing Board

The Code of Procedure for the Managing Board was revised and rewritten in 2004. In view of the clear structure of the Board compensation, no compensation report is published here; details are provided in the notes to the consolidated financial statement (page 63). In the past fiscal year, no conflicts of interest occurred for individual members of the Managing Board. The duty of disclosure was laid down not only in the Code of Procedure but also in each individual management contract. No member of the Managing Board held Supervisory Board mandates or similar mandates in non-Group companies.

In fiscal 2003/2004, the Managing Board strongly intensified its close integration with the Group's second management tier. The decision-making lines have clearly proven to be effective. The close integration of the management tiers has further improved the clarity of decision-making and reduced the company's dependence on individual executives.

Supervisory Board

The Code of Procedure for the Supervisory Board was adapted to the new conditions in 2004. Additions to the Code of Procedure included regulations governing the know-how, skills and professional experience required for the proper performance of tasks and the independence of the Supervisory Board members. Moreover, an age limit for Supervisory Board members was defined.

There were no conflicts of interest in the Supervisory Board in the past fiscal year. In spring 2004, the Supervisory Board reviewed the efficiency of its actions for the first time in the context of self-assessment. No complaints resulted from this review and the discussion of the topic by the Supervisory Board members. The Supervisory Board will repeat this efficiency appraisal at annual intervals.

Transparency

The »Anlegerschutzverbesserungsgesetz« (German Act for Improved Shareholder Protection), which came into force on 30 October 2004, makes new demands on transparency. GERRY WEBER began to prepare the individual measures at a very early stage so as to meet all requirements as of 30 October. With regard to the so-called »Directors' Dealings«, the group of persons affected was redefined. All persons qualifying as »Directors« have been informed about the new legislation. GERRY WEBER will regularly review the composition of this group of persons. All notifications received will be published immediately in line with the new law. No »Directors Dealings« notifications were made in 2004.

Amendments to the insider regulations were also implemented as quickly as possible. An updated version of the Insider Guidelines is currently being prepared. An insider directory has been prepared and the related audit and notification routines have been implemented. All insiders received a letter informing them about the new legislation.

Accounting

GERRY WEBER will adopt international accounting standards within the statutory deadlines. Preparations to this effect continued in the past fiscal year. The company also aims to further shorten the intervals for publication of the annual and quarterly reports so as to fulfil the requirements of the Code.

Statement of Compliance pursuant to § 161 of the German Stock Corporation Law (AktG)

GERRY WEBER International AG
Statement of Compliance with the Recommendations of the German Corporate Governance Code as amended on 21 May 2003

In September 2002, the Managing Board and Supervisory Board of GERRY WEBER International AG adopted a set of corporate governance principles which largely correspond to the recommendations made by the government commission on the German Corporate Governance Code. They underline the commitment of the Managing Board and Supervisory Board to the transparent, responsible and value-based management and supervision of the company. The Corporate Governance Code of GERRY WEBER International AG is aimed at promoting the trust placed by investors, customers, employees and the general public in the company's management and thus at fostering its acceptance on the capital markets.

Pursuant to § 161 of the German Stock Corporation Law, the Managing Board and Supervisory Board issue the following statement of compliance with the recommendations of the government commission on the German Corporate Governance Code as amended on 21 May 2003:

GERRY WEBER International AG has complied with the recommendations of the government commission on the German Corporate Governance Code with the following exceptions:

No retention was agreed upon the conclusion of a D&O insurance policy for the Managing Board and the Supervisory Board in view of the fact that such a retention is not believed to further increase the commitment of the Managing Board and Supervisory Board (Section 3.8 (2) of the Code).

The specific details of a stock option plan or comparable remuneration system have not been depicted in view of the fact that GERRY WEBER International AG has not issued any stock options as variable remuneration components to date and does not intend to do so in future. The specific details of any stock option plan or comparable remuneration system will be disclosed in a suitable form. (Section 4.2.3 of the Code).

The remuneration of the members of the Managing Board has not been reported on an individual basis for each Managing Board member in the notes to the consolidated financial statements in view of the fact that this would not provide any additional information. The Managing Board acts as a collective body: the incentives in place for the overall Managing Board are therefore of decisive importance (Section 4.2.4).

Managing Board and Supervisory Board are aware of the need to enact succession planning and will take appropriate steps in good time (Section 5.1.2 of the Code).

The Supervisory Board of GERRY WEBER International AG has not formed any committees, given that the formation of such committees would not be expedient in view of the number of members of the Supervisory Board. (Section 5.2 Clause 2 and Section 5.3 of the Code).

The remuneration of the members of the Supervisory Board has not been reported on an individual basis or broken down into its constituent components in the notes to the consolidated financial statements in view of the fact that this would not provide any additional information (Section 5.4.5 Clause 6 of the Code).

The consolidated financial statements and interim reports have been compiled in accordance with the national accounting standards set out in the German Accounting Principles (HGB). Internationally recognised accounting principles will be adopted within the statutory period (Section 7.1.1 Clause 2 of the Code).

The consolidated financial statements have been published within 120 days of the end of the financial year and the interim reports within 60 days of the end of the respective reporting period. Efforts are currently being made to comply with the recommended deadlines in future (Section 7.1.2 of the Code).

The Managing Board and Supervisory Board of GERRY WEBER International AG have further enhanced the company's Corporate Governance procedures in the course of the past financial year and have adopted recommendations made by the government commission. The amendments made since the previous statement of compliance are stated below:

At its meeting on 23 February 2004, the Supervisory Board of GERRY WEBER International AG issued a Code of Procedure for the activities of the Supervisory Board (Section 5.1.3). This Code of Procedure specifies the knowledge, abilities and specialist experience required of Supervisory Board members in order for them to fulfil their duties properly and sets out the requirements in respect of the independence of Supervisory Board members. Furthermore, an age limit has been set for members of the Supervisory Board (Section 5.4.1). The Code of Procedure also includes regulations governing the disclosure of conflicts of interest and the termination of Supervisory Board mandates in the event of significant conflicts of interest of more than a temporary nature (Sections 5.5.2 and 5.5.3). The suggestion made by the government commission in respect of the undertaking of a review of the effectiveness of the Supervisory Board has also been adopted. The first review was undertaken in early 2004; further reviews are to be undertaken on an annual basis.

Furthermore, the Code of Procedure for the Managing Board has been revised in accordance with the recommendations made by the government commission and supplemented in some areas. These include regulations governing the allocation of areas of responsibility and cooperation within the Managing Board (Section 4.2.1). Moreover, the obligation on the part of members of the Managing Board to disclose any conflicts of interest has been adopted (Section 4.3.4).

The principal features of the remuneration of the Managing Board, including fixed and variable salary components, were disclosed for the first time in the 2002/2003 Annual Report, which is also available on the internet. Furthermore, the Chairman of the Supervisory Board acted on the suggestion contained in the Code at the 2004 General Meeting and informed the General Meeting of the principal features of the remuneration system and of the changes made (Section 4.2.3).

The Corporate Governance Code of GERRY WEBER International AG will be reviewed on a regular basis in the light of subsequent experience and legal requirements, as well as of the further development of national and international standards, and updated as appropriate. GERRY WEBER has already adopted a number of additional suggestions made in the Code in respect of good corporate governance. In appropriate cases, for instance, the Managing Board will convene an extraordinary General Meeting at which shareholders may discuss any takeover bid and decide on corporate actions.

Halle/Westphalia, December 2004

Managing Board and Supervisory Board of
GERRY WEBER International AG

Further information on corporate governance at GERRY WEBER AG and the Group is available at www.gerryweber-ag.de.

GERRY WEBER

Financial Statements

GERRY WEBER International AG Halle / Westphalia
Consolidated balance sheet for the year ended 31 October 2004

Assets

	31.10.2004 EUR	31.10.2003 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	5,678,101.34	5,996,664.75
2. Payments on account	120,030.48	240,477.33
	5,798,131.82	**6,237,142.08**
II. Tangible assets		
1. Land and leasehold rights and buildings,		
including buildings on third-party land	56,444,016.94	55,081,597.53
2. Plant and machinery	2,635,172.13	2,852,611.66
3. Other fixtures and fittings, tools and equipment	4,673,430.13	4,915,019.58
4. Payments on account and plant under construction	223,804.30	51,387.00
	63,976,423.50	**62,900,615.77**
III. Financial assets		
1. Shares in affiliated companies	10,971.50	10,971.50
2. Investments	1,022.58	1,022.58
3. Other loans	1,182,628.02	703,130.28
	1,194,622.10	**715,124.36**
B. Current Assets		
I. Inventories		
1. Raw materials and supplies	3,803,653.57	4,732,585.19
2. Work in progress	5,203,493.00	8,767,687.00
3. Finished goods	29,294,615.71	22,915,477.14
4. Payments on account	1,276,700.83	1,238,857.66
	39,578,463.11	**37,654,606.99**
II. Receivables and other assets		
1. Trade receivables, thereof with a remaining maturity	64,216,944.40	58,847,626.17
of more than one year: EUR 1,529,578.00 (prev. year: EUR 2,012,787.00)		
2. Other assets, thereof with a remaining maturity	15,658,127.76	26,032,875.43
of more than one year: EUR 0.00 (prev. year: EUR 580,000.00)		
	79,875,072.16	**84,880,501.60**
III. Investments		
1. Own shares	540,000.00	0.00
IV. Cash on hand, cash in banking accounts, cheques	8,812,266.59	7,892,917.81
	9,352,266.59	**7,892,917.81**
C. Prepayments and accrued Income		
1. Discount	207,987.82	247,110.61
2. Other	1,293,486.71	931,263.58
	1,501,474.53	**1,178,374.19**
	201,276,453.81	**201,459,282.80**

Liabilities

		31.10.2004 EUR	31.10.2003 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**		
1.	Reserve for own shares	540,000.00	0.00
2.	Other revenue reserves	28,340,426.05	23,759,861.23
		28,880,426.05	**23,759,861.23**
IV.	**Net profit for the year**	**24,194,695.75**	**24,693,207.09**
		110,186,347.01	**105,564,293.53**
B.	**Provisions**		
1.	Provisions for taxation	2,474,620.36	3,034,624.11
	thereof deferred taxes acc. to sec. 274 HGB: 1,600,819.00 (prev. year: EUR 1,703,984.00)		
2.	Other provisions	8,422,525.72	7,598,270.91
		10,897,146.08	**10,632,895.02**
C.	**Accounts payable**		
1.	Due to banks	53,554,593.39	59,050,892.37
2.	Trade accounts payable	19,438,094.62	18,786,786.80
3.	Other accounts payable	7,166,377.52	7,398,616.33
	thereof taxes: EUR 3,544,131.49 (prev. year: EUR 3,656,602.09)		
	thereof social security contributions: EUR 1,052,730.73 (prev. year: EUR 1,047,125.02)		
		80,159,065.53	**85,236,295.50**
D.	**Deferred Income**	**33,895.19**	**25,798.75**
		201,276,453.81	**201,459,282.80**

GERRY WEBER International AG Halle / Westphalia
Consolidated income statement for the Period from 1 November 2003 to 31 October 2004

	2003/2004 EUR	2002/2003 EUR
1. Sales revenues	349,332,753.13	344,950,504.67
2. Increase (prev. year: decrease) in finished goods		
and work in progress	1,305,721.00	– 7,765,662.88
3. Other internally produced additions to plant and equipment	70,000.00	0.00
4. Other operating income	9,810,186.24	13,200,078.50
5. Cost of materials		
a) Cost of raw materials and supplies	– 42,122,494.41	– 47,974,532.69
b) Cost of purchased services	– 165,224,440.29	– 152,171,606.39
	– 207,346,934.70	**– 200,146,139.08**
6. Personnel expenses		
a) Wages and salaries	– 40,611,709.06	– 40,861,526.00
b) Social security contributions and expenses for old-age pensions	– 7,144,983.85	– 7,381,597.72
	– 47,756,692.91	**– 48,243,123.72**
7. Depreciation of intangible fixed assets and		
tangible assets	– 5,489,346.06	– 5,907,806.62
8. Other operating expenses	– 72,007,441.18	– 71,394,901.02
9. Income from other investments and long-term loans	15,426.00	32,478.26
10. Other interest and similar income	522,534.72	850,563.19
11. Interest and similar expenses	– 3,946,016.22	– 4,957,595.58
12. Results from ordinary activities	**+ 24,510,190.02**	**+ 20,618,395.72**
13. Extraordinary expenses	– 2,732,016.80	– 4,161,762.24
14. Extraordinary result	**– 2,732,016.80**	**– 4,161,762.24**
15. Taxes on income	– 8,833,673.82	– 7,286,213.12
thereof deferred taxes acc. to sec. 274 HGB:		
– EUR 103,165.00 (prev. year: – EUR 591,984.00)		
16. Other taxes	– 237,890.74	– 187,182.48
17. Profit for the year	**12,706,608.66**	**8,983,237.88**
18. Profit carried forward	16,488,087.09	15,709,969.21
19. Allocation to revenue reserves of GERRY WEBER International AG	– 5,000,000.00	0.00
20. Net profit for the year	**24,194,695.75**	**24,693,207.09**

GERRY WEBER International AG Halle / Westphalia
Balance sheet for the year ended 31 October 2004

Assets

		31.10.2004 EUR	31.10.2003 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	4,159,343.35	4,991,343.29
2.	Payments on account	3,379.00	27,744.00
		4,162,722.35	**5,019,087.29**
II.	Tangible assets		
1.	Land and leasehold rights and buildings,		
	including buildings on third-party land	43,230,264.81	43,870,820.75
2.	Plant and machinery	63,971.00	12,868.00
3.	Other fixtures and fittings, tools and equipment	1,032,424.00	1,325,615.00
4.	Payments on account and plant under construction	5,800.00	0.00
		44,332,459.81	**45,209,303.75**
III.	Financial assets		
1.	Shares in affiliated companies	5,916,789.87	6,436,790.87
2.	Investments	1,022.58	1,022.58
3.	Other loans	132,333.80	244,585.06
		6,050,146.25	**6,682,398.51**
		54,545,328.41	**56,910,789.55**
B.	**Current Assets**		
I.	Receivables and other assets		
1.	Trade receivables	1,054,648.36	605,275.20
2.	Due from affiliated companies	90,606,441.93	76,644,605.71
3.	Other assets	13,023,807.34	20,697,256.90
	thereof with a remaining maturity of more than one year: EUR 0.00		
	(prev. year: EUR 580,000.00)		
		104,684,897.63	**97,947,137.81**
II.	Investments		
1.	Own shares	540,000.00	0.00
III.	Cash on hand, cash in banking accounts, cheques	2,924,975.33	3,927,860.50
		3,464,975.33	**3,927,860.50**
C.	**Prepayments and accrued income**		
1.	Discount	207,987.82	247,110.61
2.	Other	325,316.60	99,245.64
		533,304.42	**346,356.25**
		163,228,505.79	**159,132,144.11**

Liabilities

	31.10.2004 EUR	31.10.2003 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		
1. Reserve for own shares	540,000.00	0.00
2. Other revenue reserves	32,460,000.00	28,000,000.00
IV. Net profit for the year	10,045,034.22	9,340,758.09
	100,156,259.43	**94,451,983.30**
B. Provisions		
1. Provisions for taxation	100,000.00	35,486.25
2. Other provisions	2,819,441.50	2,587,544.68
	2,919,441.50	**2,623,030.93**
C. Accounts payable		
1. Due to banks	52,885,481.21	58,275,001.44
2. Trade accounts payable	1,118,604.75	525,908.46
3. Liabilities to affiliated companies	2,643,460.74	406,576.71
4. Other accounts payable	3,471,362.96	2,823,844.52
thereof taxes: EUR 2,959,658.98 (prev. year: EUR 2,599,618.49)		
thereof social security contributions: EUR 296,915.37 (prev. year: EUR 89,309.22)		
	60,118,909.66	**62,031,331.13**
D. Deferred income	**33,895.20**	**25,798.75**
	163,228,505.79	**159,132,144.11**

GERRY WEBER International AG Halle / Westphalia
Income statement for the period from 1 November 2003 to 31 October 2004

	2003/2004 EUR	2002/2003 EUR
1. Sales revenues	805,109.15	370,498.15
2. Decrease in finished goods and work in progress	– 55,670.00	0.00
3. Other operating income	31,026,708.32	22,182,924.33
4. Cost of materials		
a) Cost of raw materials and supplies	– 12,415.19	0.00
b) Cost of purchased services	– 2,830.96	0.00
	– 15,246.15	**0.00**
5. Personnel expenses		
a) Wages and salaries	– 7,618,627.79	– 5,007,933.96
b) Social security contributions	– 1,069,532.31	– 562,049.05
	– 8,688,160.10	**– 5,569,983.01**
6. Depreciation of intangible fixed assets and tangible assets	– 3,028,362.22	– 3,058,987.80
7. Other operating expenses	– 14,811,480.90	– 8,031,130.92
8. Income from investments	0.00	545,383.72
thereof relating to affiliated companies:		
EUR 0.00 Euro (prev. year: EUR 545,383.72)		
9. Income from profit transfer agreements	17,356,818.12	7,997,679.19
10. Income from other investments and long-term loans	7,503.00	11,691.15
11. Other interests and similar income	3,690,399.14	8,266,455.99
thereof relating to affiliated companies:		
EUR 3,312,170.00 (prev. year: EUR 7,656,310.40)		
12. Amortisation of financial assets and investments		
classified as current assets	0.00	– 444,150.56
13. Expenses relating to the transfer of losses	– 472,106.04	– 2,622,705.10
14. Interest and similar expenses	– 3,007,985.29	– 5,875,319.10
thereof relating to affiliated companies:		
EUR 0.00 (prev. year: EUR 2,113,262.66)		
15. Results from ordinary activities	**22,807,527.03**	**13,772,356.04**
15. Extraordinary expenses	0.00	– 2,786,079.60
16. Extraordinary result	**0.00**	**– 2,786,079.60**
17. Taxes on income	– 8,747,243.02	– 4,863,166.19
18. Other taxes	– 150,887.88	– 122,708.09
19. Profit for the year	**13,909,396.13**	**6,000,402.16**
20. Profit carried forward	1,135,638.09	3,340,355.93
21. Allocation to revenue reserves	– 5,000,000.00	0.00
22. Net profit for the year	**10,045,034.22**	**9,340,758.09**

GERRY WEBER

Notes

I. Accounting principles

The financial statements and the consolidated financial statements of GERRY WEBER International AG, Halle / Westphalia, for FY 2003 / 2004 were established in accordance with the provisions of the German Accounting Principles (HGB) and the German Stock Corporation Law. The present financial statements cover the period from 1 November 2003 to 31 October 2004.

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 2004:

GERRY WEBER International Aktiengesellschaft, Halle / Westphalia
TAIFUN-Collection GERRY WEBER Fashion GmbH, Halle / Westphalia
ha-we-modelle Gesellschaft mit beschränkter Haftung, Halle / Westphalia
GERRY WEBER Life-Style Fashion GmbH, Halle / Westphalia
SAMOON-Collection Fashion-Concept GERRY WEBER GmbH, Halle / Westphalia
GERRY WEBER Service International GmbH, Halle / Westphalia
GERRY WEBER Retail GmbH, Halle / Westphalia
Court One Fashion GmbH, Halle / Westphalia
GERRY WEBER Fashion Iberica S.L., Palma de Mallorca, Spain
GERRY WEBER FAR EAST LIMITED, Hongkong, 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 Support S.R.L., Bucharest, Romania

First Class Fashion Bekleidungs-GmbH, Halle / Westphalia and GERRY WEBER Tunisia S.A.R.L., Sidi Bou Ali, Tunisia, are no longer included in the consolidated statements as the former was merged and the latter deleted from the Commercial Register.

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

The first consolidated statements were prepared for fiscal 1988.

Hawe Textil S.R.L, Bucharest, Romania, which was established in FY 2001 / 2002 and is inactive, 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 4,240,000 which were also charged against the revenue reserve. As a result of the deconsolidation of the Tunisian subsidiary, balancing items declined to EUR 4,120,000.

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 1,050,000 (previous year: EUR 633,000).

Appropriate tax 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 –20,000 (previous year: 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 206,000 (previous year: EUR 280,000) less in depreciation were reported than shown in the individual statements in 2003 / 2004. Deferred taxes of EUR 113,000 (previous year: EUR 107,000) are carried in accordance with sec. 274 HGB.

From 1992 to 2003 / 2004, EUR 6,050,000 (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 2,343,000 (previous year: 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 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 favourable 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. The investments in two minor foreign companies were written down to the extent required.

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.

Own shares are stated at cost.

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. Non-interest-bearing long-term receivables are stated at their cash value.

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 50.96 million (previous year: EUR 44.6 million) at Group level and at EUR 0.00 million (previous year: EUR 13.1) at the level of GERRY WEBER International AG.

Currency forwards in an amount of EUR 23.52 million (previous year: EUR 0.00) were treated as valuation units tied to the underlying transactions. There was therefore no need to establish provisions for anticipated losses in an amount of EUR 1,097,000 (previous year: EUR 0.00) which would otherwise have had to be established. Provisions for impending losses from pending transactions in an amount of EUR 800,000 (previous year: EUR 634,000) were established for currency forwards in an amount of EUR 27.44 million (previous year: EUR 44.6 million). No provisions for impending losses had to be established at GERRY WEBER International AG (previous year: EUR 302,000).

Receivables in foreign currencies resulting from our sales activities as of the reporting date are hedged by currency forwards and option contracts.

Total currency forwards at Group level had a volume of EUR 12.9 million (previous year: EUR 14.3 million) and of EUR 0.00 million (previous year: EUR 2.8 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				
	01.11.2003	Additions	Reclassi-fications	Disposals	31.10.2004
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	8,566,762.69	96,651.25	27,744.00	0.00	8,691,157.94
2. Payments on account	27,744.00	3,379.00	– 27,744.00	0.00	3,379.00
	8,594,506.69	**100,030.25**	**0.00**	**0.00**	**8,694,536.94**
II. Tangible assets					
1. Land and leasehold rights and buildings, including buildings on third-party land	59,590,114.37	1,206,797.54	0.00	279,686.16	60,517,225.75
2. Plant and machinery	1,847,693.27	56,521.39	0.00	3,709.42	1,900,505.24
3. Other fixtures and fittings, tools and equipment	17,171,141.50	72,973.72	0.00	1,338,874.37	15,905,240.85
4. Payments on account and plant under construction	0.00	5,800.00	0.00	0.00	5,800.00
	78,608,949.14	**1,342,092.65**	**0.00**	**1,622,269.95**	**78,328,771.84**
III. Financial assets					
1. Shares in affiliated companies	7,080,663.82	0.00	0.00	719,723.39	6,360,940.43
2. Investments	1,022.58	0.00	0.00	0.00	1,022.58
3. Other loans	244,585.06	0.00	0.00	112,251.26	132,333.80
	7,326,271.46	**0.00**	**0.00**	**831,974.65**	**6,494,296.81**
	94,529,727.29	**1,442,122.90**	**0.00**	**2,454,244.60**	**93,517,605.59**

Accumulated depreciation					Net book value	
01.11.2003	**Additions**	**Amortization**	**Disposals**	**31.10.2004**	**31.10.2004**	**31.10.2003**
EUR	EUR	EUR	EUR	EUR	EUR	EUR
3,575,419.40	1,034,577.63	78,182.44	0.00	4,531,814.59	4,159,343.35	4,991,343.29
0.00	0.00	0.00	0.00	0.00	3,379.00	27,744.00
3,575,419.40	**1,034,577.63**	**78,182.44**	**0.00**	**4,531,814.59**	**4,162,722.35**	**5,019,087.29**
15,719,293.62	1,622,201.48	0.00	54,534.16	17,286,960.94	43,230,264.81	43,870,820.75
1,834,825.27	5,418.39	0.00	3,709.42	1,836,534.24	63,971.00	12,868.00
15,845,526.50	366,164.72	0.00	1,338,874.37	14,872,816.85	1,032,424.00	1,325,615.00
0.00	0.00	0.00	0.00	0.00	5,800.00	0.00
33,399,645.39	**1,993,784.59**	**0.00**	**1,397,117.95**	**33,996,312.03**	**44,332,459.81**	**45,209,303.75**
643,872.95	0.00	0.00	199,722.39	444,150.56	5,916,789.87	6,436,790.87
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	132,333.80	244,585.06
643,872.95	**0.00**	**0.00**	**199,722.39**	**444,150.56**	**6,050,146.25**	**6,682,398.51**
37,618,937.74	**3,028,362.22**	**78,182.44**	**1,596,840.34**	**38,972,277.18**	**54,545,328.41**	**56,910,789.55**

1b. Development of the fixed assets of the Group

	Acquisition and production costs				
	01.11.2003	Additions	Reclassi-fications	Disposals	31.10.2004
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	11,155,477.81	940,897.17	244,323.72	2,498.03	12,338,200.67
2. Goodwill from consolidation	264,478.48	0.00	0.00	0.00	264,478.48
3. Payments on account	240,477.33	124,468.62	– 244,323.72	591.75	120,030.48
	11,660,433.62	**1,065,365.79**	**0.00**	**3,089.78**	**12,722,709.63**
II. Tangible assets					
1. Land and leasehold rights and buildings, including buildings on third-party land	66,962,800.73	3,518,643.64	60,428.13	377,562.84	70,164,309.66
2. Plant and machinery	6,109,585.29	197,609.64	108,920.71	191,453.27	6,224,662.37
3. Other fixtures and fittings, tools and equipment	26,314,440.33	1,492,764.82	108,254.00	2,370,357.18	25,545,101.97
4. Payments on account and plant under construction	51,387.00	450,020.14	– 277,602.84	0.00	223,804.30
	99,438,213.35	**5,659,038.24**	**0.00**	**2,939,373.29**	**102,157,878.30**
III. Financial assets					
1. Shares in affiliated companies	10,971.50	0.00	0.00	0.00	10,971.50
2. Investments	1,022.58	0.00	0.00	0.00	1,022.58
3. Other loans	703,130.28	940,294.22	0.00	460,796.48	1,182,628.02
	715,124.36	**940,294.22**	**0.00**	**460,796.48**	**1,194,622.10**
	111,813,771.33	**7,664,698.25**	**0.00**	**3,403,259.55**	**116,075,210.03**

	Accumulated depreciation				Net book value	
01.11.2003	Additions	Amortization	Disposals	31.10.2004	31.10.2004	31.10.2003
EUR	EUR	EUR	EUR	EUR	EUR	EUR
5,158,813.06	1,592,787.04	0.00	91,500.77	6,660,099.33	5,678,101.34	5,996,664.75
264,478.48	0.00	0.00	0.00	264,478.48	0.00	0.00
0.00	0.00	0.00	0.00	0.00	120,030.48	240,477.33
5,423,291.54	**1,592,787.04**	**0.00**	**91,500.77**	**6,924,577.81**	**5,798,131.82**	**6,237,142.08**
11,881,203.20	1,900,174.99	– 4,222.31	56,863.16	13,720,292.72	56,444,016.94	55,081,597.53
3,256,973.63	377,241.74	– 29,259.06	15,466.07	3,589,490.24	2,635,172.13	2,852,611.66
21,399,420.75	1,619,142.29	33,481.37	2,180,372.57	20,871,671.84	4,673,430.13	4,915,019.58
0.00	0.00	0.00	0.00	0.00	223,804.30	51,387.00
36,537,597.58	**3,896,559.02**	**0.00**	**2,252,701.80**	**38,181,454.80**	**63,976,423.50**	**62,900,615.77**
0.00	0.00	0.00	0.00	0.00	10,971.50	10,971.50
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	1,182,628.02	703,130.28
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**1,194,622.10**	**715,124.36**
41,960,889.12	**5,489,346.06**	**0.00**	**2,344,202.57**	**45,106,032.61**	**70,969,177.42**	**69,852,882.21**

2. Intangible fixed assets

Additions to intangible fixed assets from the previous year include the right to organise the ATP tennis tournament in Halle / Westphalia 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 / Westphalia
ha-we-modelle Gesellschaft mit beschränkter Haftung, Halle / Westphalia
SAMOON-Collection Fashion-Concept GERRY WEBER GmbH, Halle / Westphalia
Court One Fashion GmbH, Halle / Westphalia
GERRY WEBER Service International GmbH, Halle / Westphalia
GERRY WEBER Retail GmbH, Halle / Westphalia
GERRY WEBER France S.A.R.L., Paris
GERRY WEBER Beschaffung Osteuropa GmbH, Recklinghausen
GERRY WEBER Fashion Iberica S.L., Palma de Mallorca, Spain
GERRY WEBER FAR EAST LIMITED, Hongkong, People's Republic of China
GERRY WEBER Dis. Tic. Ltd. Sirkuti, Istanbul, Turkey

4. Other assets

The largest components of the other assets are:	Group 31.10.2004 TEUR	Group 31.10.2003 TEUR
Lump-sum prepayment of the sponsoring fee and option for extending the sponsorship of the »GERRY WEBER OPEN«	10,069	11,465
Loan	1,404	1,499
Tax assets	929	8,879
Due from sales agents	700	1,499
Outstanding purchase price from sale of Portuguese companies	580	1,160

	International AG 31.10.2004 TEUR	International AG 31.10.2003 TEUR
Lump-sum prepayment of the sponsoring fee and option for extending the sponsorship of the »GERRY WEBER OPEN«	10,069	11,465
Loan	1,404	1,499
Tax assets	627	5,886
Outstanding purchase price from sale of Portuguese companies	580	1,160

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. Own shares

On 28 June 2004, GERRY WEBER International AG acquired 75,000 own shares at a price of EUR 7.20 per share. These shares represent EUR 75,000 or 0.32 % of the share capital.

7. Tax accruals and deferrals

In conjunction with the consolidation processes, moderate tax deferrals pursuant to sec. 306 HGB were required to reflect the lack of coincidence of the accounting period and the benefit period.

8. Equity capital

The subscribed capital of GERRY WEBER International Aktiengesellschaft is divided into 23,443,200 no-par share certificates with a nominal value of EUR 1.00.

Equity schedule of GERRY WEBER International AG

	Subscribed capital EUR	Capital reserves EUR	Reserve for own shares EUR	Other revenue reserves EUR	Net profit for the year EUR	Equity capital EUR
As at 1 Nov. 2003	23,443,200.00	33,668,025.21	0.00	28,000,000.00	9,340,758.09	94,451,983.30
Set-up of reserve for own shares	0.00	0.00	540,000.00	– 540,000.00	0.00	0.00
Allocation to revenue reserves of GERRY WEBER International AG	0.00	0.00	0.00	5,000,000.00	– 5,000,000.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	– 8,205,120.00	– 8,205,120.00
Profit for the year	0.00	0.00	0.00	0.00	13,909,396.13	13,909,396.13
As at 31 Oct. 2004	23,443,200.00	33,668,025.21	540,000.00	32,460,000.00	10,045,034.22	100,156,259.43

Consolidated equity schedule

	Subscribed capital EUR	Capital reserves EUR	Reserve for own shares EUR	Other revenue reserves EUR	Net profit for the year EUR	Equity capital EUR
As at 1 Nov. 2003	23,443,200.00	33,668,025.21	0.00	23,759,861.23	24,693,207.09	105,564,293.53
Changes to the scope of consolidation	0.00	0.00	0.00	+ 120,564.82	0.00	+ 120,564.82
Set-up of reserve for own shares	0.00	0.00	540,000.00	– 540,000.00	0.00	0.00
Allocation to revenue reserves of GERRY WEBER International AG	0.00	0.00	0.00	5,000,000.00	– 5,000,000.00	0.00
Dividends paid	0.00	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	0.00	12,706,608.66	12,706,608.66
As at 31 Oct. 2004	23,443,200.00	33,668,025.21	540,000.00	28,340,426.05	24,194,695.75	110,186,347.01

9. Authorised capital

Subject to approval by the Supervisory Board, the Managing Board is entitled to increase the company's share capital by up to EUR 11,721,600 through one or several issues of new bearer shares against cash or non-cash capital contributions by 31 May 2009. 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. Subject to approval by the Supervisory Board, the Managing Board is also entitled to exclude shareholders' subscription rights in case of capital increases against contributions in kind for the purpose of company takeovers or investments in companies. The Managing Board is authorised to stipulate the further details of the capital increase and its execution with the approval of the Supervisory Board.
The Supervisory Board is entitled to amend the articles of incorporation from time to time to properly reflect the respective utilisation of the authorised capital as well as after expiry of the authorisation.

10. Other provisions

Other provisions primarily include staff-related obligations (leave not taken, etc.), obligations relating to guarantees and outstanding invoices as well as provisions for impending losses from pending forward exchange transactions.

11. 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	27,847,707.38	20,964,273.23	4,742,612.78	53,554,593.39
	(51,476,566.14)	(5,299,256.88)	(2,275,069.35)	(59,050,892.37)
Trade accounts payable	19,438,094.62	0.00	0.00	19,438,094.62
	(18,786,786.80)	(0.00)	(0.00)	(18,786,786.80)
Other	7,166,377.52	0.00	0.00	7,166,377.52
	(7,398,616.33)	(0.00)	(0.00)	(7,398,616.33)
	54,452,179.52	**20,964,273.23**	**4,742,612.78**	**80,159,065.53**
	(77,661,969.27)	(5,299,256.88)	(2,275,069.35)	(85,236,295.50)

Accounts payable – 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	27,178,595.20	20,964,273.23	4,742,612.78	52,885,481.21
	(50,700,675.21)	(5,299,256.88)	(2,275,069.35)	(58,275,001.44)
Trade accounts payable	1,118,604.75	0.00	0.00	1,118,604.75
	(525,908.46)	(0.00)	(0.00)	(525,908.46)
Liabilities to affiliated companies	2,643,460.74	0.00	0.00	2,643,460.74
	(406,576.71)	(0.00)	(0.00)	(406,576.71)
Other	3,471,362.96	0.00	0.00	3,471,362.96
	(2,823,844.52)	(0.00)	(0.00)	(2,823,844.52)
	34,412,023.65	**20,964,273.23**	**4,742,612.78**	**60,118,909.66**
	(54,457,004.90)	(5,299,256.88)	(2,275,069.35)	(62,031,331.13)

Sorted by type and amount of collateral:	Group	Group	GERRY WEBER International AG	GERRY WEBER International AG
	31.10.2004	31.10.2003	31.10.2004	31.10.2003
	EUR	EUR	EUR	EUR
Secured by real property liens	27,593,274.04	19,700,612.42	27,593,274.04	19,700,612.42
Liabilities to banks	27,593,274.04	19,700,612.42	27,593,274.04	19,700,612.42

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

12. Contingencies	Group	Group	GERRY WEBER International AG	GERRY WEBER International AG
	31.10.2004	31.10.2003	31.10.2004	31.10.2003
	TEUR	TEUR	TEUR	TEUR
Liabilities arising from the negotiation				
and transfer of bills of exchange	**283**	**455**	**0**	**0**
Rental agreements and leases				
due in 2004/05 (previous year: 2003/04)	9,660	6,530	599	777
due in 2005/06 – 2008/09 (previous year: 2004/05 – 2007/08)	33,415	16,902	2,462	2,230
due after 2008/09 (previous year: 2007/08)	26,009	15,084	1,232	1,795
	69,084	**38,516**	**4,293**	**4,802**
Sponsoring agreement and use				
of the name »GERRY WEBER OPEN«				
due in 2004/05 (previous year: 2003/04)	1,808	1,808	1,808	1,808
due in 2005/06 – 2008/09 (previous year: 2004/05 – 2007/08)	7,232	7,232	7,232	7,232
due after 2008/09 (previous year: 2007/08)	1,808	3,917	1,808	3,917
	10,848	**12,957**	**10,848**	**12,957**
Planned investments 2004/05 (previous year: 2003/04)	7,000	9,000	2,000	5,000

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 OHG the right for the ATP tennis tournament in Halle to be organised 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 (EUR 8,577,000). 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. This item is also reported under »other assets«. 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 2003/2004	Group 2002/2003
Germany	59.7 %	59.2 %
Benelux	11.7 %	12.0 %
UK / Ireland	7.7 %	8.7 %
Austria / Switzerland	7.7 %	7.7 %
Scandinavia	6.0 %	5.6 %
Far East	0.4 %	1.5 %
Other countries	6.8 %	5.3 %
	100.0 %	**100.0 %**

Revenues generated in other countries include »Majorca« (previous year also »Paris«) retail sales, which account for 0.3 % (previous year: 1.1 %) of total Group sales. Revenues generated in Germany include retail sales of GERRY WEBER Retail GmbH, which represent 5.4 % (previous year: 4.7 %) of total Group sales.

The sales revenues of GERRY WEBER International AG include EUR 695,000 (previous year: EUR 358,000) in licensing revenues. The remaining sales revenues generated in FY 2003 / 2004 mainly comprise the residual revenues of First Class Fashion Bekleidungs-GmbH, Halle / Westphalia, which was merged with GERRY WEBER International AG . All sales revenues were generated in Germany.

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 141,359,000 (previous year: EUR 126,204,000) in the period covered by this report.

After arrival of the goods in our shipping centre, 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 2003/04	Group 2002/03
	TEUR	TEUR
Shop-in-shop operations (installation)	2,884	4,907
Rental income	1,642	1,379
Sale of sales agent territories	1,108	413
Exchange gains	987	1,094
Licensing income	695	358
Payment of damages	509	481
Retransfer of provisions	410	1,883
Income from the use of cars	268	272
Income from fixed asset retirements	56	242
Other	1,251	2,171
	9,810	**13,200**

	GERRY WEBER International AG 2003/04	GERRY WEBER InternationalAG 2002/03
	TEUR	TEUR
Intra-Group cost allocation	26,595	16,680
Rental income	1,778	1,581
Intra-Group charging for name rights/sponsoring »GERRY WEBER OPEN«	1,396	1,287
Retransfer of provisions	316	9
Canteen revenues	253	187
Exchange gains	110	243
Amortisation of tangible fixed assets	78	668
Sales of investments in Portugal	0	399
Amortisation of financial assets (following tax audit)	0	370
Other	501	759
	31,027	**22,183**

4. Extraordinary result

Extraordinary expenses mainly referred to	Group 2003/04	Group 2002/03
	TEUR	TEUR
Sales agent compensation	1,892	1,271
Compensation paid to employees in conj. with restructuring	586	515
Deconsolidation Tunisia	254	0
Discontinuation of production in Tunisia	0	407
Losses from the sale of receivables of the Portuguese subsidiaries	0	1,868

	GERRY WEBER International AG 2003/04	GERRY WEBER InternationalAG 2002/03
	TEUR	TEUR
Discontinuation of production in Tunisia	0	1,559
Losses from the sale of receivables of the Portuguese subsidiaries	0	1,028

5. Taxes on income

The extraordinary result reduced tax expenditure by EUR 888,000 (previous year: EUR 916,000). The extraordinary result reduced tax expenditure of GERRY WEBER International AG by EUR 0.00 (previous year: EUR 1,030,000).

VI. Miscellaneous information

1. Staff

	Group 2003/2004	Group 2002/2003
Blue-collar workers	734	682
White-collar workers	763	871
Trainees	60	46
	1,557	**1,599**

	GERRY WEBER International AG 2003/2004	GERRY WEBER International AG 2002/2003
Blue-collar workers	39	15
White-collar workers	87	67
Trainees	42	46
	168	**128**

2. Managing Board

Gerhard Weber (Chairman), Halle/Westphalia, businessman
Udo Hardieck, Halle/Westphalia, 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/Westphalia
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:

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

Chairman of the Supervisory Board:
Radeberger Gruppe AG, Frankfurt/Main,
Société Anonyme Hotel Le Bristol, Paris, France,
Société Anonyme Hotel du Cap-Eden-Roc, Antibes, France,
Société Anonyme Château du Domaine St. Martin, Vence, France

Vice chairman of the Supervisory Board:
CONDOR Allgemeine Versicherungs-AG, Hamburg,
CONDOR Lebensversicherungs-AG, Hamburg,
OPTIMA Versicherungs-AG, Hamburg,
OPTIMA Pensionskasse AG, Hamburg

Member of the Supervisory Board:
Brau & Brunnen AG, Dortmund,
Douglas Holding AG, Hagen

Chairman of the Board of Partners:
Bankhaus Lampe KG, Düsseldorf

Peter Mager
businessman, Steinfeld in Oldenburg

Chairman of the Supervisory Board:
NORDENIA INTERNATIONAL AG, Greven

Member of the advisory council:
Olfry Ziegelwerke GmbH, Vechta

Charlotte Weber-Dresselhaus
banker, Halle/Westphalia

No mandates

Dr. Wolf-Albrecht Prautzsch
banker, Münster

Vice Chairman of the Supervisory Board:
Westfalen AG, Münster,
Rethmann Beteiligungs Aktiengesellschaft, Selm

Member of the Supervisory Board:
RAG Immobilien Aktiengesellschaft, Essen,
Gauselmann AG, Espelkamp

Olaf Dieckmann
technical employee

No mandates

Jürgen Plaumann
commercial employee, Gütersloh

No mandates

4. Total remuneration of the Managing Board
The total remuneration of the Managing Board in 2003/2004 amounted to EUR 2,091,000 (previous year: EUR 1,689,000) which consisted of a basic salary of EUR 839,000 (previous year: EUR 807,000) and a share in profits of EUR 1,252,000 (previous year: 882,000).
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 10,406,568 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 34,793 shares (previous year: 34,762 shares).

7. Shareholdings
In accordance with sec. 21 para. 1 WpHG, Gerhard Weber, Halle/Westphalia, informed us that his voting share in GERRY WEBER International AG has exceeded the 25% threshold. On the balance sheet date, he held 6,201,620 shares (previous year: 6,417,620 shares), which represents a voting share of 26.45% (previous year: 27,37 %). Together with the 75,000 own shares (previous year: 0) held by GERRY WEBER International AG, the voting share rises to 26.54 %.

In accordance with sec. 21 para. 1 WpHG, Udo Hardieck, Halle/Westphalia, informed us that his voting share in GERRY WEBER International AG has exceeded the 10 % threshold. On the balance sheet date, he held 4,204,948 shares (previous year: 4,348,948 shares), which represents a voting share of 17.94 % (Vorjahr: 18.55 %). Together with the 75,000 own shares (previous year: 0) held by GERRY WEBER International AG, the voting share rises to 17.99 %.

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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/Westphalia *	100.0	+ 5,781	0
ha-we-modelle Gesellschaft mit beschränkter Haftung, Halle/Westphalia	100.0	+ 29	0
GERRY WEBER Life-Style Fashion GmbH, Halle/Westphalia (indirect)	100.0	+ 1,874	0
SAMOON-Collection Fashion-Concept			
GERRY WEBER GmbH, Halle/Westphalia *	100.0	+ 3,230	0
Court One Fashion GmbH, Halle/Westphalia	100.0	+ 2,270	0
GERRY WEBER FAR EAST LTD., Hong Kong	100.0	+ 102	– 99
GERRY WEBER Fashion Iberica S.L., Palma de Mallorca	100.0	– 1,905	– 150
GERRY WEBER Service International GmbH, Halle/Westphalia *	100.0	+ 724	0
GERRY WEBER Retail GmbH, Halle/Westphalia *	100.0	+ 8	0
GERRY WEBER Beschaffung Osteuropa GmbH, Recklinghausen	100.0	+ 63	+ 145
GERRY WEBER France S.A.R.L., Paris	100.0	– 1,961	– 120
GERRY WEBER Dis Ticaret Ltd., Sirkuti, Istanbul	100.0	+ 142	– 5
GERRY WEBER Support S.R.L., Bucharest (indirect)	100.0	+ 161	– 403
Hawe Textil SRL, Bucharest (indirect)	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 these business relationships were conducted on an arm's length basis.

10. Transactions pursuant to Article 15a of the German Securities Trading Act (WpHG)

During the 2003/2004 financial year there were no transactions as defined in Article 15a of the German Securities Trading Act (WpHG).

11. Statement of Compliance pursuant to Article 161 of the German Stock Corporation Law (AktG)

In December 2004 GERRY WEBER International AG issued a statement of compliance pursuant to Article 161 of the German Stock Corporation Law. This statement 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 of the group

		2003/2004 TEUR		2002/2003 TEUR
1. Profit for the year before extraordinary items and income taxes	+	24,272	+	20,431
2. Fixed asset depreciation	+	5,489	+	5,908
Cashflow	**+**	**29,761**	**+**	**26,339**
3. Profit from fixed assets retirements	–	144	–	242
4. Increase/decrease in inventories	–	1,924	+	9,695
5. Increase in trade receivables	–	5,369	–	269
6. Decrease/increase in other assets non related to investing and financing activities	+	10,052	–	14,732
7. Increase/decrease in short-term provisions	+	264	–	5,781
8. Increase/decrease in trade accounts payable	+	651	–	2,840
9. Decrease/increase in other liabilities non related to investing and financing activities	–	224	+	2,003
10. Disbursements from extraordinary items	–	2,732	–	3,524
11. Income tax	–	8,834	–	7,286
Cash flow from operating activities	**+**	**21,501**	**+**	**3,363**
12. Receipts from fixed asset retirements	+	1,323	+	4,235
13. Disbursements for investments in intangible assets and property, plants and equipment	–	6,724	–	13,120
14. Disbursements for investments in financial assets	–	940	–	138
Cash flow from investment activities	**–**	**6,341**	**–**	**9,023**
15. Dividend payments of GERRY WEBER International AG	–	8,205	–	8,205
16. Payments for the purchase of own shares	–	540		0
17. Disbursements/deposits for the repayment of loans	–	5,496	+	11,460
Cash flow from financing activities	**–**	**14,241**	**+**	**3,255**
18. Cash changes in financial resources	+	919	–	2,405
19. Financial resources at the beginning of the fiscal year	+	7,893	+	10,298
20. Financial resources at the end of the fiscal year	**+**	**8,812**	**+**	**7,893**

Appropriation of profits

The Managing Board and the Supervisory Board propose to appropriate the net profit for the year of	**EUR 10,045,034.22**
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 8,178,870.00**
Carried forward to new account:	**EUR 1,866,164.22**
Net profit for the year:	**EUR 10,045,034.22**

Halle / Westphalia, January 2005
GERRY WEBER International AG

The Managing Board
Gerhard Weber, Udo Hardieck

Audit certificate

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 2003 to 31 October 2004. 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, 24 January 2005

RSM Haarmann Hemmelrath GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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

Calendar of financial events

Annual accounts press conference	Wednesday, 23 February 2005, Düsseldorf
Analysts conference	Wednesday, 16 March 2005, Frankfurt a.M.
Report on the first three months	Tuesday, 29 March 2005
Annual General Meeting of Shareholders	Thursday, 2 June 2005, Halle / Westphalia
Report on the first six months	Tuesday, 28 June 2005
Report on the first nine months	Tuesday, 27 September 2005

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