GERRY WEBER

GERRY WEBER International AG
Annual Report 2004/2005

Key figures at a glance

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

GERRY WEBER Group	**2000/01**	**2001/02**	**2002/03**	**2003/04**	**2004/05**
Sales revenues	395.6	395.4	350.1	352.2	393.1
Domestic	223.5	225.7	202.1	210.3	241.3
International	172.1	169.7	148.0	141.9	151.8
Sales of the individual brands in % of total sales					
GERRY WEBER	60.8 %	59.4 %	61.0 %	63.9 %	64.7%
TAIFUN	20.2 %	23.5 %	25.2 %	25.8 %	25.7 %
SAMOON	10.4 %	8.5 %	7.5 %	7.9 %	8.0 %
COURT ONE	5.2 %	4.6 %	3.3 %	0.6 %	–
YOMANIS	3.4 %	1.9 %	0.8 %	–	–
Other	–	2.1 %	2.2 %	1.8 %	1.6 %
Personnel expenses	48.2	51.2	48.3	47.7	51.2
Depreciation	6.5	6.4	5.9	5.5	5.8
EBITDA	42.3	42.1	30.7	33.4	41.6
EBITDA margin	10.7 %	10.7 %	8.7 %	9.5 %	10.6 %
EBIT	35.8	35.7	24.8	27.9	35.8
EBIT margin	9.1 %	9.1 %	7.1 %	7.93 %	9.3 % [4]
EBT	31.2	31.1	20.6	24.5	32.2
EBT margin	7.9 %	7.9 %	5.9 %	6.95 %	8.2 %
Profit for the year	16.6	15.5	9.0	12.7	16.7
Gross cash flow	37.7	37.5	26.5	30.0	38.0
DVFA earnings per share [1]	0.78	0.85	0.61	0.64	0.83
Staff numbers at the end of the fiscal year	1,727	1,976	1,637	1,517	1,647
Total assets	201.3	195.2	201.4	201.3	206.7
Fixed asset investments	33.3 [2]	10.5	13.2	6.7	11.3
Equity in % of total assets	47.4	53.3	52.4	54.7	57.4
Return on investment (ROI) [3]	17.8 %	18.3 %	12.3 %	13.9 %	17.3 %
Return on equity (ROE) [3]	37.5 %	34.2 %	23.5 %	25.3 %	30.1 %

[1] fully diluted on the basis of 23,177,407 shares in 2004/2005; [2] incl. additions from first-time consolidation in Portugal, France, Tunisia and Romania of EUR 10 million; [3] on EBIT basis; [4] based on external sales ex. other income

GERRY WEBER

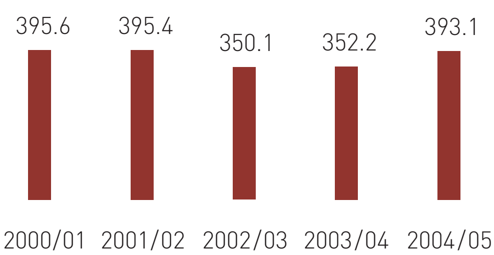

JEWELRY


BAGS

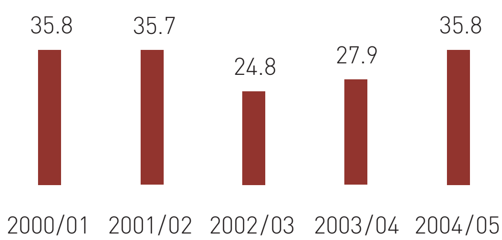

PERFUME


EYEWEAR


SHOES



Sales in EUR million



EBIT in EUR million

GERRY WEBER

GERRY WEBER International AG
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GERRY WEBER INTERNATIONAL AG IS A FASHION AND LIFESTYLE COMPANY WITH GLOBAL OPERATIONS REVOLVING AROUND THREE STRONG AND UNIQUE LADIESWEAR BRANDS. OUR HOUSES OF GERRY WEBER BRING THE RICH DIVERSITY OF OUR GERRY WEBER, TAIFUN AND SAMOON COLLECTIONS TO SHOPPERS IN GERMANY AND EUROPE, IN THE MIDDLE EAST AND ASIA.

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Gerhard Weber

Udo Hardieck

**Dear shareholders,
dear friends of our company,**

The past fiscal year saw our company mark very good growth in nearly all areas. For example our sales rose to EUR 393.1 million, our operating profit increased to EUR 35.8 million and we opened the 100th HOUSE OF GERRY WEBER.

How was this exceptional performance possible in an otherwise bleak industry environment?

For several years already, the whole consumer goods industry, the retail sector and the clothing market have not exactly been the right environment for success stories but have rather been cited as the reasons for poor business figures. Even in 2005, when all economic indicators had finally become more positive again, consumer demand remained stubbornly depressed. Consumption accounts for a steadily declining portion of private households' total spending, retail sales have declined or stagnated for the fourth consecutive year. Retailers are marking down their prices faster and more sharply than ever before, customers are buying fewer and increasingly cheaper garments and some 3,000 retailers are closing down each year in Germany alone – these are the alarming results of market research.

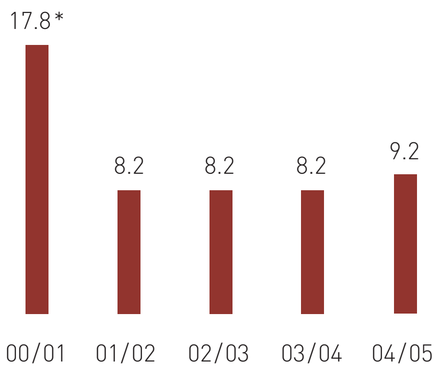
So what are the reasons for our success?

The above is by no means a new trend, it has been reflected in reports for many years. Those who begin to take action now will certainly be too late. GERRY WEBER geared its strategy to customers' actual requirements at an early stage – now our strengths are beginning to take effect.

About the ongoing shakeout in the German retail sector: GERRY WEBER was able to increase the number of retail partners last year – even in Germany. The number of German fashion retailers selling the GERRY WEBER brand increased by 360 at the bottom line. The cooperation with many of our retail partners was intensified, with over 100 GERRY WEBER shop-in-shops opened and new franchisees signed up for new HOUSES OF GERRY WEBER. That attractive retail locations can be managed successfully is not least proven by the HOGW stores operated by GERRY WEBER, whose number rose to 30 in 2004/2005.

About discount battles and bargain hunting: Overall, we were able to keep average prices almost unchanged and generated growth through increased unit sales. Writedowns of GERRY WEBER products at the retail level are marginal. We offer our retail partners a good basis for calculating their mark-ups, while consumers benefit from fashion that is excellent value for money.

About customers' changed spending behaviour: We have developed the GERRY WEBER EDITION sublabel with a view to offering consumers a range of individual items in response to their changed spending and buying behaviour. The brands and collections of GERRY WEBER International AG evolve together with their customers without losing their focus. This way, we are able to address target groups who represent growing market volumes also in declining markets.



Dividend development in EUR million
* including special dividend

Transformation into a lifestyle company

The whole clothing sector must continue to evolve. We decided at an early stage to evolve from a pure-play brand manufacturer into a lifestyle company. This transformation is supported by our strong brands, the retail productivity of our collections, efficient and lean processes and, above all, the fact that our fashion meets the tastes of our customers. Additional themes and excellent locations for our retail activities help us make the important step of establishing direct contacts with our customers and introducing them to the world of GERRY WEBER.

Today, our own HOUSES OF GERRY WEBER account for approx. 8 % of total sales. This percentage is to be increased to 60 % in five years' time. At the same time, sales in the traditional segments will also continue to grow in absolute terms, so that we aim to pass the EUR 500 million mark already in 2007.

To successfully pursue such a growth strategy with double-digit annual growth rates, it is imperative to have good teams in place. All our employees make important contributions to our shared success in their respective functions. This is something we want to thank them for. Our thanks also go to our customers and partners for the good cooperation and to our shareholders for the confidence they have placed in us. We will propose to the Annual General Meeting payment of a dividend of EUR 0.40 for the past fiscal year and will continue to do everything in our power to earn your confidence also in future.

Gerhard Weber

Udo Hardieck

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 (until 2 June 2005)
Commercial employee

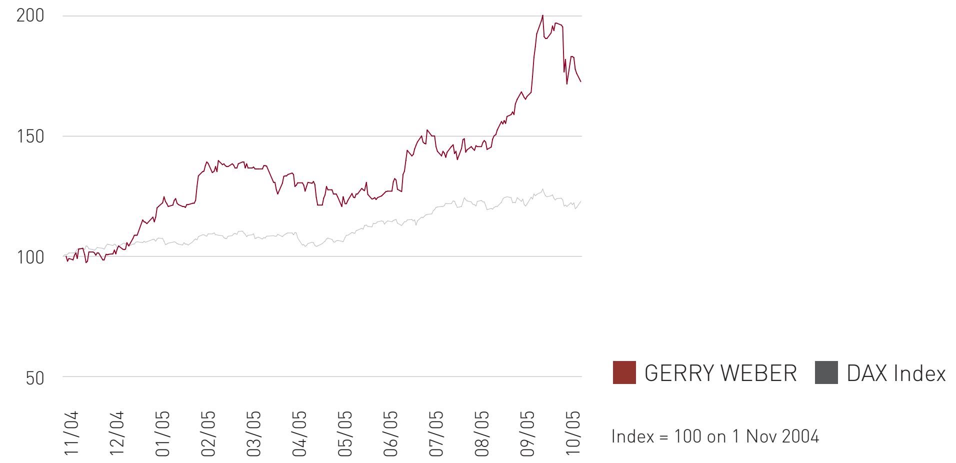
Christiane Wolf, Steinhagen (since 2 June 2005)
Commercial employee

In a generally friendly stock market environment, the GERRY WEBER share clearly outperformed all relevant indices and peers. The share price increased by almost 80 %, which means that the share gained about twice as much as the SDAX and more than three times as much as the DAX. The industry and peer group, Clothing & Footwear, was outperformed almost four times.

The above shows that the GERRY WEBER share was able to isolate itself entirely from the industry and the difficult economic situation of the consumer and retail stocks. The share price performance reflects the company's strong business trend and shows that investors have confidence in the sustainability of this performance. Stable growth combined with increased profitability forms the basis for an above-average performance also in future. The leading analysts tracking the share also see further upside potential. Current research is available from Westdeutsche Landesbank, Bankhaus Lampe KG, HSBC Trinkaus & Burkhardt, Berenberg Bank and DZ Bank.

Market capitalisation

GERRY WEBER International AG started the fiscal year 2004/2005 with a market capitalisation of EUR 178 million, which increased to EUR 319 million by year-end. Based on the free-float, the year-end market capitalisation was approx. EUR 173.5 million. Reflecting its clearly above-average performance, the GERRY WEBER share's weighting in the SDAX rose from 1.62 % to 1.85 %. The trading volume of the GERRY WEBER share almost doubled in terms of value in the past fiscal year. The number of shares traded increased by 24 %.


200
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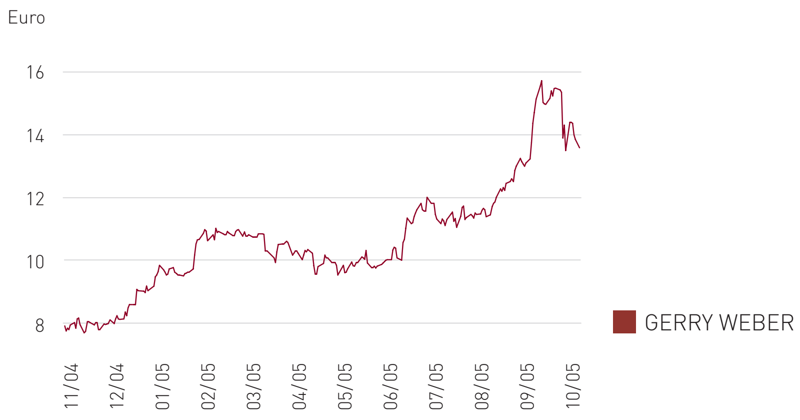
GERRY WEBER
DAX Index
Index = 100 on 1 Nov 2004


Euro
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GERRY WEBER

Shareholder structure

The shareholder structure of GERRY WEBER International AG continues to be characterised by continuity. In 2005, the two major shareholders, Board members and company founders, Gerhard Weber and Udo Hardieck, transferred their shares to R + U Weber GmbH & Co. KG and N + A Hardieck GmbH & Co. KG, respectively, which are controlled by the above persons. This means that the shareholder structure has not changed as a result of these transactions. In arithmetical terms, the free-float changed marginally as of the reporting date, at which time the company held own shares in an amount of 1.13 % of the share capital.

Investor Relations

The management of GERRY WEBER International AG again went on a number of roadshows in the past fiscal year and welcomed clearly in excess of 30 people at the annual analysts conference. The roadshows took the management to Frankfurt, Zurich, London, Paris, Edinburgh and Amsterdam. In personal meetings, institutional investors and analysts were informed about the company's strategy and the course of business. Private investors benefited from expanded information on the company's website (www.gerryweber-ag.de) and improved direct communication possibilities. The number of articles published shows that media interest, especially from the business, financial and capital investment press, increased further in 2004/2005, adding to the attractiveness and visibility of the GERRY WEBER share.

Investor Relations contact:

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E-mail b.uhlenbusch@gerryweber.de

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	12,770,839
Dividend/common share [2]	EUR 0.35
Earnings per share to DVFA/SG	EUR 0.83
Cash flow per share	EUR 1.64
Average daily turnover in shares (FY)	32,659
Average daily turnover in EUR (FY)	361,877
Price at end of FY 2003/2004	EUR 7.60
Price at end of FY 2004/2005	EUR 13.59
High/low of the FY	EUR 7.65 / 15.75
Market capitalisation at end of FY 2003/2004	EUR 178 million
Market capitalisation at end of FY 2004/2005	EUR 319 million
Share price performance in the FY	+ 78 %
Total Return[1] in the FY	+ 81 %
Shareholder structure	Gerhard Weber (directly and indirectly) 26.45 %
	Udo Hardieck (directly and indirectly) 17.94 %
	Own shares 1.13 %
	Free float 54.48%

[1] price gain plus dividend

[2] Dividend paid in 2005

Management report

Growth is on the cards for GERRY WEBER International AG and the Group. All relevant sales, earnings and financial figures improved in the fiscal year 2004/2005. Compared to the satisfactory year 2003/2004, GERRY WEBER even gained in momentum. The transformation from a clothing manufacturer to an international lifestyle company is proceeding quickly. The company's own retail activities also developed in line with expectations. GERRY WEBER International AG has been able to finance its retail expansion from its own funds. The financial and net worth position continued to improve despite the strong growth. This enables GERRY WEBER to uphold its consistent dividend policy. Accordingly, the company will again propose a payout ratio of 51.8 % (related to company's net profit) to the Annual General Meeting without having to compromise its own growth strategy.

Group structure

The much leaner structure of the GERRY WEBER Group was one of the success factors that enabled the company to resume its sales and profit growth in the past two years. GERRY WEBER International AG is the Group holding company and provides key services to the companies of the Group. Several domestic and international wholly owned subsidiaries of GERRY WEBER International AG operate under the umbrella of the parent company. The domestic subsidiaries manage the brands independently and handle the Group's operating activities and external sales. The international subsidiaries are geared to the respective national requirements and operate in the wholesale and retail sectors and as service, procurement and production companies.

Strategic and operational management is aligned along the three Group brands (GERRY WEBER, TAIFUN-Collection and SAMOON-Collection). The company's own retail activities represent the fourth strategic pillar.

GERRY WEBER uses well-established controlling tools for Group-wide controlling. The AG mainly relies on traditional financial figures and ratios, which are derived from accounting, controlling and investment controlling. The key figure systems guiding the brand management and wholesale activities are primarily based on the usual industry variables such as order rates and sell-through figures. The retail activities are mainly controlled using figures such as inventory turnover, sales per square metre and personnel/rental expenses as a percentage of sales.

Strategy

GERRY WEBER International AG is a globally operating fashion and lifestyle company. The strategy provides for the company's transformation from a clothing manufacturer into a vertically integrated retailer and concessions provider. Our success is based on collections which fully meet consumers' requirements and offer our retail partners an attractive basis for calculating their mark-ups. The focus is on vertically integrated space management, our own retail activities and selective marketing strategies.

The brands

The company relies on its powerful GERRY WEBER, TAIFUN-Collection and SAMOON-Collection brands, which hold leading positions in their respective markets.

GERRY WEBER is the most important brand of the Group and is reputed for classical, high-quality combination collections for fashion- and quality-conscious women aged 30 and older.

The GERRY WEBER brand is complemented by three sublabels: GERRY WEBER EDITION, GERRY WEBER SPORT and G.W. GERRY WEBER EDITION covers the knitwear, trousers and outdoor wear segments. The sublabel stands for attractive single items for consumers who wish to put together their own outfits. The aim of GERRY WEBER EDITION is to integrate the three product segments even more strongly for even better combination without diluting the special character of the collection. GERRY WEBER SPORT extends the main brand with several sports themes per season. The vertically integrated, aggressively priced G.W. line supplies retailers with new, highly fashionable merchandise at short intervals. The collections of the main brand have been streamlined substantially for a more focused collection statement. Since spring/summer 2004, the brand has consistently and gradually been modernised. GERRY WEBER presents six collections per year. Each collection comprises three to six themes. Retailers are provided with new merchandise every two weeks.

The TAIFUN-Collection brand reflects the latest trends and fashion themes and is targeted at a slightly younger clientele. The strategy for TAIFUN aims to position the brand more independently. This may be achieved, on the one hand, by a clear collection statement, on the other hand by a unique presentation at the PoS or even dedicated mono-brand stores. To complement the basic collection, the OneStyle by TAIFUN brand has been launched, which presents additional fashion themes at quick monthly intervals. The second sublabel is called Elements by TAIFUN-Collection, which complements the outdoor wear segment, mainly with single items; collection and theme changes are aligned with those of GERRY WEBER.

SAMOON-Collection is positioned in the fast-growing market for plus sizes and is characterised by fashionable cuts and a perfect fit. Femininity, sports style and classic elements complement each other to form an overall collection of combination fashion that sells successfully at retail stores, shop-in-shops and the company's own stores.

Sales and marketing

GERRY WEBER is quickly and actively expanding its retail activities. The retail strategy aims to increase the number of HOUSES OF GERRY WEBER from 102 to between 300 and 400 own and franchise stores in the next three years. These retail activities were started six years ago. The massive structural change in the retail sector has allowed the company to get retail space in premium retail locations and to operate them successfully. 30 new HOUSES OF GERRY WEBER were opened in the past 12 months. Of the 102 stores, 72 are operated by franchises, while 30 are managed by GERRY WEBER. The aim is to expand the stores on an international scale and to take the brand into new markets. GERRY WEBER plans to open about two thirds of the HOGWs at international locations.

Today, the company's own HOUSES OF GERRY WEBER generate approx. 8 % of total Group sales, while the traditional wholesale sector accounts for 92 %. These relations will change clearly in the medium term. A possible scenario is that more than half of the products of the GERRY WEBER Group will be sold in the company's own and franchisee-operated retail stores from 2010.

Flexible brand combinations allow GERRY WEBER to respond effectively to specific market requirements and to design its own stores in a way which ensures that they will be successful in their respective location. The modules of the GERRY WEBER brand (incl. the sublabels) and of TAIFUN-Collection and SAMOON-Collection are combined in accordance with the local conditions and the given space layout. The concept of the collections ensures that they sell successfully both in combination with each other and on a stand-alone basis. Under another possible scenario, opening independent TAIFUN stores and SAMOON shops may be an option. The first pilot projects for TAIFUN-Collection, SAMOON-Collection and the GERRY WEBER EDITION sublabel have started. The launch of the menswear license from 2006 will add another module to the product range. This will allow the company to operate two- and three-storey stores in prime locations even more successfully and flexibly. GERRY WEBER attaches special attention to setting up stores in large international cities. February 2006 will see one of the most spectacular store openings in London's Regent Street.

GERRY WEBER is also expanding its shop-in-shop and concession activities. The number of shop-in-shops, i.e. retail space in large retail stores which features the typical GERRY WEBER shop design, was expanded by 100 to approx. 900 in 2004/2005. The company plans to open some 100 of these shops per year. The expansion of the concession activities is planned for 2005/2006. In this form of cooperation, GERRY WEBER International AG has greater responsibility and is in charge of budget and product range planning as well as inventory management.

Production & Logistics

The GERRY WEBER Group's transformation into a vertically integrated systems supplier requires fundamental changes to the production structures and logistics processes. Speed and cost-efficiency are the two critical competitive factors. Today, 59% of GERRY WEBER's products are produced in the Far East, 22% in Turkey and the rest in Eastern Europe. The company's strategy aims for as many central functions as possible to be relocated close to the production facilities. These functions include, for instance, final inspection, making-up and price labelling. This process is being supported by the international procurement offices in Istanbul, Hong Kong and Shanghai.

The logistics hub in Hungary has enabled GERRY WEBER to further improve the management of the product flows. The flows of all certified outer fabrics and ingredients processed in Eastern Europe are managed via Hungary.

Economic situation

The world economy proved to be very robust in 2005. The USA remained the main driver of the world economy. Although administrative measures put a damper on economic activity in China, the country remained the second most important growth driver of the global economy. Growth even exceeded the projections made at the beginning of the year. India and other Asian emerging countries also reported strong growth in 2005. The outlook for the Japanese economy has improved, although this is not yet fully reflected in the figures for 2005. Similar to 2004, the sharp increase in oil prices and in energy prices in general had a dampening effect on economic activity in 2005. This is also the greatest risk to the development of the world economy in 2006. The high oil prices are having the opposite effect in the oil-exporting countries. In some of these countries, especially the Arab Gulf countries, unusually positive economic trends were observed in 2005.

Growing by 1.3 % in the first half of the year, the Western European economy lagged behind the world economy in 2005 – although the EU Commission's outlook improved somewhat in the 3rd quarter. In a weak overall environment, Germany again brought up the rear. In Germany and in the other Western European countries, domestic demand remained particularly weak. Consumer spending failed to pick up in nearly all leading Western European nations. This is especially true of Germany, where consumption declined by 0.3 % in 2005. Throughout Europe, the main reasons for this were high unemployment and rising energy costs.

The economic development in Germany is characterised by two opposite trends. While exports are growing sharply and spending on plant and equipment is picking up, consumer spending remains weak. The German retail sector was exposed to this trend and was again unable to boost its sales from the low level of the past years; in fact, sales more or less stagnated at the previous year's level. The Federal Statistical Office reported an increase by 0.8 % at the 10-month stage. This means that Germany again brought up the rear in Europe, at least in terms of sales figures as reported by Eurostat. German consumers will continue to benefit from an excellent range of products available at retail prices that are very affordable by international standards.

Industry situation

The main topic for the industry in 2005 was the import ban on goods from China imposed by the EU. The imposed restrictions caused a temporary shortage of goods. The trade dispute was eventually settled and the import ban was removed as quotas for 2006 were brought forward to 2005. Importing retailers and manufacturers were therefore forced in 2005 to look for alternative procurement channels for 2006.

After years of declining sales, the GermanFashion association's statistics show that German clothing sector was able to grow moderately in 2005. While menswear sales increased by a satisfactory 5.1% in the first six months of the year, ladieswear more or less stagnated. Full-year sales growth probably amounted to approx. 3%. At EUR 9.2 billion, sales reached more or less the level of 2003. Growth was primarily stimulated by exports and strong international demand for German brand clothing, which sent sales rising by 5.2 % in the first half of 2005.

German fashion retailers are clearly hurting from the reluctant consumer spending. Available projections and computations put the 2005 decline in retail sales at 1.5%. While retail sales of ladieswear rose by a moderate 0.9 % in the first half of the year, menswear retail sales declined by 3.2 %. On the upside, the association of German clothing retailers reports that its members are generating profits again. In particular, they were able to gain ground against non-industry retail formats in 2005 and adjusted their cost structures to the economic situation. Nevertheless, many clothing retailers exited the market also in 2005.

Sales performance

Christoph Auhagen,
Manager of the GERRY WEBER brand

Wolfgang Wandel,
Manager of the TAIFUN and SAMOON brands

In the past fiscal year, the GERRY WEBER Group not only increased its sales but even gained in momentum despite the adverse market environment. Sales rose by EUR 40.9 million to EUR 393.1 million in absolute figures (including other operating income), which represents an 11.6 % increase. This was the first time that GERRY WEBER was able to offset approx. the EUR 40 million loss in sales resulting from the streamlining of the brand portfolio from five to three brands.

All divisions and brands contributed to this growth. The company's own retail activities made the biggest contribution to growth, due to a stable sales performance of the existing retail space and the strong expansion of own stores. Sales growth was thus slightly higher than space growth, which means that sales per square metre increased further from an already excellent level.

GERRY WEBER clearly remained the Group's most important brand in 2004/2005 and displayed the greatest growth momentum. The brand's share in total brand sales rose to 64.7 %, mainly thanks to the good development of the three sublabels, GERRY WEBER EDITION, GERRY WEBER SPORT and G.W. These three product lines are the right response to specific consumer requirements, which was reflected in increased sales figures and in stable to rising average prices. Sales growth for the sublabels reached up to 57.7 %. International sales of the GERRY WEBER brand accounted for 44.3 % of total brand sales. Domestic sales represented 55.7 %, up from 52.7 % a year ago. The rise in domestic sales is attributable to an increase in the number of customers (+360 retailers) and higher sales volumes at almost stable prices.

The value-added chain

	FY 2004/2005	FY 2003/2004
Group performance		
Sales revenues	386.7	349.3
Inventory changes	2.4	1.3
Other interest and similar income	11.6	10.3
	400.7	**360.9**
Less purchased materials and service		
Cost of materials	225.3	207.3
Depreciation	5.8	5.5
Other operating expenses	82.5	72.0
Extraordinary expenses	4.2	2.7
	317.8	**287.5**
Value added	**82.9**	**73.4**

Value-added statement in EUR million

Contributing 25.7 % to Group sales, the young TAIFUN-Collection line was the second most important brand. TAIFUN is very well positioned abroad, with international sales accounting for 38.1 % of total brand sales. The Netherlands and Switzerland are the most important foreign markets, followed by Belgium and Scandinavia. This is where the greatest portion of the total sales growth of 7.3 % was reported. This is also attributable to the higher number of international customers. Although the number of domestic customers declined slightly, domestic sales remained stable. The young business fashion in the medium price segment is one of the most successful brands in the German clothing market. With a view to further sharpening the brand profile, GERRY WEBER deliberately refrained from tapping additional sales potential and does not sell the brand in certain HOUSES OF GERRY WEBER that are smaller than 250 square metres. The number of TAIFUN-Collection shop-in-shops was clearly increased in the past fiscal year.

Contributing 8.0 % to total sales, the SAMOON-Collection was the company's third most important brand. The brand for combination fashion for plus sizes grew moderately in the past fiscal year, thus expanding its market position. The number of customers remained stable both in Germany and abroad. The increase in sales is mainly attributable to higher sales volumes. About one third of the brand's sales revenues was generated abroad. The most important foreign markets are the Netherlands and Belgium, which account for almost 50 % of international sales.

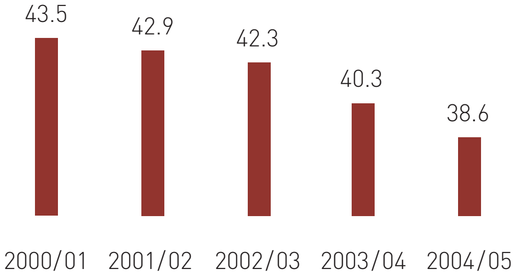
Sales revenues of GERRY WEBER International AG amounted to EUR 1.4 million and were composed of EUR 0.6 million in licensing income and EUR 0.8 million from other services.

In fiscal 2003/2004, the COURT ONE brand contributed EUR 2.3 million to total Group sales. The collection was discontinued in the first half 2003/2004, so that no sales were generated in the past fiscal year.

The GERRY WEBER Group's export share declined slightly in the past fiscal year, despite the increase in absolute international sales. The relative decline is attributable to the company's retail activities, whose strong expansion reflects only domestic sales. The export share now stands at 38.6 %, compared to 40.3 % in the previous year. The Group's most important foreign markets are the Netherlands and England/Ireland, followed by Scandinavia. GERRY WEBER reported the highest growth rates in the Netherlands and the UK. The company meanwhile has five HOUSES OF GERRY WEBER in China and supplies a growing number of independent retailers.

The subsidiaries in Hong Kong and Turkey are pure-play service companies in charge of final inspection 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 million in the past fiscal year, unchanged from the previous year's EUR 3.9 million. The company was previously repositioned to focus exclusively on the wholesale business and now fulfils the expectations placed in it. The Spanish subsidiary also grew at a low level, generating sales of EUR 2.7 million, up from EUR 0.9 million a year earlier. The transformation of the two subsidiaries into wholesale companies has already led to a significant increase in sales, which has also been reflected in earnings. New subsidiaries were established in Austria and England in the past fiscal year, mainly with a view to pushing ahead the company's own retail activities.

GERRY WEBER's production activities, which are almost entirely based abroad, were increasingly relocated to the Far East in the past fiscal year due to the continued strength of the US dollar. In view of the EU's temporary import ban on certain product categories from China, GERRY WEBER expanded its procurement structures in the Far East. Goods from this region and from Turkey are sourced under FPS (Full Package Service) arrangements. FPS and CMT (Cut-Make-Trim) account for 81 % and 19 %, respectively, of the goods sourced. The focus here is on Eastern Europe, especially Romania, Bulgaria, Ukraine and Poland.



Share of export sales in %

GERRY WEBER maintains its own production subsidiary in Romania, which contributes 2.4 % to total production and operated at full capacity throughout the fiscal year. The 2003/2004 restructuring has paid off and led to substantial production advantages. Employing 514 people, the Romanian subsidiary reported a gross performance of EUR 3.1 million in 2004/2005, up from EUR 2.6 million in the previous year.

Incoming orders for spring/summer 2006 were very satisfactory for the GERRY WEBER Group. These orders, which will be reflected in 2005/2006 sales, were up 13 % on the previous year. It is remarkable that GERRY WEBER has traditionally generated a very high percentage of wholesale revenues through pre-orders. While pre-orders have clearly lost in importance throughout the industry, they still account for approx. 90 % of GERRY WEBER's revenues. This gives the company increased safety for planning future sales and improves its response times to potential shifts in the market.

Earnings position

The GERRY WEBER Group clearly boosted its earnings in the past fiscal year. Earnings before interest and taxes (EBIT) climbed from EUR 27.9 million to EUR 35.8 million, making fiscal 2004/2005 one of the best years in the company history in terms of earnings. The increase in earnings was attributable to both the strong sales growth and internal profitability improvements; the EBIT margin rose from 7.93 % to 9.3 %.

The main reasons for the increased profitability were the more favourable cost of materials, not least due to the weak US dollar, the positive effects of the logistics hub in Hungary and the continued improvement of personnel expenses. At the same time, the comprehensive optimisation of internal processes and the streamlining of the past three years allowed GERRY WEBER to maintain or adopt a highly flexible pricing policy for the individual brands.

The GERRY WEBER and TAIFUN-Collection brands made the biggest contributions to the increase in earnings.

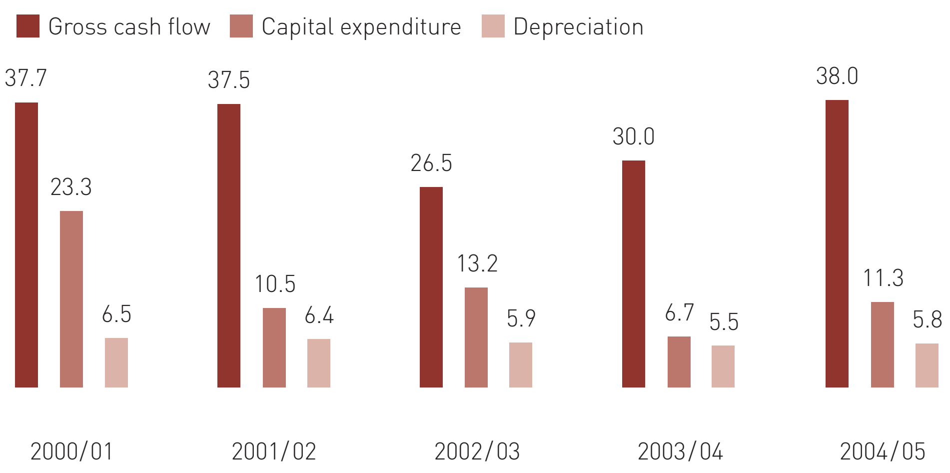
Based on the operating result, the return on equity amounted to 30.1 %, up from the previous year's 25.3 %. ROI (return on investment) improved from 13.9 % to 17.3 %. Consolidated earnings before taxes climbed from EUR 24.5 million to EUR 32.2 million. Interest expenses rose moderately to EUR 3.6 million, while the tax ratio remained almost unchanged. Accordingly, the net result amounted to EUR 16.7 million, up from the previous year's EUR 12.7 million. Earnings per share (based on the number of shares outstanding to DVFA) increased from EUR 0.64 to EUR 0.83.

Net worth position

The GERRY WEBER Group's total assets increased moderately in the past fiscal year. The rise in current assets is mainly attributable to higher inventories of unfinished goods, while fixed assets rose due to an increase in land and buildings as a result of the new retail projects. Receivables showed an opposite trend, with a particularly strong decline in trade receivables. Current assets accounted for 61.6 % of total assets, down from the previous year's 64.0 %. Fixed assets represented 36.8 % of total assets, while prepayments and accrued income accounted for 1.6 %. The equity-to-fixed-assets ratio of 156.1 % (up from 155.2 % in the previous year) reflects the continued strength of the Group's funding. The GERRY WEBER Group's capitalisation has traditionally been very strong.

Financial situation

In the context of the medium-term financing strategy of the GERRY WEBER Group, the company currently has an almost ideal capital structure. The equity ratio is 57.4 % (54.7 % in the previous year). 42.6 % of the assets are debt financed. The financing strategy provides for a well-balanced mix of short-term bank liabilities at very attractive interest rates and somewhat longer-term liabilities. At present, short-term and long-term liabilities account for approx. 50 % of the company's total bank debt.



Gross cash flow, capital expenditure and depreciation of GERRY WEBER Group in EUR million

Bank liabilities were reduced by EUR 2.1 million in the past fiscal year. The decline in other liabilities is due to the reduction in tax debts. As of the reporting date, net financial liabilities amounted to EUR 44.2 million, compared to EUR 44.7 million in the previous year.

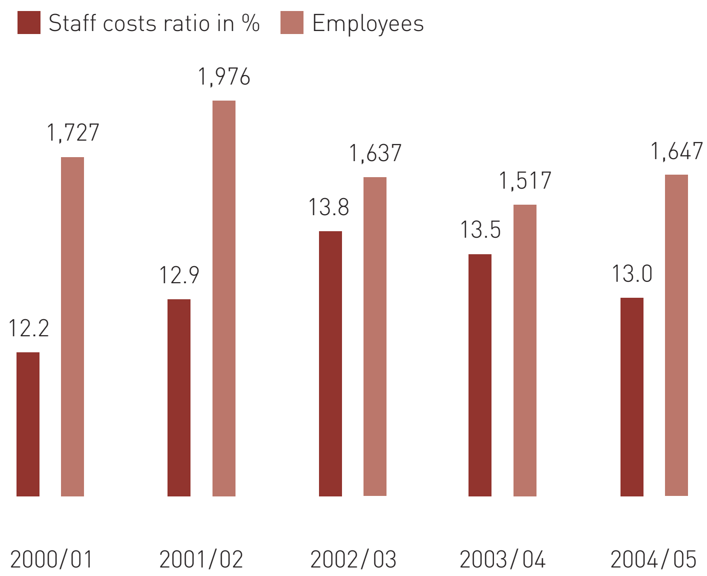
Thanks to the good earnings performance, the Group's gross cash flow rose from EUR 30.0 million to EUR 38.0 million. The cash position remained excellent in the past fiscal year. Thanks to Group-wide cash management, the average annual liquidity amounted to approx. EUR 8.0 million. As of the reporting date, liquid funds stood at EUR 7.2 million.

Capital expenditure

Capital expenditure rose from EUR 6.7 million to EUR 11.3 million in the fiscal year and was fully financed from operating cash flow. Key projects included investments in the HOUSES OF GERRY WEBER, reconstruction activities and new software.

Employees

The GERRY WEBER Group was able to create new jobs in the past fiscal year. As of the reporting date, the number of employees was up from 1,517 to 1,647 at the bottom line. A moderate decline in staff numbers at the headquarters in Halle/Westphalia and the production subsidiary in Romania was more than offset by a sharp increase in staff numbers at the retail level. As of the reporting date, GERRY WEBER employed 990 people in Germany and 657 abroad. The number of white-collar workers stood at 979, compared to 801 on 31 October of the previous year, while the number of blue-collar workers rose from 673 to 668. The company had 25 trainees and 15 apprentices.



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 mainly result from licensing income and services provided and amounted to EUR 1.4 million in the past fiscal year, compared to EUR 0.8 million in the previous year.

Net worth, financial and earnings position

The sound balance sheet structure of GERRY WEBER International AG was strengthened further in the past fiscal year. Capitalisation amounted to EUR 109.7 million, compared to EUR 100.2 million in the previous year. The equity ratio rose from 61.4 % to a very comfortable 64.4 %. Even after the planned dividend payout – provided that the Annual General Meeting approves the company's proposal – the equity ratio will amount to a high level of 59.0 %. The equity-to-fixed-assets ratio reached 196.5 %, compared to 183.6 % in the previous year.

Net debt (liquid funds less liabilities to banks) was reduced by EUR 1.1 million from EUR 50.0 million in the previous year to EUR 48.9 million.

As a result of the merger of GERRY WEBER Service GmbH into GERRY WEBER International AG in 2004/2005, the income statement items other operating income, personnel expenses and other operating expenses increased sharply. In the balance sheet, fixed assets increased by EUR 0.4 million as a result of this transaction.

GERRY WEBER International AG's net profit for the year climbed from EUR 13.9 million in the previous year to EUR 17.7 million in 2004 / 2005. The company's earnings are mainly determined by the performance of the subsidiaries. Under existing profit transfer agreements, the subsidiaries contributed a total of EUR 19.4 million to the result, up from EUR 16.9 million in the previous year.

At AG level, earnings per share amounted to EUR 0.74. The Managing Board and the Supervisory Board will propose to the Annual General Meeting on 8 June 2006 to pay out a dividend of EUR 0.40 per share. This would add up to a total payout volume of EUR 9.2 million.

Capital expenditure

GERRY WEBER International AG's capital expenditure amounted to EUR 3.7 million in 2004 / 2005, up from EUR 1.4 million in the previous year. Key projects included investments in reconstruction activities and new software.

Employees

As of the reporting date, GERRY WEBER International AG employed 407 people, up 144 on the previous year's 263. 40 of them were trainees / apprentices, compared to 43 in the prior year. The main reason for the increased headcount is the merger of GERRY WEBER Service GmbH into GERRY WEBER International AG on 1 November 2004.

Risk report

The aim of the risk management activities of GERRY WEBER International AG is to create awareness for risks and opportunities throughout the Group and handle them accordingly. By identifying risks and opportunities at an early stage, especially those which could have a material impact on the earnings, net worth and financial position of the Group, we want to create scope for action that can be used to ensure the company's long-term viability and to open up new potential for success. The risk and opportunity management system of GERRY WEBER International AG is an integral element of the Group's planning, controlling and reporting processes. The risk and opportunity management system complies with the requirements of the German Law on Control and Transparency in Business (KonTraG) and fulfils the criteria of IDW audit standard 340 for the identification of risks. The structure and implementation of the system were examined by the auditors in the context of last year's audit. No risks are discernible for the present or the future that would – in their entirety or on a stand-alone basis – jeopardise the company's continued existence or have a sustained adverse impact on its net worth, financial and earnings position. Risks causing a loss that would exceed the operating result for a fiscal year are deemed to jeopardise the company's existence.

The management uses a risk manual to anticipate and identify risks. This manual lists all business segments exposed to special risks and assigns appropriate indicators to these segments. The manual serves to properly identify, document and analyse all risks. It defines guidelines for assessing the amounts of potential damages/losses and their probability and describes suitable counter-measures.

Financial risks

In fiscal year 2004/2005, GERRY WEBER International AG renegotiated a reduced average interest rate on its debt capital, thus benefiting from the excellent conditions in the financial markets. The company uses interest rate derivatives as well as a strategy of slightly extended maturities for its debt capital to counteract risks from interest rate fluctuations. Risks are also mitigated by the fact that GERRY WEBER relies on a balanced group of relationship banks, generates a strong cash flow and strengthens its capital base through the retention of approx. 50 % of its profits. Payment fluctuations occurring in the course of a year are due to the seasonal character of the fashion business. The resulting fluctuations in income are covered by sufficient credit lines committed from the financing banks.

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. Additional risk avoidance and risk mitigation measures include internal organisational precautions such as comprehensive documentation duties and a structured knowledge-building process. As for the risks resulting from business concluded in foreign currencies, GERRY WEBER has a policy of managing all exchange rate risks by taking out suitable forward contracts.

The loss of receivables outstanding is the most important financial risk. The extent of this risk is determined by the difficult economic situation of the retail sector and by the lack of experience in direct business with consumers, which is relatively new for GERRY WEBER. Counter-measures taken by the company include credit insurance, creditworthiness reviews, comprehensive documentation of the payment history, a streamlined reminder system and shorter payment terms for new customers. GERRY WEBER's Legal and Controlling Departments are currently developing an internal guideline which defines further strategies for avoiding and minimising risks, taking relevant sales and distribution requirements into account.

Market risks

Changing fashion trends and fashion tastes are unalterable characteristics of the market in which GERRY WEBER operates. These changes open up comprehensive opportunities for being faster and better than competitors and offering products which perfectly meet consumers' requirements. However, they also entail the risk that market trends are not anticipated early enough. Throughout its long company history, GERRY WEBER has repeatedly demonstrated its excellent feel for developments, trends and changing trends. The company uses a set of measures to ensure not only that risks are minimised but also that opportunities are exploited effectively. These measures include structured collection development processes, e.g. with supporting workshops, regular and early market monitoring and data warehousing of the company's own retail activities in order to ensure fast feedback from the point of sale. Orders received during the pre-order phase are also a very important indicator of the success of a collection. This indicator is therefore analysed closely, especially by comparing historical order numbers per customer.

The very dynamic development of the fashion market, ongoing globalisation and, above all, the changes resulting from the success of the so-called vertical chains entail risks from the entry of new competitors as well as opportunities from competitors exiting the market. Competitors exit the market or position themselves in other segments, because retailers choose ever fewer but more attractive brands.

For strong brands such as GERRY WEBER, this opens up additional opportunities to occupy retail space that becomes vacant. The risks and opportunities in this segment are primarily analysed using the central performance parameters of the company's own retail activities such as inventory turnover, sales per square metre, personnel/rental expenses as a percentage of sales. The increased vertical integration resulting from the expansion of own retail activities expands the company's market position in the direct business with consumers, thus reducing the risk of competition from vertical suppliers. The speed at which the GERRY WEBER GROUP can launch new products in the market is the most important risk mitigator. These processes for the creation of the collections, production and the scheduling of the product flows have increasingly been streamlined. In combination with the strong brands, the company has built up a position that is difficult to attack by new competitors. The same applies to the risk of losing sales and market share to especially price aggressive competitors.

Although GERRY WEBER is positioned in the medium price segment, the company has always been able to offer its retail partners an attractive basis for calculating their mark-ups and to keep its three brands out of the discount battles. To be able to quickly respond to potential changes in the market situation, GERRY WEBER analyses the average prices of the four key product groups on a seasonal basis. Thanks to its lean processes and good cost structures, GERRY WEBER can respond flexibly to changing price parameters. At the same time, the excellent market position helps GERRY WEBER withstand the retail sector's pressure on prices and margins.

Additional market opportunities, especially for the company's own retail activities, result from other retail suppliers exiting the market. As a result, attractive retail space in prime locations becomes vacant, which allows the company to expand its own HOUSES OF GERRY WEBER quickly and cost-efficiently.

Potential risks from exposure to very large individual customers are mitigated by GERRY WEBER's general strategy to build its own retail activities into a strong distribution channel to complement the wholesale channel. In the past fiscal year, the company's biggest customer accounted for less than 5 % of total sales. Between them, GERRY WEBER's top four customers account for less than 15 % of total sales. In order to manage the resulting risks, GERRY WEBER strives to balance key account order volumes. Special key account activities and well-aimed communication provide constant feedback on customer satisfaction, so that the company can respond flexibly to potential problems.

Moreover, the three brands give the company a broad customer base of approx. 6,000 retailers, so that a potential loss even of individual major accounts would have no serious impact on the business. Wholesale activities account for a declining percentage of total Group sales, which will further reduce GERRY WEBER's exposure to individual key accounts. More intensive use of alternative distribution channels such as shop-in-shops, concessions and e-commerce can reduce this exposure.

The economic success of GERRY WEBER is based on the competitive advantages that have been built up over the years, such as the products' great attractiveness resulting from the excellent fit and design and the good price-performance ratio, attractive margins for retail partners, a high market share and the brand's excellent position in terms of visibility and liveability. GERRY WEBER is constantly working to expand and strengthen these competitive advantages and to avoid any weaknesses that may translate into economic risks. Examples include measures aimed at improving the product quality, optimisation of the price-performance ratio for retail partners and consumers, improved reliability of deliveries, optimisation of the company's own production and logistics processes and, last but not least, ongoing improvement of the service quality for increased customer satisfaction and retention.

Performance risks

Punctual delivery of quality-controlled goods is one of the central promises of the GERRY WEBER Group and the basis for our success in the market. Additional opportunities for the company may arise from optimised and accelerated delivery processes. At the same time, it is important to take precautionary measures to ensure that agreed delivery dates are met at all times. The main preconditions for ensuring timely completion of all procurement processes supporting the CMT and FPS activities include permanent monitoring of the production processes and the supplies of outer fabrics and ingredients, quality checks as close as possible to the production process and optimum transport management. A key element of this monitoring and controlling process are weekly meetings by all parties involved in the procurement process to discuss agreed dates and deadlines. Important complementary measures for minimising risks include comprehensive quality checks, the expansion of the proprietary QS database, the refinement of the processing regulations, the documentation of the inspection of finished goods, defined throughput times and regular reviews of the quality assurance agreements with the suppliers.

Insurance

Insurance cover has been taken out, in particular, against liability and other damage events. Risks may arise from the amounts insured being insufficient to cover the damage caused. To prevent this, the key areas covered by insurance policies are reviewed and reassessed at least once a year; in particular, this applies to buildings, FBU and transport insurance. Wherever necessary, GERRY WEBER takes out insurance against the worst-case scenario. The subsidiaries are covered by the insurance policies of GERRY WEBER International AG, so that the insurance situation can be analysed and managed centrally.

Risks related to the security of the IT infrastructure are mitigated by redundant system layouts, proactive maintenance cycles, the successive replacement of IT equipment with leased equipment and a competent help desk. Data integrity and the protection against unauthorised access are other key areas for which the company has taken precautionary measures such as strict access authorisations, documentation of all accesses to the server room, clear assignment of administrator rights, use of a call-back procedure, user guidelines as well as individually assigned user and mandate roles for secure access to programmes needed in the respective area.

The expertise and the commitment of the staff and the management team of GERRY WEBER International AG are the basis for the company's success. To ensure that the company does not lose key people, the company has taken several staff retention measures of both a material and an immaterial nature. High potentials are effectively introduced to special functions and key positions.

Damages to fixed assets can be among a company's major risks if they cannot be covered by insurance. Partially uncovered risks include water damage caused, for instance, by floods. In case of a damage, IT systems, data and telephone lines and departments located in the basement or on the ground floor may be affected in particular. In response to these risks, GERRY WEBER has taken constructional and technical precautionary measures and relocated sensitive areas. Additional protection is provided by redundant system layouts.

As of 31 October 2005, the GERRY WEBER Group had established provisions against risks totalling EUR 13.7 million, which mainly referred to old-age part-time work, invoices outstanding, leave entitlements, bonuses and potential warranties. There are no discernible risks that may jeopardise the continued existence of the GERRY WEBER Group and GERRY WEBER International AG. Both capitalisation and profitability remain at a high level and form the basis for the company's positive development in the future.

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.

Compensation report

The compensation system for the members of the Managing Board provides for a fixed component as well as a variable component, which reflects the development of the company's profits.

Events occurring after the reporting date

After the balance sheet date, no operational or structural changes or business events occurred in the GERRY WEBER Group that had a major impact on the net worth, financial and earnings position, need to be reported here or would alter the information provided in the financial statements for 2004/2005.

Forecast report

GERRY WEBER International AG plans to boost its consolidated sales to EUR 440 million in the fiscal year 2005/2006. The operating return (based on EBIT) is expected to reach 10.5 %. A similar (i.e. double-digit) growth rate is projected for fiscal 2006/2007. Targets for 2007 include sales of EUR 500 million and a commensurate increase in the EBIT margin.

This shows that GERRY WEBER will continue to pursue a clear growth strategy in the next two years. The projected growth rates are based on the assumption that the environment in the key output markets will remain unchanged. GERRY WEBER expects consumer spending and, in particular, spending on clothing in the key European markets to remain at a similar level as in 2005. GERRY WEBER does currently not see any additional stimulation for consumer spending and expects the situation in the German and European retail sectors to improve only marginally. A potential pick-up in consumer spending and a recovery in the textile retail sector would additionally stimulate the company's growth but have not been taken into account in the projections. The projections are based on HGB accounting standards, which have so far been applied by the company. GERRY WEBER will adopt international accounting standards in fiscal 2005/2006. Reports established in the course of the year will still be established to HGB, however, to ensure that they are fully comparable. The annual accounts will be adjusted to ensure that the IFRS figures can be compared with the previously reported and projected figures.

GERRY WEBER will continue its strong business trend irrespective of the difficult environment. The buoyant growth momentum will primarily be supported by the company's own retail activities. The company plans to open 65 new HOUSES OF GERRY WEBER in the new fiscal year, of which 18 are to be managed by the company and 47 by franchise partners. The company aims to have 300 to 400 HOUSES OF GERRY WEBER soon – about two thirds of them abroad. February 2006 will see one of the most spectacular store openings to date, namely in London's Regent Street. Other prime locations in big international cities will follow. The company will also open new stores in China to complement the five existing ones.

GERRY WEBER also plans to open additional retail space in other segments both on its own and in cooperation with partners. The strategy for TAIFUN-Collection provides for 10 to 15 self-managed stores to be opened within the next 24 months. Similar plans exist for SAMOON-Collection, where the company will focus on sub-prime locations; a first pilot store has already been opened. At the beginning of the fiscal year 2005/2006, GERRY WEBER increased the number of its own factory outlets from one to four with a view to selling excess inventories and marketing off-the-line items. The three newly opened outlets in Belgium, Austria and Germany are to make significant sales contributions as soon as possible. The number of shop-in-shop locations is to rise by approximately 100 to 1,000 next year and a similar pace of growth is planned for the following year.

Growth is also on the cards for the company's wholesale activities, which will slightly lose in importance, however, in relation to the company's other activities. GERRY WEBER projects international sales to grow, in particular. At the same time, the strong brands also support the expansion of the company's own retail activities. Sales of the GERRY WEBER brand are projected to increase by 17 % to EUR 282 million in 2006, with TAIFUN-Collection expected to grow by 12 % to EUR 105 million. Sales of SAMOON-Collection will rise by 3 % to EUR 29 million. The company's own retail activities are expected to pass the EUR 50 million mark for the first time in 2006, with the breakdown by sales largely reflecting the three main brands' contributions to overall sales.

Licensing income will continue to gain in importance in 2006. The launch of the menswear line has already attracted great attention and will contribute the first profits from 2006. The menswear line will further increase the retail productivity of the GERRY WEBER product range. The company aims to be able to successfully operate even two- to three-storey retail outlets in the future. The other licenses for shoes, eyewear, bags, jewelry and perfume will show a stable up-ward trend, albeit at a still fairly moderate level. Given that the licensed products are closely linked to the brand GERRY WEBER, the licensing business was transferred to GERRY WEBER Life-Style Fashion GmbH with effect from 1 November 2005. Licensing income is projected to total EUR 1.2 million in fiscal 2005/2006, compared to EUR 0.6 million in the past fiscal year.

While earnings will greatly benefit from the rise in sales in 2006 and 2007, the company also plans to strengthen its internal profitability. Measures designed to raise the EBIT margin by at least one percentage point primarily include a further improvement of the cost of materials ratio, reduced handling costs in logistics, leaner structures, relocation of additional tasks to the producing country and into the production facility, increased IT integration as well as continued process optimisation. Subject to the above projections, this should allow GERRY WEBER International AG to continue its reliable dividend policy in the next two years.

Halle / Westphalia, January 2006

The Managing Board

Gerhard Weber   Udo Hardieck

Dear shareholders,

In the fiscal year 2004/2005, the Supervisory Board advised and monitored the management of GERRY WEBER International AG. The past fiscal year was not only the most successful one in the company's history but was also marked by external turmoil resulting from the EU import ban on goods from China. We closely addressed the key topics of the fiscal year, such as the retail expansion and the budget, which entailed an upgrading of our projections for 2005. We performed the tasks imposed on us by law, the statutes, the Corporate Governance Code and the Code of Procedure. We advised the Managing Board and regularly satisfied ourselves of the proper management of the company. The most important basis of information were regular written reports from the Managing Board and the direct exchange at plenary meetings. The Chairmen of the Managing Board and the Supervisory Board were in close contact also outside the meetings.

Dr. Ernst F. Schröder

Focus of the meetings

Four Supervisory Board meetings were held in fiscal 2004/2005. The Supervisory Board met on 25 November 2004, 22 February 2005, 18 May 2005 and 19 September 2005. All meetings were attended by all members of the Supervisory Board.

The main topics addressed at these meetings included the strategic positioning of the company, the expansion of the retail activities, the brand positioning and important licensing agreements. The Supervisory Board members also addressed the procurement strategy and the production structure, the optimisation of the flow of goods and of the Group-wide IT structure and discussed currency hedging measures and the risk management system. Another focus was on the stock repurchase programme, corporate governance and the effects of statutory amendments, especially to the German Act on Corporate Integrity and the Modernisation of the Right of Avoidance (UMAG). The meeting of 21 November 2005 focused on the budgets for the fiscal year 2005/2006 and the outlook on 2007.

Transactions requiring approval were submitted to the Supervisory Board by the Managing Board and were partly addressed in the presence of the latter. All such transactions were given a positive vote. The Supervisory Board based its controlling function primarily on the written reports and the inspection of accounting and controlling data. Questions of detail, e.g. regarding the criteria for transactions requiring approval, are laid down in the Managing Board's Code of Procedure. If required, individual questions may be reviewed separately through the engagement of legal, tax or accounting experts. From the point of view of the Supervisory Board, there were no grounds for possible claims for compensation by the company against members of the Managing Board in fiscal 2004/2005. No committees were formed by the Supervisory Board.

Auditing of 2004/2005 individual and Group accounts

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 2005. The auditor has audited the company's financial statements and the consolidated financial statements for the financial year ended 31 October 2005 as well as the combined management report for GERRY WEBER International AG and the Group for FY 2004/2005 prepared by the Managing Board. An unqualified audit certificate was issued following the audit. In accordance with section 313 AktG, the auditor also audited the Managing Board's report on relationships with affiliated companies (»dependency report«) and awarded an unqualified audit certificate. »Having conducted a proper audit and appraisal, we hereby confirm 1. that the facts set out in the report are correct, 2. and the company's payments in connection with the legal transactions referred to in the report were not unduly high.«

The financial statements, the consolidated financial statements, the combined 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 combined management report for GERRY WEBER International AG and the Group 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. At its meeting on 16 February 2006, 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 section 172 AktG. The Supervisory Board endorsed the Managing Board's proposal to use the net profit to pay out a dividend of EUR 0.40 per share and to carry forward the residual amount to new account.

Corporate Governance

GERRY WEBER International AG is committed to good corporate governance. Accordingly, the Supervisory Board reviewed the efficiency of its work by way of an annual self-assessment. There were no conflicts of interests of individual Supervisory Board members. A list of all mandates held by the members of the Supervisory Board outside GERRY WEBER is provided on page 66/67 of this Annual Report. Further information on corporate governance, directors' dealings and members' independence is given on page 34. The Corporate Governance Report also shows the individual compensation received by the members (page 35).

Supervisory Board elections

The end of the Annual General Meeting of 2 June 2005 marked the end of the term of office of the Supervisory Board members. All shareholder representatives on the Supervisory Board were re-elected by the Annual General Meeting. At the constituent meeting that followed the Annual General Meeting, Dr. Ernst F. Schröder was elected Chairman by the members of the Supervisory Board. A new member of the Supervisory Board is Ms Christiane Wolf, who was elected by the workforce. She succeeds Mr Jürgen Plaumann, whom we would like to thank for his collaboration.

We would like to thank the Managing Board and the employees of the GERRY WEBER Group for their work and their achievements in the fiscal year 2004/2005. Their commitment, which made the past fiscal year one of the most successful in the company's history, deserves our utmost respect.

Halle/Westphalia, February 2006

Dr. Ernst F. Schröder
Chairman

Corporate Governance Report

GERRY WEBER International AG is committed to transparent, responsible and value-oriented management and supervision of the company. The company takes the German and international corporate governance initiatives as a yardstick. Wherever it is possible and makes sense with regard to the company's specific situation, GERRY WEBER International AG complies with the standards of the international capital markets. GERRY WEBER deviates from these standards only in reasonable exceptional cases, e.g. where such deviations are warranted by the company's specific size or by the need to make efficient use of available resources.

In fiscal 2004/2005, the company took further steps to ensure greater transparency and good corporate governance. GERRY WEBER International AG now complies with two more requirements of the German Corporate Governance Code (section 4.2.4 and section 5.4.7, para. 3). Moreover, the company complies with seven of the ten recommendations included in the Code as amended on 2 June 2005. Deviations from the Code exist in nine cases.

A comparison between the declaration of conformity of December 2004 and the actual implementation of corporate governance in the fiscal year 2004/2005 showed no inconsistencies.

Important incidents, developments and measures in fiscal 2004/2005:

Shareholders and General Meeting

At the Annual General Meeting dated 2 June 2005, all eight items on the agenda were approved by a large majority. Motions approved by the shareholders included, for instance, the payment of a EUR 0.35 dividend per share, the approval to repurchase own shares and Board resolutions on amendments to the statutes in response to the German Act on Corporate Integrity and the Modernisation of the Right of Avoidance (UMAG). Important modifications relating to the Annual General Meeting – e.g. modification of deposit, new registration procedure, right to participate and new deadlines – were implemented at an early stage to ensure that the Annual General Meeting 2006 will proceed smoothly and in line with the new legal requirements. All resolutions were explicitly subject to the amended UMAG being implemented as planned. Upon the entry into force of the new Act on 1 November 2005, the Managing Board filed for the amendments to the statutes to be entered in the Commercial Register.

The 2005 General Meeting of Shareholders was attended by roughly 1,200 shareholders, who represented an imputed 58.16 % of the share capital. As usual, the shareholders were able to view and download all documents and forms on the Internet prior to the Annual General Meeting. One counter-motion was submitted prior to the Meeting, which was immediately published on the Internet. GERRY WEBER will continue to refrain from webcasting the full AGM proceedings for financial and legal security reasons.

Cooperation between Managing Board and Supervisory Board

In addition to the four Supervisory Board meetings held in fiscal 2004/2005, the Chairmen of the Managing Board and the Supervisory Board communicated very directly and exchanged information during the financial year. Details of the main topics addressed are provided in the Report of the Supervisory Board (page 32). 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. 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. These regulations comply with section 3.6 of the Code.

GERRY WEBER's Annual Report for 2001/2002 was the first to include a report on corporate governance. These reports will continue to be published in future. Declarations of conformity that are no longer up-to-date will be available on the company's website for a minimum of five years.

Managing Board

No amendments to the Managing Board's Code of Procedure were made in 2005. In view of the clear structure of the Board compensation, which remained unchanged in 2004/2005, no compensation report is published here; details are provided in the notes to the consolidated financial statement (page 67). This is the first time that GERRY WEBER International AG discloses individualised figures for the Managing Board compensation in accordance with section 4.2.4. There were no conflicts of interest on the Managing Board in 2004/2005. No member of the Managing Board held Supervisory Board mandates or similar mandates.

Supervisory Board

The members of the Supervisory Board representing the shareholder side – Ms Charlotte Weber-Dresselhaus, Mr Peter Mager, Dr. Wolf-Albrecht Prautzsch and Dr. Ernst F. Schröder – were re-elected to the Supervisory Board. At the constituent meeting that followed the Annual General Meeting, Dr. Ernst F. Schröder was elected Chairman by the members of the Supervisory Board. He also represents the Supervisory Board externally. A new member of the Supervisory Board is Ms Christiane Wolf, who was elected by the workforce.

The Code of Procedure for the Supervisory Board remained unchanged in fiscal 2004/2005. GERRY WEBER International complies with the new section 5.4.3 of the German Corporate Governance Code as amended on 2 June 2005. The company's position regarding the new section 5.4.4 is explained in more detail in the declaration of conformity. There were no conflicts of interest in the past fiscal year. The Supervisory Board continued its series of annual self-assessments of the efficiency of its work also in 2005.

The Supervisory Board is of the opinion that it has a sufficient number of independent members. Two of the six members are employee representatives. The four shareholder representatives are deemed to be independent as they have no personal or business relations with the company or the Managing Board that would give rise to a conflict of interests.

Compensation of the members of the Supervisory Board for 2004/2005 (All figures in Euro)

Name	Fixed compensation	Variable compensation
Dr. Ernst F. Schröder (Chairman)	22,500	45,000
Peter Mager (Vice Chairman)	11,250	22,500
Charlotte Weber-Dresselhaus	7,500	15,000
Dr. Wolf-Albrecht Prautzsch	7,500	15,000
Olaf Diekmann	7,500	15,000
Jürgen Plaumann (until 2 June 2005)	4,375	8,750
Christiane Wolf (since 2 June 2005)	3,125	6,250

The total Supervisory Board Compensation in the past fiscal year amounted to EUR 191,250. The Chairman receives three times the regular amount, while the Vice Chairman is paid half the Chairman's compensation.

Transparency

The »Anlegerschutzverbesserungsgesetz« (German Act for Improved Shareholder Protection), which came into force on 30 October 2004 entailed a number of changes for the transparency requirements of GERRY WEBER International AG. The company responded to the new requirements at the end of the past fiscal year and at the beginning of the fiscal year 2004/2005 (30 Oct.). An insider directory has been prepared and the related audit and notification routines have been implemented.

The Managing Board publishes insider information relating to the company immediately and in accordance with legal provisions. In the past fiscal year, one ad-hoc announcement according to section 15 WpHG was published and disseminated via the news wire systems. All notifications received by the company with regard to voting rights dropping below or exceeding the 5%, 10%, 25%, 50% and 75% thresholds were published in a designated financial newspaper and passed on to the Federal Financial Supervisory Authority in a timely manner.

Directors' dealings reported in the fiscal year 2004/2005:

Date	21 March 2005	21 March 2005	21 March 2005	21 March 2005
Financial instrument	Share	Share	Share	Share
ISIN	DE0003304101	DE0003304101	DE0003304101	DE0003304101
Party obliged to report: First name, name / legal entity	Gerhard Weber	Udo Hardieck	R + U Weber GmbH & Co. KG	N + A Hardieck GmbH & Co. KG
Type of transaction	Transfer	Transfer	Transfer	Transfer
Place of transaction (stock exchange)	off the board	off the board	off the board	off the board
Price (in EUR)	0,-	0,-	0,-	0,-
Number	6,177,600	4,118,400	6,177,600	4,118,400
Transaction volume (in EUR)	0,-	0,-	0,-	0,-
Description of the position andthe tasks of the person fulfilling management tasks	Managing Board member	Managing Board member	–	–
Notification according to section 15a para. 3	–	–	Legal entity, controlled by executive	Legal entity, controlled by executive
Person triggering the duty to report	–	–	Gerhard Weber	Udo Hardieck
Additional information	Disposal	Disposal	Addition	Addition

Shareholdings:

Managing Board:	10,406,568 shares
	(held directly and indirectly)
Supervisory Board:	34,738 shares

For more information, refer to the notes to the consolidated financial statements (page 67).

As of 12 September 2005, GERRY WEBER International AG started a stock repurchase programme, thus making use of the authorisation granted at the Annual General Meeting on 2 June. The company reported on such purchases on its website on the day such purchases were made. The repurchase was made in accordance with legal provisions and EU Directive EG 2273/2003. For more information on GERRY WEBER shares held by the company, refer to the notes to the consolidated financial statements (page 59).

Accounting and auditing

GERRY WEBER will adopt international accounting standards within the statutory deadlines. Preparations to this effect continued in the past fiscal year. This notwithstanding, the combined management report for GERRY WEBER International AG and the Group is in accordance with the new regulations of DRS 15 regarding the Group management report. 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.

GERRY WEBER International AG has no stock option programmes requiring disclosure in this report.

If required, the Group financial statements are made available to the Financial Reporting Enforcement Panel and the Federal Financial Supervisory for further examination.

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 2 June 2005

The Supervisory Board and the Managing Board of GERRY WEBER International AG endorse the objectives of the German Corporate Governance Code. 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 in the capital markets.

Pursuant to Article 161 of the German Stock Corporation Law (AktG), the Managing Board and Supervisory Board hereby issue the following declaration of conformity with the recommendations made by the government commission on the German Corporate Governance Code as amended on 2 June 2005.

1. Since issuing the last declaration of conformity in December 2004 and the 2 June 2005 amendments to the Code (as compared to the version of 21 May 2003), the company has complied with additional recommendations of the Code. These are listed below:

Section 3.10 of the Code Corporate Governance Report: GERRY WEBER International AG will comply with the new recommendation to keep previous declarations of conformity with the Code available on its website for five years. Today already, all previous declarations of conformity are available at www.gerryweber-ag.de.

Section 4.2.4 of the Code Managing Board compensation: The financial statements for the fiscal year 2004/2005 will be the first to show individualised figures for the compensation of the members of the Managing Board. Such individualised figures will also be shown in future financial statements.

Section 5.4.2 of the Code Independence of the Supervisory Board: GERRY WEBER International AG has always complied with the new recommendation that the Supervisory Board shall include what it considers an adequate number of independent members.

Section 5.4.3 of the Code Elections to the Supervisory Board: GERRY WEBER International AG complies with the following three new recommendations of the Code: (1) elections to the Supervisory Board shall be made on an individual basis; (2) an application for the judicial appointment of a Supervisory Board member shall be limited in time up to the next annual general meeting; (3) proposed candidates for the Supervisory Board chair shall be announced to the shareholders.

Section 5.4.7 (3) of the Code Supervisory Board compensation: The corporate governance report for the fiscal year 2004/2005 will be the first to show individualised figures for the compensation of the members of the Supervisory Board, subdivided according to components. The same will apply to future reports.

Section 6.6 of the Code Purchase, sale and ownership of shares in the company: GERRY WEBER International AG will comply with the new recommendation to include all information under Section 6.6 of the Code in its Corporate Governance Report. In the past, such information used to be shown in the notes to the consolidated financial statements.

Section 7.1.3 of the Code Stock option programmes: GERRY WEBER International AG will comply with the new recommendation to include information on stock option programmes and similar securities-based incentive systems of the company in its Corporate Governance Report provided that such a stock option programme exists.

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

Section 3.8 (2) of the Code D&O insurance: 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 4.2.3 of the Code Stock option plan: 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 5.1.2 of the Code Succession planning: The Managing Board and Supervisory Board are aware of the need to enact succession planning and will take appropriate steps in good time.

Section 5.2 Clause 2 and Section 5.3 of the Code Formation of committees: 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 5.4.4 of the Code Change from the Managing Board to the Supervisory Board: GERRY WEBER International AG has so far complied with the two new recommendations that (1) it shall not be the rule for the former Managing Board Chairman or a Managing Board member to become Supervisory Board Chairman or the Chairman of a Supervisory Board committee, and (2) special reasons shall be presented to the annual general meeting if this is intended. With a view to the future, the company would like to keep all options open to propose the best candidates for Supervisory Board membership to the annual general meeting.

Section 7.1.1 sentence 2 of the Code International accounting principles: The consolidated financial statements and the interim reports have so far been prepared to national accounting standards (HGB). The financial statements for 2005/2006 will be the first to be prepared to internationally recognised accounting principles, which is in accordance with the statutory deadline.

Section 7.1.2 of the Code Publication of consolidated financial statements: The consolidated financial statements were publicly accessible within 120 days of the end of the reporting period. The company will attempt to meet the 90 days deadline in future.

The Corporate Governance Code of GERRY WEBER International AG will be reviewed and refined 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. Today already, GERRY WEBER complies with most of the additional suggestions of the Code on good Corporate Governance and issues a corresponding statement in the annual Corporate Governance Report. At present, GERRY WEBER International AG already complies with seven of the ten new recommendations made in the amended version of 2 June 2005.

Halle/Westphalia, December 2005

The 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 2005

Assets

	31.10.2005 EUR	31.10.2004 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	6,019,442.31	5,678,101.34
2. Payments on account	126,991.75	120,030.48
	6,146,434.06	**5,798,131.82**
II. Tangible assets		
1. Land and leasehold rights and buildings, including buildings on third-party land	59,866,613.85	56,444,016.94
2. Plant and machinery	2,810,560.13	2,635,172.13
3. Other fixtures and fittings, tools and equipment	5,801,547.83	4,673,430.13
4. Payments on account and plant under construction	259,072.83	223,804.30
	68,737,794.64	**63,976,423.50**
III. Financial assets		
1. Shares in affiliated companies	81,948.16	10,971.50
2. Investments	53,022.58	1,022.58
3. Other loans	1,003,272.63	1,182,628.02
	1,138,243.37	**1,194,622.10**
B. Current Assets		
I. Inventories		
1. Raw materials and supplies	4,216,862.89	3,803,653.57
2. Work in progress	10,297,481.00	5,203,493.00
3. Finished goods	26,558,326.98	29,294,615.71
4. Payments on account	2,417,158.13	1,276,700.83
	43,489,829.00	**39,578,463.11**
II. Receivables and other assets		
1. Trade receivables, thereof with a remaining maturity of more than one year: EUR 313,458.00 (prev. year: EUR 1,529,578.00)	52,471,886.52	64,216,944.40
2. Due from affiliated companies, thereof with a remaining maturity of more than one year: EUR 0.00 (prev. year: EUR 0.00)	720,006.41	0.00
3. Other assets, thereof with a remaining maturity of more than one year: EUR 2,018,865.37 (prev. year: EUR 0.00)	20,542,355.14	15,658,127.76
	73,734,248.07	**79,875,072.16**
III. Investments		
1. Own shares	2,833,105.93	540,000.00
IV. Cash on hand, cash in banking accounts, cheques	7,248,223.79	8,812,266.59
	83,815,577.79	**89,227,338.75**
C. Prepayments and accrued Income		
1. Discount	168,865.03	207,987.82
2. Other	3,161,014.24	1,293,486.71
	3,329,879.27	**1,501,474.53**
	206,657,758.13	**201,276,453.81**

Liabilities

	31.10.2005 EUR	31.10.2004 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	2,833,105.93	540,000.00
2. Other revenue reserves	31,047,320.12	28,340,426.05
	33,880,426.05	**28,880,426.05**
IV. Net profit for the year	**27,702,272.59**	**24,194,695.75**
	118,693,923.85	**110,186,347.01**
B. Provisions		
1. Provisions for taxation, thereof deferred taxes acc. to sec. 274 HGB:	1,858,893.70	2,474,620.36
EUR 1,572,228.00 (prev. year: EUR 1,600,819.00)		
2. Other provisions	11,851,814.79	8,422,525.72
	13,710,708.49	**10,897,146.08**
C. Accounts payable		
1. Due to banks	51,437,862.05	53,554,593.39
2. Trade accounts payable	19,271,139.90	19,438,094.62
3. Other accounts payable	3,529,380.74	7,166,377.52
thereof taxes: EUR 711,009.78 (prev. year: EUR 3,544,131.49)		
thereof social security contributions: EUR 1,152,692.80 (prev. year: EUR 1,052,730.73)		
	74,238,382.69	**80,159,065.53**
D. Deferred Income	**14,743.10**	**33,895.19**
	206,657,758.13	**201,276,453.81**

GERRY WEBER International AG Halle / Westphalia
Consolidated income statement for the Period from 1 November 2004 to 31 October 2005

	2004 / 2005 EUR	2003 / 2004 EUR
1. Sales revenues	386,697,768.35	349,332,753.13
2. Increase in finished goods and work in progress	2,357,699.27	1,305,721.00
3. Other internally produced additions to plant and equipment	174,149.00	70,000.00
4. Other operating income	11,316,175.68	9,810,186.24
5. Cost of materials		
a) Cost of raw materials and supplies	– 40,488,470.52	– 42,122,494.41
b) Cost of purchased services	– 184,834,604.78	– 165,224,440.29
	– 225,323,075.30	**– 207,346,934.70**
6. Personnel expenses		
a) Wages and salaries	– 43,725,184.37	– 40,611,709.06
b) Social security contributions and expenses for old-age pensions	– 7,429,345.03	– 7,144,983.85
	– 51,154,529.40	**– 47,756,692.91**
7. Depreciation of intangible fixed assets and tangible assets	– 5,777,472.26	– 5,489,346.06
8. Other operating expenses	– 82,496,566.21	– 72,007,441.18
9. Income from other investments and long-term loans	37,165.90	15,426.00
10. Other interest and similar income	307,863.21	522,534.72
11. Interest and similar expenses	– 3,916,935.27	– 3,946,016.22
12. Results from ordinary activities	**32,222,242.97**	**24,510,190.02**
13. Extraordinary expenses	– 4,155,625.02	– 2,732,016.80
14. Extraordinary result	**– 4,155,625.02**	**– 2,732,016.80**
15. Taxes on income	– 11,195,040.32	– 8,833,673.82
thereof deferred taxes acc. to sec. 274 HGB:		
EUR – 28,591.00 (prev. year: EUR – 103,165.00)		
16. Other taxes	– 198,255.79	– 237,890.74
17. Profit for the year	**16,673,321.84**	**12,706,608.66**
18. Profit carried forward	16,028,950.75	16,488,087.09
19. Allocation to revenue reserves of GERRY WEBER International AG	– 5,000,000.00	– 5,000,000.00
20. Net profit for the year	**27,702,272.59**	**24,194,695.75**

GERRY WEBER International AG Halle / Westphalia
Balance sheet for the year ended 31 October 2005

Assets

	31.10.2005 EUR	31.10.2004 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	5,867,939.32	4,159,343.35
2. Payments on account	126,991.75	3,379.00
	5,994,931.07	**4,162,722.35**
II. Tangible assets		
1. Land and leasehold rights and buildings, including buildings on third-party land	43,745,940.08	43,230,264.81
2. Plant and machinery	225,340.00	63,971.00
3. Other fixtures and fittings,tools and equipment	1,074,652.00	1,032,424.00
4. Payments on account and plant under construction	5,784.00	5,800.00
	45,051,716.08	**44,332,459.81**
III. Financial assets		
1. Shares in affiliated companies	4,620,578.17	5,916,789.87
2. Investments	53,022.58	1,022.58
3. Other loans	98,761.40	132,333.80
	4,772,362.15	**6,050,146.25**
	55,819,009.30	**54,545,328.41**
B. Current Assets		
I. Inventories		
Raw materials and supplies	98,559.00	0.00
II. Receivables and other assets		
1. Trade receivables	607,224.66	1,054,648.36
2. Due from affiliated companies	91,670,178.89	90,606,441.93
3. Other assets	16,338,890.92	13,023,807.34
thereof with a remaining maturity of more than one year: EUR 1,958,865.37 (prev.year: EUR 0.00)		
	108,714,853.47	**104,684,897.63**
III. Own shares	2,833,105.93	540,000.00
IV. Cash on hand, cash in banking accounts, cheques	2,542,627.37	2,924,975.33
	114,090,586.77	**108,149,872.96**
C. Prepayments and accrued income		
1. Discount	168,865.03	207,987.82
2. Other	330,383.89	325,316.60
	499,248.92	**533,304.42**
	170,408,844.99	**163,228,505.79**

Liabilities

	31.10.2005 EUR	31.10.2004 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	2,833,105.93	540,000.00
2. Other revenue reserves	35,166,894.07	32,460,000.00
IV. Net profit for the year		
1. Profit carried forward	1,879,289.22	1,135,638.09
2. Profit for the year	17,723,351.93	13,909,396.13
3. Allocation to revenue reserves	– 5,000,000.00	– 5,000,000.00
	14,602,641.15	**10,045,034.22**
	109,713,866.36	**100,156,259.43**
B. Provisions		
1. Provisions for taxation	248,715.89	100,000.00
2. Other provisions	5,096,227.24	2,819,441.50
	5,344,943.13	**2,919,441.50**
C. Accounts payable		
1. Due to banks	51,416,020.81	52,885,481.21
2. Trade accounts payable	2,432,941.06	1,118,604.75
3. Liabilities to affiliated companies	17,034.91	2,643,460.74
4. Other accounts payable	1,470,466.72	3,471,362.96
thereof taxes: EUR 261,971.79 (prev.year: EUR 2,959,658.98)		
thereof social security contributions: EUR 467,137.34 (prev.year: EUR 296,915.37)		
	55,336,463.50	**60,118,909.66**
D. Deferred income	**13,572.00**	**33,895.20**
	170,408,844.99	**163,228,505.79**

GERRY WEBER International AG Halle / Westphalia
Income statement for the period from 1 November 2004 to 31 October 2005

	2004/2005 EUR	2003/2004 EUR
1. Sales revenues	1,420,239.83	805,109.15
2. Decrease in finished goods and work in progress	0.00	– 55,670.00
3. Other operating income	52,059,926.41	31,026,708.32
4. Cost of materials		
a) Cost of raw materials and supplies	– 97,467.82	– 12,415.19
b) Cost of purchased services	– 16,999.57	– 2,830.96
	– 114,467.39	**– 15,246.15**
5. Personnel expenses		
a) Wages and salaries	– 17,599,672.28	– 7,618,627.79
b) Social security contributions	– 2,801,110.16	– 1,069,532.31
	– 20,400,782.44	**– 8,688,160.10**
6. Depreciation of intangible fixed assets and tangible assets	– 3,457,223.38	– 3,028,362.22
7. Other operating expenses	– 20,835,905.59	– 14,811,480.90
8. Income from profit transfer agreements	21,416,225.48	17,356,818.12
9. Income from other investments and long-term loans	6,394.00	7,503.00
10. Other interest and similar income	2,587,732.00	3,690,399.14
thereof relating to affiliated companies:		
EUR 2,431,111.00 (prev.year:EUR 3,312,170.00)		
11. Expenses relating to the transfer of losses	– 1,972,498.42	– 472,106.04
12. Interest and similar expenses	– 2,846,595.35	– 3,007,985.29
13. Results from ordinary activities	**27,863,045.15**	**22,807,527.03**
14. Extraordinary income	**1,085,542.94**	**0.00**
15. Taxes on income	– 11,067,081.89	– 8,747,243.02
16. Other taxes	– 158,154.27	– 150,887.88
17. Profit for the year	**17,723,351.93**	**13,909,396.13**
18. Profit carried forward	1,879,289.22	1,135,638.09
19. Allocation to revenue reserves	– 5,000,000.00	– 5,000,000.00
20. Net profit for the year	**14,602,641.15**	**10,045,034.22**

GERRY WEBER

Notes

GERRY WEBER International AG Halle/Westphalia
Notes to the financial statements and the consolidated financial statements
for the period from 1 November 2004 to 31 October 2005

I. Accounting principles

The financial statements and the consolidated financial statements of GERRY WEBER International AG, Halle/Westphalia, for FY 2004/2005 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 2004 to 31 October 2005.

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 2005:

GERRY WEBER International AG, Halle/Westphalia
TAIFUN-Collection GERRY WEBER Fashion GmbH, Halle/Westphalia
GERRY WEBER Life-Style Fashion GmbH, Halle/Westphalia
SAMOON-Collection Fashion-Concept GERRY WEBER GmbH, Halle/Westphalia
GERRY WEBER Retail GmbH, Halle/Westphalia
GERRY WEBER Fashion Iberica S.L., Palma de Mallorca, Spain
GERRY WEBER FAR EAST LIMITED, Hong Kong, People's Republic of China
GERRY WEBER France S.A.R.L., Paris
GERRY WEBER Beschaffung Osteuropa GmbH, Recklinghausen
GERRY WEBER Dis Tic. Ltd. Sirkuti, Istanbul, Turkey
GERRY WEBER Support S.R.L., Bucharest, Romania
GERRY WEBER GmbH, Vienna

Having been merged into the parent company, ha-we-modelle Gesellschaft mit beschränkter Haftung, Halle/Westphalia, GERRY WEBER Service International GmbH, Halle/Westphalia and Court One Fashion GmbH, Halle/Westphalia, are no longer reported as consolidated entities.

The following companies are not covered by the consolidated financial statements:

- Hawe Textil S.R.L., Bucharest, Romania,
- GERRY WEBER United Kingdom Ltd., London, UK,
- GERRY WEBER Asia Ltd., Hong Kong, People's Republic of China.

The Romanian company is inactive. The companies in the UK and Hong Kong will start their retail activities in the next fiscal year and will then be included in the consolidated financial statements.

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.

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 4,120,000 which were also charged against the revenue reserve.

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 third parties.

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 1,563,000 (previous year: EUR 1,050,000).

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 totalled EUR 6,000 (previous year: EUR – 20,000).

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, the 2004 / 2005 Group accounts show EUR 609,000 more (previous year: EUR 206,000 less) in depreciation than the individual statements. Deferred taxes of EUR 221,000 (previous year: EUR 113,000) are carried in accordance with sec. 274 HGB.

From 1992 to 2004/2005, EUR 5,441,000 (1992 to 2003/2004: EUR 6,050,000), 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 totalled EUR 2,122,000 (previous year: EUR 2,343,000).

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.

In the individual financial statements, raw materials and supplies are valued at cost.

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

Currency forwards in an amount of EUR 10.6 million (previous year: EUR 23.52) 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 314,000 (previous year: EUR 1,097) which would otherwise have had to be established. No provisions for impending losses from pending transactions (previous year: EUR 800,000) were established for currency forwards in an amount of EUR 0,00 million (previous year: EUR 27.44 million). As in the previous year, no provisions for impending losses had to be established at GERRY WEBER International AG.

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 12.0 million (previous year: EUR 12.9 million) and of EUR 0.00 million (previous year: EUR 0.00 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.

The GERRY WEBER Group concludes old-age part-time agreements according to the so-called »block model«. In accordance with IAS 19, provisions are established according to the projected unit credit method at an interest rate for accounting purposes of 5.5% based on a salary trend of 1% p.a. The computations are based on the Heubeck mortality tables 2005 G. No discount on staff turnover is taken into account.

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

No provisions were established in the fiscal year for potential future obligations of the GERRY WEBER Group arising from the use of old-age part-time options.

Accounts payable are shown at the repayment amounts.

IV. Notes to the balance sheet

1a. Development of the fixed assets of GERRY WEBER International AG, Halle / Westphalia

	Acquisition and production costs					
	01.11.2004	Merger	Additions	Reclassi-fications	Disposals	31.10.2005
Fixed assets	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets						
1. Concessions, industrial property rights and related rights and values as well as licences for such rights and values	8,691,157.94	2,724,363.06	1,802,969.75	48,878.00	0.00	13,267,368.75
2. Payments on account	3,379.00	85,594.31	122,277.50	– 48,878.00	35,381.06	126,991.75
	8,694,536.94	**2,809,957.37**	**1,925,247.25**	**0.00**	**35,381.06**	**13,394,360.50**
II. Tangible assets						
1. Land and leasehold rights and buildings, including buildings on third-party land	60,517,225.75	0.00	1,303,596.11	1,000.00	0.00	61,821,821.86
2. Plant and machinery	1,900,505.24	570,998.01	34,699.17	0.00	5,616.53	2,500,585.89
3. Other fixtures and fittings, tools and equipment	15,905,240.85	2,897,347.75	273,018.11	4,800.00	134,501.90	18,945,904.81
4. Payments on account and plant under construction	5,800.00	0.00	5,784.00	– 5,800.00	0.00	5,784.00
	78,328,771.84	**3,468,345.76**	**1,617,097.39**	**0.00**	**140,118.43**	**83,274,096.56**
III. Financial assets						
1. Shares in affiliated companies	6,360,940.43	-1,417,188.36	120,976.66	0.00	0.00	5,064,728.73
2. Investments	1,022.58	0.00	52,000.00	0.00	0.00	53,022.58
3. Other loans	132,333.80	0.00	6,394.00	0.00	39,966.40	98,761.40
	6,494,296.81	**-1,417,188.36**	**179,370.66**	**0.00**	**39,966.40**	**5,216,512.71**
	93,517,605.59	**4,861,114.77**	**3,721,715.30**	**0.00**	**215,465.89**	**101,884,969.77**

Accumulated depreciation						Net book value	
01.11.2004	Merger	Additions	Amortisation	Disposals	31.10.2005	31.10.2005	31.10.2004
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
4,531,814.59	1,416,371.17	1,451,243.67	0.00	0.00	7,399,429.43	5,867,939.32	4,159,343.35
0.00	0.00	0.00	0.00	0.00	0.00	126,991.75	3,379.00
4,531,814.59	**1,416,371.17**	**1,451,243.67**	**0.00**	**0.00**	**7,399,429.43**	**5,994,931.07**	**4,162,722.35**
17,286,960.94	0.00	1,447,097.44	658,176.60	0.00	18,075,881.78	43,745,940.08	43,230,264.81
1,836,534.24	325,351.01	118,206.16	0.00	4,845.52	2,275,245.89	225,340.00	63,971.00
14,872,816.85	2,678,415.75	440,676.11	0.00	120,655.90	17,871,252.81	1,074,652.00	1,032,424.00
0.00	0.00	0.00	0.00	0.00	0.00	5,784.00	5,800.00
33,996,312.03	**3,003,766.76**	**2,005,979.71**	**658,176.60**	**125,501.42**	**38,222,380.48**	**45,051,716.08**	**44,332,459.81**
444,150.56	0.00	0.00	0.00	0.00	444,150.56	4,620,578.17	5,916,789.87
0.00	0.00	0.00	0.00	0.00	0.00	53,022.58	1,022.58
0.00	0.00	0.00	0.00	0.00	0.00	98,761.40	132,333.80
444,150.56	**0.00**	**0.00**	**0.00**	**0.00**	**444,150.56**	**4,772,362.15**	**6,050,146.25**
38,972,277.18	**4,420,137.93**	**3,457,223.38**	**658,176.60**	**125,501.42**	**46,065,960.47**	**55,819,009.30**	**54,545,328.41**

1b. Development of the fixed assets of the Group

	Acquisition and production costs				
	01.11.2004	Additions	Disposals	Reclassi-fications	31.10.2005
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	12,338,200.67	1,870,474.05	0.00	48,878.00	14,257,552.72
2. Goodwill from consolidation	264,478.48	0.00	0.00	0.00	264,478.48
3. Payments on account	120,030.48	55,839.27	0.00	– 48,878.00	126,991.75
	12,722,709.63	**1,926,313.32**	**0.00**	**0.00**	**14,649,022.95**
II. Tangible assets					
1. Land and leasehold rights and buildings, including buildings on third-party land	70,164,309.66	5,078,470.91	0.00	294,678.74	75,537,459.31
2. Plant and machinery	6,224,662.37	808,983.27	47,752.23	95,198.56	7,081,091.97
3. Other fixtures and fittings, tools and equipment	25,545,101.97	2,734,290.73	528,837.53	64,388.68	27,814,943.85
4. Payments on account and plant under construction	223,804.30	489,534.51	0.00	-454,265.98	259,072.83
	102,157,878.30	**9,111,279.42**	**576,589.76**	**0.00**	**110,692,567.96**
III. Financial assets					
1. Shares in affiliated companies	10,971.50	70,976.66	0.00	0.00	81,948.16
2. Investments	1,022.58	52,000.00	0.00	0.00	53,022.58
3. Other loans	1,182,628.02	138,001.06	317,356.45	0.00	1,003,272.63
	1,194,622.10	**260,977.72**	**317,356.45**	**0.00**	**1,138,243.37**
	116,075,210.03	**11,298,570.46**	**893,946.21**	**0.00**	**126,479,834.28**

	Accumulated depreciation					Net book value	
01.11.2004	Additions	Amortisation	Disposals	Reclassi-fications	31.10.2005	31.10.2005	31.10.2004
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
6,660,099.33	1,578,011.08	0.00	0.00	0.00	8,238,110.41	6,019,442.31	5,678,101.34
264,478.48	0.00	0.00	0.00	0.00	264,478.48	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	126,991.75	120,030.48
6,924,577.81	**1,578,011.08**	**0.00**	**0.00**	**0.00**	**8,502,588.89**	**6,146,434.06**	**5,798,131.82**
13,720,292.72	2,145,622.60	195,069.86	0.00	0.00	15,670,845.46	59,866,613.85	56,444,016.94
3,589,490.24	673,301.68	0.00	0.00	7,739.92	4,270,531.84	2,810,560.13	2,635,172.13
20,871,671.84	1,380,536.90	0.00	231,072.80	-7,739.92	22,013,396.02	5,801,547.83	4,673,430.13
0.00	0.00	0.00	0.00	0.00	0.00	259,072.83	223,804.30
38,181,454.80	**4,199,461.18**	**195,069.86**	**231,072.80**	**0.00**	**41,954,773.32**	**68,737,794.64**	**63,976,423.50**
0.00	0.00	0.00	0.00	0.00	0.00	81,948.16	10,971.50
0.00	0.00	0.00	0.00	0.00	0.00	53,022.58	1,022.58
0.00	0.00	0.00	0.00	0.00	0.00	1,003,272.63	1,182,628.02
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**1,138,243.37**	**1,194,622.10**
45,106,032.61	**5,777,472.26**	**195,069.86**	**231,072.80**	**0.00**	**50,457,362.21**	**76,022,472.07**	**70,969,177.42**

2. Intangible fixed assets

Additions to intangible fixed assets from year 2002/2003 include the right to organise the ATP tennis tournament in Halle/Westphalia under the »GERRY WEBER OPEN« name up to 31 December 2010. It is written off over its useful life until 2010.

3. Financial assets

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

GERRY WEBER Life-Style Fashion GmbH, Halle/Westphalia
TAIFUN-Collection GERRY WEBER Fashion GmbH, Halle/Westphalia
SAMOON-Collection Fashion-Concept GERRY WEBER GmbH, Halle/Westphalia
GERRY WEBER Retail GmbH, Halle/Westphalia
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, Hong Kong, People's Republic of China
GERRY WEBER Dis. Tic. Ltd. Sirkuti, Istanbul, Turkey
GERRY WEBER GmbH, Vienna, Austria
GERRY WEBER United Kingdom Ltd., London, England
GERRY WEBER Asia Ltd., Hong Kong, People's Republic of China

4. Other assets

The largest components of the other assets are:	Group 31.10.2005 TEUR	Group 31.10.2004 TEUR
Lump-sum prepayment of the sponsoring fee and option for extending the sponsorship of the »GERRY WEBER OPEN«	8,872	10,069
Loan	505	1,404
Tax assets	4,002	929
Due from sales agents	1,044	700
Outstanding purchase price from sale of Portuguese companies	0	580
Claim for damages GW Schuhe GmbH	2,259	0
Allianz related to old-age part time work programme	655	0

	AG 31.10.2005 TEUR	AG 31.10.2004 TEUR
Lump-sum prepayment of the sponsoring fee and option for extending the sponsorship of the »GERRY WEBER OPEN«	8,872	10,069
Tax assets	3,557	627
Claim for damages GW Schuhe GmbH	2,259	0
Loan	505	1,404
Allianz related to old-age part time work programme	419	0

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

In accordance with the authorisation granted by the Annual General Meetings of 3 June 2004 and 2 June 2005, the company acquired the following own shares in the fiscal year 2004/2005.

Date	Number of shares	Cost EUR	Ø price EUR
4/2005	20,000	194,037.35	9.70
5/2005	17,500	173,318.97	9.90
8/2005	85,293	983,641.93	11.53
9/2005	28,000	361,790.38	12.92
10/2005	40,000	580,317.30	14.51
Total	**190,793**	**2,293,105.93**	**12.02**

No shares were sold.

As of the reporting date, the company held 265,793 own shares. These shares represent 1.13 % 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. 2004	23,443,200.00	33,668,025.21	540,000.00	32,460,000.00	10,045,034.22	100,156,259.43
Set-up of reserve for own shares	0.00	0.00	2,293,105.93	– 2,293,105.93	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	– 8,165,745.00	– 8,165,745.00
Profit for the year	0.00	0.00	0.00	0.00	17,723,351.93	17,723,351.93
As at 31 Oct. 2005	**23,443,200.00**	**33,668,025.21**	**2,833,105.93**	**35,166,894.07**	**14,602,641.15**	**109,713,866.36**

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. 2004	23,443,200.00	33,668,025.21	540,000.00	28,340,426.05	24,194,695.75	110,186,347.01
Set-up of reserve for own shares	0.00	0.00	2,293,105.93	– 2,293,105.93	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	– 8,165,745.00	– 8,165,745.00
Consolidated profit for the year	0.00	0.00	0.00	0.00	16,673,321.84	16,673,321.84
As at 31 Oct. 2005	**23,443,200.00**	**33,668,025.21**	**2,833,105.93**	**31,047,320.12**	**27,702,272.59**	**118,693,923.85**

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.

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	30,209,463.64	20,337,592.10	890,806.31	51,437,862.05
	(27,847,707.38)	(20,964,273.23)	(4,742,612.78)	(53,554,593.39)
Trade accounts payable	19,271,139.90	0.00	0.00	19,271,139.90
	(19,438,094.62)	(0.00)	(0.00)	(19,438,094.62)
Other	3,529,380.74	0.00	0.00	3,529,380.74
	(7,166,377.52)	(0.00)	(0.00)	(7,166,377.52)
	53,009,984.28	**20,337,592.10**	**890,806.31**	**74,238,382.69**
	(54,452,179.52)	(20,964,273.23)	(4,742,612.78)	(80,159,065.53)

Accounts payable – 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	30,187,622.40	20,337,592.10	890,806.31	51,416,020.81
	(27,178,595.20)	(20,964,273.23)	(4,742,612.78)	(52,885,481.21)
Trade accounts payable	2,432,941.06	0.00	0.00	2,432,941.06
	(1,118,604.75)	(0.00)	(0.00)	(1,118,604.75)
Liabilities to affiliated companies	17,034.91	0.00	0.00	17,034.91
	(2,643,460.74)	(0.00)	(0.00)	(2,643,460.74)
Other	1,470,466.72	0.00	0.00	1,470,466.72
	(3,471,362.96)	(0.00)	(0.00)	(3,471,362.96)
	34,108,065.09	**20,337,592.10**	**890,806.31**	**55,336,463.50**
	(34,412,023.65)	(20,964,273.23)	(4,742,612.78)	(60,118,909.66)

Sorted by type and amount of collateral:	**Group**	**Group**	**GERRY WEBER International AG**	**GERRY WEBER International AG**
	31.10.2005	**31.10.2004**	**31.10.2005**	**31.10.2004**
	EUR	EUR	EUR	EUR
Secured by real property liens	19,697,406.85	27,593,274.04	19,697,406.85	27,593,274.04
Liabilities to banks	19,697,406.85	27,593,274.04	19,697,406.85	27,593,274.04

Inventories are subject to the usual reservations of ownership.

12. Contingencies/other financial commitments	Group 31.10.2005 TEUR	Group 31.10.2004 TEUR	GERRY WEBER International AG 31.10.2005 TEUR	GERRY WEBER International AG 31.10.2004 TEUR
Liabilities arising from the negotiation and transfer of bills of exchange	**142**	**283**	**0**	**0**
Leases				
2005/06	2,631	2,208	2,353	74
2006/07 – 2009/10	2,698	2,597	2,482	83
after 2009/10	0	0	0	0
	5,329	**4,805**	**4,835**	**157**
Rental agreements				
2005/06	9,622	7,452	1,101	525
2006/07 – 2009/10	37,175	30,818	3,743	2,379
after 2009/10	24,147	26,009	2,099	1,232
	70,944	**64,279**	**6,943**	**4,136**
Sponsoring agreement and use of the name »GERRY WEBER OPEN«				
due in 2005/06 (previous year: 2004/05)	1,808	1,808	1,808	1,808
due in 2006/07 – 2009/10 (previous year: 2005/06 – 2008/09)	7,232	7,232	7,232	7,232
due after 2009/10 (previous year: 2008/09)	0	1,808	0	1,808
	9,040	**10,848**	**9,040**	**10,848**
Planned investments 2005/06	7,500		2,500	
(previous year: 2004/05)		7,000		2,000

Sponsoring agreement and use of the name »GERRY WEBER OPEN«
In the financial year 2002/2003 GERRY WEBER Management & Event OHG acquired 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 2004/2005	Group 2003/2004
Germany	61.4 %	59.7 %
Benelux	11.7 %	11.7 %
UK/Ireland	6.5 %	7.7 %
Austria/Switzerland	6.6 %	7.7 %
Scandinavia	5.9 %	6.0 %
France	0.8 %	0.8 %
Far East	0.4 %	0.4 %
Other countries	6.7 %	6.0 %
	100.0 %	**100.0 %**

Revenues generated in other countries include »Majorca« retail sales, which account for 0.1 % (previous year: 0.3 %) of total Group sales. Revenues generated in Germany include retail sales of GERRY WEBER Retail GmbH, which represent 7.5 % (previous year: 5.4 %) of total Group sales.

The sales revenues of GERRY WEBER International AG include EUR 616,000 (previous year: EUR 695,000) in licensing revenues. These are reported as a part of other operating income in the consolidated financial statements. The remaining sales revenues generated in FY 2004/2005 mainly comprise the residual revenues of GERRY WEBER Service International GmbH, Halle/Westphalia from labelling and other services. 95 % of the 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 contractors amounted to EUR 161,806,000 (previous year: EUR 141,359,000) 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 2004/05	Group 2003/04
	TEUR	TEUR
Shop-in-shop operations (installation)	2,900	2,884
Rental income	1,931	1,642
Sale of sales agent territories	531	1,108
Exchange gains	1,815	987
Licensing income	616	695
Payment of damages	1,918	509
Retransfer of provisions	207	410
Income from the use of cars	294	268
Income from fixed asset retirements	61	56
Other	1,043	1,251
	11,316	**9,810**

	GERRY WEBER International AG 2004/05	GERRY WEBER International AG 2003/04
	TEUR	TEUR
Intra-Group cost allocation	45,808	26,595
Rental income	1,988	1,778
Intra-Group charging for name rights/sponsoring »GERRY WEBER Open«	1,287	1,396
Damages	1,541	0
Resale of machinery	105	154
Retransfer of provisions	174	316
Canteen revenues	262	253
Amortisation of tangible fixed assets	658	78
Reduction of value adjustments	0	98
Other	237	359
	52,060	**31,027**

4. Extraordinary result

Extraordinary expenses referred to:	Group 2004/05	Group 2003/04
	TEUR	TEUR
Sales agent compensation	3,658	1,892
Compensation paid to employees in conj. with restructuring	498	586
Deconsolidation Tunisia	0	254

No extraordinary expenses are shown in the individual financial statements of GERRY WEBER International AG. Income from the merger of Court One Fashion GmbH, GERRY WEBER Service International GmbH and ha-we-modelle GmbH is stated as extraordinary income in the individual financial statements of GERRY WEBER International AG.

5. Taxes on income

The extraordinary result reduced tax expenditure by EUR 1,621,000 (previous year: EUR 888,000).The extraordinary result reduced tax expenditure of GERRY WEBER International AG by EUR 0.00 (previous year: EUR 0.00).

VI. Miscellaneous information

1. Staff	Group 2004/2005	Group 2003/2004
Blue-collar workers	668	734
White-collar workers	979	763
Trainees	40	60
	1.687	**1.557**

	GERRY WEBER International AG 2004/2005	GERRY WEBER International AG 2003/2004
Blue-collar workers	141	39
White-collar workers	226	87
Trainees	40	42
	407	**168**

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 (until 02.06.2005)
Christiane Wolf
(staff representative), Steinhagen (from 02.06.2005)

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 GmbH, Frankfurt,
Société Anonyme Hotel Le Bristol, Paris, France,
Société Anonyme Hotel du Cap-Eden-Roc, Antibes, France,
Société Anonyme Chàteau du Domaine St. Martin, Vence, France,
RB Brauholding GmbH, Frankfurt

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 AG, Essen, (until 30.06.2005)
Gauselmann AG, Espelkamp

Olaf Dieckmann
technical employee, Dissen

No mandates

Jürgen Plaumann
commercial employee, Gütersloh

No mandates

Christiane Wolf
commercial employee, Steinhagen

No mandates

4. Total remuneration of the Managing Board

The total remuneration of the Managing Board in 2004/2005 amounted to EUR 2,458,000 (previous year: EUR 2,091,000). Of this total, an amount of EUR 1,438,000 was received by Gerhard Weber and an amount of EUR 1,020,000 was received by Udo Hardieck.

This remuneration is composed of a basic salary of EUR 862,000 (previous year: EUR 839,000) and a share in profits of EUR 1,596,000 (previous year: 1,252,000).

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: 10,406,568 shares).

6. Shares held by the Supervisory Board

On the reporting date, the members of the Supervisory Board held 34,738 shares (previous year: 34,793 shares).

7. Shareholdings

On 21 March 2005, Gerhard Weber, Halle/Westphalia, transferred 6,177,600 shares in his possession to R + U Weber GmbH & Co. KG, which is wholly owned by Gerhard Weber. R + U Weber GmbH & Co. KG informed us on 21 March 2005 that its voting share in GERRY WEBER International AG exceeds the 25 % threshold and amounts to 26.35 %.

On 21 March 2005, Udo Hardieck, Halle/Westphalia, transferred 4,118,400 shares in his possession to N + A Hardieck GmbH & Co. KG, which is wholly owned by Udo Hardieck. N + A Hardieck GmbH & Co. KG informed us on 21 March 2005 that its voting share in GERRY WEBER International AG exceeds the 15 % threshold and amounts to 17.57 %.

As of the reporting date, 6,201,620 shares were directly and indirectly held by Gerhard Weber (previous year: 6,201,620 shares). This represents a voting share of 26.45 % (previous year: 26.45 %). Together with the 265,793 own shares (previous year: 75,000) held by GERRY WEBER International AG, the voting share rises to 26.76 % (previous year: 26.54 %).

As of the reporting date, 4,204,948 shares were directly and indirectly held by Udo Hardieck (previous year: 4,204,948 shares). This represents a voting share of 17.94 % (previous year: 17.94 %). Together with the 265,793 own shares (previous year: 75,000) held by GERRY WEBER International AG, the voting share rises to 18.14 % (previous year: 17.99 %).

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
GERRY WEBER Life-Style Fashion GmbH, Halle/Westphalia*	100.0	+ 1,874	0
SAMOON-Collection Fashion-Concept			
GERRY WEBER GmbH, Halle/Westphalia*	100.0	+ 3,230	0
GERRY WEBER FAR EAST LTD., Hong Kong	100.0	+ 108	0
GERRY WEBER Fashion Iberica S.L., Palma de Mallorca	100.0	– 2,228	– 206
GERRY WEBER Retail GmbH, Halle/Westphalia*	100.0	+ 8	0
GERRY WEBER Beschaffung Osteuropa GmbH, Recklinghausen	100.0	+ 235	+ 120
GERRY WEBER France S.A.R.L., Paris	100.0	– 2,021	– 60
GERRY WEBER Dis Ticaret Ltd., Sirkuti, Istanbul	100.0	+ 214	+ 72
GERRY WEBER Support S.R.L., Bucharest (indirect)	100.0	+ 3,951	+ 534
Hawe Textil SRL, Bucharest (indirect)	100.0	+ 11	0
GERRY WEBER GmbH, Vienna, Austria	100.0	– 64	– 114
GERRY WEBER Asia Ltd., Hong Kong, China	100.0	New company	
GERRY WEBER United Kingdom Ltd., London, UK	100.0	New company	

* 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)

On 21 March 2005, Gerhard Weber informed us that he has transferred 6,177,600 shares to R + U Weber GmbH & Co. KG, which is wholly owned by Gerhard Weber.

On 21 March 2005, Udo Hardieck informed us that he has transferred 4,118,400 shares to N +A Hardieck GmbH & Co. KG, which is wholly owned by Udo Hardieck.

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

In December 2005 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

	2004/2005 TEUR	2003/2004 TEUR
1. Profit for the year before extraordinary items and income taxes	+ 32,024	+ 24,272
2. Write-up of fixed assets	– 195	0
3. Fixed asset depreciation	+ 5,777	+ 5,489
Cash flow	**+ 37,606**	**+ 29,761**
4. Loss/profit from fixed assets retirements	+ 58	– 144
5. Increase in inventories	– 3,911	– 1,924
6. Decrease/increase in trade receivables	+ 11,745	– 5,369
7. Increase/decrease in other assets non related to investing and financing activities	– 7,433	+ 10,052
8. Increase in short-term provisions	+ 2,814	+ 264
9. Decrease/increase in trade accounts payable	– 167	+ 651
10. Decrease in other liabilities non related to investing and financing activities	– 3,656	– 224
11. Disbursements from extraordinary items	– 4,156	– 2,732
12. Income tax	– 11,195	– 8,834
Cash flow from operating activities	**+ 21,705**	**+ 21,501**
13. Receipts from fixed asset retirements	+ 606	+ 1,323
14. Disbursements for investments in intangible assets and property, plants and equipment	– 11,038	– 6,724
15. Disbursements for investments in financial assets	– 261	– 940
Cash flow from investment activities	**– 10,693**	**– 6,341**
16. Dividend payments of GERRY WEBER International AG	– 8,166	– 8,205
17. Payments for the purchase of own shares	– 2,293	– 540
18. Disbursements/deposits for the repayment of loans	– 2,117	– 5,496
Cash flow from financing activities	**– 12,576**	**– 14,241**
19. Cash changes in financial resources	– 1,564	+ 919
20. Financial resources at the beginning of the fiscal year	+ 8,812	+ 7,893
21. Financial resources at the end of the fiscal year	**+ 7,248**	**+ 8,812**

Appropriation of profits

The Managing Board and the Supervisory Board propose to appropriate the net profit for the year of	**EUR 14,602,641.15**
as follows:	
Payment of a dividend of EUR 0,40 per common share with full entitlement to profits for the fiscal year 2004/2005	**EUR 9,189,592.00**
Carried forward to new account:	**EUR 5,413,049.15**
Net profit for the year:	**EUR 14,602,641.15**

Halle / Westphalia, January 2006
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 2004 to 31 October 2005. 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, 20 January 2006

RSM Haarmann Hemmelrath GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Hagen, Certified public accountant
ppa. Angele, Certified public accountant

Calendar of financial events

Annual accounts press conference	Monday, 20 February 2006, Düsseldorf
Analysts conference	Thursday, 16 March 2006, Frankfurt
Report on the first three months	Monday, 27 March 2006
Annual General Meeting of Shareholders	Thursday, 8 June 2006, Halle/Westphalia
Report on the first six months	Monday, 26 June 2006
Report on the first nine months	Monday, 25 September 2006

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