GERRY WEBER

GERRY WEBER International AG
Annual Report 2006/2007

Key figures at a glance

All figures in EUR million (if not otherwise indicated)

GERRY WEBER Group		2003/2004 HGB	2004/2005 HGB	2004/2005 IFRS	2005/2006 IFRS	2006/2007 IFRS
Sales revenues		352.2	393.1	389.6	442.8	507.1
Domestic		210.3	241.3	240.6	257.6	280.1
International		141.9	151.8	149.0	185.2	227.0
Sales of the individual brands						
GERRY WEBER		63.9%	64.7%	64.7%	66.6%	69.9%
TAIFUN		25.8%	25.7%	25.7%	25.2%	21.9%
SAMOON		7.9%	8.0%	8.0%	7.3%	6.4%
COURT ONE		0.6%	-	-	-	-
Other		1.8%	1.6%	1.6%	0.9%	1.8%
Personnel expenses		47.7	51.2	51.7	58.7	67.3
Depreciation		5.5	5.8	5.8	8.4	10.4
EBITDA		33.4	41.6	36.2	49.3	62.1
EBITDA-margin		9.5%	10.6%	9.3%	11.1%	12.2%
EBIT		27.9	35.8	30.4	41.0	51.7
EBIT-margin		7.93%	9.3%	7.8%	9.3%	10.2%
EBT		24.5	32.2	26.9	36.5	46.6
EBT-margin		6.95%	8.2%	6.9%	8.3%	9.2%
Profit for the year		12.7	16.7	16.0	21.1	27.0
Gross cash flow		30.0	38.0	32.7	44.9	57.0
DVFA earnings per share in Euro		0.64	0.83	0.69	0.92[1,2]	1.18
Staff numbers at the end of the fiscal year		1,517	1,647	1,647	1,881	2,018
Total assets		201.3	206.7	213.1	239.5	272.4
Fixed asset investments		6.7	11.3	11.3	20.5	19.1
Equity	(in % of total assets)	54.7	57.4	57.4	53.9	53.3
Return on Investment (ROI)[3]		13.9%	17.3%	14.3%	17.1%	19.0%
Return on Equity (ROE)[3]		25.3%	30.1%	24.9%	31.8%	35.7%

[1] fully diluted; [2] on the basis of 22,952,980 shares in 2005/2006; 3 on EBIT basis

Note: Figures not fully comparable due to the adoption of IFRS in FY 2005/2006.

GERRY WEBER

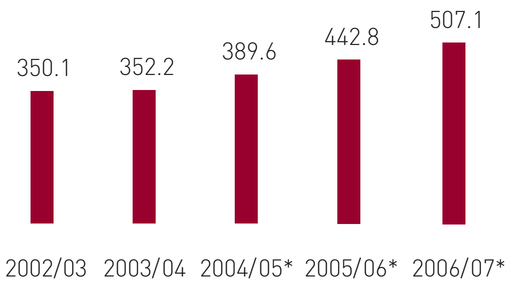
JEWELRY

BAGS

EYEWEAR

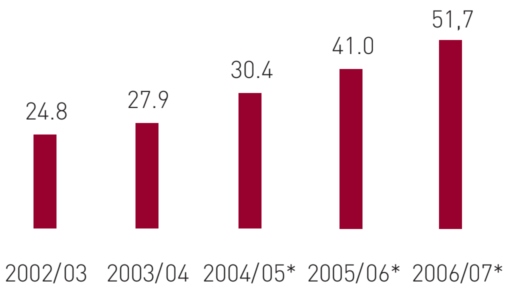
SHOES

MENSWEAR



Sales in EUR million

* according to IFRS



EBIT in EUR million

* according to IFRS

GERRY WEBER

GERRY WEBER International AG
Annual Report 2006/2007

GERRY WEBER INTERNATIONAL AG IS AN INTERNATIONAL FASHION AND LIFESTYLE GROUP. OUR SUCCESS IS UNDERPINNED BY THREE LADIESWEAR BRANDS WHICH ARE CAREFULLY GEARED TO OUR CUSTOMERS' FASHION TASTES: GERRY WEBER, TAIFUN-COLLECTION AND SAMOON-COLLECTION. OUR INNOVATIVE DISTRIBUTION SYSTEM GIVES US A UNIQUE POSITION IN THE MARKET. WE INTEND TO KEEP UP THE DYNAMIC PACE OF SALES AND PROFIT GROWTH ALSO IN THE FUTURE.

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Gerhard Weber

Udo Hardieck

Dear shareholders,
dear friends of our company,

In the past financial year we exceeded our sales and earnings targets and once again grew clearly ahead of the market. Our sales rose to the record level of EUR 507.1 million which was up 14.5 percent on the previous year and exceeded the targeted EUR 500 million. Earnings before interest and tax (EBIT) advanced even faster than sales, growing by 26.1 percent to EUR 51.7 million. For the first time in the history of our company we achieved a double-digit EBIT margin which came in at 10.2 percent, having improved by almost one percentage point compared to the previous year.

The sustained pace of sales growth recorded in recent years has mainly been due to our strong retail expansion. In fiscal 2006/2007 alone we opened 66 new HOUSES OF GERRY WEBER and another 70 are to be opened annually over the next five years. We have evolved into a vertically integrated systems supplier and make consistent use of all market opportunities resulting from our distribution concept. Compared to the sector and our segment, our growth figures demonstrate that our verticalisation has put us in a unique position in the market. The retail activities of our own stores already contribute 17.6 percent to our overall sales and this share is to be increased clearly in the coming years.

During the past financial year we also continued to build on our partnership with retailers and installed 327 new shop-in-shop outlets.

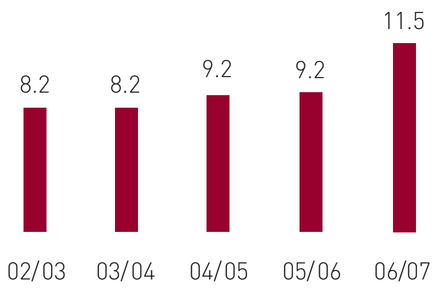
The clearly disproportionate earnings improvement is mainly due to the optimisation of our operating processes and our cost-efficient procurement structures. We are now reaping the rewards of our internal restructuring. Our strategy has optimally positioned us both on the sales and on the procurement side and we have successfully differentiated ourselves from our competitors.

In the current financial year we want to maintain our fast-paced growth and increase our sales by another double-digit margin. Pre-orders for our Spring/Summer 2008 collection are up by an impressive 14.7 percent on the prior year, demonstrating that our company is eminently positioned to attain this goal. We also want to raise our EBIT margin to 11.0 percent.

We expressly recognise the efforts put in by our employees to make fiscal 2006/2007 the best-ever year in our company's history. The continued success of the GERRY WEBER Group is owed to their dedication and commitment. We will rely on this strong team also in the future. Our thanks also go to our customers and business partners as we look forward to continuing our fruitful partnership. And finally, we thank our shareholders for the confidence they have placed in us. In order to give you, our dear shareholders, an appropriate share in our company's excellent development, we will propose to the Annual General Meeting to pay out a dividend of EUR 0.50 per share for the past fiscal year.

Gerhard Weber

Udo Hardieck



Dividend development in EUR million

Managing Board and Management

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

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

Christiane Wolf, Steinhagen
Commercial employee

Dear shareholders,

The past financial year 2006/2007 was the most successful period in the history of GERRY WEBER International AG. We met our sales and earnings targets, vindicating our past strategic decisions to focus on the retail business and to optimise our company's internal processes. We share the Managing Board's belief that the GERRY WEBER Group is excellently positioned to continue its growth course.

During the past fiscal year 2006/2007, the Supervisory Board advised and monitored the management of GERRY WEBER International AG. We closely cooperated with the Managing Board and were directly involved in all fundamental decisions in a timely manner. Decisions of far-reaching strategic importance were taken jointly by the Managing Board and the Supervisory Board. We fulfilled the tasks imposed on us by law, the statutes, the Corporate Governance Code and the Code of Procedure.

Dr. Ernst F. Schröder

Methods of discussion, examination and control

The Managing Board has comprehensive reporting duties vis-à-vis the Supervisory Board, which it fulfilled properly in the fiscal year. We obtained regular, timely and comprehensive information on the current business trend, the planning and the further development of the compliance system. All written and oral reports were closely and openly discussed with the Managing Board at our meetings. In addition, the Supervisory Board received detailed quarterly reports from the Risk Management Department. The Head of Finance briefed the Supervisory Board at its meetings on the financial, net worth and earnings position of the company. The Chairman of the Supervisory Board maintained direct contacts with the Chairman of the Managing Board and the Head of Finance, who regularly informed him of the latest developments. The auditors from RSM Hemmelrath GmbH, Wirtschaftsprüfungsgesellschaft, Bielefeld branch, reported to the Supervisory Board on focal points of their audit and on their audit conclusions.

The Managing Board's Code of Procedure stipulate the scope of the transactions requiring the approval of the Supervisory Board. In the fiscal year 2006/2007, 23 transactions were submitted to the Supervisory Board for approval. All received a positive vote. Most of them related to the openings of new HOUSES OF GERRY WEBER, as all long-term leases require the Supervisory Board's approval because of their high cash value. Other resolutions concerned capital spending on two construction processes as well as the appointment of another Managing Board member with responsibility for design and product development.

Focus of the meetings

The Supervisory Board held six meetings. All Supervisory Board members attended all meetings with the exception of the September 13, 2007 meeting which was not attended by one member who was excused. At these meetings, the Managing Board provided in-depth reports on the quarterly results, the current order situation, the financial situation and the outlook on the full year 2006/2007. Special attention was paid to the development of the HOUSES OF GERRY WEBER, the information on the location analyses for the production sites, the medium-term Group strategy as well as the planned capital expenditure on construction projects, i.e. HALLE 29 and the expansion of the head office to accommodate the retail business. The following issues were addressed at the individual meetings:

Meeting on 20 November 2006:
- Market and competitive development of the GERRY WEBER brand; presentation of the new logo
- Determination of the company motto: "Kunden begeistern und definierte Erträge erwirtschaften" ("enthusing our customers, achieving our targeted margins")
- Results of the location analyses for production sites
- Development of the order round for the third collection of the spring/summer season 2007
- Preliminary key figures from the 2005/2006 accounts
- Development of the HOUSES OF GERRY WEBER
- Development of the licensing business
- Debate about the rights in the "GERRY WEBER Stadion" and "GERRY WEBER OPEN" names
- Presentation and discussion of the risk management report
- Agenda of the Annual General Meeting 2007

Meeting on 27 February 2007:
- Financial statements and consolidated financial statements 2005/2006
- Discussion of the financial statements and the management report of GERRY WEBER International AG and of the consolidated financial statements and the management report for the Group with the auditor
- Corporate governance report
- Discussion of and resolution on the profit appropriation proposal
- November 2006 to January 2007 business trend
- Development of the HOUSES OF GERRY WEBER
- Status and development of the menswear collection

Meeting on 22 May 2007:
- Development of the HOUSES OF GERRY WEBER and planned new openings
- Presentation of the current business trend
- Presentation of the situation of the company-owned and third-party owned manufacturing operations
- Presentation and discussion of the risk management report

Meeting on 13 September 2007:
- Presentation of the current business trend
- Development of the HOUSES OF GERRY WEBER
- Group budgets for fiscal 2007/2008
- Interim report on the implementation of the DIRECTIVE 2006/43/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (so-called audit directive) with particular regard to the provisions on the formation of audit committees
- Planned capital expenditure
- Decision on the withdrawal of own shares and the concomitant reduction in share capital
- Appointment of an additional member to the Managing Board
- Presentation of the new GERRY WEBER Men advertising spokesperson

- Presentation of the strategy of the GERRY WEBER Group for the next three to four years
- Presentation and discussion of the risk management report

Meeting on 19 November 2007:
- Development in the market and in the competitive environment
- Preliminary key figures from the 2006/2007 accounts
- Manufacturing structure
- Development of incoming orders for the third Spring/Summer 2008 programme
- Agenda for the Annual General Meeting 2008
- Development of the HOUSES OF GERRY WEBER
- Presentation of the fiscal 2007/2008 budgets
- Changes in the German Corporate Governance Code as amended on 14 June 2007
- Formation of a nomination committee
- Presentation of the compliance guidelines

Meeting on 25 February 2008:
- Annual accounts meeting attended by the auditor

In addition, the Supervisory Board endorsed and monitored the corporate planning and budgeting process (follow-ups) as well as the effectiveness of the accounting-related internal controls and the risk management system. As part of monitoring the effectiveness and efficiency of the risk management system, the Supervisory Board closely examined the measures proposed by the Managing Board with a view to managing the identified and assessed risks. The Supervisory Board also monitored the internal auditing activities, the work and the impartiality of the external auditor as well as the company's internal compliance system. Where required, specific questions were separately addressed and discussed with the help of suitable tax and legal experts. The Supervisory Board has not raised any objections against the Managing Board's conduct of business.

The Supervisory Board formed a nomination committee which convened once on 19 November 2007. The chairman of the nomination committee reported exhaustively to the plenary session of the Supervisory Board.

Due to its small size of only six members, the Supervisory Board has so far refrained from forming committees with the exception of the nomination committee and discussed all matters in plenary meetings. The formation of an audit committee is currently not envisaged and will be postponed until this issue is definitively settled by the German Act to Modernise the Law for German Accounting Standards, the "Bilanzrechtsmodernisierungsgesetz" (BilMoG).

Auditing of 2006/2007 individual and Group accounts

In accordance with the resolution passed by the Annual General Meeting, the Supervisory Board appointed RSM Hemmelrath GmbH, Wirtschaftsprüfungsgesellschaft, Bielefeld branch, as auditors of the financial statements and the management report (HGB) as well as of the consolidated financial statements and the management report for the Group (IFRS) of GERRY WEBER International AG for the year ended 31 October 2007. These have been audited by the auditors and received their unqualified audit certificate as shown on page 95. The auditors confirm that no inaccurate information or violations of legal provisions were found in the financial statements, the consolidated financial statements and in the management reports for GERRY WEBER International AG and the Group. The early risk identification system was also examined by the auditors who deemed it to be effective. The Supervisory Board shares the view that GERRY WEBER International AG has in place an effective and efficient risk management system which complies with the pertinent legal provisions.

Having reviewed the financial statements, the consolidated financial statements, the management reports for GERRY WEBER International AG and the Group 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. All required documents, including, in particular, the auditors' audit reports, were made available to the Supervisory Board members in a timely manner. Having concluded its own review, the Supervisory Board concurred with the auditors' findings and did not raise any objections. At its meeting on 25 February 2008, the Supervisory Board formally approved the financial statements of GERRY WEBER International AG prepared by the Managing Board, which are therefore deemed to have been duly approved in accordance with section 172 AktG, as well as the consolidated financial statements. The Supervisory Board endorsed the Managing Board's proposal to use the net profit to pay out a dividend of EUR 0.50 per share and to carry forward the residual amount to new account.

In accordance with sec. 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 Supervisory Board also audited the Managing Board's report on relationships with affiliated companies ("dependency report") and concurs with the results submitted by the auditors. The Supervisory Board has concluded its own examination with the result that no objections have to be raised against the Managing Board's declaration appended to the report.

Corporate Governance

For detailed information on corporate governance, especially on those aspects relating to the Supervisory Board, please refer to the joint report on corporate governance on page 13 et seq. A list of all mandates held by the members of the Supervisory Board outside GERRY WEBER International AG is provided on page 83 of this Annual Report. The individual compensation received by the members of the Supervisory Board is shown on page 15 in the compensation report. There were no conflicts of interest on the Supervisory Board in 2006/2007. The declaration of conformity 2007 was issued in December 2007 and has been posted on the website for the benefit of shareholders ever since.

On behalf of the Supervisory Board, I would like to thank the members of the Managing Board and all employees of GERRY WEBER International AG for their commitment in fiscal 2006/2007. Their commitment and dedication have made the past year the most successful financial year in the history of the company, which causes us to look to the future with optimism. Our thanks also go to our customers, business partners and of course our shareholders for the confidence they have placed in us.

Halle/Westphalia, February 2008

Dr. Ernst F. Schröder
Chairman

Corporate governance report
of the Supervisory Board and the Managing Board of GERRY WEBER International AG

Responsible management and supervision has traditionally played an important role at GERRY WEBER International AG, with the Managing Board and the Supervisory Board endeavouring to reflect national and international corporate governance practice. This commitment is documented in the company's full compliance with the recommendations of the German Corporate Governance Code to the extent that this is possible and sensible in light of the company's specific situation. Deviations from individual stipulations of the Code are only made in reasonable exceptional cases and are e.g. due to the company's specific size or the need to make efficient use of available resources. GERRY WEBER International AG has a policy of optimising its corporate governance on an ongoing basis.

The German Corporate Governance Code was last amended on 14 June 2007 and expanded by several recommendations and suggestions. This included the recommendation that the Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting. In addition, compliance management was included in the list of mandatory duties to be performed by managing boards and supervisory boards. Another amendment relates to the suggestion to include a severance payment cap in future managing board member contracts to the effect that payments on premature termination of the contract do not exceed the value of two years' compensation. GERRY WEBER International AG fully complies with all new recommendations of the Code.

A comparison between the declaration of conformity of December 2006 and the actual implementation of corporate governance in the GERRY WEBER Group in 2007 showed no inconsistencies. The Code of Procedure of the Managing Board and the Supervisory Board remained unchanged in 2007. The statutes of GERRY WEBER International AG have been amended in conformity with the German Act on the Implementation of the Transparency Guideline and the following sentence has been added: "The company is entitled to transmit information to shareholders by way of remote data transmission."

Shareholders and Annual General Meeting

Apart from the discharge of the acts of the Managing Board and of the Supervisory Board, the items put to the vote at the Annual General Meeting on 6 June 2007 included the EUR 0.40 per share dividend payment and an amendment in the company's statutes to align the latter with the German Act on the Implementation of the Transparency Guideline enacted by the German parliament. All items on the agenda were approved by a vast majority of the shareholders. No counter-motions were received by the company in the run-up to the General meeting. Shareholders were once again able to view and download all documents and forms on the Internet prior to the Annual General Meeting. To facilitate access to this information for shareholders, a menu item entitled "Hauptversammlung" ("Annual General Meeting") has been added to the Investor Relations section of its website. On request, GERRY WEBER International AG can transmit the notification of the convening of the Annual General Meeting together with the convention documents also by electronic means.

The 2007 Annual General Meeting was attended by roughly 1,100 shareholders and shareholder proxies, who represented an imputed 61.82 percent of the share capital. GERRY WEBER will continue to refrain from webcasting the AGM proceedings for financial and legal security reasons. The speech held by the Chairman of the Managing Board and the voting results are published after the end of the Annual General Meeting. As suggested under section 2.2.4 of the Code, the Annual General Meeting was concluded within the recommended duration of between four and six hours.

Cooperation between Managing Board and Supervisory Board

In addition to the Supervisory Board meetings, the Managing Board and the Supervisory Board communicate very directly and exchange information on current developments within the GERRY WEBER Group. For details of the main topics addressed during the meetings of the Supervisory Board as well as further information on the cooperation between the Managing Board and the Supervisory Board, please refer to the report of the Supervisory Board on page 8 et seq.

The GERRY WEBER Group complies with the recommendation in section 3.6 of the Code to the effect that the representatives of the shareholders and of the employees are free to prepare the Supervisory Board meetings separately. The Supervisory Board may meet without the Managing Board, but did not make use of this possibility in 2007.

Managing Board

The Managing Board's Code of Procedure was not subject to any amendments during fiscal 2006/2007. No member of the Managing Board held Supervisory Board mandates or similar mandates and there were no conflicts of interest. The main features of the compensation scheme remained unchanged, too. More detailed information as well as individualised figures for each Managing Board member are shown on page 83.

Supervisory Board

Both the composition of the Supervisory Board as well as its Code of Procedure remained unchanged in fiscal 2006/2007. The six-strong Supervisory Board is composed of two staff representatives and four shareholder representatives who are at arm's length to the company and the Managing Board. The Supervisory Board is of the opinion that it has a sufficient number of independent members. There were no conflicts of interest in the past fiscal year. The Supervisory Board reviews the efficiency of its work at regular intervals and the results contribute to the ongoing optimisation of the Supervisory Board's work. Page 8 et seq. provide information on the contents of the Supervisory Board's deliberations as well as details on the individual meetings of the Supervisory Board.

Transparency

In line with its commitment to transparent communication, GERRY WEBER AG provides timely and comprehensive information to target groups through the Investor Relations section on its website. GERRY WEBER Group complies with pertinent legal provisions by publishing ad-hoc releases without delay as stipulated in sec. 15 WpHG. In 2006/2006 one ad-hoc release was promulgated throughout Europe using the appropriate news channels. In addition, three notifications on changes in voting rights as defined in sec. 26 WpHG were also promulgated throughout Europe and submitted to the Federal Financial Supervisory Authority. The company published no reports on directors' dealings as defined in sec. 15a WpHG.

Shareholdings:

Managing Board:	10,406,568 shares
	(held directly and indirectly)
Supervisory Board:	34,503 shares

For more information, please refer to the notes to the consolidated financial statements (page 84).

Accounting and auditing

GERRY WEBER International AG's Group accounts have conformed to International Financial Reporting Standards (IFRS) since the financial year 2005/2006. The Annual General Meeting endorsed the proposal of the Managing Board and appointed RSM Hemmelrath GmbH, Wirtschaftsprüfungsgesellschaft, Bielefeld, as auditors of the financial statements and the consolidated financial statements for the year 2006/2007. Prior to putting the proposal to the vote, the Supervisory Board obtained a declaration from the auditors on their personal and business relations with the company. The audit assignment was formally awarded by the Supervisory Board.

Compensation report for the Managing Board and the Supervisory Board

The compensation of the Managing Board is determined by the Supervisory Board and documented in each Managing Board member's contract. The total annual remuneration breaks down into a basic salary and a share in profits. Managing Board members are entitled to use their company cars also for personal purposes. GERRY WEBER International AG discloses the compensation of the Managing Board in individualised form and divided into compensation components. For information on the compensation structure and the respective figures, please refer to the notes on page 83 of this Annual Report.

The total compensation received by Supervisory Board members breaks down into a fixed component and a variable component which depends on the amount of the dividend paid. As in the previous years, the Chairman receives three times the regular amount, while the Vice Chairman is paid half the Chairman's compensation.

Compensation of the members of the Supervisory Board for 2006/2007 (in Euro)

Name	Fixed compensation	Variable compensation
Dr. Ernst F. Schröder (Chairman)	22,500	60,000
Peter Mager (Vice Chairman)	11,250	30,000
Charlotte Weber-Dresselhaus	7,500	20,000
Dr. Wolf-Albrecht Prautzsch	7,500	20,000
Olaf Dieckmann	7,500	20,000
Christiane Wolf	7,500	20,000

Statement of Compliance pursuant to sec. 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 14 June 2007

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 sec. 161 of the German Stock Corporation Law (AktG), the Managing Board and Supervisory Board hereby issue the following statement of compliance with the recommendations made by the government commission on the German Corporate Governance Code as amended on 14 June 2007:

1. Since issuing the last statement of compliance in December 2006 and the 14 June 2007 amendments to the Code (as compared to the version of 12 June 2006), the company has complied with additional recommendations of the Code. These are listed below:

Section 4.2.1 Clause 2 of the Code – Code of Procedure: The Code of Procedure of the Managing Board of GERRY WEBER International AG complies with the amended recommendation of the German Corporate Governance Code and governs the work of the Managing Board, in particular the allocation of duties among individual Managing Board members, matters reserved for the Managing Board as a whole, and the required majority for Managing Board resolutions (unanimity or resolution by majority vote).

Section 5.1.2 Clause 2 of the Code – Succession planning: With long-term succession planning in mind, the Supervisory Board of GERRY WEBER International AG has appointed an additional Managing Board member with effect from 1 October 2008.

Section 5.3.3 of the Code – Nomination committee: In compliance with the new recommendation of the Code, the Supervisory Board of GERRY WEBER International AG has formed a nomination committee that is composed exclusively of shareholder representatives and proposes suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting.

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 2.3.2 of the Code – Electronic notification: GERRY WEBER International AG will send the notification of the convening of the Annual General Meeting together with the convention documents by electronic means only to individual domestic and foreign financial services providers, shareholders and shareholders' associations and only upon request. Although the company's statutes, which were amended by the Annual General Meeting on 6 June 2007, permit an electronic notification of all domestic and foreign financial services providers, shareholders and shareholders' associations, GERRY WEBER International AG will refrain from such general electronic notification for organisational reasons.

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 4.2.5 of the Code – Stock option plan, pension plans and fringe benefits: 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. No pension plan has been established for the benefit of the Managing Board and no fringe benefits are provided. The compensation report therefore dispenses with a detailed presentation of such plans and programmes.

Section 5.2 Clause 2 and Section 5.3.1 and 5.3.2 of the Code – Formation of committees: With the exception of the nomination committee, the Supervisory Board of GERRY WEBER International AG has not formed any committees, given that the formation of other 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 recommendations that 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 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 7.1.2 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 interim reports were publicly accessible within 60 days of the end of the respective reporting period.

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 two of the three new recommendations made in the amended version of 14 June 2007.

Halle/Westphalia, December 2007

The Managing Board and Supervisory Board of
GERRY WEBER International AG

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

Volatility marked the year 2007 both in the German and in the international stock markets. Reflecting the predominantly good shape of the world economy the upward trend in the stock exchanges continued during the first six months of the year. The correction which spread to the major financial centres in March was largely compensated by mid-year. In July the DAX, Germany's most important stock index, marked a new historic high which was followed by a clear downward trend in the MDAX and the SDAX in the second half of the year. This adjustment was driven by the heightening of the US subprime crisis from August 2007. The DAX started to climb again in mid-September.

The GERRY WEBER share commenced the fiscal year 2006/2007 with a closing price of EUR 16.00 on 31 October 2006. The lowest share price during the reporting period was recorded at EUR 15.55 in November 2006 (all prices relating to XETRA closing prices). The annual high also marked a new historic high at EUR 25.84 on 8 August 2007. The share closed at EUR 24.71 on 31 October 2007.

An advance of 54 percent in fiscal 2006/2007 means that the GERRY WEBER share clearly outperformed the DAX, MDAX und SDAX which improved by only between 17 percent and 27 percent in the period from 1 November 2006 and 31 October 2007. Small-cap and mid-cap stocks were particularly affected by the uncertainty in the market.

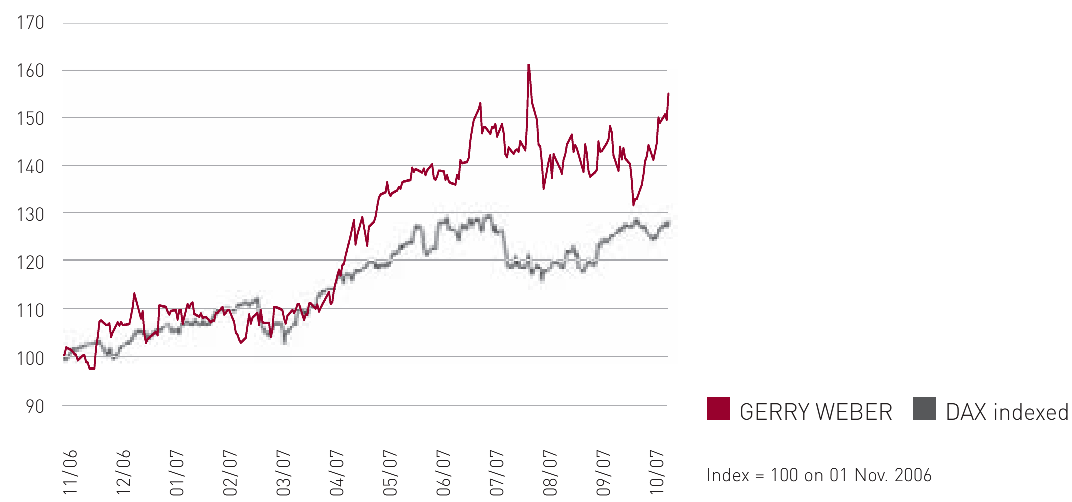
The development of the GERRY WEBER share relative to the indices was not consistent on a quarter to quarter basis. Having mostly trailed the MDAX and the SDAX and rather following the development of the DAX during the first six months of 2006/2007, the stock picked up momentum in the second half of the year and went on to clearly outperform all three indices.

Within the space of three years, the price of the GERRY WEBER share has more than tripled; the stock has appreciated by 82 percent since the financial year 2004/2005. This consistent upward movement reflects the excellent business trend experienced by the GERRY WEBER Group as well as investors' sustained confidence in the share. According to analysts, the GERRY WEBER share is more favourably priced than its competitors and offers further potential. Analysts from Bankhaus Lampe, Bankhaus Metzler, DZ Bank, Berenberg Bank and Westdeutsche Landesbank cover the GERRY WEBER share.

Market capitalisation

A closing price of EUR 24.71 at the end of fiscal 2006/2007 lifted the company's market valuation to EUR 567 million compared to EUR 375 million in the year before.

The number of shares traded on XETRA and on the Frankfurt floor averaged 57,001 shares per day, which represents an average daily volume of EUR 1,149,204. The largest daily volume was recorded on 16 February 2007, when 708,373 shares worth EUR 11.6 million were traded.


170
160
150
140
130
120
110
100
90
11/06
12/06
01/07
02/07
03/07
04/07
05/07
06/07
07/07
08/07
09/07
10/07
GERRY WEBER
DAX indexed
Index = 100 on 01 Nov. 2006


Euro
27.00
25.00
23.00
21.00
19.00
17.00
15.00
11/06
12/06
01/07
02/07
03/07
04/07
05/07
06/07
07/07
08/07
09/07
10/07
GERRY WEBER

Shareholder structure

During the financial year 2006/2007 the shareholder structure of GERRY WEBER International AG changed slightly as a result of the reduction in share capital through the withdrawal of own shares. Representing 2.09 percent of its share capital, 490,220 own shares stemming from earlier stock repurchases were withdrawn effective 29 October 2007. Accordingly the share capital of the company was reduced from EUR 23,443,200 to EUR 22,952,980. The company founders and Board members, Gerhard Weber and Udo Hardieck, directly and indirectly now hold 45.34 percent of the GERRY WEBER shares. The free float increased to 54.66 percent.

Investor relations

All investor relations activities carried out during the past financial year were aimed at ensuring an appropriate valuation of the GERRY WEBER share. As in previous years, the management of the GERRY WEBER Group remained committed to dependable and sustained communication with the financial community and provided investors and analysts with comprehensive information on the company's current situation and future prospects. The May 2007 analysts conference in Frankfurt was attended by numerous professionals who took part in the presentations by the company's management and made use of the opportunity to discuss details in one-on-one meetings. Several roadshows in Germany and abroad further heightened the company's transparency for investors and analysts and facilitated a lively exchange of information. Private investors were comprehensively briefed on the company's development through the GERRY WEBER website. Media interest remained at the high level seen in prior periods.

Investor Relations contact:

Hans-Dieter Kley
Phone + 49 (0) 52 01 18 5-0
Fax + 49 (0) 52 01 58 57
E-mail b.uhlenbusch@gerryweber.de

WKN	330410
ISIN	DE0003304101
Stock exchange symbol	GWI1.FSE
Bloomberg-symbol	GWI1 GR
Reuters-symbol	GWIG.F
Designated sponsor	WestLB
Type	No-par bearer shares
Transparency level	Prime Standard
Index member	SDAX
	GEX
	Prime Consumer
Subscribed capital	EUR 22,952,980
Capital decrease October 2007	EUR 490,220
Authorised capital	EUR 11,721,600
Common shares	22,952,980
Free float	12,546,412
Dividend/common share	EUR 0.40
Earnings per share to DVFA/SG	EUR 1.18
Cash flow per share	EUR 2.49
Average daily turnover in shares (FY)	57,001
Average daily turnover in EUR (FY)	1,149,204
Price at end of FY 2005/2006	EUR 16.00
Price at end of FY 2006/2007	EUR 24.71
High/low of the FY	EUR 25.84/15.55
Market capitalisation at end of FY 2005/2006	EUR 375 million
Market capitalisation at end of FY 2006/2007	EUR 567 million
Share price performance in the FY	+ 54%
Total return[1] in the FY	+ 57%
Shareholder structure	Gerhard Weber (directly and indirectly) 27.02 %
	Udo Hardieck (directly and indirectly) 18.32 %
	Free float 54.66 %

[1] price gain plus dividend

Note: All prices are XETRA closing prices; figures on average daily turnover refer to the Frankfurt trading floor and XETRA.

Management report

The GERRY WEBER Group impressively continued the previous years' dynamic growth and exceeded its sales and earnings targets set for the year. Sales pushed past the mark of half a billion euros for the first time in the company's history. Group revenues came in at EUR 507.1 million, up 14.5 percent on the prior year. Earnings before interest and tax (EBIT) increased at a disproportionate rate by 26.1 percent to EUR 51.7 million. The EBIT margin improved by just under one percentage point to 10.2 percent, breaking into double-digit territory for the first time ever. The clearly disproportionate earnings growth primarily reflected the GERRY WEBER Group's exceptional standing in the market. The company's own retail activities have successfully differentiated it from its competitors and given it an optimal position in the marketplace. The optimised operational processes and the cost-efficient procurement structures also helped to drive the margin. All key figures reflect the GERRY WEBER Group's healthy asset and funding structures.

In light of the good earnings position the Managing Board will propose to the Annual General Meeting a profit distribution of EUR 11.5 million or EUR 0.50 per share. This improves on the previous year's payout by EUR 0.10 or 25 percent. The highest regular dividend ever paid out in the company's history is meant to give the shareholders an appropriate share in the company's excellent results.

Group structure

In recent years the GERRY WEBER Group has subjected its internal structures to a comprehensive review as part of which processes have been streamlined, unprofitable units were closed, cost-efficient production and procurement solutions have been implemented and tasks have been outsourced. The newly structured company is optimally positioned in the marketplace and continues to push ahead its dynamic growth. GERRY WEBER International AG functions as the Group's operative holding company, providing the Group's member companies with such corporate services as accounting, controlling, human resources management, technology management and IT. Following the merger of a German subsidiary, the consolidated entity is comprised of 13 German and foreign subsidiaries which are fully owned by GERRY WEBER International AG. The domestic subsidiaries are in charge of the individual brands. This is where the Group's operating business and external sales are managed. The foreign subsidiaries are geared to specific markets or to specific sourcing and production locations. The companies that are responsible for the GERRY WEBER, TAIFUN-Collection and SAMOON-Collection brands are of the greatest strategic importance within the Group. The retail activities pooled in GERRY WEBER Retail GmbH are another strategic pillar of the Group.

The GERRY WEBER Group relies on proven controlling instruments which are used across the Group. Characterised by high transparency, customer orientation and efficiency, the controlling system allows to monitor the development of the Group, to identify target deviations at an early stage and to take corrective measures where required. At holding company level, the controlling instruments are based on such traditional key figures and ratios as sales targets, EBIT margins und Return on Investment supplied by the company's accounting, controlling and investment controlling functions. Order rates and sell-through figures are two of the customary industry variables used for purposes of strategic brand management. The Group's retail activities are controlled using figures and ratios such as stock turnover, sales per square metre and personnel / rental expenses as a percentage of sales. The company's own stores give the GERRY WEBER Group access to comprehensive data streams which are evaluated on an ongoing basis and fed into brand and collection decisions. No changes to the internal controlling system occurred since the last Annual Report.

Strategy

Today's GERRY WEBER Group has successfully completed the shift from a traditional clothing manufacturer into a lifestyle company and systems supplier. The company's unique position in the marketplace is the result of its compelling brand and sales strategy as well as its optimised procurement, production and logistics structures.

Each clearly positioned and differentiated from the competition, the GERRY WEBER, TAIFUN-Collection and SAMOON-Collection brands have enabled the company to grow ahead of the market for several years. In contrast to other vertically integrated suppliers who focus strongly on the young target group, the GERRY WEBER Group has consistently catered to grown-up, fashion-conscious women. These strong brands shield the company against price aggressive competitors und at the same time allow to withstand retailers' pressure on prices and margins. The positioning of the brands and the long-standing familiarity with the customer target group have also enabled the GERRY WEBER Group to create its own trends, thereby lessening its exposure to market fluctuations.

By starting its own retail activities, the Group has established a second distribution channel. This vertical strategy has extended the value chain and has resulted in a larger sales base and a potentially higher gross profit margin. The company's own retail activities and the resulting experience at the point of sale make it easier to adjust the collections even more effectively to consumers' demand. Market intelligence gained here also led to the development of the GERRY WEBER and TAIFUN-Collection sublabels, which are highly successful in tapping additional market potential. In addition, the GERRY WEBER Group's own retail activities have made the Group less dependent on the development of the wholesale market.

The tapping of new procurement markets through a global sourcing system has provided a sound foundation for competitive collection pricing and allows the company to respond flexibly to changes in the pro-curement markets. The use of intelligent IT systems in logistics and production as well as the outsourcing of services have resulted in further cost reductions which have additionally enhanced the GERRY WEBER Group's competitiveness.

Strong brands, an innovative distribution system, efficient production and purchasing processes as well as an optimised logistics concept have created the basis for the dynamic growth demonstrated by the company today. The GERRY WEBER Group intends to build on these success factors and to continue its own business trend which has successfully set it apart from its competitors in previous years.

The brands

The GERRY WEBER Group interfaces with consumers through its three brands, namely GERRY WEBER, TAIFUN-Collection and SAMOON-Collection. The core brand, GERRY WEBER, is one of the highest profile brands in the German fashion retail sector, scoring name awareness ratings of 72 percent among women aged 30 to 64. TAIFUN-Collection, the younger label, enjoys 29 percent name awareness. SAMOON-Collection has 8 percent brand awareness, reflecting its niche brand status. Their clear profiles and signature collections are the key factors underpinning the success of the three brands which all hold leading positions in their respective markets, thereby demonstrating the wisdom of the multi-brand strategy.

The core brand, GERRY WEBER, is positioned in the upper mid-price segment and enjoys outstanding consumer acceptance. Its classical high-quality collections target fashion-conscious and quality-minded customers aged 30 and older. The GERRY WEBER ladieswear collection caters to women's fashion needs and evolves with them. GERRY WEBER absorbs fashion trends without indulging in fashion experiments, thereby facilitating customers' identification with the brand and promoting customer loyalty. This was confirmed by a study published by the Textilwirtschaft industry journal in September 2006. The study ranked the GERRY WEBER brand in first place for the following categories: "signature collection", "expertise for blazers, trousers and skirts", "good tailoring", "high gross yield" and "accurate, complete and punctual deliveries". Every year GERRY WEBER launches six collections, each of which is comprised of three to five themes. As a result, retailers are supplied with new products at two-weekly intervals.

The GERRY WEBER brand profile is supported by two sublabels, GERRY WEBER EDITION and G.W. Comprised of knitwear, shirts, blouses, trousers, skirts and outdoor jackets, GERRY WEBER EDITION is a single-item collection catering to a shift in consumers' purchasing behaviour; today's women want to be able to complement their wardrobe selectively by buying basics and single items. The aggressively priced G.W. label supplies retailers with the latest fashions at fast intervals. The sublabels invariably use coordinated colour schemes as well.

Since 2000 the GERRY WEBER brand has also been licensed to manufacturers of bags, eyewear and jewellery. A shoe collection was added in 2005. The first menswear collection labelled "GERRY WEBER Men" was launched at retail for the Autumn/Winter 2006 season. Comprised of wearable contemporary fashion, the menswear collection targets 30+ men who prefer to wear fashionable, sporty, stylish und neat clothes in their leisure time and at work.

The TAIFUN-Collection brand is the younger label in the GERRY WEBER fold. Positioned in the mid-priced segment, this line is characterised by a pronounced flair for current trends and fashion themes. The base collection is complemented by the sublabel "TAIFUN SEPARATES" offering outdoor fashion as well as knitwear and shirts.

The SAMOON-Collection label caters to fashionable and quality-minded women wearing plus sizes from 40 to 54. Positioned in a strongly growing niche market SAMOON offers young and casual coordinates. Fashionable figure-enhancing designs and excellent tailoring demonstrate that plus-sized fashion can indeed be exciting and in tune with current trends.

Sales and marketing

Recent years have seen the GERRY WEBER Group evolve into a vertically integrated systems supplier whose distribution strategy is geared to making consistent and flexible use of all market opportunities. GERRY WEBER's own retail activities have given the company a second distribution channel which lessens its dependence on the wholesale business. The Group's growth performance relative to the sector and the industry segment demonstrates that the company is uniquely positioned in the market-place thanks to its successful verticalisation strategy.

The HOUSES OF GERRY WEBER are multibrand stores which present the entire GERRY WEBER brand universe under one roof. On 31 October 2007, a total of 177 HOUSES OF GERRY WEBER were open for business worldwide, including 89 in Germany.

The company and its franchise partners currently operate 66 and 111 HOUSES OF GERRY WEBER, respectively. While the GERRY WEBER Group primarily concentrates on the German locations, it draws on local franchise partners' regional expertise when it comes to launching this retail concept in international markets. In the financial year 2006/2007, 16 company-managed HOUSES OF GERRY WEBER were opened in Germany and abroad. Another 70 company-managed or franchised HOUSES OF GERRY WEBER are to be opened annually over the next five years.

The GERRY WEBER Group's retail activities are complemented by its TAIFUN-Collection and SAMOON-Collection mono-brand stores, which strengthen customers' identification with the two brands and provide the brands with additional momentum. The first single-brand store for the TAIFUN brand has enjoyed excellent acceptance and more independent stores are planned to be added in coming years. SAMOON single-brand stores are located in Bielefeld, Lippstadt, Passau, Potsdam, Soest and Würzburg. Additional openings are planned for SAMOON as well.

The strategy underpinning the retail activities is geared to a flexible selection of the appropriate retail concept which best fits an available retail store, thereby allowing to make optimum use of the local market potential. The GERRY WEBER Group operates a Germany-wide location scouting system to pinpoint and analyse first-class stores which become available for rental. Matching retail concepts are implemented in attractive locations and these concepts are subsequently refined and optimised with a view to maximising the turnover per square metre. Whatever the location and whatever the store size, the company is today in a position to implement a matching retail concept with its brands and licensed products. The retail activities range from 100 sqm mono-brand stores to 900 sqm flagship stores selling all GERRY WEBER brands as well as licensed products on several floors.

In addition to pushing ahead its own retail business, the GERRY WEBER Group also continued to expand its cooperation with retailers through the installation of 327 new shop-in-shop systems. In fiscal 2006/2007, these outlets are part of larger retail establishments but use their own furniture and display systems. During the reporting period their number rose to 1,198, including 948 in Germany and 250 abroad. 252 shop-in-shop outlets were opened in Germany plus 75 abroad. The GERRY WEBER Group intends to open another 243 shop-in-shop systems during the current financial year, thereby playing an even more meaningful role at the retail level and further enhancing the visibility of the brand.

Procurement

The GERRY WEBER Group's procurement system relies both on full package service (FPS) and cut-make trim (CMT) suppliers. FPS suppliers rely on their own resources to produce garments to specifications provided by the GERRY WEBER Group. CMT suppliers use materials provided by the GERRY WEBER Group. FPS and CMT suppliers accounted for 81.9 percent and 18.1 percent, respectively, of the total merchandise sourced by the GERRY WEBER Group in fiscal 2006/2007. Under the FPS scheme, 63 percent of the goods was sourced from the Far East and 29 percent from Turkey. The cut-make-trim scheme is mainly operated in Eastern Europe.

Competitive procurement structures are key to the continued improvement of the GERRY WEBER Group's earnings power. This is why the Group has developed a specific system to optimise its procurement structures both in terms of costs and quality. The global sourcing system allows to identify more cost-efficient production locations which can then be integrated into the Group's structures. For example, production in the Far East will be shifted from Southern China to Northern China and into the Chinese hinterland in order to benefit from labour cost differentials within the country. Existing production locations in Eastern Europe will be successively replaced with more competitive sites such as Ukraine, Belarus and Moldova.

The global sourcing system enables the GERRY WEBER Group to respond fast and flexibly to changes in the procurement markets. More competitive procurement costs allowed to lower the wholesale prices for retailers in fiscal 2006/2007 in order to fully offset the 1 January 2007 VAT hike in Germany.

Logistics

The supply chain management of the GERRY WEBER Group centres on cost efficiency. Ongoing improvement measures aim to shorten the time between design/production and availability at the point of sale. Having invited bids for a large-scale logistics contract, the GERRY WEBER Group concluded a new service agreement with a provider of logistic services. The new contractor has assumed full responsibility for all processes from incoming goods, stock-keeping, quality management and making-up to shipping and ensuring optimum delivery times and punctuality. A new, fully automated warehouse was commissioned on 1 November 2007 subsequent to the tender. The company expects to realise marked cost reductions.

Fiscal 2006/2007 also saw the launch of automatic replenishment which means that each item sold at retail is automatically reordered without any need for manual intervention by staff. The required data is captured at the point of sale and transmitted to the warehouse where it is cleared for order picking so that the merchandise can be shipped with the next delivery. In addition, the company plans to introduce an IT-based cross supply system which allows insufficient stock levels in a given HOUSE OF GERRY WEBER to be replenished from sufficient stocks at other HOUSES OF GERRY WEBER.

At present the GERRY WEBER Group is preparing the introduction of RFID technology which permits to identify and secure merchandise all along the supply chain from the production facility to its own HOUSES OF GERRY WEBER. RFID tags will remain on the merchandise until an item is actually sold, at which time the tag will be removed in order to protect the customer's privacy. RFID technology offers benefits in terms of comprehensive control of data and product flows as well as in combination with EAS (electronic article surveillance). The latter will result in marked cost savings for the GERRY WEBER Group.

Economic situation

In autumn 2007 the world economy was still growing at high rates against the background of increasing inflationary risks. The global pace of expansion was weakened by a deteriorating environment characterised by the appreciation of important commodities and the correction in the property markets. In contrast to the industrialised nations, which saw their economic growth reduced to a moderate level, the emerging countries experienced accelerating growth in the course of the year. While the US economy had slowed down appreciably already around mid-2006 due to declining construction activity, the eurozone and Japanese economies recorded distinct rates of real GDP growth until well into 2006, even though these rates slowed down as the year progressed.

The strong upswing in the German economy continued in 2007 despite the VAT hike, high energy prices, a restrictive fiscal policy and the appreciation of the euro. Private consumption contracted in the first quarter of 2007 and the VAT-induced slump at the beginning of the year was absorbed only in the second quarter. Growing demand from consumer households kept the German economy on its expansion path also in the following quarter. Almost half the growth was due to private consumption which thus replaced exports as the engine driving the economy. The continuing upswing was fed in particular, by the creation of new jobs and a steady decline in the unemployment rate.

German GDP expanded by 2.5 percent during the 2007 calendar year compared to a growth rate of 2.9 percent in 2006.

Industry situation

The recovery of private consumption also benefited the German clothing industry which in 2007 experienced the first slight upward trend seen for a number of years. In the first half of 2007 the industry's overall sales improved clearly compared to the same period in the prior year. Growth was primarily driven by international business. According to a representative survey conducted by GermanFashion Modeverband e.V. in June 2007, sales in the clothing industry rose by 8.3 percent in the first six months of 2007. Ladieswear sales were up 8.5 percent and menswear sales climbed 4.2 percent. 90 percent of the companies polled, and even 100 percent in the ladieswear segment, judged their sales trend as being good or satisfactory. 61 percent of companies reported higher export shares than in the first half of 2006. Towards the end of the year the fashion industry's sales trend deteriorated due to disappointing November sales as well as Christmas sales which remained far below expectations. Even so, the German clothing industry looks back on a satisfactory year 2006 and is currently on a growth track. Sales in the calendar year 2007 are assumed to have improved slightly on the prior year. The representative June 2007 survey by the German-Fashion Modeverband e.V. had forecast 10.3 percent, 5.3 percent and 8.6 percent growth for the ladieswear segment, the menswear segment and the overall fashion industry, respectively. The disappointing conclusion to the year suggests that this forecast overstated the industry's actual performance. Optimism within the industry has nevertheless been growing. Both the current situation and the expectations for the future are predominantly being judged positively.

Sales performance

In fiscal 2006/2007, the GERRY WEBER Group generated total sales of EUR 507.1 million which represents an increase of 14.5 percent against the previous year's figure of EUR 442.8 million. The high growth momentum seen in recent years has continued unabated. The clear sales improvement is mainly due to the growth of the GERRY WEBER core brand and the excellent development of the retail business.

Having grown by EUR 59.2 million, brand sales were up 13.5 percent on the previous year. GERRY WEBER sales grew 20.2 percent compared to the previous year. The core brand's contribution to Group revenues rose from 66.6 percent to 69.9 percent, thereby consolidating its eminent importance for the company. 54.2 percent of the core brand sales were generated in Germany compared to 55.8 percent in the previous year, raising the share of foreign sales from 44.2 percent to 45.8 percent. GERRY WEBER enjoys great popularity particularly in the Netherlands, UK/Ireland and Scandinavia followed by Austria and Switzerland.

The sublabels continued to demonstrate a highly gratifying development and made a sizeable contribution to the core brand's sales growth. The GERRY WEBER EDITION single-item line achieved a 25.0 percent revenue increase and meanwhile accounts for approximately 26.0 percent of the core brand sales.

Wolfgang Wandel
Managing Director TAIFUN and SAMOON

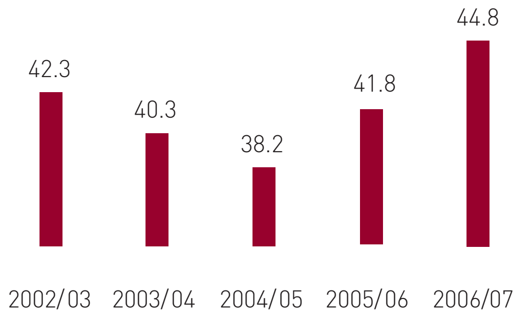
The Group's second brand, TAIFUN-Collection, incurred a slight revenue decrease by 1.0 percent. Its share in total sales stood at 21.9 percent. The export share rose by 2.3 percentage points to 45.4 percent which reflects the brand's strong position in the international marketplace. The key export markets are the Netherlands, Belgium, Scandinavia, Switzerland, and Austria. The share of domestic sales declined to 54.6 percent.

SAMOON-Collection, the brand for plus sizes, achieved 1.5 percent sales growth last year and generated 6.4 percent of total revenues. 59.6 percent of SAMOON-Collection sales were generated in Germany, with exports accounting for the balance of 40.4 percent. The Netherlands and Belgium are the most important markets for SAMOON-Collection products.

The Retail business, which aggregates the sales of the company-managed HOUSES OF GERRY WEBER in Germany as well as the revenues of the distribution companies in the UK, Spain and Austria, improved its sales by 49.3 percent from the previous year's EUR 59.8 million to EUR 89.3 million. This expansion in GERRY WEBER Group's fastest growing segment reflected both the 2006/2007 opening of 16 company-managed HOUSES OF GERRY WEBER as well as same store growth. The sales figures of the 111 franchised HOUSES OF GERRY WEBER in Germany and abroad are not counted towards the Retail business.

The licensing revenues of the GERRY WEBER core brand rose from the previous year's EUR 0.9 million to EUR 1.2 million, primarily reflecting the sales of the menswear collection launched in autumn 2006. GERRY WEBER Men is currently stocked by approximately 240 German and international retailers.

In fiscal 2006/2007, the GERRY WEBER Group expanded both in Germany and abroad. The export share climbed from 41.8 percent to 44.8 percent, which is mainly attributable to the disproportionate growth of the international retail activities. International wholesale revenues increased as well. The Netherlands, Scandinavia, UK/Ireland, Austria, Belgium and Switzerland were the most important export markets.



Share of export sales in %

Orders

Incoming orders were highly gratifying throughout fiscal 2006/2007, with all three brands performing above their prior-year figures. Pre-orders for the Spring/Summer Collection 2008 improved 14.7 percent on the same season of the prior year, suggesting that sales will continue to grow in 2007/2008.

Earnings position

The GERRY WEBER Group's unique positioning in the market enabled another considerable improvement in the company's earnings position. The significant sales increase in fiscal 2006/2007 was accompanied by clearly disproportionate earnings growth. Earnings before interest and tax (EBIT) increased from EUR 41.0 million in the previous year to EUR 51.7 million in the reporting period, reflecting a 26.1 percent increase. The EBIT margin rose by just under one percentage point from the previous year's 9.3 percent to 10.2 percent, pushing into double-digit territory for the first time in the company's history. The other earnings figures improved clearly as well. Earnings before interest, tax, depreciation and amortisation (EBITDA) rose by 26.0 percent from the prior year's EUR 49.3 million to EUR 62.1 million. Earnings before tax (EBT) came in at EUR 46.6 million, up 27.7 percent on the prior year's EUR 36.5 million. The respective margins reflected these improvements. The profit for the year climbed 28.0 percent from the prior year's EUR 21.1 million to EUR 27.0 million. DVFA earnings per share rose by EUR 0.26 to EUR 1.18. The return on equity based on the operating result increased from 31.8 percent to 35.7 percent. The Return on Investment improved from 17.1 percent to 19.0 percent.

The clear earnings growth is mainly due to the optimised operational processes and the cost-efficient procurement structures. Reflecting the competitive procurement structures, the clear pricing of the collections and the weak US dollar, the cost of materials rose more slowly than sales, resulting in improved contribution margins. Cost of materials as a percentage of sales was down to 55.1 percent from 55.6 percent in the previous year. The personnel expenses as a percentage of sales stood at 13.28 percent compared to 13.25 percent in the previous year.

Germany's 1 January 2007 VAT hike did not affect the earnings position of the GERRY WEBER Group. Internal efficiency gains and improved inventory management permitted to adjust the wholesale prices paid by retailers so that their pricing margin increased accordingly. Compensating the VAT hike for the retailers also helped to keep retail prices stable, thereby preventing a negative effect of the tax increase on the Group's sales volume.

	2006/2007	2005/2006
Group performance		
Sales revenues	507.1	442.8
Inventory changes	0.5	7.9
Other interest and similar income	16.4	9.1
	524.0	**459.8**
Less purchased materials and service		
Cost of materials	279.9	254.3
Depreciation	10.4	8.4
Other operating expenses	114.0	97.1
Value added	**119.7**	**100.0**
absorbed by:		
Employees	67.3	58.7
Public sector	19.8	15.6
Lenders	5.7	4.7
Shareholders	9.2	9.2
Company (profit retention)	17.7	11.8

Value-added statement in EUR million

Net worth position

Total assets rose from EUR 239.5 million to EUR 272.4 million between 31 October 2006 and 31 October 2007. This rise was mainly accounted for by a 27.0 percent increment in current trade receivables and a 256 percent increase in cash and cash equivalents. The continued expansion of the Group's own retail activities also resulted in a 7.2 percent increase in property, plant and equipment. Optimised procurement and logistics processes permitted to keep inventories approximately at the previous year's level despite the company's clear business growth.

The other side of the balance sheet shows a 25.1 percent rise in non-current financial liabilities. Current trade payables increased by 20.1 percent while current miscellaneous provisions and current miscellaneous liabilities rose by 136.0 percent and 74.4 percent, respectively.

Financial situation

In the financial year 2006/2007 the GERRY WEBER Group maintained a balanced relation between equity and debt capital, which underlines the creditworthiness and stability of the company. Equity stood at EUR 145.1 million as of the balance sheet date on 31 October 2007. The equity ratio declined slightly from the previous year's 53.9 percent to 53.3 percent. The ratio of debt capital to total capital consequently rose by 0.6 percentage points to 46.7 percent.

The company continued to benefit from an excellent liquidity position, with cash and cash equivalents amounting to EUR 17.8 million on the balance sheet date, demonstrating that the Group-wide cash management system once again made an important contribution to the Group's positive development. The financial stability of the GERRY WEBER Group was also reflected in the improved gross cash flow which rose from last year's EUR 44.9 million to EUR 57.0 million due to the excellent earnings.

The ratio of short-term and long-term bank liabilities remained balanced.

Investments

Investments amounted to EUR 19.1 million in fiscal 2006/2007, down 6.8 percent on the prior year. The high volume of investments in the prior year was due to the takeover of nine HOUSES OF GERRY WEBER previously operated by a franchisee. Shop and store sponsoring was a major area of investment during the reporting period which saw extensive spending on new HOUSES OF GERRY WEBER and the shop system. Other investment projects included the expansion of HALLE 29 as well as new IT technology which absorbed a total of EUR 8.4 million in capital spending. Investments were mainly funded with the company's own liquid funds and were covered by operating cash flow at all times.

Employees

The company's headcount reflected the fast pace of growth in the company's business. A total of 137 new jobs, including 61 in Germany, were created across the Group during fiscal 2006/2007. The number of employees rose from 1,881 in the previous year to 2,018 as of the balance sheet date. More than half of the newly created positions were accounted for by the Retail business, i.e. the 16 new HOUSES OF GERRY WEBER operated by the company. On 31 October 2007 the company had 1,256 and 762 employees on its payrolls in Germany and abroad, respectively. Jobs created abroad centred on the distribution company in Austria and the procurement offices in the Far East. In contrast, employment declined at the production facility in Romania.

The past financial year saw a renewed increase in the number of apprenticeships offered by the GERRY WEBER Group. A total of 56 apprentices are currently in training for a wide variety of commercial, technical and industrial professions, thereby underlining the company's importance as a major provider of vocational training in eastern Westphalia.

Recognising the key importance of its employees for the future development of the company, the GERRY WEBER Group will continue to invest in the further training and qualification of its staff.

Segment report

The GERRY WEBER Group's activities are reported by lines of business reflecting the company's internal organisational and reporting structures. The two reported segments are ladieswear Production and Wholesale as well as ladieswear Retail.

In fiscal 2006/2007 the Production and Wholesale segment generated external sales in an amount of EUR 408.9 million. This represented a 6.9 percent increase over the prior year. This segment continues to account for the biggest portion of the Group's external sales, even though the respective share in total sales declined by 5.8 percentage points to 80.6 percent due to the strongly increasing Retail segment. Earnings before tax (EBT) improved by 14.0 percent to EUR 37.3 million, mainly due to the above efficiency gains and the resulting increase in the gross profit margin. The average headcount rose from 971 to 1,007. Coming in at EUR 4.8 million, the investment volume was up 217.5 percent on the prior year, with shop sponsoring accounting for the bulk of investment.

The Retail segment, which aggregates the sales of the 66 HOUSES OF GERRY WEBER operated by the company in Germany and the revenues of the foreign distribution companies, recorded a 49.3 percent increase in sales to EUR 89.3 million. This expansion in GERRY WEBER Group's fastest growing segment reflected both the 2006/2007 opening of 16 company-managed HOUSES OF GERRY WEBER as well as same store growth. The share of the Retail business in total revenues rose by 4.1 percentage points to 17.6 percent. EBT improved clearly from EUR –3.7 million to EUR +2.8 million but was still weighed down by the start-up costs incurred in connection with the 16 new HOUSES OF GERRY WEBER opened in 2006/2007. The headcount rose by 117 to 592. The investment volume was down 56.9 percent on the previous year, coming in at EUR 5.2 million. The high investment volume reported in the prior year was due to the takeover of nine HOUSES OF GERRY WEBER originally operated by a franchisee. Transfer prices for intra-Group sales from the Wholesale segment (supplier) to the Retail segment (buyer) were reviewed and adjusted in light of the growing importance of the Retail segment.

Risk report

The GERRY WEBER Group has installed a risk management system embracing all of its planning, controlling and reporting systems. These systems allow to early identify and exploit opportunities and to bring a short-term response to risks that could have a material impact on the company's net worth, financial and earnings position. Designed to secure the company's long-term viability and to build new success potentials, the internal risk management system essentially addresses market, financial, performance and investment risks as well as information technology risks, risks from uninsured damages as well as risks resulting from key personnel fluctuation.

A risk manual is the key element of the risk management system. It helps management to anticipate risks and facilitates the identification, documentation and analysis of risks. The manual defines guidelines for assessing the amounts of potential damages/losses and their probability and describes suitable countermeasures. It also serves as the basis for the risk report, which is updated at every Supervisory Board meeting and describes the risk status of all major divisions.

The risk management system is regularly reviewed. It fully 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 risk management system was examined in the context of the annual audit and its appropriateness and functionality were confirmed by the auditors.

The risk management system enables the GERRY WEBER Group to identify risks at an early stage and to respond swiftly and appropriately. No risks are discernible for the present or the future that would – in their entirety or individually – jeopardise the company's continued existence or have a sustained adverse impact on its net worth, financial and earnings position. Risks that could potentially jeopardise the company's existence are defined by the GERRY WEBER Group as risks causing a loss that would exceed the profit for the year. Planning risks relate to sales projections, inventory writedowns, losses of receivables outstanding and exchange rate hedges.

The risk management system and its individual categories were not subject to any changes during the financial year 2006/2007.

Market risks

The GERRY WEBER Group is exposed to the trends and fluctuations in the fashion market. Each new season poses a risk of parts of its collections not being accepted by the market. The GERRY WEBER Group addresses this risk through a variety of measures. Constant monitoring of the market and the company's presence at international fashion fairs allow to identify new fashion trends and to use the resulting information as the basis for the development of the collections. The company has also positioned itself as one of the trend-setters in the industry and actively shapes the development of the market. In addition, the GERRY WEBER Group's own retail activities have given the company a second distribution channel which lessens its dependence on the whole-sale business. The resulting experience at the point of sale makes it easier to adjust the collections even more effectively to consumers' demand.

Apart from minimising its risk exposure, the GERRY WEBER Group focuses on maximising its opportunities. This is ensured by structured collection development processes, constant market monitoring and the evaluation of the comprehensive database resulting from the company's own retail activities. Orders received during the pre-order phase are an additional und very important indicator of the success of a collection. This indicator is analysed closely by comparing historical order figures per customer. The development of orders per brand and country is also an important element of the quarterly risk report to the Supervisory Board.

The GERRY WEBER brand enjoys high name awareness in its market and price segment as well as an excellent reputation in the retail trade. The GERRY WEBER Group has also earned itself an excellent reputation as a franchiser. This allows the Group to expand its sales base every year by adding new customers or by discontinuing relations with unsatisfactory key accounts to reduce the risk of declining sales. The high fluctuation in the retail trade gives the GERRY WEBER Group numerous opportunities to lease vacant properties in prime locations at favourable terms. The company has used these opportunities to push ahead the expansion of its own HOUSES OF GERRY WEBER at comparatively low cost, thereby expanding its sales base further.

By building this vertical business, the GERRY WEBER Group has secured a market position which is hardly assailable by new competitors. The strong brand is the best protection against price aggressive competitors and also empowers the company to withstand retailers' pressure on prices and margins.

In order not to be dependent on individual major customers, the GERRY WEBER Group has built a broad customer base of approximately 5,500 German and international retailers. As a result, the company is well-positioned to absorb the departure of individual customers and even major accounts. The share of the wholesale business in Group sales is declining, thereby further lessening the dependence on individual major customers. In fiscal 2006/2007, the largest retail customer accounted for less than 5 percent of the Group's total sales. The four biggest customers combined accounted for less than 15 percent of total sales. Customer satisfaction is monitored on an ongoing basis through specific key account management and targeted communication, enabling the company to respond swiftly if and when necessary.

The GERRY WEBER Group has frequently led the industry in pioneering new procurement, logistics and distribution structures. The company constantly works to optimise all operational areas with a view to consolidating its competitive advantages and ensuring the attractiveness of its products in the future. The proven high level of delivery punctuality and reliability, fits, product quality, fashion expertise and inventory turnover is to be increased even further.

With a view to addressing the general market risks, the number of collections will be increased as from the financial year 2007/2008. The supply chain between the development of the collections and the delivery to the customer is to be accelerated substantially. The GERRY WEBER Group will also respond to rising wage levels in the procurement markets by shifting production to more competitive regions, e.g. from Southern China to Northern China and into the hinterland. The permanent sourcing of new procurement markets, the ongoing optimisation of internal processes and efficient outsourcing of services will steadily enhance the GERRY WEBER Group's competitiveness. The company's proven ability to innovate will continue to provide a sound basis for avoiding market risks and exploiting market opportunities.

Financial risks

The GERRY WEBER Group's market environment continues to be characterised by the difficult situation in the German retail sector. This means that losses of receivables outstanding due to store closures and insolvencies remain the most significant financial risk. As part of its pro-active risk mitigation measures the GERRY WEBER Group conducts creditworthiness reviews, maintains credit insurance and documents customers' payment history. In addition, the reminder system has been streamlined and shorter payment terms have been imposed for new customers. The extension of and compliance with customer credit limits, the monitoring of the age structure of the receivables and the management of doubtful receivables additionally contribute to avoiding and minimising risks.

Being mainly equity-funded, the GERRY WEBER Group has only limited exposure to interest-rate changes. To avoid a liquidity risk, the Group has credit lines which clearly exceed the maximum debt financing requirements of a fiscal year. Seasonal fluctuations in receivables collections during the year are typical of the fashion business and can be compensated for by the above mentioned credit lines as well as the company's cash flow. The risk resulting from these fluctuations is therefore low.

As an international player, the GERRY WEBER Group operates in different currency areas and is thus exposed to exchange rate risks. Exchange rate hedges were again taken out in the fiscal year 2006/2007 to offset exchange rate fluctuations in imports from the Far East and exports to the UK which are not invoiced in euros. These currency risks are mitigated by forward transactions, which are effected in the foreign currency at the time of entering a contractual commitment.

Interest rate risks, currency risks and other financial risks that must be addressed in the notes to the consolidated financial statements under IFRS can be found on page 79 of the notes to the consolidated financial statements.

The main financial instruments used by the GERRY WEBER Group include bank loans, short-term bank debt as well as payment instruments and short-term deposits. In addition, the company uses derivatives including forward exchange deals and currency options to manage interest rate and currency risks that result from the Group's business activities and financing sources. The Group has a policy of not trading in these financial instruments. The main risks resulting from the financial instruments are interest-related cash flow risks, liquidity risks, foreign currency risks and default risks. The management monitors the risks in the context of the Group-wide early risk identification system.

Performance risks

Punctual and reliable deliveries are key to the GERRY WEBER Group's continued economic success. The optimisation and acceleration of the delivery processes can yield additional opportunities for the company. The GERRY WEBER Group has taken a variety of measures to ensure that customer deadlines can be met. The entire procurement process via CMT and FPS is based on agreed deadlines, whose compliance requires constant monitoring of the production processes, the making out of production orders, quality checks and transports.

High product quality is imperative with a view to keeping the return rate as low as possible. The use of our own on-site staff and the cooperation with a specialist logistics partner minimise the potential risks in this area. A key element of this monitoring and controlling process are weekly meetings at which deadlines are discussed by all parties involved in the procurement process. In order to keep track of each customer deadline, specific records of the individual deadline situations are produced at these meetings. Important complementary measures for minimising risks include the extension of the quality assurance database, the continued development of processing instructions, the documentation of the finished goods acceptance, defined throughput times and regular updating of the quality assurance agreements with the suppliers.

Investment risks

One of the key strategic objectives of the GERRY WEBER Group is to move forward with the expansion of its retail activities. The HOUSES OF GERRY WEBER give the company a key position at the point of sale as well as direct exposure to its customers, resulting in important insights for collection design. The multi-brand stores present the entire GERRY WEBER brand universe under one roof and enhance consumers' perception of the core brand. The company-owned retail business also extends the value chain and allows for a potentially higher gross margin. However, the opportunities of the retail business are associated with risks in the form of substantial investments, high fixed costs and long-term leases. The investment risk is mitigated by standardised store fittings, which are purchased in large quantities at favourable terms and can partly be reused if and when a store is closed. A customised reporting and monitoring system constantly captures and analyses data from the GERRY WEBER Group's retail activities. Each store opening is preceded by comprehensive location checks followed by a multi-step approval process. Involving franchisees at suitable store locations additionally reduces the risk of unsuccessful investments.

Information technology risks

IT security and system failure risks are managed with the help of back-up systems and regular maintenance. Strict access authorisations, documentation of all accesses to the server room, clear assignment of administrator rights and other comprehensive protection measures contribute to data integrity and provide protection against unauthorised access. Other risks resulting from IT security issues are addressed through redundant system layouts and a competent help desk.

Insurance

Insurance with sufficient cover has been taken out, in particular, against liability and other damage events. To avoid the risk of the amounts insured being insufficient to cover the damage caused, all areas covered by insurance policies are reviewed and reassessed at regular intervals. In particular, this applies to building, FBU and transport insurance. Wherever necessary, GERRY WEBER takes out insurance against the worst-case scenario.

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 has relocated sensitive areas. Additional protection is provided by redundant system layouts.

The company's insurance arrangements were subjected to a comprehensive risk analysis during the financial year 2006/2007. The required changes and supplements were taken into account.

Employees

The employees, manager and executives of the GERRY WEBER Group underpin the company's success and are instrumental in the Group's continued growth through their performance and abilities. Material and non-material staff retention measures ensure a high degree of employee motivation and loyalty towards the company. Comprehensive further training programmes are designed to enhance employees qualifications. Management talent programmes are conducted to prepare trainees and apprentices for potential executive careers.

Environmental protection

Environmentally compatible use of natural resources is a matter of course for the GERRY WEBER Group. By using energy sparingly and managing residual materials and waste effectively at its sites, the company contributes to the protection of the environment and the conservation of nature. In addition, the basics of ecological thought are also included in appropriate agreements with suppliers to the Group's international production facilities.

Statement on dependency report

"In accordance with sec. 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 is a function of the pre-tax profit of the individual Group companies. For more details, also on individualised figures for the Managing Board, refer to the notes to the consolidated financial statements on page 83. The compensation of the members of the Supervisory Board is explained in the corporate governance report. The Supervisory Board members receive a fixed compensation component as well as a variable component, which is based on the dividend paid out to the shareholders.

Disclosure of takeover obstacles

The following is a presentation of takeover obstacles to be disclosed in accordance with sec. 315 para. 4 of the German Commercial Code:

The subscribed capital (share capital) of GERRY WEBER International AG following the withdrawal of own shares amounts to EUR 22,952,980 and is divided into 22,952,980 bearer shares with an accounting par value of EUR 1.00. Under the company's statutes, each share carries the same rights and one voting right. At present there are no limitations on share transfers and voting rights. Shareholders can exercise their rights, and their voting rights in particular, at the Annual General Meeting which is subject to German laws and regulations as well as the company's statutes.

Apart from the two company founders and Managing Board members, Gerhard Weber (27.02 percent) and Udo Hardieck (18.32 percent) no shareholder holds direct or indirect participations in excess of 10 percent in GERRY WEBER International AG. No special privileges such as rights to appoint members to the Supervisory Board have been granted. No voting rights controls are exercised in respect of employees.

Under the company's statutes, the Managing Board consists of two or more members. The Supervisory Board appoints the members of the Managing Board and determines the number of members. The Supervisory Board may revoke an appointment to the Managing Board and the appointment as Chairman of the Managing Board for important cause. Each amendment of the company's statutes requires either an endorsement by the Annual General Meeting with a majority of at least three quarters of the share capital represented at the meeting taking the decision or a formal decision by the Supervisory Board. At present the Managing Board has not been authorised to buy back shares in the company. The authorised capital amounts to EUR 11.7 million.

Effective 1 October 2008, a third member was appointed to the Managing Board of GERRY WEBER International AG. The new Board member's contract provides for a severance compensation cap in case of a change of control resulting from a takeover. No other compensation agreements have been concluded.

Summarising statement on the earnings, net worth and financial position

The summary of the earnings, net worth and financial position shows that the economic situation of the GERRY WEBER Group at the time of the preparation of the management report is sound.

Events occurring after the reporting date

After the balance sheet date, no material 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 2006/2007.

Forecast report

Opportunity management

As the GERRY WEBER Group continues to evolve into a vertically integrated systems supplier, management envisages good opportunities for pushing ahead the company's growth in the next few years. In addition to continued sales growth, this includes sustained margin improvements and a further strengthening of the excellent competitive position.

Opportunities which have hitherto not been exploited to their full extent or not at all arise from the company's social, market and competitive environment. The GERRY WEBER Group aims to identify and analyse these opportunities, to minimise risks and to exploit the resulting sales and earnings potential effectively.

The GERRY WEBER Group has actively targeted the following fields of opportunity:

- Identification and development of additional prime locations for numerous HOUSES OF GERRY WEBER to be opened in the future
- Occupying shop-in-shop spaces vacated by competitors
- Internationalisation
- Shifting production to lower-cost countries in the Far East and Eastern Europe

Outlook 2007/2008

The GERRY WEBER Group intends to push ahead its fast pace of growth in the current financial year. Targeting sales of EUR 575 million, the company is working towards another double-digit increase in total revenues. The 14 percent rise in incoming orders for the third Spring/Summer Collection 2008 demonstrates that the GERRY WEBER Group is well positioned to attain this goal. The company also intends to grow its earnings and to boost its EBIT margin to 11.0 percent. Net profit will increase at a disproportionate rate as a result of the corporate tax reduction in Germany.

Looking forward to the financial year 2008/2009, the GERRY WEBER Group anticipates renewed double-digit growth in its sales and earnings. Sales are to double to EUR 1 billion over the subsequent five years, with the EBIT margin rising to 15 percent at the same time.

Sales growth is to be supported primarily through the opening of additional HOUSES OF GERRY WEBER. This is why the expansion of the company's own retail business will be pushed ahead as the most important strategic objective. In the coming years the GERRY WEBER Group wants to complete the evolution from a wholesaler to a retailer in order to further improve its competitiveness against the other vertical players in the market. This is to be ensured by the opening of some 70 HOUSES OF GERRY WEBER annually over the coming four to five year period. As a result, the share of retail revenues, i.e. the revenues generated by the company-managed HOUSES OF GERRY WEBER is to rise faster than the overall sales figure. The company's medium-term goal is to sell approximately 40 percent of its products through company-managed or franchised HOUSES OF GERRY WEBER.

The expansion of the mono-brand stores for TAIFUN-Collection, SAMOON-Collection and GERRY WEBER EDITION will be pushed ahead concurrently. In addition, incremental shop-in-shop space will help to intensify cooperation with retailers and continue to drive the wholesale revenues. Another 250 shop-in-shop outlets, including 50 abroad, are planned for the current financial year. Retailers are increasingly looking for strong partners assuming store and inventory management functions. The GERRY WEBER Group will exploit this trend with a view to strengthening its market position vis-à-vis the retail sector.

The Group's ongoing internationalisation is another key issue. The foreign activities and the export share are to be expanded further. The Netherlands, Belgium, Scandinavia, the UK, Ireland, Austria and Switzerland remain the most important export markets, even though the importance of other, including non-European, countries continues to increase. These markets include, in particular, Russia, Greece, Poland as well as the Middle and Far East.

Economic forecast for the key output markets of the GERRY WEBER Group in 2008 (GDP growth in %; source: Joint Economic Forecast Autumn 2007)

Germany	2.2
France	1.8
Spain	2.5
Netherlands	2.1
Belgium	2.2
Austria	2.5
Greece	3.3
Ireland	4.0
Slovenia	5.0
Great Britain	2.3
Sweden	3.1
Denmark	1.8
Poland	5.2
Czech Republic	4.9
Hungary	3.4
Lithuania	6.5
Latvia	8.2
Estonia	8.0

The GERRY WEBER Group will move forward with the optimisation of its procurement and logistics structures in order to further improve its margins. Production in Eastern Europe and in China will be shifted to more competitive countries and regions, respectively. The company also anticipates achieving substantial cost savings from the 1 November 2007 opening of the fully automated high-bay warehouse which is operated by an external service provider.

Summarising statement on the forecast report

Assuming that the forecast trading environment materialises, the Managing Board of the GERRY WEBER Group expects the Group's earnings, net worth and financial position to develop positively in the financial years 2007/2008 and 2008/2009. However, political and economic uncertainties that are beyond the control of the GERRY WEBER Group may lead to the actual trading conditions turning out to be different from the forecast.

Halle/Westphalia, 21 January 2008

Managing Board

Gerhard Weber

Udo Hardieck

GERRY WEBER

Financial Statements

GERRY WEBER International AG, Halle / Westphalia
Consolidated income statement
for the fiscal year 2006/2007

	Notes No.	2006/2007 EUR	2005/2006 EUR
Sales	(17)	507,063,323.15	442,858,425.10
Miscellaneous operating income	(18)	15,973,846.08	8,896,806.02
Changes in inventories	(19)	495,629.10	7,940,628.78
Cost of materials	(20)	-279,885,527.96	-254,320,582.99
Personnel expenses	(21)	-67,301,275.15	-58,703,965.35
Depreciation/Amortisation	(22)	-10,378,706.11	-8,383,568.64
Miscellaneous operating expenses	(23)	-114,011,495.72	-97,097,525.15
Other taxes	(24)	-211,797.67	-227,434.95
Operating result		**51,743,995.72**	**40,962,782.82**
Financial result	(25)		
Income from long-term loans		30,046.02	7,043.25
Interest income		436,609.94	333,830.70
Write-downs on financial assets		0.00	-4,578.30
Incidental bank charges		-982,493.54	-988,897.81
Interest expenses		-4,604,571.10	-3,773,854.91
		-5,120,408.68	**-4,426,457.07**
Results from ordinary activities		**46,623,587.04**	**36,536,325.75**
Taxes on income	(26)		
Taxes of the fiscal year		-15,254,548.69	-14,346,756.14
Deferred taxes		-4,404,543.00	-1,127,022.00
		-19,659,091.69	**-15,473,778.14**
Net income for the year		**26,964,495.35**	**21,062,547.61**
Profit carried forward	(27)	25,505,082.78	23,623,727.17
Transfer to retained earnings	(28)	-10,000,000.00	-10,000,000.00
Accumulated profits		**42,469,578.13**	**34,686,274.78**
Earnings per share (basic)	(29)	**1.18**	**0.92**
Earnings per share (diluted)	(29)	**1.18**	**0.92**

GERRY WEBER International AG, Halle / Westphalia
Consolidated balance sheet for the year ended 31 October 2006

Assets

	Notes No.	31 Oct. 2007 EUR	31 Oct. 2006 EUR
Non-current assets			
Fixed assets	(1)		
Intangible assets	(a)	13,281,793.55	11,680,534.73
Property, plant and equipment	(b)	85,153,715.99	79,436,682.01
Financial assets	(c)	1,228,054.01	956,221.08
Other non-current assets			
Trade receivables	(2)	143,175.19	656,633.41
Other assets	(3)	6,961,887.30	7,978,250.00
Income tax claims	(4)	4,207,536.53	0.00
Deferred tax assets	(5)	1,974,532.00	6,696,143.00
		112,950,694.57	**107,404,464.23**
Current assets			
Inventories	(6)	52,462,496.85	52,098,035.97
Receivables and other assets			
Trade receivables	(7)	78,723,660.03	61,995,888.29
Other assets	(8)	9,889,326.91	11,845,069.25
Income tax claims	(9)	581,035.09	1,152,598.45
Cash and cash equivalents	(10)	17,786,533.53	4,995,345.79
		159,443,052.41	**132,086,937.75**
		272,393,746.98	**239,491,401.98**

Equity and liabilities

	Notes No.	31 Oct. 2007 EUR	31 Oct. 2006 EUR
Equity	(11)		
Capital stock	(a)	22,952,980.00	22,952,980.00
Capital reserve	(b)	28,047,398.39	28,047,398.39
Retained earnings	(c)	53,880,426.05	43,880,426.05
Accumulated other comprehensive income/loss acc. to IAS 39	(d)	-2,786,859.00	-42,517.00
Exchange differences	(e)	515,590.38	-466,952.66
Accumulated profits	(f)	42,469,578.13	34,686,274.78
		145,079,113.95	**129,057,609.56**
Non-current liabilities			
Provisions for personnel	(13)	1,440,000.00	1,349,00.00
Miscellaneous provisions	(13)	456,360.00	362,760.00
Financial liabilities	(12)	34,199,553.69	27,347,979.00
Deferred tax liabilities	(5)	3,369,411.00	4,853,666.00
		39,465,324.69	**33,913,405.00**
Current liabilities			
Provisions	(13)		
Tax provisions		3,286,780.67	2,381,947.29
Provisions for personnel		8,564,055.00	6,882,978.02
Miscellaneous provisions		3,466,497.06	1,469,022.56
Liabilities			
Financial liabilities	(12)	29,733,171.73	32,470,272.12
Trade payables	(14)	33,738,166.40	28,096,932.51
Miscellaneous liabilities	(15)	9,003,937.01	5,162,534.45
Income tax liabilities	(16)	56,700.47	56,700.47
		87,849,308.34	**76,520,387.42**
		272,393,746.98	**239,491,401.98**

GERRY WEBER International AG, Halle / Westphalia
Statement of changes in group equity
for the fiscal year 2006/2007

	Capital stock	Capital reserve
	EUR	EUR
As of 1 November 2006	22,952,980.00	28,047,398.39
Allocations to retained earnings of the AG		
Dividends paid		
Adjustment of exchange differences		
Changes in equity acc. to IAS 39		
Net income for the year		
As of 31 October 2007	**22,952,980.00**	**28,047,398.39**

Retained earnings	Accumulated other comprehensive income/loss acc. to IAS 39	Exchange differences	Accumulated profits	Equity
EUR	EUR	EUR	EUR	EUR
43,880,426.05	-42,517.00	-466,952.66	34,686,274.78	129,057,609.56
10,000,000.00			-10,000,000.00	0.00
			-9,181,192.00	-9,181,192.00
		982,543.04		982,543.04
	-2,744,342.00			-2,744,342.00
			26,964,495.35	26,964,495.35
53,880,426.05	**-2,786,859.00**	**515,590.38**	**42,469,578.13**	**145,079,113.95**

Segment information by divisions

	Ladieswear Production and Wholesale	Ladieswear Retail	Consolidating entries and other segments	Total
	2006/2007	2006/2007	2006/2007	2006/2007
	KEUR	KEUR	KEUR	KEUR
Sales by segments	465,951	89,336	-48,224	507,063
Thereof:				
with external third parties	408,878	88,712	9,473	507,063
Inter-segment revenues	57,073	624	-57,697	0
EBT	37,314	2,808	6,502	46,624
Depreciation	-3,223	-2,695	-4,461	-10,379
Interest income	383	46	8	437
Interest expenses	4,026	276	303	4,605
Assets	143,128	48,286	80,980	272,394
Liabilities	132,693	49,174	-54,552	127,315
Investments in non-current assets	4,819	5,200	8,522	18,541
Number of employees	1,007	592	426	2,025

	Ladieswear Production and Wholesale	Ladieswear Retail	Consolidating entries and other segments	Total
	2005/2006	2005/2006	2005/2006	2005/2006
	KEUR	KEUR	KEUR	KEUR
Sales by segments	423,228	59,824	-40,194	442,858
Thereof:				
with external third parties	382,426	56,876	3,556	442,858
Inter-segment revenues	40,802	2,948	-43,750	0
EBT	32,706	-3,710	7,540	36,536
Depreciation	-1,005	-3,144	-4,235	-8,384
Interest income	274	56	4	334
Interest expenses	2,161	72	-1,541	-3,773
Assets	128,201	51,696	59,594	239,491
Liabilities	114,852	56,635	-61,053	110,434
Investments in non-current assets	1,518	12,078	6,869	20,465
Number of employees	971	475	422	1,868

Segment information by regions

	Germany 2006/2007 KEUR	Outside Germany 2006/2007 KEUR	Total 2006/2007 KEUR
Sales by segments	280,051	227,012	507,063
Assets	247,560	24,834	272,394
Liabilities	101,745	25,570	127,315
Investments in non-current assets	16,632	1,909	18,541
Number of employees	1,249	776	2,025

	Germany 2005/2006 KEUR	Outside Germany 2005/2006 KEUR	Total 2005/2006 KEUR
Sales by segments	257,659	185,199	442,858
Assets	212,194	27,297	239,491
Liabilities	80,949	29,485	110,434
Investments in non-current assets	14,911	5,554	20,465
Number of employees	1,152	716	1,868

GERRY WEBER International AG, Halle / Westphalia
Consolidated cash flow statement for the fiscal year 2006/2007

	2006/2007 KEUR	2005/2006 KEUR
Operating result	51,744	40,962
Write-ups	0	-306
Depreciation/amortisation	10,379	8,389
Cashflow	**62,123**	**49,045**
Loss from the disposal of fixed assets	412	62
Increase in inventories	-365	-8,608
Increase in trade receivables	-16,215	-10,180
Decrease in other assets that do not fall under investing or financing activities	3,448	4,224
Increase/Decrease in current provisions	3,863	-1,661
Increase in trade payables	5,640	8,825
Increase in other liabilities that do not fall under investing and financing activities	436	954
Income tax payments	-17,985	-12,543
Cash inflows from operating activities	**41,357**	**30,118**
Income from investments	30	7
Interest income	437	333
Incidental bank charges	-982	-990
Interest expenses	-4,605	-3,774
Cash inflows from current operating activities	**36,237**	**25,694**
Proceeds from the disposal of property, plant and equipment and intangible assets	433	1,249
Purchases of investments in property, plant and equipment and intangible assets	-18,541	-25,455
Proceeds from the disposal of financial assets	277	280
Purchases of investments in financial assets	-549	-103
Cash outflows from investing activities	**-18,380**	**-24,029**
Dividend payments of the AG	-9,181	-9,190
Purchases for the acquisition of own shares	0	-3,278
Raising/repayment of financial liabilities	4,115	8,550
Cash outflows from financing activities	**-5,066**	**-3,918**
Movement in cash and cash equivalents	12,791	-2,253
Cash and cash equivalents at the beginning of the fiscal year	4,995	7,248
Cash and cash equivalents at the end of the fiscal year	**17,786**	**4,995**

Cash and cash equivalents exclusively comprise current cash and cash equivalents.

GERRY WEBER

Notes

GERRY WEBER International AG, Halle / Westphalia
Notes to the consolidated financial statements
for the period from 1 November 2006 to 31 October 2007

A. General information

Company data

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

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

Accounting principles

In accordance with sec. 315a of the German Commercial Code (HGB), the consolidated financial statements of GERRY WEBER International AG, the parent company, were prepared to International Financial Reporting Standards (IFRS), such as they are applicable in the EU.

All International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), such as they are applicable in the EU, that became mandatory as of 31 October 2007 were complied with. The figures for the previous year were determined using the same principles.

Application of new IFRS and/or amended IFRS/IAS

The following accounting standards and supplements to existing regulations became mandatory for the fiscal year from 1 November 2006 to 31 October 2007:

• Amendment to IAS 19 (Employee Benefits)

• Amendment to IAS 39 (Financial instruments: Recognition and Measurement)

• IFRS 6 (Exploration for and Evaluation of Mineral Assets)

• Amendment to IFRS 1 (First-time Adoption of International Financial Reporting Standards)

These new and/or amended standards as well as the interpretations IFRIC 4, IFRIC 5, IFRIC 6, IFRIC 7, IFRIC 8, IFRIC 9 and IFRIC 10, which also became mandatory for the first time, had no material impact on the net worth, financial and earnings position of the Group.

The following new and amended standards and interpretations were adopted before the date of the preparation of the consolidated financial statements but came into force after the reporting date and are not expected to have a material impact on the consolidated financial statements.

• IFRS 7 (Financial Instruments: Disclosures)
Specifies the disclosure requirements for financial instruments of both industrial companies and banks and similar financial institutions. IFRS 7 is mandatory for annual periods beginning on or after 1 January 2007.

• IFRS 8 (Operating Segments)
Change in segment reporting from the "risk and reward approach" of IAS 14 to the "management approach" with regard to the segment identification. IFRS 8 is mandatory for annual periods beginning on or after 1 January 2009.

• Amendment to IAS 1 (Presentation of Financial Statements)
More detailed information on equity to be provided in the notes. The amendment is mandatory for periods beginning on or after 1 January 2007.

• IFRIC 11 (IFRS 2 - Group and Treasury Share Transactions)

The interpretation is mandatory for annual periods beginning on or after 1 March 2007.

• IFRIC 12 (Service Concession Agreements)
The interpretation is mandatory for annual periods beginning on or after 1 January 2008.

• Amendment to IAS 23 (Borrowing Costs)
In March 2007, the IASB issued a revised IAS 23 Borrowing Costs. The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised IAS 23 is effective for annual periods beginning on or after 1 January 2009.

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

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

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

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

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

- 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, Hongkong, People's Republic of China,
- GERRY WEBER France S.A.R.L., Paris, France,
- GERRY WEBER Dis Tic. Ltd. Sirkuti, Istanbul, Turkey,
- GERRY WEBER Support S.R.L., Bukarest, Romania,
- GERRY WEBER GmbH, Wien, Austria,
- GERRY WEBER United Kingdom Ltd., London, UK,
- GERRY WEBER GmbH Belgien, Raeren, Belgium,
- GERRY WEBER Asia Ltd., Hongkong, People's Republic of China.

Hawe Textil S.R.L., Bucharest, Romania is not covered by the consolidated financial statements. The company is inactive and has no material assets. As a result of the merger with GERRY WEBER International AG, Halle/Westphalia, GERRY WEBER Beschaffung Osteuropa GmbH, Recklinghausen, is no longer included in the consolidated financial statements.

Consolidation principles

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

Business combinations are accounted for by offsetting the carrying amounts of the investments against the pro-rated revalued equity capital of the subsidiaries at the time of acquisition. Credit differences are capitalised as goodwill under intangible assets in accordance with IFRS 3. Debit differences do not exist.

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

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

Currency translation

The Group currency is the euro (EUR).

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

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

B. Accounting and valuation principles

General principles

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

Goodwill

In accordance with IAS 36, goodwill on consolidation was capitalised. Given that goodwill has already been fully amortised or offset against reserves, it is not regularly subjected to an impairment test at each balance sheet date.

Other intangible assets

Purchased intangible assets are recognised at cost for each category, taking ancillary costs and cost reductions into account. They are generally amortised over their useful lives of three to ten years using the straight-line method.

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

Contrary to the previous year, allowances paid to third-party operators of HOUSES OF GERRY WEBER are recognised as intangible assets, as the payments under the agreements give rise to an exclusive supplier status and this kind of recognition is standard practice in the clothing sector. These intangible assets are amortised over a period of three years. In the previous year's financial statements, these assets were shown as current or non-current other assets. The previous year's statements have been adjusted accordingly.

Property, plant and equipment

Property, plant and equipment are recognised at cost - for each category - less scheduled straight-line depreciation. On a small scale, movable assets with a useful life of more than ten years are written off using the declining-balance method to the extent that this approach reflects the actual decrease in value.

The acquisition cost comprises the purchase price, ancillary costs and cost reductions. The cost of internally generated assets includes direct costs as well as directly attributable portions of the overheads. Borrowing costs are not included in the cost of production. Where furnishings and fittings for rented properties were concerned, dismantling costs were capitalised at their present value. An interest rate of 4.0 % p.a. was applied.

No investment-related government grants were received.

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

	Useful life
Building components and furnishings and fittings for rented properties	10-30 years
Plant and machinery	3-15 years
Other plant, furnitures and fixtures	1-15 years

No write-downs for impairment of property, plant and equipment as defined in IAS 36 were required.

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

Financial instruments

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

- disposable financial assets
- loans and receivables and
- held-to-maturity financial assets.

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

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

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

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

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

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

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

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

Original financial instruments

Investments in non-consolidated subsidiaries are recognised at their amortised cost.

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

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

No securities were held as of the balance sheet date.

Derivative financial instruments

The GERRY WEBER International AG Group holds derivative financial instruments only to hedge currency risks arising from operations.

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

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

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

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

The Group has a hedging policy of only using effective derivatives to hedge currency risks. The material and formal requirements of IAS 39 for treatment as hedges were fulfilled both on the day the hedges were signed and on the balance sheet date.

Deferred taxes

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

In the previous year's consolidated financial statements, confirmed German corporate income tax assets were capitalised as deferred tax assets. These could be used in equal amounts over a period of 15 years for payouts after 31 December 2005, with the maximum usable amount capped at 1/6 of each payout.

The German legislature amended this aspect of the German tax law with effect from 31 December 2006. Confirmed corporate income tax assets will be paid out in ten equal amounts in the assessment periods from 2008 to 2017. The present value of the receivables is stated with a discount factor of 4 %. The portion that has a term of more than one year is recognised as non-current income tax receivables.

Inventories

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

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

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

Intercompany profits resulting from sales within the Group are eliminated.

Cash and cash equivalents

Cash and cash equivalents are booked at their nominal values.

Miscellaneous provisions

In accordance with IAS 37, provisions were established for all discernible risks and uncertain obligations.

Realisation of revenue and expenses

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

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

Assumptions and estimates

The consolidated financial statements are prepared on the basis of certain assumptions and estimates which have an effect on the amount and presentation of the reported assets, liabilities, income, expenses and contingent liabilities. Actual values may differ from the assumptions and estimates made.

C. Notes to the balance sheet

(1) Fixed assets

The development and composition of the fixed assets are shown in the fixed asset schedule attached to the notes.

(a) Intangible assets / Goodwill

Contrary to the previous year, allowances paid to third-party operators of HOUSES OF GERRY WEBER with a carrying amount of KEUR 6,631 are recognised as intangible assets. In the previous year, the total carrying amount of KEUR 4,103 was recognised as non-current other assets in an amount of KEUR 2,247 and as current other assets in an amount of KEUR 1,856. The previous year's figure has been adapted to the modified recognition.

Other assets recognised include software and the right in the "GERRY WEBER Open" name.

As of 31 October 2007 and 31 October 2006, goodwill is recognised at a carrying amount of EUR 0.00. The historical cost amounted to KEUR 264.

(b) Tangible assets

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

As in the previous year, no write-downs for impairment were required in the fiscal year.

(c) Financial assets

	31 Oct. 2007 KEUR	1 Nov. 2006 KEUR
Loans to commercial agents	967	794
TBV Lemgo GmbH & Co. KG - limited partner's shares -	250	151
HaWe S.R.L., Bucharest, Romania	11	11
	1.228	**956**

The financial assets are balanced at continued historic costs.

(2) Trade receivables (non-current)

Trade receivables with a maturity of more than one year amounted to KEUR 143 (previous year: KEUR 657). These are interest bearing trade receivables.

(3) Other assets (non-current)
Other assets with a maturity of more than one year amounted to KEUR 6,962 (previous year: KEUR 7,978). Of this amount, KEUR 5,282 (previous year: KEUR 6,478) refers to prepayments in conjunction with the "GERRY WEBER Open" sponsorship, KEUR 1,273 (previous year: KEUR 1,500) to a claim for damages, which is settled in several annual instalments, and KEUR 407 (previous year: KEUR 0) to miscellaneous non-current receivables.

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

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

	Deferred tax assets		Deferred tax liabilities	
	31 Oct. 2007 KEUR	31 Oct. 2006 KEUR	31 Oct. 2007 KEUR	31 Oct. 2006 KEUR
Fixed assets	0	0	1,673	2,172
Current assets	753	650	1,596	2,551
Provisions	0	0	100	131
Liabilities	1,222	260	0	0
Corporate income tax assets	0	5,786	0	0
	1,975	**6,696**	**3,369**	**4,854**

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

Tax loss carryforwards amount to EUR 8.6 million (previous year: EUR 7.4 million). They mainly refer to GERRY WEBER Fashion Iberica S.L., Palma de Mallorca, Spain, GERRY WEBER United Kingdom Ltd., London and GERRY WEBER France S.A.R.L., Paris, France. In the previous year, the resulting deferred tax assets were fully written down as the realisation of the respective tax advantages is unlikely in the medium term. In fiscal 2006/2007, the losses carried forward by the French subsidiary were no longer written down, as they can probably be used in the next two years.

Due to existing tax assessment notices, the corporate income tax credits of the domestic companies were recognised under non-current income tax receivables in an amount of KEUR 4,208 and under current income tax receivables in an amount of KEUR 579. In the previous year, income tax credits in an amount of KEUR 5,786 are recognised as deferred tax assets.

(6) Inventories

	31 Oct. 2007 KEUR	31 Oct. 2006 KEUR
Raw materials and supplies	5,404	5,055
Work in progress	10,210	12,847
Finished goods and merchandise	35,082	31,949
Prepayments on intangibles	1,766	2,247
	52,462	**52,098**

The impairment resulting from the sales-oriented measurement of inventories amounted to KEUR 2,598 (previous year: KEUR 2,194).

(7) Trade receivables (current)
Trade receivables in an amount of KEUR 78,724 (previous year: KEUR 61,996) have a maturity of less than one year.

Allowances for doubtful accounts amounted to KEUR 2,975 (previous year: KEUR 2,404).

(8) Other assets (current)
Other assets in an amount of KEUR 9,889 (previous year: KEUR 11,845) have a maturity of less than one year.

Other assets comprise:

	31 Oct. 2007 KEUR	31 Oct. 2006 KEUR
Receivables relating to GERRY WEBER OPEN	1,197	1,197
Prepaid expenses	2,026	1,904
Claim for damages	884	2,449
Tax claims	1,897	2,088
Capitalised item reflecting the partial retirement programme	1,364	1,202
Receivables from commercial agents	1,367	967
Supplier balances	98	662
Positive fair value of currency forwards	90	597
Loans	135	378
Other	831	401
	9,889	**11,845**

(9) Corporate income tax claim (current)

Tax refund claims of KEUR 581 (previous year: KEUR 1,153) refer to domestic and foreign income tax.

(10) Cash and cash equivalents

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

Current accounts are held with various banks in different currencies.

(11) Equity

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

(a) Subscribed capital

The subscribed capital of GERRY WEBER International AG is divided into 22,952,980 (previous year: 23,443,200) bearer shares with an accounting par value of EUR 1.00.

The Annual General Meeting of 2 June 2005 authorised the Managing Board to withdraw own shares with the consent of the Supervisory Board. Based on the Managing Board's resolution dated 11 September 2007 and the Supervisory Board's approval dated 13 September 2007, the company withdrew 490,220 shares, which represent 2.09% of the share capital. The own shares held by the company stem from earlier stock repurchases and were not entitled to dividend. The entry in the Commercial Register was made on 29 October 2007.

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 rights. Subject to approval by the Supervisory Board, the Managing Board is also entitled to exclude shareholders' subscription rights in case of capital increases against contributions in kind for the purpose of company takeovers or investments in companies. The Managing Board is authorised to stipulate the further details of the capital increase and its execution with the approval of the Supervisory Board.

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

(b) Capital reserve
The capital reserve includes the premiums on the shares issued.

(c) Retained earnings
Retained earnings comprise the undistributed profits generated by the consolidated companies in the past as well as earnings effects resulting from consolidation measures in the previous years.

(d) Cumulative changes in equity not stated through profit or loss according to IAS 39
This item includes the effects of the remeasurement of financial instruments after taxes being accounted for in equity. Positive fair values of currency hedges amounted to KEUR 90 (previous year: KEUR 597), while negative fair values of currency hedges amounted to KEUR 4,072 (previous year: KEUR 666). Deferred taxes offset against equity amounted to KEUR 27 (previous year: KEUR 233), deferred tax liabilities offset against equity amounted to KEUR 1,221 (previous year: KEUR 260).

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

(f) Accumulated profits
Accumulated profits developed as follows:

	EUR
Carried forward from 1 November 2006	34,686,274.78
Dividend distribution in June 2007	-9,181,192.00
Transfer to retained earnings of the AG	-10,000,000.00
Net income for the year 2006/2007	26,964,495.35
Accumulated profits as of 31 October 2007	**42,469,578.13**

(12) Financial liabilities
Non-current financial liabilities (remaining maturity of more than one year)

	31 Oct. 2007 KEUR	31 Oct. 2006 KEUR
Liabilities to banks	**34,200**	**27,348**

These include non-current financial liabilities with a remaining maturity of more than five years in an amount of KEUR 6.827 (previous year: KEUR 577).

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

	31 Oct. 2007 KEUR	31 Oct. 2006 KEUR
Liabilities to banks	**29,733**	**32,470**

Information on collateral and agreements
The following collateral has been provided for current and non-current bank liabilities:

– Land charges in an amount of KEUR 14,642 (previous year: KEUR 19,697).

The table below shows the main contractual terms of the liabilities to banks as of the closing date of the fiscal year 2007:

Fixed-income agreements

Financial instrument	Carrying amount 2006/2007 KEUR	Carrying amount 2005/2006 KEUR	Maturity until month/year	Nominal interest rate % p. a.
Bank 1				
Loan 1	0	57	12/2006	3.50
Loan 2	825	1,238	6/2009	3.75
Loan 3	425	637	6/2009	4.50
Loan 4	2,188	2,812	12/2010	4.41
Loan 5	5,556	7,778	6/2010	4.66
Loan 6	5,500	7,500	6/2010	4.96
Loan 7	5,000	0	9/2017	4.45
Loan 8	5,000	0	9/2017	4.25
	24,494	**20,022**		
Bank 2	8,000	10,000	2/2011	4.29
Bank 3	5,500	6,500	3/2013	4.42
Bank 4	5,000	5,000	3/2011	3.82
Bank 5	93	96	12/2010	3.76
	18,593	**21,596**		
	43,087	**41,618**		

The market values are equivalent to the carrying amounts. Nominal interest rates do not differ materially from the effective interest rates. In addition, there are current liabilities to banks in an amount of KEUR 20,846 (previous year: KEUR 18,200).

(13) Provisions
The development and the composition of the provisions are shown below:

Type of provision

	Carried forward 01 Nov. 2006	Use	Reversal	Allocation	as at 31 Oct. 2007
	KEUR	KEUR	KEUR	KEUR	KEUR
a) Tax provisions	**2,382**	**2,270**	**94**	**3,269**	**3,287**
b) Provisions for personnel					
- Bonuses	3,336	3,336	0	4,514	4,514
- Vacation	1,378	1,378	0	1,523	1,523
- Old-age part-time work	2,122	773	0	917	2,266
- Special annual payment	1,396	1,396	0	1,655	1,655
- Other	0	0	0	46	46
	8,232	**6,883**	**0**	**8,655**	**10,004**
c) Other provisions					
- Guarantees	536	536	0	572	572
- Outstanding invoices	484	484	0	2,005	2,005
- Accounting expenses	241	241	0	313	313
- Obligation to remove furnishings and fittings from rented properties	363	0	0	93	456
- Other	208	208	0	577	577
	1,832	**1,469**	**0**	**3,560**	**3,923**
	12,446	**10,622**	**94**	**15,484**	**17,214**

Provisions for old-age part-time work in an amount of EUR 1,440 (previous year: EUR 1,349) have an expected term of more than one year. The obligation to remove furnishings and fittings from rented properties is fully classified as non-current.

(14) Trade payables
Liabilities from the delivery of goods are subject to the usual reservations of ownership.

(15) Miscellaneous liabilities

	31 Oct. 2007 KEUR	31 Oct. 2006 KEUR
Negative fair value of currency forwards	4,072	666
Other taxes	2,818	2,002
Other liabilities	1,965	2,309
Social security	116	131
Deferred income	33	55
	9,004	**5,163**

(16) Income tax liabilities

KEUR 57 of the tax liabilities (previous year: KEUR 57) are domestic and foreign income tax liabilities.

D. Notes to the income statement

(17) Sales

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

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

(18) Miscellaneous operating income

Miscellaneous operating income comprises the following:

	2006/2007 KEUR	2005/2006 KEUR
Rental income	4,261	2,759
Shop-in-shop income	3,587	0
Exchange gains	2,032	1,031
Income from IT services for third parties	1,715	0
Payment of damages	713	2,533
Income from asset disposals	0	557
Income from the reversal of provisions and allowances	55	221
Other	3,611	1,796
	15,974	**8,897**

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

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

(20) Cost of materials

	2006/2007 KEUR	2005/2006 KEUR
Expenses for raw materials and supplies and purchased goods	53,774	39,210
Expenses for services purchased	226,112	215,111
	279,886	**254,321**

(21) Personnel expenses

	2006/2007 KEUR	2005/2006 KEUR
Wages and salaries	57,582	50,453
Social security contributions	9,719	8,251
	67,301	**58,704**

The GERRY WEBER Group concludes old-age part-time agreements according to the so-called "block model". In accordance with IAS 19, provisions are established according to the projected unit credit method at an interest rate for accounting purposes of 4% 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, as this probability was estimated at zero.

Average number of employees:

	2006/2007		2005/2006	
	Total	**Germany**	**Total**	**Germany**
Blue-collar workers	620	137	651	148
White-collar workers	1,356	1,063	1,181	969
	1,976	**1,200**	**1,832**	**1,117**
Trainees/apprentices	49	49	36	36
	2,025	**1,249**	**1,868**	**1,153**

(22) Depreciation/Amortisation

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

As in the previous year, no write-downs for impairment were required in 2006/2007.

Contrary to the previous year, allowances paid to third-party operators of HOUSES OF GERRY WEBER are recognised as intangible assets. In the previous year, the retransfer of this item in an amount of KEUR 1,192 was recognised under other operating expenses. Due to the modified recognition, the retransfer in fiscal 2006/2007 must be recognised as depreciation/amortisation. The previous year’s figure has been adjusted to the modified recognition. In fiscal 2006/2007, the depreciation of these allowances amounted to KEUR 2,434.

(23) Miscellaneous operating expenses

Miscellaneous operating expenses comprise the following:

	2006/2007 KEUR	2005/2006 KEUR
Freight, packaging, logistics	23,645	20,052
Rent, space costs	20,930	15,885
Advertising, trade fairs	17,071	15,496
Sales agent commissions	13,675	12,655
Collection development	9,526	9,487
Legal and consulting costs	3,677	3,310
IT	3,632	3,501
Travelling expenses	3,494	3,375
Insurance, contributions, fees	3,392	2,826
Other personnel expenses	2,773	2,778
Office and communications	1,601	1,400
Exchange rate fluctuations	1,583	30
Vehicles	1,241	1,130
Losses on receivables/allowances	1,188	825
Maintenance	1,121	1,037
Del credere commissions	1,004	1,079
Other	4,458	2,232
	114,011	**97,098**

(24) Other taxes

This item mainly comprises real property and motor vehicle taxes.

(25) Financial result

	2006/2007 KEUR	2005/2006 KEUR
Income from financial assets loaned	30	7
Interest income	437	334
Write-downs on financial assets	0	-5
Incidental bank charges	-982	-989
Interest expenses	-4,605	-3,773
	-5,120	**-4,426**

(26) Taxes on income

Taxes on income comprise the following main components:

	2006/2007 KEUR	2005/2006 KEUR
Taxes of the fiscal year	15,255	14,347
Deferred taxes	4,404	1,127
	19,659	**15,474**

Deferred taxes were generally calculated on the basis of the applicable tax rates of each company. A standard tax rate of 30% (previous year: 39%) was applied to calculate deferred taxes on consolidation measures shown in profit and loss. The lower tax rate is due to the reduction of the tax rate by the German legislature with effect from the 2008 assessment period.

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

	2006/2007 KEUR	2005/2006 KEUR
Profit before taxes on income	**46,624**	**36,536**
Expected tax expenses 40.0% (previous year 39.0%)	18,650	14,249
Actual tax expenses 42.2% (previous year 42.4%)	19,659	15,474
Difference	**1,009**	**1,225**
Reconciliation:		
Non-deductible expenses / commercial tax additions etc.	356	462
Reduced tax rate for deferred taxes 30% instead of 39%	- 892	0
Capitalised loss carryforward - France	-385	0
Discounting of income tax credit	1,000	0
Changes in write-downs of deferred tax assets/ losses foreign companies	930	763
	1,009	**1,225**
Profit after taxes on income	**26,965**	**21,062**

The income tax rate applied to calculate the expected tax expenses has risen as the company increasingly rents stores in cities that have above-average trade tax rates.

(27) Profit carried forward

The development of profit carried forward is shown in the statement of changes in equity.

(28) Allocation to retained earnings
In accordance with a resolution by the Managing Board and the Supervisory Board an amount of KEUR 10,000 (previous year: KEUR 10,000) was allocated to retained earnings in fiscal 2006/2007.

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

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

Consolidated net profit/loss for the year

	2006/2007 KEUR	2005/2006 KEUR
Consolidated net profit/loss attributable to ordinary shareholders of the parent company	**26,964**	**21,063**

Number of ordinary shares

	Stück
Ordinary shares on 1 November 2005	23,443,200
Own shares held as of 1 November 2005	-265,793
Voting shares on 1 November 2005	**23,177,407**
Own shares purchased in 2005/2006	
11/2005	-100,000
12/2005	-61,024
1/2006	-42,403
3/2006	-16,000
10/2006	-5,000
	-224,427
Voting shares on 31 October 2006	**22,952,980**

All own shares were redeemed in October 2007. The number of voting shares did not change as a result and was 22,952,980 throughout the fiscal year 2006/2007.

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

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

Fiscal year 2005/2006:

23,177,407 x 1/12
+ 23,077,407 x 1/12
+ 23,016,383 x 1/12
+ 22,973,980 x 2/12
+ 22,957,980 x 7/12
= 22,993,751 shares

Fiscal year 2006/2007:

22,952,980 x 12/12
= 22,952,980 shares

Earnings per share amount to EUR 1.18 (previous year: EUR 0.92).

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

The accumulated profits were used to pay out a dividend of EUR 0.40 (previous year: EUR 0.40) per share. The remaining amount was carried forward to new account.

It will be proposed to the Annual General Meeting to pay out a dividend of EUR 0.50 per share (EUR 11,476,490.00) from the accumulated profits.

E. Hedging policy and financial derivatives

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

The use of derivative financial instruments exposes GERRY WEBER International AG to counterparty default risk. To mitigate this risk, derivative transactions are entered into only with banks of excellent credit standing.

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

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

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

Currency forwards and options dealings for the procurement of goods

Where goods and services purchased have to be paid in foreign currency, suitable currency forwards and currency options are taken out before each season in order to hedge the pricing of our products. As of the balance sheet date, the respective volume amounted to EUR 95.7 million (previous year: EUR 44.9 million) at Group level.

All currency forwards formed valuation units with the underlying transactions.

As of the balance sheet date, the currency forwards had a fair value of EUR -4.0 million (previous year: EUR -0.6 million).

Currency forwards for the sale of goods

Foreign currency claims from sales existing as of the balance sheet date have been hedged with currency forwards and options.

The forward transactions had a volume of EUR 14.0 million as of the balance sheet date (previous year: EUR 15.1 million).

The negative fair value (previous year: positive) of these currency forwards for merchandise receivables was EUR -0.02 million as of the balance sheet date (previous year: EUR +0.7 million).

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

As of 31 October 2007, negative effects from the market valuation of financial instruments in an amount of KEUR 2,787 (previous year: KEUR 43) were reflected in equity.

The company uses long-term credit agreements at favourable fixed interest rates to mitigate interest rate risks. Interest rate derivatives are not used.

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

F. Notes to the cash flow statement

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

The cash flow statement describes the cash flows in the fiscal year 2006/2007 and the previous year, divided into cash inflows and outflows from operating activities, from investing activities and from financing activities. The effects of changes in the scope of consolidation and in exchange rates on cash and cash equivalents are shown separately.

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

In fiscal 2006/2007, cash flow from operating activities includes payments for interest received in an amount of KEUR 437 (previous year: KEUR 333) and for interest paid in an amount of KEUR 4,605 (previous year: KEUR 3,774). Income tax payments amounted to KEUR 17,985 (previous year: KEUR 12,543).

Due to the modified recognition of the allowances paid to third-party operators of HOUSES OF GERRY WEBER, the previous year's depreciation amount was increased by KEUR 1,192.

G. SEGMENT REPORTING

In accordance with IAS 14, the business activities of the GERRY WEBER Group are divided into business segments as the primary reporting format and into geographical segments as the secondary reporting format.

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

For purposes of segment reporting by business segments, the Ladieswear segment comprises the GERRY WEBER brand and its three sublabels, GERRY WEBER EDITION, GERRY WEBER SPORT and G.W., and the TAIFUN brand and its sublabel Elements by TAIFUN-Collection as well as the SAMOON brand.

The Retail segment comprises the domestic and international HOUSES OF GERRY WEBER as well as the factory outlets.

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

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

The transfer prices for intra-Group sales are determined in a market-oriented manner.

H. Miscellaneous information and explanations

Risk management, risks from financial instruments and information on derivative financial instruments

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

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

Under the current strategy, hedges for risk mitigation are used only in exceptional cases.

Currency risks result from unfavourable exchange rate developments between the creation and the fulfilment of claims and liabilities in foreign currencies.

The Group is partly funded using credit agreements with variable interest rates with a view to exploiting opportunities to reduce the funding cost in the case of declining interest rates on debt capital. As a result, the Group is exposed to an interest-related cash flow risk.

The fixed-interest credit agreements are subject to the risk of value fluctuations resulting from changes in market rates. The volume as of 31 October 2007 is shown under **C. (12)**.

Financial assets are subject to counterparty default risk, which means that the maximum risk is the amount of the positive fair values of the assets shown. We believe that these risks are sufficiently covered by write-downs.

Research and development

Research and development expenses shown under expenses amount to KEUR 9,526 (previous year: KEUR 9,487) and refer to the development of the collections.

Contingencies

The Group has contingencies resulting from the issue and transfer of bills of exchange in an amount of KEUR 105 (previous year: KEUR 89).

Other financial liabilities

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

	31 Oct. 2007 KEUR	31 Oct. 2006 KEUR
Within 1 year	2,585	2,678
Between 1 and 5 years	1,767	1,532
	4,352	**4,210**

Expenses under these operating leases amounted to KEUR 2,585 in the fiscal year (previous year: KEUR 2,678). Liabilities resulting from capex orders placed amount to EUR 1.5 million (previous year: EUR 1.5 million). The assets financed by operating leases had a gross carrying amount of KEUR 10,340 in the fiscal year 2006/2007 (previous year: KEUR 10,631).

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

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

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

	31 Oct. 2007 KEUR	31 Oct. 2006 KEUR
Within 1 year	15,880	14,584
Between 1 and 5 years	57,799	54,848
After 5 years	34,868	36,635
	108,547	**106,067**

In fiscal 2006/2007, rental expenses in an amount of KEUR 20,930 (previous year: KEUR 15,885) were recognised. Shop leases are usually signed for a period of 10 to 15 years. Some leases include renewal options. The leases contain price adjustment clauses that are typical of the industry and are linked to general inflation.

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

	31 Oct. 2007 KEUR	31 Oct. 2006 KEUR
Within 1 year	384	384
Between 1 and 5 years	1,447	1,505
After 5 years	698	1,025
	2,529	**2,914**

In fiscal 2006/2007, the Group generated KEUR 1,319 (previous year: KEUR 916) from subleases.

Litigations

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

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

Related party disclosures

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

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

– GERRY WEBER Management & Event OHG, Halle/Westphalia
– GERRY WEBER Sportpark Hotel GmbH & Co. KG, Halle/Westphalia
– Golfplatz Eggeberg GmbH & Co. Anlagen KG, Halle/Westphalia
– Clubhaus Eggeberg GmbH & Co. KG, Halle/Westphalia
– N & A Hardieck GmbH & Co. KG, Halle/Westphalia
– R & U Weber GmbH & Co. KG, Halle/Westphalia

These companies were included in the dependency report, which received an unqualified audit certificate from RSM Hemmelrath GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft on 18 January 2008. GERRY WEBER International AG's relationships with its subsidiaries are not described in the report, as all of them are wholly-owned subsidiaries.

The following relationships with related parties led to income or expenses for the Group:

	2006/2007 Expenses KEUR	2006/2007 Income KEUR	2005/2006 Expenses KEUR	2005/2006 Income KEUR
Advertising, GW Open	1,358	0	1,358	0
Depreciation of right to name (intangible asset)	611	0	611	0
Rental expenses	163	0	138	0
Accommodation, entertainment	74	0	91	0
Advertising	177	0	80	0
Annual General Meeting	66	0	77	0
Interest expenses	174	0	75	0
Corporate function	67	0	0	0
Various services	49	18	91	0
IT charge	0	305	0	315
Rental income	0	127	0	132
Delivery of goods	0	74	0	86
Book-keeping	0	95	0	92
	2,739	**619**	**2,521**	**625**

Other agreements:
In December 2002, GERRY WEBER International AG signed an agreement with the following content with GERRY WEBER Management & Event GmbH:

- Capitalisation and buyout of the sponsoring obligation of 20 January 1993 and May 2000 in an amount of EUR 9,574,000
- Buyout of trademark rights agreement in an amount of EUR 4,890,000
- Option premium in an amount of EUR 2,880,000

No transactions that require reporting were effected with the members of the Supervisory Board and the Managing Board. Transactions with non-consolidated subsidiaries are negligible.

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

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.

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,
- **Christiane Wolf** (staff representative), Steinhagen.

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.

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

Chairman of the Supervisory Board:
- 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,
- CONDOR Allgemeine Versicherungs-AG, Hamburg,
- CONDOR Lebensversicherungs-AG, Hamburg,
- OPTIMA Versicherungs-AG, Hamburg,
- OPTIMA Pensionskasse AG, Hamburg.

Member of the Supervisory Board:
- Douglas Holding AG, Hagen.

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

Chairman of the advisory council:
- Radeberger Gruppe KG, Frankfurt/Main,
- RB Brauholding GmbH, Frankfurt.

Mr. Peter Mager,
businessman, Steinfeld

Member of the advisory council:
- Olfry Ziegelwerke GmbH, Vechta,
- Oldenburgische Landesbank AG, Oldenburg.

Mrs. Charlotte Weber-Dresselhaus,
banker, Halle/Westphalia
- No mandates

Mr. Dr. Wolf-Albrecht Prautzsch,
banker, Münster

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

Member of the Supervisory Board:
- Gauselmann AG, Espelkamp.

Mr. Olaf Dieckmann, technical employee, Dissen
- No mandates

Mrs. Christiane Wolf, commercial employee, Steinhagen
- No mandates

Total remuneration of the Managing Board

The total remuneration of the Managing Board in 2006/2007 amounted to KEUR 4,025 (previous year: KEUR 3,167). Of this total, an amount of KEUR 2,395 (previous year: KEUR 1,875) was received by Gerhard Weber and an amount of KEUR 1,630 (previous year: KEUR 1,292) was received by Udo Hardieck.

This remuneration is composed of a basic salary of KEUR 850 (previous year: KEUR 849) and a share in profits of KEUR 3,175 (previous year: KEUR 2,318).

Total remuneration of the Supervisory Board

For its work for the parent company and the Group the Supervisory Board received a compensation of KEUR 234 (previous year: KEUR 191), which were provisioned for in the fiscal year.

Shares held by the Managing Board
On the reporting date, the Managing Board directly and indirectly held 10,406,568 shares (previous year: 10,406,568 shares).

Shares held by the Supervisory Board
On the reporting date, the members of the Supervisory Board held 34,503 shares (previous year: 34,503 shares).

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 27.02 % (previous year: 26.45 %) taking account of the shares withdrawn in the fiscal year.

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 18.32 % (previous year: 17.94 %) taking account of the shares withdrawn in the fiscal year.

Ralf Weber, Steinhagen, notified the company on 17 October 2007 that his voting share in GERRY WEBER International AG exceeds 3 % and amounts to 3.597 %. As of the balance sheet date, this represented 843,292 shares. Taking account of the shares withdrawn in the fiscal year, his share increased to 3.674 %.

Transactions pursuant to Article 15a of the German Securities Trading Act (WpHG)
No such transactions occurred in fiscal 2006/2007.

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

	2006/2007 KEUR	2005/2006 KEUR
Audit	327	248
Tax consulting services	16	32
Other services	15	5
	358	**285**

German Corporate Governance Code/Statement required under sec. 161 AktG
The statement required under sec. 161 of the German Stock Corporation Law was issued by the Managing Board and the Supervisory Board in December 2007 and published on the website of GERRY WEBER International AG at www.gerryweber-ag.de under Investor Relations/Corporate Governance.

Events occurring after the reporting date
No events of material importance occurred after the balance sheet date.

On 21 January 2008, the Managing Board resolved that the consolidated financial statements and the Group management report of GERRY WEBER International AG be submitted to the Supervisory Board.

The consolidated financial statements will be published on 27 February 2008.

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

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

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

Halle/Westphalia, 21 January 2008
GERRY WEBER International AG

The Managing Board
Gerhard Weber, Udo Hardieck

GERRY WEBER International AG, Halle / Westphalia
Development of the group's fixed assets
in the fiscal year 2006/2007

	Cost			
	01 Nov 2006	Additions	Disposals	Reclassifi-cations
	EUR	EUR	EUR	EUR
Fixed assets				
Intangible assets				
Concessions, industrial rights, and similar right and assets as well as licenses to such rights and assets	22,945,514.21	6,490,232.48	419,483.00	0.00
Goodwill on consolidation	264,478.48	0.00	0.00	0.00
Prepayments on intangibles	370,278.88	46,139.83	123,654.60	0.00
	23,580,271.57	**6,536,372.31**	**543,137.60**	**0.00**
Property, plant and equipment				
Land, leasehold rights and buildings including buildings on third-party land	85,667,449.33	6,430,882.53	203,488.38	388,950.18
Plant and machinery	7,095,055.44	452,885.90	117,906.79	118,990.22
Other fixtures and fittings, tools and equipment	32,293,200.17	3,481,017.70	1,084,958.66	-311,822.28
Payments on account and plant under construction	79,700.00	1,640,242.01	4,200.00	-196,118.12
	125,135,404.94	**12,005,028.14**	**1,410,553.83**	**0.00**
Financial assets				
Investments in affiliated companies	10,971.50	0.00	0.00	0.00
Investments	155,380.30	98,800.00	0.00	0.00
Other loans	794,447.58	450,000.00	276,967.07	0.00
	960,799.38	**548,800.00**	**276,967.07**	**0.00**
	149,676,475.89	**19,090,200.45**	**2,230,658.50**	**0.00**

	Accumulated depreciation/amortisation					Net carrying amount	
31 Oct. 2007	01 Nov. 2006	Additions	Disposals	Reclassi-fications	31 Oct. 2007	31 Oct. 2007	31 Oct. 2006
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
29,016,263.69	11,635,258.35	4,778,697.85	386,721.95	0.00	16,027,234.25	12,989,029.44	11,310,255.86
264,478.48	264,478.48	0.00	0.00	0.00	264,478.48	0.00	0.00
292,764.11	0.00	0.00	0.00	0.00	0.00	292,764.11	370,278.88
29,573,506.28	**11,899,736.83**	**4,778,697.85**	**386,721.95**	**0.00**	**16,291,712.73**	**13,281,793.55**	**11,680,534.74**
92,283,793.66	17,791,982.02	2,565,025.75	23,187.70	169,046.84	20,502,866.91	71,780,926.75	67,875,467.31
7,549,024.77	4,625,161.66	513,228.91	34,699.65	45,343.21	5,149,034.13	2,399,990.64	2,469,886.68
34,377,436.93	23,281,579.25	2,521,753.60	664,680.58	-214,390.05	24,924,262.22	9,453,174.71	9,011,628.02
1,519,623.89	0.00	0.00	0.00	0.00	0.00	1,519,623.89	79,700.00
135,729,879.25	**45,698,722.93**	**5,600,008.26**	**722,567.93**	**0.00**	**50,576,163.26**	**85,153,715.99**	**79,436,682.01**
10,971.50	0.00	0.00	0.00	0.00	0.00	10,971.50	10,971.50
254,180.30	4,578.30	0.00	0.00	0.00	4,578.30	249,602.00	150,802.00
967,480.51	0.00	0.00	0.00	0.00	0.00	967,480.51	794,447.58
1,232,632.31	**4,578.30**	**0.00**	**0.00**	**0.00**	**4,578.30**	**1,228,054.01**	**956,221.08**
166,536,017.84	**57,603,038.06**	**10,378,706.11**	**1,109,289.88**	**0.00**	**66,872,454.29**	**99,663,563.55**	**87,970,519.22**

Financial statements of GERRY WEBER International AG, Halle / Westphalia (abridged version)

The development of the company is best reflected in the consolidated financial statements. This is why GERRY WEBER International AG has decided to publish only an abridged version of the separate financial statements in the Annual Report. The full separate financial statements to HGB are available for downloading at www.gerryweber-ag.de. The consolidated and the separate financial statements are announced in the electronic Federal Gazette and filed with the electronic Commercial Register.

	2006/2007 EUR	2005/2006 EUR
Sales revenues	13,046,788.08	7,085,432.61
Decrease/Increase in finished goods and work in progress	-3,371,706.64	3,456,719.97
Other operating income	66,297,973.19	59,145,521.18
Cost of materials		
Cost of raw materials and supplies	-10,255,527.51	-9,662,192.72
Cost of purchased services	-6,808.09	-18,082.33
	-10,262,335.60	**-9,680,275.05**
Personnel expenses		
Wages and salaries	-20,950,583.95	-18,930,606.91
Social security contributions	-3,372,876.97	-2,934,588.17
	-24,323,460.92	**-21,865,195.08**
Depreciation of intangible fixed assets and tangible assets	-4,403,015.37	-3,963,413.28
Other operating income	-28,600,215.17	-26,637,964.62
Income from investments	0.00	610,458.80
- thereof relating to affiliated companies: EUR 0.00 (previous year: EUR 610,458.80)		
Income from profit transfer agreements	42,898,519.14	32,321,469.77
Income from other investments and long-term loans	141,246.54	5,187.00
Other interest and similar income	4,106,783.83	2,049,404.28
- thereof relating to affiliated companies: EUR 3,834,500.34 (previous year: EUR 1,821,577.00)		
Amortisation of financial assets and investments classified as current assets	0.00	-4,578.30
Expenses relating to the transfer of losses	-149,349.07	-1,189,995.91
Interest and similar expenses	-4,528,681.09	-3,734,085.71
- thereof relating to affiliated companies: EUR 0.00 (previous year: EUR 48,900.00)		
Results from ordinary activities	**50,852,546.92**	**37,598,685.66**
Taxes on income	-16,208,779.70	-14,334,103.23
Other taxes	-139,508.55	-94,987.15
Profit for the year	**34,504,258.67**	**23,169,595.28**
Profit carried forward	9,401,452.43	5,413,049.15
Allocation to revenue reserves	-10,000,000.00	-10,000,000.00
Net profit for the year	**33,905,711.10**	**18,582,644.43**

GERRY WEBER International AG, Halle / Westphalia
Balance sheet for the year ended 31 October 2007 (abridged version)

Assets

	31 Oct. 2007 EUR	31 Oct. 2006 EUR
Fixed assets		
Intangible assets		
Concessions, industrial property rights and related rights and values as well as licences for such rights and values	6,173,236.32	5,834,572.32
Payments on account	292,764.11	370,278.88
	6,466,000.43	**6,204,851.20**
Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	47,605,461.58	45,553,658.08
Plant and machinery	355,103.00	170,102.00
Other fixtures and fittings, tools and equipment	1,994,800.00	1,770,080.00
Payments on account and plant under construction	1,176,015.55	4,200.00
	51,131,380.13	**47,498,040.08**
Financial assets		
Shares in affiliated companies	11,016,370.47	4,670,578.17
Loans to affiliated companies	560,497.52	0
Investments	249,602.00	150,802.00
Other loans	56,091.60	78,032.00
	11,882,561.59	**4,899,412.17**
	69,479,942.15	**58,602,303.45**
Current assets		
Inventories		
Raw materials and supplies	170,256.00	305,934.00
Work in progress	85,013.33	3,456,719.97
Payments on account	474,889.67	681,407.61
	730,159.00	**4,444,061.58**
Receivables and other assets		
Trade receivables	5,651,396.25	1,775,588.24
Due from affiliated companies	124,711,383.73	110,122,972.30
Other assets	13,586,440.40	14,389,256.40
thereof with a remaining maturity of more than one year: EUR 9,726,276.50 (previous year: EUR 9,643,250.00)		
	143,949,220.38	**126,287,816.94**
Own shares	0	6,110,846.82
Cash on hand, cash in banking accounts, cheques	8,915,680.56	1,432,251.54
	153,595,059.94	**138,274,976.88**
Prepayments and accrued income		
Discount	487,286.11	129,742.24
Other	386,850.58	599,852.75
	874,136.69	**729,594.99**
	223,949,138.78	**197,606,875.32**

Liabilities

	31 Oct. 2007 EUR	31 Oct. 2006 EUR
Capital stock		
Subscribed capital	22,952,980.00	23,443,200.00
Capital reserve	28,047,398.39	33,668,025.21
Revenue reserves		
Reserve for own shares	0	6,110,846.82
Other revenue reserves	58,000,000.00	41,889,153.18
Net profit for the year	33,905,711.10	18,582,644.43
	142,906,089.49	**123,693,869.64**
Provisions		
Provisions for taxation	3,286,780.67	2,351,053.00
Other provisions	7,045,173.11	5,699,218.06
	10,331,953.78	**8,050,271.06**
Accounts payable		
Due to banks	64,415,899.89	59,946,572.56
Trade accounts payable	3,819,527.17	3,837,240.86
Other accounts payable	2,451,905.61	2,043,891.62
- thereof taxes: EUR 1,723,247.77 (previous year: EUR 1,353,000.04)		
- thereof social security contributions: EUR 9,901.18 (previous year: EUR 0.00)		
	70,687,332.67	**65,827,705.04**
Deferred income	23,762.84	35,029.58
	223,949,138.78	**197,606,875.32**

Appropriation of profits

The Managing Board and the Supervisory Board propose to appropriate the net profit for the year of	**33,905,711.10 Euro**
as follows:	
Payment of a dividend of EUR 0.50 per common share with full entitlement to profits for the fiscal year 2006/2007	**11,476,490.00 Euro**
Carried forward to new account:	**22,429,221.10 Euro**
Net profit for the year:	**33,905,711.10 Euro**

Halle / Westphalia, January 2008
GERRY WEBER International AG

The Managing Board
Gerhard Weber, Udo Hardieck

Audit certificate

We have audited the consolidated financial statements of GERRY WEBER International AG, Halle/Westphalia which consist of the balance sheet, the income statement, the statement of changes in equity, the cash flow statement, the segment report and the notes as well as the Group management report for the fiscal year from 1 November 2006 to 31 October 2007. The preparation of the consolidated financial statements and the Group management report according to IFRS, such as they are applicable in the EU, as well as to the complementary accounting standards as defined in sec. 315 a para. 1 of the German Commercial Code (HGB) 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 consolidated financial statements and the Group management report. In addition, we were commissioned to assess, whether the consolidated financial statements comply with IFRS.

We conducted our audit pursuant to sec. 317 HGB in compliance with German generally accepted auditing principles as defined by the Institute of German Certified Public Accountants (IDW). According to these principles, the audit must be planned and conducted in a manner sufficiently likely to identify misrepresentations and violations having a major impact on the net worth, financial and earnings position as presented by the consolidated financial statements established in accordance with applicable accounting standards as well as the Group management report. When defining the auditing processes, the knowledge of the business activity and the economic and legal environment of the Group as well as the expectations regarding potential errors are taken into account. In the context of the audit, the effectiveness of the accounting-related internal controlling system and the records provided to prove the correction of the information and figures in the consolidated financial statements and the Group management report are largely checked on the basis of random samples. The audit covers the assessment of the financial statements of the consolidated companies, the definition of the scope of consolidation, the accounting and consolidation principles applied and the most important estimations made by the legal representatives as well as the evaluation of the overall presentation of the consolidated financial statements and the Group management report. We are confident that our audit is a sufficiently safe basis for our audit opinion.

Our audit has resulted in no objections.

In our opinion, based on the results of our audit, the consolidated financial statements comply with IFRS, such as they are applicable in the EU, as well as with the complementary accounting standards as defined in sec. 315 a para. 1 of the German Commercial Code (HGB) and the complementary provisions in the articles of incorporation as well as with the IFRS overall and present a true and fair view of the net worth, financial and earnings position of the Group. The Group management report is in accordance with the consolidated financial statements, provides a true and fair view of the situation of the Group and correctly presents the risks and opportunities of the future development.

Bielefeld, 23 January 2008

RSM Hemmelrath GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Hagen	Angele
Certified Public Accountant	Certified Public Accountant

Calendar of financial events

Annual accounts press conference	27 February 2008
Publication of report on the first three months	27 March 2008
Analysts conference	May 2008
Annual General Meeting	4 June 2008
Publication of report on the first six months	25 June 2008
Publication of report on the first nine months	25 September 2008
End of fiscal year 2007/2008	31 October 2008

Contact

GERRY WEBER International AG
Neulehenstraße 8
33790 Halle/Westphalia
Phone + 49 (0) 52 01 18 5-0
Fax + 49 (0) 52 01 58 57
www.gerryweber-ag.de

Investor Relations contact
Hans-Dieter Kley
Phone + 49 (0) 52 01 18 5-0
Fax + 49 (0) 52 01 58 57
E-mail b.uhlenbusch@gerryweber.de