GERRY WEBER

GERRY WEBER International AG
Annual Report 2008/2009

Key figures at a glance

All figures to IFRS in EUR million (unless otherwise indicated)

GERRY WEBER-Group	**2004/2005**	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**
Sales revenues	389.6	442.8	507.1	570.0	594.1
Domestic	240.6	257.6	280.1	315.9	355.6
International	149.0	185.2	227.0	254.1	238.5
Sales of the individual brands					
GERRY WEBER	64.7%	66.6%	69.9%	72.5%	75.7%
TAIFUN	25.7%	25.2%	21.9%	19.3%	18.0%
SAMOON	8.0%	7.3%	6.4%	5.8%	5.3%
Other	1.6%	0.9%	1.8%	2.4%	1.0%
Personnel expenses	51.7	58.7	67.3	77.4	87.0
Depreciation	5.8	8.4	10.4	11.3	12.4
EBITDA	36.2	49.3	62.1	74.0	83.6
EBITDA margin	9.3%	11.1%	12.2%	13.0%	14.1%
EBIT	30.4	41.0	51.7	62.7	71.2
EBIT margin	7.8%	9.3%	10.2%	11.0%	12.0%
EBT	26.9	36.5	46.6	57.4	66.4
EBT margin	6.9%	8.3%	9.2%	10.1%	11.2%
Net income for the year	16.0	21.1	27.0	39.4	43.0
Gross cash flow	32.7	44.9	57.0	68.7	78.8
DVFA earnings per share in Euro	0.69	0.92[1,2]	1.18[3]	1.75[3]	2.08[4]
Staff numbers at the end of the fiscal year	1,647	1,881	2,018	2,321	2,420
Total assets	213.1	239.5	272.4	297.4	293.3
Fixed asset investments	11.3	20.5	19.1	21.6	19.9
Equity (in % of total assets)	57.4%	53.9%	53.3%	60.9%	54.2%
Return on Investment (ROI) [5]	14.3%	17.1%	19.0%	21.1%	24.3%
Return on Equity (ROE) [5]	24.9%	31.8%	35.7%	34.6%	44.8%

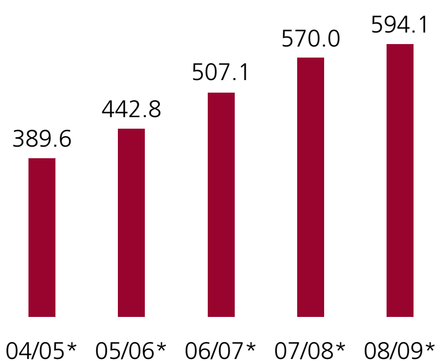
[1] fully diluted; [2] on the basis of 22,952,980 shares in 2005/2006;
[3] on the basis of 22,508,820 shares in 2007/2008;
[4] on the basis of 20,661,848 shares in 2008/2009; [5] on EBIT basis

JEWELRY

BAGS

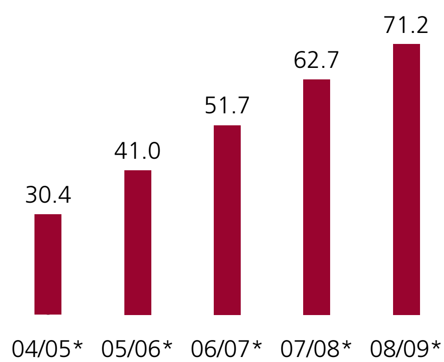
EYEWEAR

SHOES



Sales revenues in EUR million

*to IFRS



EBIT in EUR million

*to IFRS

GERRY WEBER

GERRY WEBER International AG
Annual Report 2008/2009

GERRY WEBER INTERNATIONAL AG IS AN INTERNATIONAL FASHION AND LIFESTYLE COMPANY AND A SYSTEMS SUPPLIER THAT ENJOYS A UNIQUE POSITION IN THE MARKET THANKS TO A SOPHISTICTED BRAND AND DISTRIBUTION STRATEGY AS WELL AS OPTIMISED PROCUREMENT, PRODUCTION AND LOGISTIC PROCESSES. LONG-STANDING FAMILIARITY WITH OUR TARGET CUSTOMER BASE ALLOWS OUR COMPANY TO SET ITS OWN TRENDS AND TO ISOLATE ITSELF FROM GENERAL MARKET CONDITIONS. WE WANT TO MAINTAIN OUR FAST PACE OF GROWTH WHILE AT THE SAME TIME CREATING SUSTAINABLE VALUE FOR OUR SHAREHOLDERS.

Content

Gerhard Weber, Doris Strätker, Dr. David Frink

Dear shareholders,
dear friends of our company,

The past fiscal year was the most successful year in the history of our company. In what was the biggest global economic crisis since World War II, we marked new sales and earnings records. At EUR 594.1 million, Group sales were up by 4.2 percent on the previous year. Earnings before interest and taxes (EBIT) increased by 13.6 percent to EUR 71 .2 million. Our EBIT margin improved by one percentage point to 12.0 percent. This shows that our success story continued even amidst the deepest recession of the past decades.

Growth was again primarily driven by our own Retail activities, which represent a second distribution channel that makes us increasingly less reliant on the traditional wholesale business and allows us to actively manage our growth even against the continued negative market trend. We have become a vertically integrated systems supplier, whose distribution concept makes it possible to seize market opportunities as they arise. The Retail activities compensate a potential drop in demand in the Wholesale segment. This flexibility allows us to continue our growth even in times of crisis.

We are a guarantor of success also for our retail customers. We focused on our costs at an early stage and are therefore the undisputed No. 1 in terms of retail mark-ups.

Building on attractive designs and high quality at relatively moderate prices, the GERRY WEBER Group has established itself in the upper mid price segment in the past years. Thanks to the EDI connection of our HOUSES OF GERRY WEBER and many of our retail customers, we know our target group exactly. The information gained at the point of sale is immediately incorporated into our collections. We gear all our processes to the requirements of the final consumer and match our products to actual demand.

We want to continue our expansion in the current fiscal year. We regard the ongoing consolidation in the market as an opportunity for further growth. Our projections for the current fiscal year include Group sales of EUR 615 to 620 million and an EBIT margin of 13 percent.

The constant development of new procurement markets and the outsourcing of our logistics have resulted in critical competitive advantages for our company. Moreover, we have all brands under the same roof and cover the complete value chain from production of the collections to the point of sale. As a result, we have a unique standing in the market and are excellently positioned to reach our growth targets.

Company co-founder Udo Hardieck resigned from the company's Managing Board on 31 July 2009 for reasons of age. He has clearly left his mark on the GERRY WEBER Group and made an important contribution to its success. Thanks to his unerring commitment, our company has become the fashion industry's pioneer in logistics and procurement. Our special thanks therefore go to Udo Hardieck who will maintain his close ties with the GERRY WEBER Group as Vice Chairman of the Supervisory Board.

Dr. David Frink was appointed to the Managing Board of GERRY WEBER International AG as the successor to Udo Hardieck. He is responsible for Production, IT and Logistics.

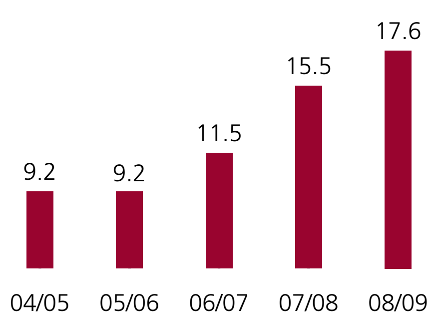
Special recognition is deserved by our employees, who once again did an excellent job last year and helped to take our company forward even under extremely difficult conditions. This strong team will also master the challenges of the future. Our thanks go to our customers and business partners, with whom we will continue to maintain close relations. Last but not least we would like to thank our shareholders for the confidence placed in us. The GERRY WEBER share gained 51 percent in the fiscal year 2008/2009, thus clearly outperforming the German stock indices. This shows that our excellent operating performance did not go unnoticed by the capital market in spite of the ongoing financial crisis.

To give you, dear shareholders, an appropriate share in the excellent earnings performance of our company, we will propose a dividend of EUR 0.85 per voting share to the Annual General Meeting. This is a good 13 percent more than last year. We have continuously increased our profit distributions over the past years to give our shareholders a sustainable share in the success of our company. Going forward, we will continue to ensure that the GERRY WEBER share will remain an exceedingly attractive investment.

Gerhard Weber

Doris Strätker

Dr. David Frink



Dividend development in EUR million

Management

Ralf Weber, Thomas Kronefeld, Raimund Axmann, Arnd Buchardt

Managing Board

Gerhard Weber (Chairman), Halle/Westphalia
Udo Hardieck, Halle/Westphalia (until 31 July 2009)
Doris Strätker, Wuppertal
Dr. David Frink, Bielefeld (since 1 May 2009)

Supervisory Board

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

Peter Mager (Vice Chairman), Steinfeld in Oldenburg
(until 31 July 2009)

Udo Hardieck (Vice Chairman), Halle/Westphalia
(since 1 August 2009)
Dipl.-Ing.

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, Halle/Westphalia
Technical employee

Christiane Wolf, Steinhagen
Commercial employee

Report of the Supervisory Board for the fiscal year 2008/2009

Dear shareholders,

The success story of the GERRY WEBER Group continued even during the global economic crisis which dominated the year 2009. Sales and earnings reached new record levels, thus again testifying to the company's excellent business trend. Over the past years, the GERRY WEBER Group has continuously moved towards the upper mid price segment and outperformed its competitors. Building on attractive designs and high quality at relatively moderate prices, the company has been able to win additional customer groups and to defy the global economic crisis.

The long-standing and trusting cooperation between the Managing Board and the Supervisory Board is paying off. In the past years, we jointly restructured the Group with a view to the future and put a growing focus on our own Retail activities, which again were the main growth driver in the past fiscal year. The GERRY WEBER Group is increasingly becoming a vertical systems supplier covering the complete value chain from product development to sales in its own stores.

The Retail activities allow the company to actively manage its growth, especially in difficult times. Thanks to optimised procurement and production structures, efficient logistics and a flexible distribution system, the company can respond swiftly to change and seize new market opportunities. We are therefore convinced that the GERRY WEBER Group is excellently positioned to operate successfully in the market also in the future.

Dr. Ernst F. Schröder

Methods of discussion, examination and control

In the past fiscal year, the Supervisory Board again performed with due diligence all the tasks imposed on it by law, the statutes, the Corporate Governance Code and the Code of Procedure. We advised the Managing Board on leading the company and supervised its management activities. The Managing Board involved us directly and in a timely manner in all decisions that were of fundamental importance for GERRY WEBER International AG. Decisions of great strategic relevance were taken jointly by the Managing Board and the Supervisory Board. Information and opinions were exchanged with the Managing Board at four ordinary meetings. No telephone conferences were held.

During the past fiscal year the Managing Board fully complied with its legal and statutory reporting duties to the Supervisory Board. We were informed in a comprehensive and timely manner about the current business policy, corporate planning including financial, investment and human resources planning, the profitability of the company, the further development of the compliance system and the course of business as well as the situation of the company and the GERRY WEBER Group as a whole. All written and oral reports were the subject of extensive and open-minded discussions with the Managing Board. The Managing Board did not submit any reports for other important reasons. Nor did the Supervisory Board identify any matters that required reporting. We did not demand additional explanatory reports from the Managing Board. We also received detailed quarterly reports from the Risk Management Department and the Head of Finance briefed the Supervisory Board at its meetings on the financial, net worth and earnings position of the company. In addition, the Chairman of the Supervisory Board liaised directly with the Chairman of the Managing Board and the Head of Finance who apprised him of all important business events on a regular basis.

The Managing Board's Code of Procedure defines the scope of transactions requiring the approval of the Supervisory Board. In the fiscal year 2008/2009, a total of 17 transactions requiring approval were submitted to the Supervisory Board. All the proposed resolutions received a positive vote following our thorough examination. They related to the opening of the outlet stores in Radolfzell and Heppenheim and the raising of a note loan. Other resolutions requiring approval related to the opening of new HOUSES OF GERRY WEBER (written vote). With regard to the discussion of the quarterly and interim reports, please refer to the corporate governance report, page 19.

The auditors from MAZARS GmbH, Wirtschaftsprüfungsgesellschaft, Bielefeld, reported to the Supervisory Board on selected points of their audit and on their audit conclusions for the period.

In the fiscal year there were no conflicts of interest on the Managing Board or the Supervisory Board requiring immediate reporting to the Supervisory Board and communication to the Annual General Meeting. For information on the publication of ad-hoc releases pursuant to section 15 WpHG, please refer to the corporate governance report, page 19.

The compensation scheme for the members of the Managing Board is subject to regular reviews by the Supervisory Board. For detailed information, please refer to the compensation report on page 20 et seq. In the fiscal year, the Supervisory Board again reviewed its own efficiency; for detailed information, please refer to page 18 in the corporate governance report.

Focus of the meetings and ongoing monitoring

The Supervisory Board held four meetings at regular intervals. All meetings were attended by all Supervisory Board members save for the 7 September 2009 meeting, where one member was excused. At the meetings, the Managing Board informed us in detail about the results of the individual quarters, the current order situation and the financial situation as well as the outlook on the full year 2008/2009. Special attention was paid to the opening of new HOUSES OF GERRY WEBER. The individual meetings revolved around the following issues, in particular:

Meeting on 25 May 2009:
Market and competitive development
Risk management report
Management/Control of own Retail activities
Currency risks
Structure Eastern Europe/Production
Stock repurchase programme
"HALLE 30" project in Düsseldorf

Meeting on 7 September 2009:
Current business trend
Logistic situation
License situation
Opening of own Retail stores
Budget data 2009/2010
Follow-up on the Annual General Meeting 2009
Spring/summer 2010 ordering round
Formation of an audit committee
New appointments to the nomination committee
D&O insurance
Risk report

Meeting on 30 November 2009:
Current business trend
Risk report
Topics for the Annual General Meeting 2010
Preliminary key figures 2008/2009
Status of production facilities
Report on the work of Internal Auditing
Demands made on the Managing Board and the Supervisory Board under the German Act to Modernise the Law for German Accounting Standards („Bilanzrechtsmodernisierungsgesetz" – BilMoG).
Incoming orders for the third and fourth spring/summer 2010 programme

Adjustment of the Code of Procedure for the Supervisory Board

Meeting on 23 February 2010:
Discussion of separate and consolidated financial statements in the presence of the auditors
Corporate governance report
Efficiency review of the Supervisory Board
Annual General Meeting 2010
Current business trend 2009/2010
Status of the opening of new own Retail stores
Outlook for the licensing business

In the context of ongoing monitoring, we reviewed the effectiveness and efficiency of the accounting-related internal controls and the risk management system.

Moreover, we monitored the internal auditing activities as well as the work and the impartiality of the external auditor. We also subjected the company's corporate compliance system to a critical review. An audit by the Financial Reporting Enforcement Panel (DPR) pursuant to section 342b of the German Commercial Code (HGB) took place in the fiscal year; no objections were raised.

Ongoing monitoring also focused on the approval and control of corporate planning. This included follow-ups.

Whenever necessary tax and legal specialists are called in to assist in the appraisal and discussion of specific issues. There was no need to consult external experts in the past fiscal year. The Head of Finance is an important source of information for the Supervisory Board. The Supervisory Board did not raise any objections against the Managing Board's conduct of business.

Work of the nomination committee and the audit committee

In accordance with the recommendations of the German Corporate Governance Code and with a view to ensuring the efficiency of its work, the Supervisory Board set up a nomination committee already in the fiscal year 2006/2007; at the meeting on 7 September 2009, an audit committee was set up as well. The members of both committees are Dr. Ernst F. Schröder, Udo Hardieck and Dr. Wolf-Albrecht Prautzsch, with Dr. Ernst F. Schröder serving as Chairman of both committees. This dual function is designed to increase the efficiency of the supervisory process.

The new appointments to the nomination committee were discussed at the meeting on 7 September 2009. The nomination committee, whose task is to propose suitable candidates for the election of new shareholder representatives on the Supervisory Board, did not meet in the past fiscal year. The next regular elections to the Supervisory Board will be held in 2010. The nomination committee will discuss the skills profile to be met by the "designated financial expert" on the Supervisory Board.

The audit committee, which primarily addresses accounting, risk management and compliance issues as well as the independence of the auditors, the awarding of the audit assignment to the auditors, the definition of the focal points of the audit and the fee agreement, held its first meeting on 23 February 2010. The tasks to be performed by the audit committee were discussed in detail by the full Supervisory Board in the fiscal year.

Auditing of 2008/2009 separate and consolidated accounts

MAZARS GmbH, Wirtschaftsprüfungsgesellschaft, Bielefeld, audited the separate financial statements and the management report prepared by the Managing Board in accordance with the German Commercial Code (HGB) as well as the consolidated financial statements and the Group management report of GERRY WEBER International AG prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 October 2009. The mandate for the audit was issued by the Supervisory Board pursuant to the resolution of the

Annual General Meeting of 3 June 2009; before submitting the proposal for appointment to the shareholders, the Supervisory Board had satisfied itself of the impartiality of the auditors. A breakdown of the total fees charged by the auditors is provided on page 99. The annual accounts documents were audited by the auditors and received their unqualified audit certificate as shown on page 111. The auditors confirm that no inaccurate information or violations of legal provisions were found in the separate financial statements, the consolidated financial statements and in the management reports for GERRY WEBER International AG and the Group. The auditors also examined the company's early risk identification system and found it to be effective. Their review of the accounting-related internal control systems did not identify any reportable weaknesses, either.

We held in-depth discussions with the Managing Board on the requirements imposed on a risk management system by the German Stock Corporation Act. As part of our monitoring of the effectiveness and efficiency of the risk management system, we scrutinised the measures defined by the Managing Board with a view to managing the risks identified and assessed. The risk management system of GERRY WEBER International AG is constantly being updated and refined. We are of the opinion that the Managing Board has installed an appropriate information and monitoring system pursuant to section 91 para. 2 AktG, which can identify risks that could potentially jeopardise the company's continued existence at an early stage.

Having reviewed the financial statements, the consolidated financial statements, the management report 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. The auditors were present in these meetings to answer queries, provide information and report the results of their audit to the Supervisory Board. All members of the Supervisory Board were provided with all required documents, including, in particular, the auditors' audit reports, in a timely manner. Having concluded on its own examination, the Supervisory Board established that no objections needed to be raised and accepted the auditors' findings.

Having been formally endorsed by the Supervisory Board at its meeting on 23 February 2010, the financial statements of GERRY WEBER International AG are deemed to have been duly approved in accordance with section 172 AktG. We also approved the consolidated financial statements. We agree with the management reports and, in particular, with the assessment of the company's future performance. We concur with the Managing Board's proposal to pay out a dividend of EUR 17.6 million or EUR 0.85 per voting share from the company's profits, to allocate EUR 25.0 million to retained earnings and to carry the remaining EUR 9.9 million forward to new account. We consider the profit appropriation proposal to be appropriate.

The auditors audited the report on relationships with affiliated companies („dependency report") prepared by the Managing Board in accordance with section 312 AktG, reported on the result of their audit in writing 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."

We agree with the audit result of the auditors. Having concluded our own examination, we do not raise any objections regarding the Managing Board's declaration appended to the report.

Changes on the Managing Board and the Supervisory Board

With effect from 1 May 2009, Dr. David Frink was appointed as a new member of the Managing Board of GERRY WEBER International AG. He is responsible for Production, IT and Logistics and has been appointed for a term of office of three years. Dr. Frink succeeds company co-founder Udo Hardieck, who resigned from the Managing Board of GERRY WEBER International AG with effect from 31 July 2009 for reasons of age. Also with effect from 31 July 2009, Peter Mager, who represented the shareholders on the Supervisory Board, resigned from office. Mr Hardieck was appointed to the Supervisory Board as shareholder representative with effect from 1 August 2009 until the end of the Annual General Meeting that decides on the discharge of the acts of the Supervisory Board for the fiscal year 2008/2009.

Corporate Governance

Responsible and transparent corporate governance geared to the creation of sustainable value is a key concern for GERRY WEBER International AG. Detailed information on corporate governance is provided in the joint corporate governance report of the Managing Board and the Supervisory Board on page 16 et seq. A list of all external mandates held by the members of the Supervisory Board is provided in the notes to the consolidated financial statements on page 96. The individual compensation paid to the members of the Supervisory Board is shown on page 20 et seq. in the compensation report, which also contains information on the change of control clause. No conflicts of interest occurred on the Supervisory Board in the fiscal year.

The declaration of conformity for 2009 was adopted together with the Managing Board on 30 November 2009. It is published on the company's website for permanent access by the shareholders.

Our special thanks go to Mr Hardieck and Mr Mager. Being a member of the Managing Board for many years, Mr Hardieck has clearly left his mark on GERRY WEBER International AG and made the company the fashion industry's pioneer in logistics and production. We are pleased that he will maintain his close ties with the company as Vice Chairman of the Supervisory Board. His predecessor Mr Mager advised the GERRY WEBER International AG's Managing Board since 1989 when he was appointed to the Supervisory Board and made a successful contribution to the Group's performance.

We thank the Managing Board and all employees of GERRY WEBER International AG for their unerring commitment. Their motivation and dedication, which made the past fiscal year the most successful year in the history of our company despite difficult economic conditions, deserves our utmost respect. Our thanks also go to our customers, business partners and shareholders for the confidence placed in the company.

Halle/Westphalia, 23 February 2010

Dr. Ernst F. Schröder
Chairman

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

The Managing Board and the Supervisory Board of GERRY WEBER International AG have committed themselves to managing and controlling the company in a transparent and responsible manner. In accordance with the principles of the social market economy, they secure the company's continued existence and the creation of sustainable value. Special attention is paid to the interests of its shareholders, its employees and other stakeholders. In this context, the Managing Board and the Supervisory Board follow the national and international initiatives for modern corporate governance. The company complies with the recommendations of the German Corporate Governance Code to the extent that such compliance is feasible and prudent in light of the company's specific circumstances. In justified exceptional cases, GERRY WEBER International AG elects not to comply with individual recommendations due, for instance, to the company's size or the need to make efficient use of available resources. With a view to strengthening shareholders' and investors' confidence in the company, GERRY WEBER International AG pursues a policy of optimising its corporate governance on an ongoing basis.

The German Corporate Governance Code was last amended on 18 June 2009, when several new recommendations and suggestions were added. For instance, both positive and negative developments shall be taken into account when determining variable compensation components for the Managing Board. The Supervisory Board shall respect diversity in appointing members to the Managing Board. The same applies to nominations for the election of Supervisory Board members. The appointment of a Managing Board member to the chairmanship of the Supervisory Board shall be an exception requiring justification to the Annual General Meeting. GERRY WEBER International AG fully complies with these new recommendations. At this stage, the company does not comply with the amended recommendation that a deductible of at least ten percent should be agreed when taking out D&O insurance for Supervisory Board members. It was not necessary to consult external compensation experts, as there was no need to review the compensation.

No inconsistencies were revealed by a comparison between the declaration of conformity of December 2008 and the actual implementation of corporate governance in 2009. The declaration of conformity of 2009 was issued jointly by the Supervisory Board and the Managing Board of GERRY WEBER International AG on 30 November 2009.

The Code of Procedure of the Managing Board remained unchanged. The Code of Procedure of the Supervisory Board was amended at the Supervisory Board meeting on 30 November 2009 to include the new committees.

Shareholders and Annual General Meeting

The Annual General Meeting on 3 June 2009 was attended by roughly 1,200 shareholders and shareholder proxies, who represented an imputed 63.6 percent of the share capital. Five of the seven agenda items put up for vote were approved by a majority of over 99 percent. Two items on the agenda were approved by 98 and 90 percent of the shareholders, respectively. Apart from the discharge of the acts of the Managing Board and the Supervisory Board, it was decided to create new authorised capital in an amount of EUR 11.5 million and to authorise the repurchase of own shares representing up to ten percent of the share capital. In addition, the shareholders approved the distribution of a dividend of EUR 0.75 per share and elected company co-founder Udo Hardieck member of the company's Supervisory Board with effect from 1 August 2009. As in the previous year, no counter-motions were received by the company prior to the Annual General Meeting.

The Annual General Meeting was again concluded within the recommended duration of between four to six hours. All documents that were relevant for the Annual General Meeting were and still are easily accessible on the company's website. To ensure convenient navigation, there is a dedicated "Annual General Meeting" item in the Investor Relations section of the website. In response to specific requests, the notification of the convening of the Annual General Meeting as well as the convention documents can also be furnished through electronic channels; this is not standard practice due to organisational reasons. The proxy appointed by the Managing Board for the instruction-bound exercise of shareholders' voting rights could be contacted also during the Annual General Meeting.

The company will continue to dispense with webcasts of the AGM proceedings for cost reasons and due to legal certainty considerations. Instead, the speech held by the Chairman of the Managing Board and the voting results are published immediately subsequent to the Annual General Meeting.

Cooperation between Managing Board and Supervisory Board

The Supervisory Board defines the information and reporting duties of the Managing Board. The Chairmen of the two bodies exchanged information and opinions also outside of the four ordinary Supervisory Board meetings. For more detailed information on the cooperation between the Managing Board and the Supervisory Board, please refer to the report of the Supervisory Board on page 10 et seq.

The representatives of the shareholders and of the employees are free to prepare the Supervisory Board meetings separately. The Supervisory Board is entitled to meet without the Managing Board but did not exercise this right in the past fiscal year.

No deductible was agreed and will be 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 deductible is not believed to further increase the commitment of the Managing Board and Supervisory Board. With regard to existing D&O policies for the Managing Board, GERRY WEBER International AG takes advantage of the transitional regulation for existing contracts until 1 July 2010. Where D&O insurance for the Supervisory Board is concerned, the company will not introduce a deductible before a legal basis is established.

Managing Board

The Managing Board of GERRY WEBER International AG is composed of three members. The Managing Board is chaired by company founder Gerhard Weber. Doris Strätker has been responsible for the strategic management of the Group's three brands since July 2008. Dr. David Frink was appointed to the Managing Board of GERRY WEBER International AG with effect from 1 May 2009. He is in charge of Production, IT and Logistics and succeeds company co-founder Udo Hardieck, who resigned from the Managing Board on 31 July 2009 for reasons of age and joined the company's Supervisory Board with effect from 1 August 2009.

The Code of Procedure of the Managing Board remained unchanged.

The full Supervisory Board sets the total compensation of the individual Managing Board members and decides and reviews the Managing Board compensation system. Both positive and negative developments are taken into account in the determination of the variable compensation components. When signing the contracts with the Managing Board members appointed in the fiscal years 2007/2008 and 2008/2009, it was agreed that payments made to the Managing Board members on premature termination of their contract without serious cause do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the contract. The severance payment cap was calculated on the basis of the anticipated total compensation for the current financial year. Payments promised in the event of premature termination of a Managing Board member's contract due to a change of control do not exceed 150 percent of the severance payment cap.

The Supervisory Board has not consulted an external compensation expert to assess the appropriateness of the Managing Board compensation.

The Chairman of the Supervisory Board informed the Annual General Meeting of the basic principles of the compensation scheme.

The compensation scheme for the Managing Board has remained unchanged. The basic elements of the compensation scheme as well as individualised figures for each Managing Board member are shown on page 20.

There were no conflicts of interest on the Managing Board. Mr Hardieck, member of the Managing Board until 31 July 2009, is a member of the Advisory Council of Nordfolie GmbH, Steinfeld in Oldenburg. No other member of the Managing Board held Supervisory Board mandates or similar mandates.

Supervisory Board

Information on the focal areas of the Supervisory Board's work and details of the individual meetings are provided in the report of the Supervisory Board on page 10 et seq.

As of the end of 31 July 2009, shareholder representative Peter Mager resigned from the company's Supervisory Board. Mr Udo Hardieck was appointed to the Supervisory Board as shareholder representative with effect from 1 August 2009 until the end of the Annual General Meeting that decides on the discharge of the acts of the Supervisory Board for the fiscal year 2008/2009.

The Supervisory Board respects diversity when appointing members to the Managing Board. No age limit has been defined for Managing Board members. The Code of Procedure of the Supervisory Board was amended to include the existing committees.

The Chairman of the Supervisory Board regularly liaises with the Managing Board. The Supervisory Board of GERRY WEBER International AG set up a nomination committee in the fiscal year 2006/2007 and a nomination committee at its meeting on 7 September 2009. Both committees are chaired by Dr. Ernst F. Schröder. This means that GERRY WEBER International AG does currently not comply with the recommendation of the German Corporate Governance Code according to which the Chairman of the Supervisory Board should no chair the audit committee. The company is of the opinion that this dual function of Dr. Schröder increases the efficiency of the supervisory process. In view of the size of the Supervisory Board, it would be inappropriate to set up additional committees.

When making nominations for the election of Supervisory Board members, care is taken that the Supervisory Board, at all times, is composed of members who have the required knowledge, abilities and expert experience to properly complete their tasks. Attention is also paid to diversity.

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 had a sufficient number of independent members at all times. Only one former member of the Managing Board sits on the Supervisory Board. GERRY WEBER International AG will comply with the recommendation that the appointment of a Managing Board member to the chairmanship of the Supervisory Board shall be an exception that needs to be justified to the General Meeting as soon as such an appointment is planned.

The compensation scheme for the Supervisory Board remained unchanged. For the basic elements of the compensation scheme as well as individualised figures for each Supervisory Board member, please refer to page 21 .

No conflicts of interest of individual Supervisory Board members occurred. The Supervisory Board conducts regular self-assessments of the efficiency of its work. The results are incorporated in the ongoing efforts to optimise the work of the Supervisory Board.

New elections to the Supervisory Board will be held in 2010.

Transparency

With a view to ensuring regular and timely communication with its shareholders and other interested stakeholders, GERRY WEBER International AG complies with all recommendations and suggestions of the German Corporate Governance Code on transparency. The "Investor Relations" section of the company's website provides all relevant information resulting from the company's stock market listing.

In 2008/2009, three ad-hoc releases as defined in section 15 WpHG were promulgated throughout Europe using the appropriate news channels. Three notifications on changes in voting rights as defined in section 26 WpHG were also promulgated throughout Europe. In addition, the company published eight reports on directors' dealings as defined in section 15a WpHG.

Shareholdings

Managing Board:

Gerhard Weber (indirectly)	6,139,385 shares

Supervisory Board:

Udo Hardieck (directly and indirectly)	4,096,948 shares
Charlotte Weber-Dresselhaus	34,503 shares
Olaf Dieckmann	14 shares

For more information, please refer to the notes to the consolidated financial statements on page 98. The mandates of the Supervisory Board members are also shown in the notes to the consolidated financial statements on page 96.

Accounting and auditing

For organisational reasons, GERRY WEBER International AG has so far refrained from discussing interim and quarterly reports with the Supervisory Board prior to their publication. The company will comply with this recommendation as of the beginning of the fiscal year 2009/2010.

The consolidated financial statements were publicly accessible within 120 days of the end of the reporting period. The interim reports were publicly accessible within 60 days of the end of the respective reporting period. GERRY WEBER International AG strives to comply with the recommended deadlines of 90 and 45 days, respectively. So far, the company has not complied with the recommended deadlines to ensure greater validity of the figures reported.

The company has no stock option plans or similar securities-based incentive schemes that require reporting.

The Annual General Meeting endorsed the proposal of the Managing Board and appointed MAZARS GmbH, Wirtschaftsprüfungsgesellschaft, Bielefeld, as auditors of the financial statements and the consolidated financial statements for the year 2008/2009. Prior to putting the proposal to the vote, the Supervisory Board satisfied itself of the impartiality of the auditors and obtained a declaration from the auditors on their personal and business relations with the company. No objections were raised. The audit assignment was formally awarded by the Supervisory Board.

Compensation report for the Managing Board and the Supervisory Board

The following compensation report forms part of the management report (see page 43):

The compensation paid to Managing Board members is set by the Supervisory Board and documented in each Managing Board member's contract. The Supervisory Board conducts regular reviews of the Managing Board compensation scheme which is comprised of a fixed component and a variable component. The bonus is a function of the pre-tax profit of the Group. Share price-based schemes such as stock options do not exist. Managing Board members are entitled to use their company cars also for personal purposes. In fiscal year 2008/2009, the total compensation of the Managing Board amounted to KEUR 5,697of which an amount of KEUR 2,879 was paid to Chairman Gerhard Weber, KEUR 1,458 to Udo Hardieck, KEUR 1,020 to Doris Strätker and KEUR 340 to Dr. David Frink. The fixed salary amounted to KEUR 1,647, while the share in profits amounted to KEUR 4,050.

Managing Board contracts signed since the beginning of 2007/2008 provide for a severance payment that does not exceed the value of two years' compensation (severance payment cap) and compensates no more than the remaining term of the contract if the contract is terminated prematurely without serious cause. These Managing Board contracts additionally contain a change of control clause, according to which payments promised in the event of premature termination of the contract due to a change of control do not exceed 150 percent of the severance payment cap.

Compensation of the Managing Board members for 2008/2009 (in KEUR)

Name	Fixed compensation	Variable compensation
Gerhard Weber (Chairman)	469	2,410
Udo Hardieck	286	1,172
Doris Strätker	660	360
Dr. David Frink	232	108

The total compensation received by Supervisory Board members also breaks down into a fixed component and a variable component reflecting the dividend distributed to shareholders. As in prior years, the Chairman receives three times the regular amount, while the Vice Chairman is paid half the Chairman's compensation. The following table provides individualised figures for the members of the Supervisory Board.

Compensation of the members of the Supervisory Board for 2008/2009 (in EUR)

Name	Fixed compensation	Variable compensation
Dr. Ernst F. Schröder (Chairman)	22,500	112,500
Udo Hardieck (Vice Chairman and member of the Supervisory Board since 1 August 2009)	2,812	14,063
Peter Mager (Vice Chairman and member of the Supervisory Board until 31 July 2009)	8,438	42,187
Charlotte Weber-Dresselhaus	7,500	37,500
Dr. Wolf-Albrecht Prautzsch	7,500	37,500
Olaf Dieckmann	7,500	37,500
Christiane Wolf	7,500	37,500
	63,750	318,750

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

GERRY WEBER International AG
Declaration of conformity with the recommendations of the German Corporate Governance Code as amended on 18 June 2009

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 section 161 of the German Stock Corporation Law (AktG), the Managing Board and the Supervisory Board hereby issue the following declaration of conformity with the recommendations made by the government commission on the German Corporate Governance Code as amended on 18 June 2009:

1. Since issuing the last declaration of conformity in December 2008 and the 18 June 2009 amendments to the Code (as compared to the version of 6 June 2008), the company has complied with additional recommendations of the Code. These are listed below:

Section 4.2.3 of the Code – Compensation structure of the Managing Board members: GERRY WEBER International AG complies with the new recommendation of the Code to take both positive and negative developments into account when determining variable compensation components.

Section 5.1.2 of the Code – Composition of the Managing Board: GERRY WEBER International AG complies with the new recommendation of the Code that the Supervisory Board shall respect diversity when appointing the Managing Board.

Section 5.3.2 of the Code – Formation of an Audit Committee: Since September 2009, the Supervisory Board of GERRY WEBER International AG has complied with the recommendation of the Code that an Audit Committee should be set up, which, in particular, handles issues of accounting, risk management and compliance, the necessary independence required of the auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement. The chairman of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal control processes.

Section 5.4.1 of the Code – Composition of the Supervisory Board: GERRY WEBER International AG complies with the amended recommendation of the Code that attention should be paid to diversity when appointing the 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 will comply with the recommendation that the appointment of a Managing Board member to the chairmanship of the Supervisory Board should be an exception to be justified to the General Meeting as soon as such a change is planned.

Section 5.4.5 of the Code – Supervisory Board mandates of Managing Board members: GERRY WEBER International AG complies with the amended recommendation that a member of the Managing Board should not accept more than three Supervisory Board mandates in non-Group listed companies.

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 has sent and will send the notification of the convening of the Annual General Meeting together with the convention documents by electronic means to individual domestic and foreign financial services providers, shareholders and shareholders' associations 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 has refrained and will refrain from such general electronic notification for organisational reasons.

Section 3.8 (2) of the Code - D&O insurance: No retention was agreed and will be 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. With regard to existing D&O policies for the Managing Board, GERRY WEBER International AG takes advantage of the transitional regulation for existing contracts until 1 July 2010. Where D&O insurance for the Supervisory Board is concerned, the company will not introduce a deductible before a legal basis is established.

Section 7.1.2 of the Code - Publication of consolidated financial statements and interim reports: For organisational reasons, GERRY WEBER International AG has so far refrained from discussing interim and quarterly reports with the Supervisory Board prior to their publication. The company will comply with this recommendation as of the beginning of the fiscal year 2009/2010. The consolidated financial statements were publicly accessible within 120 days of the end of the reporting period. The interim reports were publicly accessible within 60 days of the end of the respective reporting period. GERRY WEBER International AG strives to comply with the recommended deadlines of 90 and 45 days, respectively. So far, the company has not complied with the recommended deadlines to ensure greater validity of the figures reported.

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 five of the sevens new recommendations made in the amended version of 18 June 2009. The recommendation in Section 4.2.2 (3) of the Code (Independence of the external compensation expert of the Managing Board and the enterprise) is not relevant for the company, as no external compensation expert has been called upon. As explained above, the company does not comply with the recommendation in Section 3.8 (2) of the Code (D&O insurance).

Halle/Westphalia, 30 November 2009

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

Share

The international financial markets were again marked by great uncertainty in the fiscal year 2008/2009. Especially in the first half of the year, the capital markets still felt the after-effects of the collapse of investment bank Lehman Brothers. At the same time, many investors feared that the financial crisis would have an adverse impact on the real economy. The German stock indices, DAX, MDAX and SDAX, fell sharply, reaching the lowest levels since the beginning of the financial crisis in March 2009.

As governments implemented measures to stabilise the economy and the banking sector, many investors regained confidence in the financial markets. By the end of the fiscal year on 31 October 2009, the stock indices had recovered and more than offset their losses since the beginning of the year. At the end of the year, the DAX had gained eight percent, while the MDAX and the SDAX had climbed by 18 and 25 percent, respectively.

Gaining 51 percent since the beginning of the fiscal year, the GERRY WEBER share clearly outperformed the three stock indices. Investors rewarded the company's excellent operating performance in what was a difficult economic year. The share price was additionally supported by the stock repurchase programme launched in September 2008, which was carried out via the stock exchange until 10 February 2009 and as a public buyback offer between 12 February and 4 March 2009.

The share opened the fiscal year 2008/2009 at a price of EUR 14.40. It hit the year's low of EUR 14.39, which was only just below the opening price, on 12 March 2009. Up to then, the share price had been quite volatile, but this was followed by a steady upward trend in the second half of the year. The GERRY WEBER share hit a high of EUR 23.30 on 12 October 2009 and closed the fiscal year 2008/2009 at EUR 21.62. This represented a 51 percent increase on the prior year closing price of EUR 14.31.

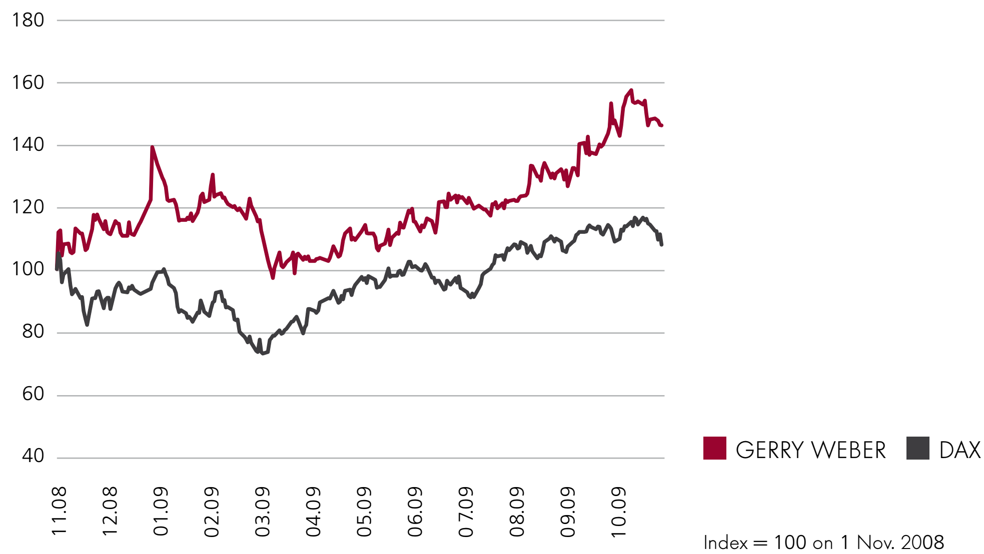
As of 31 October 2009, the market capitalisation stood at EUR 496 million, compared to EUR 328 million in the previous year. Investors' restraint was also reflected in the trading volume, which was clearly below the prior year level.

An average of 24,292 GERRY WEBER shares were traded per day, which represented an average daily volume of EUR 428,000.

Even though the share price losses suffered in the previous year have not been fully offset yet, the multi-year view shows the excellent performance of the share. Over the past ten years, the share gained over 240 percent. This extraordinary performance reflects the very good business trend of the company and its excellent fundamentals. Analysts are equally convinced of the potential of the GERRY WEBER share. At EUR 24.00 to EUR 28.00, the upside targets clearly exceed the current share price. The share is regularly covered by analysts from Bankhaus Lampe, Bankhaus Sal. Oppenheim, Landesbank Baden-Württemberg, Berenberg Bank, DZ-Bank and Commerzbank.

Dividend proposal of EUR 0.85 per share

The GERRY WEBER is regarded as a dividend achiever in the SDAX. As in the previous years, the Managing Board and the Supervisory Board of GERRY WEBER International AG want to give the shareholders a share in the company's excellent performance. They will therefore propose a dividend of EUR 0.85 per share to the Annual General Meeting on 1 June 2010. This would be a good 13 percent or EUR 0.10 more than in the previous year. Going forward, GERRY WEBER International AG will continue to pursue a dividend policy that creates sustainable shareholder value.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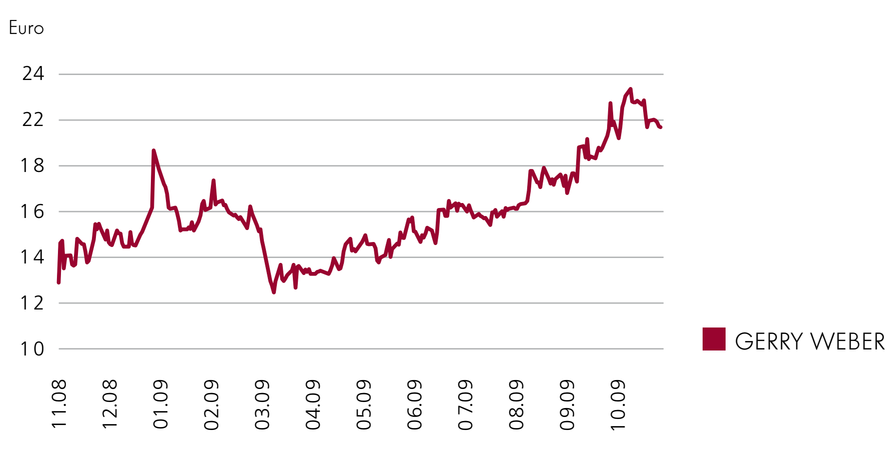
GERRY WEBER
DAX
Index = 100 on 1 Nov. 2008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GERRY WEBER

Shareholder structure

The shareholder structure of GERRY WEBER International AG has always been a guarantee of a highly stable and sustainable corporate policy. Between them, company founders Gerhard Weber and Udo Hardieck directly and indirectly hold 44.6 percent of the shares. Ralf Weber holds 9.88 percent of the voting rights. 9.98 percent are own shares that were acquired – initially via the stock exchange and later in the context of a public repurchase offer – under the stock repurchase programme launched in September 2008. No rights arise to the company from these shares. The free float declined to 35.54 percent due to the repurchase of own shares.

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E-mail b.uhlenbusch@gerryweber.de

Investor relations

The communication with the financial community plays an important role for GERRY WEBER International AG. The company's investor relations activities are geared towards an open and ongoing dialogue with all capital market players. The Managing Board and the management provide comprehensive and timely information on all relevant events, the current business trend and the company's strategy to facilitate a fair valuation of the GERRY WEBER share.

Comprehensive information on GERRY WEBER International AG and the GERRY WEBER share is available to the interested public for downloading on the company's website at www.gerryweber-ag.de. This is where all relevant documents – from annual and quarterly reports to press releases and ad-hoc releases to company presentations – are published in a timely manner.

At the annual analysts conference in Frankfurt, many analysts again had the opportunity to exchange ideas and information with the Managing Board and to seek information on the performance of the company. Management also liaised with investors at several roadshows in Germany and abroad.

Thanks to its excellent sales and earnings performance in a difficult environment, the GERRY WEBER Group once again met with a positive response from business and financial media. The Managing Board and the management team were regularly available to answer journalists questions, thus ensuring a consistent media presence for the company.

The Annual General Meeting at the GERRY WEBER Event-Center was once again a special highlight of the fiscal year. Speaking to over 1,200 shareholders and shareholder representatives, CEO Gerhard Weber reported on the company's excellent operating performance in the past fiscal year and outlined its future growth strategy.

WKN	330410
ISIN	DE0003304101
Stock exchange symbol	GWI1 .FSE
Bloomberg symbol	GWI1 GR
Reuters symbol	GWIG.F
Designated sponsor	Sal. Oppenheim
Type	No-par bearer shares
Transparency level	Prime Standard
Index member	SDAX, Prime Consumer
Subscribed capital	EUR 22,952,980
Common shares	22,952,980
Authorised capital	EUR 11,475,000
Dividend/common share	EUR 0.85
Earnings per share to DVFA/SG2	EUR 2.08
Cash flow per share	EUR 3.82
Average daily turnover in shares (FY)	24,292
Average daily turnover in EUR (FY)	428,072
Price at end of FY 2007/2008	EUR 14.31
Price at end of FY 2008/2009	EUR 21.62
High 2008/2009	EUR 23.30
Low 2008/2009	EUR 14.39
Market capitalisation at end of FY 2007/2008	EUR 328 million
Market capitalisation at end of FY 2008/2009	EUR 496 million
Share price performance in the FY	+51%
Total return[1] in the FY	+57%
Shareholder structure	
	Gerhard Weber (directly and indirectly) 26.75%
	Udo Hardieck (directly and indirectly) 17.85%
	Ralf Weber 9.88%
	Own shares 9.98%
	Free float 35.54%

[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.

Group management report for the fiscal year 2008/2009

Management report

Even in a fiscal year which saw the deepest recession since the end of World War II, GERRY WEBER International AG marked new sales and earnings records and expanded its unique positioning in what remains a weak market environment. Group sales revenues for the past fiscal year totalled EUR 594.1 million, up 4.2 percent on the previous year. Earnings before interest and taxes (EBIT) advanced by a disproportionate 13.6 percent to EUR 71 .2 million. The EBIT margin improved by one percentage point to 12.0 percent.

Thanks to the restructuring efforts of the past years, the company is able to respond to changes quickly and with great flexibility and to seize the opportunities that arise in the market. The new approach taken by the GERRY WEBER Group both on the sales side and on the procurement side in past years has yielded important competitive advantages which are now paying off.

In view of the excellent earnings position, the Managing Board will propose a profit distribution of EUR 17.6 million of EUR 0.85 per voting share to the Annual General Meeting. This represents an increase of EUR 0.10 per share or a good 13 percent on the previous year. The highest regular dividend in the history of the company will give the shareholders an appropriate share in the performance of GERRY WEBER International AG. Another EUR 25.0 million will be allocated to retained earnings. The remaining EUR 9.9 million will be carried forward to new account.

Company co-founder Udo Hardieck resigned from the Managing Board of GERRY WEBER International AG with effect from 31 July 2009 for reasons of age and joined the company's Supervisory Board as of 1 August 2009. During the many years he sat on the Managing Board, he was instrumental in taking forward the logistics and procurement activities of the GERRY WEBER Group, thus making an important contribution to the Group's successful performance. The Managing Board has been reorganised with a view to further expanding our lead in the market through innovative processes. As the successor to Udo Hardieck, Dr. David Frink has assumed responsibility for Production, IT and Logistics.

Group structure

GERRY WEBER International AG, based in Halle/ Westphalia, is the parent company of the GERRY WEBER Group. Central services such as accounting, controlling, human resources management, technology management and IT are provided by the holding company with a view to exploiting synergies and supporting the Group companies. GERRY WEBER International AG is managed by three Managing Board members. The GERRY WEBER Group is characterised by lean structures as well as low-cost production and procurement and has effectively outsourced certain tasks to external partners. All this has given the Group an excellent position in the market.

The consolidated entity comprises 17 domestic and international subsidiaries, each of which is wholly owned by GERRY WEBER International AG. The greatest strategic relevance resides in the four domestic Group companies that are responsible for the GERRY WEBER, TAIFUN and SAMOON brands and handle the Group's operating business and external sales. The foreign subsidiaries are responsible for designated markets or procurement and production locations.

The GERRY WEBER Group is controlled centrally across all Group companies. This controlling system ensures short response times to changes in the divisions. Target deviations are identified at an early stage and can be analysed and, if necessary, corrected immediately. At holding company level, key figures for corporate control are target revenues, EBIT margins and return on investment. The controlling system is additionally supported by other operational key figures such as order rates and sell-through figures for strategic brand management and inventory turnover, sales per square metre and personnel / rental expenses as a percentage of sales for the Retail segment. Thanks to the GERRY WEBER Group's own Retail activities, management is always informed of what happens at the point of sale and can incorporate this information in the brand and collection decisions.

No material changes to the controlling system occurred since the last Annual Report.

Strategy

The GERRY WEBER Group has successfully transformed itself from a clothing manufacturer to a fashion and lifestyle company and systems supplier. Its sophisticated brand and sales strategy and constantly improved procurement, production and logistics processes, give the GERRY WEBER Group a unique position in today's market.

The three Group brands – GERRY WEBER, TAIFUN and SAMOON – are ideally positioned based on strong fashion appeal, ideal fits and excellent quality. Clear collection statements address the respective target groups in an individual manner. Unlike other vertically integrated fashion manufacturers, the GERRY WEBER Group does not focus on very young consumers but targets the modern, grown-up woman. The strong brands make the company stand out from the highly competitive market while enabling it at the same time to withstand retailers' pressure on prices and margins.

The strong appeal of the brand is supported by numerous events at the GERRY WEBER Stadium and the GERRY WEBER Eventcenter as well as by the GERRY WEBER OPEN. The only ATP lawn tennis tournament attracts numerous celebrities from the world of sports and entertainment and is broadcast in over 120 countries. This way, it not only increases the visibility of the GERRY WEBER Group but also helps to give the Group's three brands a cosmopolitan flavour.

Thanks to its flexible distribution system, GERRY WEBER Group can seize market opportunities at an early stage and is ideally positioned as a vertically integrated systems supplier. The company has aggressively built up its own Retail activities, which make it increasingly independent of the traditional wholesale business. The vertical integration strategy has not only broadened the revenue base and led to a higher gross profit margin due to the extended value chain. It also provides the GERRY WEBER Group with important information about what is happening at the point of sale, permitting the company to gear its collections even more effectively to actual consumer demand.

On the procurement side, the GERRY WEBER Group's global sourcing system plays a pioneering role in the fashion sector. It allows the company to respond quickly and with great flexibility to changes in the procurement markets and to offer its high-quality collections at relatively moderate prices. The company uses innovative IT systems for logistics and production and has outsourced certain services to cut its cost and improve its competitiveness in the long term.

Strong brands, a flexible distribution strategy and lean procurement and logistics structures give the GERRY WEBER Group an ideal market position. The target group-driven positioning of the brands and the excellent knowledge of its customers and their needs enable the GERRY WEBER Group to set its own trends and, hence, to isolate itself from the general market trend.

The brands

The GERRY WEBER Group's three brands, GERRY WEBER, TAIFUN and SAMOON, occupy a unique position in the upper market segment. The core brand, GERRY WEBER, is one of the highest profile brands in the German fashion retail sector, scoring name awareness ratings of roughly 80 percent in the target group of women aged 30 to 64. A 2009 study conducted by market analysts at Munich-based firm Semion Brand-Broker valued the GERRY WEBER brand value at EUR 46 million. This is equivalent to a five percent increase on the previous year, which represents the highest increase among all 50 German brands covered by this year's survey. Over the past ten years, the brand value has increased by as much as 59 percent.

The GERRY WEBER brand targets the "modern woman" aged 30 and above, caters to her fashion needs and evolves with her. The high-quality coordinates collections are characterised by trendy cuts and materials, high-quality workmanship, attention to detail and well-matched colours. GERRY WEBER presents 7 collections per year, allowing retailers to be supplied with new items at 14-day intervals.

The core brand is complemented by two sublabels, GERRY WEBER EDITION and G.W. GERRY WEBER EDITION is a single-item collection of knitwear, shirts, blouses, trousers, skirts and outdoor jackets and is targeted at consumers who want to add trendy single items and selected basics to their wardrobe. The sublabel is so successful that several single-brand stores have been opened in the meantime, including a store at Berlin central station. The aggressively priced G.W. label supplies retailers with the latest fashion items at short intervals. The sublabels are colour-coordinated to offer virtually unlimited styling possibilities.

The product portfolio of the GERRY WEBER Group is complemented by licensed products such as bags, jewelry, shoes and eyewear, which additionally support the lifestyle concept of the core brand.

TAIFUN has a good feel for trends and fashion themes and is targeted at the younger "modern woman", thus clearly distancing itself from the young fashion segment. Positioned in the medium price segment, the TAIFUN collections range from the latest business look to trendy casual wear. Selected materials, young cuts and sophisticated details are the hallmarks of the brand. Several TAIFUN mono-brand stores support the brand image.

The young coordinates collections of the SAMOON brand are targeted at modern, quality-conscious 30-plus women wearing plus sizes from 40 to 54. Building on trendy cuts and excellent fits, SAMOON displays great creativity in bringing the latest fashion trends to the plus size sector. Several highly successful mono-brand stores support consumers' identification with the brand.

Sales and marketing

As a vertically integrated systems supplier, the GERRY WEBER Group continues to seize market opportunities as they arise, thus reducing its dependence on the traditional wholesale business. The company meanwhile covers the full value chain from product development to its own retail stores. The disproportionate growth of the GERRY WEBER Group, compared to the fashion industry in general, impressively underlines the success of this vertical integration strategy.

Much of the strong growth seen in the past years is attributable to the steady expansion of the HOUSES OF GERRY WEBER. These multi-brand stores present the GERRY WEBER brand universe under a single roof. The stores in the prime locations of cities like Berlin, Moscow and Cairo reflect the cosmopolitan image of the brands particularly well. The mono-brand stores for GERRY WEBER, TAIFUN, SAMOON and GERRY WEBER EDITION are also very well established in the market. At the end of the fiscal year on 31 October 2009, there were 334 company-managed and franchised stores, of which 155 were located in Germany and 179 abroad. 288 stores are operated under the name of HOUSES OF GERRY WEBER, while there are 19 GERRY WEBER stores, seven TAIFUN stores, 17 SAMOON stores and three GERRY WEBER EDITION stores. The 138 company-managed stores are complemented by 196 franchise operations, with the GERRY WEBER Group mainly focusing on the domestic market and drawing on the excellent local market knowledge of franchisees primarily in international markets.

The company's retail strategy is based on the idea to implement the concept that best matches the size and location of the respective shop or store to take maximum advantage of the existing market potential. The shop concepts 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.

The GERRY WEBER eShop, which sells products of the GERRY WEBER, TAIFUN and SAMOON brands, plays an increasingly important role for the company's Retail activities. It allows the GERRY WEBER Group to participate in the growing success of e-commerce and to gain access to new customer groups. The success of the eShop is reflected in its impressive growth rates, with sales revenues up by 17 percent in the fiscal year 2008/2009.

Besides its own Retail activities, the GERRY WEBER continues to expand its close relations with the retail sector. The number of shop-in-shops increased by 329 to 1,803 in the fiscal year, of which 1,447 are located in Germany and 356 abroad. The GERRY WEBER core brand has 1,562 shops, while TAIFUN and SAMOON have 165 and 76, respectively. The strong increase in the number of shops underlines the company's excellent reputation among retailers. Offering the highest margins in the ladieswear segment, the GERRY WEBER Group is a guarantor of success for the trade. The great confidence placed in the company by retailers is not least reflected in the fact that more and more retailers merely define maximum order limits and leave the breakdown of the order to the GERRY WEBER Group. Thanks to the EDI data fed from the company's HOUSES OF GERRY WEBER and from many of its retail customers, the GERRY WEBER Group exactly knows the needs and requirements of the target group at the point of sale. The insights gained from this data not only benefit the company's own stores but are also made available to retail customers under maximum order limit arrangements. The Group intends to expand such arrangements consistently in the coming years.

Procurement

The clothing industry is constantly challenged to develop low-cost procurement markets while at the same time ensuring that high quality standards are maintained. A global sourcing system allows the GERRY WEBER Group to respond quickly and flexibly to changes in the procurement markets and to develop lower-cost production locations.

When it comes to procurement, a distinction is made between full package service (FPS) and cut-make trim (CMT). FPS suppliers rely on their own resources to produce garments to the GERRY WEBER Group's specifications, while CMT suppliers exclusively use materials provided by the GERRY WEBER Group. In the fiscal year 2008/2009, the GERRY WEBER Group sourced 81 .5 percent of its merchandise from FPS suppliers and 18.5 percent from CMT suppliers. At 66 percent, most of the merchandise delivered by FPS suppliers came from the Far East; the most important procurement countries are China, Sri Lanka, India and Indonesia. Another 29 percent was sourced in Turkey, while the remaining five percent came from Europe or other regions. All CMT suppliers are based in Eastern Europe, mainly in Romania, Bulgaria, Ukraine and Macedonia.

With the help of the global sourcing system, the expensive production locations in Eastern Europe are being replaced with lower-cost locations such as Belarus, Armenia or Moldavia. Production in China will continuously be relocated inland, while the focus in Turkey will shift to Anatolia. A precondition for all relocations is that the high quality standards are maintained.

Logistics

The constant optimisation of the logistic processes plays an important role for the GERRY WEBER Group. In the fiscal year 2008/2009, all logistic processes were reorganised with a view to reducing the time between the design of a garment and its availability at the point of sale. The goods are now distributed in close cooperation with two specialist logistic service providers. This is where all processes – from incoming goods to stock-keeping, from quality management and making-up to shipping – are pooled. The Group has given up its own logistics facility in Halle. The benefits of this concentration on only two partners include less complex processes, fewer transports, optimised lead times and, ultimately, greater efficiency.

The GERRY WEBER Group is one of the pioneers in radio frequency identification (RFID) in the clothing sector. Following several test runs, GERRY WEBER will introduce

RFID technology throughout the company with a view to optimising its logistic and retail processes as well as for electronic article surveillance. The RFID chips sewed into the garments provide an exact overview of retailers' stocks, thus enabling a better supply of merchandise and much quicker stock-taking. Another great advantage of the chips is that they help secure the garments and obviate the need for additional security tags. At the same time, RFID will make the logistic processes more transparent and reduce the error rate significantly.

Economic situation

The world economy bottomed out in the year 2009. While economic activity slumped sharply in the fourth quarter of 2008 and the first quarter of 2009, it stabilised again starting spring 2009. As the year progressed, the world economy grew at a moderate pace. Support was provided primarily by the economic stimulus packages and the expansionary monetary policy in the Asian emerging countries, especially China, where economic activity picked up already at the beginning of the year. This provided stimulation for global economic activity, improving the outlook for the industrialised countries, too. Opposite effects came from the tight financial markets and the resulting restrictive lending policies adopted by banks. At the bottom line, the world economy contracted by 1.0 percent in 2009.

Following the slump at the beginning of the year, the euro-zone economy began to recover moderately in summer 2009. Positive effects primarily came from net exports. In the year as a whole, however, the gross domestic product (GDP) declined by 4.0 percent. By contrast, consumer spending declined by only 1.0 percent. The situation in Germany was similar. Aggregate economic output began to stabilise in spring 2009, primarily benefiting from increased exports. At the bottom line, GDP nevertheless dropped by 4.9 percent compared to the previous year. By contrast, consumer spending rose by 0.3 percent. This increase was exclusively attributable to car sales, however, which benefited from the scrapping bonus introduced by the federal government. After the expiry of the bonus in autumn 2009, consumer spending dropped sharply.

(Sources: ifo Institute and Institut für Wirtschaftsforschung (Institute for Economic Research))

Industry situation

The German clothing industry was clearly marked by the financial and economic crisis in the past fiscal year. According to a survey by GermanFashion Modeverband e.V., German clothing manufacturers project a 5.3 percent decline in sales revenues for the full year 2009. At 3.1 percent, the sales revenues of ladieswear manufacturers are expected to drop less sharply. The companies surveyed claim that their export shares declined particularly strongly. The fact that retailers reduced their inventories also had an adverse impact.

By contrast, German clothing retailers reported only a one percent decline in sales for the period from January to October 2009. In the GERRY WEBER Group's key international markets, i.e. Ireland, the UK, Denmark and Belgium, retail sales dropped sharply until August 2009, whereas moderate growth was reported in the Netherlands and Austria.

(Sources: GermanFashion Modeverband e.V., TW-Testclub, Euratex)

Sales performance

In the fiscal year 2008/2009, the GERRY WEBER Group's sales revenues reached a new record level. At EUR 594.1 million, Group sales were up by 4.2 percent on the excellent EUR 570.0 million reported in the previous year. The company thus once more isolated itself from the negative sector trend. Growth was again primarily driven by the GERRY WEBER core brand and the Group's own retail business.

Brand sales rose from EUR 501.4 million to EUR 502.5 million. The GERRY WEBER core brand grew 3.1 percent from EUR 372.3 million to EUR 384.0 million, which represented 75.7 percent of total Group sales, an increase of 3.2 percentage points on the previous year. As a result of the good sales performance in Germany, the export share declined moderately from 45.5 percent to 43.5 percent. The key output markets of the core brand include the Netherlands, England/Ireland, Scandinavia, Austria and Switzerland

The core brand owes much of its success to the two sublabels, GERRY WEBER EDITION and G.W. Sales of GERRY WEBER EDITION, the single-item collection, increased by 15.4 percent to EUR 137.9 million, compared to EUR 119.5 million in the previous year. The sublabel thus accounted for 35.9 percent of the core brand's total sales. The aggressively priced G.W. label boosted its sales by 5.4 percent from EUR 18.5 million to EUR 19.5 million, thus contributing 5.1 percent to the total sales revenues of the GERRY WEBER brand.

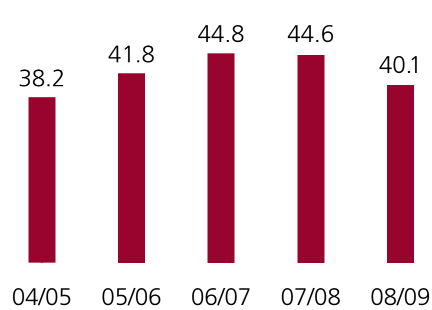
Targeted at the younger "modern woman", the TAIFUN label generated sales revenues of EUR 91 .4 million, compared to EUR 99.3 million in the previous year. TAIFUN contributed 18.0 percent to total Group sales. The export share of 44.8 percent reflects the great popularity enjoyed by this young fashion brand abroad. The Netherlands, Belgium, Scandinavia and Switzerland are the most important foreign markets.

SAMOON, which is positioned in the niche market for plus sizes, generated sales of EUR 27.1 million, compared to EUR 29.8 million in the previous year. This represented 5.3 percent of the GERRY WEBER Group's total sales revenues. SAMOON generated 60.4 percent of its sales revenues in Germany, with 39.6 percent generated abroad. The Netherlands and Belgium are the brand's most important international markets.

The Retail activities once again achieved the strongest sales growth. The Retail segment, which comprises the company-managed HOUSES OF GERRY WEBER, the mono-brand stores, the factory outlets and the GERRY WEBER eShop, boosted its sales by 27.8 percent to EUR 143.8 million, up from EUR 112.5 million in the previous year. Strong growth was reported both in Germany and abroad. While domestic sales increased by 18.7 percent to EUR 111 .0 million, international sales soared by 72.6 percent to EUR 32.8 million. The increase is primarily attributable to the fact that 30 new HOUSES OF GERRY WEBER were opened, most of them outside Germany. Like-for-like sales continued to grow as well, this time by two percent. This shows that the GERRY WEBER Group outperformed its peers also in terms of organic retail growth. The Retail segment's sales revenues do not comprise the revenues generated by the 196 franchised HOUSES OF GERRY WEBER.

At EUR 1.0 million, the licensing income of the GERRY WEBER core brand was EUR 0.1 million below the previous year's EUR 1 .1 million.

Notwithstanding the challenging market conditions, the GERRY WEBER Group continued its international expansion in the fiscal year 2008/2009, especially in Austria and Belgium. While foreign sales as a percentage of total sales declined to 40.1 percent, this is not least attributable to the strong domestic growth of the Group's own Retail business. The Netherlands, Scandinavia, England/Ireland, Austria, Belgium and Switzerland remain the GERRY WEBER Group's main output markets.



Export share in %

Orders

In spite of the difficult situation in the retail sector, the GERRY WEBER Group reported an increase in incoming orders in the fiscal year 2008/2009. At EUR 245.1 million, pre-order sales for the spring/summer 2010 collection are up on the previous year's EUR 241.2 million and suggest that sales revenues will continue to increase in the current fiscal year.

With a view to optimising its excellent market position even further, the GERRY WEBER Group changed its collection intervals in the past fiscal year. Instead of three collections with 14 themes, four collections with twelve themes were presented for the spring/summer 2009 season. Thanks to the shorter delivery intervals, new trends can now be implemented faster, which makes the collections even more attractive to consumers. At the same time, the collections were streamlined for a further reduction in costs.

Earnings position

Thanks to aggressive cost management, the GERRY WEBER Group was able to improve all earnings figures, thus again underlining its unique position in the market. In spite of the strong increase in sales, the cost of materials rose only moderately from EUR 301.5 million in the previous year to EUR 305.6 million. As a result, the cost of materials as a percentage of sales improved by 1.5 percentage points from 52.9 percent to 51.4 percent. This is attributable to strict cost management, which allowed to lower procurement prices while at the same time maintaining the high quality of the products. The use of intelligent IT systems for production and logistics also helped to cut costs. By contrast, personnel expenses rose from EUR 77.4 million to EUR 87.0 million, primarily due to the increased headcount in the Retail segment. Personnel expenses as a percentage of sales climbed moderately from 13.6 percent to 14.6 percent. Other operating expenses increased by 1.5 percent to EUR 127.7 million, up from EUR 125.9 million in the previous year. As a result, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose at a disproportionate rate of 13.0 percent from EUR 74.0 million to EUR 83.6 million. Accordingly, the EBITDA margin improved from 13.0 percent to 14.1 percent.

Depreciation and amortisation climbed from EUR 11.3 million to EUR 12.4 million. As a result, earnings before interest and taxes (EBIT) increased sharply from the previous year's EUR 62.7 million to EUR 71.2 million. At 12.0 percent, the EBIT margin reached the target the GERRY WEBER Group had set itself.

Thanks to better refinancing conditions the financial result improved from EUR -5.3 million to EUR -4.8 million. As a result, earnings before taxes (EBT) rose from EUR 57.4 million to EUR 66.4 million. Due to the disproportionate increase, the EBT margin climbed from 10.1 percent to 11.2 percent.

As a result of losses incurred abroad which could not be offset by profits carried forward, the total tax rate increased from 31.4 percent to 35.2 percent. At EUR 43.0 million, the GERRY WEBER Group's net income for the year was up 9.2 percent on the previous year's EUR 39.4 million. DVFA earnings per share climbed from EUR 1.75 (based on 22,508,820 shares outstanding) to EUR 2.08 (based on 20,661,848 shares outstanding). The return on equity, based on earnings before interest and taxes, rose sharply from 34.6 percent to 44.8 percent. The return on investment, as measured by EBIT, climbed from 21.1 percent to 24.3 percent.

	2008/2009	2007/2008
Group performance		
Sales revenues	594.1	570.0
Inventory changes	1.3	4.0
Other interest and similar income	11.4	10.9
	606.8	**584.9**
Less purchased materials and services		
Cost of materials	306.9	305.5
Depreciation	12.4	11.3
Other operating expenses	128.9	125.9
Value added	**158.6**	**142.2**
absorbed by:		
Employees	87.0	77.4
Public sector	22.8	18.1
Lenders	5.1	6.4
Shareholders	15.5	11.5
Company (profit retention)	28.2	28.8

Value added statement in EUR million

Net worth position

As of 31 October 2009, total assets declined by 1 .4 percent from EUR 297.4 million to EUR 293.3 million.

Non-current assets rose by 3.7 percent from EUR 124.2 million to EUR 128.8 million. While intangible assets declined from EUR 13.2 million to EUR 12.3 million, property, plant and equipment rose from EUR 93.0 million to EUR 93.6 million due to the expansion of the Retail activities. By contrast, other assets dropped by 17.7 percent from the previous year's EUR 12.4 million to EUR 10.2 million, reflecting the utilisation of sponsoring services for the fiscal year 2008/2009.

Current assets declined by 5.0 percent from EUR 173.2 million to EUR 164.5 million. At EUR 58.5 million, inventories held steady at the previous year's level in spite of the increase in sales. Receivables were reduced by 21 .4 percent to EUR 59.2 million (previous year: EUR 75.3 million) thanks to the restrictive receivables management policy of the GERRY WEBER Group. The much lower positive fair value of the derivatives led to a drop in other current assets from EUR 29.7 million to EUR 10.7 million. Liquid funds rose sharply from EUR 9.0 million to EUR 35.7 million. This increase is mainly attributable to the strong reduction in receivables.

Equity declined from EUR 181 .1 million to EUR 158.9 million as a result of the repurchase of own shares and the changes in equity components not recognised in profit/loss pursuant to IAS 39. As a result, the equity ratio declined from 60.9 percent in the previous year to 54.2 percent, which still reflects the very sound balance sheet structure of the GERRY WEBER Group.

Debt capital amounted to EUR 134.4 million. The GERRY WEBER Group's leverage, expressed as the debt-to-equity ratio, stands at a low 84.6 percent and shows that the company is soundly financed and is excellently positioned towards its lenders.

Non-current liabilities climbed from EUR 37.4 million to EUR 50.9 million as non-current financial liabilities rose by 65.9 percent to EUR 42.8 million. This increase is attributable to the fact that current financial liabilities were restructured into non-current liabilities against the background of the favourable interest rates.

Current liabilities rose from EUR 78.9 million to EUR 83.8 million. The decline in current financial liabilities from EUR 28.5 million to EUR 13.4 million reflects the opposite effect resulting from the restructuring of the financial liabilities. Other liabilities rose sharply from EUR 7.0 million to EUR 20.3 million due to increased tax liabilities. The Group's net financial liabilities were reduced markedly from EUR 45.3 million to EUR 20.6 million.

Financial situation

The good financial situation of the GERRY WEBER Group improved even further in the fiscal year 2008/2009. Cash flow from operating activities increased sharply from EUR 38.3 million in the previous year to EUR 92.2 million. Besides the disproportionate increase in the result, this is primarily due to improved receivables management, which added EUR 15.1 million to the company's liquidity. The EUR 9.9 million increase in other liabilities that are not attributable to investing or financing activities also had a positive effect on cash flow.

GERRY WEBER International AG had increased the dividend for the fiscal year 2007/2008 sharply, so that a total amount of EUR 15.5 million was distributed to the company's shareholders. In addition, the company repurchased own shares worth EUR 34.1 million.

Payments received (EUR 92.2 million) clearly exceeded the cash flow from investing activities (EUR -17.8 million) and financing activities (EUR -47.7 million). As a result, cash and cash equivalents increased from EUR 9.0 million at the beginning of the fiscal year by EUR 26.7 million to EUR 35.7 million on 31 October 2009. The Managing Board concludes that the economic situation and the performance of the Group are very positive.

Investments

In spite of the dynamic sales growth, the GERRY WEBER Group's capital expenditures in the fiscal year 2008/2009 were down by EUR 19.9 million on the previous year (EUR 21.6 million). At EUR 8.3 million, the Retail segment, especially the new HOUSES OF GERRY WEBER, again accounted for the bulk of the company's investments. A total amount of EUR 2.7 million was invested in intangible assets (software), while EUR 1.4 million was spent on subsidies for stores operated by franchisees. An amount of 4.8 million was spent on the property for the planned "Halle 30" in Düsseldorf and other construction measures. Investments were primarily financed from the company's own liquid funds and were covered by cash flow at all times.

Segment report

For the purpose of segment reporting, the GERRY WEBER Group distinguishes between the Ladieswear production and wholesale segment and the Ladieswear retail segment. This division reflects the company's internal organisational and reporting structures.

Sales revenues in the Ladieswear production and wholesale segment declined moderately from EUR 455.2 million in the previous year to EUR 444.4 million. As the Retail activities were expanded dynamically at the same time, the segment's share in total sales declined from 79.9 percent to 74.8 percent. Earnings before taxes (EBT) improved by an impressive 27.5 percent from EUR 48.0 million to EUR 61.2 million thanks to strict cost management. The headcount declined from 999 in the previous year to 817. Investments in the Ladieswear production and wholesale segment totalled EUR 1.5 million, compared to EUR 3.8 million in the previous year. The funds were primarily invested in subsidies for shop fittings.

The Retail segment again boosted its sales by an impressive 27.8 percent to EUR 143.8 million, up from EUR 112.5 million in the previous year. Earnings per taxes rose sharply by 28.0 percent from EUR 2.5 million to 3.2 million. The headcount increased from 786 to 1,098 in the fiscal year 2008/2009 due to the strong expansion of the HOUSES OF GERRY WEBER. Capital expenditures declined from EUR 9.8 million to EUR 8.2 million; the segment primarily invested in new HOUSES OF GERRY WEBER.

Employees

In the context of its above-average growth, the GERRY WEBER Group again increased its headcount significantly. With 99 new jobs created in the fiscal year 2008/2009, the number of employees rose from 2,321 in the previous year to 2,420 on the balance sheet date. Most of the new jobs were attributable to the expansion of the Retail segment and the opening of new HOUSES OF GERRY WEBER. 80 new jobs were created in Germany, 19 abroad. 1,907 people were white-collar workers, while 513 were blue-collar workers. In Germany, 1,541 people were on the company's payroll, compared to 879 abroad.

The GERRY WEBER Group attaches great importance to promoting young talent. On the one hand, the company is aware of its social responsibility as a major provider of vocational training in the region. On the other hand, the training and qualification of young people represent an investment in the company's own future. In the past fiscal year, 52 young people were trained in commercial, technical and industrial professions (previous year: 61 trainees and apprentices).

Dedicated and motivated employees are the basis for the success of the GERRY WEBER Group. At the same time, the company's dynamic growth calls for high staff qualification. Effective further training measures guarantee the successful performance of each individual employee and the Group as a whole. This is why the GERRY WEBER Group consistently invests in further training to enable its employees to meet the future challenges faced by a dynamically growing corporation.

Risk report

Risk management is an integral element of corporate control of the GERRY WEBER Group. It helps to identify deviations from defined targets at an early stage and to initiate corrective measures. These deviations may be opportunities that should be seized but also risks that may have an adverse impact on the net worth, financial or earnings position of the Group. The purpose of risk management is the long-term preservation of the enterprise value while at the same time unlocking potential for success. The risk management system of the GERRY WEBER Group comprises all internal planning, controlling and reporting systems and primarily focuses on market, financial and performance risks as well as investment risks. In the context of the development of the business segments, the risks of the Retail business play an increasingly important role.

A risk manual describes the risk strategy of the GERRY WEBER Group and defines the principles and the organisation of the risk management processes as well as the risk segments. The manual provides detailed instructions for assessing the risk probability and the amount of the potential damage/loss and for taking counter-measures. Based on the risk manual, a quarterly risk report is prepared, which describes the risk status of all relevant divisions and is submitted to the Supervisory Board at its meetings.

The appropriateness and the effectiveness of the risk management are checked internally at regular intervals. The requirements of the German Law on Control and Transparency in Business (KonTraG) are fully complied with. In the context of the annual audit, the auditors reviewed the risk management system in accordance with the requirements of IDW audit standard 340 as well as the early risk identification system pursuant to section 317 (4) of the German Commercial Code (HGB) and confirmed their comprehensiveness and effectiveness.

Market risks

The fashion industry and, hence, the GERRY WEBER Group, are constantly exposed to trends and fluctuations. In each season, there is the risk of collections not being sufficiently accepted by the market. At the same time, the after-effects of the global economic crisis may affect consumer spending and thus have an adverse impact on demand for fashion items.

The company constantly monitors the markets and regularly attends international fashion fairs to identify new trends. Based on these insights, the collections are designed with a clear focus on the consumer. Seven collections per year and short intervals between production and delivery allow the GERRY WEBER Group to respond quickly and flexibly to market trends. The company's own Retail activities and the market intelligence gathered at the point of sale allow the collections to be tailored even more effectively to consumers' requirements. The success of a collection is analysed at an early stage on the basis of incoming pre-orders. The changes in incoming orders by brands and countries are covered by the quarterly risk reports to the Supervisory Board.

A customer base of roughly 5,500 domestic and international retailers means that the GERRY WEBER Group's dependence on individual key accounts is relatively low. The single most important retail customer represents only 3.2 percent of the Group's total sales, and the four biggest customers account for only 9.2 percent of Group sales. The loss of individual major accounts, e.g. as a result of a bankruptcy, would therefore have no sustained adverse impact on the company. The GERRY WEBER Group permanently monitors the satisfaction of its customers with the help of a special key account management system, which enables the company to take corrective measures at an early stage. Moreover, the strong expansion of the company's own Retail activities mitigates its dependence on the wholesale business and on individual key accounts. Thanks to the high name awareness and the GERRY WEBER Group's excellent reputation among retailers and franchisees, the company is able to win new customers each year and to discontinue relations with unsatisfactory key accounts. This additionally reduces the risk of declining sales and losses of receivables outstanding.

Its vertical expansion has given the GERRY WEBER Group a strong market position, which can hardly be jeopardised by new market entrants. The strong brand protects the company from the price war in the market and allows it to defy retailers' pressure on prices and margins.

The GERRY WEBER Group is regarded as a pioneer in new procurement, logistics and distribution structures including RFID technology in the fashion sector. The company constantly optimises its internal processes with a view to improving its competitive position in the long term. Building on its high ability to innovate, the GERRY WEBER Group will continue to seize all opportunities that arise while at the same time minimising the related risks.

With a view to ensuring low-cost procurement, the company constantly uses its global sourcing system to monitor the procurement markets. To the extent that the same high quality standards are guaranteed, procurement is relocated to lower-cost regions. Accordingly, the production facilities in Eastern Europe, e.g. Romania, which are becoming increasingly expensive, will be replaced with lower-cost facilities in Belarus, Armenia or Moldavia. Production in China will be moved inland, while the focus in Turkey will shift to Anatolia.

Financial risks

The retail sector is still feeling the after-effects of the financial and economic crisis, which is not least reflected in the bankruptcies of several large textile fashion chain stores. This concentration process should continue in the coming months. Bad debts resulting from store closures or bankruptcies therefore represent the greatest financial risk for the GERRY WEBER Group. With a view to counteracting this risk at an early stage, the company reviews the creditworthiness of its customers, maintains credit insurance and documents customers' payment history. Strict payment agreements and shorter payment periods additionally minimise the receivables risk. In addition, the company defines customer credit limits and checks their compliance, monitors the age structure of its receivables and manages bad debts. The effectiveness of these measures is reflected in a low bad debt ratio.

The GERRY WEBER Group is mostly equity-funded and therefore has only limited exposure to interest rate changes. To avoid any liquidity risk whatsoever, the GERRY WEBER Group maintains credit lines which clearly exceed the maximum debt financing requirements. Due to these credit lines and the high cash flow, seasonal payment fluctuations, which typically occur in the fashion industry in the course of a year, represent only a minor risk.

As an international player, the GERRY WEBER Group operates in different currency areas and is thus exposed to exchange rate risks. Exchange rate hedges protect the company against exchange rate fluctuations in imports from the Far East and exports to the UK. To mitigate these currency risks, forward transactions are effected in the foreign currency at the time of entering a contractual commitment.

Bank loans and current bank liabilities as well as cash and short-term deposits are the main financial instruments used by the GERRY WEBER Group. For the long-term hedging of floating rate bank loans, the company additionally uses interest rate swaps. The GERRY WEBER Group does not trade in financial instruments. The cash flow, liquidity, exchange rate and default risks arising from the financial instruments are constantly monitored by management in the context of the Group-wide early risk identification system.

Interest rate risks, currency risks and other financial risks are additionally described in the notes on pages 88 to 91.

Performance risks

Reliable and punctual deliveries and high product quality are key to the success of the GERRY WEBER Group. The entire procurement process is therefore based on agreed deadlines, whose compliance requires constant monitoring of the production processes, the making out of production orders, quality checks and transports. To minimise potential risks, company employees are deployed at the production location and the logistics processes are handled in cooperation with a specialist partner. Weekly meetings at which deadlines are discussed by all parties involved ensure that the entire process is monitored and controlled effectively. The risks are additionally minimised through the extension of the quality assurance database, the ongoing refinement of processing instructions, the documentation of the finished goods acceptance, defined throughput times and regular updating of the quality assurance agreements with suppliers.

The GERRY WEBER Group has taken out sufficient insurance to cover all liability cases and other damages. The company regularly reviews and analyses all risks insured, also with a view to the amounts insured to avoid being over or underinsured. This primarily applies to D&O, building, FBU and transport insurance. Wherever necessary, insurance against the worst-case scenario is taken out. Partially uncovered risks include water damage caused, for instance, by floods, which may primarily affect IT systems, data and telephone lines as well as departments located in basements or on ground floors. These risks are minimised by taking constructional and technical precautionary measures and by relocation especially sensitive areas.

Back-up systems and regular maintenance mitigate the GERRY WEBER Group's IT security and system failure risks. To protect the company's systems against unauthorised access, strict access authorisations are issued, all accesses to the server room are documented, clear administrator rights are assigned and other comprehensive protection measures are taken. Redundant system layouts and a competent help desk provide protection against further risks.

The GERRY WEBER Group owes much of its success to its employees and executives. Risks may arise from employees in key positions leaving the company. Material and non-material staff retention measures are taken to support employees' identification with their company. Annual performance review interviews enable individualised and systematic career planning. Comprehensive training measures provide employees with the qualifications needed to master future challenges. Special junior management programmes have been implemented to prepare apprentices and trainees for potential management tasks and ensure that the GERRY WEBER Group has access to qualified human resources on a sustained basis.

Investment risks

The HOUSES OF GERRY WEBER give the company direct exposure to the consumer and her needs. The market intelligence gained this way can quickly and flexibly be incorporated into the collections. At the same time, the extension of the value chain makes it possible to increase the gross profit margin. However, these opportunities are associated with risks in the form of substantial investments, high fixed costs and long-term leases. The company mitigates this risk by using standardised store fittings, which are purchased in large quantities at favourable terms and can partly be reused if and when a store is closed. In addition, a customised reporting and monitoring system is used to monitor and analyse the retail activities on an ongoing basis. Each store opening is preceded by comprehensive location checks followed by a multi-step approval process. The investment risk is additionally mitigated through cooperation with franchisees at suitable store locations.

Overall risk

At this stage, no current or future risk can be identified which, alone or in combination with other risks, could jeopardise the continued existence of the GERRY WEBER Group or have a materially adverse impact on the net worth, financial or earnings position. Any risk whose amount exceeds the net income for the year is classified as a risk jeopardising the continued existence of the GERRY WEBER Group.

Environmental protection

Environmental protection and nature preservation as well as the responsible use of natural resources play an important role in all corporate decisions of the GERRY WEBER Group. As part of its environmental policy, the company not only ensures that energy is used sparingly in all divisions but also re-uses residual materials and waste at its sites. At the international production facilities, appropriate agreements with suppliers ensure that environmental standards are met.

Statement on dependency report

"In accordance with section 312 para. 3 AktG we here-with 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 consists of a fixed component as well as a variable component. The latter is a function of the pretax profit of the individual Group companies. 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.

Individualised compensation figures for the Managing Board and the Supervisory Board are shown in the compensation report in the corporate governance report on page 16 et seq. The compensation report in the corporate governance report forms part of the Group management report.

Disclosure of takeover obstacles

In accordance with section 315 para. 4 of the German Commercial Code (HGB), which requires the disclosure of all takeover and control obstacles, GERRY WEBER International AG states the following:

The subscribed capital (share capital) of GERRY WEBER International AG 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.

The two company founders, Gerhard Weber (26.75 percent) and Udo Hardieck (17.85 percent), directly and indirectly hold more than 10 percent of the share capital of 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.

The Managing Board of GERRY WEBER International AG consists of two or more members. The members of the Managing Board are appointed and dismissed by the Supervisory Board. Amendments to the statutes require 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.

According to section 5 para. 3 of the statutes, the Managing Board of GERRY WEBER International AG is authorised to increase the company's share capital by up to EUR 11,475,000 until 31 May 2014 with the consent of the Supervisory Board. The Annual General Meeting of 3 June 2009 authorised the Managing Board to repurchase own shares in an amount of up to 10 percent of the share capital until 31 October 2010.

Change of control clauses as defined in section 315 para. 4, No. 8 HGB do not exist.

No change of control clauses as defined in section 315 para. 4, No. 9 HGB exist for old contracts. Managing Board contracts signed since the fiscal year 2007/2008 include a payment promise in the event of premature termination of the contract due to a change of control. Under these regulations, the company has to pay up to three fixed annual salaries plus bonus. The payments must not exceed the compensation the Managing Board member would have received during his remaining term of office.

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

No material operational or structural changes that had a material impact on the net worth, financial and earnings position, required reporting or would change the information provided in the 2008/2009 consolidated financial statements occurred in the GERRY WEBER Group after the balance sheet date.

Forecast report

The future environment

The world economy will probably continue to recover in the current year. But while the emerging countries are expected to grow at relatively high rates, economic activity in the industrialised countries remains slow. The financial sector is still in a phase of consolidation, which suggests that lending will remain weak. Moreover, a number of countries will scale down their expansionary economic policies, which should have a dampening effect on demand. The Institute for Economic Research (Institut für Wirtschaftsforschung, IfW) expects the world economy to grow by 3.6 percent in 2010 but projects only 1.4 percent growth for the industrialised economies. Euro-zone GDP will probably grow at a moderate rate of only 0.8 percent this year. The economy will primarily loose momentum as the government stimulus packages expire. According to the IfW, private consumption will increase by only 0.7 percent. In Germany, a strong upswing is probably also a long time coming, with GDP expected to grow by 1.2 percent in 2010. At least consumer spending should grow by as much as 1.8 percent. Although the labour market situation will deteriorate, private consumption should benefit from the tax cuts for consumers.

German fashion retailers are only moderately optimistic about the year 2010. 35 percent of the companies surveyed project a positive sales trend, whereas 46 percent expect their revenues to decline. At the bottom line, sentiment has improved as compared to the previous year, although more than half of the retailers surveyed believe that the number of customers will decrease.

(Source: Institut für Wirtschaftsforschung (Institute for Economic Research), TW-Testclub)

Economic forecast for the key output markets of the GERRY WEBER Group in 2010 (change in GDP in %; source: Joint Economic Forecast Autumn 2010)

Germany	1.2
France	1.1
Spain	-0.3
Netherlands	0.4
Belgium	0.8
Austria	1.0
Greece	0.3
Ireland	0.0
Slovenia	1.0
Great Britain	0.0
Sweden	1.3
Denmark	1.0
Poland	2.0
Czech Republic	1.2
Hungary	-0.6
Lithuania	-4.4
Latvia	-5.0
Estonia	-4.0

Opportunity management

Changes in society, in the fashion sector or the competitive environment often represent growth opportunities for the GERRY WEBER Group. To be able to seize these opportunities, the company has implemented a sustainable opportunity management system that identifies and analyses opportunities. The risks resulting from the realisation of these opportunities are minimised. At the same time, strategies are developed to take maximum advantage of the sales and earnings potential. This allows the excellent competitive position of the GERRY WEBER Group to be expanded further, leading to improved growth prospects.

The GERRY WEBER Group believes that its main growth opportunities result from the ongoing expansion of the HOUSES OF GERRY WEBER. The company has developed a system for the continuous identification of first-class locations, which are then reviewed for compliance with the requirements of the GERRY WEBER Group. Due consumers' spending restraint, many retailers across all sectors can no longer withstand the competitive pressure and are forced to give up. Vacant properties and declining rents even in prime locations enable the GERRY WEBER Group to expand its Retail activities even faster.

In the wake of the economic crisis, competitors of the GERRY WEBER Group will probably quit the market. This will allow the company to move into shop-in-shops and stores that become vacant and push ahead its expansion also in the wholesale sector.

E-commerce also holds interesting opportunities for the GERRY WEBER Group, as its importance for the overall economy increases steadily. New customer groups and a cost situation that is much better than that of stationary stores offer potential for further growth. This is why the GERRY WEBER eShop will continue to be expanded.

In the context of its internationalisation strategy, the GERRY WEBER Group will identify and develop attractive regions and expand the number of its worldwide locations.

Close monitoring of the procurement markets allows the company to respond swiftly to changes and to increase its cost efficiency even further. The GERRY WEBER Group can relocate its production to the most cost-efficient locations at any time without compromising the high quality of its products.

Outlook on future fiscal years

Notwithstanding the after-effects of the economic crisis, the GERRY WEBER Group expects to be able to maintain its fast pace of growth in the current fiscal year. Provided that the consumer climate does not deteriorate materially as the year progresses, the company expects its sales revenues to increase to EUR 615 - 620 million and the EBIT margin to rise to 13 percent. These expectations are supported by an approximately two percent increase in incoming orders for the spring/summer 2010 season and the continued expansion of the Retail segment with its planned 47 new store openings. Sales of approximately EUR 660 million and an EBIT margin of 14 percent are projected for the fiscal year 2010/2011 .

An equity ratio of 54.2 percent means that the GERRY WEBER has an extremely sound asset structure and is excellently positioned towards debt capital providers. The good liquidity situation allows the Group to make the planned investments in spite of the difficult economic environment.

The GERRY WEBER Group has taken comprehensive measures to further improve its profitability. Strict cost management, a cost-of-sales ratio which has been optimised with the help of the market intelligence gained at the point of sale and streamlined collections that even better meet consumers' requirements should result in additional cost advantages for the GERRY WEBER Group.

The company will always attach greater priority to secure profits than to fast sales growth. Going forward, each order will be analysed in detail and the risk of each customer or country will be assessed precisely. This applies especially to those regions that are hit harder by the economic crisis than Germany and whose currencies depreciated more strongly. The low bad debt ratio testifies to the success of these measures and makes the GERRY WEBER Group stand out from the competition.

The procurement activities will gradually be relocated to lower-cost regions without compromising the high quality of the company's products. In this context, the share of full-package service will be increased in relation to cut-make trim.

The company will also continue to optimise its logistic structures. The introduction of RFID on an international scale will enable the GERRY WEBER Group to gain a much more precise overview of retailers' stocks, thus enabling a better supply of merchandise. What is more, time-consuming counts, e.g. stock-taking, can be completed much faster and the logistic processes be accelerated in general, which will cut costs significantly.

The Retail activities will be expanded further in the current fiscal year. The company plans to open 70 to 80 new HOUSES OF GERRY WEBER in 2009/2010, of which some 47 will be managed by the company itself. About 35 of the new multi-brand stores will be opened in Germany. Outside Germany, new HOUSES OF GERRY WEBER will primarily be opened in Scandinavia, Austria and Eastern Europe.

As far as the mono-brand stores are concerned, some 13 new SAMOON, TAIFUN and GERRY WEBER EDITION stores will be added to increase the visibility of the brands in the market. The new stores will be opened in off-prime locations, where store rents are very low at present. The creative team for TAIFUN has been expanded to allow the brand to return to the positive sales performance of prior years.

As a strong partner to the retail sector, the GERRY WEBER Group will also expand its Wholesale activities and plans to open some 180 new shop-in-shops in the current fiscal year. At the same time, the cooperation with retailers under maximum order limit arrangements will be expanded. Under these arrangements, retailers leave the breakdown of their orders to the GERRY WEBER Group. This way, both the company's own stores and the retailers benefit from the intelligence gained in the HOUSES OF GERRY WEBER. The company aims to work on the basis of maximum order limit arrangements with two thirds of its customers in the future. The number of concession shops, in which the GERRY WEBER Group deploys its own specially trained staff, will also be increased.

In addition, the GERRY WEBER Group will push ahead its international expansion, which means that the export share is likely to increase. The company assumes that Eastern Europe as well as the Near and Far East will make growing contributions to sales going forward.

Summarising statement on the forecast report

Provided that the above projections materialise, the Managing Board of GERRY WEBER International AG believes that the net worth, financial and earnings position of the Group will show a positive trend also in the fiscal years 2009/2010 and 2010/2011. However, political and economic uncertainties that are beyond the control of the GERRY WEBER Group may lead to the actual performance of the company deviating from the forecast.

Halle/Westphalia, 21 January 2010
Managing Board

Gerhard Weber

Doris Strätker

Dr. David Frink

GERRY WEBER

Financial statements

GERRY WEBER International AG, Halle/Westphalia
Consolidated income statement
for the fiscal year 2008/2009

	Notes No,	**2008/2009** EUR	**previous year** EUR
Sales	(22)	594,050,641.11	570,002,286.92
Miscellaneous operating income	(23)	11,090,117.79	9,648,208.25
Changes in inventories	(24)	1,301,539.53	4,003,995.35
Cost of materials	(25)	-306,868,993.22	-305,539,225.50
Personnel expenses	(26)	-86,997,614.06	-77,407,670.40
Depreciation/Amortisation	(27)	-12,395,390.07	-11,267,476.57
Miscellaneous operating expenses	(28)	-127,738,908.70	-125,878,398.67
Other taxes	(29)	-1,202,909.33	-819,806.61
Operating result		**71,238,483.05**	**62,741,912.77**
Financial result	(30)		
Income from long-term loans		13,071.41	30,943.33
Interest income		291,170.80	1,204,225.22
Writedowns on financial assets		-2,080.84	-160,011.17
Incidental bank charges		-682,734.77	-1,281,081.84
Interest expenses		-4,413,536.44	-5,096,757.12
		-4,794,109.84	**-5,302,681.58**
Results from ordinary activities		**66,444,373.21**	**57,439,231.19**
Taxes on income	(31)		
Taxes of the fiscal year		-22,762,060.47	-18,126,512.75
Deferred taxes		-657,295.00	101,428.00
		-23,419,355.47	**-18,025,084.75**
Net income for the year		**43,025,017.74**	**39,414,146.44**
Profit carried forward	(32)	39,910,848.57	30,993,088.13
Transfer to retained earnings	(33)	-20,000,000.00	-15,000,000.00
Accumulated profits		**62,935,866.31**	**55,407,234.57**
Earnings per share (basic)	**(34)**	**2.02**	**1.72**
Earnings per share (diluted)	**(34)**	**2.02**	**1.72**

GERRY WEBER International AG, Halle/Westphalia
Consolidated balance sheet for the year ended October 2009

Assets

	Notes No.	31 Oct. 2009 EUR	previous year EUR
Non-current assets			
Fixed assets	(1)		
Intangible assets	(a)	12,251,876.47	13,227,490.25
Property, plant and equipment	(b)	93,594,498.25	92,957,716.59
Investment property	(c)	4,767,950.15	0.00
Financial assets	(d)	616,913.62	931,777.00
Other non-current assets			
Trade receivables	(2)	1,058,088.85	91,924.95
Other assets	(3)	10,236,744.89	12,375,879.72
Income tax claims	(4)	3,582,939.63	3,808,892.17
Deferred tax assets	(5)	2,728,649.00	822,769.00
		128,837,660.86	**124,216,449.68**
Current assets			
Inventories	(6)	58,460,152.16	58,179,279.19
Receivables and other assets			
Trade receivables	(7)	59,215,737.10	75,315,693.64
Other assets	(8)	10,656,677.98	29,671,239.20
Income tax claims	(9)	459,846.84	1,014,823.59
Cash and cash equivalents	(10)	35,694,968.22	9,008,780.19
		164,487,382.30	**173,189,815.81**
		293,325,043.16	**297,406,265.49**

Equity and liabilities

	Notes No.	**31 Oct. 2009** EUR	**previous year** EUR
Equity	(11)		
Capital stock	(a)	20,661,848.00	22,508,820.00
Capital reserve	(b)	29,673,577.81	32,326,112.44
Retained earnings	(c)	48,294,724.43	57,921,930.38
Accumulated other comprehensive income/loss acc. to IAS 39	(d)	-2,427,308.00	12,363,091.07
Exchange differences	(e)	-245,440.52	551,085.25
Accumulated profits	(f)	62,935,866.31	55,407,234.57
		158,893,268.03	**181,078,273.71**
Non-current liabilities			
Provisions for personnel	(12)	1,755,244.00	2,185,252.00
Miscellaneous provisions	(13)	1,194,540.00	779,540.00
Financial liabilities	(14)	42,809,620.70	25,806,488.07
Trade paypables	(15)	80,582.76	0.00
Deferred tax liabilities	(5)	4,833,495.00	8,609,080.00
		50,673,482.46	**37,380,360.07**
Current liabilities			
Provisions			
Tax provisions	(16)	3,410,282.40	1,513,475.49
Provisions for personnel	(17)	9,740,190.61	8,955,397.05
Miscellaneous provisions	(18)	5,090,282.12	4,346,942.77
Liabilities			
Financial liabilities	(19)	13,442,407.63	28,498,889.85
Trade payables	(20)	31,789,469.38	28,594,602.84
Miscellaneous liabilities	(21)	20,285,660.53	7,038,323.71
		83,758,292.67	**78,947,631.71**
		293,325,043.16	**297,406,265.49**

GERRY WEBER International AG, Halle/Westphalia
Statement of changes in group equity
for the fiscal year 2008/2009

	Capital stock	Capital reserve
	EUR	EUR
As of 1 November 2008	22,508,820.00	32,326,112.44
Allocations to retained earnings of the AG		
Dividends paid		
Purchase of own shares	-1,846,972.00	-2,652,534.63
Adjustment of exchange differences		
Changes in equity acc. to IAS 39		
Net income for the year		
As of 31 October 2009	**20,661,848.00**	**29,673,577.81**

	Capital stock	Capital reserve
	EUR	EUR
As of 1 November 2007	22,952,980.00	32,963,994.22
Allocations to retained earnings of the AG		
Dividends paid		
Purchase of own shares	-444,160.00	-637,881.78
Adjustment of exchange differences		
Changes in equity acc. to IAS 39		
Net income for the year		
As of 31 October 2008	**22,508,820.00**	**32,326,112.44**

Retained earnings	Accumulated other comprehensive income/loss acc, to IAS 39	Exchange differences	Accumulated profits	Equity
EUR	EUR	EUR	EUR	EUR
57,921,930.38	12,363,091.07	551,085.25	55,407,234.57	181,078,273.71
20,000,000.00			-20,000,000.00	0.00
			-15,496,386.00	-15,496,386.00
-29,627,205.95				-34,126,712.58
		-796,525.77		-796,525.77
	-14,790,399.07			-14,790,399.07
			43,025,017.74	43,025,017.74
48,294,724.43	**-2,427,308.00**	**-245,440.52**	**62,935,866.31**	**158,893,268.03**

Retained earnings	Accumulated other comprehensive income/loss acc, to IAS 39	Exchange differences	Accumulated profits	Equity
EUR	EUR	EUR	EUR	EUR
48,963,830.22	-2,786,859.00	515,590.38	42,469,578.13	145,079,113.95
15,000,000.00			-15,000,000.00	0.00
			-11,476,490.00	-11,476,490.00
-6,041,899.84				-7,123,941.62
		35,494.87		35,494.87
	15,149,950.07			15,149,950.07
			39,414,146.44	39,414,146.44
57,921,930.38	**12,363,091.07**	**551,085.25**	**55,407,234.57**	**181,078,273.71**

GERRY WEBER International AG, Halle/Westphalia
Segment reporting
for the fiscal year 2008/2009

Segment information by divisions

	Ladieswear production and Wholesale 2008/2009 KEUR	Ladieswear Retail 2008/2009 KEUR	Consolidating entries and other segments 2008/2009 KEUR	Total 2008/2009 KEUR
Sales by segments	517,216	146,173	-69,339	594,050
Thereof:				
with external third parties	444,383	143,797	5,870	594,050
Inter segment revenues	72,833	2,376	-75,209	0
EBT	61,243	3,232	1,969	66,444
Depreciation	3,561	3,716	5,118	12,395
Interest income	113	17	161	291
Interest expenses	2,669	295	1,449	4,413
Assets	111,444	70,769	111,112	293,325
Liabilities	99,122	75,871	-40,561	134,432
Investments in non-current assets	1,481	8,195	10,234	19,910
Number of employees	817	1,098	505	2,420
Impairments recognised in profit/loss				
- of inventories	969	-190	0	779
- of trade receivables	2,190	-32	0	2,158

	Ladieswear production and Wholesale 2007/2008 KEUR	Ladieswear Retail 2007/2008 KEUR	Consolidating entries and other segments 2007/2008 KEUR	Total 2007/2008 KEUR
Sales by segments	514,100	113,207	-57,305	570,002
Thereof:				
with external third parties	455,195	112,524	2,283	570,002
Inter segment revenues	58,905	683	-59,588	0
EBT	48,031	2,476	6,932	57,439
Depreciation	4,002	2,883	4,382	11,267
Interest income	386	141	677	1,204
Interest expenses	5,026	277	-206	5,097
Assets	143,853	58,345	95,208	297,406
Liabilities	129,421	64,359	-77,452	116,328
Investments in non-current assets	3,776	9,832	7,853	21,461
Number of employees	999	786	473	2,258
Impairments recognised in profit/loss				
- of inventories	-179	-514	0	-693
- of trade receivables	-1,355	168	0	-1,187

Segment information by regions

	Germany 2008/2009 KEUR	Outside Germany 2008/2009 KEUR	Total 2008/2009 KEUR
Sales by segments	355,557	238,493	594,050
Assets	263,119	30,206	293,325
Liabilities	97,039	37,393	134,432
Investments in non-current assets	16,452	3,458	19,910
Number of employees	1,541	879	2,420

	Germany 2007/2008 KEUR	Outside Germany 2007/2008 KEUR	Total 2007/2008 KEUR
Sales by segments	315,908	254,094	570,002
Assets	265,984	31,422	297,406
Liabilities	82,550	33,778	116,328
Investments in non-current assets	15,591	5,870	21,461
Number of employees	1,441	817	2,258

GERRY WEBER International AG, Halle/Westphalia
Consolidated cash flow statement
for the fiscal year 2008/2009

	2008/2009 KEUR	previous year KEUR
Operating result	71,238	62,742
Depreciation/amortisation	12,397	11,267
Loss from the disposal of fixed assets	1,304	0
Increase in inventories	-281	-5,717
Decrease/increase in trade receivables	15,134	3,459
Decrease/increase/in other assets that do not fall under investing or financing activities	2,918	-7,558
Increase in provisions	1,193	2,340
Increase/decrease in trade payables	3,275	-5,145
Increase in other liabilities that do not fall under investing or financing activities	9,876	2,076
Income tax payments	-20,085	-19,991
Cash inflows from operating activities	**96,969**	**43,473**
Income from investments	13	31
Interest income	291	1,204
Incidental bank charges	-683	-1,281
Interest expenses	-4,413	-5,096
Cash inflows from current operating activities	**92,177**	**38,331**
Proceeds from the disposal of property, plant and equipment and intangible assets	1,779	2,443
Purchases of investments in property, plant and equipment and intangible assets	-15,139	-21,460
Purchases of investments in investment property	-4,768	0
Proceeds from the disposal of financial assets	317	313
Purchases of investments in financial assets	-4	-177
Cash outflows from investing activities	**-17,815**	**-18,881**
Dividend payments of the AG	-15,496	-11,476
Purchases for the acquisition of own shares	-34,127	-7,124
Raising/repayment of financial liabilities	1,947	-9,627
Cash outflows from financing activities	**-47,676**	**-28,227**
Movement in cash and cash equivalents	26,686	-8,777
Cash and cash equivalents at the beginning of the fiscal year	9,009	17,786
Cash and cash equivalents at the end of the fiscal year	**35,695**	**9,009**

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

GERRY WEBER

Notes

A. GENERAL INFORMATION

Company data

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

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

The fiscal year began on 1 November 2008 and ended on 31 October 2009 (previous year: 1 November 2007 to 31 October 2008).

Accounting principles

Pursuant to EU Directive (EC) No. 1606/2002 in conjunction with section 315a (1) of the German Commercial Code (HGB), the consolidated financial statements of Gerry Weber International AG, the parent company, for the year ended 31 October 2009 were prepared in accordance with the International Financial Reporting Standards (IFRS) such as they are applicable in the European Union. The term "IFRS" also includes the applicable International Accounting Standards (IAS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC). All IFRS that were mandatory for the fiscal year 2008/2009 were applied to the extent that they had been endorsed by the European Union.

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 2008 to 31 October 2009:

• Amendment to IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 7 (Financial Instruments: Disclosures)
The amendments allow an enterprise to reclassify non-derivative financial instruments – with the exception of those designated as "at fair value through profit or loss" at initial recognition – from the "held for trading" category under certain circumstances. These amendments also allow an enterprise to reclassify an asset classified as "available for sale" which otherwise meets the definition of "loans and receivables" to the "loans and receivables" category if the enterprise has the intention and the possibility to hold this financial asset in the foreseeable future or until maturity. Such reclassifications require additional disclosures in the notes to enable the recipients of the financial statements to determine the result that would have been achieved had the asset not been reclassified.

• IFRIC 11 (IFRS 2 - Group and Treasury Share Transactions)
The interpretation addresses the application of IFRS 2 to payment arrangements using own equity instruments and using equity instruments of another entity of the same group (e.g. the parent company).

These new and/or amended standards 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 became applicable after the reporting date and are not expected to have a material impact on the consolidated financial statements:

• Amendment to IAS 1 (Presentation of Financial Statements with regard to other comprehensive income)
The amendment calls for non-owner changes in equity to be presented separately from owner changes in equity. IAS 1 also requires additional disclosures regarding other comprehensive income. The amended standard is effective for annual periods beginning after 1 January 2009.

• Amendments to IAS 23 (Borrowing Costs)
The amendment relates to 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.

• Amendments to IAS 32 (Financial Instruments: Presentation) and IAS 1 (Presentation of Financial Statements)
According to these amendments, certain instruments issued by an enterprise must be classified as equity although they have characteristics of a liability. These amendments are effective for annual periods beginning on or after 1 January 2009. These amendments have already been endorsed by the EU Commission.

• Amendments to IFRS 1 (First-time Adoption of IFRS)
In July 2009, the IASB amended the standard to ensure that enterprises do not incur unnecessary costs and additional burdens at the time of the first-time adoption of IFRS. These amendments are effective for annual periods beginning on or after 1 July 2009 but have not yet been endorsed by the EU Commission. Other decisions that facilitate the first-time adoption of IFRS have been taken, which are effective for annual periods beginning on or after 1 July 2010 but have not yet been endorsed by the EU Commission.

• Amendments to IFRS 1 (First-time Adoption of IFRS) and IAS 27 (Consolidated and Separate Financial Statements)
The amends allow a first-time adopter in its separate financial statements to use as the deemed cost of an investment in a subsidiary, jointly controlled entity or associate either the fair value at the entity's date of transition to IFRS or the previous GAAP carrying amount of the investment at that date. The amendments to IFRS 1 and IAS 27 are effective for annual periods beginning on or after 1 January 2009.

• Amendment to IFRS 3 (Business Combinations) and additions to IAS 27 (Consolidated and Separate Financial Statements)
Key amendments include the application of the full goodwill method, the recognition of costs directly attributable to the acquisition in profit or loss, the revaluation of existing investments in profit and loss after control is obtained, the revaluation of the remaining investments in profit and loss after control is lost, the recognition in equity of changes in the investment in a subsidiary without loss of control, and the unlimited allocation of losses to minority shareholders. Both standards are effective for annual periods beginning on or after 1 July 2009.

• Amendments to IFRS 7 (Financial Instruments: Disclosures)
In the context of an amendment standard, the IASB provides for additional disclosures regarding the measurement of financial instruments at the fair value and regarding liquidity reserves. These amendments are effective for annual periods beginning on or after 1 January 2009. The amendment has not yet been endorsed by the EU Commission.

• 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.

• IFRIC 12 (Service Concession Agreements)
Provides guidance for the accounting of public-private service concession arrangements with regard to the obligations entered into and the rights received by the operator. This interpretation must generally be adopted for annual periods beginning on or after 1 January 2008. Given that the EU endorsed it only on 25 March 2009, IFRIC 12 is effective for financial statements to section 315a HGB for annual periods beginning after the coming into force of the regulation on 28 March 2009.

• IFRIC 13 (Customer Loyalty Programmes)
An entity that grants loyalty award credits must allocate some of the proceeds of the initial sale to the award credits as a separate component of the sale transaction. This interpretation must generally be adopted for annual periods beginning on or after 1 July 2008.

Given that the EU endorsed it only on 10 December 2008, IFRIC 13 is effective for financial statements to section 315a HGB for annual periods beginning on or after 1 January 2009.

• IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)
The interpretation defines additional criteria for setting the limit on the amount of surplus in a defined benefit plan pursuant to IAS 19.
The interpretation must generally be adopted for annual periods beginning on or after 1 January 2008. Given that the EU endorsed it only on 16 December 2008, IFRIC 14 is effective for financial statements to section 315a HGB for annual periods beginning on or after 1 January 2009.

• IFRIC 15 (Agreements for the Construction of Real Estate)
The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 (Construction Contracts) or IAS 18 (Revenue). It also addresses the question when revenue from the construction should be recognised. This interpretation must generally be adopted for annual periods beginning on or after 1 January 2009. Given that the EU endorsed it only on 22 July 2009, IFRIC 15 is effective for financial statements to section 315a HGB for annual periods beginning on or after 1 January 2010.

• IFRIC 16 (Hedges of a Net Investment in a Foreign Operation)
This interpretation clarifies the issue when and how the currency risks of a foreign operation are treated as hedges. The interpretation is effective for annual periods beginning on or after 1 October 2008. Given that the EU endorsed it only on 4 June 2009, IFRIC 16 is effective for financial statements to section 315a HGB for annual periods beginning on or after 1 July 2009.

• IFRIC 17 (Distributions of Non-cash Assets to Owners)
This interpretation addresses both the question when the dividend should be recognised and measured and the accounting on the day of the distribution/settlement. This interpretation must generally be adopted for annual periods beginning on or after 1 July 2009. Given that the EU endorsed it only on 26 November 2009, IFRIC 17 is effective for financial statements to section 315a HGB for annual periods beginning on or after 1 November 2009.

• IFRIC 18
IFRIC 18 provides additional information on the accounting of agreements for the transfer of a customer's assets to an entity that uses them to provide the customer with ongoing access to a supply of goods or services, e.g. in the energy sector. This interpretation is effective for annual periods beginning on or after 1 July 2009. It has not yet been endorsed by the EU Commission.

• Various amendments of standards
In May 2008, the IASB published extensive amendments of IFRS (endorsed by the EU in January 2009), primarily with a view to eliminating inconsistencies and making minor text changes. Separate transition rules apply to each amended standard. The following standards have been amended:
Content-related amendments: IAS 1, 16,19,20,23,27,28, 29,36,38,40,41, IFRS 5
Text-related amendments: IAS 8, 10,18,20,29,34,40,41, IFRS 7.

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.

Basis of consolidation

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

- GERRY WEBER Life-Style Fashion GmbH, Halle/Westphalia,
- TAIFUN-Collection GERRY WEBER Fashion GmbH, Halle/Westphalia,
- SAMOON-Collection Fashion-Concept GERRY WEBER GmbH, Halle/Westphalia,
- GERRY WEBER Retail GmbH, Halle/Westphalia,
- Energieversorgungsbetrieb GERRY WEBER GmbH, Halle/Westphalia,
- GERRY WEBER Fashion Iberica S.L., Palma de Mallorca, Spain,
- GERRY WEBER FAR EAST LIMITED, Hong Kong, People's Republic of China,
- GERRY WEBER France S.A.R.L., Paris, France,
- GERRY WEBER Denmark ApS, Albertslund, Denmark
- GERRY WEBER Dis Tic. Ltd. Sirkuti, Istanbul, Turkey,
- GERRY WEBER Ireland Ltd., Dublin, Ireland,
- GERRY WEBER Support S.R.L., Bucharest, Romania,
- GERRY WEBER GmbH, Vienna, Austria,
- GERRY WEBER United Kingdom Ltd., London, UK,
- GERRY WEBER Belgien GmbH, Raeren, Belgium,
- GERRY WEBER Asia Ltd., Hong Kong, People's Republic of China,
- GERRY WEBER Shanghai Co. Ltd., Shanghai, People's Republic of China

GERRY WEBER GmbH, Halle/Westphalia, an energy utility, and GERRY WEBER Shanghai Co. Ltd., Shanghai, People's Republic of China, were established in the fiscal year 2008/2009 and are wholly owned by the Group.

Hawe Textil S.R.L., Bucharest, Romania is not covered by the consolidated financial statements.

All subsidiaries are wholly owned.

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 prorated 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. The items of the income statement are translated at average annual exchange rates. Exchange differences resulting from different translation rates in the balance sheet and the income statement are recognised in equity.

The table below shows the changes in the exchange rates on which the currency translation is based and which have a material influence on the consolidated financial statements:

Currencies		Closing rate		Average annual exchange rate	
1 EUR in		31 Oct. 2009	31 Oct. 2008	2008/2009	2007/2008
Denmark	DKK	7.44300	7.44670	7.44842	7.45720
UK	GBP	0.89375	0.78690	0.88576	0.77108
Hong Kong	HKD	11.47010	9.88800	10.58341	11.6602
Canada	CAN	1.59520	1.56810	1.59275	1.53157
Romania	RON	4.30450	3.67980	4.28826	3.62590
Turkey	TRY	2.21100	1.99060	2.13700	1.85270
USA	USD	1.48000	1.27570	1.36538	1.49621

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.

The item includes exclusive rights of supply to HOUSES OF GERRY WEBER operated by third-parties. These intangible assets are amortised over a period of three to five years.

Property, plant and equipment

Property, plant and equipment are recognised at cost - for each category - less scheduled straight-line depreciation. On a small scale, movable assets with a useful life of more than ten years that were added before 31 October 2007 were written off using the declining-balance method to the extent that this approach reflected the actual decrease in value. Since 1 November 2008, these assets have also been written off using the straight-line method.

The acquisition cost comprises the purchase price, ancillary costs and cost reductions. The cost of internally generated assets includes direct costs as well as directly attributable portions of the overheads. Borrowing costs are 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 4.5% (previous year 4.5%) 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

Property, plant and equipment were written down for impairment in accordance with IAS 36.

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

Investment property

Investment property is disclosed in accordance with IAS 40. It is recognised at cost and the building is written off using the straight line method over a useful life of 50 years.

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 writedowns 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 equity 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.

The underlying transaction of one interest rate swap ceased to exist. The negative fair value was recognised under interest expenses.

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.

Income tax receivables

Confirmed German corporate income tax assets will be paid out in ten equal amounts in the assessment periods from 2008 to 2017. The present value of the receivables is stated with a discount factor of 4% (previous year: 4%). The portion that has a term of more than one year is recognised as non-current income tax receivables.

Inventories

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

Where required, inventories were written down to lower net realisable values. These writedowns 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 writedown 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.

Modified recognition: capital reserve and retained earnings

In the previous years, the premiums that exceeded the par value of own shares repurchased were deducted from retained earnings in full. This was changed in the fiscal year 2008/2009. The pro-rata amount of the premium paid per share relative to the originally paid-in capital is now deducted from the capital reserve, while the excess amount is deducted from retained earnings.

Due to the much higher number of own shares, the breakdown of the premium per share and the deduction from the different reserve types more appropriately reflects the reduction in equity capital.

The previous year's figures have been adjusted. If the previous year's recognition method had been retained, the capital reserve would have amounted to EUR 33,668,025.21, while retained earnings would have amounted to EUR 44,300,277.03.

Assumptions, estimates and discretionary decisions

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.

The management made no discretionary decisions that had a major impact on the amounts stated in the financial statements.

C. Notes to the balance sheet

(1) Fixed assets

The changes in and composition of the fixed assets are shown in the fixed asset schedule attached to the notes for the fiscal years 2008/2009 and 2007/2008.

(a) Intangible assets / Goodwill

The item includes exclusive rights of supply to HOUSES OF GERRY WEBER operated by third parties in an amount of KEUR 4,092 (previous year: KEUR 5,492). Depreciation of these rights of supply totalled KEUR 2,785 in the fiscal year 2008/2009 (previous year: KEUR 3,116).

Other assets recognised include software.

As of 31 October 2009 and 31 October 2008, 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, Steinhagen-Brockhagen, Düsseldorf and Romania including their furnitures and fixtures. It also comprises furnishings and fittings in rented retail properties.

In 2008/2009, shop fittings in Spain were written down for impairment in an amount of KEUR 680 (previous year: KEUR 0) due to lower replacement prices.

(c) Investment property

In the fiscal year, 2008/2009 the Group acquired a property in Düsseldorf. The company plans to build a new order centre, whose premises will be let to other fashion companies, on this site. The property is recognised at cost and the building is written off using the straight line method over a useful life of 50 years. As construction has not started yet, the cost of the property on the balance sheet date is equivalent to the fair value of the property. Income generated from the property amounted to KEUR 0 (previous year: KEUR 0), while direct operating expenses amounted to KEUR 0 (previous year: KEUR 0).

(d) **Financial assets**	**31 Oct. 2009** KEUR	**31 Oct. 2008** KEUR
Loans to commercial agents	257	582
Rent deposits	241	246
TBV Lemgo GmbH & Co. KG - limited partner's shares -	90	90
HaWe Textil S.R.L., Bucharest, Romania	11	11
Miscellaneous	18	3
	617	**932**

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 1,058 (previous year: KEUR 92). These are market rate interest bearing trade receivables.

(3) **Other assets (non-current)**	**31 Oct. 2009** KEUR	**31 Oct. 2008** KEUR
Receivables relating to GERRY WEBER OPEN	7,508	10,747
Capitalised item reflecting the partial retirement programme	1,566	0
Claim for damages	679	933
Receivables from commercial agents	484	696
	10,237	**12,376**

(4) Income tax receivables (non-current)

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

Existing corporate income tax credits of the domestic companies are recognised under non-current income tax receivables in an amount of KEUR 3,583 (previous year: KEUR 3,809) and under current income tax receivables in an amount of KEUR 460 (previous year: KEUR 1,015).

(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. 2009	**31 Oct. 2008**	**31 Oct. 2009**	**31 Oct. 2008**
	KEUR	KEUR	KEUR	KEUR
Non-current assets	36	59	1,989	1,618
Current assets	2,334	755	2,712	6,870
Provisions	263	0	133	121
Liabilities	96	9	0	0
	2,729	**823**	**4,834**	**8,609**

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 17.5 million (previous year: EUR 11 .3 million). They mainly refer to GERRY WEBER Fashion Iberica S.L., Palma de Mallorca, Spain, GERRY WEBER United Kingdom Ltd., London, GERRY WEBER GmbH, Vienna and GERRY WEBER Support S.R.L., Bucharest, Romania. The resulting deferred tax assets in the amount of EUR 5,182 million (previous year: EUR 3,407 million) were written down in an amount of KEUR 4,435 million (previous year: KEUR 3,110 million) as the realisation of the respective tax advantages is unlikely in the medium term.

(6) Inventories	**31 Oct. 2009**	**31 Oct. 2008**
	KEUR	KEUR
Raw materials and supplies	5,596	5,747
Work in progress	10,078	10,479
Finished goods and merchandise	40,519	38,817
Prepayments on intangibles	2,267	3,136
	58,460	**58,179**

The impairment resulting from the sales-oriented measurement of inventories amounted to KEUR 2,522 (previous year: KEUR 3,301).

The expenses for the fiscal year 2008/2009 are included in the cost of materials. The usual reservations of ownership apply.

(7) Trade receivables (current)

Trade receivables in an amount of KEUR 59,216 (previous year: KEUR 75,316) have a maturity of less than one year.

Allowances for doubtful accounts amounted to KEUR 2,003 (previous year: KEUR 4,162). Allowances for doubtful accounts are established if and when the third reminder remains without response and the debt collection procedure is initiated. Any existing trade credit insurance is taken into account in the calculation of the allowances.

The expenses for the fiscal year 2008/2009 are included in other operating expenses.

(8) Other assets (current)

Other assets in an amount of KEUR 10,657 (previous year: KEUR 29,671) have a maturity of less than one year.

Other assets comprise:

	31 Oct. 2009 KEUR	31 Oct. 2008 KEUR
Receivables relating to GERRY WEBER OPEN	3,239	3,097
Tax claims	1,622	622
Claim for damages	1,586	1,775
Prepaid expenses	1,064	2,593
Receivables from commercial agents	566	518
Positive fair value of financial instruments	254	17,693
Supplier balances	88	135
Loans	69	17
Capitalised item reflecting the partial retirement programme	0	1,388
Other	2,169	1,833
	10,657	**29,671**

(9) Corporate income tax claim (current)

Tax refund claims of KEUR 460 (previous year: KEUR 1,015) refer to domestic 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.

The Group manages its capital with the aim of maximising the income for the stakeholders by optimising the debt-to-equity ratio. In this context, the company ensures that all Group companies can operate as a going concern.

Equity capital and total assets amounted to:

	31 Oct. 2009	31 Oct. 2008	Change
Equity capital in KEUR	158,893	181,078	-22,185
Equity in % of total capital	54.2	60.9	-6.7
Debt capital in KEUR	134,432	116,328	+18,104
Debt capital in % of total capital	45.8	39.1	+6.7
Total capital (equity and debt capital) in KEUR	**293,325**	**297,406**	**-4,081**

Equity capital comprises the total capital and the reserves of the Group. Debt capital is defined as current and non-current financial liabilities, provisions and miscellaneous liabilities.

(a) Subscribed capital

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

Subject to approval by the Supervisory Board, the Managing Board is entitled to increase the company's share capital by up to EUR 11,475,000 through one or several issues of new bearer shares against cash or non-cash capital contributions by 31 May 2014. 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.

In accordance with the authorisation granted by the Annual General Meeting on 4 June 2008, the Managing Board decided, on 9 September 2008, to repurchase own shares representing up to 10% of the share capital by 31 October 2009.

Up to 31 October 2008, 444,160 shares were acquired at a cost of EUR 7,123,941 .62 (average price incl. expenses EUR 16.04).

The table below shows the own shares acquired in the fiscal year 2008/2009:

Date	Number	Purchase cost EUR	Average price (incl. expenses) EUR
until 31 Oct. 2008	444,160	7,123,941.62	16.04
7 Nov. 2008	29,295	463,346.27	15.82
14 Nov. 2008	37,254	600,415.72	16.12
21 Nov. 2008	60,891	993,387.98	16.31
28 Nov. 2008	30,147	507,570.64	16.84
5 Dec. 2008	36,853	619,688.64	16.82
12 Dec. 2008	34,324	578,113.79	16.84
19 Dec. 2008	31,516	527,865.18	16.75
23 Dec. 2008	14,084	238,028.69	16.90
30 Dec. 2008	4,356	76,912.07	17.66
9 Jan. 2009	7,120	129,579.99	18.20
16 Jan. 2009	36,387	645,416.78	17.74
23 Jan. 2009	17,093	294,723.27	17.24
30 Jan. 2009	28,896	519,669.27	17.98
6 Feb. 2009	32,074	592,314.07	18.47
10 Feb. 2009	8,400	156,150.42	18.59
16 Mar. 2009	1,438,282	27,183,529.80	18.90
	2,291,132	**41,250,654.20**	**18.00**

The own shares acquired by the company represent 9.98% of the share capital (previous year: 1 .94%). Transaction costs deduced from equity amounted to KEUR 49 (previous year: KEUR 25).

The Annual General Meeting of 3 June 2009 authorised the Managing Board to repurchase own shares representing up to 10% of the share capital by 31 October 2010.

(b) Capital reserve

The capital reserve includes the premiums on the shares issued less the pro-rated premiums paid in the acquisition of own shares.

(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 less the pro-rated premiums paid in the acquisition of own shares, to the extent that they were not deducted from the capital reserve.

(d) Cumulative changes in equity not stated through profit or loss according to IAS 39

This item includes the effects of the remeasurement of financial instruments after taxes being accounted for in equity. The financial instruments used by the company are currency and interest rate hedges.

	31 Oct. 2009	31 Oct. 2008	Change
Positive fair values of financial instruments	254	17,693	-17,439
Negative fair values of financial instruments	-3,721	-31	-3,690
Deferred tax assets	1,116	9	+1,107
Deferred tax assets	-76	-5,308	+5,232
	-2,427	**12,363**	**-14,790**

(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 2008	55,407,234.57
Dividend distribution in June 2009	-15,496,386.00
Transfer to retained earnings of the AG	-20,000,000.00
Net income for the year 2008/2009	43,025,017.74
Accumulated profits as of 31 October 2009	**62,935,866.31**

(12) Provisions for personnel (non-current)

An amount of KEUR 1,755 (previous year: KEUR 2,185) represents the non-current portion of the provisions for old-age part-time work. An amount of KEUR 430 was used up (previous year: allocation of KEUR 745).

(13) **Other provisions (non-current)**

This item includes an amount of KEUR 1,195 (previous: KEUR 780) resulting from the company's obligation to remove furnishings and fittings from rented properties. Allocations amounted to KEUR 415 (previous year: KEUR 324).

(14) **Financial liabilities (non-current)**

	31 Oct. 2009 KEUR	31 Oct. 2008 KEUR
Liabilities to banks	**42,810**	**25,806**

These include non-current financial liabilities with a remaining maturity of more than five years in an amount of KEUR 8,816 (previous year: KEUR 5,073).

(15) **Trade receivables (non-current)**

A supplier has granted a market rate interest-bearing 3-year loan. The portion whose tenor exceeds one year is recognised.

Provisions 31 October 2009 and 31 October 2008 (current)

The development and the composition of the provisions are shown below:

Type of provision	Carried forward 1 Nov. 2008 KEUR	Use KEUR	Reversal KEUR	Allocation KEUR	As of 31 Oct. 2009 KEUR
(16) Tax provisions	**1,513**	**1,112**	**196**	**3,205**	**3,410**
(17) Provisions for personnel					
- Bonuses	5,195	5,152	43	5,036	5,036
- Vacation	1,612	1,612	0	1,763	1,763
- Old-age part-time work (current)	228	228	0	679	679
- Special annual payment	1,827	1,827	0	1,957	1,957
- Other	93	88	5	305	305
	8,955	**8,907**	**48**	**9,740**	**9,740**
(18) Other provisions					
- Guarantees	601	601	0	584	584
- Outstanding invoices	3,058	3,058	0	3,732	3,732
- Accounting expenses	318	318	0	312	312
- Supervisory Board compensation	340	340	0	383	383
- Other	30	30	0	79	79
	4,347	**4,347**	**0**	**5,090**	**5,090**
	14,815	**14,366**	**244**	**18,033**	**18,240**

Type of provision	Carried forward 1 Nov. 2007 KEUR	Use KEUR	Reversal KEUR	Allocation KEUR	As of 31 Oct. 2008 KEUR
(16) Tax provisions	**3,287**	**2,689**	**557**	**1,472**	**1,513**
(17) Provisions for personnel					
- Bonuses	4,514	4,480	34	5,195	5,195
- Vacation	1,523	1,523	0	1,612	1,612
- Old-age part-time work (current)	826	826	0	228	228
- Special annual payment	1,655	1,655	0	1,827	1,827
- Other	46	46	0	93	93
	8,564	**8,530**	**34**	**8,955**	**8,955**
(18) Other provisions					
- Guarantees	572	572	0	601	601
- Outstanding invoices	2,005	1,994	11	3,058	3,058
- Accounting expenses	313	306	7	318	318
- Supervisory Board compensation	234	234	0	340	340
- Other	343	343	0	30	30
	3,467	**3,449**	**18**	**4,347**	**4,347**
	15,318	**14,668**	**609**	**14,774**	**14,815**

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

	31 Oct. 2009 KEUR	31 Oct. 2008 KEUR
Liabilities to banks	**13,442**	**28,499**

Information on collateral and agreements

The following collateral has been provided for non-current bank liabilities:

- Land charges in an amount of KEUR 3,636 (previous year: KEUR 9,111).

The table below shows the main contractual terms of the liabilities to banks as of the closing date of the fiscal year 2009:

Fixed-income agreements

Financial instrument	Carrying amount 2008/2009 KEUR	Carrying amount 2007/2008 KEUR	Maturity until month/year	Nominal interest rate % p. a.
Bank 1				
Loan 1	0	413	6/2009	3.75
Loan 2	0	213	6/2009	4.50
Loan 3	937	1,563	12/2010	4.41
Loan 4	1,111	3,333	6/2010	4.66
Loan 5	1,500	3,500	6/2010	4.96
Loan 6	5,000	5,000	9/2017	4.45
Loan 7	5,000	5,000	9/2017	4.25
	13,548	**19,022**		
Bank 2				
Loan 1	4,000	6,000	2/2011	4.29
Loan 2	5,000	0	7/2014	4.15
	9,000	6,000		
Bank 3	3,500	4,500	3/2013	4.42
Bank 4	5,000	5,000	3/2011	4.57
Bank 5	87	90	12/2010	3.76
Bank 6	5,000	0	6/2014	4.20
Bank 7	20,000	0	7/2016	4.35
	33,587	**9,590**		
	56,135	**34,612**		

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 0 (previous year: KEUR 19,677). There are currently no signs of a liquidity or financing risk.

(20) **Trade payables**

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

(21) **Miscellaneous liabilities**	**31 Oct. 2009** KEUR	**31 Oct. 2008** KEUR
Other taxes (especially turnover tax)	9,394	4,009
Negative fair value of financial instruments	3,721	31
GERRY WEBER Management & Event oHG	3,402	679
Liabilities to customers	788	468
Liabilities to personnel	383	631
Social security	295	192
Deferred income	35	68
Other liabilities	2,268	960
	20,286	**7,038**

D. Notes to the income statement

(22) 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.

Sales revenues include licensing fees in an amount of KEUR 1,042 (previous year: KEUR 1,127) for the utilisation of the name rights.

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

(23) Miscellaneous operating income

Miscellaneous operating income comprises the following:

	2008/2009 KEUR	**2007/2008** KEUR
Rental income	4,938	4,859
Payment of damages/insurance compensation	3,320	549
Income from IT services for third parties	592	739
Income from the reversal of provisions and allowances	368	108
Exchange gains	300	784
Research subsidies	178	485
Other	1,394	2,124
	11,090	**9,648**

(24) 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.

(25) Cost of materials	**2008/2009** KEUR	**2007/2008** KEUR
Expenses for raw materials and supplies and purchased goods	53,171	59,198
Expenses for services purchased	253,698	246,341
	306,869	**305,539**

(26) Personnel expenses	**2008/2009** KEUR	**2007/2008** KEUR
Wages and salaries	74,865	66,816
Social security contributions	12,133	10,591
	86,998	**77,407**

The GERRY WEBER Group concludes old-age part-time agreements according to the so-called „block model". In accordance with IAS 19, provisions are established according to the projected unit credit method at an interest rate for accounting purposes of 5.5% (previous year: 5.5%) based on a salary trend of 1% p.a. (previous year: 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:

	2008/2009		2007/2008	
	Total	**Germany**	**Total**	**Germany**
Blue-collar workers	529	149	606	148
White-collar workers	1,871	1,374	1,606	1,236
	2,400	1,523	2,212	1,384
Trainees/apprentices	48	48	56	56
	2,448	**1,571**	**2,268**	**1,440**

(27) Depreciation/Amortisation

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

In 2008/2009, shop fittings in Spain were written down for impairment in an amount of KEUR 680 (previous year: KEUR 0). The writedowns relate to the Retail segment.

(28) Miscellaneous operating expenses

Miscellaneous operating expenses comprise the following:

	2008/2009 KEUR	**2007/2008** KEUR
Rent, space costs	32,283	26,843
Freight, packaging, logistics	27,433	26,178
Advertising, trade fairs	15,546	18,353
Sales agent commissions	12,884	14,693
Collection development	7,910	8,977
Legal and consulting costs	4,196	3,628
Other personnel expenses	3,817	3,177
Insurance, contributions, fees	3,724	3,490
IT costs	3,693	3,658
Travelling expenses	3,217	3,583
Losses on receivables/allowances	2,864	2,750
Del credere commissions	1,807	1,077
Office and communications	1,627	1,530
Vehicles	1,463	1,402
General administration	1,344	1,189
Loss from asset disposal	1,310	16
Maintenance	1,234	1,437
Exchange rate fluctuations	0	1,476
Other	1,386	2,421
	127,738	**125,878**

(29) Other taxes

This item mainly comprises real property and motor vehicle taxes as well as council taxes in the UK.

(30) **Finanzergebnis**	**2008/2009** KEUR	**2007/2008** KEUR
Income from financial assets loaned	13	31
Interest income	291	1,204
Writedowns on financial assets	-2	-160
Incidental bank charges	-683	-1,281
Interest expenses	-4,413	-5,097
	-4,794	**-5,303**

(31) Taxes on income

Taxes on income comprise the following main components:

	2008/2009 KEUR	**2007/2008** KEUR
Taxes of the fiscal year	22,618	18,354
Tax expenses/income of prior years	144	-228
Deferred taxes	657	-101
	23,419	**18,025**

Deferred taxes were generally calculated on the basis of the applicable tax rates of each company. A standard tax rate of 30% (previous year: 30%) was applied to calculate deferred taxes on consolidation measures shown in profit and loss.

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

	2008/2009 KEUR	2007/2008 KEUR
Profit before taxes on income	66,444	57,439
Group tax rate	30.0 %	30.0 %
Expected tax expenses	19,933	17,232
Non-recognition of deferred tax assets due to operating losses and utilisation of those assets	3,234	-252
Taxes on trade tax additions/deductions	556	532
Taxes on non-deductible operating expenses	101	98
Off-period tax expenses/income	144	-228
Miscellaneous	-549	643
Actual tax expenses 35.2% (previous year: 31 .4%)	**23,419**	**18,025**

(32) Profit carried forward

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

(33) Allocation to retained earnings

In accordance with a resolution by the Managing Board and the Supervisory Board an amount of KEUR 20,000 (previous year: KEUR 15,000) was allocated to retained earnings in the fiscal year 2008/2009.

(34) Earnings per share

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

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

Consolidated net income/loss for the year	2008/2009 KEUR	2007/2008 KEUR
Consolidated net income/loss attributable to ordinary shareholders of the parent company	**43,025**	**39,414**

Number of ordinary shares

	Number of shares
Voting shares on 31 October 2008	22,508,820
Own shares purchased in 2008/2009	
11/2008	157,587
12/2008	121,133
01/2009	89,496
02/2009	40,474
03/2009	1,438,282
	1,846,972
Voting shares on 31 October 2009	**20,661,848**

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 2007/2008

22,952,980 x 10/12
+ 22,857,880 x 1/12
+ 22,508,820 x 1/12
= 22,908,042 shares

Fiscal year 2008/2009:

22,508,820 x 1/12
+ 22,351,233 x 1/12
+ 22,230,100 x 1/12
+ 22,140,604 x 1/12
+ 22,100,130 x 1/12
+ 20,661,848 x 7/12
= 21,330,319 shares

Earnings per share amount to EUR 2.02 (previous year: EUR 1 .72).

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

The accumulated profits were used to pay out a dividend of EUR 0.75 (previous year: EUR 0.50) 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 0.85 per share from the accumulated profits. This is equivalent to an amount of EUR 17.6 million, taking into account the own shares held by the company as of 31 October 2009. In Germany, dividends are subject to capital income tax of 25% plus a 5.5% solidarity surcharge.

The company will propose to the Annual General Meeting to allocate EUR 25.0 million to retained earnings.

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. The maximum default risk is therefore set at KEUR 0 (previous year: KEUR 0).

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.

The company uses long-term credit agreements at favourable fixed interest rates to mitigate interest rate risks. In addition, interest rate derivatives are used.

As of 31 October 2009, negative effects from the market valuation of financial instruments in an amount of KEUR -2,427 (previous year: positive effects KEUR 12,363) were reflected in equity.

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.

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 98.4 million (previous year: EUR 112.5 million) at Group level. Income and expenses from these transactions are recognised under cost of materials.

All derivative financial instruments formed valuation units with the underlying transactions.

As of the balance sheet date, the currency forwards had a negative fair value of EUR 3.7 million (previous year: positive fair value of EUR 17.3 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. Income and expenses from these transactions are recognised under sales revenues.

The forward transactions had a volume of EUR 11 .2 million as of the balance sheet date (previous year: EUR 12.6 million).

All currency forwards formed valuation units with the underlying transactions.

The positive fair value of these currency forwards for merchandise receivables was EUR 0.3 million as of the balance sheet date (previous year: positive fair value of EUR 0.4 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.

Interest rate derivatives

As of the balance sheet date, the company's accounts included an interest rate derivative with a notional amount of EUR 5.0 million which did not qualify for hedge accounting due to the lack of an underlying transaction. The negative market value of KEUR 320 was recognised as an interest expense. Other provisions include negative market values from interest rate hedges in an amount of KEUR 320.

On the prior year balance sheet date, the company's accounts included interest rate derivatives with a notional amount totalling EUR 15.0 million, all of which referred to cash flow hedges. Financial assets included KEUR 7 in interest rate risk hedges, while financial liabilities included interest rate hedges in an amount of KEUR 31 .

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 2008/2009 and the previous year, divided into cash inflows and outflows from operating activities, from investing activities and from financing activities. Changes in the basis of consolidation and in exchange rates had no effect on cash and cash equivalents.

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

In the fiscal year 2008/2009, cash inflow from operating activities includes payments for interest received in an amount of KEUR 291 (previous year: KEUR 1,204) and for interest paid in an amount of KEUR 4,413 (previous year: KEUR 5,097). Income tax payments amounted to KEUR 20,085 (previous year: KEUR 19,991).

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 the GERRY WEBER Group 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 two sublabels, GERRY WEBER EDITION and G.W., and the TAIFUN brand and its sublabel TAIFUN SEPARATES 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 charged to the domestic Retail company are calculated using the cost-plus method.

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 currency, interest rate and default risks.

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

Under the current strategy, hedges are used to mitigate currency and interest rate risks.

Currency risks result from unfavourable exchange rate changes between the creation and the fulfilment of claims and liabilities in foreign currencies. The company used currency forwards and options to mitigate these risks. The net requirements or surplus of the respective currencies is hedged at nearly 100%. The currency derivatives usually have a term of up to twelve months.

Sensitivity analyses were carried out to quantify the currency risk. These are based on an assumed 5% change in the exchange rate.

The pre-tax effect including the currency hedge is shown:

	Cash inflows	Cash outflows	Net amount	Effect from a +5% appreciation in the euro
	KEUR	KEUR	KEUR	KEUR
USD	262	-104,294	-104,031	-272
GBP	13,116	-29	13,087	+144
CAD	1,368	0	1,368	+11
Total	**14,746**	**-104,323**	**-89,576**	**-117**

The company manages the interest rate risk by raising long-term loans at fixed interest rates as well as by maintaining a high equity ratio.

To offset seasonal peaks, credit agreements with variable interest rates are signed 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. Interest rate derivatives were used to mitigate this risk.

Due to the good liquidity situation, no variable rate loans were recognised as of 31 October 2009. An existing interest rate swap with a notional amount of EUR 5.0 million at 3-month Euribor and a negative market value in an amount of KEUR 320 was recognised under interest expenses due to the lack of an underlying transaction.

In accordance with IFRS 7, a sensitivity analysis was prepared to assess the interest rate risk. If the average interest rate rises by one percentage point, the interest expenses on floating rate liabilities increase by EUR 0.3 million.

Credit risks are mitigated by reviewing the creditworthiness of counterparties. The maximum default risk is always the carrying amount. Receivables from customers are subject to appropriate allowances.

Research and development

Research and development expenses shown under expenses amount to KEUR 7,910 (previous year: KEUR 8,977) 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 97 (previous year: KEUR 124).

Other financial liabilities/Operating leases where the company is the lessee

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

	31 Oct. 2009 KEUR	31 Oct. 2008 KEUR
Within 1 year	2,767	2,472
Between 1 and 5 years	2,221	1,726
	4,988	**4,198**

Expenses under these operating leases amounted to KEUR 2,767 in 2009 (previous year: KEUR 2,472). Liabilities from orders relating to investments in property, plant and equipment amounted to EUR 1.4 million as of October 31, 2009 (previous year: EUR 1.0 million). The assets financed by operating leases had a gross carrying amount of KEUR 9,688 in the fiscal year 2008/2009 (previous year: KEUR 9,888).

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. 2009 KEUR	31 Oct. 2008 KEUR
Within 1 year	25,970	22,824
Between 1 and 5 years	89,244	82,621
After 5 years	52,566	54,078
	167,780	**159,523**

In the fiscal year 2008/2009, rental expenses in an amount of KEUR 25,288 (previous year: KEUR 27,692) 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. 2009 KEUR	31 Oct. 2008 KEUR
Within 1 year	516	538
Between 1 and 5 years	1,781	1,951
After 5 years	705	682
	3,002	**3,171**

In the fiscal year 2008/2009, the Group generated KEUR 1,520 (previous year: KEUR 1,311) from subleases. The table below shows the minimum lease payments from subleases:

	31 Oct. 2009 KEUR	31 Oct. 2008 KEUR
Within 1 year	1,461	1,575
Between 1 and 5 years	4,867	4,345
After 5 years	2,722	2,960
	9,050	**8,880**

Operating leases where the company is the lessor

The "Halle 29" order centre in Düsseldorf, which is used by the company itself, generates rental income from the letting of premises to other textile manufacturers. The leases usually have a term of five years. The rent is inflation-linked. The leases include a one-time renewal option for the tenant, usually for another five years. No purchase options have been agreed. The table below shows the remaining minimum leases until the end of the respective contractual period:

	31 Oct. 2009 KEUR	31 Oct. 2008 KEUR
Within 1 year	1,795	1,733
Between 1 and 5 years	3,714	4,981
After 5 years	197	515
	5,706	**7,229**

Rental income is also generated from the letting of retail space at the Fashion Outlet in Steinhagen-Brockhagen. The leases usually have a term of five years and do not include any purchase or renewal options. A ten-year term with a one-time renewal option for another five years has been agreed with one tenant. The table below shows the remaining minimum leases until the end of the respective contractual period:

	31 Oct. 2009 KEUR	31 Oct. 2008 KEUR
Within 1 year	411	393
Between 1 and 5 years	877	802
After 5 years	133	187
	1,421	**1,382**

An exclusively turnover-based rent has been agreed with one tenant. Income from such conditional rents amounted to KEUR 39 in the fiscal year 2008/2009 (previous year: KEUR 52).

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 section 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 MAZARS GmbH Wirtschaftsprüfungsgesellschaft. GERRY WEBER International AG's relationships with its subsidiaries are not described in the report, as all of them are wholly-owned subsidiaries.

The table below shows the expenses and income that are listed in the dependency report:

	2008/2009 Expenses KEUR	2008/2009 Income KEUR	2007/2008 Expenses KEUR	2007/2008 Income KEUR
Advertising, GERRY WEBER Open	3,267	0	2,636	0
Advertising	311	0	555	0
Rental expenses	177	0	207	0
Various services expenses	86	0	17	0
Annual General Meeting	81	0	73	0
Accommodation, entertainment	73	0	58	0
Interest expenses	2	0	2	0
IT charge	0	10	0	51
Various services income	0	18	0	12
Interest income	0	31	0	465
Delivery of goods	0	69	1	71
Book-keeping	0	95	0	105
Rental income	0	166	0	138
	3,997	**389**	**3,549**	**842**

In addition, the Group had the following receivables and liabilities towards related companies as at the balance sheet date:

	Receivables 31 Oct. 2009 KEUR	Liabilities 31 Oct. 2009 KEUR	Receivables 31 Oct. 2008 KEUR	Liabilities 31 Oct. 2008 KEUR
GERRY WEBER Management & Event oHG	2	3.590	53	271
GERRY WEBER Sportpark Hotel GmbH & Co. KG	1	7	1	16
Golfplatz Eggeberg GmbH & Co. Anlagen KG	0	0	0	2
Clubhaus Eggeberg GmbH & Co. KG	3	0	3	0
	6	**3.597**	**57**	**289**

On 1 October 2008, Mr Ralf Weber (son of Gerhard Weber) assumed a senior position at GERRY WEBER International AG. Apart from this, he continues to perform managing functions at some of the companies listed in the dependency report. He is also Managing Partner of Trendline Promotion GmbH, Halle/Westphalia, of which he holds 65%.

Mr Ralf Weber receives appropriate compensation for his work for the company.

Trendline Promotion GmbH supplied the Group with promotional materials in an amount of KEUR 1,202 (previous year: KEUR 1,595) net of VAT. As at the balance sheet date, liabilities totalled KEUR 45 (previous year: KEUR 198).

Mr Klaus Friedrich, Wuppertal, the husband of Managing Board member Doris Strätker, provided advisory services in an amount of KEUR 60 (previous year: KEUR 0).

No allowances or derecognitions relating to receivables from related parties were required. No guarantees or securities were obtained or granted.

Other agreements:

A sponsorship agreement which came into effect on 1 January 2008 has been signed with GERRY WEBER Management & Event oHG.

Agreement of a present value for the right to the name "GERRY WEBER WORLD" and for the sponsorship payments for the GERRY WEBER Open of EUR 16.3 million.

The capitalised present value was calculated on the basis of reports from independent experts. The auditors did not act as appraisers.

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 section 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
- Dipl.-Ing. **Udo Hardieck**, Halle/Westphalia, (until 31 July 2009)
- **Dr. David Frink**, Bielefeld, (since 1 May 2009)
- **Doris Strätker**, Wuppertal

None of the Managing Board members is a member of other supervisory boards or control organs as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Law.

Supervisory Board

- **Dr. Ernst F. Schröder**, (Chairman), Bielefeld
- **Peter Mager**, (Vice Chairman), Steinfeld, (until 31 July 2009)
- **Udo Hardieck**, (Vice Chairman), Halle/Westphalia, (since 1 August 2009)
- **Charlotte Weber-Dresselhaus**, Halle/Westphalia
- **Dr. Wolf-Albrecht Prautzsch**, Münster
- **Olaf Dieckmann**, (staff representative), Halle/Westphalia
- **Christiane Wolf**, (staff representative), Steinhagen

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

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

Chairman of the Supervisory Board:
- 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

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/Main

Mr. Peter Mager, Steinfeld, businessman

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

Dipl.-Ing. Udo Hardieck, Halle/Westphalia

Member of the advisory council:
- Nordfolien GmbH, Steinfeld

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

Dr. Wolf-Albrecht Prautzsch, Münster, banker

Chairman of the Supervisory Board:
- Westfalen AG, Münster

Vice Chairman of the Supervisory Board:
- Rethmann Beteiligungs Aktiengesellschaft, Selm (until 21 September 2009)

Member of the Supervisory Board:
- Gauselmann AG, Espelkamp

Mr. Olaf Diekmann, Halle/Westphalia, techn. employee
- No mandates

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

Total compensation of the Managing Board

The table below shows the compensation paid to the individual members of the Managing Board:

Managing Board	2008/09 Basic salary KEUR	2008/09 Share in profits KEUR	2008/09 Total KEUR	2007/08 Basic salary KEUR	2007/08 Share in profits KEUR	2007/08 Total KEUR
Gerhard Weber	469	2,410	2,879	469	2,148	2,617
Udo Hardieck	286	1,172	1,458	382	1,394	1,776
Dr. David Frink	232	108	340	0	0	0
Doris Strätker	660	360	1,020	198	85	283
	1,647	**4,050**	**5,697**	**1,049**	**3,627**	**4,676**

The variable components of the Managing Board compensation are performance-linked. There are no stock option plans or other remuneration models based on the share price.

Total compensation of the Supervisory Board

For its work for the parent company and the Group, the Supervisory Board will receive a compensation of KEUR 382,5 (previous year: KEUR 340.0), which was provisioned for in the fiscal year.

The table below shows the compensation paid to the individual members of the Supervisory Board:

Supervisory Board	2008/09 Fixed KEUR	2008/09 Variable KEUR	2008/09 Total KEUR	2007/08 Fixed KEUR	2008/09 Variable KEUR	2007/08 Total KEUR
Dr. Ernst F. Schröder - Chairman	22.5	112.5	135.0	22.5	97.5	120.0
Peter Mager - Vice Chairman (until 31 July 2009)	8.5	42.2	50.7	11.3	48.7	60.0
Udo Hardieck - Vice Chairman (since 1 August 2009)	2.8	14.0	16.8	0.0	0.0	0.0
Charlotte Weber-Dresselhaus	7.5	37.5	45.0	7.5	32.5	40.0
Dr. Wolf-Albrecht Prautzsch	7.5	37.5	45.0	7.5	32.5	40.0
Olaf Dieckmann - staff representative	7.5	37.5	45.0	7.5	32.5	40.0
Christiane Wolf - staff representative	7.5	37.5	45.0	7.5	32.5	40.0
	63.8	**318.7**	**382.5**	**63.8**	**276.2**	**340.0**

Following his resignation from the Managing Board, Mr Udo Hardieck provided advisory services in an amount of KEUR 39.2 (previous year: KEUR 0.0).

Shares held by the Managing Board

As of 31 October 2009, the Managing Board held the following shares:
- Gerhard Weber: indirectly 6,139,385 (previous year: directly and indirectly 6,566,717)
- Udo Hardieck (Board member until 31 July 2009) directly and indirectly 4,096,948 (previous year: directly and in directly 4,204,948)

Shares held by the Supervisory Board

As of the balance sheet date, members of the Supervisory Board held the following shares:
- Udo Hardieck (member of the Supervisory Board since 1 August 2009), directly and indirectly 4,096,948 (previous year: directly and indirectly 4,204,948)
- Charlotte Weber-Dresselhaus, 34,503 (previous year: 34,503)
- Olaf Dieckmann, 14 (previous year: 0)

Shareholdings

On 21 March 2005, GERRY WEBER International AG received the following notification pursuant to section 21 para. 1 WpHG from R + U Weber GmbH & Co. KG, 33790 Halle:

"Pursuant to section 21 para. 1 WpHG, we herewith inform you that our voting share in GERRY WEBER International AG exceeded the 5% threshold on 21 March 2005 and now amounts to 26.35%."

On 21 March 2005, GERRY WEBER International AG received the following notification pursuant to section 21 para. 1 WpHG from N + A Hardieck GmbH & Co. KG, 33790 Halle:

"Pursuant to section 21 para. 1 WpHG, we herewith inform you that our voting share in GERRY WEBER International AG exceeded the 5% threshold on 21 March 2005 and now amounts to 17.57%."

On 23 February 2009, GERRY WEBER International AG received the following notification pursuant to section 21 para. 1 WpHG:

"Pursuant to section 21 para. 1 WpHG, I, Ralf Weber, herewith inform you that the voting share in GERRY WEBER International AG, Neulehenstraße 8, 33790 Halle/Westphalia, dropped below the 10% threshold on 20 February 2009 and now amounts to 9.88% (number of shares held: 2,267,909; number of shares in capital: 22,952,980). 0.94% of these voting rights are imputable to me pursuant to section 22 para. 1 sentence 1, No. 1 WpHG (number of shares: 216,000; number of shares in capital: 22,952,980)."

Transactions pursuant to section 15a of the German Securities Trading Act (WpHG)

In the fiscal year, Udo Hardieck, member of the Managing Board until 31 July 2009, Vice Chairman of the Supervisory Board since 1 August 2009, sold 108,000 shares in GERRY WEBER International AG at a price of EUR 18.90 per share through a company controlled by him.

In the fiscal year Gerhard Weber, CEO of GERRY WEBER International AG, directly and indirectly acquired 316,000 shares in GERRY WEBER International AG at prices between EUR 15.40 and EUR 18.10 per share through a company controlled by him. Moreover, 425,117 directly held shares were transferred to a company controlled by Gerhard Weber in the fiscal year. In March 2009, 743,332 shares in GERRY WEBER International AG were sold at a price of EUR 18.90 per share through a company controlled by Gerhard Weber.

Auditor's fees

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

	2008/2009 KEUR	2007/2008 KEUR
Audit	333	287
Tax consulting services	13	14
Other services	12	17
	358	**318**

The "Audit" item includes audit fees of foreign associated companies in an amount of KEUR 40 (previous year: KEUR 0).

German Corporate Governance Code/Statement required under sec. 161 AktG

The statement required under section 161 of the German Stock Corporation Law was issued by the Managing Board and the Supervisory Board in December 2009 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 2010, 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 25 February 2010.

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 MAZARS GmbH Wirtschaftsprüfungsgesellschaft and were disclosed in the electronic Federal Gazette.

Halle/Westph., 21 January 2010
The Managing Board

Gerhard Weber | Doris Strätker | Dr. David Frink

GERRY WEBER International AG, Halle/Westphalia
Development of the group's fixed assets
in the fiscal year 2008/2009

	Cost			
	1 Nov. 2008	Additions	Disposals	Reclassi-fications
	EUR	EUR	EUR	EUR
Intangible assets				
Concessions, industrial rights, and similar rights and assets as well as licenses to such rights and assets	29,782,133.20	2,880,095.28	2,933,613.94	1,166,152.28
Goodwill on consolidation	264,478.48	0.00	0.00	0.00
Prepayments on intangibles	1,689,678.82	1,344,768.85	0.00	-1,166,152.28
	31,736,290.50	**4,224,864.13**	**2,933,613.94**	**0.00**
Property, plant and equipment				
Land, leasehold rights and buildings including buildings on third-party land	100,338,118.23	4,717,842.77	3,219,872.67	455,919.73
Plant and machinery	7,421,875.53	69,335.78	589,352.45	35,570.19
Other fixtures and fittings, tools and equipment	38,308,244.30	4,780,932.22	1,668,876.02	23,000.20
Payments on account and plant under construction	312,014.44	1,345,754.14	13,689.77	-514,490.12
	146,380,252.50	**10,913,864.91**	**5,491,790.91**	**0.00**
Investment property	**0.00**	**4,767,950.15**	**0.00**	**0.00**
Financial assets				
Investments in affiliated companies	10,971.50	0.00	0.00	0.00
Investments	257,943.74	3,886.21	0.00	0.00
Other loans	827,451.23	0.00	317,416.58	0.00
	1,096,366.47	**3,886.21**	**317,416.58**	**0.00**
	179,212,909.47	**19,910,565.40**	**8,742,821.43**	**0.00**

	Accumulated depreciation/amortisation					Net carrying amount	
31 Oct. 2009	1 Nov. 2008	Additions	Disposals	Reclassi-fications	31 Oct. 2009	31 Oct. 2009	31 Oct. 2008
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
30,894,766.82	18,244,321.77	5,156,263.55	2,889,399.58	0.00	20,511,185.74	10,383,581.08	11,537,811.43
264,478.48	264,478.48	0.00	0.00	0.00	264,478.48	0.00	0.00
1,868,295.39	0.00	0.00	0.00	0.00	0.00	1,868,295.39	1,689,678.82
33,027,540.69	**18,508,800.25**	**5,156,263.55**	**2,889,399.58**	**0.00**	**20,775,664.22**	**12,251,876.47**	**13,227,490.25**
102,292,008.06	23,158,852.93	3,046,660.86	669,878.66	0.00	25,535,635.13	76,756,372.93	77,179,265.30
6,937,429.05	5,497,109.48	468,694.45	645,163.50	0.00	5,320,640.43	1,616,788.62	1,924,766.05
41,443,300.70	24,766,573.50	3,723,771.21	1,138,792.02	0.00	27,351,552.69	14,091,748.01	13,541,670.80
1,129,588.69	0.00	0.00	0.00	0.00	0.00	1,129,588.69	312,014.44
151,802,326.50	**53,422,535.91**	**7,239,126.52**	**2,453,834.18**	**0.00**	**58,207,828.25**	**93,594,498.25**	**92,957,716.59**
4,767,950.15	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**4,767,950.15**	**0.00**
10,971.50	0.00	0.00	0.00	0.00	0.00	10,971.50	10,971.50
261,829.95	164,589.47	2,080.84	0.00	747.83	165,922.48	95,907.47	93,354.27
510,034.65	0.00	0.00	0.00	0.00	0.00	510,034.65	827,451.23
782,836.10	**164,589.47**	**2,080.84**	**0.00**	**747.83**	**165,922.48**	**616,913.62**	**931,777.00**
190,380,653.44	**72,095,925.63**	**12,397,470.91**	**5,343,233.76**	**747.83**	**79,149,414.95**	**111,231,238.49**	**107,116,983.84**

GERRY WEBER International AG, Halle/Westphalia
Development of the group's fixed assets
in the fiscal year 2007/2008

	Cost			
	1 Nov. 2007	Additions	Disposals	Reclassi-fications
	EUR	EUR	EUR	EUR
Intangible assets				
Concessions, industrial rights, and similar rights and assets as well as licenses to such rights and assets	29,016,263.69	5,539,938.50	4,894,216.09	120,147.10
Goodwill on consolidation	264,478.48	0.00	0.00	0.00
Prepayments on intangibles	292,764.11	1,538,884.06	21,822.25	-120,147.10
	29,573,506.28	**7,078,822.56**	**4,916,038.34**	**0.00**
Property, plant and equipment				
Land, leasehold rights and buildings including buildings on third-party land	92,283,793.66	7,208,714.36	588,505.90	1,434,116.11
Plant and machinery	7,549,024.77	201,781.73	370,539.72	41,608.75
Other fixtures and fittings, tools and equipment	34,377,436.93	6,638,415.69	2,772,626.16	65,017.84
Payments on account and plant under construction	1,519,623.89	333,133.97	0.72	-1,540,742.70
	135,729,879.25	**14,382,045.75**	**3,731,672.50**	**0.00**
Financial assets				
Investments in affiliated companies	10,971.50	0.00	0.00	0.00
Investments	254,180.30	3,763.44	0.00	0.00
Other loans	967,480.51	173,289.17	313,318.45	0.00
	1,232,632.31	**177,052.61**	**313,318.45**	**0.00**
	166,536,017.84	**21,637,920.92**	**8,961,029.29**	**0.00**

	Accumulated depreciation/amortisation					Net carrying amount	
31 Oct. 2008	1 Nov. 2007	Additions	Disposals	Reclassi-fications	31 Oct. 2008	31 Oct. 2008	31 Oct. 2007
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
29,782,133.20	16,027,234.25	5,277,365.29	3,060,277.77	0.00	18,244,321.77	11,537,811.43	12,989,029.44
264,478.48	264,478.48	0.00	0.00	0.00	264,478.48	0.00	0.00
1,689,678.82	0.00	0.00	0.00	0.00	0.00	1,689,678.82	292,764.11
31,736,290.50	**16,291,712.73**	**5,277,365.29**	**3,060,277.77**	**0.00**	**18,508,800.25**	**13,227,490.25**	**13,281,793.55**
100,338,118.23	20,502,866.91	2,894,519.24	238,533.22	0.00	23,158,852.93	77,179,265.30	71,780,926.75
7,421,875.53	5,149,034.13	537,623.54	189,548.19	0.00	5,497,109.48	1,924,766.05	2,399,990.64
38,308,244.30	24,924,262.22	2,557,968.50	2,715,657.22	0.00	24,766,573.50	13,541,670.80	9,453,174.71
312,014.44	0.00	0.00	0.00	0.00	0.00	312,014.44	1,519,623.89
146,380,252.50	**50,576,163.26**	**5,990,111.28**	**3,143,738.63**	**0.00**	**53,422,535.91**	**92,957,716.59**	**85,153,715.99**
10,971.50	0.00	0.00	0.00	0.00	0.00	10,971.50	10,971.50
257,943.74	4,578.30	160,011.17	0.00	0.00	164,589.47	93,354.27	249,602.00
827,451.23	0.00	0.00	0.00	0.00	0.00	827,451.23	967,480.51
1,096,366.47	**4,578.30**	**160,011.17**	**0.00**	**0.00**	**164,589.47**	**931,777.00**	**1,228,054.01**
179,212,909.47	**66,872,454.29**	**11,427,487.74**	**6,204,016.40**	**0.00**	**72,095,925.63**	**107,116,983.84**	**99,663,563.55**

GERRY WEBER International AG, Halle/Westphalia
Income statement for the period from 1 November 2008 to 31 October 2009

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 electronic Commercial Register.

	2008/2009 EUR	previous year EUR
Sales revenues	**7,187,314.45**	**11,193,609.98**
Decrease/increase/in finished goods and work in progress	-190,942.51	199,701.90
Other operating income	76,650,663.61	70,112,329.76
Cost of materials		
Cost of raw materials and supplies	-7,150,339.19	-10,807,864.31
Cost of purchased services	-282,932.47	-437,447.34
	-7,433,271.66	**-11,245,311.65**
Personnel expenses		
Wages and salaries	-29,659,457.36	-24,517,149.09
Social security contributions	-4,284,376.06	-3,267,918.97
	-33,943,833.42	**-27,785,068.06**
Depreciation of intangible fixed assets and tangible assets	-4,633,852.11	-4,265,515.62
Other operating expenses	-41,424,121.69	-34,640,321.07
Income from profit transfer agreements	71,729,764.45	51,624,798.50
Income from other investments and long-term loans	1,474.00	2,659.00
Other interest and similar income	3,080,473.52	5,870,561.92
- thereof relating to affiliated companies: EUR 2,850,061 .02 (previous year: EUR 4,925,921 .10))		
Amortisation of financial assets and investments classified as current assets	-2,080.84	-999,088.79
Interest and similar expenses	-4,337,243.35	-4,947,657.63
- thereof relating to affiliated companies: EUR 757.00 (previous year: EUR 0.00)		
Results from ordinary activities	**66,684,344.45**	**55,120,698.24**
Taxes on income	-22,952,354.60	-18,097,893.71
Other taxes	-128,247.24	-86,527.30
Income for the year	**43,603,742.61**	**36,936,277.23**
Profit carried forward	28,869,112.33	22,429,221.10
Allocation to revenue reserves	-20,000,000.00	-15,000,000.00
Net income for the year	**52,472,854.94**	**44,365,498.33**

GERRY WEBER International AG, Halle/Westphalia
Balance sheet for the year ended 31 October 2009

Assets

	31 Oct. 2009 EUR	previous year EUR
Fixed assets		
Intangible assets		
Concessions, industrial property rights and related rights and values as well as licences for such rights and values	5,438,272.40	4,965,021.32
Payments on account	1,868,295.39	1,689,678.82
	7,306,567.79	**6,654,700.14**
Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	52,627,335.68	49,180,129.58
Plant and machinery	389,930.00	430,719.00
Other fixtures and fittings, tools and equipment	2,198,739.00	2,247,819.00
Payments on account and plant under construction	1,062,547.38	482,759.56
	56,278,552.06	**52,341,427.14**
Financial assets		
Shares in affiliated companies	14,488,841.50	11,571,566.47
Investments	95,907.47	93,354.27
Other loans	12,719.60	34,994.60
	14,597,468.57	**11,699,915.34**
	78,182,588.42	**70,696,042.62**
Current assets		
Inventories		
Raw materials and supplies	798,294.41	476,064.00
Work in progress	93,772.72	284,715.23
Payments on account	283,214.81	816,727.92
	1,175,281.94	**1,577,507.15**
Receivables and other assets		
Trade receivables	5,008,973.75	6,281,319.37
- thereof with a remaining maturity of more than one year: EUR 1,017,389.14 (previous year: EUR 0.00)		
Due from affiliated companies	115,472,575.56	131,681,594.24
- thereof with a remaining maturity of more than one year: EUR 4,251,748.25 (previous year: EUR 0.00)		
Other assets	16,906,968.49	20,998,461.06
- thereof with a remaining maturity of more than one year: EUR 11,778,514.63 (previous year: EUR 14,550,932.50)		
	137,388,517.80	**158,961,374.67**
Own shares	41,250,654.20	6,284,864.00
Cash on hand, cash in banking accounts, cheques	26,899,853.49	2,037,077.57
	206,714,307.43	**168,860,823.39**
Prepayments and accrued income	853,578.84	917,344.46
	285,750,474.69	**240,474,210.47**

Liabilities

	31 Oct. 2009 EUR	previous year EUR
Capital stock		
Subscribed capital	22,952,980.00	22,952,980.00
Capital reserve	33,668,025.21	33,668,025.21
Revenue reserves		
Reserve for own shares	41,250,654.20	6,284,864.00
Other revenue reserves	46,128,718.98	61,094,509.18
	87,379,373.18	**67,379,373.18**
Net profit for the year	52,472,854.94	44,365,498.33
	196,473,233.33	**168,365,876.72**
Provisions		
Provisions for taxation	3,380,441.00	1,464,902.76
Other provisions	9,318,681.39	7,850,472.63
	12,699,122.39	**9,315,375.39**
Accounts payable		
Due to banks	56,588,426.69	54,288,655.16
Trade accounts payable	8,198,330.73	3,672,625.36
Liabilities to affiliated companies	24,587.18	828,726.36
Other accounts payable	11,741,684.82	3,966,900.18
- thereof taxes: EUR 7,894,744.25 (previous year: EUR 2,878,098.42)		
- thereof social security contributions: EUR 4,593.61 (previous year: EUR 4,086.39)		
	76,553,029.42	**62,756,907.06**
Deferred income	25,089.55	36,051.30
	285,750,474.69	**240,474,210.47**

Appropriation of profits

The Managing Board and the Supervisory Board propose to appropriate the net income for the year of	**52,472,854.94**
as follows:	
Payment of a dividend of EUR 0.85 per common share with full entitlement to profits for the fiscal year 2008/2009	**17,562,570.80**
Transfer to retained earnings	**25,000,000.00**
Carried forward to new account:	**9,910,284.14**
Net income for the year:	**52,472,854.94**

Halle/Westphalia, 21 January 2010
GERRY WEBER International AG

The Managing Board
Gerhard Weber, Doris Strätker, Dr. David Frink

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the consolidated management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Halle/Westphalia, 21 January 2010

GERRY WEBER International AG

The Managing Board

Gerhard Weber | Doris Strätker | Dr. David Frink

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 2008 to 31 October 2009. 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 section 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 section 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 section 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, 29 January 2010

MAZARS GmbH
Wirtschaftsprüfungsgesellschaft
Bielefeld

Hagen	Angele
Certified Public Accountant	Certified Public Accountant

Calendar of financial events

Annual accounts press conference	25 February 2010
Publication of the report on the first three months	25 March 2010
Analysts' conference	May 2010
Annual General Meeting	1 June 2010
Publication of the report on the first six months	24 June 2010
Publication of the report on the first nine months	23 September 2010
End of fiscal year 2009/2010	31 October 2010

Contact

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