GERRY WEBER

GERRY WEBER International AG
Annual Report 2009/2010


GERRY WEBER

Key figures at a glance

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

GERRY WEBER-Group	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**	**2009/2010**
Sales revenues	442.8	507.1	570.0	594.1	621.9
Domestic	257.6	280.1	315.9	355.6	370.1
International	185.2	227.0	254.1	238.5	251.8
Sales of the individual brands					
GERRY WEBER	66.6%	69.9%	72.5%	75.7%	77.1%
TAIFUN	25.2%	21.9%	19.3%	18.0%	16.6%
SAMOON	7.3%	6.4%	5.8%	5.3%	5.3%
Other	0.9%	1.8%	2.4%	1.0%	1.0%
Personnel expenses	58.7	67.3	77.4	87.0	91.4
Depreciation	8.4	10.4	11.3	12.4	11.9
EBITDA	49.3	62.1	74.0	83.6	95.2
EBITDA margin	11.1%	12.2%	13.0%	14.1%	15.3%
EBIT	41.0	51.7	62.7	71.2	83.3
EBIT margin	9.3%	10.2%	11.0%	12.0%	13.4%
EBT	36.5	46.6	57.4	66.4	79.6
EBT margin	8.3%	9.2%	10.1%	11.2%	12.8%
Net income for the year	21.1	27.0	39.4	43.0	54.0
Gross cash flow	44.9	57.0	68.7	78.8	91.5
DVFA earnings per share in Euro	0.92[1,2]	1.18[3]	1.75[3]	2.08[4]	2.53[5]
Staff numbers at the end of the fiscal year	1,881	2,018	2,321	2,420	2,699
Total assets	239.5	272.4	297.4	293.3	326.5
Fixed asset investments	20.5	19.1	21.6	19.9	28.7
Equity (in % of total assets)	53.9%	53.3%	60.9%	54.2%	64.5%
Return on Investment (ROI) [6]	17.1%	19.0%	21.1%	24.3%	25.5%
Return on Equity (ROE) [6]	31.8%	35.7%	34.6%	44.8%	39.6%

[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 the basis of 21,317,242 shares in 2009/2010; [6] on EBIT basis

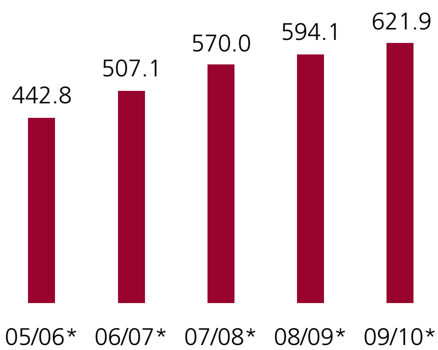
GERRY WEBER

ACCESSOIRES

BAGS

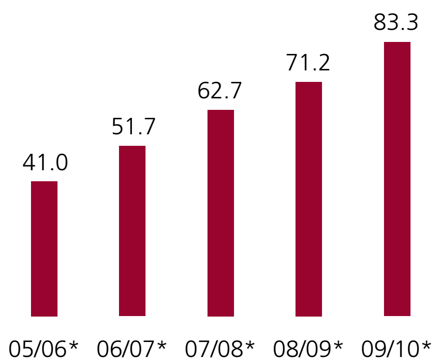
EYEWEAR

SHOES



Sales revenues in EUR million

*to IFRS



EBIT in EUR million

*to IFRS

GERRY WEBER

GERRY WEBER International AG
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AT GERRY WEBER INTERNATIONAL AG, FASHION AND LIFESTYLE ARE FUSED INTO A UNIQUE EXPERIENCE. TODAY, OUR COMPANY IS NOT ONLY ONE OF THE BEST KNOWN AND MOST SUCCESSFUL GERMAN FASHION AND LIFESTYLE COMPANIES BUT IS ALSO SET TO BECOME A TRULY GLOBAL PLAYER, WITH DISTRIBUTION STRUCTURES IN OVER 60 COUNTRIES. OUR SHARES ARE AN ATTRACTIVE INVESTMENT, WHOSE VALUE WE INTEND TO INCREASE AS WE MOVE FORWARD.

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Gerhard Weber, Doris Strätker, Dr. David Frink

Dear shareholders,
dear friends of our company,

Our impressive success story continued in the fiscal year 2009/2010, with sales revenues hitting a new record of EUR 621.9 million. At the same time, our profitability again improved at a disproportionate rate. The EBIT margin climbed to 13.4 percent, which was clearly above our target of 13.0 percent.

Our own Retail activities remain the main growth driver. The number of our own HOUSES OF GERRY WEBER stood at 178 on 31 October 2010. The total number of stores, including franchisee-managed stores, was 405 worldwide. Ever since we introduced vertically integrated distribution structures in the late 1990s, we have intensified our focus on the Retail segment. In the past ten years, our HOUSES OF GERRY WEBER, which are multi-brand stores that present all our brands under a single roof, have made a major contribution to our dynamic growth.

We continued to rejuvenate our collections in the past fiscal year and clearly communicated the new collection message in the media. We also continued to optimise our identity at the point of sale. Every five years, we give our store concept a more contemporary look. The new presentation highlights the up-to-dateness and high quality of our collections even more effectively.

Expertise, the courage to embrace innovative changes and an open mind for new ideas have taken the GERRY WEBER Group forward in the past. By introducing RFID (radio frequency identification) in November 2009, we once more proved our role as industry pioneer and optimised our logistic processes and the electronic surveillance of our products in a forward-looking manner.

More than 400 HOUSES OF GERRY WEBER, over 2,000 shop-in-shops and our successful online shops make GERRY WEBER International AG one of the best known and most successful German fashion and lifestyle companies. The collections of our strong brands cater to the tastes of consumers across the globe and represent an active lifestyle.

We already have distribution structures in over 60 countries – and we will rapidly move forward to become a truly global player. International trend-scouting and our partnerships with El Corte Inglés, the largest department store chain in Spain, as well as department stores in Hong Kong and Jakarta are key elements of our successful internationalisation strategy, which we will expand even further in the years ahead.

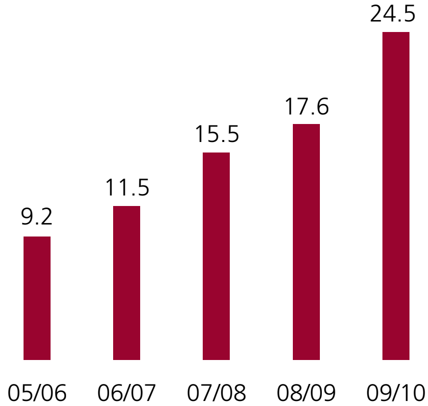
Our employees again showed great commitment in the past fiscal year, which clearly supported the growth of the GERRY WEBER Group. We therefore owe them special thanks. We will continue to rely on this strong team, who will help take our company forward. Our thanks go to our customers and business partners, who will hopefully remain loyal to our company. We would also like to thank our shareholders for the confidence placed in us. Our share gained 60.1 percent in the past fiscal year, clearly outperforming the three large German indices, DAX, MDAX and SDAX.

To give our shareholders an adequate share in our excellent earnings performance, we will propose a dividend of EUR 1.10 per voting share to the Annual General Meeting. This represents an increase of approximately 30 percent on the previous year. Going forward, we will to continue to aim for a sustainable value increase and pursue an attractive dividend policy.

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
Doris Strätker, Wuppertal
Dr. David Frink, Bielefeld

Supervisory Board

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

Udo Hardieck (Vice Chairman), Halle/Westphalia
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

Klaus Lippert, Halle/Westphalia (since 2 June 2010)
Commercial employee

Christiane Wolf, Steinhagen (until 1 June 2010)
Commercial employee


GERRY WEBER

Report of the Supervisory Board for the fiscal year 2009/2010

Dear shareholders,

The successful performance delivered by GERRY WEBER International in the previous years continued in the past fiscal year. The company benefited from an improved macroeconomic environment and, most importantly, from its strong market position, which allows it to push ahead its expansion at an extremely fast pace. Sales and earnings clearly exceeded the prior year level and once more showed that the decision to reposition the company as a global player and an increasingly vertically integrated lifestyle corporation was right.

Operating in two segments, Retail and Wholesale, the GERRY WEBER Group is excellently positioned. New market opportunities are seized as soon as they arise. On the procurement side, the company is able to respond quickly to changes, which allows it to optimise its cost situation on an ongoing basis. The use of innovative IT and logistic solutions helps the GERRY WEBER Group to continuously expand its lead over its competitors.

The Supervisory Board will continue to advise and support the Managing Board and cooperate in a spirit of trust to ensure that the GERRY WEBER Group will remain successful in future.

Dr. Ernst F. Schröder

Methods of discussion, examination and control

In the fiscal year 2009/2010, the Supervisory Board again performed with due diligence all the tasks imposed on it by law, the statutes, the Code of Procedure and the Corporate Governance Code. The Supervisory Board advised the Managing Board of GERRY WEBER International AG on managing 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 the company. Decisions of great strategic relevance were taken jointly by the Managing Board and the Supervisory Board. The Supervisory Board met four times and engaged in an open-minded dialogue with the Managing Board on these occasions. We also held three telephone conferences, during which the quarterly reports were discussed with the Managing Board.

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 ongoing 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. The written and oral reports were discussed thoroughly with the Managing Board. There was no need for reports for other important reasons; nor did we ask the Managing Board to submit additional explanatory reports. We received detailed reports from the Risk Management Department on a quarterly basis. The Head of Finance attended our meetings to brief us on the financial, net worth and earnings position of the company. The Chairman of the Supervisory Board liaised directly with the CEO and the Head of Finance, who apprised him of all important business events.

The scope of transactions requiring the approval of the Supervisory Board is defined by the Managing

Board's Code of Procedure. In the fiscal year, a total of 43 transactions required approval, all of which were submitted to the Supervisory Board in a timely manner. All the proposed resolutions were examined closely and received a positive vote. Most of them related to the opening of new HOUSES OF GERRY WEBER and were passed by written vote.

The separate and the consolidated financial statements for the period ended 31 October 2010 were audited by MAZARS GmbH, Wirtschaftsprüfungsgesellschaft, which informed us of key points of their audit and their audit findings.

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.

We regularly review the compensation scheme for the members of the Managing Board. For detailed information, please refer to the compensation report on page 20 et seq.

In the fiscal year, the Supervisory Board again reviewed the efficiency of its activity; for detailed information, please refer to page 19 in the joint corporate governance report of the Managing Board and the Supervisory Board.

Focus of the meetings and ongoing supervision

The Supervisory Board held four ordinary meetings as well as one extraordinary meeting in the fiscal year. Aditionally, the audit committee held two meetings and the nomination committee held one meeting. Besides, there were three telephone conferences. All meetings were attended by all members. 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 for the full year 2009/2010. The Supervisory Board primarily addressed the business situation and the performance of the Retail segment. The individual meetings revolved around the following issues, in particular:

Meeting of the nomination committee on 23 February 2010:
The nomination committee developed proposals for the upcoming elections to the Supervisory Board. These recommendations were accepted by the Supervisory Board at an extraordinary meeting on the same day.

Meeting of the audit committee on 23 February 2010:
Discussion of separate and consolidated financial statements for the period ended 31 October 2009 in the presence of the auditor

Meeting of the Supervisory Board on 23 February 2010:
Financial statements 2008/2009
Appropriation of profits
Annual General Meeting 2010
Current business trend

Meeting of the Supervisory Board on 25 May 2010:
Market and competitive development
Development of the HOUSES OF GERRY WEBER
Logistic status
Situation reports for the UK, Spain, Austria

Meeting of the audit committee on 6 September 2010:
2010/2011 budget
Mid-term planning 2011/2012 - 2013/2014
Compensation system for the Managing Board and the Supervisory Board
Code of Procedure of the Managing Board

Meeting of the Supervisory Board on 6 September 2010:
Follow-up on the Annual General Meeting 2010
Market and competitive situation
Development of the HOUSES OF GERRY WEBER
Licensing business
Status of Group audit
Compliance

Meeting of the Supervisory Board on 29 November 2010:
Market and competitive situation
Development of the HOUSES OF GERRY WEBER
Financial statements 2009/2010
Dividend proposal

Topics for the Annual General Meeting 2011
Status of Romanian production facility

Meeting of the Supervisory Board on 23 February 2011:
Discussion of separate and consolidated financial statements for the period ended 31 October 2010 in the presence of the auditor
Corporate governance report
Efficiency review of the Supervisory Board
Annual General Meeting 2011
Current business trend 2010/2011
Status of the opening of new own HOUSES OF GERRY WEBER

In addition, the Supervisory Board reviewed the effectiveness and the efficiency of the accounting-related internal controls and the risk management system on an ongoing basis. The Supervisory Board and the audit committee are integrated into the internal control system of GERRY WEBER International AG, which comprises all principles, processes and measures that are designed to ensure the effectiveness, efficiency and correctness of the accounting system as well as compliance with relevant legal provisions. The risk management system forms part of the internal control system of GERRY WEBER International AG.

The key features of the internal control and risk management system regarding the accounting process are described in the (Group) management report, which we have audited. For detailed information, refer to page 40 of the management report.

We also monitored the internal auditing activities as well as the work and the impartiality of the external auditor. We also subjected the corporate compliance system of GERRY WEBER International AG to a critical review.

In addition, we regularly controlled and monitored the corporate budgeting process. This included follow-ups. Whenever necessary, tax and legal specialists were called in to address specific issues. There was no need to consult external experts. The Head of Finance is an important internal 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, the Supervisory Board has set up a nomination committee and an audit committee. For a description of the work of the Supervisory Board and the composition and work of the committees is provided in a separate paragraph of the management report on page 14 as part of the corporate governance statement.

The members of the nomination committee are Dr. Ernst F. Schröder, Udo Hardieck and Dr. Wolf-Albrecht Prautzsch. The nomination committee met on 23 February 2010 and proposed suitable candidates for the upcoming election of employee representatives to the Supervisory Board. The full Supervisory Board accepted these proposals. The nomination committee is chaired by Dr. Ernst F. Schröder.

The members of the audit committee are Dr. Schröder, Mr Hardieck and Dr. Prautzsch. The audit committee is chaired by Dr. Schröder, who is also Chairman of the Supervisory Board. This dual function is designed to increase the efficiency of the supervisory process. The audit committee addresses issues such as the accounting system, the internal control and risk management system, the impartiality of the auditors, the definition of key aspects for the annual audit and the auditor's fee. The committee met twice in the fiscal year. The tasks to be performed by the audit committee were discussed in detail by the full Supervisory Board in the fiscal year. At the meeting on 6 September 2010, the audit committee focused on the market and competitive environment, the financing structure, targets such as equity ratio, capital expenditures, net financial liabilities and dividend, the foreign exchange account and currency hedges, the utilisation of foreign losses carried forward, the budget for 2010/2011 and the medium-term budgets for 2011/2012 to 2013/2014. At the balance sheet meeting on 23 February 2011, the auditor was interviewed in detail to complete the audits pursuant to section 171 para. 1 of the Stock Corporation Act (AktG). Cooperation with the auditor was smooth throughout.

Auditing of 2009/2010 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 2010. We issued the mandate for the audit based on the resolution passed by the Annual General Meeting on 1 June 2010 having previously satisfied ourselves of the impartiality of the auditor. The total fee charged by the auditor is shown in detail in the notes on page 106.

The annual accounts documents were audited by the auditors and received their unqualified audit certificate as shown on page 119. The auditors confirm that they found no inaccurate information or violations of legal provisions in the separate financial statements, the consolidated financial statements and the management reports. The auditors also examined the company's early risk identification system and found it to be effective. No reportable weaknesses were identified in their review of the accounting-related internal control systems.

The requirements imposed on a risk management system by the German Stock Corporation Act were discussed in detail with the Managing Board. As part of our supervision of the effectiveness and efficiency of the risk management system, we scrutinised the measures defined by the Managing Board for the management of identified and assessed risks. 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 of the Stock Corporation Act (AktG), which can identify risks that could potentially jeopardise the company's continued existence at an early stage.

The Supervisory Board examined the separate and 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 and discussed them with the Managing Board. These meetings were attended by the auditors, who reported on the result of their audits to the Supervisory Board, answered questions and provided information. All members of the Supervisory Board were provided with all required documents, including, in particular, the auditors' audit reports, in a timely manner.

Following completion of its own audit, the Supervisory Board raised no objections and accepted the auditors' audit results.

Having been formally endorsed by the Supervisory Board at its meeting on 23 February 2011, 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 1.10 per voting share from the company's profits and to carry the remaining amount 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 Supervisory Board

As of 1 June 2010, employee representative Christiane Wolf, resigned from the Supervisory Board. Her successor is Klaus Lippert. Dr. Ernst F. Schröder was elected independent financial expert. With regard to the Supervisory Board elections, please refer to page 19 of the corporate governance report.

Corporate governance

GERRY WEBER International AG is committed to responsible and transparent corporate governance geared to the creation of sustainable value. 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 103. The individual compensation paid to the members of the Supervisory Board is shown on page 20 et seq. in the compensation report. No conflicts of interest occurred on the Supervisory Board in the fiscal year. We adopted the declaration of conformity for 2010 together with the Managing Board on 29 November 2010. It is published in the Investor Relations section of the company's website for permanent access by all interested parties.

Corporate governance statement pursuant to section 289a of the German Commercial Code (HGB)

GERRY WEBER International AG guarantees responsible corporate governance aimed at sustainable value creation and geared to investors' rights. The Group regards open communication with the capital market as an important precondition for credibility and confidence. As a German corporation, the company is primarily committed to compliance with the German Stock Corporation Law, the statutes, the Co-determination Act and the Capital Market Law.

As is common practice in Germany, GERRY WEBER International AG has a dual board structure comprising a Managing Board (management function) and a Supervisory Board (supervisory function). The Supervisory Board appoints, advises and supervises the Managing Board. Both bodies cooperate in a spirit of trust. The Supervisory Board has defined rules for the Supervisory Board and for the Managing Board that govern the cooperation between the two bodies.

Each of the three Managing Board members has responsibility for their respective business unit, which is led independently. The Chairman of the Managing Board coordinates the work of the Managing Board members, leads the Board meetings and liaises with the Chairman of the Supervisory Board. In the event of differences of opinion, the Managing Board Chairman decides.

Certain transactions concluded by the Managing Board require the consent of the Supervisory Board. These include unplanned investments, the recruitment of employees earning a certain salary, conclusion of long-term leases, company sales and acquisitions as well as the signing, amendment and termination of inter-company agreements.

Four times a year, the Managing Board apprises the Supervisory Board of the current business situation and various other issues.

The Code of Procedure of the Supervisory Board provides for the formation of committees. At present, there are an audit committee and a nomination committee. The audit committee consists of three members and is primarily responsible for matters relating to accounting, the risk management system, the internal control system and compliance. The committee also discusses the quarterly and half-year figures by way of telephone conferences. In the fiscal year 2009/2010, the audit committee met twice and held three telephone conferences. The nomination committee also consists of three members. It proposes suitable candidates to the Supervisory Board, which, in turn, can then propose candidates to the Annual General Meeting. The nomination committee met once in the past fiscal year.

Employee representative Christiane Wolf resigned from the Supervisory Board on 1 June 2010. We would like to thank Mrs Wolf for her constructive, long-standing work on the Supervisory Board.

We would like to thank the Managing Board and the workforce of GERRY WEBER International AG for their unerring commitment and their extremely successful work, which have helped make 2009/2010 yet another record year for our company. We owe them our greatest respect. Our thanks once again go to our customers, business partners and shareholders for the confidence placed in us. We look forward to continuing our successful cooperation.

Halle/Westphalia, 23 February 2011

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 identify with the objectives of the German Corporate Governance Code and 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 the company's shareholders, employees and other stakeholders. In this context, the Managing Board and the Supervisory Board follow the national and international initiatives for modern corporate governance. GERRY WEBER International AG fully complies with the recommendations and suggestions of the German Corporate Governance Code wherever 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 further improving its acceptance in the capital market, GERRY WEBER International AG continuously optimises its corporate governance policy and reviews it in light of new experience and legal requirements as well as the further development of national and international standards.

The German Corporate Governance Code was last amended on 26 May 2010, when several new recommendations and suggestions were added. When filling managerial positions in the enterprise the Managing Board shall take diversity into consideration and, in particular, aim for an appropriate consideration of women. When appointing the Managing Board, the Supervisory Board shall, in particular, aim for an appropriate consideration of women. The Supervisory Board shall specify concrete objectives regarding its composition which shall also stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the corporate governance report. The company shall support the members of the Supervisory Board in taking on the necessary training and further education measures required for their tasks. Members of the Managing Board shall not accept more than a total of three Supervisory Board mandates in non-group listed companies or in supervisory bodies of companies with similar requirements. GERRY WEBER International AG fully complies with these new regulations. For organisational reasons, GERRY WEBER International AG will not comply with the recommendation that the company shall facilitate the personal exercising of shareholders' voting rights through the use of postal votes.

No inconsistencies were identified in a comparison between the declaration of conformity of November 2009 and the actual implementation of corporate governance at GERRY WEBER International AG in 2010. The 2010 declaration of conformity was issued jointly by the Supervisory Board and the Managing Board on 29 November 2010.

Shareholders and Annual General Meeting

The Annual General Meeting on 2 June 2010 was attended by roughly 1,200 shareholders and shareholder proxies. They represented an imputed 70.4 percent of the share capital. All items on the agenda put up for vote were approved by a large majority of the shareholders. Apart from the discharge of the acts of the Managing Board and the Supervisory Board, the four shareholder representatives on the Supervisory Board were re-elected. In addition, the shareholders authorised the repurchase of own shares representing up to ten percent of the share capital. The shareholders approved the profit appropriation proposal submitted by the Managing Board and the Supervisory Board, which provided for the distribution of a dividend of EUR 0.85 per share. As in the previous year, no counter-motions were received by the company prior to the Annual General Meeting.

Based on a resolution passed by the Annual General Meeting on 1 June 2010, the statutes of GERRY WEBER International AG were amended and adapted to the Act Implementing the Shareholder Rights Directive (ARUG). The ARUG comprises, among other things, new regulations regarding the calculation of deadlines and dates, the participation in the AGM as well as the form of powers of attorney. At the same time, the statutes were adapted to the terminology introduced by the ARUG with regard to the rules on the convening of Supervisory Board meetings and the resolutions passed by the Supervisory Board.

The Annual General Meeting was again concluded within the recommended duration and took three and a half hours. As in the previous years, all documents that were relevant for the Annual General Meeting were available for inspection and downloading from the company's website. A dedicated "Annual General Meeting" item is provided on the website to facilitate navigation. The notification of the convening of the Annual General Meeting as well as the convention documents are sent by regular mail; upon request, they may also be sent by electronic channels but this is not standard practice for organisational reasons. GERRY WEBER AG offers a proxy voting service to support its shareholders in exercising their rights. The proxy appointed by the Managing Board for the instruction-bound exercise of shareholders' voting rights could be contacted during the Annual General Meeting. For organisational reasons, GERRY WEBER International AG will not offer postal votes.

For cost reasons and due to legal certainty considerations, the company does not broadcast the Annual General Meeting on the Internet. 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 and the topics addressed at the individual Supervisory Board meetings, please refer to the report of the Supervisory Board on page 10 et seq.

The representatives of the shareholders and of the employees prepared the Supervisory Board meetings both jointly and 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 has been agreed for the D&O insurance cover for the Supervisory Board as such a deductible is not believed to further increase the commitment of the Supervisory Board. The company will not introduce a deductible before a legal basis is established.

The Managing Board and the Supervisory Board report on the company's corporate governance in the corporate governance report, where deviations from the recommendations of the Code are explained.

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. The two other members are Doris Strätker and Dr. David Frink.

When filling managerial positions in the enterprise the Managing Board attaches importance to diversity and, in particular, aims for an appropriate consideration of women.

The Code of Procedure of the Managing Board remained unchanged.

The full Supervisory Board decides on the compensation system of the Managing Board and reviews it regularly. It also fixes the total compensation of the individual members of the Managing Board. 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 shall 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 did not consult an external compensation expert to assess the appropriateness of the Managing Board compensation. This was not necessary as no contracts were amended.

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 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. Two members of the Managing Board sit on supervisory bodies. The Chairman of the Managing Board, Gerhard Weber, joined the Supervisory Board of DSC Arminia Bielefeld GmbH & Co. KGaA in September 2010. Dr. David Frink is a co-opted member of the Supervisory Board of Arminia Bielefeld.

Supervisory Board

For information on the main aspects of the Supervisory Board's work and details of the individual meetings, please refer to the report of the Supervisory Board on page 10 et seq.

When appointing the Managing Board, the Supervisory Board respects diversity and, in particular, aims for an appropriate consideration of women. No age limit has been defined for members of the Managing Board.

The Code of Procedure of the Supervisory Board was amended in November 2009 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. An audit committee was formed in the fiscal year 2008/2009. 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 not 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 is at all times composed of members who have the required knowledge, skills and expert experience to properly complete their tasks. The Supervisory Board specifies concrete objectives regarding its composition, which also provide for an appropriate degree of female representation, and takes these objectives into account when submitting proposals to the competent election bodies. The Supervisory Board ensures that at least one member has the required financial knowledge and that an appropriate degree of female representation is achieved. In the coming years, 25 percent of the shareholder representatives will be women.

GERRY WEBER International AG supports the members of the Supervisory Board in undertaking the necessary training and further education measures.

The six-strong Supervisory Board is composed of four shareholder representatives and two staff 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.

In the 1 June 2010 elections to the Supervisory Board, the four shareholder representatives were re-elected, which means that Charlotte Weber-Dresselhaus, Udo Hardieck, Dr. Wolf-Albrecht Prautzsch and Dr. Ernst F. Schröder continue to serve on the Supervisory Board of GERRY WEBER International AG. The two shareholder representatives, Olaf Diekmann and Klaus Lippert, were elected at the beginning of Ma 2010. Klaus Lippert succeeded Christiane Wolf, who resigned from the Supervisory Board at the end of the Annual General Meeting on 1 June 2010. The mandates of the Supervisory Board members will expire at the end of the 2015 Annual General Meeting.

No member of the Supervisory Board of GERRY WEBER International AG serves on the Managing Board of a listed company.

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. The members of the nomination committee and the audit committee, which had not met in the fiscal year 2008/2009, do not receive additional compensation, as GERRY WEBER International AG considers the regular Supervisory Board compensation to be sufficient.

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.

Transparency

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 makes all relevant information available to its shareholders and other interested parties. Following the early 2011 redesign of the company's website, the Investor Relations section is now even better structured and affords quicker access to the desired information.

In the fiscal year 2009/2010, the company published no ad-hoc releases as defined in section 15 WpHG and no notifications on changes in voting rights as defined in section 26 WpHG. There was one notification on directors' dealings as defined in section 15a WpHG, which was promulgated throughout Europe.

Shareholdings

Managing Board:	
Gerhard Weber (indirectly)	6,139,385 shares
Doris Strätker	1,500 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 106. The mandates of the Supervisory Board members are also shown in the notes to the consolidated financial statements on page 103.

Accounting and auditing

Since the beginning of the fiscal year 2009/2010, GERRY WEBER International AG has complied with the recommendation of the Code to discuss half-year and quarterly reports with the Supervisory Board prior to publication. 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. So far, the company has not complied with the recommended 90-day and 45-day deadlines which are to ensure greater validity of the figures reported. However, the company strives to comply with the recommended deadlines in future.

GERRY WEBER International AG 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 2009/2010. 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. The auditor attended the Supervisory Board's consultations on the separate and the consolidated financial statements and reported on the result of the audit.

Compensation report for the Managing Board and the Supervisory Board

The following compensation report forms part of the management report:

The Supervisory Board sets the compensation paid to the Managing Board, which is documented in each Managing Board member's contract, and regularly reviews the compensation scheme. The compensation scheme is comprised of a fixed component and a variable component. The latter is performance-based and 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 the fiscal year 2009/2010, the total compensation of the Managing Board amounted to EUR 5.4 million, of which an amount of EUR 3.8 million was paid to Chairman Gerhard Weber, EUR 0.9 million to Doris Strätker and EUR 0.7 million to Dr. David Frink. The fixed salary amounted to EUR 1.6 million, while the bonus amounted to EUR 3.8 million.

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 2009/2010 (in KEUR)

Name	Fixed compensation	Variable compensation
Gerhard Weber (Chairman)	469	3,273
Doris Strätker	660	288
Dr. David Frink	467	249

The total compensation of the Supervisory Board is also made up of a fixed and a variable component. The latter is a function of the dividend distributed. 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 2009/2010 (in EUR)

Name	Fixed compensation	Variable compensation
Dr. Ernst F. Schröder (Chairman)	22,500	150,000
Udo Hardieck (Vice Chairman)	11,250	75,000
Charlotte Weber-Dresselhaus	7,500	50,000
Dr. Wolf-Albrecht Prautzsch	7,500	50,000
Olaf Dieckmann	7,500	50,000
Klaus Lippert (member of the Supervisory Board since 2 June 2010)	3,125	20,833
Christiane Wolf (member of the Supervisory Board until 1 June 2010)	4,375	29,167

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

Declaration of conformity with the recommendations of the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG) of the Managing Board and the Supervisory Board of GERRY WEBER International AG

The Supervisory Board and the Managing Board of GERRY WEBER International AG declare, pursuant to section 161 of the German Stock Corporation Act (AktG), that since issuing the last declaration of conformity on 30 November 2009 in the period of time from 30 November 2009 to 1 July 2010 (version of the Code dated 18 June 2009) and in the period of time from 2 July 2010 to 29 November 2010 (version of the Code dated 26 May 2010), the company complied with the recommendations of the German Corporate Governance Code as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette with the following exceptions.

Section 2.3.2 of the Code – Electronic notification: GERRY WEBER International AG will send the notification of the convening of the Annual General Meeting together with the convention documents by electronic means to individual domestic and foreign financial services providers, shareholders and shareholders' associations 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 (3) of the Code – D&O insurance: No retention was agreed upon the conclusion of a D&O insurance policy for the Supervisory Board in view of the fact that such a retention is not believed to further increase the commitment of the Supervisory Board.

Section 5.4.6 of the Code – Compensation of the Supervisory Board members: Membership in the Nomination Committee and in the Audit Committee will not be taken into account in the compensation of the Supervisory Board as the other compensation of the Supervisory Board is considered sufficient by the company.

Section 7.1.2 of the Code – Publication of consolidated financial statements and interim reports: 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.

Halle/Westphalia, 29 November 2010

The Managing Board and Supervisory Board of GERRY WEBER International AG


TAIFUN

The share

The GERRY WEBER share gained 60.1 percent in the fiscal year 2009/2010, clearly outperforming the DAX, the MDAX and the SDAX. The three large stock indices gained just under 20, 30 and just under 40 percent, respectively, in the reporting period. Investors thus again rewarded the company's excellent operating performance.

The share opened the past fiscal year at a price of EUR 21.62 (all prices are Xetra closing prices) on 30 October 2009 and marked the year's low of EUR 20.12 on 3 December 2009. The share closed the year at EUR 34.62 on 29 October 2010, which was also the year's high. The price of the GERRY WEBER share picked up sharply especially towards the end of the year.

As of 31 October 2010, the market capitalisation rose to EUR 794.6 million, up from EUR 496 million in the previous year. At 25,327 shares, the average trading volume clearly exceeded the prior year level of 24,492 shares. An average of 651,794 GERRY WEBER shares were traded per day, up from 428,072 in the previous year.

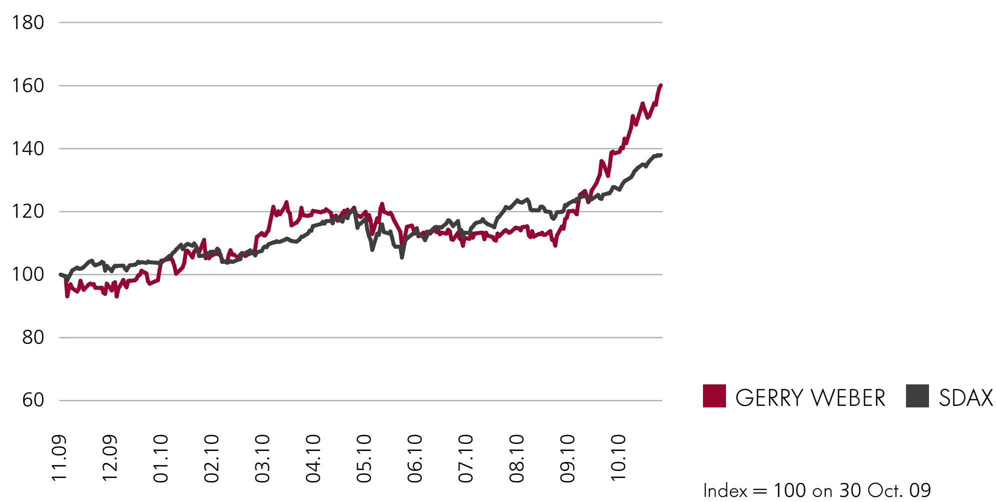
The multi-year comparison also reflects the excellent performance of the GERRY WEBER share. Over a period of five years, the share gained 154.7 percent. The share is regularly covered by analysts from Close Brothers Seydler Bank, Bankhaus Lampe, Landesbank Baden-Württemberg, Berenberg Bank, DZ Bank and Commerzbank.

Dividend proposal

To give the shareholders an adequate share in the excellent performance, the Managing Board and the Supervisory Board will propose a dividend of EUR 1.10 per voting share to the Annual General Meeting on 23 May 2011. This would be roughly 30 percent or EUR 0.25 more than in the previous year. This will be the highest profit distribution in the history of the company. Based on the closing price of EUR 34.62 on 29 October 2010, this is equivalent to a dividend yield of 3.18 percent.

Shareholder structure

Ever since its inception, GERRY WEBER International AG has been characterised by a very stable shareholder structure. Company founders Gerhard Weber and Udo Hardieck directly and indirectly hold 44.6 percent of the share capital between them. Ralf Weber holds 6.43 percent of the voting rights. Treasury shares, from which no rights arise to the company, account for 7.13 percent while 41.84 percent of the shares are widely held.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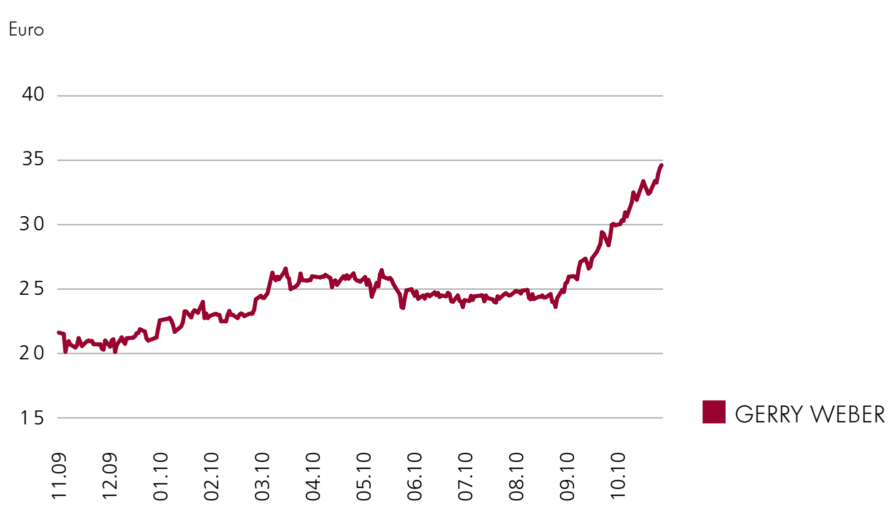
GERRY WEBER
SDAX
Index = 100 on 30 Oct. 09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GERRY WEBER

Investor relations

The GERRY WEBER share represents a sustainable and long-term asset, which owes its value not only to the company's excellent operating performance but also to its open and intensive dialogue with the financial community. GERRY WEBER International AG therefore attaches great importance to its investor relations activities, which were intensified in the fiscal year 2009/2010.

At the annual analysts conference in Frankfurt, many analysts and investors exchanged ideas and information with the company's management. One-on-one meetings at roadshows in Germany and abroad gave institutional capital investors a detailed insight into the situation of the company.

Business and financial media provided indepth coverage of the GERRY WEBER Group. The Managing Board and the management team made themselves available for interviews and to answer journalists' questions at all times, thereby strengthening the company's press relations.

At http://www.gerryweber.com/ag-website/de/startseite/investoren, the company makes relevant information available to investors and other interested parties in a timely manner. All important publications can be viewed on the website, from ad-hoc releases to the Annual Report. The website has been redesigned comprehensively to make it even better structured and give shareholders faster access to even more comprehensive information.

GERRY WEBER International AG aims to be admitted to the MDAX within the next two years and will therefore intensify its investor relations activities even further to enable an appropriate and fair valuation of its share.

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WKN	330410
ISIN	DE0003304101
Stock exchange symbol	GWI1.FSE
Bloomberg symbol	GWI1 GR
Reuters symbol	GWIG.F
Designated sponsor	Close Brothers Seydler Bank AG
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 1.10
Earnings per share to DVFA/SG2	EUR 2.53
Cash flow per share	EUR 4.29
Average daily turnover in shares (FY)	25,327
Average daily turnover in EUR (FY)	651,794
Price at end of FY 2008/2009	EUR 21.62
Price at end of FY 2009/2010	EUR 34.62
High 2009/2010	EUR 34.62
Low 2009/2010	EUR 20.12
Market capitalisation at end of FY 2008/2009	EUR 496 million
Market capitalisation at end of FY 2009/2010	EUR 794.6 million
Share price performance in the FY	+60.1%
Total return[1] in the FY	+65.2%
Shareholder structure	
	Gerhard Weber (directly and indirectly) 26.75 %
	Udo Hardieck (directly and indirectly) 17.85 %
	Ralf Weber 6.43 %
	Own shares 7.13 %
	Free float 41.84 %

[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.


GERRY WEBER

Group management report for the fiscal year 2009/2010

Management report

The impressive record streak of GERRY WEBER International AG continued in the fiscal year 2009/2010. Group sales increased by 4.7 percent on the previous year to EUR 621.9 million, which was the highest level in the history of the company. At the same time, earnings before interest and taxes (EBIT) climbed 17.0 percent to EUR 83.3 million. The EBIT margin improved by 1.4 percentage points to 13.4 percent.

To give the shareholders an adequate share in the excellent performance, the Managing Board will propose a dividend of EUR 1.10 per voting share to the Annual General Meeting. Taking into account the treasury shares held by the company as of the balance sheet date, this represents a total payout of EUR 24.5 million. The dividend per share would thus increase by roughly 30 percent on the previous year. The remaining amount of the net income for the year (EUR 24.7 million) is to be carried forward to new account.

In the past fiscal year, the company aligned its brand policy even more closely with consumers' requirements. The collections have been modernised carefully and their perceived value has been increased consistently, while fashion trends were implemented more quickly thanks to the reduced size of the collections. The presentation of goods at the point of sale has been redesigned to present the new, clear design statement of the fashion items more effectively. These optimisations were reflected in strong sales growth for all three brands of the Group. The company-wide introduction of RFID technology once again underlined the GERRY WEBER Group's pioneering role in the clothing sector and set new logistic standards.

Group structure

GERRY WEBER International AG, based in Halle/Westphalia, is the operational holding company of the GERRY WEBER Group. Central services such as accounting, controlling, human resources management, technology and IT are provided by the holding company with a view to exploiting synergies and supporting the individual Group companies. GERRY WEBER International AG is managed by three Managing Board members. The internal restructuring efforts of the past years have resulted in lean structures as well as low-cost production and procurement. Suitable tasks have been outsourced to external partners. The company is outstandingly positioned in its markets and demonstrates highly dynamic growth.

The basis of consolidation comprises 17 domestic and international subsidiaries, each of which is wholly owned by the parent company. The greatest strategic relevance resides in the four domestic Group companies that are responsible for the GERRY WEBER, TAIFUN and SAMOON by GERRY WEBER brands and the Retail activities. In addition, they are responsible for the Group's operating business and external sales. The foreign subsidiaries are responsible for designated markets or specific procurement and production locations.

All Group companies are controlled centrally by GERRY WEBER International AG to monitor the performance of the Group, to identify deviations from targets at an early stage and to ensure short response times to changes in the divisions. At holding company level, key figures for corporate control are target revenues, EBIT margins and return on investment. Standard indicators such as order rates and sell-through figures are used for strategic brand management, while operational key figures such as inventory turnover, sales per square metre and personnel / rental expenses as a percentage of sales are used to control the Retail segment. Thanks to the company's own Retail activities and customers' EDI connections, the GERRY WEBER Group is informed of what happens at the point of sale at all times and can incorporate this comprehensive database in its brand and collection management decisions.

No material changes to the controlling system occurred as compared to the previous fiscal year.

Strategy

Over the past years, the GERRY WEBER Group has strategically repositioned itself and become a global lifestyle company that is known throughout the world and maintains an outstanding brand portfolio. Its refined brand and distribution strategy and the constantly optimised procurement, production and logistic processes have given the GERRY WEBER Group a unique position in the market.

The portfolio of the GERRY WEBER Group today comprises three strong brands, namely GERRY WEBER and its two sublabels, GERRY WEBER Edition and G.W., as well as TAIFUN and SAMOON by GERRY WEBER. Building on a strong fashion appeal, ideal fits and excellent quality, these brands are ideally positioned in their respective segments.

Unlike other vertically integrated fashion manufacturers, who focus on very young consumers, the GERRY WEBER Group targets the grown-up, fashion-conscious woman. The strong brands protect the company against aggressively priced competitors, while at the same time enabling it to withstand retailers' pressure on prices and margins.

The strong appeal of the brands is supported by numerous events at the GERRY WEBER Stadium and the GERRY WEBER Event Center as well as by the GERRY WEBER OPEN. Every year, Germany's only ATP lawn tennis tournament attracts numerous celebrities from the world of sports and entertainment and is broadcast to 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.

The flexible distribution system allows the company to seize market opportunities as they arise. The GERRY WEBER Group is not only a strong partner to the retail sector but has also aggressively expanded its own Retail activities, which has reduced its dependence on the traditional wholesale business. In addition, the ongoing vertical integration enables a higher gross profit margin and provides the company 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.

Thanks to its global sourcing system, the GERRY WEBER Group can respond swiftly to changes also on the procurement side and offer its high-quality collections at relatively moderate prices. The use of innovative IT systems for logistics and production and the outsourcing of certain services have consistently improved the company's competitiveness.

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, the company has been able to win additional customer groups. The GERRY WEBER Group is a guarantor of success also for its retail customers. The company kept a close eye on the cost trend at an early stage and is therefore the clear number one in retail margins in the ladieswear sector.

Thanks to the EDI connection of the company-managed HOUSES OF GERRY WEBER and many of its retail customers, the GERRY WEBER Group knows its target group very well. The information gained at the point of sale allows the company to align its collections even more effectively with consumers' needs. All processes are geared to the requirements of the final consumer. The constant development of new procurement markets and the outsourcing of the logistic processes have yielded critical competitive advantages for the GERRY WEBER Group. Moreover, the Group has all brands under the same roof, which results in synergies that have a positive effect on growth. The GERRY WEBER Group covers the complete value chain from production of the collections to the point of sale and has a unique standing in the market, which allows it to reach its ambitious growth targets.

The brands

The GERRY WEBER core brand, which is positioned in the upper mid-price segment, offers high-quality coordinates collections for the "modern woman" over 30, caters to women's fashion needs and evolves with them. Fashionable cuts and materials, high-quality workmanship, attention to detail and well-matched colours are the hallmarks of the GERRY WEBER signature collection.

The GERRY WEBER core brand is complemented by the GERRY WEBER EDITION and G.W. sublabels. GERRY WEBER EDITION is a single-item collection, which consists of knitwear, shirts, blouses, trousers, skirts and outdoor jackets and allows consumers to add their favourite basics and single items to their wardrobe. The successful sublabel is also available in several mono-brand stores. The aggressively priced G.W. label supplies retailers with the latest fashion items at short intervals. Coordinated colours open up virtually unlimited styling options.

GERRY WEBER also grants licenses for bags, shoes and eyewear, which underline the lifestyle message of the core brand.

TAIFUN, the Group's second largest brand, has a pronounced flair for current trends and fashion themes and is targeted at the younger "modern woman". Selected materials, young cuts and special details give each item – from the latest business look to trendy casual wear – its unique character. TAIFUN stands for high quality standards and good fits. TAIFUN currently achieves a name awareness of approx. 30 percent (source: Brigitte-Kommunikationsanalyse 2010), which it probably owes in part to the TAIFUN mono-brand stores. The young brand is positioned in the medium price segment.

SAMOON by GERRY WEBER stands for self-confident fashion in sizes 42 to 54. "Don't hide your problem zones but highlight your individual strengths" is the motto of the collections for women who enjoy fashion just as much as they enjoy life, and who like to show it. The coordinates collections are characterised by interesting cuts, high quality and excellent fits. The unique standing of the brand, which is positioned in a niche segment, is underlined by several mono-brand stores. According to a study conducted by TextilWirtschaft among textiles buyers, the SAMOON collections enjoy an awareness of approx. 68 percent. The magazine has therefore awarded SAMOON the "TopMarke" ("top brand") seal.

The excellent performance of all three brands in the fiscal year 2009/2010 was preceded by a consistent and rigorous modernisation process. The GERRY WEBER Group has clearly rejuvenated its collections over the past years and now presents a clear and consistent signature and an even more stylish design across all three brands. Going forward, the company will further sharpen its focus on the high value of its fashion to underline its ambition to enter the premium segment. But the collections have not only been rejuvenated but also been downsized markedly in response to retailers' requests. The use of high-quality materials such as cashmere and leather has additionally enhanced the international appeal of the collections which now cater precisely to the taste of consumers who want excellent quality and modern design.

Sales and marketing

As a vertically integrated systems supplier, the GERRY WEBER Group seizes market opportunities flexibly as they arise. The company meanwhile covers the full value chain from product development to its own stores. Thanks to its vertical integration strategy, the GERRY WEBER Group has achieved a unique standing in the marketplace and has clearly outgrown its peers over the past years.

Much of the dynamic growth is attributable to the HOUSES OF GERRY WEBER, which represent an important pillar of the company's success. These multi-brand stores present the GERRY WEBER brand universe under a single roof. As of the balance sheet date, there were 405 company-managed and franchised HOUSES OF GERRY WEBER, of which 193 are located in Germany and 212 abroad. 178 HOUSES OF GERRY WEBER were managed by the GERRY WEBER Group, thereof 138 in Germany. 227 of the multi-brand stores were operated by franchisees, thereof 55 in Germany and 172 abroad. The GERRY WEBER Group primarily focuses on the domestic market and primarily relies on franchisees and their excellent knowledge of local conditions in the international markets. Even so, the Group has also opened the first company-managed HOUSES OF GERRY WEBER outside Germany. The most important foreign markets in this respect are Austria and Spain, with 17 and 13 stores, respectively. They are followed by the UK (6 stores), Denmark (3) and Ireland (1). The stores in the prime locations of cities like Berlin, Moscow and Cairo stand for lifestyle and internationality and reflect the cosmopolitan image of the brands particularly well.

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 high quality of the company's fashion and the clear concentration on a modern and younger design are underlined by a new shop fitting concept, which was first introduced in the Düsseldorf flagship store opened in April 2010. On a total area of roughly 900 square metres, the GERRY WEBER Group not only presents the latest fashion trends but also signals its aspiration to enter the premium segment through a a stylish interior with high-quality materials such as polished stainless steel, glass and varnish.

The company's own Retail activities are complemented by ten outlet stores, 37 concession shops (26 in Spain and four in Germany) as well as the GERRY WEBER eShop, which is becoming increasingly important for the company's own Retail business and has been identified as a strategic business segment. In the current fiscal year, the GERRY WEBER eShop will be strengthened through infrastructure investments, a shop redesign and selective marketing campaigns. The GERRY WEBER Group currently has eShops in Germany, Austria and the Netherlands. The implementation of an English-language EU Shop, the roll-out into other European countries and the connection of marketplaces are on the agenda for 2011. In the past fiscal year, the online shop boosted its sales revenues by 25.7 percent. The eShop is expected to post double-digit growth also in the coming years.

As a close partner to the retail sector, the GERRY WEBER Group also continued to expand its Wholesale business. In the past fiscal year, the number of shop-in-shops increased by 200 from 1,803 to 2,003, of which 1,616 are located in Germany and 387 abroad. Offering the highest margins in the ladieswear segment, the GERRY WEBER Group is a guarantor of success for the retail sector. 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. The introduction of maximum order limits has once again put the GERRY WEBER Group at the forefront of the sector. Under these arrangements, retailers place their order limits in the company's hands, relying on GERRY WEBER's professional inventory management team to detail their orders. The optimum composition of the merchandise and the limit plans have previously been tested thoroughly in the HOUSES OF GERRY WEBER. Thanks to the EDI data fed from all HOUSES OF GERRY WEBER and some 1,820 customer stores, the GERRY WEBER Group is always abreast of the latest trends at the point of sale. The insights gained from the data are made available to retail customers under maximum order limit arrangements. The results achieved by customers taking advantage of these arrangements are two percentage points higher on average.

In April 2010, retailers awarded the GERRY WEBER Group with the "Best Shop Award 2010" in recognition of the company's excellent store and shop concept. The prize was awarded for the first time by BTE Marketing Berater, the trade magazine of the Federal Association of German Textile Retailers (BTE), which had asked its members to participate in the voting. They judged criteria such as brand appeal, retail productivity, returns, partnership and cooperation as well as store design. During each season, the company supports its partners with regular merchandising, collection information and visits.

Procurement

The dynamic growth of the GERRY WEBER entails a special challenge for the company. There is a constant need to develop new low-cost procurement markets without compromising the company's high quality standards. The GERRY WEBER Group has implemented a dedicated system that allows the company to respond quickly and flexibly to changes in the procurement markets. The global sourcing system allows cost-efficient production locations to be integrated swiftly into the existing corporate structures.

When it comes to procurement, the clothing industry distinguishes 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 2009/2010, the GERRY WEBER Group sourced 81.4 percent of its merchandise from FPS suppliers and 18.6 percent from CMT suppliers. 59.4 percent of the goods supplied by FPS suppliers came from the Far East, primarily from China, Sri Lanka, India and Indonesia. Another 36.1 percent was sourced in Turkey, while the remaining 4.5 percent came from Europe or other regions. All CMT suppliers are based in Eastern Europe, mainly in Romania, Bulgaria, Ukraine and Macedonia.

Logistics

The constant optimisation of the logistic processes is of major importance for the GERRY WEBER Group. In the fiscal year 2008/2009, the company closed its own logistic department in Halle/Westphalia with a view to further shortening the supply chain and pooled all processes – from incoming goods to stock-keeping, from quality management and making-up to shipping – with two specialist logistic service providers. This ensures optimum delivery times and punctuality at much lower costs.

In early 2010, the GERRY WEBER Group started to introduce radio frequency identification (RFID) technology with a view to optimising its international value chain. The sewed-in electronic chip makes it much easier for retailers to gain an exact overview of the garments stocked, while at the same making the logistics chain more transparent. Reading the codes on incoming merchandise allows to instantly verify the completeness of a given shipment. A reading device integrated into the checkout registers the electronic product code and deletes it from the store's database using a special software. When the store is left, another reading device above the door again checks the product code against the store's stock.

The GERRY WEBER Group is the first company in Germany to use FRID also for article surveillance. Together with renowned partners, the company has achieved a breakthrough and managed to combine the fabric care label, the electronic product code and the article surveillance functionality to be incorporated directly into the product at low cost. The RFID chip is integrated into the care label, used annually in around 25 million garments.

The use of RFID improves merchandise security and gives the company a more exact overview of its stocks at any time, allowing it to supply new merchandise more quickly and precisely. The time needed for stock-taking is reduced significantly, which means that the staff in the stores have more time to serve their customers.

The RFID-based processes in the stores are designed in such a way that no personal data is stored. The company takes a pro-active approach and tells its consumers that the products are equipped with RFID technology and recommends to remove the RFID inlay at home with the fabric care instructions remaining in place.

The GERRY WEBER Group wants to set a standard in the industry and show other companies how the new technology can be implemented in accordance with data protection provisions. The company expects the investments in a total amount of approx. EUR 2.7 million to pay off after as little as two years.

In recognition of the introduction of RFID technology as the best retail solution, GERRY WEBER won the Retail Technology Award from research institute EHI in the "Best Enterprise Solution" category. The company additionally received the ECR Award 2010 in the "Unternehmenskooperation – Supply Side" category. The ECR Award is awarded for outstanding company cooperations catering to consumers' requirements.

Economic situation

The recovery in the world economy slowed down in the course of 2010. While world trade experienced a strong upswing in the winter half-year, it clearly lost momentum thereafter. Output growth was still quite high in the second quarter but diminished markedly in the second half of the year, not least due to the restrictive financial policy. Production growth in the emerging markets has also been slower since the spring. The US economy was characterised by consumer households' persistently high indebtedness, a much weaker property sector and a financial sector which has not recovered in full. Countries such as Spain, the UK and Ireland were in a similar situation as the USA. The Institute for the World Economy nevertheless assumes that global output increased by 4.8 percent in 2010.

The recovery in the German economy started in mid-2009 and was very dynamic in 2010. With real GDP growing by 3.6 percent, Germany emerged from the global economic crisis much faster than most other countries and achieved the highest growth rate since reunification. In contrast to the previous year, the upswing was not driven exclusively by a rise in exports and a turnaround in inventory investments but also by a pick-up in domestic demand. Growth in the German economy peaked in the second quarter of 2010 and slowed down somewhat thereafter, primarily due to weaker export demand reflecting the effects of the global crisis in many industrialised countries.

(Sources: 2010/11 Annual Report of the German Council of Economic Experts, Joint Economic Forecast Autumn 2010, Federal Statistical Office, Institute for the World Economy)

Industry situation

According to a representative survey carried out by German-Fashion Modeverband e.V. in June 2010, sales revenues of the clothing sector in the first half of 2010 were up by 2.9 percent on the same period of the previous year. Ladieswear manufacturers reported a 2.8 percent increase, while menswear producers and sportswear manufacturers gained 3.2 percent and 2.6 percent, respectively. 84 percent of the companies surveyed described their revenue situation in the first six months of 2010 as very good to satisfactory. More than half of the respondents (52 percent) said their export share had remained unchanged from the previous year, while 31 percent reported an increase and 17 percent recorded a decline. Manufacturers of ladieswear, menswear and sportswear expect full-year sales revenues for the year 2010 to be up by 4.8 percent on the previous year. Ladieswear manufacturers were most optimistic, with an expected growth rate of 5.2 percent, compared to 4.3 percent and 5.0 percent growth expected by menswear producers and sportswear manufacturers, respectively.

Sales performance

With sales hitting a new record, the GERRY WEBER Group again outperformed its industry peers in the fiscal year 2009/2010. The company benefited not only from the much better macroeconomic environment but also from its unique standing in the marketplace. At EUR 621.9 million, Group sales were up by 4.7 percent on the previous year's EUR 594.1 million. Growth was largely driven by the company's own Retail activities.

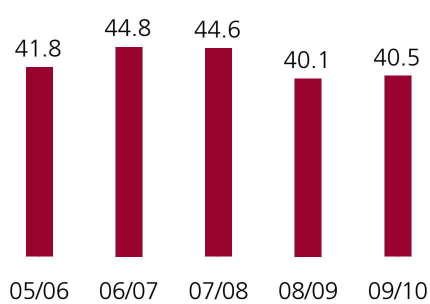
Domestic brand revenues increased by 5.4 percent on the previous year's EUR 502.5 million to EUR 529.8 million. Sales revenues of the GERRY WEBER core brand rose by 7.5 percent from EUR 384.0 million to EUR 412.8 million. GERRY WEBER contributed 77.1 percent to total Group sales, 1.4 percentage points more than in the previous year. The export share declined moderately from 43.5 percent to 42.5 percent due to the sharp rise in domestic sales. The most important foreign markets of GERRY WEBER include the Netherlands, England/Ireland, Scandinavia, Austria and Switzerland.

The two sublabels, GERRY WEBER EDITION and G.W., made an important contribution to the success of the core brand. At EUR 159.1 million, sales of GERRY WEBER EDITION were up by 15.4 percent on the previous year's EUR 137.9 million and accounted for 38.5 percent of the core brand's sales revenues. G.W. boosted its sales revenues by 11.8 percent to EUR 21.8 million. The aggressively priced label contributed 5.3 percent to total sales of GERRY WEBER.

The young TAIFUN brand generated revenues of EUR 88.7 million, compared to EUR 91.4 million in the previous year. The brand accounted for 16.6 percent of total Group sales, compared to 18.0 percent in the previous year. TAIFUN generated 42.6 percent of its sales outside Germany, primarily in the Netherlands, Belgium, Scandinavia, Switzerland and Austria.

SAMOON, the brand for plus sizes, reported a 4.4 percent increase in sales from EUR 27.1 million in the previous year to EUR 28.3 million and contributed 5.3 percent to total Group sales. 38.2 percent of the brand's sales revenues were generated outside Germany, the most important markets being the Netherlands and Belgium.

The Retail segment, which comprises the company-managed HOUSES OF GERRY WEBER, the concession stores and the GERRY WEBER eShop, once again achieved the strongest sales growth and boosted its sales by 20.7 percent from EUR 143.8 million to EUR 173.6 million. The sharp increase is attributable both to the opening of 40 new company-managed HOUSES OF GERRY WEBER in the fiscal year 2009/2010 and to like-for-like growth of 8.4 percent, which shows that the GERRY WEBER Group clearly exceeded the industry average also in terms of organic growth. The Retail segment does not include the 227 franchisee-managed HOUSES OF GERRY WEBER, which form part of the Wholesale segment.



Export share in %

The company's licensing revenues amounted to EUR 0.7 million (previous year: EUR 1.0 million). Going forward, the licenses will play a more important role to underline and build the image of an international lifestyle brand.

The GERRY WEBER Group continued to push ahead its international expansion in the fiscal year 2009/2010. The export share climbed from 40.1 percent to 40.5 percent and is expected to increase sharply in the coming years, as the company sees significant potential for growth abroad. The Netherlands, Austria, Scandinavia, Belgium, England/Ireland and Switzerland are the main output markets of the GERRY WEBER Group.

Orders

The GERRY WEBER Group reported a strong increase in incoming orders. All three brands improved markedly on the previous year. Pre-order sales for the 2011 spring/summer collection totalled EUR 274.8 million (previous year: EUR 245.1 million). This 12.1 percent increase suggests that sales revenues will continue to rise in the current fiscal year. Incoming orders for the GERRY WEBER core brand increased by 13.7 percent to EUR 207.0 million. TAIFUN reported a 10.3 percent rise to EUR 51.2 million, while incoming orders for SAMOON were up by 9.5 percent on the previous year to EUR 16.6 million. This shows that the ongoing modernisation and streamlining of the collections has had a positive impact on customer acceptance and, hence, on incoming orders. TAIFUN and SAMOON have made an impressive return to success.

Earnings position

The GERRY WEBER Group once again showed an excellent profitability, with earnings growing at a much higher rate than sales revenues. Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 13.9 percent from EUR 83.6 million to EUR 95.2 million. Earnings before interest and taxes (EBIT) climbed 17.0 percent from EUR 71.2 million to EUR 83.3 million. Earnings before taxes (EBT) were up by 19.9 percent on the previous year's EUR 66.4 million to EUR 79.6 million. The respective margins increased correspondingly. An EBIT margin of 13.4 percent means that the GERRY WEBER Group clearly reached the target it had set itself for the past fiscal year. At EUR 54.0 million, net income for the year was up by 25.6 percent on the previous year's EUR 43.0 million. DVFA earnings per share improved from EUR 2.08 to (based on 20,661,848 shares outstanding) to EUR 2.53 (based on 21,317,232 shares outstanding). Caused by the disposal of own shares, the return on equity, based on earnings before interest and taxes, came in at 39.6 percent, compared to 44.8 percent in the previous year. The return on investment, based on EBIT, climbed from 24.3 percent to 25.5 percent.

The marked improvement in earnings underlines the GERRY WEBER Group's unique standing in the market. Thanks to the efficient procurement structures, which allow costs to be optimised on an ongoing basis without impairing product quality, the cost of materials rose only from EUR 306.9 million to EUR 318.8 million in spite of the increase in sales. As a result, the cost of materials as a percentage of sales improved from 51.4 percent to 49.6 percent. The use of new production and logistic systems also had a positive effect on costs. At EUR 91.4 million, personnel expenses were up by 5.1 percent on the previous year's EUR 87.0 million. This is primarily due to the increased headcount in the Retail segment. Personnel expenses as a percentage of sales rose moderately from 14.6 percent to 14.7 percent.

Thanks to more favourable refinancing costs, the financial result improved from EUR -4.8 million to EUR -3.7 million.

	2009/2010	2008/2009
Group performance		
Sales revenues	621.9	594.1
Inventory changes	10.1	1.3
Other interest and similar income	11.8	11.4
	643.8	**606.8**
Less purchased materials and services		
Cost of materials	318.8	306.9
Depreciation	11.9	12.4
Other operating expenses	138.2	128.9
Value added	**174.9**	**158.6**
absorbed by:		
Employees	91.4	87.0
Public sector	27.4	22.8
Lenders	3.9	5.1
Shareholders	17.7	15.5
Company (profit retention)	34.5	28.2

Value added statement in EUR million

Net worth position

As of 31 October 2010, total assets were up by 11.3 percent from the previous year's EUR 293.3 million to EUR 326.5 million.

On the assets side, non-current assets rose by 7.2 percent from EUR 128.8 million to EUR 138.1 million. Due to increased investments in land and buildings as well as plant and office equipment, property, plant and equipment rose by 9.5 percent from EUR 93.6 million to EUR 102.5 million. Non-current financial investments increased by 133.3 percent from EUR 0.6 million to EUR 1.4 million, while other non-current assets declined from EUR 10.2 million to EUR 5.2 million due to the reduction in capitalised claims under sponsorship agreements.

Current assets rose by 14.5 percent from EUR 164.5 million to EUR 188.4 million. Inventories expanded by 25.3 percent from EUR 58.5 million to EUR 73.3 million due to the increase in finished products. Liquid funds climbed 28.6 percent from EUR 35.7 million to EUR 45.9 million.

On the liabilities side, equity totalled EUR 210.5 million, up 32.5 percent on the previous year's EUR 158.9 million. The equity ratio improved markedly from 54.2 percent to 64.5 percent. This shows that the balance sheet structure of GERRY WEBER International AG is extremely solid.

Debt capital amounted to EUR 116.9 million, compared to EUR 134.4 million in the previous year. The GERRY WEBER Group's 35.5 percent leverage, in terms of the debt-to-equity ratio, shows that the company is soundly financed and is excellently positioned towards its lenders.

Non-current liabilities declined by 42.6 percent from EUR 50.7 million to EUR 29.1 million. Non-current financial liabilities dropped particularly sharply from EUR 42.8 million to EUR 21.8 million, which represents a reduction by 49.1 percent.

Current liabilities increased by a moderate 3.7 percent from EUR 83.8 million to EUR 86.9 million.

On 31 October 2010, the company's liquid funds exceeded its liabilities to banks by EUR 10.3 million.

Financial situation

The excellent financial situation of the GERRY WEBER Group continued to improve in the past fiscal year. On the balance sheet date, cash and cash equivalents totalled EUR 45.9 million, up from EUR 35.7 million in the previous year.

Cash inflow from operating activities declined from EUR 97.0 million to EUR 64.4 million, primarily due to an increase in inventories. Cash inflow from current operating activities declined from EUR 92.2 million to EUR 60.8 million. Payments received clearly exceeded the cash flow from investing activities of EUR 28.2 million (previous year: EUR 17.8 million). Due to the proceeds from the sale of own shares, cash flow from financing activities declined from EUR 47.7 million to EUR 22.3 million.

The Managing Board concludes that the financial situation and the performance of the Group are very positive.

Investments

In the past fiscal year, the GERRY WEBER Group invested EUR 28.7 million. Capital expenditures were thus up 44.2 percent on the previous year's EUR 19.9 million and reflect the company's fast growth. The main focus was on property, plant and equipment, in which the company invested EUR 17.8 million. An amount of EUR 5.9 million was spent on intangible assets, with investment properties attracting another EUR 3.9 million. Investments were primarily financed from the company's own liquid funds and were covered by operating cash flow at all times.

Segment report

For the purpose of segment reporting, the GERRY WEBER Group's activities are reported by lines of business reflecting the company's internal organisational and reporting structures. The company distinguishes between the Ladieswear production and wholesale segment and the Ladieswear retail segment.

In the Ladieswear production and wholesale segment, sales with external third parties declined moderately from EUR 444.4 million in the previous year to EUR 441.7 million. The segment's share in total Group sales declined from 74.8 percent to 71.0 percent due to the strong growth of the Retail segment. Earnings before taxes (EBT) improved by a 26.5 percent from EUR 61.2 million to EUR 77.4 million. This strong growth was attributable to strict cost management and fixed cost degression. At 796, the average number of employees was slightly below the previous year's headcount of 817. Investments in the Ladieswear production and wholesale segment totalled EUR 3.2 million, compared to EUR 1.5 million in the previous year. The funds were primarily invested in retailer subsidies for shop fittings.

The Retail segment boosted its sales by 20.7 percent from EUR 143.8 million to EUR 173.6 million and contributed 27.9 percent to total sales, which represents an increase over the previous year. The Retail segment, which comprises the 178 company-managed HOUSES OF GERRY WEBER, the concession stores and the GERRY WEBER eShop, owes this strong growth to the opening of many new HOUSES OF GERRY WEBER and to like-for-like growth. Earnings before taxes soared by 90.6 percent from EUR 3.2 million to EUR 6.1 million. The average number of employees increased by 172 from 1,098 to 1,270. Capital expenditures totalled EUR 10.4 million, compared to EUR 8.2 million in the previous year. The segment primarily invested in new HOUSES OF GERRY WEBER.

Employees

The GERRY WEBER Group again created many new jobs and apprenticeships in the fiscal year 2009/2010. The headcount increased from 2,420 on the balance sheet date of the previous year to 2,699 in the past fiscal year. Again, most of the 279 new jobs were attributable to the expansion of the Retail segment and the opening of new HOUSES OF GERRY WEBER. All new jobs were created in Germany. On 31 October 2010, the company had 2,265 white-collar workers and 434 blue-collar workers. In Germany, 1,820 people were on the company's payroll, compared to 879 abroad.

The company is aware of its special social responsibility as a major provider of vocational training in the region and again maintained a large number of traineeships and apprenticeships in the fiscal year 2009/2010, thus making an investment in its own future. 46 young people were trained in commercial, technical and industrial trades and professions in the past fiscal year, six less than in the previous year.

The strong growth of the company calls for highly qualified employees. This is why the GERRY WEBER Group offers effective further training measures to guarantee the successful performance of each individual employee and of the Group as a whole.

Risk report

The risk management system of the GERRY WEBER Group is designed to ensure the long-term existence of the company while at the same time enabling it to seize opportunities that arise. It is an integral element of corporate control and greatly helps to identify deviations from defined targets at an early stage and to initiate corrective measures. The risk management system comprises all internal planning, controlling and reporting systems of the GERRY WEBER Group and primarily focuses on market, financial, performance and investment risks. The risks of the Retail business play an increasingly important role.

A risk manual is at the heart of the GERRY WEBER Group's risk management system. It describes the risk strategy of the company and defines the principles and the organisation of the risk management processes as well as the risk segments. The manual helps to detect and identify at an early stage. It provides detailed instructions for assessing the amount of the potential damage/loss and the risk probability and describes suitable 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

Just like the fashion industry as a whole, the GERRY WEBER Group is exposed to constant trends and fluctuations. In each season, there is the risk of collections not being sufficiently accepted by the market. General consumer restraint may also have an adverse impact on demand for fashion items and, hence, for the products of the GERRY WEBER Group.

With a view to identifying new trends, the company constantly monitors the markets and regularly attends international fashion fairs. The insights gained are incorporated into the company's collections. Seven collections per year and short intervals between production and delivery allow the GERRY WEBER Group to respond quickly to market trends. The company's own Retail activities and the market intelligence gathered at the point of sale enable 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, which are also evaluated with regard to the number of orders placed by each individual customer over time. 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 5,000 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 less than 3.5 percent of the Group's total sales, and the four biggest customers account for less than 10 percent of Group sales. The loss of individual, even large accounts would therefore have no sustained adverse impact on the company. In addition, the strong expansion of the company's own Retail activities reduces its exposure to the Wholesale business and, hence, to individual large accounts. The GERRY WEBER Group uses a special key account management system to monitor the satisfaction of its customers on an ongoing basis. This enables the company to take corrective measures at an early stage. Thanks to the high name awareness and the GERRY WEBER Group's excellent reputation among retailers, 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 additionally protects the company against aggressively priced competitors and allows it to defy retailers' pressure on prices and margins.

The GERRY WEBER Group is an industry pioneer as far as new procurement, logistics and distribution structures are concerned. 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.

In response to rising wage costs in the procurement markets, the company may shift its production to lower-cost regions provided that the same high quality standards are guaranteed. With the help of the internal global sourcing system, the increasingly expensive production locations in Eastern Europe, e.g. Romania, are to be replaced with lower-cost locations such as in Belarus, Armenia or Moldavia. Production in Asia will increasingly be shifted from China to other countries such as Vietnam, India, Bangladesh and Sri Lanka, while the focus in Turkey will shift to Anatolia.

Financial risks

Bad debts resulting from store closures or bankruptcies represent the greatest financial risk for the GERRY WEBER Group. With a view to mitigating this risk, the company thoroughly analyses the creditworthiness of its customers, maintains credit insurance and documents customers' payment history. Strict payment agreements and shortened payment periods for new customers 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 establishes provisions for bad debts. The effectiveness of these measures is reflected in a bad debt ratio of only 0.1 percent.

The GERRY WEBER Group is largely equity-funded and therefore has only limited exposure to interest rate changes. With a view to avoiding any liquidity risk whatsoever, the GERRY WEBER Group maintains credit lines that 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. Forward transactions are effected in the foreign currency at the time of entering a contractual commitment to mitigate these currency risks.

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. The company additionally uses interest rate swaps for the long-term hedging of floating rate bank loans.

Currency risks resulting from the company's business activity are mitigated with the help of derivatives such as currency forwards and currency options.

The GERRY WEBER Group does not trade in financial instruments.

Management constantly monitors the cash flow, liquidity, exchange rate and default risks arising from the financial instruments in the context of the Group-wide early risk identification system. Interest rate risks, currency risks and other financial risks that need to be disclosed in the notes to the consolidated financial statements pursuant to IFRS are described on page 97 et seq.

Performance risks

The performance risks of the GERRY WEBER Group relate to the punctual delivery of high-quality products, uninsured damages, IT infrastructure security in employee turnover in key positions.

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. On the other hand, optimised delivery and logistic processes represent potential opportunities for the company.

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 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 mitigated by taking constructional and technical precautionary measures and by relocating especially sensitive areas.

Back-up systems and regular maintenance mitigate the GERRY WEBER Group's IT security and system failure risks. To ensure data integrity and 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 measures are taken to retain employees in the company. Annual employee interviews enable individualised and systematic career planning. Comprehensive training measures provide employees with the qualifications needed to master future tasks. Special junior management programmes help prepare apprentices and trainees for potential management tasks and ensure that the GERRY WEBER Group has access to qualified HR resources in the long term.

Investment risks

The Group's own HOUSES OF GERRY WEBER give the company direct exposure to the consumer and provide it with important insights into trends at the point of sale, which is important to take the right collection decisions. At the same time, the company's own Retail activities extend the value chain and potentially increase the gross profit margin. However, these opportunities are associated with risks in the form of high investments and fixed costs resulting, among other things, from long-term leases. The company mitigates this risk by using standardised store fittings, which are purchased in large quantities at favourable terms and can be reused at least partly if and when a store is closed. A special 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 multistep 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.

Description of the internal control and risk management system pursuant to section 315 para. 2 No. 5 of the German Commercial Code (HGB)

The internal control system of GERRY WEBER International AG comprises all principles, processes and measures that ensure the effectiveness, efficiency and correctness of the accounting process as well as compliance with relevant legal provisions. Responsibility for the internal control system, which comprises both process-integrated and process-independent measures, rests with the Managing Board. The Supervisory Board and, in particular, the Audit Committee are involved in the internal monitoring system.

The risk management system forms part of the internal control system of GERRY WEBER International AG. With regard to Group accounting, it must be ensured that the consolidated financial statements comply with applicable regulations. Risks exist in respect of errors in the Group accounts and the external reports.

The internal control system ensures that transactions are documented fully and in a timely manner, that stocktaking is carried out properly and that assets and liabilities are recognised, measured and stated correctly in the consolidated financial statements.

At Group level, the separate financial statements submitted by the Group companies are analysed and, where necessary, corrected taking the auditors' reports into account. The correctness and completeness of the reports submitted by the individual Group companies are confirmed by the auditors' audit certificate.

No material changes occurred after the balance sheet date.

Environmental protection and corporate social responsibility

GERRY WEBER International AG considers sustainable action characterised by social and ecological responsibility to be a key element of long-term success. The company therefore strives to implement feasible solutions for sustainable development. 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.

The company is committed to producing ecologically safe products. A special quality management system covering all products from planning to production to delivery ensures that this objective is permanently achieved across all brands and product groups of the GERRY WEBER Group. Besides the targeted selection of raw materials suppliers across the globe and the constant monitoring of critical parameters by independent and certified laboratories, this also includes the installation of a catalogue of minimum requirements, which comprises all product-related and human-related ecological minimum standards and partly goes beyond the legal minimum requirements as well as the requirements of ÖkoTex Standard 100.

All articles sourced from European and Asian countries are regularly checked by a certified contractual partner for prohibited azo compounds as well as allergenic and carcinogenic disperse dyes. Only non-hazardous articles are approved for productions.

The company has closed its own logistic department in Halle/Westphalia. The concentration on two logistic partners reduces the number of transports. Products sourced from the Far East are transported by ship as this is more environmentally friendly than air transport, which is avoided whenever possible.

In September 2010, the GERRY WEBER Group set up a Corporate Social Responsibility unit, which is responsible for developing quality standards, auditing and the compliance with social standards in the production facilities. The GERRY WEBER Group thus lives up to its special social responsibility and supports its partners in treating employees and suppliers in a responsible manner. As a member of the Business Social Compliance Initiative, the GERRY WEBER Group implements an international standard that is audited independently.

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 pre-tax 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 notes to the consolidated financial statements.

Disclosure of takeover obstacles

In accordance with section 289 para. 4 of the German Commercial Code (HGB), which requires the disclosure in the Group management report of all rules and obstacles that may make it difficult to acquire and exercise control, 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. Excluding own shares held by the company, the number of shares amounted to 21,317,242 on the balance sheet date. 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 1 June 2010 authorised the Managing Board to repurchase own shares in an amount of up to 10 percent of the share capital until 31 May 2015.

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 2009/2010 consolidated financial statements occurred in the GERRY WEBER Group after the balance sheet date.

Forecast report

The future environment

The economic recovery is likely to continue in 2011, albeit at a much slower pace. Macroeconomic capacity utilisation will probably increase only moderately. Economic researchers assume, however, that the global economy will gain some momentum as the year progresses. Risks to the world economy in 2011 include the continued tight situation in the financial and real estate markets, which is putting a damper on growth in the industrialised countries. Moreover, many industrialised countries are challenged to reduce their indebtedness, which has increased sharply in recent years. The US economy is expected to show at best moderate growth until the end of 2011. The economic outlook in the emerging countries should deteriorate slightly. The Institute for the World Economy expects the world economy to grow by 3.6 percent.

The environment for the German economy is uncertain. There are signs that growth will be stimulated primarily by domestic economic activity. The robust labour market, low interest rates and favourable financing terms should support consumer and capital spending. The Institute for the World Economy expects real GDP to grow by approx. 2.3 percent in 2011.

(Sources: Annual Report of the German Council of Economic Experts, Joint Economic Forecast Autumn 2010, Institute for the World Economy)

Opportunity management

The GERRY WEBER Group has installed a comprehensive opportunity management system to be able to identify and seize opportunities that may arise from the social, market or competitive environment. Potential opportunities are analysed and the risks they entail are mitigated. The company develops suitable strategies to take maximum advantage of sales and earnings potentials and to further strengthen its competitive position.

The GERRY WEBER Group has identified its own Retail activities as the main growth driver. The company has developed a Europe-wide location scouting system to identify vacant first-class locations, which are then reviewed for their suitability as multi-brand or monobrand stores. Shop closures by local retailers allow the company to accelerate its expansion even in prime locations.

Apart from the HOUSES OF GERRY WEBER, the company's own Retail activities also comprise the GERRY WEBER eShop, which opens up interesting growth prospects for the company. The online business is expected to grow at double-digit rates also in the coming years.

As the GERRY WEBER Group increasingly sees itself as a global player, it will continue to push ahead its internationalisation. For this purpose, attractive regions are identified and developed aggressively. The number of locations will continue to increase.

The GERRY WEBER Group expects opportunities to arise from competitors who are forced to close down. This will allow the company to move into vacant shop-in-shops and grow at an even faster pace.

Opportunities arise also on the income side. The GERRY WEBER Group aims to further cut its procurement prices through strict cost management while at the same time maintaining the high product quality. For this purpose, production will gradually be relocated to lower-cost countries and regions.

Outlook on future fiscal years

The GERRY WEBER Group projects consolidated sales of approx. EUR 690 million for the current fiscal year, which would represent an increase of over 10 percent. Earnings should again rise at a disproportionate rate. Sales revenues are expected to grow at double-digit rates also in the next two to three years. The EBIT margin should climb to 15 percent.

The company bases its projections on the excellent performance of both the Retail and the Wholesale segments. Like-for-like sales of the Group's own HOUSES OF GERRY WEBER hit new records in the past months. The company plans to accelerate the expansion of the Retail segment in the current fiscal year. Going forward, the company intends to open between 65 and 75 own HOUSES OF GERRY WEBER per year, plus another 60 to 70 franchised stores per year. The expansion of the Retail activities is equivalent to an extension of the sales space by approx. 14,000 square metres per year. This represents an increase of approx. 30 percent on the previous year. Outside Germany, new HOUSES OF GERRY WEBER are planned primarily in Switzerland, Austria, Denmark, the UK and Spain. The company also projects high growth rates for the GERRY WEBER eShop.

The 12.1 percent increase in pre-order sales for the spring/summer 2011 season suggests that the Wholesale segment will also experience strong growth. The GERRY WEBER Group sees significant growth potential in this segment in the coming years, especially outside Germany. The export share is expected to increase markedly over the coming years. The GERRY WEBER Group sees itself as an increasingly global player and will accelerate its internationalisation even further. The company plans to push ahead its expansion primarily in Asia, the Middle East and North America. In these markets, the GERRY WEBER Group will exercise great caution, however, and have most of the stores managed by partners who are well familiar with local market conditions. The company also plans to expand its activities in France, Switzerland and Italy. In Egypt, the third HOUSE OF GERRY WEBER is scheduled to be opened in Cairo in spring 2011.

As a strong partner to the retail sector, the GERRY WEBER Group will open some 180 new shop-in-shops in the current fiscal year. At the same time, cooperations with retailers under maximum order limit arrangements will be expanded.

The number of concession shops at El Corte Inglés is to rise from 26 to roughly 40.

An equity ratio of 64.5 percent means that the company has a very solid capital structure and is excellently positioned towards debt capital providers. Thanks to its excellent liquidity situation, the GERRY WEBER Group will be able to make all planned investments.

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 clearly streamlined collections should enable the GERRY WEBER Group to increase its profitability in the long term. The company also expects the ongoing relocation of production facilities in lower-cost countries and regions to result in much lower costs without compromising the quality of its products.

The GERRY WEBER Group has achieved a unique standing in the market and is ideally positioned to reach its growth targets. Against this background, the company aims to return to the MDAX, Germany's second largest stock index, within the next two years. The GERRY WEBER wants to become increasingly visible to the interested public and make its shares even more attractive to its shareholders.

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 2010/2011 and 2011/2012. 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, 24 January 2011
The Managing Board

Gerhard Weber | Doris Strätker | Dr. David Frink


SAMOON
by GERRY WEBER


GERRY WEBER
EDITION

GERRY WEBER

Financial statements

GERRY WEBER International AG, Halle/Westphalia
Consolidated income statement
for the fiscal year 2009/2010

	Notes No.	**2009/2010** EUR	**previous year** EUR
Sales	(22)	621,943,225.13	594,050,641.11
Miscellaneous operating income	(23)	11,554,418.03	11,090,117.79
Changes in inventories	(24)	10,053,320.20	1,301,539.53
Cost of materials	(25)	-318,791,636.76	-306,868,993.22
Personnel expenses	(26)	-91,361,145.42	-86,997,614.06
Depreciation/Amortisation	(27)	-11,936,068.82	-12,395,390.07
Miscellaneous operating expenses	(28)	-137,049,049.16	-127,738,908.70
Other taxes	(29)	-1,120,220.67	-1,202,909.33
Operating result		**83,292,842.53**	**71,238,483.05**
Financial result	(30)		
Income from long-term loans		18,394.22	13,071.41
Interest income		272,641.75	291,170.80
Writedowns on financial assets		-89,057.98	-2,080.84
Incidental bank charges		-710,376.17	-682,734.77
Interest expenses		-3,211,972.43	-4,413,536.44
		-3,720,370.61	**-4,794,109.84**
Results from ordinary activities		**79,572,471.92**	**66,444,373.21**
Taxes on income	(31)		
Taxes of the fiscal year		-27,418,007.96	-22,762,060.47
Deferred taxes		1,805,763.00	-657,295.00
		-25,612,244.96	**-23,419,355.47**
Net income for the year		**53,960,226.96**	**43,025,017.74**
Profit carried forward	(32)	45,241,210.61	39,910,848.57
Transfer to retained earnings	(33)	-50,000,000.00	-20,000,000.00
Accumulated profits		**49,201,437.57**	**62,935,866.31**
Earnings per share (basic)	**(34)**	**2.58**	**2.02**
Earnings per share (diluted)	**(34)**	**2.58**	**2.02**

GERRY WEBER International AG, Halle/Westphalia
Consolidated statement of comprehensive income
for the fiscal year 2009/2010

	31 Oct. 2010 KEUR	previous year KEUR
Net income for the year	**53,960**	**43,025**
Other comprehensive income		
Currency translation: Changes in the amount recognised in equity		
Changes in the balancing item for the currency translation of foreign subsidiaries	263	-797
Cash flow hedges: Changes in the amount recognised in equity		
Changes in the fair value of derivatives used for hedging purposes	-1,311	-21,129
Taxes on income		
Income taxes on the components of other net income	393	6,339
Comprehensive income	**53,305**	**27,438**

Assets

	Notes No.	31 Oct. 2010 EUR	previous year EUR
Non-current assets			
Fixed assets	(1)		
Intangible assets	(a)	13,564,913.79	12,251,876.47
Property, plant and equipment	(b)	102,504,710.55	93,594,498.25
Investment property	(c)	8,632,802.50	4,767,950.15
Financial assets	(d)	1,372,568.18	616,913.62
Other non-current assets			
Trade receivables	(2)	504,907.05	1,058,088.85
Other assets	(3)	5,236,332.37	10,236,744.89
Income tax claims	(4)	2,823,276.30	3,582,939.63
Deferred tax assets	(5)	3,491,697.00	2,728,649.00
		138,131,207.74	**128,837,660.86**
Current assets			
Inventories	(6)	73,254,047.51	58,460,152.16
Receivables and other assets			
Trade receivables	(7)	57,275,130.82	59,215,737.10
Other assets	(8)	10,948,368.54	10,656,677.98
Income tax claims	(9)	1,000,852.95	459,846.84
Cash and cash equivalents	(10)	45,917,300.52	35,694,968.22
		188,395,700.34	**164,487,382.30**
		326,526,908.08	**293,325,043.16**

Equity and liabilities

	Notes No.	**31 Oct. 2010** EUR	**previous year** EUR
Equity	(11)		
Capital stock	(a)	21,317,242.00	20,661,848.00
Capital reserve	(b)	45,038,984.92	29,673,577.81
Retained earnings	(c)	98,294,724.43	48,294,724.43
Accumulated other comprehensive income/loss acc. to IAS 39	(d)	-3,344,784.12	-2,427,308.00
Exchange differences	(e)	17,266.67	-245,440.52
Accumulated profits	(f)	49,201,437.57	62,935,866.31
		210,524,871.47	**158,893,268.03**
Non-current liabilities			
Provisions for personnel	(12)	1,680,799.18	1,755,244.00
Miscellaneous provisions	(13)	2,262,690.00	1,194,540.00
Financial liabilities	(14)	21,785,714.27	42,809,620.70
Trade payables	(15)	0.00	80,582.76
Deferred tax liabilities	(5)	3,397,570.00	4,833,495.00
		29,126,773.45	**50,673,482.46**
Current liabilities			
Provisions			
Tax provisions	(16)	4,408,376.89	3,410,282.40
Provisions for personnel	(17)	11,211,328.06	9,740,190.61
Miscellaneous provisions	(18)	6,369,931.00	5,090,282.12
Liabilities			
Financial liabilities	(19)	13,804,213.57	13,442,407.63
Trade payables	(20)	33,213,541.19	31,789,469.38
Miscellaneous liabilities	(21)	17,867,872.45	20,285,660.53
		86,875,263.16	**83,758,292.67**
		326,526,908.08	**293,325,043.16**

GERRY WEBER International AG, Halle/Westphalia
Statement of changes in group equity
for the fiscal year 2009/2010

	Notes No.	**Capital stock**	**Capital reserve**
		EUR	**EUR**
As of 1 November 2009		20,661,848.00	29,673,577.81
Dividends paid			
Sale of own shares		655,394.00	15,365,407.11
Adjustment of exchange differences			
Changes in equity acc. to IAS 39			
Allocation to retained earnings of the AG pursuant to the resolution of the AGM on 1 June 2010			
Allocation to retained earnings of the AG from the net income for the year			
Net income for the year			
As of 31 October 2010	(11)	**21,317,242.00**	**45,038,984.92**

	Notes No.	**Capital stock**	**Capital reserve**
		EUR	**EUR**
As of 1 November 2008		22,508,820.00	32,326,112.44
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			
Allocations to retained earnings of the AG			
Net income for the year			
As of 31 October 2009	(11)	**20,661,848.00**	**29,673,577.81**

Retained earnings	Accumulated other comprehensive income/loss acc, to IAS 39	Exchange differences	Accumulated profits	Equity
EUR	EUR	EUR	EUR	EUR
48,294,724.43	-2,427,308.00	-245,440.52	62,935,866.31	158,893,268.03
			-17,694,655.70	-17,694,655.70
				16,020,801.11
		262,707.19		262,707.19
	-917,476.12			-917,476.12
25,000,000.00			-25,000,000.00	0.00
25,000,000.00			-25,000,000.00	0.00
			53,960,226.96	53,960,226.96
98,294,724.43	**-3,344,784.12**	**17,266.67**	**49,201,437.57**	**210,524,871.47**

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
			-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
20,000,000.00			-20,000,000.00	0.00
			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**

GERRY WEBER International AG, Halle/Westphalia
Segment reporting
for the fiscal year 2009/2010

Segment information by divisions

	Ladieswear production and wholesale 2009/2010 KEUR	Ladieswear Retail 2009/2010 KEUR	Consolidating entries and other segments 2009/2010 KEUR	Total 2009/2010 KEUR
Sales by segments	553,432	177,742	-109,231	621,943
Thereof:				
with external third parties	441,739	173,576	6,628	621,943
Inter segment revenues	111,692	4,166	-115,858	0
EBT	77,363	6,106	-3,897	79,572
Depreciation of property, plant and equipment	2,714	4,089	5,133	11,936
Interest income	67	77	129	273
Interest expenses	1,405	225	1,582	3,212
Assets	124,104	74,866	127,557	326,527
Liabilities	111,682	82,987	-78,667	116,002
Investments in non-current assets	3,186	10,419	15,049	28,654
Number of employees	796	1,270	531	2,597
Impairments recognised in profit/loss				
- of inventories	-548	-394	0	-942
- of trade receivables	-538	15	0	-523

	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 of property, plant and equipment	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

Segment information by regions

	Germany 2009/2010 KEUR	Outside Germany 2009/2010 KEUR	Total 2009/2010 KEUR
Sales by segments	370,095	251,848	621,943
Assets	293,162	33,365	326,527
Liabilities	148,690	39,706	188,396
Investments in non-current assets	25,829	2,825	28,654
Number of employees	1,730	867	2,597

	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

Detailed information on segment reporting is provided in part G. of the notes.

GERRY WEBER International AG, Halle/Westphalia
Consolidated cash flow statement
for the fiscal year 2009/2010

	2009/2010 KEUR	previous year KEUR
Operating result	83,293	71,238
Depreciation/amortisation	11,936	12,397
Loss from the disposal of fixed assets	1,369	1,304
Increase in inventories	-14,794	-281
Decrease in trade receivables	2,494	15,134
Decrease/increase/in other assets that do not fall under investing or financing activities	4,752	2,918
Increase in provisions	3,744	1,193
Increase/decrease in trade payables	1,344	3,275
Increase in other liabilities that do not fall under investing or financing activities	-3,510	9,876
Income tax payments	-26,201	-20,085
Cash inflows from operating activities	**64,427**	**96,969**
Income from investments	18	13
Interest income	273	291
Incidental bank charges	-710	-683
Interest expenses	-3,212	-4,413
Cash inflows from current operating activities	**60,796**	**92,177**
Proceeds from the disposal of property, plant and equipment and intangible assets	265	1,779
Purchases of investments in property, plant and equipment and intangible assets	-23,793	-15,139
Purchases of investments in investment property	-3,865	-4,768
Proceeds from the disposal of financial assets	151	317
Purchases of investments in financial assets	-996	-4
Cash outflows from investing activities	**-28,238**	**-17,815**
Dividend payments of the AG	-17,695	-15,496
Purchases for the acquisition of own shares	16,021	-34,127
Raising/repayment of financial liabilities	-20,662	1,947
Cash outflows from financing activities	**-22,336**	**-47,676**
Movement in cash and cash equivalents	10,222	26,686
Cash and cash equivalents at the beginning of the fiscal year	35,695	9,009
Cash and cash equivalents at the end of the fiscal year	**45,917**	**35,695**

Cash and cash equivalents exclusively comprise current cash and cash equivalents (notes part F.).

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 2009 and ended on 31 October 2010 (previous year: 1 November 2008 to 31 October 2009).

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 2010 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 2009/2010 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 2009 to 31 October 2010:

• Amendments to IFRS 1 (First-time Adoption of IFRS) and IAS 27 (Consolidated and Separate Financial Statements)
The amendments 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.

• Amendments to IFRS 2 (Share-based Payments – Vesting conditions and cancellation of a plan)
Published in January 2008, the amendment to IFRS 2 primarily includes modifications of the definition of vesting conditions as well as regulations regarding the cancellation of a plan by third parties. The revised standard is effective for annual periods beginning on or after 1 January 2009. These amendments have been endorsed by the EU Commission.

• 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

were endorsed by the EU Commission in November 2008. These amendments are effective for annual periods beginning on or after 1 January 2009.

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

• Amendment to IAS 1 (Presentation of Financial Statements 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. As a result of the amendments to IAS 1, a reconciliation of the result for the period with comprehensive income has been added to the income statement. In the context of this reconciliation, components recognised in equity are broken down for the first time and combined with the result in the income statement to form the comprehensive income for the period.

• 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.

• IAS 39 (Financial Instruments: Recognition and Measurement)
In the context of the revision of IAS 39, regulations regarding the recognition of fair value hedges have been amended. These provisions are effective for annual periods beginning on or after 1 July 2009. These amendments were endorsed by the EU Commission in September 2009.

• IFRIC 9 (Reassessment of Embedded Derivatives) and IAS 39 (Financial Instruments: Recognition and Measurement)
The amendment to these provisions relates to the reclassification of embedded derivatives in conjunction with hybrid financial instruments. These amended provisions are effective for annual periods beginning on or after 1 July 2009. These amendments were endorsed by the EU Commission in September 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 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 (Transfers of Assets from Customers)
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. Given that the EU endorsed it only on 26 November 2009, IFRIC 18 is effective for financial statements to section 315a HGB for annual periods beginning on or after 1 November 2009.

• 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.

These new and/or amended standards had no material impact on the net worth, financial and earnings position of the Group. Given that the new and amended standards and interpretations that are relevant for GERRY WEBER International AG did not result in a retroactive adjustment of prior year figures, no third balance sheet column was used.

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

• 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 were endorsed by the EU Commission in July 2010. These amendments are effective for annual periods beginning on or after 1 January 2009.

• Amendments to IFRS 1 (First-time Adoption of IFRS) and IFRS 7 (Financial Instruments: Disclosures)
This amendment of IFRS 7 in conjunction with IFRS 1 facilitates the presentation of prior year information

on financial instruments for first-time adopters. These amendments are effective for annual periods beginning on or after 1 July 2010. The amendments have already been endorsed by the EU Commission.

• IFRS 2 (Share-based Payments – Share-based payments between member companies of a group)
IFRS 2 was modified with regard to the presentation of share-based payments in the financial statements of subsidiaries. These amended provisions are effective for annual periods beginning on or after 1 January 2010. They have been endorsed by the EU Commission.

• IFRS 9 (Financial Instruments)
IFRS 9 is the first standard that will replace IAS 39 in the context of new provisions governing the accounting for financial instruments. Pursuant to IFRS 9, financial instruments will, as a general rule, be divided only into two categories and, based on this classification, will either be measured at amortised cost or at the fair value. IFRS 9 is effective for annual periods beginning on or after 1 January 2013. This new standard has not yet been endorsed by the EU Commission.

IAS 24 (Related Party Disclosures)
In the context of the revision of IAS 24, the definition of related parties was modified. In addition, the disclosure duties of public-sector companies were extended. These amendments are effective for annual periods beginning on or after 1 January 2011. The amendment was endorsed by the EU Commission in July 2010.

• IAS 32 (Financial Instruments: Disclosures and Presentation)
In the context of this amendment of IAS 32, special rules for puttable instruments were defined. The amended IAS 32 is effective for annual periods beginning on or after 1 February 2010. The amendment was endorsed by the EU Commission in December 2009.

• IFRIC 14 (IAS 19 – Prepayments of a Minimum Funding Requirement)
In the context of this amendment, unintended consequences resulting from the recognition of prepayments of minimum funding requirements were eliminated. This amended interpretation is effective for annual periods beginning on or after 1 January 2011. This amendment was endorsed by the EU Commission in July 2010.

• 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 19 (Extinguishing Financial Liabilities with Equity Instruments)
With reference to the provisions of IAS 39, this new interpretation defines detailed requirements for the treatment of the extinguishing of financial liabilities with equity instruments. The provisions are effective for annual periods beginning on or after 1 July 2010. The interpretation was endorsed by the EU Commission in July 2010.

• Various amendments of standards
In April 2009, the IASB published amendments of IFRS (not yet endorsed by the EU), primarily with a view to eliminating inconsistencies and making minor text changes. The provisions are effective for annual periods beginning on or after 1 January 2010. The following standards have been amended:
IAS 1, 7, 17, 18, 36, 38, 39; IFRS 2,5,8; IFRIC 9,16.

• Various amendments of standards
In May 2010, the IASB published amendments of IFRS (not yet endorsed by the EU), primarily with a view to eliminating inconsistencies and making minor text changes. The provisions are effective for annual periods beginning on or after 1 January 2010. The following standards have been amended:
IAS 1, 27, 34; IFRS 1,3,7; IFRIC 13.

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.

All subsidiaries are wholly owned.

HaWe Textil S.R.L., Bucharest, Romania, was dissolved in the fiscal year 2009/2010.

The basis of consolidation remained unchanged form the previous year.

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. 2010**	**31 Oct. 2009**	**2009/2010**	**2008/2009**
Denmark	DKK	7.45620	7.44300	7.44520	7.44842
UK	GBP	0.86730	0.89375	0.86621	0.88576
Hong Kong	HKD	10.77760	11.47010	10.47575	10.58341
Canada	CAN	1.41540	1.59520	1.40021	1.59275
Romania	RON	4.26630	4.30450	4.20488	4.28826
Turkey	TRY	1.99560	2.21100	2.03398	2.13700
USA	USD	1.38930	1.48000	1.34887	1.36538

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 5.15% (previous year 4.5%) p.a. was applied. Apart from the change in the interest rate, the dismantling costs were re-estimated and restated at a higher value.

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 – 50 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:

- financial assets or financial liabilities at fair value through profit or loss,
- available-for-sale financial assets,
- loans and receivables and
- held-to-maturity financial assets,
- financial liabilities recognised at amortised cost.

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

Unless stated otherwise, the financial instruments on the assets side are loans and receivables, while the financial instruments on the liabilities side are financial liabilities measured at amortised cost. The carrying amount is equivalent to the fair value.

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.

The table below shows the carrying amounts and the fair values of the individual financial assets and liabilities for each category of financial instruments and reconciles them with the respective balance sheet items. The market values of cash and cash equivalents, current receivables, trade payables and other current financial liabilities are more or less equivalent to the carrying amounts. This is primarily due to the short terms of such instruments.

	Measured at amortised cost		Measured at the fair value	Non-financial assets/ liabilities	
		For information:			
	Carrying amount 31 Oct. 2010	Fair value 31 Oct. 2010	Carrying amount 31 Oct. 2010	Carrying amount 31 Oct. 2010	Carrying amount in the balance sheet 31 Oct. 2010
	KEUR	KEUR	KEUR	KEUR	KEUR
Financial assets	**1,373**				**1,373**
Loans and receivables	1,366	1,366			1,366
Available-for sale financial assets	7	(*)			7
Trade receivables (non-current)	**505**	**505**			**505**
Loans and receivables	505	505			505
Trade receivables (current)	**57,275**	**57,275**			**57,275**
Loans and receivables	57,275	57,275			57,275
Other assets (current)			**34**	**10,914**	**10,948**
Derivatives qualifying for hedge accounting			34		34
Non-financial assets				10,914	10,914
Liquid funds	**45,917**	**45,917**			**45,917**
Loans and receivables	45,917	45,917			45,917
Total financial assets	**105,070**		**34**		**105,104**
Financial liabilities (non-current)	**21,786**	**21,786**			**21,786**
Measured at amortised cost	21,786	21,786			21,786
Financial liabilities (current)	**13,804**	**13,804**			**13,804**
Measured at amortised cost	13,804	13,804			13,804
Trade liabilities (current)	**33,214**	**33,214**			**33,214**
Measured at amortised cost	33,214	33,214			33,214
Other liabilities			**5,790**	**12,078**	**17,868**
Derivatives qualifying for hedge accounting			4,813		4,813
Derivatives not qualifying for hedge accounting			977		977
Non-financial assets				12,078	12,078
Total financial liabilities	**68,804**		**5,790**		**74,594**

(*) cannot be reliably determined

	Measured at amortised cost		Measured at the fair value	Non-financial assets/ liabilities	
		For information:			
	Carrying amount 31 Oct. 2009	Fair value 31 Oct. 2009	Carrying amount 31 Oct. 2009	Carrying amount 31 Oct. 2009	Carrying amount in the balance sheet 31 Oct. 2009
	KEUR	KEUR	KEUR	KEUR	KEUR
Financial assets	**617**				**617**
Loans and receivables	527	527			527
Available-for sale financial assets	90	(*)			90
Trade receivables (non-current)	**1,058**	**1,058**			**1,058**
Loans and receivables	1,058	1,058			1,058
Trade receivables (current)	**59,216**	**59,216**			**59,216**
Loans and receivables	59,216	59,216			59,216
Other assets (current)			**254**	**10,403**	**10,657**
Derivatives qualifying for hedge accounting			254		254
Non-financial assets				10,403	10,403
Liquid funds	**35,695**	**35,695**			**35,695**
Loans and receivables	35,695	35,695			35,695
Total financial assets	**96,586**		**254**		**96,840**
Financial liabilities (non-current)	**42,810**	**42,810**			**42,810**
Measured at amortised cost	42,810	42,810			42,810
Trade liabilities (non-current)	**81**	**81**			**81**
Measured at amortised cost	81	81			81
Financial liabilities (current)	**13,442**	**13,442**			**13,442**
Measured at amortised cost	13,442	13,442			13,442
Trade liabilities (current)	**31,789**	**31,789**			**31,789**
Measured at amortised cost	31,789	31,789			31,789
Other liabilities			**4,041**	**16,245**	**20,286**
Derivatives qualifying for hedge accounting			3,721		3,721
Derivatives not qualifying for hedge accounting			320		320
Non-financial assets				16,245	16,245
Total financial liabilities	**88,122**		**4,041**		**92,163**

Original financial instruments

Investments in non-consolidated subsidiaries are recognised at their amortised cost. An unconsolidated subsidiary was accounted for in the previous year. This subsidiary was liquidated in the past fiscal year and has therefore been derecognised.

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.

As of the balance sheet date, there were accumulating currency forwards that do not qualify for hedge accounting.

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. With the exception of the above-mentioned accumulated currency forwards 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 accumulated currency forward contract is regarded as a financial liability that is recognised at the fair value in profit/loss and classified as such upon initial recognition. The negative fair value is included in other liabilities. The expenses incurred are included in other operating expenses.

The underlying transaction of one interest rate swap ceased to exist. The negative fair value is included in other liabilities. Expenses are recognised in 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.

Capital reserve and retained earnings

The premiums that exceeded the par value of own shares repurchased in the previous years were deducted from the capital reserve in the pro-rata amount of the premium paid per share relative to the originally paid-in capital; the excess amount is deducted from retained earnings.

The sales proceeds generated from the sale of own shares in the current fiscal year in excess of the imputed nominal amount were fully allocated to the capital reserve.

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. Uncertainties primarily relate to the valuation of provisions, allowances and derivative financial instruments. 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 2009/2010 and 2008/2009. The currency calculations are negligible and are therefore not stated separately.

(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 4,690 (previous year: KEUR 4,092). Depreciation of these rights of supply totalled KEUR 1,973 in the fiscal year 2009/2010 (previous year: KEUR 2,785).

Other assets recognised include software.

As of 31 October 2010 and 31 October 2009, 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 2009/2010, no shop fittings in Spain were written down for impairment due to lower replacement prices (previous year: KEUR 680).

(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 the property is still under construction, the cost of the property on the balance sheet date is equivalent to the fair value of the property. A valuation by an independent expert is yet to be performed. Income generated from the property amounted to KEUR 0 (previous year: KEUR 0), while direct operating expenses amounted to KEUR 2 (previous year: KEUR 0).


TAIFUN

(d) **Financial assets**	**31 Oct. 2010** KEUR	**31 Oct. 2009** KEUR
Long-term loans	959	18
Rent deposits	261	241
Loans to commercial agents	146	257
TBV Lemgo GmbH & Co. KG - limited partner's shares -	7	90
HaWe Textil S.R.L., Bucharest, Romania	0	11
	1,373	**617**

Financial assets are recognised at amortised cost, which is equivalent to the fair value. The limited partner's shares are recognised at cost as the fair value cannot be reliably determined.

(2) Trade receivables (non-current)

Trade receivables with a maturity of more than one year amounted to KEUR 505 (previous year: KEUR 1,058). These are market rate interest bearing trade receivables.

(3) **Other assets (non-current)**	**31 Oct. 2010** KEUR	**31 Oct. 2009** KEUR
Receivables relating to GERRY WEBER OPEN	4,128	7,508
Capitalised item reflecting the partial retirement programme	991	1,566
Claim for damages	98	679
Receivables from commercial agents	19	484
	5,236	**10,237**

(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 2,823 (previous year: KEUR 3,583) and under current income tax receivables in an amount of KEUR 1,001 (previous year: KEUR 460).

(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. 2010 KEUR	31 Oct. 2009 KEUR	31 Oct. 2010 KEUR	31 Oct. 2009 KEUR
Non-current assets	128	36	2,098	1,989
Current assets	1,986	1,587	1,152	2,712
Provisions	507	263	148	133
Liabilities	293	96	0	0
Tax loss carryforwards	578	747	0	0
	3,492	**2,729**	**3,398**	**4,834**

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 19.8 million (previous year: EUR 17.5 million). They mainly refer to GERRY WEBER Fashion Iberica S.L., Palma de Mallorca, Spain, GERRY WEBER United Kingdom Ltd., London and GERRY WEBER GmbH, Vienna. The resulting deferred tax assets in the amount of EUR 5,415 million (previous year: EUR 5,182 million) were written down in an amount of KEUR 4,837 million (previous year: KEUR 4,435 million) as the realisation of the respective tax advantages is unlikely in the medium term.

Of the unrecognised deferred tax assets, amounts totalling KEUR 2,926 (previous year: KEUR 2,235) will expire in one to ten years.

(6) Inventories

	31 Oct. 2010 KEUR	31 Oct. 2009 KEUR
Raw materials and supplies	9,906	5,596
Work in progress	11,979	10,078
Finished goods and merchandise	48,672	40,519
Prepayments on intangibles	2,697	2,267
	73,254	**58,460**

The impairment resulting from the sales-oriented measurement of inventories amounted to KEUR 3,464 (previous year: KEUR 2,522).

The expenses for the fiscal year 2009/2010 are included in the cost of materials. The usual reservations of ownership apply.

(7) Trade receivables (current)

Trade receivables in an amount of KEUR 57,275 (previous year: KEUR 59,216) have a maturity of less than one year.

Allowances for doubtful accounts amounted to KEUR 2,526 (previous year: KEUR 2,003). 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 2009/2010 are included in other operating expenses.

(8) Other assets (current)

Other assets in an amount of KEUR 10,948 (previous year: KEUR 10,657) have a maturity of less than one year.

Other assets comprise:

	31 Oct. 2010 KEUR	31 Oct. 2009 KEUR
Receivables relating to GERRY WEBER OPEN	3,380	3,239
Tax claims	1,711	1,622
Prepaid expenses	1,114	1,064
Claim for damages	610	1,586
Supplier balances	458	88
Capitalised item reflecting the partial retirement programme	447	0
Receivables from commercial agents	442	566
Loans	182	69
Positive fair value of financial instruments	35	254
Other	2,569	2,169
	10,948	**10,657**

(9) Corporate income tax claim (current)

Tax refund claims of KEUR 1,001 (previous year: KEUR 460) 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. 2010	31 Oct. 2009	Change
Equity capital in KEUR	210,525	158,893	51,632
Equity in % of total capital	64,5	54,2	10,3
Debt capital in KEUR	116,002	134,432	-18,430
Debt capital in % of total capital	35,5	45,8	-10,3
Total capital (equity and debt capital) in KEUR	**326,527**	**293,325**	**33,202**

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. In addition, the Managing Board is authorised to exclude shareholders' subscription rights if the issue price of the new shares is not materially lower than the stock market price and the shares issued do not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. This percentage includes shares that are issued based on an authorisation to sell own shares pursuant to section 71 para. 1 No. 8 sentence 5 and section186 para. 3 sentence 4 of the German Stock Corporation Act (AktG) in an ex-rights issue.

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.

Based on a resolution passed by the annual General Meeting (on 3 June 2009 and on 1 June 2010, respectively), the Managing Board is authorised to sell own shares under certain circumstances.

Up to 31 October 2009, 2,291,132 shares were acquired at a cost of EUR 41,250,654.20 (average price incl. expenses EUR 18.00). In the fiscal year 2009/2010, the company did not repurchase additional shares but sold 655,394 shares at a total price of EUR 16,020,801.11 (average price incl. expenses EUR 24.44).

Date	Number	Purchase cost EUR	Average price (incl. expenses) EUR	Sales proceeds EUR	Average price EUR
Held as of 31 Oct. 2009	2,291,132	41,250,654.20	18.00		
19 Jan. 2010	26,100	-469,917.09		601,291.80	23.04
5 Feb. 2010	38,400	-691,372.27		881,280.00	22.95
12 Feb. 2010	20,094	-361,782.14		455,133.72	22.65
19 Feb. 2010	10,600	-190,847.55		243,514.86	22.97
26 Feb. 2010	7,200	-129,632.30		165,288.38	22.96
5 Mar. 2010	53,000	-954,237.76		1,299,292.35	24.51
30 Aug. 2010	500,000	-9,002,243.04		12,375,000.00	24.75
Held as of 31 Oct. 2010	**1,635,738**	**29,450,622.05**	**18.00**	**16,020,801.11**	**24.44**

The own shares represent 7.13% of the share capital (previous year: 9.98%). Transaction costs deduced from equity amounted to KEUR 0 (previous year: KEUR 49).

The table below shows the own shares sold between the balance sheet date and the time of the preparation of the balance sheet:

Date	Number	Purchase cost EUR	Average price (incl. expenses) EUR	Sales proceeds EUR	Average price EUR
Held as of 31 Oct. 2010	1,635,738	29,450,622.05	18.00		
November 2010	293,404	-5,282,588.23		9,949,897.51	33.91
December 2010	597,363	-10,755,213.82		21,608,034.59	36.17
January 2011	93,300	-1,679,818.55		3,315,938.70	35.54
Held as of 21 Jan. 2011	**651,671**	**11,733,001.45**	**18.00**	**34,873,870.80**	**35.44**

(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 plus the premiums paid in the sale 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 hedges.

	31 Oct. 2010	31 Oct. 2009	Change
Positive fair values of financial instruments	34	254	-220
Negative fair values of financial instruments	-4,813	-3,721	-1,092
Deferred tax assets	1,444	1,116	+328
Deferred tax assets	-10	-76	+66
	-3,345	**-2,427**	**-918**

(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

The table below shows the changes in accumulated profits:

	EUR
Carried forward from 1 November 2009	62,935,866.31
Dividend distribution in June 2010	-17,694,655.70
Transfer to retained earnings based on AGM resolution of 1 June 2010	-25,000,000.00
Transfer to retained earnings from net income for the year based on a resolution by the Managing Board and the Supervisory Board	-25,000,000.00
Net income for the year 2009/2010	53,960,226.96
Accumulated profits as of 31 October 2010	**49,201,437.57**

(12) Provisions for personnel (non-current)

An amount of KEUR 1,681 (previous year: KEUR 1,755) represents the non-current portion of the provisions for old-age part-time work. An amount of KEUR 74 was used up (previous year: KEUR 430 used up).

(13) Other provisions (non-current)

This item includes an amount of KEUR 2,263 (previous: KEUR 1,195) resulting from the company's obligation to remove furnishings and fittings from rented properties. Allocations amounted to KEUR 1,068 (previous year: KEUR 415).

(14) Financial liabilities (non-current)

	31 Oct. 2010 KEUR	31 Oct. 2009 KEUR
Liabilities to banks and insurance companies	**21,786**	**42,810**

These include non-current financial liabilities with a remaining maturity of more than five years in an amount of KEUR 2,857 (previous year: KEUR 8,816).

(15) Trade payables (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 2010 and 31 October 2009 (current)

The table below shows the changes in, and the composition of, the provisions:

Type of provision	Carried forward 1 Nov. 2009	Use	Reversal	Allocation	As at 31 Oct. 2010
	KEUR	KEUR	KEUR	KEUR	KEUR
(16) Tax provisions	**3,410**	**3,229**	**76**	**4,303**	**4,408**
(17) Provisions for personnel					
- Bonuses	5,036	5,036		5,113	5,113
- Vacation	1,763	1,763		2,159	2,159
- Old-age part-time work (current)	679	481		560	758
- Special annual payment	1,957	1,957		2,790	2,790
- Other	305	297	8	391	391
	9,740	**9,534**	**8**	**11,013**	**11,211**
(18) Other provisions					
- Guarantees	584	584	0	607	607
- Outstanding invoices	3,732	3,732	0	3,967	3,967
- Accounting expenses	312	312	0	432	432
- Supervisory Board compensation	383	383	0	489	489
- Other	79	79	0	875	875
	5,090	**5,090**	**0**	**6,370**	**6,370**
	18,240	**17,853**	**84**	**21,686**	**21,989**

Type of provision	Carried forward 1 Nov. 2008	Use	Reversal	Allocation	As at 31 Oct. 2009
	KEUR	KEUR	KEUR	KEUR	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**

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

	31 Oct. 2010	31 Oct. 2009
	KEUR	KEUR
Liabilities to banks and insurance companies	**13,804**	**13,442**

Information on collateral and agreements

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

- Land charges in an amount of KEUR 391 (previous year: KEUR 3,636).

The table below shows the main contractual terms of the liabilities to banks and insurance companies as of the closing date of the fiscal year 2010:

Fixed-income agreements

Financial instrument	Carrying amount 2009/2010 KEUR	Carrying amount 2008/2009 KEUR	Maturity until month/year	Nominal interest rate % p. a.
Bank 1				
Loan 1	312	937	12/2010	4.41
Loan 2	0	1,111	6/2010	4.66
Loan 3	0	1,500	6/2010	4.96
Loan 4	0	5,000	9/2017	4.45
Loan 5	0	5,000	9/2017	4.25
	312	**13,548**		
Bank 2				
Loan 1	2,000	4,000	2/2011	4.29
Loan 2	4,000	5,000	7/2014	4.15
	6,000	**9,000**		
Bank 3	2,500	3,500	3/2013	4.42
Bank 4	5,000	5,000	3/2011	4.57
Bank 5	84	87	12/2010	3.76
Bank 6	4,000	5,000	6/2014	4.20
Insurance company 1	17,143	20,000	7/2016	4.35
	28,727	**33,587**		
	35,039	**56,135**		

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 0). There are currently no signs of a liquidity or financing risk. Principal and interest were paid at maturity. No default occurred.

(20) Trade payables

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

(21) Miscellaneous liabilities	**31 Oct. 2010** KEUR	**31 Oct. 2009** KEUR
GERRY WEBER Management & Event oHG	5,463	3,402
Negative fair value of financial instruments qualifying for hedge accounting	4,813	3,721
Other taxes (especially turnover tax)	4,010	9,394
Negative fair value of financial instruments not qualifying for hedge accounting	977	320
Liabilities to customers	949	788
Liabilities to personnel	661	383
Social security	522	295
Other liabilities	473	1,983
	17,868	**20,286**

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 700 (previous year: KEUR 1,042) 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:

	2009/2010 KEUR	**2008/2009** KEUR
Rental income	4,879	4,938
Exchange gains, income from currency forwards	1,980	300
Income from IT services for third parties	1,575	592
Payment of damages/insurance compensation	1,030	3,320
Income from the provision of motor vehicles	541	510
Income from the reversal of provisions and allowances	107	368
Research subsidies	60	178
Other	1,382	884
	11,554	**11,090**

(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**	**2009/2010** KEUR	**2008/2009** KEUR
Expenses for raw materials and supplies and purchased goods	58,433	53,171
Expenses for services purchased	260,359	253,698
	318,792	**306,869**

(26) **Personnel expenses**	**2009/2010** KEUR	**2008/2009** KEUR
Wages and salaries	78,319	74,865
Social security contributions	13,042	12,133
	91,361	**86,998**

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:

	2009/2010		2008/2009	
	Total	**Germany**	**Total**	**Germany**
Blue-collar workers	448	128	529	149
White-collar workers	2,102	1,555	1,871	1,374
	2,550	1,683	2,400	1,523
Trainees/apprentices	47	47	48	48
	2,597	**1,730**	**2,448**	**1,571**

(27) Depreciation/Amortisation

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

There were no write-downs for impairment in fiscal 2009/2010 (previous year: KEUR 680). The write-downs of the previous year were attributable to the Retail segment.

(28) Miscellaneous operating expenses

Miscellaneous operating expenses comprise the following:

	2009/2010 KEUR	**2008/2009** KEUR
Rent, space costs	36,766	32,283
Freight, packaging, logistics	28,441	27,433
Advertising, trade fairs	15,561	15,546
Sales agent commissions	12,525	12,884
Collection development	8,015	7,910
Legal and consulting costs	4,109	4,196
IT costs	3,836	3,693
Insurance, contributions, fees	3,611	3,724
Other personnel expenses	3,352	3,817
Travelling expenses	3,041	3,217
Exchange rate fluctuations	2,448	321
Del credere commissions	2,206	1,807
General administration	2,021	1,344
Losses on receivables/allowances	1,984	2,864
Office and communications	1,749	1,627
Vehicles	1,719	1,463
Maintenance	1,646	1,234
Loss from asset disposal	1,408	1,310
Other	2,611	1,065
	137,049	**127,738**

(29) Other taxes

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

(30) Financial result	2009/2010 KEUR	2008/2009 KEUR
Income from financial assets loaned	18	13
Interest income	273	291
Writedowns on financial assets	-89	-2
Incidental bank charges	-710	-683
Interest expenses	-3,212	-4,413
	-3,720	**-4,794**

(31) Taxes on income

Taxes on income comprise the following main components:

	2009/2010 KEUR	2008/2009 KEUR
Taxes of the fiscal year	27,167	22,618
Tax expenses/income of prior years	251	144
Deferred taxes	-1,806	657
	25,612	**23,419**

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.

No material effects resulted from the initial recognition of losses carried forward, which were not recognised in the previous year and which are not regarded as impaired due to the improved earnings situation, nor from changes in foreign tax rates.

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

	2009/2010 KEUR	2008/2009 KEUR
Profit before taxes on income	79,572	66,444
Group tax rate	30.0 %	30.0 %
Expected tax expenses	23,872	19,933
Non-recognition of deferred tax assets due to operating losses and utilisation of those assets	750	3,234
Taxes on trade tax additions/deductions	473	556
Taxes on non-deductible operating expenses	182	101
Off-period tax expenses/income	251	144
Miscellaneous	84	-549
Actual tax expenses 32.2% (previous year: 35.2%)	**25,612**	**23,419**

(32) Profit carried forward

Changes in the profit carried forward are shown in the statement of changes in equity.

(33) Allocation to retained earnings

Amounts of KEUR 25,000 (previous year: KEUR 0) and KEUR 25,000 (previous year: KEUR 20,000) were allocated to retained earnings in the fiscal year 2009/2010 based on a resolution by the Annual General Meeting and a resolution by the Managing Board and the Supervisory Board, respectively.

(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	2009/2010 KEUR	2008/2009 KEUR
Consolidated net income/loss attributable to ordinary shareholders of the parent company	**53,960**	**43,025**

Number of ordinary shares

	Number of shares
Voting shares on 31 October 2009	20,661,848
Sale of own shares in 2009/2010	
01/2010	26,100
02/2010	76,294
03/2010	53,000
08/2010	500,000
	655,394
Voting shares on 31 October 2010	**21,317,242**

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 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

Fiscal year 2009/2010:

20,661,848 x 2/12
+ 20,687,948 x 1/12
+ 20,764,242 x 1/12
+ 20,817,242 x 5/12
+ 21,317,242 x 3/12
= 20,901,152 shares

Earnings per share amount to EUR 2.58 (previous year: EUR 2.02).

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

The accumulated profits were used to pay out a dividend of EUR 0.85 (previous year: EUR 0.75) 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 1.10 per share from the accumulated profits. This is equivalent to an amount of EUR 24.5 million, taking into account the own shares held by the company at the time of the preparation of the financial statements In Germany, dividends are subject to capital income tax of 25% plus a 5.5% solidarity surcharge.

Another 984,067 own shares were sold between the balance sheet date and the date of the preparation of the financial statements.

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 company mitigates default risks from derivative financial instruments through the careful selection of its contractual partners. When measuring the financial instruments at the fair value, all factors that would be taken into account by market participants are taken into consideration, including the appropriate consideration of the trading partners' credit risks. This ensures that changes in the trading partners' credit risks are adequately reflected in the measurement of the derivative financial instruments and, hence, in the financial statements.

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 2010, negative effects from the market valuation of financial instruments in an amount of KEUR -3.345 (previous year: negative effects KEUR -2,427) 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 82.9 million (previous year: EUR 98.4 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 4.7 million (previous year: positive fair value of EUR 3.7 million).

The change was recognised in equity and is reflected in the statement of comprehensive income.

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 10.2 million as of the balance sheet date (previous year: EUR 11.2 million).

All currency forwards formed valuation units with the underlying transactions.

The negative fair value of these currency forwards for merchandise receivables was EUR 0.1 million as of the balance sheet date (previous year: positive fair value of EUR 0.3 million).

The change was recognised in equity and is reflected in the statement of comprehensive income.

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 (previous year: EUR 5.0 million) which did not qualify for hedge accounting due to the lack of an underlying transaction. The change of the negative market value KEUR 328 (previous year: KEUR 320) in the amount of KEUR 8 was recognised as an interest expense. The change is due to changes in the market interest rate. Other provisions include negative market values from interest rate hedges in an amount of KEUR 328.

These are financial liabilities that were classified as recognisable at the fair value upon initial recognition.

Accumulating currency forwards for the procurement of goods

Where goods and services purchased by the Group have to be paid in a foreign currency, suitable currency forwards and currency options as well as accumulating currency forwards are taken out before each season in order to hedge the pricing of our products.

As of the balance sheet date, the accumulating currency forwards totalled EUR 17.8 million (previous year: EUR 0.0 million). The accumulating currency forwards had a negative fair value of EUR 0.6 million on the balance sheet date (previous year: EUR 0.0 million).

As the accumulating currency forwards formed no valuation units with the goods and services sourced, they resulted in other operating expenses of EUR 0.6 million.

The market values of the currency forwards are carried as other current liabilities. The market values are not necessarily identical with the amounts that will be generated in future under current market conditions.

These are financial liabilities that were classified as recognisable at the fair value upon initial recognition.

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 2009/2010 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 2009/2010, cash inflow from operating activities includes payments for interest received in an amount of KEUR 273 (previous year: KEUR 291) and for interest paid in an amount of KEUR 3,212 (previous year: KEUR 4,413). Income tax payments amounted to KEUR 26,201 (previous year: KEUR 20,085).

G. Segment reporting

In accordance with IFRS 8, 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 KEUR	Cash outflows KEUR	Net amount KEUR	Effect from a +5% appreciation in the euro KEUR
USD	341	-97,826	-97,485	700
GBP	13,056	-1	13,055	182
CAD	1,000	0	1,000	1

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 2010. 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 328 was recognised under interest expenses due to the lack of an underlying transaction.

Due to the good liquidity situation, no interest-bearing liabilities are used in the fiscal year 2010/2011. An interest rate risk does not exist. Accordingly, there is no need to perform a sensitivity analysis in accordance with IFRS 7.

Credit risks are mitigated by reviewing the creditworthiness of counterparties. The maximum default risk is always the carrying amount.

The default risks are within normal market limits and are adequately provisioned for. The Group is not exposed to material default risks of a contractual party or a group of contractual parties with similar characteristics. The Group considers contractual parties to have similar characteristics if they are related companies. Individual value allowances for overdue receivables are mostly geared to the age structure of the receivables, with different valuation discounts being applied based on past success ratios.

Research and development

Research and development expenses shown under expenses amount to KEUR 8,015 (previous year: KEUR 7,910) 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 24 (previous year: KEUR 97).

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

As of 31 October 2010, the purchase commitment for investments in property, plant and equipment amounted to EUR 6.4 million (previous year: EUR 1.4 million).

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

	31 Oct. 2010 KEUR	31 Oct. 2009 KEUR
Within 1 year	2,376	2,767
Between 1 and 5 years	2,494	2,221
	4,870	**4,988**

Expenses under these operating leases amounted to KEUR 2,376 in 2010 (previous year: KEUR 2,767). The assets financed by operating leases had a gross carrying amount of KEUR 8,316 in the fiscal year 2009/2010 (previous year: KEUR 9,688).

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. 2010 KEUR	31 Oct. 2009 KEUR
Within 1 year	29,382	25,970
Between 1 and 5 years	95,867	89,244
After 5 years	51,285	52,566
	176,534	**167,780**

In the fiscal year 2009/2010, rental expenses in an amount of KEUR 25,238 (previous year: KEUR 25,288) 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. 2010 KEUR	31 Oct. 2009 KEUR
Within 1 year	774	516
Between 1 and 5 years	2,446	1,781
After 5 years	1,241	705
	4,461	**3,002**

In the fiscal year 2009/2010, the Group generated KEUR 1,306 (previous year: KEUR 1,520) from subleases. The table below shows the minimum lease payments from subleases:

	31 Oct. 2010 KEUR	31 Oct. 2009 KEUR
Within 1 year	959	1,461
Between 1 and 5 years	2,788	4,867
After 5 years	880	2,722
	4,627	**9,050**

The marked decline in anticipated income from subleases is due to the fact that previously leased retail spaces have been acquired by the company.

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. 2010 KEUR	31 Oct. 2009 KEUR
Within 1 year	1,829	1,795
Between 1 and 5 years	2,498	3,714
After 5 years	0	197
	4,327	**5,706**

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. 2010 KEUR	31 Oct. 2009 KEUR
Within 1 year	488	411
Between 1 and 5 years	629	877
After 5 years	80	133
	1,197	**1,421**

An exclusively turnover-based rent has been agreed with one tenant. Income from such conditional rents amounted to KEUR 37 in the fiscal year 2009/2010 (previous year: KEUR 39).

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:

	2009/2010 Expenses KEUR	2009/2010 Income KEUR	2008/2009 Expenses KEUR	2008/2009 Income KEUR
Advertising, GERRY WEBER Open	3,391	0	3,267	0
Advertising	307	0	311	0
Rental expenses	194	0	177	0
Interest expenses	140	0	2	0
Accommodation, entertainment	100	0	73	0
Annual General Meeting	72	0	81	0
Various services expenses	8	0	86	0
IT charge	0	11	0	10
Various services income	0	16	0	18
Prepaid postage	0	38	0	0
Book-keeping	0	104	0	95
Delivery of goods	0	119	0	69
Interest income	0	0	0	31
Rental income	0	152	0	166
	4,212	**440**	**3,997**	**389**

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

	Receivables 31 Oct. 2010 KEUR	Liabilities 31 Oct. 2010 KEUR	Receivables 31 Oct. 2009 KEUR	Liabilities 31 Oct. 2009 KEUR
GERRY WEBER Management & Event oHG	23	5,173	2	3,590
GERRY WEBER Sportpark Hotel GmbH & Co. KG	0	8	1	7
Golfplatz Eggeberg GmbH & Co. Anlagen KG	48	0	0	0
Clubhaus Eggeberg GmbH & Co. KG	3	0	3	0
	74	**5,181**	**6**	**3,597**

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%.

In the past fiscal year, Mr Ralf Weber received compensation in an amount of KEUR 222 (previous year: KEUR 251) for his work at the company.

Trendline Promotion GmbH supplied the Group with promotional materials in an amount of KEUR 813 (previous year: KEUR 1,202) net of VAT. As at the balance sheet date, liabilities totalled KEUR 14 (previous year: KEUR 45).

Mr Klaus Friedrich, Wuppertal, the husband of Managing Board member Doris Strätker, provided advisory services in an amount of KEUR 120 (previous year: KEUR 60).

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. In the previous year, transactions with non-consolidated subsidiaries were negligible. There were no unconsolidated subsidiaries in the past fiscal year.

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 for 2009/2010 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
- **Dr. David Frink**, Bielefeld, (since 1 May 2009),
- **Doris Strätker**, Wuppertal.

The Managing Board members are also members of other supervisory boards or control organs as defined in section 125 para. 1 sentence 3 of the German Stock Corporation Law.

- **Gerhard Weber**
  Member of the Supervisory Board:
  DSC Arminia Bielefeld GmbH & Co. KGaA
  (since 21 September 2010).
- **Dr. David Frink**
  Member of the Supervisory Board (co-opted):
  DSC Arminia Bielefeld GmbH & Co. KGaA
  (since 21 September 2010).
- **Doris Strätker**
  no mandates.

In the previous year, none of the Managing Board members were 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
- **Udo Hardieck**, (Vice Chairman), Halle/Westphalia
- **Charlotte Weber-Dresselhaus**, Halle/Westphalia
- **Dr. Wolf-Albrecht Prautzsch**, Münster
- **Olaf Dieckmann**, (staff representative), Halle/Westphalia
- **Christiane Wolf**, (staff representative), Steinhagen, (until 1 June 2010)
- **Klaus Lippert**, (staff representative), Halle/Westphalia, (since 2 June 2010)

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,
- S.A. Damm, Barcelona, Spanien (since 23 June 2010).

Chairman of the advisory council:
- Bankhaus Lampe KG, Düsseldorf.

Dipl.-Ing. Udo Hardieck, Halle/Westphalia
Member of the advisory council:
- Nordfolien GmbH, Steinfeld

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

Dr. Wolf-Albrecht Prautzsch, banker, Münster

Chairman of the Supervisory Board:
- Westfalen AG, Münster,

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

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

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

Mr. Klaus Lippert, commercial employee, Halle/Westphalia
- 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	2009/10 Basic salary KEUR	2009/10 Share in profits KEUR	2009/10 Total KEUR	2008/09 Basic salary KEUR	2008/09 Share in profits KEUR	2008/09 Total KEUR
Gerhard Weber	469	3,273	3,742	469	2,410	2,879
Udo Hardieck (until 31 July 2009)	0	0	0	286	1,172	1,458
Dr. David Frink	467	249	716	232	108	340
Doris Strätker	660	288	948	660	360	1,020
	1,596	**3,810**	**5,406**	**1,647**	**4,050**	**5,697**

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 488.8 (previous year: KEUR 382.5), 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	2009/10 Fixed KEUR	2009/10 Variable KEUR	2009/10 Total KEUR	2008/09 Fixed KEUR	2008/09 Variable KEUR	2008/09 Total KEUR
Dr. Ernst F. Schröder - Chairman	22.5	150.0	172.5	22.5	112.5	135.0
Peter Mager - Vice Chairman (until 31 July 2009)	0	0	0	8.5	42.2	50.7
Udo Hardieck - Vice Chairman (since 1 August 2009)	11.3	75.0	86.3	2.8	14.0	16.8
Charlotte Weber-Dresselhaus	7.5	50.0	57.5	7.5	37.5	45.0
Dr. Wolf-Albrecht Prautzsch	7.5	50.0	57.5	7.5	37.5	45.0
Olaf Dieckmann - staff representative	7.5	50.0	57.5	7.5	37.5	45.0
Christiane Wolf - staff representative (until 1 June 2010)	4.4	29.2	33.6	7.5	37.5	45.0
Klaus Lippert - staff representative (since 2 June 2010)	3.1	20.8	23.9	0	0	0
	63.8	**425.0**	**488.8**	**63.8**	**318.7**	**382.5**

Mr Udo Hardieck provided advisory services in an amount of KEUR 106,0 (previous year: KEUR 39.2) in the fiscal year 2009/2010.

Shares held by the Managing Board

As of the balance sheet date, the Managing Board held the following shares:

- Gerhard Weber: indirectly 6,139,385 (previous year: 6,139,385)
- Doris Strätker: directly 1,500 (previous year: 0)

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 4,096,948)
- Charlotte Weber-Dresselhaus, 34,503 (previous year: 34,503)
- Olaf Dieckmann, 14 (previous year: 14)

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; total number of shares: 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; total number of shares: 22,952,980)."

As of 31 October, 2010, Ralf Weber held 6.43% (number of shares held: 1,475,568; total number of shares: 22,952,980). Of this, 5.96% of the voting rights are imputable pursuant to section 22 para. 1 sentence 1 No. 1 WpHG (number of shares held: 1,367,568; total number of shares: 22,952,980).

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

Doris Strätker, member of the Managing Board, directly acquired 1,500 shares at a price of EUR 34.00 per share in the fiscal year.

Auditor's fees

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

	2009/2010 KEUR	2008/2009 KEUR
Audit	365	333
Tax consulting services	17	13
Other services	17	12
	399	**358**

The "Audit" item includes audit fees of foreign associated companies in an amount of KEUR 48 (previous year: KEUR 40).

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 on 29 November 2010 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 24 February 20011.

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,
- Energieversorgungsbetrieb GERRY WEBER 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/Westphalia, 24 January 2011
The Managing Board

Gerhard Weber | Doris Strätker | Dr. David Frink

GERRY WEBER International AG, Halle/Westphalia
Changes in the group's fixed assets
for the fiscal year 2009/2010

	Cost			
	1 Nov. 2009	**Additions**	**Disposals**	**Reclassi-fications**
	EUR	EUR	EUR	EUR
Fixed assets				
Intangible assets				
Concessions, industrial rights, and similar rights and assets as well as licenses to such rights and assets	30,894,766.82	3,624,121.43	164,408.09	2,311,548.61
Goodwill on consolidation	264,478.48	0.00	0.00	0.00
Prepayments on intangibles	1,868,295.39	2,307,979.19	0.00	-2,311,548.61
	33,027,540.69	**5,932,100.62**	**164,408.09**	**0.00**
Property, plant and equipment				
Land, leasehold rights and buildings including buildings on third-party land	102,292,008.06	5,401,651.36	2,916,307.60	270,251.22
Plant and machinery	6,937,429.05	67,264.52	240,929.48	0.00
Other fixtures and fittings, tools and equipment	41,443,300.70	5,245,093.61	8,742,395.48	138,620.51
Payments on account and plant under construction	1,129,588.69	7,147,528.49	0.00	-408,871.73
	151,802,326.50	**17,861,537.98**	**11,899,632.56**	**0.00**
Investment property	**4,767,950.15**	**3,864,852.35**	**0.00**	**0.00**
Financial assets				
Investments in affiliated companies	10,971.50	0.00	10,971.50	0.00
Investments	261,829.95	0.00	3,557.72	0.00
Other loans	510,034.65	995,758.64	140,073.60	0.00
	782,836.10	**995,758.64**	**154,602.82**	**0.00**
	190,380,653.44	**28,654,249.59**	**12,218,643.47**	**0.00**

Accumulated depreciation/amortisation					Net carrying amount	
31 Oct. 2010	1 Nov. 2009	Additions	Disposals	31 Oct. 2010	31 Oct. 2010	31 Oct. 2009
EUR	EUR	EUR	EUR	EUR	EUR	EUR
36,666,028.77	20,511,185.74	4,539,601.12	84,945.91	24,965,840.95	11,700,187.82	10,383,581.08
264,478.48	264,478.48	0.00	0.00	264,478.48	0.00	0.00
1,864,725.97	0.00	0.00	0.00	0.00	1,864,725.97	1,868,295.39
38,795,233.22	**20,775,664.22**	**4,539,601.12**	**84,945.91**	**25,230,319.43**	**13,564,913.79**	**12,251,876.47**
105,047,603.04	25,535,635.13	3,267,035.66	1,631,981.84	27,170,688.95	77,876,914.09	76,756,372.93
6,763,764.09	5,320,640.43	784,601.34	240,874.71	5,864,367.06	899,397.03	1,616,788.62
38,084,619.34	27,351,552.69	3,344,830.70	8,471,918.03	22,224,465.36	15,860,153.98	14,091,748.01
7,868,245.45	0.00	0.00	0.00	0.00	7,868,245.45	1,129,588.69
157,764,231.92	**58,207,828.25**	**7,396,467.70**	**10,344,774.58**	**55,259,521.37**	**102,504,710.55**	**93,594,498.25**
8,632,802.50	**0.00**	**0.00**	**0.00**	**0.00**	**8,632,802.50**	**4,767,950.15**
0.00	0.00	0.00	0.00	0.00	0.00	10,971.50
258,272.23	165,922.48	89,057.98	3,556.72	251,423.74	6,848.49	95,907.47
1,365,719.69	0.00	0.00	0.00	0.00	1,365,719.69	510,034.65
1,623,991.92	**165,922.48**	**89,057.98**	**3,556.72**	**251,423.74**	**1,372,568.18**	**616,913.62**
206,816,259.56	**79,149,414.95**	**12,025,126.80**	**10,433,277.21**	**80,741,264.54**	**126,074,995.02**	**111,231,238.49**

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

	Cost			
	1 Nov. 2008	**Additions**	**Disposals**	**Reclassi-fications**
	EUR	EUR	EUR	EUR
Fixed assets				
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	Write-ups	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**


SAMOON
by GERRY WEBER

GERRY WEBER International AG, Halle/Westphalia
Income statement for the period from 1 November 2009 to 31 October 2010

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.

	2009/2010 EUR	previous year EUR
Sales revenues	**6,846,841.53**	**7,187,314.45**
Decrease/increase/in finished goods and work in progress	112,762.11	-190,942.51
Other operating income	82,346,185.51	76,650,663.61
Cost of materials		
Cost of raw materials and supplies	-7,125,995.81	-7,150,339.19
Cost of purchased services	-329,012.09	-282,932.47
	-7,455,007.90	**-7,433,271.66**
Personnel expenses		
Wages and salaries	-29,458,299.31	-29,659,457.36
Social security contributions	-4,318,639.59	-4,284,376.06
	-33,776,938.90	**-33,943,833.42**
Depreciation of intangible fixed assets and tangible assets	-4,856,651.09	-4,633,852.11
Other operating expenses	-40,212,859.22	-41,424,121.69
Income from profit transfer agreements	83,470,939.83	71,729,764.45
Income from other investments and long-term loans	18,306.62	1,474.00
Other interest and similar income	1,755,775.90	3,080,473.52
- thereof relating to affiliated companies: EUR 1,511,540.02 (previous year: EUR 2,850,061.02)		
Amortisation of financial assets and investments classified as current assets	-2,529,051.90	-2,080.84
Interest and similar expenses	-3,065,344.71	-4,337,243.35
- thereof relating to affiliated companies: EUR 11,532.00 (previous year: EUR 757.00)		
Results from ordinary activities	**82,654,957.78**	**66,684,344.45**
Taxes on income	-27,394,587.98	-22,952,354.60
Other taxes	-245,576.56	-128,247.24
Income for the year	**55,014,793.24**	**43,603,742.61**
Profit carried forward	34,778,199.24	28,869,112.33
Allocation to revenue reserves	-50,000,000.00	-20,000,000.00
Net profit for the year	**39,792,992.48**	**52,472,854.94**

GERRY WEBER International AG, Halle/Westphalia
Balance sheet for the year ended 31 October 2010

Assets

	31 Oct. 2010 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	6,211,038.40	5,438,272.40
Payments on account	1,864,725.97	1,868,295.39
	8,075,764.37	**7,306,567.79**
Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	50,713,219.68	52,627,335.68
Plant and machinery	305,099.00	389,930.00
Other fixtures and fittings, tools and equipment	2,139,862.00	2,198,739.00
Payments on account and plant under construction	10,278,467.21	1,062,547.38
	63,436,647.89	**56,278,552.06**
Financial assets		
Shares in affiliated companies	12,048,847.58	14,488,841.50
Investments	6,848.49	95,907.47
Other loans	959,443.60	12,719.60
	13,015,139.67	**14,597,468.57**
	84,527,551.93	**78,182,588.42**
Current assets		
Inventories		
Raw materials and supplies	942,496.80	798,294.41
Work in progress	206,534.83	93,772.72
Payments on account	243,139.37	283,214.81
	1,392,171.00	**1,175,281.94**
Receivables and other assets		
Trade receivables	3,197,947.41	5,008,973.75
- thereof with a remaining maturity of more than one year: EUR 487,708.05 (previous year: EUR 1,017,389.14)		
Due from affiliated companies	130,106,714.84	115,472,575.56
- thereof with a remaining maturity of more than one year: EUR 0.00 (previous year: EUR 4,251,748.25)		
Other assets	12,580,933.51	16,906,968.49
- thereof with a remaining maturity of more than one year: EUR 7,181,727.34 (previous year: EUR 11,778,514.63)		
	145,885,595.76	**137,388,517.80**
Own shares	29,450,622.05	41,250,654.20
Cash on hand, cash in banking accounts, cheques	35,201,267.20	26,899,853.49
	211,929,656.01	**206,714,307.43**
Prepayments and accrued income	595,909.57	853,578.84
	297,053,117.51	**285,750,474.69**

Liabilities

	31 Oct. 2010 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	29,450,622.05	41,250,654.20
Other revenue reserves	107,928,751.13	46,128,718.98
	137,379,373.18	**87,379,373.18**
Net profit for the year	39,792,992.48	52,472,854.94
	233,793,370.87	**196,473,233.33**
Provisions		
Provisions for taxation	4,370,100.00	3,380,441.00
Other provisions	10,388,825.11	9,318,681.39
	14,758,925.11	**12,699,122.39**
Accounts payable		
Due to banks	35,429,943.07	56,588,426.69
Trade accounts payable	4,700,550.93	8,198,330.73
Liabilities to affiliated companies	299,892.73	24,587.18
Other accounts payable	8,055,023.19	11,741,684.82
- thereof taxes: EUR 2,091,497.35 (previous year: EUR 7,894,744.25)		
- thereof social security contributions: EUR 154,301.21 (previous year: EUR 4,593.61)		
	48,485,409.92	**76,553,029.42**
Deferred income	15,411.61	25,089.55
	297,053,117.51	**285,750,474.69**


GERRY WEBER
EDITION

Appropriation of profits

The Managing Board and the Supervisory Board propose to appropriate the net income for the year of	**39,792,992.48**
as follows:	
Payment of a dividend of EUR 1.10 per common share with full entitlement to profits for the fiscal year 2009/2010	**24,531,439.90**
Carried forward to new account:	**15,261,552.58**
Net income for the year:	**39,792,992.48**

Halle/Westphalia, 24 January 2011
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 Group 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, 24 January 2011
GERRY WEBER International AG

The Managing Board

Gerhard Weber

Doris Strätker

Dr. David Frink

Audit certificate

We have audited the consolidated financial statements of GERRY WEBER International AG, Halle/Westphalia; which consist of the balance sheet, the income statement, the statement of changes in equity, the cash flow statement, the segment report and the notes as well as the Group management report for the fiscal year from 1 November 2009 to 31 October 2010.

The preparation of the consolidated financial statements and the Group management report ac-cording to IFRS, such as they are applicable in the EU, as well as to the complementary account-ing 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, pro-vides a true and fair view of the situation of the Group and correctly presents the risks and opportunities of the future development.

Bielefeld, 28 January 2011

MAZARS GmbH
Wirtschaftsprüfungsgesellschaft

Hagen	Peters
Certified Public Accountant	Certified Public Accountant

Calendar of financial events

Annual accounts press conference	24 February 2011
Publication of the report on the first three months	24 March 2011
Analysts' conference	May 2011
Annual General Meeting	24 May 2011
Publication of the report on the first six months	14 June 2011
Publication of the report on the first nine months	14 September 2011
End of fiscal year 2010/2011	31 October 2011

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GERRY WEBER
EDITION