GERRY WEBER
INTERNATIONAL AG

ANNUAL REPORT 2010/11

SUCCESS ATTRACTS SUCCESS

GERRY WEBER BRAND UNIVERSE

GERRY WEBER

GERRY WEBER
EDITION

G.W.

TAIFUN

SAMOON
by GERRY WEBER

SUCCESS ATTRACTS SUCCESS

This motto aptly describes the evolution of our company, given that we create attractiveness for our customers, our business partners and our investors.

Five strong fashion brands – GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON by GERRY WEBER – stand for modern, high-quality fashion and an active lifestyle. Our successful strategy focuses on our brands, which make a compelling statement in the market and attract our customers. The modern and sophisticated cuts of our garments, combined with the high quality of our collections and relatively moderate prices, clearly make us stand out from the competition.

This year again, we are able to report record figures and make our share an attractive investment for our shareholders. We are well positioned for the future and will continue on this successful path.

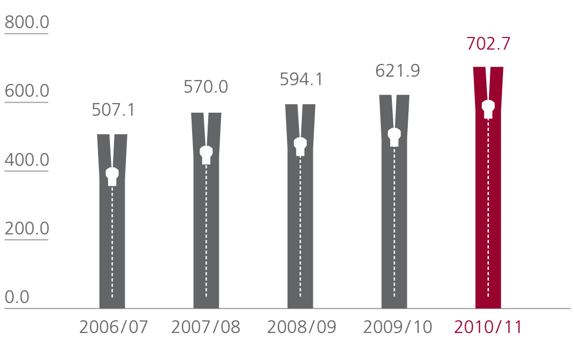
KEY FIGURES AT A GLANCE

in EUR million	2010/11	2009/10	Changes in %
Sales revenues	702.7	621.9	13.0
Domestic	420.8	370.1	13.7
International	281.9	251.8	11.9
Sales of the individual brands			
GERRY WEBER	78.3%	77.1%	--
TAIFUN	16.6%	16.6%	--
SAMOON	5.1%	5.3%	--
Other	< 1.0%	1.0%	--
Employees			
Personnel expenses	103.3	91.4	13.1
Staff numbers at the end of the fiscal year	3,260	2,699	20.8
Key figures			
Depreciation	11.9	11.9	0.1
EBITDA	111.6	95.2	17.1
EBITDA margin	15.9%	15.3%	--
EBIT	99.6	83.3	19.6
EBIT margin	14.2%	13.4%	--
EBT	97.6	79.6	22.7
EBT margin	13.9%	12.8%	--
Capital structure			
Net income for the year	67.0	54.0	24.2
Earnings per share in Euro	1.48[1]	1.29[2]	14.7
Total assets	415.0	326.5	27.1
Fixed assets investments	44.4	28.7	58.8
Equity (in % of total assets)	75.7%	64.5%	--
Return on Investment (ROI)[3]	24.0%	25.5%	--
Return on Equity (ROE)[3]	31.7%	39.6%	--

[1] on the basis of 45,905,960 shares in 2010/11
[2] taking into account the doubling of the shares through the issue of free shares on a 1:1 basis in July 2011
[3] on EBIT basis

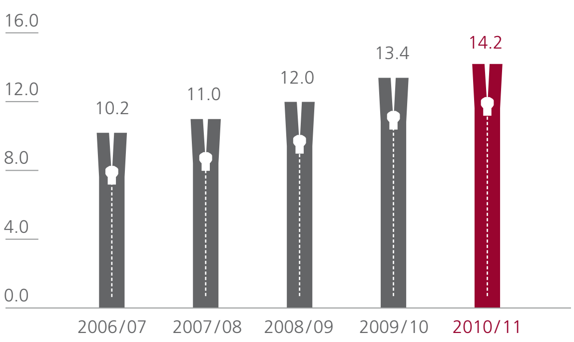
SALES REVENUES

in EUR million



EBIT MARGIN

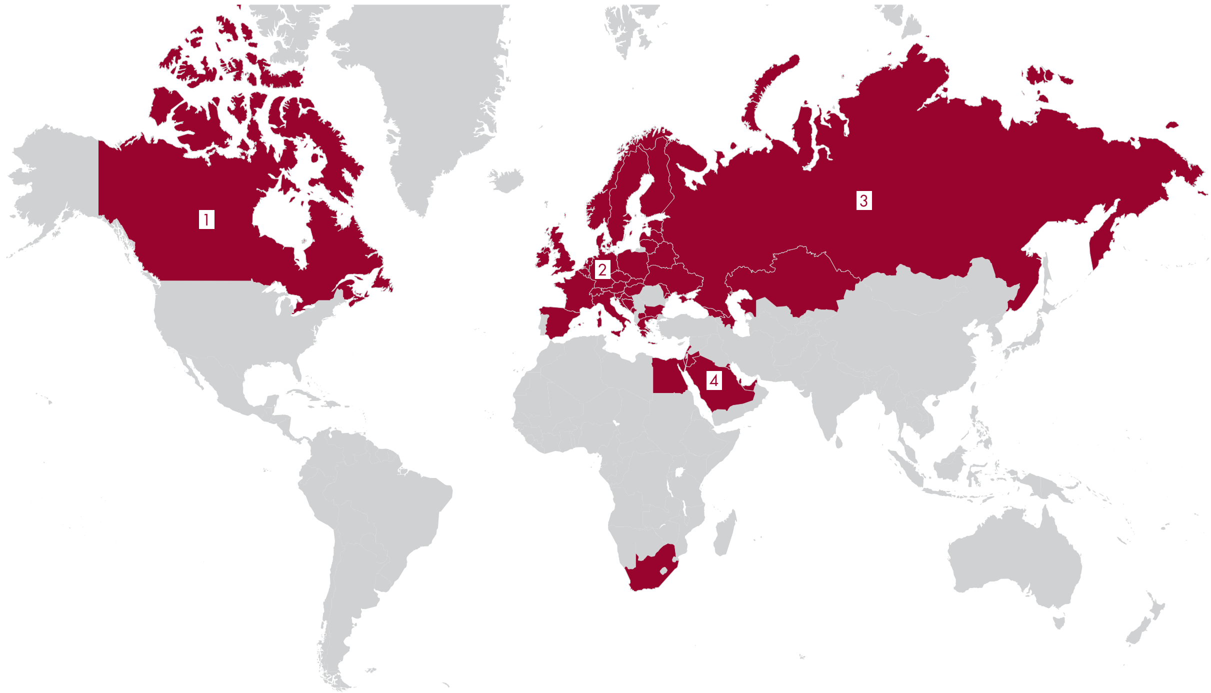
in %



You find a five-years-overview on the last page of this annual report.

LOCATIONS

WORLDWIDE LOCATIONS



1 CANADA

We are represented with Houses of GERRY WEBER in Toronto and Ottawa.

2 GERMANY

With more than 240 Houses of GERRY WEBER and sales revenues of EUR 420.8 million Germany is our largest market.

3 RUSSIA

Currently 39 Houses of GERRY WEBER are located in Russia.

4 MIDDLE EAST

20 Houses of GERRY WEBER are located in various Middle Eastern countries.

+ 64 Houses of GERRY WEBER

were opened in Germany and worldwide in fiscal year 2010/11. Now we are represented worldwide with more than 520 HoGW's and rising.

60 countries

With distribution channels in 60 countries GERRY WEBER is represented around the world.

2,292 Shop-in-Shops

In the USA the first shop-in-shops at Bloomingdale's will be opened shortly. Overall we will open further shop-in-shops worldwide in fiscal year 2011/12.

65,000 sqm

At the end of fiscal year 2010/11 the sales area of our own Retail business comprise round about 65.000 sqm.

+ 13.0 % sales growth

Sales increased 13% to EUR 702.7 million in fiscal year 2010/11. GERRY WEBER forecasted further sales growth to EUR 775 million in 2011/12 and remains on a growth path.

+ 600

GERRY WEBER created round about 600 new jobs in fiscal year 2010/11. Almost 3,300 employees work worldwide for the fashion and lifestyle company.

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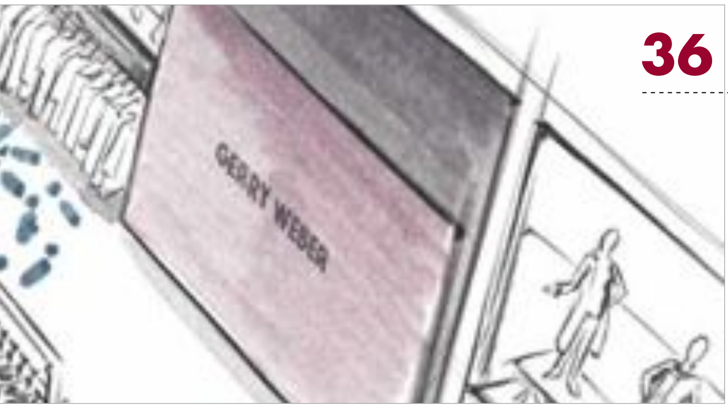
COLLECTIONS

Five strong GERRY WEBER brands – GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN und SAMOON – stand for exciting, modern, high-quality and irresistibly feminine collections.



36

RETAIL / STORES

More than 255 company-managed Houses of GERRY WEBER, round about 45 concession shops and our online shops are an important pillar of our success, which is focused on expansion.

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INTERNATIONALIZATION

Distribution channels in over 60 countries, more than 500 House of GERRY WEBER worldwide, round about 2,300 Shop-in-Shops and successful Online Shops represent the international success of GERRY WEBER.

LOOKING BACK ON THE YEAR 2011

1. QUARTER

9 FEBRUARY
Launch of a new website with unique imagery and an original song. Reflecting the image of the brands, the website is modern and dynamic.

18 FEBRUARY
Opening of the new creative centre in Halle / Westphalia, which is characterised by lots of light and glass. "Innovative ideas need a creative environment and short lines of communication", says Gerhard Weber about the concept for the redesigned building.

1 MARCH
GERRY WEBER International AG takes over Castro Deutschland with 83 employees and eight retail stores in Germany.

2. QUARTER

14 APRIL
GERRY WEBER receives the internationally renowned RFID Journal Prize for the world's "best implementation of RFID" in April in Orlando (Florida).

12 MAY
Company founder and CEO Gerhard Weber receives the "Forum Preis der Textilwirtschaft" for his lifetime achievements. In his laudatory speech, Claus-Dietrich Lahrs highlights the award-winner's outstanding entrepreneurial achievements.

24 MAY
The Annual General Meeting of GERRY WEBER International AG decides to increase the share capital from company funds, thus doubling the number of shares.

27 JUNE
The GERRY WEBER share is relisted in Deutsche Börse's MDAX index. "The MDAX listing makes our share more attractive and will give us access to new investor groups", Gerhard Weber comments on the good news.

3. QUARTER

4 JULY
In accordance with the resolution passed by the AGM, the shareholders of GERRY WEBER International AG receive free shares on a 1:1 basis.

21 JULY
GERRY WEBER opens a new 700 sqm, three-storey flagship store in the heart of Cologne.

19 AUGUST
Opening of the 200th company-managed House of GERRY WEBER. As of 31 December 2011, over 250 HoGWs were under company management in Germany and abroad.

4. QUARTER

8 OCTOBER
Opening of the first company-managed House of GERRY WEBER in Poland. More store openings in Poland are planned.

31 OCTOBER
Over 20 company-managed Houses of GERRY WEBER are opened in October 2011 alone. A total of 64 company-managed stores and 10 concession shops were opened in the full financial year 2010/11.

INTERVIEW WITH THE MANAGEMENT

Gerhard Weber, Ralf Weber, Doris Strätker and Dr. David Frink in conversation (f.l.t.r.).

WHAT DOES THE GERRY WEBER BRAND STAND FOR?

Gerhard Weber: Our five strong brands – GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON by GERRY WEBER – stand for modern, high-quality fashion and an active lifestyle. Each brand is managed independently, which gives it its individual style. Our core brand, GERRY WEBER, is targeted at the sophisticated, style-conscious woman aged 30+, who wants high-quality fashion that underlines her femininity. TAIFUN is a young and feminine collection, which targets what we call the young "modern woman" aged 25+. SAMOON by GERRY WEBER stands for casual, self-confident fashion for women wearing plus sizes. Trendy cuts, high-quality materials and an excellent fit accentuate the wearer's individual femininity. All our collections are characterised by trendy cuts and high-quality materials which, in combination with sophisticated workmanship and attention to detail, guarantee an excellent fit.

WHAT WAS THE FINANCIAL YEAR 2010/11 LIKE FOR THE GERRY WEBER GROUP?

Gerhard Weber: It was very good, like the years before. This was the ninth consecutive year in which we increased our sales revenues and our EBIT margin. Compared to the financial year 2002/03, our sales revenues have doubled from EUR 350.1 million to EUR 702.7 million, while the EBIT margin improved from 9.1% to 14.2%. This excellent result makes us quite proud.

In the past financial year alone, we opened as many as 64 company-managed Houses of GERRY WEBER. In addition, round about 30 new franchised Houses of GERRY WEBER and over 200 shops-in-shops were opened. At the end of the financial year 2010/11, 495 stores were trading as Houses of GERRY WEBER,

„The challenge is to constantly re-invent yourself and never stand still. This is what we do every day.“ *Gerhard Weber*

and another 25 HoGWs have been opened in the financial year to date. And we will continue to grow even further. We plan to open between 75 and 85 company-managed HoGWs in the current financial year and expect our sales revenues to rise to EUR 775 million, which would represent another 10% increase.

Gerhard Weber

MR WEBER, YOU ARE THE MANAGING DIRECTOR OF THE RETAIL SEGMENT. WHAT DRIVES YOUR COMPANY'S RETAIL BUSINESS AND WHERE DO YOU WANT TO EXPAND?

Ralf Weber: In the financial year 2010/11, our Retail segment generated sales revenues of EUR 218.0 million, which represents an increase of 25.6% on the previous year. The Retail segment contributed 31% to our total Group revenues, and we want to increase this percentage further going forward. Our Retail segment comprises the company-managed Houses of GERRY WEBER, the concession shops, the outlet stores and our online shops. We want to grow all four distribution channels. We plan to open 75 to 85 new company-managed Houses of GERRY Weber in Germany and abroad. The main emphasis outside Germany will be on Switzerland, Austria and Spain but also on Poland and other Eastern European countries.

„Our Retail segment will continue to grow in Germany and abroad.“ *Ralf Weber*

We will not only expand existing markets but also want to enter new markets to tap new sales potential and new customer groups. The concession shops, e.g. in Spain, have evolved very positively, as we deploy our own employees in these shops, which allows us to offer customers competent advice and optimise the product ranges in each individual shop. This is reason enough for us to open additional concession shops. We will also continue to expand our online shops and we are also preparing the launch of new online shops. As you can see, our Retail segment will continue its dynamic growth also in the current financial year.

IN WHAT WAY ARE THE GERRY WEBER COLLECTIONS DIFFERENT FROM OTHER FASHION LINES? WHAT MAKES YOU BETTER THAN OTHER FASHION COMPANIES?

Doris Strätker: I don't want to say anything about what we do better. But I know what we are doing right.

We have rejuvenated our collections and tuned them to end users' actual requirements. We have become more trendy and fashionable without compromising on our great design and our high quality and excellent fit. Each brand speaks for itself and has its very own style.

Doris Strätker

Take our GERRY WEBER collection, for instance. This is a modern, highly feminine collection of high quality for style-conscious women of any age. Our TAIFUN brand stands for younger cuts, sportive femininity and a trendy silhouette for modern woman.

We have also gradually reduced the size of our collections. Today, a collection comprises some 100 individual items, which means they have been reduced by roughly 80%. We design seven collections per year, four for spring / summer and three for autumn / winter. Each collection is divided into three sub-collections, so called themes, comprising 30 to 35 individual items, which can be perfectly combined with each other.

„Our collections have become more trendy and fashionable without compromising on our great design and our high quality and excellent fit." *Doris Strätker*

Accordingly, new merchandise is supplied to the stores roughly every two weeks. We have become much faster and can therefore respond more effectively to changing trends or consumer requirements. Notwithstanding our speed and flexibility, we have never compromised on the high quality and excellent fit of our products.

GERRY WEBER IS A STRONG BRAND ENJOYING STRONG NAME RECOGNITION. WHY ARE GERRY WEBER'S LICENSING ACTIVITIES LESS DEVELOPED THAN THOSE OF MANY COMPETITORS?

Doris Strätker: You're right, GERRY WEBER is a strong brand and we still have sufficient potential to exploit the strong name recognition of the GERRY WEBER brands for our licensing activities. Bags, eyewear and footwear are already sold under license. Going forward, we want to expand this segment further. We select our licensees with great care to ensure our high requirements of quality.

WHEN IT COMES TO SELLING YOUR COLLECTIONS TO THE END CUSTOMERS, WHAT IS YOUR APPROACH, YOUR STRATEGY?

Gerhard Weber: We have taken the strategic decision to expand our Retail segment continuously.

The expansion of our Retail activities is an advantage not only for the GERRY WEBER Group but also for our wholesale customers. Our company-managed HoGWs regularly provide us with information on what is sold when and where. We share this information with our wholesale customers, which enables them to specify their orders more effectively. We even offer retailers the possibility to have their orders put together by us under what we call "maximum order limit arrangements" (Trusted Wholesale Customers), meaning that they merely specify a sum total for their order which we then break down into individual items. These measures lead to a win-win situation.

Ralf Weber

INDUSTRY PLAYERS ARE FULL OF PRAISE FOR YOUR TECHNOLOGICAL AND PROCESS STANDARDS, ESPECIALLY THE USE OF RFID TECHNOLOGY. WHAT MAKES THE GERRY WEBER GROUP A PIONEER IN THIS AREA?

Dr. David Frink: We are a pioneer because we became aware of the possibilities and advantages offered by RFID technology at an early stage, because we make optimum for us of this technology and because we had the courage to combine information technology with article surveillance. At GERRY WEBER, each article is equipped with an RFID chip in the care label during production, so that every item can be tracked and relevant information be transmitted as quickly as possible. This not only makes the logistic process more transparent but also provides a more exact overview of retailers' and our HoGW's stocks, thus enabling a better supply of merchandise. We also use this technology for article surveillance. This is a dual benefit, as the optimised supply of merchandise helps us leverage additional sales potential and article surveillance helps us avoid revenue losses. The chip will be destroyed after several washing cycles or can easily be removed by the customer.

„Our processes, technologies and workflows are constantly reviewed and improved where necessary." *Dr. David Frink*

HOW DO YOU CHOOSE YOUR MANUFACTURING PARTNERS? WHAT CRITERIA DO YOU APPLY?

Dr. David Frink: We have developed our own sourcing system for the selection of our manufacturing partners. This selection system is based on both objective technical and financial criteria as well as on requirements that are specific to GERRY WEBER. This way, we ensure that our quality standards are met under cost-efficient production conditions and have the flexibility to swiftly integrate new manufacturing partners into our structures and processes.

We attach special importance to compliance with social and environmental standards. We have set up our own Corporate Social Responsibility unit, which monitors our manufacturing companies and organises training courses and seminars. Our production partners not only subject themselves to comprehensive audits at the selection stage but are advised and supervised by GERRY WEBER employees throughout the production process.

WHAT ARE YOUR OBJECTIVES FOR THE CURRENT FINANCIAL YEAR 2011/12?

Gerhard Weber: As I said before, we want to grow in all areas. Our financial targets include increasing our sales revenues to EUR 775 million. We also want to improve our EBIT margin to 14.8% in the current financial year.

Gerhard Weber and Dr. David Frink

In the Retail segment, we will open between 75 and 85 company-managed Houses of GERRY WEBER both in Germany and abroad. Our international expansion will continue as well. We will open the first shop-in-shops in the USA. We take pride in the fact that such well-known and renowned partners as El Corte Inglés in Spain and Bloomingdale's and Dillard's in the USA rely on our brands. We will also open additional shops in Russia and the Middle East.

As a trusted partner to our wholesale customers, we will continue to share the experience gained from our own Retail activities with them. This must be a win-win situation for both partners, as we want our wholesale customers to generate attractive margins.

Believe me, the financial year 2011/12 will be as exciting and busy as the previous years.

WHAT MAKES YOU PARTICULARLY PROUD OF YOUR COMPANY?

Gerhard Weber: That we are always willing to evolve, do not stand still and do not rest on our laurels. And I am proud of our employees, who make great achievements, are very committed and all work towards the same goal across all levels of the company. We have an excellent Management Team, which carry the company forward with knowledge, engagement and creativity.

MANAGING BOARD

Dr. David Frink, Gerhard Weber, Doris Strätker (f.l.t.r.)


EXPRESSIVE

EXCELLENT

DESIGNS FOR COLLECTIONS WITH PERSONALITY

The GERRY WEBER brand universe comprises five strong brands: GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON by GERRY WEBER. With the exception of G.W., seven collections are designed for each of these brands, namely four spring / summer collections and three autumn / winter collections. The collections comprise three themes, each of which consists of about 30—35 single items. New items are delivered to the shops and stores almost every two weeks.

These delivery intervals make it possible to respond quickly to the changing requirements of our customers. The high quality, excellent fit and strong fashion appeal of each single item always take top priority. The delivery intervals for G.W. differ from the above rhythm. Our youngest and most trendy collection consists of twelve collections per year, which means it is always highly up-to-date and reflects the latest trends.

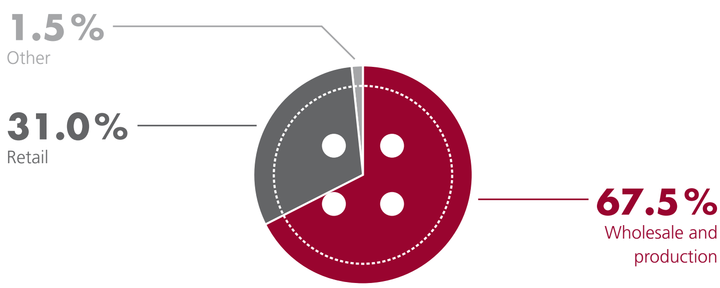
GERRY WEBER is one of only a few fashion companies that have their own pattern making and cutting departments, which gives us full control of our own patterns. This allows us to respond more quickly to changing trends, issue our own specifications to our producers and guarantee the excellent fit of our products.

All our collections are characterised by trendy cuts and high quality materials which, in combination with sophisticated workmanship, guarantee an excellent fit. Focus of our work are always the fashion requirements and needs of our customers.

RECORD REVENUES 2010/11

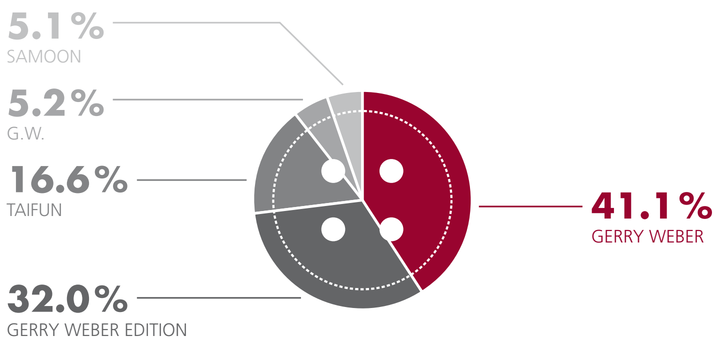
With sales of EUR 702.7 million GERRY WEBER International AG hit a new record in the financial year 2010/11. All GERRY WEBER brands made an important contribution to our success.

REVENUE SPLIT BY SEGMENT in %



EXPANSION

REVENUE SPLIT BY BRAND in %



GERRY WEBER

GERRY WEBER – strong fashion appeal, a perfect fit, high quality and value for money. An active lifestyle brand – exciting, modern, high quality and irresistibly feminine for the style-conscious woman of any age.

GERRY WEBER keeps a clear focus on the final consumer and opens up new possibilities with each new collection without relinquishing its signature – the brand is always fashionable, sophisticated and feminine. GERRY WEBER stands for a lifestyle which translates trends into stylish fashion with masterful detailing, always presents the looks in a fascinating manner and underlines the wearer's personality.

GERRY WEBER EDITION

A FRESH AND FASHIONABLE COLLECTION of single items – for casual and personalised combinations. Bold items form a collection of excellent quality, clever details and modern, dynamic looks. The numerous combination possibilities allow today's self-confident woman to express her personality through her clothes.

G.W.

IS THE YOUNGEST AND MOST TRENDY COLLECTION from GERRY WEBER. The highly fashionable collection items are delivered to the stores at short, quick intervals and always reflect the latest fashion trends. Numerous combination possibilities and perfect colour matches characterise the modern and cool looks of the collection.

TAIFUN

STANDS FOR A FLAIR FOR FASHION, the right mix and individuality. Relaxed femininity and trendy silhouettes, combined with a touch of sports appeal, give customers the room they need to create their own personal style – whether it's perfectly coordinated combinations or innovative eye-catchers. The TAIFUN collections embody a sure sense of style at the highest fashion level. Selected high-quality materials and young cuts give every single item its own special personality.

CASUAL, STYLISH FASHION for self-confident women wearing plus sizes. Trendy cuts, sophisticated materials and excellent fits underline the feminine appeal. Perfect interpretations of current trends put curves in the right light and promote a new self-confident body feeling.

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

In the past financial year, GERRY WEBER International AG again reached the targets it had set itself. The growth and the international expansion of the GERRY WEBER Group have gained further momentum. We are reaping the rewards of our efforts to constantly improve our performance without giving up our successful traditions while at the same time remaining open to innovation. At the end of the financial year, the GERRY WEBER Group is in a better position than ever. Our strategy to reposition the company as a global lifestyle corporation in the "modern women" segment has proven to be successful.

The Supervisory Board of GERRY WEBER International AG will continue to advise and support the work of the Managing Board as we have done in the past.

CONSTANT EXCHANGE BETWEEN MANAGING BOARD AND SUPERVISORY BOARD

In the past financial year, the Supervisory Board again co-operated closely and in a spirit of trust with the Managing Board. The Supervisory Board performed with due diligence all the tasks imposed on it by law, the statutes, the Code of Procedure and the Corporate Governance Code. Apart from operational and business issues, the discussions held at the Supervisory Board meetings focused on the net worth, financial and earnings position of the GERRY WEBER Group, including the company's future expansion strategy.

The Managing Board informed the Supervisory Board in a regular, timely and comprehensive manner about all aspects that are relevant for its work in both written and verbal reports. The Supervisory Board was involved in all important decisions for the GERRY WEBER Group at an early stage. At each meeting, the Managing Board informed us about the current business trend, the Group's financial and earnings position, strategic measures and all planning-related aspects. Moreover, the Supervisory Board was kept informed about the risks and opportunities arising from the business as well as about compliance-related matters. We closely liaised with each other and the members of the Managing Board also outside the meetings. Transactions requiring the approval of the Supervisory Board were submitted to us by the Managing Board. Resolutions were passed by the Supervisory Board at its meetings or by written circular procedure.

In the financial year 2010/11, the full Supervisory Board held five ordinary meetings, all of which were attended personally by all members. Most meetings were attended by the members of the Managing Board, while special guests reported on departmental issues at some meetings.

ISSUES DISCUSSED BY THE FULL SUPERVISORY BOARD

At the Supervisory Board meeting on 29 November 2010, we were provided with comprehensive information on the current business development, the preparation of the financial statements, the risk report and the performance of the Houses of GERRY WEBER. We also discussed the plans and budgets for the financial year as well as the medium-term planning. The Supervisory Board approved the increase in the dividend to EUR 1.10 per share proposed by the Managing Board. A report on the production facility in Romania was also submitted at this meeting.

At the balance sheet meeting on 23 February 2011, which was prepared by the Audit Committee, we extensively discussed and approved the separate and the consolidated financial statements for the year 2009/10. The meeting was attended by the auditor, who explained the separate and the consolidated financial statements in detail. Following thorough discussion, the new compensation structure for the Managing Board was adopted and put on the agenda of the Annual General Meeting for approval. The agenda for the Annual General Meeting was also adopted at this meeting. Finally, the Managing Board reported on the ongoing expansion of the GERRY WEBER Group, especially the acquisition of Castro Deutschland.

The upcoming Annual General Meeting was one of the topics addressed at the Supervisory Board meeting on 18 May 2011. The presentation of the current business figures included a detailed status report on selected markets. Just like the company's operations, the share price of GERRY WEBER International AG also showed a positive performance. Accordingly, the Managing Board was able to report on the company's potential admission to the MDAX. With a view to giving our shareholders a share in the performance of the GERRY WEBER Group and making our share even more attractive, we accepted the proposal of the Managing Board to issue free shares to our shareholders and to finance this issue from the company's own funds. The Managing Board also reported on positive developments in production and logistics. The efficiency review of the Supervisory Board was evaluated by the auditor and showed that the members view their efficiency very positively.

The Supervisory Board meeting on 05 September 2011 focused on the status reports on selected export countries and the licensing business as well as on the budgets and plans for the next financial year as well as the medium-term planning. Moreover, the Managing Board reported in detail on completed projects as on the current work of the Group Audit Department. A positive item on the agenda of this meeting was the renewal of the Managing Board contract of Gerhard Weber, which was extended by another two years until October 2013. In advance of this meeting the Managing Board contract of Dr. David Frink was renewed by another five years until April 2017.

At its meetings, the Supervisory Board was regularly informed about the current business development, the performance of the Houses of GERRY WEBER and the quarterly reports. The Supervisory Board examines, on an ongoing basis, the effectiveness and efficiency of the risk management system and the internal control system for the accounting process. As part of the internal control system of the GERRY WEBER Group, the Supervisory Board and, in particular, the Audit Committee are regularly informed about the risk situation and compliance management, which enables them not least to review the effectiveness, the efficiency and the correctness of the accounting process, the compliance of the separate and the consolidated financial statements with applicable rules and regulations as well as the compliance with statutory and official regulations.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board of GERRY WEBER International AG has formed two committees from among its members, namely an Audit Committee and a Nomination Committee. The Audit Committee held two meetings in the financial year 2010/11, while there was no reason for the Nomination Committee to convene in the financial year. The composition of the Supervisory Board remained unchanged.

The members of the Audit Committee are Dr. Ernst F. Schröder, Udo Hardieck and Dr. Wolf-Albrecht Prautzsch. At its meeting on 23 February 2011, the Audit Committee discussed in detail the separate and the consolidated financial statements for the year 2009/10 as well as the auditor's report. The meeting was attended by the auditor, who provided a detailed report on the annual audit. Also, the Audit Committee satisfied itself of the impartiality of the auditor. Another focus of this meeting of the Audit Committee was on the implementation of the recommendations of the Corporate Governance Code.

The Audit Committee meeting on 05 September 2011 focused on the plans and budgets for the financial year 2011/2012. The members also discussed the current financial and earnings position of the GERRY WEBER Group.

COMPOSITION OF THE SUPERVISORY BOARD AND THE MANAGING BOARD

The composition of the Supervisory Board of GERRY WEBER International AG remained unchanged in the financial year, which means that this body continues to have six members. No changes occurred on the company's Managing Board.

CORPORATE GOVERNANCE

A responsible and transparent corporate policy is the very basis of our activity as a company. In November 2011, the Managing Board and the Supervisory Board issued the declaration of conformity pursuant to section 161 AktG. The current declaration of conformity and those of the previous years can be found at www.gerryweber.com. Due to the size of the company, the number of Supervisory Board members and our business model, we were not in a position to comply with all recommendations of the Code. For detailed information on corporate governance and the compensation report of the GERRY WEBER Group, refer to the corporate governance report in this Annual Report.

AUDIT OF THE SEPARATE AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2010/11

MAZARS GmbH, Wirtschaftsprüfungsgesellschaft, Bielefeld, the auditor elected by the Annual General Meeting, has audited the separate and the consolidated financial statements including the respective management reports for the financial year 2010/11 and issued unqualified audit certificates.

Following a detailed preliminary audit by the Audit Committee and having completed its own review, the Supervisory Board raised no objections against the separate and the consolidated financial statements and accepted the audit result of the auditor. Accordingly, the Supervisory Board endorsed the separate and the consolidated financial statements as well as the management report and the Group management report for the financial year 2010/11 at the balance sheet meeting on 23 February 2012. The financial statements for the financial year 2010/11 have thus been duly approved in accordance with section 172 AktG. We concur with the Managing Board's profit appropriation proposal and the proposal to pay out a dividend of EUR 0.65 per share.

The auditor's audit reports were available to all members of the Supervisory Board and were discussed in detail with the Managing Board and the auditor. The latter also reviewed the risk management system and found it to be effective. No weaknesses requiring reporting were identified with regard to the accounting-related internal control system.

The report on relationships with affiliated companies ("dependency report") prepared by the Managing Board in accordance with section 312 AktG was also audited by the auditor, who issued the following unqualified audit certificate:

"Having conducted a proper audit and appraisal, we hereby confirm that

1. the facts set out in the report are correct and

2. the company's payments in connection with the legal transactions referred to in the report were not unduly high."

The Supervisory Board reviewed the auditor's report on the dependency report in accordance with section 314 AktG and arrived at the conclusion that no objections need to be raised against the report and the Managing Board's final statement contained therein.

The Supervisory Board thanks the members of the Managing Board and all employees of the GERRY WEBER Group and expresses its recognition of the personal commitment and the work done, without which such growth would not have been possible. We would also like to thank all customers, business partners and shareholders for the confidence placed in us and look forward to continuing our successful cooperation.

On behalf of the Supervisory Board

Halle / Westphalia, 23 February 2012

Dr. Ernst F. Schröder
Chairman of the Supervisory Board

MEMBERS OF THE SUPERVISORY BOARD

Dr. Ernst F. Schröder
(Chairman of the Supervisory Board)
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 Hotel Chàteau du Domaine St. Martin, Vence, France

Member of the Supervisory Board:
- Douglas Holding AG, Hagen, Germany
- S.A. Damm, Barcelona, Spain

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

Udo Hardieck
(Deputy chairman of the Supervisory Board)
Engineer, Halle/Westphalia

Member of the advisory council:
- Nordfolien GmbH, Steinfeld, Germany

Charlotte Weber-Dresselhaus
banking business women, Halle/Westphalia

Dr. Wolf-Albrecht Prautzsch
banker, Münster

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

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

Olaf Dieckmann
(employees representative)
technical employee, Halle/Westphalia

Klaus Lippert
(employees representative)
commercial employee, Halle/Westphalia

CORPORATE GOVERNANCE REPORT

Our good reputation is very important to us. This is why a responsible and transparent corporate philosophy is at the very foundation of our corporate activity. As a listed company led by its founder, GERRY WEBER International AG attaches great importance to good corporate governance. We believe that the concept of corporate governance embraces not only the creation of structures and processes but also the responsible, transparent and value-oriented management and control of the GERRY WEBER Group. We are committed to living up to the confidence placed in us by our stakeholders – i. e. our investors, business partners, customers, employees and the general public – in the long term and to develop and refine our transparent corporate policy on an ongoing basis.

DECLARATION OF CONFORMITY

In the financial year 2010/11, the Managing Board and the Supervisory Board of GERRY WEBER International AG closely addressed the implementation of the recommendations and proposals of the German Corporate Governance Code. Based on the version of the German Corporate Governance Code (DCGK) last amended on 26 May 2010, the Managing Board and the Supervisory Board issued a declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG). The latest declaration of conformity and the declarations of the previous years can be found on the Internet at www.gerryweber.com. Due to the size of the company, the number of Supervisory Board members and the business model, we did not comply with all recommendations of the Code:

- 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 only upon request. Although this form of transmission is permissible under the company's statutes, GERRY WEBER International AG will continue to refrain from the general electronic transmission of these documents for organisational reasons.
- The D&O insurance for the members of the Managing Board includes a deductible as recommended by the DCGK. The D&O insurance for the members of the Supervisory Board has included such a deductible since 01 June 2011, which means that the company has complied with this recommendation of the Code since that date.
- The Supervisory Board has defined specific targets with regard to its composition, which take into account not only sufficient expert knowledge and experience but also the specifics and the international activities of the company as well as diversity. No age limit has been fixed for the members of the Supervisory Board and the Managing Board, as abilities, qualifications and experience are regarded as the relevant criteria for appointment to these bodies.
- 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.

- In accordance with the amendment to the statutes decided by the Annual General Meeting on 24 May 2011, the members of the Supervisory Board receive only fixed compensation and no performance-related compensation. The aim is to promote the independent activity of the Supervisory Board members and to prevent a conformity of remuneration-driven interests shared by the Managing Board and the Supervisory Board.

- According to the DCGK, the consolidated financial statements should be publicly accessible within 90 days from the end of the financial year, with interim reports to be published within 45 days from the end of the reporting period. The consolidated financial statements were publicly accessible within 120 days of the end of the reporting period. The interim reports have been publicly accessible within 45 days since the end of the second quarter (30 April 2011). GERRY WEBER International AG aims to comply with the 90-day deadline for the consolidated financial statements recommended by the Code in future. So far, the company has not complied with the recommended deadlines in order to ensure a higher quality of the figures reported.

CONSIDERATION OF SHAREHOLDER INTERESTS

The ordinary Annual General Meeting of GERRY WEBER International AG is held in the first half of the year and facilitates, among other things, the direct communication between our shareholders and the company's bodies. The Annual General Meeting on 24 May 2011 was attended by roughly 1,100 shareholders, who represented an imputed 71.39% of the company's share capital.

Our shareholders may exercise their voting rights at the Annual General Meeting either personally or through an authorised proxy. To make it easier for our shareholders to exercise their voting rights, designated proxies, who are bound by instructions, are available before and during the Annual General Meeting to exercise voting rights. A possibility of postal voting is currently not offered by the company for organisational reasons.

We are committed to making all information that is relevant for the Annual General Meeting available to our shareholders at an early stage. All documents including the notification of the convening of the AGM, the agenda, an explanation of the conditions for participation and the latest financial reports are also made available on our website. Shareholders also have the possibility to ask questions to the employees of our Investor Relations Department by phone or e-mail. An Internet broadcast of the 2012 Annual General Meeting is not planned for financial reasons. However, the speech of the CEO and the voting results will be published on the Internet at www.gerryweber.com immediately after the AGM.

TRANSPARENT COMMUNICATIONS

To ensure maximum transparency, we provide all stakeholders – shareholders, customers, analysts, press representatives and the interested public – with equal and timely information on the latest business developments. We publish all material business transactions and incidents that are of interest to our shareholders in the form of ad-hoc and/or press releases and post them on our website together with our calendar of financial events. Furthermore, we regularly provide information on our company at investor conferences and shareholder forums as well as one-on-one meetings. We attach great importance to communicating with our stakeholders, which is why our Investor Relations Department is ready to answer questions and provide information at any time.

Pursuant to section 15a of the German Securities Trading Act (WpHG), directors' dealings of GERRY WEBER International AG are published immediately. In the past financial year, the company was informed of the following securities transactions:

Date	Name	Reason for reporting requirement	Type of financial statement	Nature of transaction	Price per unit (in EUR)	Units
11.11.2010	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	33.49	3,000
12.11.2010	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	33.15	2,000
23.11.2010	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	32.60	385
24.11.2010	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	32.55	615
08.03.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	39.672	20,000
21.03.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	37.30	74,600
11.04.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	42.28	37,695
20.04.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	41.769	26,000
03.05.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	44.08	50,000
17.05.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	46.052	50,000
20.05.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	47.17	40,000
14.06.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	45.794	35,000
20.06.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	42.29	48,811
27.06.2011	Doris Strätker	Member of the managing body	Stock (WKN 330410)	Purchase	42.35	500
22.07.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	23.679	20,000
05.08.2011	R&U Weber GmbH&Co. KG	Member of the managing body	Stock (WKN 330410)	Purchase	20.902	43,693

The shares held by members of the Managing Board and the Supervisory Board as of 31 October 2011 are shown in individualised form in the tables below:

Management Board	Number of shares in units	Share of capital in %
Gerhard Weber (indirect)	13,009,475	28.34
Doris Strätker	4,000	0.01

Supervisory Board	Number of shares in units	Share of capital in %
Udo Hardieck (direct und indirect)	8,193,896	17.85
Charlotte Weber-Dresselhaus	69,006	0.15
Klaus Lippert	150	0.00
Olaf Diekmann	28	0.00

MANAGING BOARD AND SUPERVISORY BOARD

The Managing Board is responsible for independently managing the company in the interest of the enterprise and with the aim of creating sustainable value. The Managing Board of GERRY WEBER International AG consists of three members, i. e. Chairman and company founder Gerhard Weber, Doris Strätker and Dr. David Frink. The composition of the Managing Board remained unchanged in the financial year 2010/11.

The composition of the Managing Board shows that diversity is not an aim for the future but has already been achieved by GERRY WEBER. The Managing Board is also committed to diversity when it comes to filling executive positions within the GERRY WEBER International AG, especially with regard to qualified female executives.

The Supervisory Board appoints, supervises and advises the Managing Board and is directly involved in decisions that are of material importance for the GERRY WEBER International AG. Fundamental decisions require the consent of the Supervisory Board and are defined in the Code of Procedure of the Managing Board. The Supervisory Board of GERRY WEBER International AG consists of six members, of whom two are elected by the workforce. The composition of the Supervisory Board remained unchanged in the financial year 2010/11.

When it comes to the composition of the Supervisory Board of GERRY WEBER International AG, attention has always been paid to ensuring that the members of the Supervisory Board have the knowledge, skills and expert experience required to properly complete their tasks. In accordance with the recommendations of the Code, the Supervisory Board has subjected itself to an efficiency review. No member of the Supervisory Board maintains business relations with GERRY WEBER International AG and/or the company's Managing Board. One member of the Supervisory Board is a former member of the Managing Board of GERRY WEBER International AG. Accordingly, the Supervisory Board has a sufficient number of independent members. No conflicts of interest on the Supervisory Board occurred.

The Supervisory Board has formed a Nomination Committee and an Audit Committee. The Chairman of the Supervisory Board, Dr. Ernst F. Schröder, also chairs both committees. This means that GERRY WEBER International AG does not comply with the recommendation of the DCGK that the Chairman of the Supervisory Board should not chair the Audit Committee. The company believes, however, that the dual chairmanship improves the efficiency of oversight and the communication within the Supervisory Board.

The Supervisory Board has set itself objectives regarding its future composition, allowing itself sufficient lead time. The following objectives have been defined taking into account the size of the Supervisory Board, the company's specific requirements as well as diversity:

- Consideration of the knowledge of the company and the markets in which is operates

- Consideration of special expert knowledge and experience in the field of accounting and controlling

- Independence of the Supervisory Board members

- Avoidance of conflicts of interest

- When it comes to appointing Managing Board members, nominating Supervisory Board members and filling executive positions, the Supervisory Board supports the company's efforts to achieve an appropriate degree of female representation. As far as the shareholder representatives on the Supervisory Board are concerned, a percentage of female representation of 25% has already been achieved.

The Managing Board and the Supervisory Board cooperate closely with a view to increasing the enterprise value in the long term. Above and beyond the Supervisory Board meetings, the Managing Board provides the Supervisory Board with regular and timely information on all issues that are relevant for the business performance, the net worth, financial and earnings position, the risk situation and risk management. The Managing Board and the Supervisory Boards are bound by the interests of the enterprise. Conflicts of interest of members of the controlling and executive bodies must immediately be disclosed to the Supervisory Board. No such conflicts occurred in the financial year 2010/11. For more details regarding the composition of the Managing Board and the Supervisory Board, refer to the corporate governance statement pursuant to section 289a of the German Commercial Code (HGB) at www.gerryweber.com.

In accordance with the recommendations of the German Corporate Governance Code, GERRY WEBER International AG has taken out D&O insurance for the members of the Managing Board and the Supervisory Board. As recommended by the Code, the D&O insurance includes a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation of the respective Managing Board member. A deductible was included in the insurance policy for the members of the Supervisory Board with effect from 01 June 2011.

RISK MANAGEMENT AND CONTROL SYSTEMS

The risk policy of GERRY WEBER International AG reflects our commitment to securing the continued viability of our company and increasing the enterprise value in the long term. Our risk management and controlling systems are designed in such a way that unacceptable risks are identified and managed or avoided as far as possible. Our risk management system also includes internal control systems of the accounting process, whose purpose is to ensure the regulation-compliant preparation of the separate and consolidated financial statements. Our control systems also check whether statutory and legal provisions as well as internal guidelines are complied with. The Managing Board regularly informs the Supervisory Board of existing risks and changes to these risks as well as our compliance management activities. Our control and risk management systems are reviewed, refined and, if necessary, adjusted by the Managing Board on an ongoing basis. For a description of our control and risk management system, refer to the Group management report.

ACCOUNTING AND AUDIT

The consolidated financial statements and the interim reports of GERRY WEBER International AG are prepared to International Financial Reporting Standards (IFRS) such as they are applicable in the European Union. At the Annual General Meeting on 24 May 2011, Mazars GmbH, Wirtschaftsprüfungsgesellschaft, was appointed auditor of the separate and the consolidated financial statements for the financial year 2010/11. The auditor will immediately inform the

Supervisory Board of all material findings that are made in the context of the audit and are relevant for the tasks of the Supervisory Board. The auditor will also inform the Supervisory Board and/or state in its audit report any facts that are inconsistent with the declaration of conformity issued by the Managing Board and the Supervisory Board. Moreover, the Supervisory Board has satisfied itself of the independence of the auditor as defined in Clause 7.2.1 of the DCGK.

COMPENSATION REPORT

The following compensation report describes the composition and the amount of the compensation of the members of the Managing Board as well as the principles and the amount of the compensation of the members of the Supervisory Board. The compensation report forms part of the Group management report and, hence, of the consolidated financial statements.

Compensation of the Managing Board

The amount and the structure of the Management Board compensation are defined and regularly reviewed by the Supervisory Board. The composition of the compensation of the Managing Board members was presented to the last Annual General Meeting on 24 May 2011 and approved by the latter. It applies to all Managing Board contracts signed after the AGM's approval. Managing Board contracts signed prior to the approval of the new compensation structure remain subject to the regulations that were in force at the time the contracts were signed. Criteria for the appropriateness of the Managing Board compensation – under both the new and the old regulations – include the tasks of the individual members, their personal performance, the financial situation and the quantifiable performance of the company. Also, when setting the Managing Board compensation, the compensation structure prevailing within the GERRY WEBER Group and among its peers is taken into account.

The information on the Managing Board compensation provided below represents the statutory information to be disclosed in the notes pursuant to section 285 No. 9 HGB in conjunction with section 314 para. 1 No. 6 HGB in conjunction with section 315 para. 2 No. 4 HGB in conjunction with section 289 para. 2 No. 5 HGB as well as information to be provided pursuant to the German Corporate Governance Code.

Amount and structure

Presenting the Managing Board compensation in transparent, individualised form is an integral element of good corporate governance. The total compensation of the Managing Board consists of the following components: a non-performance-related fixed compensation component and variable, performance-related compensation components. In addition, the members of the Managing Board receive other compensation (non-monetary compensation). No share-price-based compensation components exist.

Fixed compensation

The non-performance related fixed compensation is the contractually agreed basic compensation, which is paid in equal monthly instalments. The fixed compensation of the Managing Board members remained unchanged in the financial year 2010/11.

Variable compensation components

As a general rule, the variable, performance-based compensation components of the Managing Board members depend on the degree to which the objectives set by the Supervisory Board are achieved. The amount of the variable compensation depends on the company's actual performance and rewards both the collective and the personal performance of the members of the Managing Board. Under Managing Board contracts signed prior to the approval of the new regulations, i. e. prior to 24 May 2011, the variable compensation is dependent on the Group's result before taxes. As a general rule, the variable compensation is capped in all contracts signed after 24 May 2011. In accordance with a resolution passed by the Supervisory Board after the approval of the new regulations the contracts of Gerhard Weber and Dr. David Frink were renewed additional two respectively five years and therefore also includes a cap on the variable compensation.

Pursuant to the reorganisation of the Managing Board compensation for contracts signed after 24 May 2011, the amount of the variable compensation is, as a general rule, dependent on the degree to which objectives are achieved, with a distinction made between three types of objectives.

a) The variable compensation is calculated on the basis of the return on assets of the GERRY WEBER Group. The return on assets is weighted with an achievement factor which reflects the degree to which objectives are achieved. The amount of the return on assets to be generated is determined on the basis of the company's medium-term planning. If the degree of achievement is 50% or less, the multiplication factor is zero, which means that no variable compensation will be paid.

   If 50% or more of the objectives are reached, each percentage point, as well as fractions therof, is multiplied by a factor of 0.02. The resulting factor is multiplied by a previously defined amount in euros. The result is the first variable compensation component.

   The maximum achievement of objectives is 150%, which means that the variable compensation is capped.

b) In addition to the variable compensation component defined under a) above, the Supervisory Board may grant a performance-related bonus. For this purpose, qualitative objectives are agreed with the individual members of the Managing Board. If 100% of the objectives are achieved, the bonus will be paid in full. If the Managing Board member exceeds or falls short of the objectives, the Supervisory Board may increase or reduce the bonus by up to 50% of the fixed annual salary.

c) Under special circumstances and/or in the event of outstanding achievements, the Supervisory Board may grant a special bonus and/or adjust the performance-related bonus appropriately.

<u>Other compensation</u>

The members of the Managing Board receive other benefits that are in line with general market and company practice, part of which are considered benefits in money's worth and are taxed accordingly. These include, in particular, a company car as well as accident and liability insurance. Other compensations are shown as part of the fixed compensation.

As a general rule, all sideline activities must be approved. No payment is received for the performance of Management and / or Supervisory Board functions in Group member companies.

Regulations relating to the termination of the Managing Board contract

Managing Board contracts signed after the beginning of the financial year 2007/08 provide for a severance payment, including side benefits, that does not exceed the value of two years' compensation (severance payment cap) and compensates no more than the remaining term of the contract of the resigning Managing Board member if the contract is terminated prematurely without serious cause. The Managing Board contracts therefore correspond to the DCGK recommendations as amended on 26 May 2010.

Managing Board members who lose their Managing Board mandates due to a change of control on the shareholder side are entitled to a compensation payment. In accordance with the German Corporate Governance Code, the compensation payments for the Managing Board members amount to 150% of the severance payment cap, which is equivalent to three times the capitalised total annual compensation.

Managing Board compensation for the financial year 2010/11

The compensation for the members of the Managing Board of GERRY WEBER International AG totalled EUR 5.9 million as of the balance sheet date (previous year: EUR 5.4 million). The total compensation of the Managing Board includes not only the non-performance-related annual salary (fixed compensation) and miscellaneous benefits but also a potential variable compensation. All miscellaneous benefits are non-performance-related.

The compensation of the Managing Board for 2010/11 is shown in individualised form in the table below (figures for the previous year in parentheses).

in KEUR	Fixed compensation	Variable component	Total
Gerhard Weber (CEO)	469.0 (469.0)	3,715.0 (3,273.0)	4,184.0 (3,742.0)
Doris Strätker	660.0 (660.0)	300.0 (288.0)	960.0 (948.0)
Dr. David Frink	467.0 (467.0)	306.9 (249.0)	773.9 (716.0)
Total	**1,596.0 (1,596.0)**	**4,321.9 (3,810.0)**	**5,917.9 (5,406.0)**

In the past financial year, no member of the Managing Board received benefits or corresponding commitments from third parties with regard to their activity as Managing Board members.

COMPENSATION OF THE SUPERVISORY BOARD

The amendments to the compensation of the Supervisory Board were presented to the company's ordinary Annual General Meeting on 24 May 2011 and adopted by the latter. Accordingly, the compensation of the Supervisory Board comprises a fixed compensation component and the reimbursement of necessary expenses. We are of the opinion that this function-related compensation system more aptly reflects the supervisory and advisory function of the Supervisory Board than a performance-related compensation. The new system also avoids potential conflicts of interest in decisions that may have an influence on performance criteria.

The fixed compensation is KEUR 60.0 per full financial year. The Chairman of the Supervisory Board receives three times this amount, while the Vice Chairman receives 1.5 times this amount. The fixed compensation is payable after the Annual General Meeting for the past financial year.

The fixed compensation of the Supervisory Board members for the financial year 2010/11 totalled KEUR 510.0 (previous year: KEUR 488.8) including the reimbursement of expenses.

The table below shows the compensation received by the individual members of the Supervisory Board (where applicable, the compensation received in the previous year is shown in parentheses):

in KEUR	Fixed compensation	Variable component (previous year) and expenses	Total
Dr. Ernst F. Schröder (Chairman)	180.0 (22.5)	0.0 (150.0)	180.0 (172.5)
Udo Hardieck (Deputy Chairman)	90.0 (11.3)	0.0 (75.0)	90.0 (86.3)
Charlotte Weber-Dresselhaus	60.0 (7.5)	0.0 (50.0)	60.0 (57.5)
Dr. Wolf-Albrecht Prautzsch	60.0 (7.5)	0.0 (50.0)	60.0 (57.5)
Olaf Diekmann	60.0 (7.5)	0.0 (50.0)	60.0 (57.5)
Christiane Wolf (until 01 June 2010)	-- (4.4)	-- (29.2)	-- (33.6)
Klaus Lippert (from 02 June 2010)	60.0 (3.1)	0.0 (20.8)	60.0 (23.9)
Total	**510.0 (63.8)**	**0.0 (425.0)**	**510.0 (488.8)**

In the financial year, no member of the Supervisory Board received additional compensation and/or benefits for personal services rendered, especially advisory services, from GERRY WEBER International AG or related parties.

CORPORATE RESPONSIBILITY

As a global fashion and lifestyle company serving our customers and being an important employer in the region, we are committed to responsible and sustainable corporate governance. To us, corporate responsibility is not just a buzzword but an integral element of our activity. Our corporate responsibility extends across a wide variety of different areas of an environmental, economic and social nature. We strive for constant improvements in all three areas to ensure that we treat people and the environment with the respect they deserve.

PROCUREMENT

Being a global player, GERRY WEBER competes with other companies that operate on an international scale. We sell and source our goods in different regions of the world. We are well aware of the many different and sometimes difficult living conditions prevailing in some of these countries. Our commitment to sourcing high-quality merchandise under socially and environmentally compatible conditions therefore forms an integral element of our sustainability strategy. To implement this strategy, we have developed our own sourcing system for the selection of our manufacturing partners, which ensures that our high-quality products are produced at moderate prices while at the same time committing our suppliers to comply with social standards.

In 2010, we additionally set up an independent Corporate Social Responsibility unit to improve and ensure socially compatible and safe working conditions for our suppliers' staff. Our sourcing strategy is geared to long-term cooperation with our suppliers, as this enables a continuous improvement process. The focus is on partnership, knowledge transfer and improvement.

These principles and this philosophy are reflected in the development-oriented approach of the Business Social Compliance Initiative (BSCI). Our membership of the BSCI means that we apply an internationally accepted Code of Conduct that has been endorsed by over 700 member companies. It reduces the strain put on suppliers by redundant multiple audits and leaves sufficient room for implementing potential improvements. The cooperation of many companies in the BSCI makes it possible to offer a comprehensive seminar and training programme. Also, the quality of the audits is ensured by effective quality management on the part of the audit providers and by intensive training of auditors.

The Code of Conduct defines regulations for the prohibition of child and forced labour, the freedom of association and the right to join a trade union, the prohibition of discrimination of any kind, the payment of minimum wages, working hours and occupational safety. Other aspects audited include compliance with local laws, environmental aspects and the management system to ensure that the requirements of the BSCI Code of Conduct are met.

For qualification and auditing purposes, our competent Corporate Social Responsibility (CSR) team additionally visit our main suppliers and brief them on the fundamental principles of the Code of Conduct. We give our suppliers the possibility to attend country-specific BSCI seminars; where these are not available, their management is trained by our own CSR Team.

The CSR Team visit the local production facilities, check relevant documents and talk to the management and the workforces. Irregularities or deviations are discussed with the management during these visits and documented in an action plan. Implementation of the agreed measures is supported and monitored to initiate an ongoing improvement process.

ENVIRONMENTAL PROTECTION

Improving our own eco-balance is an important element of our corporate responsibility. An example in the past financial year was the reconstruction of our Creative Centre in Halle. This project involved the redesign and transformation of a three-storey warehouse into a modern Creative Centre meeting the highest standards of energy efficiency. It measures roughly 8,800 square metres in size and uses a lot of glass for maximum transparency.

In spite of the open design and the use of some 1,550 square metres of glass, special attention was paid to using energy-saving materials and reducing carbon emissions. Due to the extremely efficient insulation of the exterior façade, in combination with three-pane windows, energy consumption for heating and cooling has been minimised dramatically. No fossil fuels such as oil or gas are used for the heat supply, while air-conditioning is ensured at minimum energy costs.

Heating and cooling energy is extracted from the ground without using external energy. 25 geothermal drillings, each of them reaching down 150 metres into the ground, for a total length of approx. 3,600 metres, guarantee the supply of heat and cooling energy for the building. The use of this energy-efficient technology enables CO2 savings of some 110 tons per year. For comparison: To achieve a comparable carbon reduction, some 8,500 spruces would have to be planted.

For the reconstruction of the outside area, drainage pavement has been used, which lets rainwater seep away into the ground and feed into the groundwater cycle – yet another contribution to environmental protection.

EMPLOYEES

As an entrepreneur-managed listed company, we are aware of our social and professional responsibility towards our employees. The success of our company would not be possible without the creativity, expert knowledge and commitment of our staff. The GERRY WEBER collections are the result of the commitment and personal motivation of our employees, their passion for fashion and their courage to embrace new ideas. This is why a far-sighted human resources policy, the promotion and development of our employees and their satisfaction are very important to us. At the end of the financial year, the GERRY WEBER Group employed some 3,300 people worldwide, which means that almost 600 new jobs were created compared to the previous year.

Flat hierarchies with short decision-making lines, characterised by an open, dynamic and performance-oriented work atmosphere define the working environment at GERRY WEBER. To keep our finger on the pulse of the fashion market, we strive for innovative solutions and have the courage to respond quickly and break new ground.

The operational growth, the international expansion and the dynamics of the GERRY WEBER Group are also reflected in the qualification of our employees. In the context of our GERRY WEBER Academy, we actively help them to identify and develop their potential. The GERRY WEBER Academy comprises the full range of vocational and further training including the planning of individual qualifications.

QUALIFICATION THROUGH VOCATIONAL AND FURTHER TRAINING

To cover our future demand for skilled and executive staff, the GERRY WEBER Group offers young people vocational traineeships and comprehensive support. Every year, GERRY WEBER International AG hires 10 to 15 new trainees and apprentices. Besides the day-to-day practice and the educational subjects addressed at the vocational schools, the training also includes comprehensive internal qualification measures. Moreover, the trainees and apprentices can apply for stints at our international locations through project work. The fact that our trainees and apprentices are regularly among the top of their courses when passing their final exams shows that our approach is successful. We continue to support our trainees and apprentices after the end of their training by offering them further qualification opportunities as employees or supporting them in their subsequent university studies.

GERRY WEBER International AG offers a special trainee programme for graduates to facilitate their career start. Participants in the programme are closely involved in the company's individual divisions. In addition, participants can expand their technical, methodological and managerial skills in the context of additional qualification and HR development measures. The trainee programme is matched to participant's individual needs and accompanied by a mentor. All this ensures that participants are optimally prepared for their final position in the company.

Moreover, the GERRY WEBER Group offers its employees individualised further training programmes as well as the on-the-job studies or internal qualification measures. We support our employees in developing their potential with the help of internal and external training courses organised in cooperation with long-standing partners and matched to employees' specific requirements.

GERRY WEBER ACADEMY

GERRY WEBER ACADEMY

VOCATIONAL TRAINING

- Industrial clerk
- Fashion tailor
- IT clerk
- Salesperson
- Retail salesperson

FURTHER TRAINING

At the company headquarters
- Trainee programme
- JUMP

Retail
- Professional Store Management
- GW Retail Academy

QUALIFICATION

- Management training
- Merchandise knowledge
- Languages
- IT training
- Sales training
- Softs kills

Individualised qualification planning and implementation

Professional Retail Training

Our own Retail activities are an important pillar of our success and a driver of our growth. With over 500 stores worldwide, of which 255 are managed by our own, we want to maintain and constantly improve our standards with regard to our employees and customers. When introducing new employees, two aspects therefore take top priority, namely team integration and their professional induction.

Many of the subjects addressed during the professional induction are to be implemented fully and intuitively in day-to-day business. To ensure the necessary in-depth knowledge and expand our leadership role, we offer a professional store management course to train our employees on subjects such as leadership, employee interviews, visual merchandising, etc. The in-store qualification measures are rounded off by individual training measures organised by our own sales coach or trained specialists in the stores.

Our GERRY WEBER Retail Academy provides specific training and career development for our Retail employees following an analysis of their career potential in our own Development Centre. Subsequently, we offer them the opportunity to leverage their own potential by participating in individually designed internal training courses. This way we support fashion consultants and store managers in developing their skills for more demanding future tasks.

Employer branding

By winning, promoting and retaining motivated and talented people, we ensure that the GERRY WEBER Group will be successful also in future. We therefore intend to leverage the strong appeal of the GERRY WEBER brand in order to increase our visibility as an employer. Last year, we expanded our recruiting activities under the motto "Leidenschaft zieht an", under which we organised various recruiting and campus exhibitions. We also cooperated with regional universities and colleges as well as selected trade magazines.

TO EXPERIENC


GERRY
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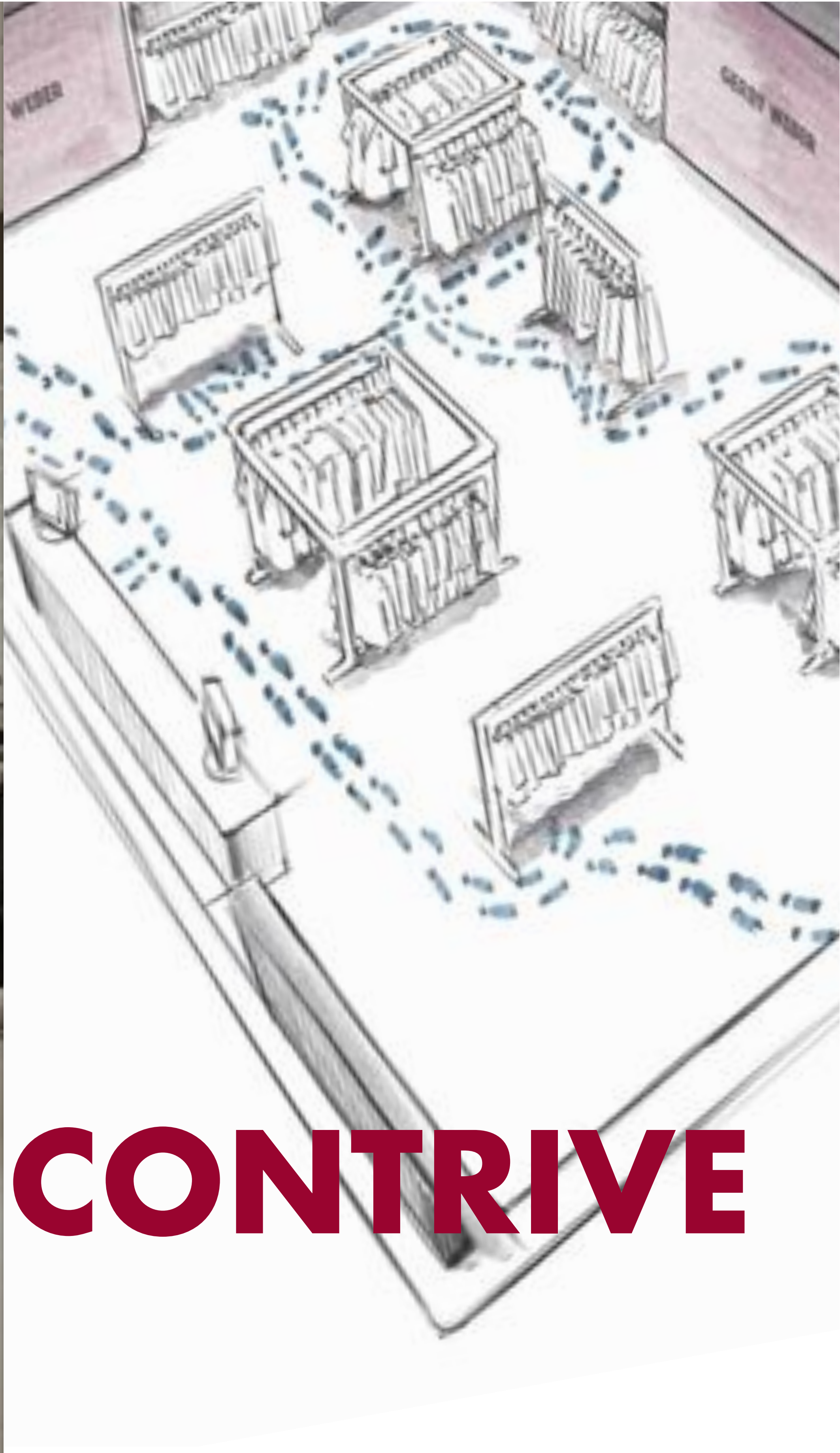
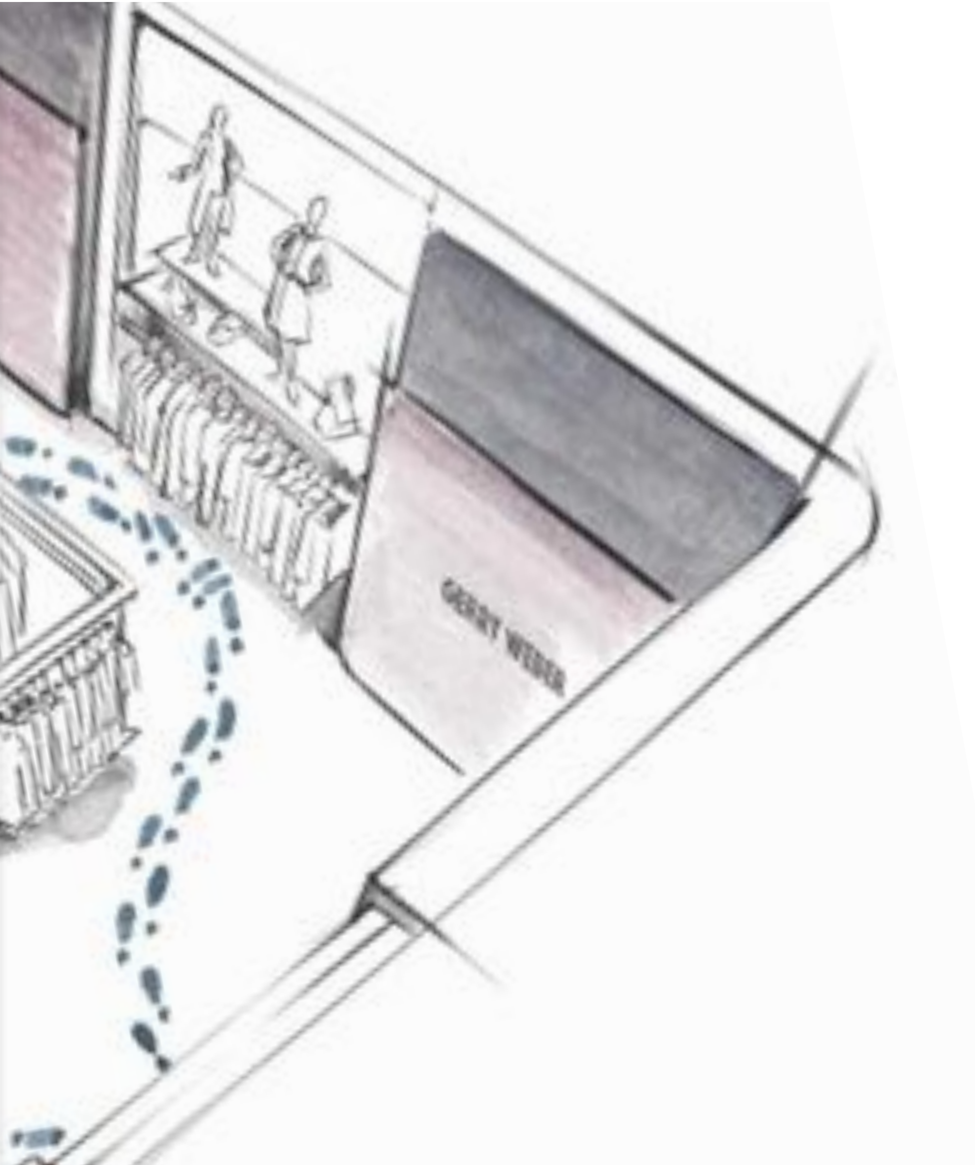


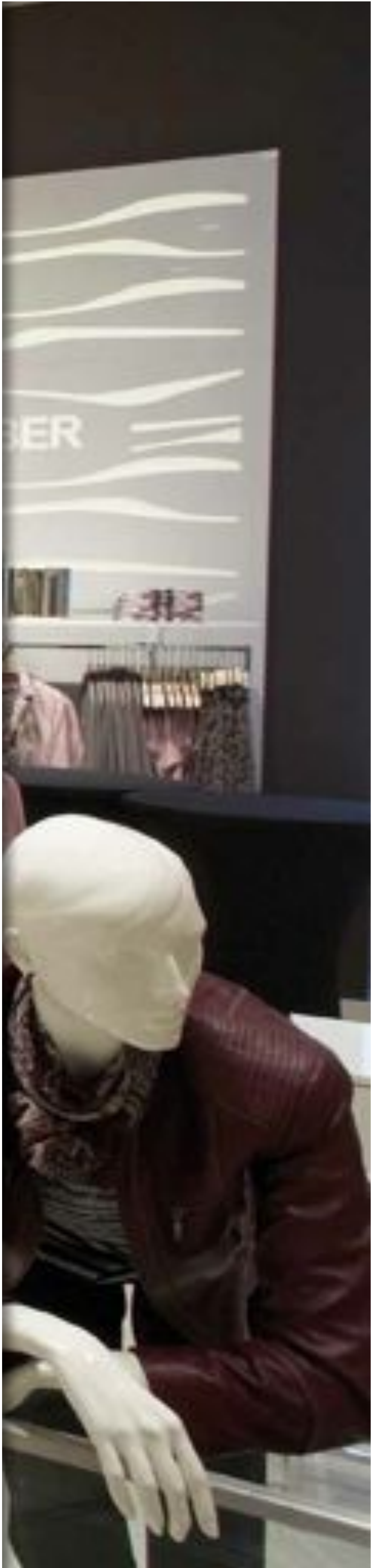
TO CONTRIVE



FOR EVERY LOCATION THE IDEAL CONCEPT

Our own Retail activities are an important pillar of our corporate success and remain a main driver of our growth. GERRY WEBER Retail comprises not only the company-managed Houses of GERRY WEBER (HoGW) but also concession shops, factory outlets and our national online shops. As of the end of the financial year, we had 235 company-managed Houses of GERRY WEBER worldwide, of which 64 were opened in the past financial year. Going forward, our expansion will continue, with 75 – 85 own Houses of GERRY WEBER to be opened in the current financial year.

Following the accurate capture and detailed analysis of the appropriate data, our expansion specialists identify the ideal locations for our Houses of GERRY WEBER. It is not only the location which plays an important role but also the design and the shop fittings. If necessary, we undertake comprehensive refurbishing work to create a top-class HoGW. Depending on the prevailing conditions, our architects will develop a customised store layout using our predefined shop fitting concept, as we want the high quality and the strong fashion appeal of our collections to be reflected in the Houses of GERRY WEBER. We aim to create a special shopping experience for our customers and make them feel very much at ease in our stores.

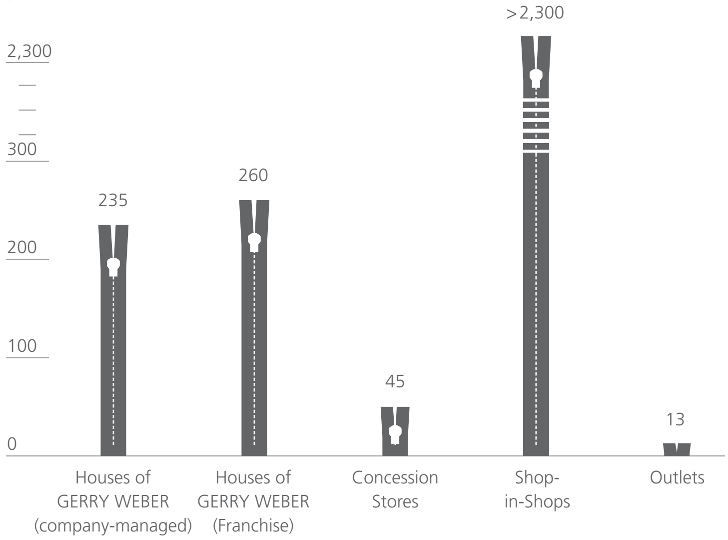


DEVELOPMENT RETAIL BUSINESS

64 openings in the last fiscal year and we plan to open further 75 till 85 openings of company-managed Houses of GERRY WEBER in the current fiscal year. We want to expand our Retail activities in Germany and abroad.

SALES CHANNEL

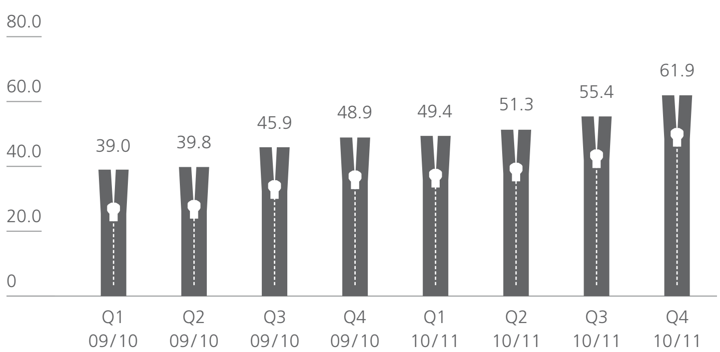
(as of 31 October 2011)



TO SUCCEED

RETAIL SALES BY QUARTER

in EUR million




GERRY WEBER

THE GERRY WEBER SHARE

A successful and eventful year for the GERRY WEBER share:

- GERRY WEBER share gains 30.0% in past financial year
- Free shares issued to shareholders from the company's own funds
- MDAX listing achieved

SHARE PRICE PERFORMANCE

The past year was characterised by turbulences and crises in the global capital markets. Uncertainty was particularly high in the European stock markets, which suffered from the debt crisis in Southern and South-East Europe. Although the fundamental data of many listed German companies were above normal, the German stock index (DAX) lost 7.0% in the period covered by our report (01 November 2010 – 31 October 2011).

The MDAX, in which the GERRY WEBER share has been listed since 29 June 2011, performed only slightly better than the German benchmark index. The MDAX comprises the 50 biggest companies behind the 30 DAX companies. As of 31 October 2011, the MDAX was down by approximately 2.4% on the same period of the previous year. Gaining 30.0% in the reporting period, the GERRY WEBER share clearly outperformed all relevant indices, i.e. the DAX (-7.0%), the MDAX (-2.4%) and the SDAX (-2.3%). A look at the DAX subsector "All Clothes & Footwear", which covers all companies primarily producing textiles and shoes, shows that the latter gained 12.9% in the reporting period, which means that the GERRY WEBER share also clearly outperformed its direct industry peers.

Reflecting the general trend in the capital markets, the price of the GERRY WEBER share declined moderately at the beginning of the financial year. However, after hitting a low of EUR 16.30 in November 2010, the share price climbed

PRICE CHART OF 01 NOVEMBER 2010 TO 31 OCTOBER 2011*

in EUR

* Adjustment of historical share prices according to the issue of free shares on a 1:1 basis.

almost continuously until early August 2011. The debt crisis in some European countries and the resulting slump in the capital markets did not leave the GERRY WEBER share entirely unaffected and temporarily led to a moderate drop in the share price in August 2011. Compared to many other shares and to the relevant indices, the price of the GERRY WEBER share declined far less strongly and recovered much more quickly. Not least due to the good operating figures reported for the first nine months of the financial year 2010/11, the price of our share reached similar levels as prior to the August decline already in mid-September 2011. The GERRY WEBER share closed the financial year at EUR 22.50, which represents a 30% increase on the closing price of the previous year and reflects, among other things, the excellent operating performance of GERRY WEBER International AG. This was a very pleasant share price performance for our shareholders. At the end of the reporting period, the market capitalisation of GERRY WEBER International AG amounted to EUR 1,032.9 million.

The trading volume of the GERRY WEBER share averaged roughly 136.728 shares per day with a average turnover of EUR 2.8 million.

MDAX LISTING

The company's extremely successful growth and the positive share price performance of the past years are also reflected in the company's admission to Deutsche Börse's MDAX with effect from 29 June 2011. As a member of the MDAX, the GERRY WEBER share is among the top 80 listed companies in Germany.

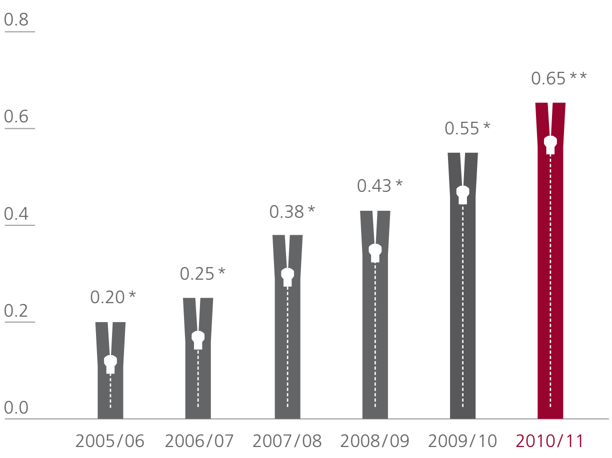
GIVING SHAREHOLDERS A SHARE IN THE COMPANY'S PERFORMANCE

Besides the positive share price performance, shareholders benefited from the growth of GERRY WEBER International AG in the form of a constantly rising dividend. The Supervisory Board and the Managing Board of GERRY WEBER International AG decided to propose to the next Annual General Meeting to increase the dividend to EUR 0.65 per eligible share. Taking into account the doubling of the share capital through the issue of free shares on a 1:1 basis in July 2011, the dividend for our shareholders will rise by 18.2% compared to the previous year. This would be the fifth consecutive dividend increase. Should the Annual General Meeting approve the dividend increase, the dividend of GERRY WEBER International AG will have increased by a total of 225% since the financial year 2005/2006.

Based on a dividend of EUR 0.65 per share, the total payout volume will amount to EUR 29.8 million, which represents 44.5% of the consolidated net profit for the year after taxes.

DIVIDEND PER SHARE

in EUR



* Taking into account the doubling of the number of shares on 04 July 2011
** Proposal to the next Annual General Meeting

ISSUE OF FREE SHARES

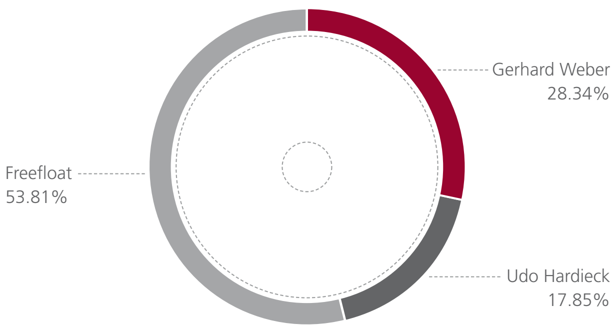
Based on a resolution passed by the Annual General Meeting on 24 May 2011, the share capital was increased using the company's own funds with effect from 04 July 2011. The company's share capital was doubled from EUR 22,952,980 to EUR 45,905,960. The capital increase was effected by converting EUR 22,952,980 of the "other revenue reserves" recognised in the balance sheet for the period ended 31 October 2010 into share capital. Every shareholder received one new share for each GERRY WEBER share held. In conjunction with the doubling of the number of shares from 22,952,980 to 45,905,960 the share price was adjusted accordingly.

The issue of free shares from the company's own funds served two purposes, namely to give shareholders a share in the performance of the company besides the dividend and to make the share accessible to a larger group of investors. The increased liquidity of the share has also made it more attractive to investors.

SOLID SHAREHOLDER STRUCTURE

All 45,905,960 shares of GERRY WEBER International AG are admitted to trading and carry voting rights. At the end of the financial year 2010/11, company founder and CEO Gerhard Weber held 28.34% of the shares. 17.85% of the shares are attributable to Udo Hardieck, member of the Supervisory Board of GERRY WEBER International AG. According to the index calculation of Deutsche Börse, the free float thus stands at 53.81%.

SHAREHOLDER STRUCTURE in %



TRANSPARENT COMMUNICATIONS

Maximum transparency, timely and equal information of all stakeholders is the prime objective of our communications. Since our admission to Deutsche Börse's MDAX, interest in our share has increased significantly. As of the end of the reporting period, GERRY WEBER International AG was regularly covered by thirteen banks. In response to this increased importance and to ensure the best possible service for our shareholders, we expanded our Investor Relations department as of the beginning of the financial year 2011/12. The department is available to answer questions and provide information at any time. All reports, news and information published are also available on our website www.gerryweber.com under "Investor Relations".

KEY FACTS AND FIGURES OF THE GERRY WEBER SHARE

WKN/ISIN	330410 / DE0003304101
Indices	MDAX, DAXsector Consumer, DAX Subsector Clothes & Footwear; DAXPLUS Family 30
Transparency level	Regulated Market Frankfurt / Prime Standard
Number of shares as of 31 October 2011	45,905,960
Designated Sponsors	Close Brothers Seydler Bank AG, Deutsche Bank AG

SHARE PRICE IN FY 2010/11

High * (in EUR)	23.59
Low * (in EUR)	16.30
Closing price on 31 October 2011 (in EUR)	22.50
Share price performance in FY 2010/11 (in %)	30.0%
Market capitalisation as of 01 November 2010 (in EUR million)	797.2
Market capitalisation as of 31 October 2011 (in EUR million)	1,032.9
Average daily turnover in shares in EUR **	2,836,748
Average daily turnover in shares **	136,728
Dividend per common share (in euro) ***	0.65
Earnings per share (in euro)	1.48

* Xetra closing price ** All German stock exchanges *** Proposal to the next Annual General Meeting


INTERNATION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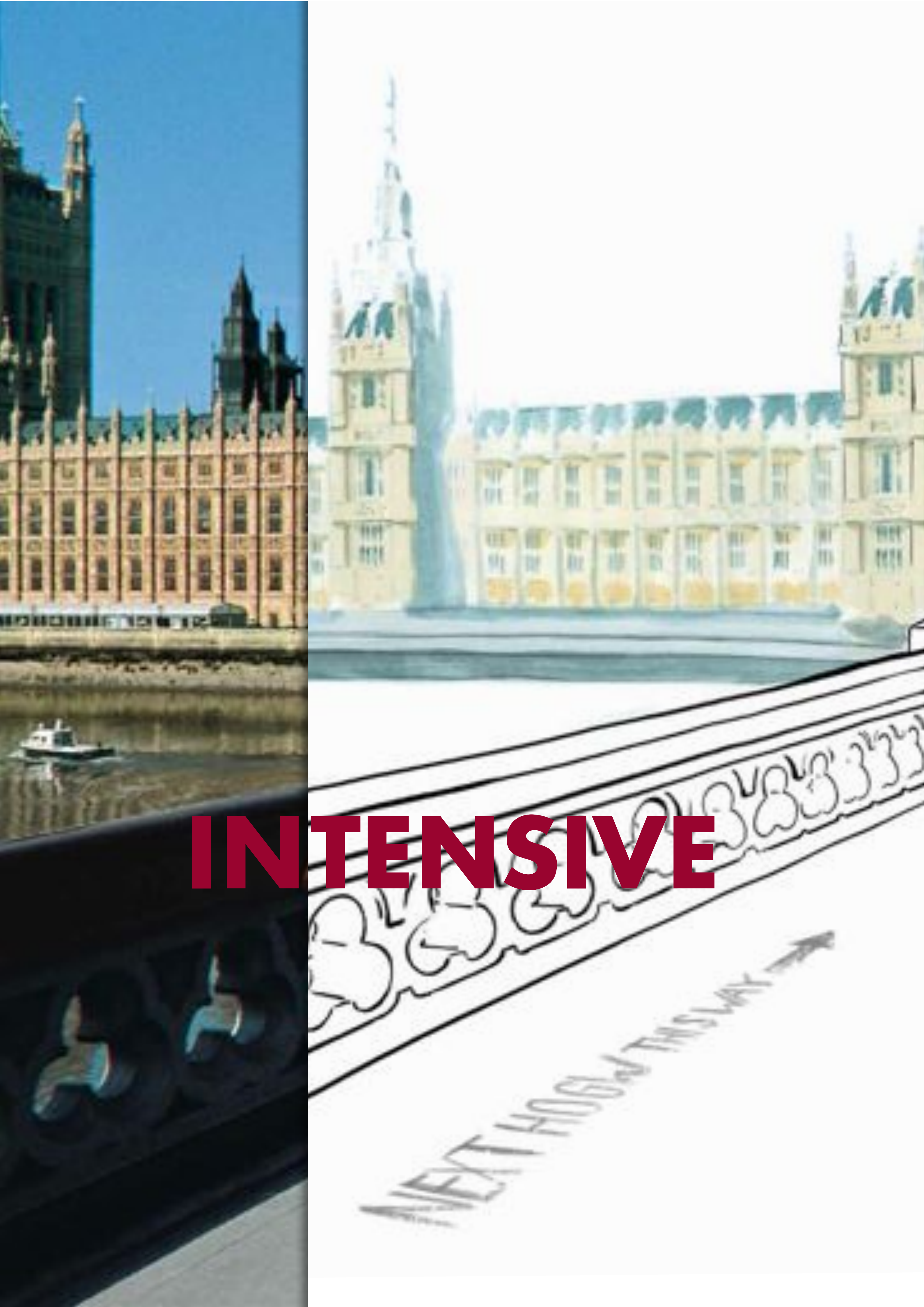
INTENSIVE



GLOBAL PRESENCE AND ON TRACK FOR FURTHER EXPANSION

More than 500 Houses of GERRY WEBER (HoGW) worldwide, of which about half are located outside Germany, and over 2,300 shop-in-shops make GERRY WEBER International AG one of the best-known and most successful German fashion and lifestyle companies. Our high level of internationalisation is reflected not only in our international trendscouting activities, a distribution network spanning over 60 countries, international partners such as Bloomingdale's in the USA and El Corte Inglés, the largest department store chain in Spain, but also in our Houses of GERRY WEBER in cities such as London, Toronto, Dubai or Moscow.

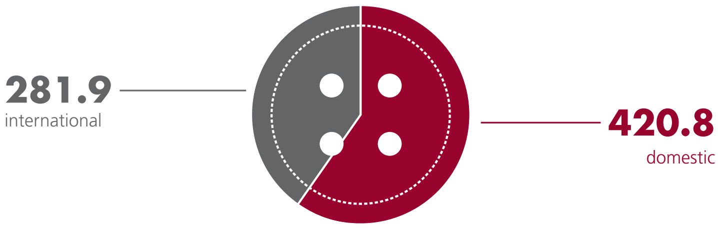
Driven by innovative ideas and tailored to local market conditions, our expansion continues to make progress. As early as in March 2012, we will open our first HoGW in Sydney, Australia. We are also looking at further growth in Poland and other Eastern European countries as well as in Austria and Switzerland. Due to intensive market development we want to become one of the leading fashion and lifestyle companies in our foreign key markets.

We are particularly proud of our new partnerships with US department store chains Bloomingdale's and Dillard's. Our start at Bloomingdale's – whose 46 stores certainly make it one of the best-known department store chains in the USA – will be deliberately careful, with shop-in-shops to be opened in 2012. Our aim is to further refine the positioning of the GERRY WEBER brand in foreign markets, to enter into new markets and to gain access to potential new customers.

INTERNATIONALISATION IS MAKING PROGRESS

With more than 500 Houses of GERRY WEBER and round about 2,300 Shop-in-Shops as well as distribution channels in approx. 60 countries we are very well positioned internationally.

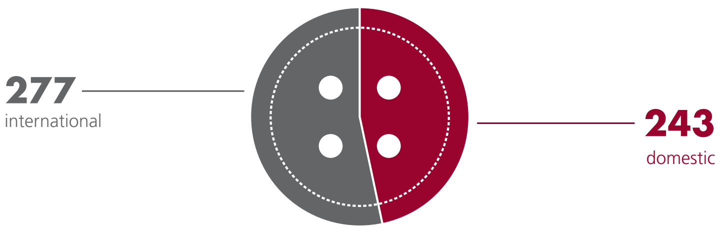
REVENUE SPLIT DOMESTIC / ABROAD   in EUR million



INVESTMENT

HOUSES OF GERRY WEBER DOMESTIC / ABROAD

(as of 31 October 2011)



GROUP MANAGEMENT REPORT

FOR THE FINANCIAL YEAR 2010/11

BUSINESS AND GENERAL CONDITIONS

BUSINESS ACTIVITY AND ORGANISATION

More than 520 Houses of GERRY WEBER in Germany and abroad, roughly 2,300 shops and several successful online shops make GERRY WEBER International AG one of the best known and most successful fashion and lifestyle companies in Germany. The five strong brands of the GERRY WEBER Group: GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON, generated sales revenues of EUR 702.7 million, which marks a new record, and consolidated net income of EUR 67,0 million in the financial year 2010/11 (01 November 2010 – 31 October 2011).

GERRY WEBER International AG is headquartered in Halle/Westphalia. At the end of the financial year 2010/11, the GERRY WEBER Group employed almost 3,300 people worldwide. The parent company, GERRY WEBER International AG, has the function of an operational holding company which provides Group-wide services such as accounting, controlling, HR, IT, auditing/compliance as well as marketing and communication services to all subsidiaries. In particular, the holding company develops the strategy for the GERRY WEBER Group and oversees its Group-wide implementation. This structure creates synergies for the Group as a whole and helps optimise costs and processes.

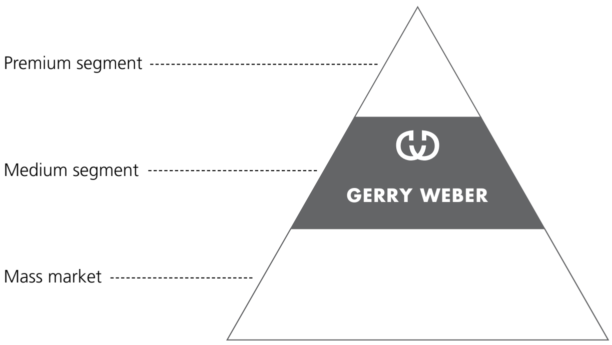
The parent company, GERRY WEBER International AG, is responsible for controlling all Group companies. This ensures, among other things, consistent operational standards and the early identification of deviations from set targets. The company also monitors the Group-wide risk management system and the internal control systems to ensure that opportunities and risks are identified at the earliest possible stage. At the end of the reporting period, the basis of consolidation consisted of 20 domestic and international subsidiaries, which are all wholly owned by the parent company. Three subsidiaries are responsible for the operations of the three brands, GERRY WEBER, TAIFUN and SAMOON, from collection design to sales. GERRY WEBER Retail GmbH is in charge of the company-managed domestic Houses of GERRY WEBER and in close cooperation with the parent company responsible for the international expansion of this business segment. The foreign subsidiaries are distribution companies which represent certain markets where the GERRY WEBER Group operates or serve as procurement and production locations.

Strategy

A look at the sales and earnings performance of the past years shows that the strategic transformation of GERRY WEBER International AG from a pure-play clothing manufacturer to a fashion and lifestyle corporation was the right decision. We have responded to the requirements of our final customers, modernised and rejuvenated our brands and collections and established ourselves as a vertically organised systems supplier of fashion-driven ladieswear and high-quality lifestyle products.

GERRY WEBER and its five brands, GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON, are positioned at the top of the medium segment. Building a bridge to the premium segment, the GERRY WEBER brands are targeted at the fashion-conscious woman who attaches importance to attractive design combined with high quality and value of a premium product, while positioning in the middle price segment. The in-house pattern making department guarantees a consistently excellent fit and high wearing comfort of the garments.

POSITIONING – MARKET SEGMENT



In organisational terms, the GERRY WEBER Group has evolved into a vertical systems supplier. Due to the close integration, management and control of upstream and downstream stages of the value chain, the cooperation between development, production and sales has improved significantly. Shorter response times based on direct sales information received from the point of sale enable shorter collection times and quicker adjustment of the collections to consumer requirements. As the flow of goods is matched to actual requirements and due to the close cooperation between GERRY WEBER and its trading partners, handling costs are reduced and both partners' margins increase.

The expansion of the GERRY WEBER Group's own Retail operations is an important strategic element of its successful verticalisation. The opening of new company-managed Houses of GERRY WEBER, the expansion of the concession shops and the launch of new online shops increasingly reduce the Group's exposure to the general wholesale trend and enable it to generate higher gross profit margins. Another important strategic decision was the introduction of maximum order limit arrangements (Trusted Wholesale Customers), under which our retail partners' buyers leave the breakdown of their orders to the experts of the GERRY WEBER Group. Thanks to the quick flow of information from GERRY WEBER's own stores, our experts can match the collection purchase to the specific customer structure of each individual retail partner. This entails sales and earnings advantages for both partners.

On the procurement and production side, the global sourcing system allows the GERRY WEBER Group to respond swiftly and flexibly to changes, e.g. by relocating its production facilities. This sourcing system for the selection and involvement of production partners throughout the world not only guarantees compliance with our high quality standards but also ensures that production is carried out at optimised prices. All processes are supported by innovative IT systems which increase the competitiveness of the GERRY WEBER Group on a sustainable basis. The early implementation of radio frequency identification (RFID) technology has also helped to significantly improve the information flow, the response times and the flow of goods.

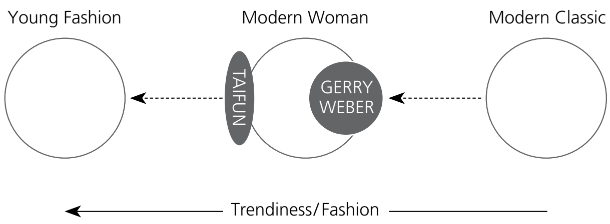
The combination of attractive design and high quality of the collections as well as the vertical optimisation of the value chain, from the development of the collections to procurement to the point of sale, ensures that the GERRY WEBER Group is successfully positioned in the market and facilitates the company's continued growth.

The brands

Five strong fashion brands – GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON – stand for modern, high-quality fashion and an active lifestyle. GERRY WEBER is the core brand, which is positioned in the top range of the medium segment and builds a bridge to the premium segment. Accounting for 78.3% of the not consolidated sales revenues of the domestic brand companies, the GERRY WEBER brand family (including the GERRY WEBER EDITION and G.W. sublabels) makes the biggest contribution to the Group's total sales revenues.

The high-quality fashion is targeted at the modern woman aged 30+ who prefers modern, female fashion of high value. Over the past years, the collections have been adjusted and rejuvenated in line with consumer requirements. The collections are characterised by trendy cuts and materials, high-quality workmanship, attention to detail and coordinated colour combinations. According to a study carried out in spring / summer 2011 (source: Spiegel Outfit Studie 7.0), GERRY WEBER has high brand name recognition of almost 80% in Germany, making it one of the best known fashion brands in Germany.

POSITIONING – FASHION STATEMENT



Today: GERRY WEBER is a global acting fashion and lifestyle company in the segment "Modern Woman".

The GERRY WEBER core brand is complemented by two sublabels, GERRY WEBER EDITION and G.W. GERRY WEBER EDITION is a single item collection amongst others of knitwear, blouses, trousers, skirts and outdoor jackets which underline a rather casual style. G.W. is the youngest and most trendy collection and supplies highly up-to-date fashion items at short intervals. Twelve collections per year ensure that the brand is always at the leading edge and reflects the latest trends.

Accounting for 16.6% of the non consolidated sales revenues generated by the domestic brand companies, TAIFUN is the Group's second largest brand. TAIFUN has a strong fashion appeal and is targeted at the younger "modern woman". With its young cuts, TAIFUN stands for high quality standards and a good fit just like the GERRY WEBER core brand. Dedicated TAIFUN mono-label stores have been opened to increase and support the brand's sales revenues and brand name recognition.

The brand portfolio of GERRY WEBER is rounded off by the SAMOON brand. SAMOON stands for casual, self-confident fashion for women wearing plus sizes. Trendy cuts, high-quality materials and an excellent fit highlight the wearer's individual femininity. The independence of the brand, which is positioned in a niche segment, is underlined by several mono-label stores selling exclusively this brand.

The five GERRY WEBER brands owe their growing success to a stringent and consistent modernisation process. Over the past years, our brands have been rejuvenated significantly without compromising on quality and fit. We know what our end customers want and have matched the design of the individual collection items to their needs and requirements. Going forward, we will continue to focus all our collections on our end customers. We will concentrate even more on the quality and value of our fashion products and continue to expand our position as a brand building bridge to the premium segment.

Procurement and production

GERRY WEBER is an international fashion and lifestyle company. Cost-efficient procurement locations and production partners that can meet the high quality standards and specifications of GERRY WEBER therefore play a particularly important role for our business activity. This is why GERRY WEBER has developed its own sourcing system for the selection and integration of its production partners. It ensures that our quality and social compliance standards are met under cost-efficient production conditions and that new production partners can be integrated flexibly into our corporate structures.

When it comes to choosing our production partners, we apply objective technical criteria and make demands that are specific to GERRY WEBER. The main focus always is on compliance with our high quality and workmanship standards, combined with the speed and flexibility needed for our business model. Other criteria include financial soundness, innovation and an understanding of our production requirements. We attach special importance to compliance with social and environmental standards. GERRY WEBER International AG is not only a member of the world-renowned Business Social Compliance Initiative (BSCI) but also carries out its own audits in accordance with a compulsory code of conduct.

The production partners subject themselves to strict selection procedures and are supervised by GERRY WEBER employees throughout the production process, which ensures that the production process is optimised on an ongoing basis. But we monitor not only the production of our goods but also the use of materials and fabrics. We are fully aware of our responsibility towards our end customers. GERRY WEBER products may not contain any hazardous materials, which is why we closely monitor compliance with pertinent rules and regulations.

When it comes to procurement, the clothing industry distinguishes between cut-make trim (CMT) and full package service (FPS). Under CMT arrangements, the materials are supplied by GERRY WEBER, with only the production sourced out to third-parties. In the financial year 2010/11, the GERRY WEBER Group sourced approx. 79.5% (previous year: 81.4%) of the goods under FPS arrangements, while 20.5% (previous year: 18.6%) was sourced under CMT agreements. Some 43.4% of the FPS products came from Asia, primarily from China, Sri Lanka, India and Indonesia. Another 33.3% (previous year: 36.1%) of the PFS products were sourced in Turkey, with the remaining 23.3% coming from other production locations. All CMT suppliers are based in Eastern Europe.

It is not least thanks to our in-house pattern making department and expertise and the above-mentioned sourcing system that we are highly flexible when it comes to choosing our production partners. The GERRY WEBER Group can respond swiftly to changes, e.g.. an increase in labour costs, and easily replace its production locations.

Logistics

With a view to optimising the logistic process, the GERRY WEBER Group has pooled all logistic activities: transport, stock-keeping, as well as making-up and shipping and outsourced them to two specialist logistic service providers. This ensures short delivery times and punctuality at lower costs.

An important success factor in the optimisation of the logistic processes was the introduction of radio frequency identification (RFID) technology in early 2010. The electronic chip sewed into the care label of the garments during the production process allows the individual items to be tracked contact-free easily and relevant information to be transmitted as quickly as possible. This not only makes the logistic process more transparent but also provides a more exact overview of retailers' stocks, thus enabling a better supply of merchandise.

Reading the microchips on incoming merchandise makes it possible to instantly check whether any given shipment to a store is complete. When an item is sold, a reading device integrated into the checkout registers it and deletes it from the store's database. RFID technology provides a quick and reliable overview of inventories at all times. The data collected facilitates reordering of collection items. Moreover, GERRY WEBER is provided with more relevant information on demand for individual collection items, making it easier for the company to adjust its subsequent collections.

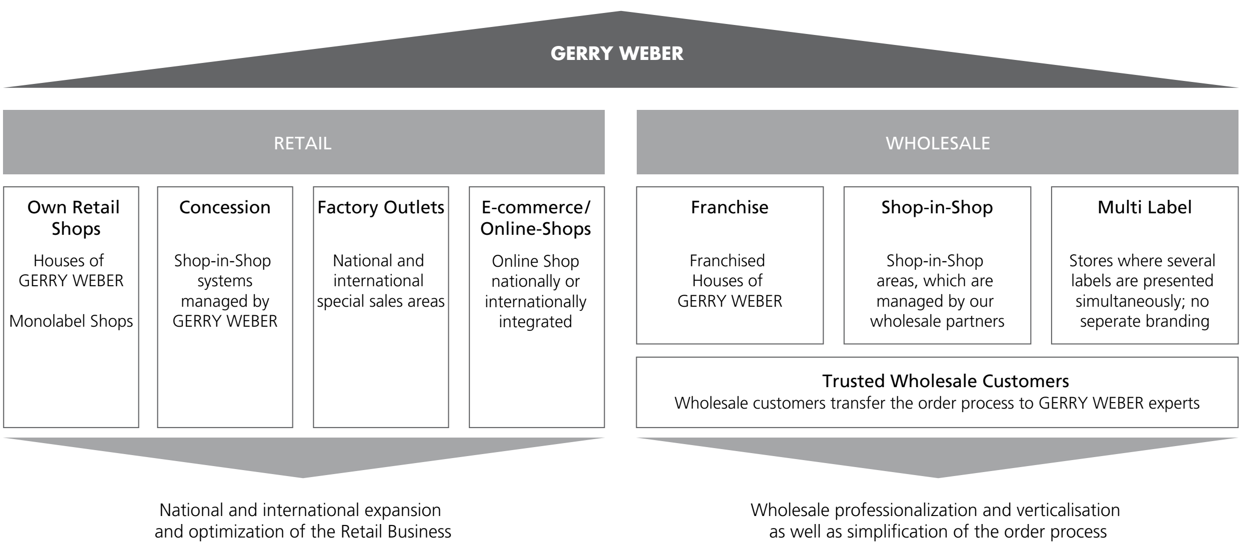
GERRY WEBER also uses RFID technology for article surveillance. If garments are not deleted from the database at the checkout, an alarm is triggered at the store exit. RFID technology thus improves the protection of the merchandise and minimises the related losses while at the same time providing a more precise overview of inventories. Reordering collection items is made easier and inventory-taking times are reduced, giving employees more time to serve our customers at the point of sale.

While RFID technology transmits product-related information, no personal details of our end customers are saved or transmitted. The chip will be destroyed after several washing cycles or can easily be removed by the customer. For the further development and introduction of RFID technology, GERRY WEBER International AG received the international renowned RFID Journal Prize for the world's best implementation of RFID in April 2011.

Sales

As a vertically integrated fashion and lifestyle company, the GERRY WEBER Group uses a wide range of different distribution channels. A distinction is made between the Retail segment and the Wholesale segment.

BUSINESS MODEL



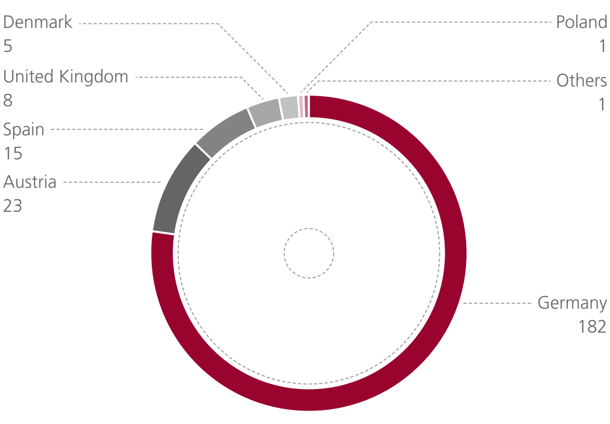
Besides the company-managed Houses of GERRY WEBER, the Retail activities comprise concession shops, factory outlets as well as the respective national online shops. The Houses of GERRY WEBER (HoGW) are an important pillar of our success and driver of our growth. Depending on the store size, all five brands are sold at the company-managed HoGW. The size of the Houses of GERRY WEBER varies between 100 and 900 square metres depending on the location and the space type. At the end of the reporting period on 31 October 2011, there were 235 company-managed Houses of GERRY WEBER, of which 182 were located in Germany. As many as 64 new company-managed Houses of GERRY WEBER were opened in the financial year 2010/11. Most of the international company-managed Houses of GERRY WEBER are located in Austria (23), Spain (15) and the UK (8).

The company's own Retail activities are complemented by 13 company-managed outlet stores, Internet shops in Germany, Austria and the Netherlands as well as 45 concession shops. The 31 concession shops in Spain are exclusively located in department stores of our distribution partner "El Corte Ingles", Spain's largest department store chain. The Retail segment represents an important strategic business segment and will be expanded both nationally and internationally also in the current financial year. Another 75–85 company-managed Houses of GERRY WEBER are to be opened in Germany and abroad in the financial year 2011/12; this would represent yet another increase on the previous year.

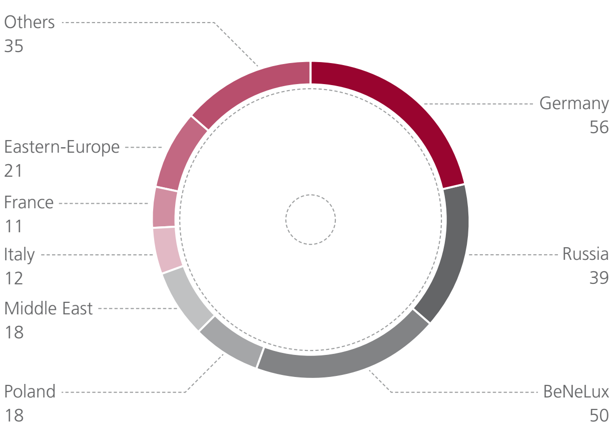
As a close partner to the retail sector, the GERRY WEBER Group also continued to expand its Wholesale operations. The number of Houses of GERRY WEBER operated by franchisees increased to 260 in the year ended 31 October 2011.

With 289 new openings in Germany and abroad, the number of shop-in-shops increased to 2,292 in the reporting period. As of 31 October 2011, there were 1,864 shop-in-shops in Germany and 428 abroad. Besides the high name recognition and acceptance of the brand, one of the highest margins in the ladieswear segment make GERRY WEBER the preferred partner to the retail sector. The confidence placed in us by our retail partners is also reflected in the use of maximum order limits (Trusted Wholesale Customers). Under these arrangements, retailers place their order limits in the company's hands, relying on GERRY WEBER's professional inventory management teams to compile the individual collection items in accordance with the customer's structures and space requirements. This is possible thanks to the POS information constantly fed via

COMPANY MANAGED HOUSES OF GERRY WEBER BY REGION as of 31 Oktober 2011



FRANCHISED HOUSES OF GERRY WEBER BY REGION as of 31 Oktober 2011



approx. 2,200 EDI connections from our own HoGWs and retailers' stores. The insights gained from this data are used not only for the development of the collections but are also made available to retail partners under maximum order limit arrangements.

THE EVOLUTION OF THE INDIVIDUAL DISTRIBUTION CHANNELS

Number	**2010/11**	2009/10	Increase in %
Retail			
Houses of GERRY WEBER	235	178	32.0%
Concession shops	45	37	21.6%
Factory Outlets	13	10	30.0%
Wholesale			
Houses of GERRY WEBER	260	227	14.5%
Shop-in-Shops	2,292	2,003	14.4%

MACROECONOMIC SITUATION

A look at the situation of the world economy between November 2010 and October 2011 shows that this period was characterised by positive economic data on the one hand and fears about the consequences of the debt crisis on the other hand. The fourth quarter of 2010 still saw the world economy expand. The favourable situation of the German economy was supported primarily by domestic growth. Growing incomes and declining jobless rates encouraged consumers spending and provided noticeable stimulation to the economy. The retail sector mainly benefited from growing consumer spending during the 2010 Christmas season. The positive economic trend in Germany continued in the first quarter of 2011. In other countries such as Spain, Portugal and Greece, the first signs of a slowdown in the national economy appeared and recessionary trends intensified.

Due to the high sovereign debt, especially in South Eastern Europe, and the resulting euro crisis, the German economy also began to slow down in the second quarter of 2011. In spite of good fundamental data from the corporate sector, the debt and euro crisis had a dramatic impact on the global capital markets. The German benchmark index, the DAX, fell from an annual high of 7,527 points in May 2011 to a low of 5,072 in September 2011. A spreading of the negative capital market trend and the resulting uncertainty to the real economy could no longer be ruled out.

Although the economic upswing continued in the third quarter of 2011, the outlook for the 2011/12 winter half-year deteriorated also in Germany. Consumer sentiment in late 2011 showed a different picture, as reflected in the results of the GfK consumer climate study conducted in December 2011. The economic and income expectations improved, not least due to the continued positive labour market trend. Notwithstanding growing risks to the economy and a potential intensification of the debt crisis, Germans are more optimistic about the future than they were at the end of Q3 2011.

Selected key figures from Germany's national accounts indicate a positive overall trend between November 2010 and October 2011. Germany's gross domestic product increased by approx. 2.5% (in price-adjusted terms). Unlike earlier years, not only exports but also domestic demand contributed to this growth. Following an 0.5% increase in 2010, consumer spending rose by another 1.2% (in price-adjusted terms). The increase in consumer spending is primarily attributable to the positive labour market trend.

Compared to the same month of the previous year, the jobless rate improved by 6.9% and stood at 6.5% at the end of October 2011. The various economic research institutes expect growth in the German economy to continue in 2012, albeit at a slower pace.

INDUSTRY SITUATION

The sales trend in the German fashion retail sector clearly reflects the macroeconomic sentiment. A positive sentiment prevailed in Q4 2010 and the first half of 2011. But against the background of the debt and euro crisis, this turned into a rather sceptical, wait-and-see attitude regarding the outlook for the German and EU economies at the end of the second quarter of 2011.

According to the Federal Association of German Textile Retailers (BTE), fashion retailers reported an increase by approx. 3% in sales revenues in the first six months of 2011. The situation clearly deteriorated in the second half of the year, with sales revenues down by approx. 1% on the previous year at the 11-month stage, according to trade magazine Textilwirtschaft. It is assumed, however, that the positive sales trend in the second half of December will lead to a balanced result for the year 2011.

According to a survey by the GermanFashion association, 70% of the respondents described their sales performance in the first half of 2011 as good, with 26% calling it satisfactory. Workwear and sportswear manufacturers were exceptionally satisfied (80%), while 64% of the ladieswear manufacturers interviewed described the sales trend as good and 28% called it satisfactory. Export sales were described as good by 54% and as satisfactory by 41% of the companies surveyed. The respondents were quite satisfied with the order situation, which was described as good by 71% and as satisfactory by 23%. At the bottom line, the survey clearly reflects the positive underlying trend of the first half of 2011.

According to a GfK survey on consumer climate in Germany, the overall index showed the first moderate upward trend in five months in December 2011, climbing from 5.4 in November 2011 to 5.6 in December. In spite of the debt crisis and increasing risks to the economy, most Germans project a positive trend for the coming months.

NET WORTH, FINANCIAL AND EARNINGS POSITION

The successful performance of GERRY WEBER International AG continued in the financial year 2010/11, when both sales revenues and earnings clearly exceeded the prior year level. The financial year 2010/11 covers the period from 01 November 2010 to 31 October 2011.

SALES PERFORMANCE

Consolidated sales revenues of EUR 702.7 million meant that GERRY WEBER International AG hit a new record in the financial year 2010/11. This represents a 13.0% rise on the previous year's EUR 621.9 million. The Wholesale segment contributed EUR 474.2 million or 67.5% to total Group revenues. Segment sales were up 7.4% on the previous year. The Retail segment generated EUR 218.0 million in sales, raising its contribution to total sales revenues from 27.9% to 31.0%. Other sales revenues amounted to EUR 10.5 million.

Our own Retail activities were an important sales driver in the past financial year, with sales revenues in this segment growing by 25.6% to EUR 218.0 million. Besides the company-managed Houses of GERRY WEBER, our Retail segment comprises the concession shops, factory outlets and online shops. The sales growth in the Retail segment is attributable, on the one hand, to the opening of 64 company-managed Houses of GERRY WEBER and, on the other hand, to a 7.7% improvement in like-for-like sales. The new Houses of GERRY WEBER added about 13,000 square metres to the total sales space in the financial year 2010/11.

The non-consolidated domestic revenues generated by our GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON brands totalled EUR 596.3 million, up 12.5% on the previous year's EUR 529.8 million. Domestic brand revenues comprise the Retail and Wholesale revenues reported by our brand companies. The GERRY WEBER brand family, which comprises the GERRY WEBER core brand as well as the GERRY WEBER EDITION and G.W. sublabels, contributed EUR 466.9 million to the sales revenues generated by our brand companies. The 13.1% increment on the previous year reflects the brands' growing acceptance among customers. A regional breakdown shows that 56.9% of the revenues generated by the GERRY WEBER brand family came from Germany and 43.1% abroad. The moderate increment in the export share compared to the previous year (42.5%) is attributable to the company's own Retail activities abroad as well as to the ongoing internationalisation of the Wholesale activities. The most important foreign markets include the Netherlands, Austria, Switzerland as well as the UK and Scandinavia.

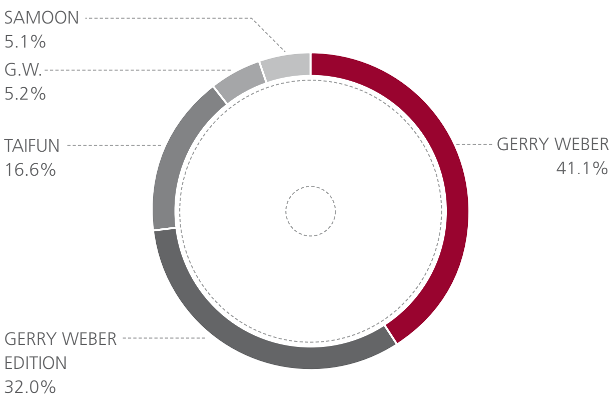
The GERRY WEBER core brand contributed 52.4% to the total revenues (EUR 466.9 million) of the GERRY WEBER brand family, with GERRY WEBER EDITION and G.W. contributing 40.9% and 6.7%, respectively. The contribution made by the GERRY WEBER EDITION single-item collections thus went up by 20.0% to EUR 190.9 million. The 43.1% advance in G.W.'s sales revenues to EUR 31.2 million shows that this aggressively priced and trendy brand is pursuing the right strategy and has successfully targeted new customer groups.

The young and feminine TAIFUN brand also boosted its sales revenues in the reporting period. The brand's sales advanced from EUR 88.7 million in the previous year by 11.5% to EUR 98.9 million in the financial year 2010/11. The export share of TAIFUN reached 43.5% (previous year: 42.6%). Here, too, the most important foreign markets included the Netherlands, Austria and Switzerland as well as Belgium and Russia.

SAMOON, our brand for plus sizes, saw its sales revenues go up by 7.8% to EUR 30.5 million (previous year: EUR 28.3 million). 37.5% of the brand's revenues were generated outside Germany, mainly in the Netherlands, Belgium and Austria.

CONTRIBUTIONS MADE BY THE INDIVIDUAL BRANDS TO TOTAL BRAND REVENUES

in %



Group sales also include our licensing revenues. In the financial year 2010/11, licensed bags and eyewear as well as other licensed products generated revenues of EUR 0.9 million, up 28.6% on the previous year. In the years ahead, we want to further increase the sales revenues generated from our licensing activities and leverage the high brand name recognition of GERRY WEBER for this business segment.

A breakdown of consolidated sales by regions shows that EUR 420.8 million or 59.9% of total sales revenues were generated in Germany, with 40.1% (EUR 281.9 million) generated abroad. The export share declined from 40.5% in the previous year to 40.1%, which is primarily attributable to the sharp rise in domestic Retail revenues. While we will continue to expand our Retail activities in Germany, we will not neglect the internationalisation of our business activities. We want to grow also at an international level and continue to expand our export share.

EARNINGS POSITION

The earnings position of GERRY WEBER International AG also showed a very positive trend in the financial year 2010/11. Earnings before interest and taxes (EBIT) rose from EUR 83.3 million to EUR 99.6 million, with the EBIT margin climbing from 13.4% to 14.2%. Consolidated net income advanced by an impressive 24.2% from EUR 54.0 million to EUR 67.0 million.

Reflecting the 13.0% increment in sales revenues to EUR 702.7 million, the cost of materials rose from EUR 318.8 million to EUR 361.5 million, while inventory changes climbed to EUR 14.2 million as of 31 October 2011. Gross profit was up 13.5% to EUR 355.4 million in the reporting period. At 50.6% (previous year: 50.4%), the gross margin remained almost constant in spite of higher cotton prices. This is attributable to our efficient procurement structures, which allow costs to be optimised on an ongoing basis while at the same time ensuring consistently high product quality. Temporary spikes in procurement prices were passed on to customers via higher prices only to a limited extent.

Being a fashion and lifestyle company, GERRY WEBER International AG incurs no research and development expenses in the traditional sense of the word. Nevertheless we constantly monitor fashion trends, developments in the retail sector and, in particular, our customers' requirements. This also includes the IT-based analysis of a variety of micro and macroeconomic developments in our relevant markets. The insights gained from these analyses assist us in developing our collections and expanding our distribution activities.

Reflecting the strong growth of the GERRY WEBER Group in Germany and abroad as well as the opening of 64 company-managed Houses of GERRY WEBER, the headcount at the end of the fiscal year grew by 20.8% to some 3,260 people worldwide. Some 58.0% of our employees worked in the Retail segment, with 24.5% employed in the Wholesale segment and 17.5% in the other segments of GERRY WEBER International AG. As a result of the new jobs created by the company, personnel expenses went up by 13.1% to EUR 103.3 million (previous year: EUR 91.4 million). At EUR 11.9 million, amortisation of intangible assets and fixed-asset depreciation remained almost unchanged and exclusively comprise scheduled depreciation and amortisation.

In conjunction with the expansion of the business activities and the opening of 64 new company-managed Houses of GERRY WEBER, other operating expenses rose by 11.0% to EUR 152.2 million. This primarily reflected higher rents and expenses for office space, which climbed from EUR 36.8 million to EUR 43.3 million (+17.9%). In this context, it should be noted that new space was rented for the new Houses of GERRY WEBER, which led to a commensurate rise in rents and expenses for office space.

In relation to the 13.0% increment in sales, the freight, packaging and logistic expenses included in other operating expenses rose at a disproportionately lower rate of 7.7% to EUR 30.6 million (previous year: EUR 28.4 million); the same applies to commission paid to our sales representatives, which climbed 9.2% to EUR 13.7 million. The 8.9% increase in marketing expenses to EUR 16.9 million was also lower than the rise in sales revenues. Marketing expenses account for 2.4% of total Group sales. At EUR 8.1 million (previous year: EUR 8.0 million) the expenses incurred for the development of our collections remained almost unchanged. The trend in some expense items clearly reflects the improved cost absorption resulting from higher sales.

The financial result almost halved as compared to the previous year due to lower interest expenses. Against the background of scheduled debt repayments, interest expenses declined from EUR 3.2 million to EUR 1.7 million; accordingly, the financial result after interest income (EUR 0.9 million), incidental bank charges (EUR 0.9 million) and write-downs on financial assets (EUR 0.3 million) declined to EUR -2.0 million (previous year: EUR -3.7 million).

Earnings before interest and taxes (EBIT) improved from EUR 83.3 million to EUR 99.6 million. This represents an impressive 19.6% advance on the previous year. Accordingly, the EBIT margin rose from 13.4% to 14.2%. After deduction of the financial result, earnings before taxes (EBT) amounted to EUR 97.6 million. At 22.7%, the increase in EBT was even higher than the improvement in EBIT due to the improved financial result.

In the reporting period, the GERRY WEBER Group generated consolidated net income after taxes of EUR 67.0 million. This represents an improvement by 24.2% or EUR 13.1 million on the previous year. Broken down to each individual share, this is equivalent to earnings per share of EUR 1.48, compared to EUR 1.29 in the previous year (we refer to note 33 for the detailed calculation). Taking into account the profit carried forward of EUR 24.0 million and the allocation to revenues reserves of EUR 30.0 million, accumulated profits for the financial year amounted to EUR 61.0 million.

VALUE ADDED

Value added expresses the value created by a company during a given period. In order to determine the value added, inputs sourced from suppliers, such as materials, as well as work performed by external contractors are deducted from the company's total output. Consequently a company's value added statement reveals the economic value generated by the company's own manufacturing and business activities during an accounting period.

in EUR million	**2010/11**	2009/10
Origin		
Sales revenues	702.7	621.9
Inventory changes	14.2	10.1
Other interest and similar income	13.6	11.8
Company performance	*730.5*	*643.8*
Cost of material	361.5	318.8
Depreciation	11.9	11.9
Other operating expenses	153.2	138.2
Total purchased material and services	*526.6*	*468.9*
VALUE ADDED	203.9	174.9
Absorbed by:		
Employees	103.3	91.4
Public sector	30.9	27.4
Lenders	2.6	3.9
Shareholders	25.2	17.7
Company (profit retention)	41.9	34.5

NET WORTH POSITION

At the end of the financial year (31 October 2011), total assets grew by 27.1% or EUR 88.4 million to EUR 415.0 million (previous year: EUR 326.5 million).

On the assets side of the balance sheet, non-current assets rose from EUR 138.1 million to EUR 166.6 million. This 20.6% rise is primarily attributable to investments in property, plant and equipment and our investment properties. Property, plant and equipment include the company-owned properties in Halle, Düsseldorf and Romania as well as the furnishings and fittings in rented company-managed stores. Property, plant and equipment were up by EUR 15.1 million or 14.7% to EUR 117.6 million, reflecting the strong expansion of the Retail activities and the related investments. The investment properties include the property in Düsseldorf, whose construction continued in the past financial year and which will be fully let following completion in the current financial year 2011/12. Known as "Halle 30", this property in Düsseldorf provides exhibition space for a variety of different fashion companies. The book value of investment properties were up from EUR 8.6 million to EUR 21.2 million at the end of the financial year. Other non-current assets declined by 85.6% from the previous year's EUR 5.2 million to EUR 0.8 million.

Current assets grew by an impressive 31.8% or EUR 60.0 million to EUR 248.4 million. The expansion, especially of our own Retail segment, bolstered stocks of finished products, which sent inventories rising by EUR 15.3 million to EUR 88.5 million. This represents a 20.8% increase on the previous year. The rise in liquid funds from EUR 45.9 million to EUR 90.6 (+97.3%) million also made a significant contribution to the growth in current assets.

On the liabilities side of the balance sheet, equity rose by 49.1% to EUR 313.9 million, while the equity ratio climbed from 64.5% in the previous year to 75.7% at the end of the financial year 2010/11. Against the background of a capital increase from company funds, which was implemented on 04 July 2011 based on resolution passed at the Annual General Meeting on 24 May 2011, and the sale of own shares, the reported subscribed capital of GERRY WEBER International AG more than doubled from EUR 21.3 million to EUR 45.9 million at the end of the financial year. The new capital was created by converting part of the other revenue reserves into share capital. Due to the sale of own shares capital reserves rose from EUR 45.0 million to EUR 102.4 million (+127.3%) and revenues reserves climbed from EUR 98.3 million to EUR 105.3 million (+7.2%). Accumulated other comprehensive changes pursuant to IAS 39 include the effects from the recognition in equity of financial instruments after taxes and increased from EUR -3.3 million to EUR 0.6 million.

The total debt capital of GERRY WEBER International AG declined by 12.9% to EUR 101.0 million in the financial year. Non-current financial liabilities, which comprise liabilities to banks, decreased by EUR 6.6 million to EUR 15.2 million (-30.2%). Current financial liabilities were also reduced by 55.6% to EUR 6.1 million (previous year: EUR 13.8 million). Provisions (current and non-current) totalled EUR 26.6 million in the financial year 2010/11 (previous year: EUR 25.9 million). Trade liabilities stood at EUR 34.6 million on 31 October 2011 (previous year: EUR 33.2 million).

Overall, GERRY WEBER International AG has a very solid balance sheet structure. At the end of the financial year (31 October 2011), the company's liquid funds (EUR 90.6 million) exceeded its liabilities to banks (EUR 21.3 million) by EUR 69.3 million, which means that GERRY WEBER International AG's net financial liabilities to banks were negative.

FINANCIAL POSITION

Based on earnings before interest and taxes of EUR 99.6 million, GERRY WEBER International AG was able to improve its very good financial position even further in the financial year 2010/11. As of the end of the reporting period (31 October 2011), cash and cash equivalents were up by 97.3% on the previous year's EUR 45.9 million to EUR 90.6 million.

With a slight increase in inventories compared to the previous year (EUR 15.3 million), depreciation and amortisation unchanged (EUR 11.9 million) und income tax payments totalling EUR 32.1 million, cash flow from operating activities amounted to EUR 71.2 million in the financial year 2010/11. This represents an increase by 10.6% or EUR 6.8 million on the previous year. Cash flow from current operations also rose from EUR 60.8 million to EUR 69.6 million. Due to regular debt repayments in the course of the financial year, interest expenses declined from EUR 3.2 million to EUR 1.7 million.

Cash inflows thus clearly exceeded cash outflows from investing activities. As net investments advanced from EUR 28.7 million in the previous year to EUR 44.4 million in the financial year, cash outflows from investing activities rose from EUR 28.2 million to EUR 44.4 million. The increase was primarily attributable to investments in the property in Halle 30 of EUR 12.6 million and to investments in property, plant and equipment in an amount of EUR 30.6 million.

Cash flow from financing activities totalled EUR 19.5 million in the financial year 2010/11 and primarily comprised dividend payments (EUR -25.2 million), payments for the redemption of financial loans (EUR -14.2 million) and payments received from the sale of own shares (EUR 59.0 million). As of 31 October 2011, the company no longer held any own shares.

INVESTMENTS

Total net investments in the financial year 2010/11 advanced from EUR 28.7 million to EUR 44.4 million, up 54.8% on the previous year. About one third of the investments made in the reporting period related to the Retail segment. As in the previous year, the focus of our investment activities (EUR 24.1 million) was on property, plant and equipment (previous year: EUR 17.8 million); an amount of EUR 6.5 million was invested in intangible assets (previous year: EUR 5.9 million). EUR 8.2 million of the investments in property, plant and equipment related to investments in the construction of the creative centre at the company's headquarters in Halle / Westphalia. Due to the extension and reconstruction of Halle 30 in Düsseldorf, investments in our investment properties held for letting advanced from EUR 3.9 million to EUR 12.6 million. As described under "Financial position", the total investments were financed from the company's own liquid funds and cash flows.

SEGMENT REPORTING

GERRY WEBER International AG defines its segments in accordance with its internal organisational structures and lines of reporting to management for the purpose of performance measurement and resource allocation. As described in the chapter "Business activity and organisation" in this management report, the company distinguishes between a Production and Wholesale segment and a Retail segment. The Retail segment comprises all company-managed Houses of GERRY WEBER, the concession shops, the factory outlets and the online shops. The Production and Wholesale segment comprises all activities from the design of the collections to the sale of our products to external customers.

The Production and Wholesale segment's sales revenues of EUR 474.2 million represent 67.5% of the Group's total revenues. The segment's sales revenues increased by 7.4% on the previous year, while interest expenses were cut by 8.8% to EUR 1.3 million. At EUR 84.4 million, earnings before interest and taxes (EBT) were up 9.1% on the previous year. With the average headcount almost unchanged at 800 (previous year: 796), this impressive result was achieved thanks to strict cost management and fixed cost absorption. The Production and Wholesale segment's investments in non-current assets totalled EUR 3.9 million in the financial year.

The Retail segment generated sales revenues of EUR 218.0 million in the financial year 2010/11, up by 25.6% or EUR 44.5 million on the previous year. The segment's contribution to total Group sales revenues thus climbed from 27.9% to 31.0%. The increment was primarily attributable to the opening of many new company-managed Houses of GERRY WEBER in the financial year 2009/10 and in the reporting period. But the Retail segment's like-for-like sales also picked up by 7.7%. The GERRY WEBER online shops contributed EUR 12.2 million to the segment's total sales revenues, representing an increase by approx. 13.0%.

The Retail segment's earnings before taxes (EBT) reached EUR 7.1 million in the financial year. In this context, the strong expansion of the segment should be taken into account. Not only did the number of Houses of GERRY WEBER go up by 64 in the reporting period, but the average number of employees also rose by approx. 30.5% to 1,657. The start-up costs associated with this dynamic expansion weighed on the Retail segment's bottom line in so far as 35 new Houses of GERRY WEBER were opened in the last two months of the financial year alone and will not make profit contributions before the new financial year. The strong expansion of the Retail segment is also reflected in the fact that investments in non-current assets rose by 54.9% from EUR 10.4 million to EUR 16.1 million.

EMPLOYEES

Our growth and our success are the result of the commitment, the motivation and the expertise of our employees. The GERRY WEBER collections are the result of the commitment and personal motivation of our employees, their passion for fashion and their courage to embrace new ideas. This is why a far-sighted human resources policy, the promotion and development of our employees and their satisfaction are very important to us. At the end of the financial year, the GERRY WEBER Group employed almost 3,300 people worldwide, which means that round about 600 new jobs were created compared to the previous year. As a result of new jobs created by the company, personnel expenses went up from EUR 91.4 million to EUR 103.3 million.

The operational growth, the international expansion and the dynamics of the GERRY WEBER Group are also reflected in the qualification of our employees. In the context of our GERRY WEBER Academy, we actively help them to identify and develop their potential. The GERRY WEBER Academy comprises the full range of vocational and further training including the planning of individual qualifications. By winning, promoting and retaining motivated and talented people, we ensure that the GERRY WEBER Group will be successful also in future. Last year, we expanded our recruiting activities under the motto "Leidenschaft zieht an", under which we organised various recruiting and campus exhibitions. We also cooperated with regional universities and colleges.

For more information on human resources and HR development, please see our report on corporate responsibility in this Annual Report. Details of the compensation of the Management Board and the Supervisory Board can be found in the Compensation Report of the Corporate Governance Report.

OPPORTUNITY AND RISK REPORT

PROFITABLE, SUSTAINABLE GROWTH UNDERPINNED BY EFFECTIVE RISK MANAGEMENT

As a global fashion and lifestyle company, we are exposed to changes and uncertainties that may result from external conditions but also from internal factors. This is why GERRY WEBER has taken measures to identify opportunities at an early stage and to avoid risks to the extent possible. The aim of this risk management system is not to take risks in the first place and to manage those risks and deviations from set targets that have been identified and to take appropriate counter-measures.

Our opportunity and risk management system forms the basis for active risk management and serves as an information base. The internal control system for the accounting process is an integral element of our risk management system, which is why this combined report covers both systems. The aim of the internal control system for the accounting process is to ensure that consolidated and separate financial statements and interim reports are prepared in accordance with applicable rules and regulations. This also includes the identification, analysis, assessment and management of risks that may prevent the regulation-compliant preparation of consolidated and separate financial statements and interim reports.

ORGANISATION OF THE RISK MANAGEMENT SYSTEM

The risk management system and the internal control system for the accounting process are managed by the parent company, GERRY WEBER International AG. The Managing Board is responsible for the consistent implementation of and compliance with the defined processes and structures.

The principles, risk segments and guidelines for our risk management are laid down in a Group-wide risk manual, which must be complied with by all employees. Unambiguous instructions and reporting lines as well as clearly defined responsibilities and control levels ensure an effective flow of information and the early identification of potential risks. The manual provides detailed instructions for assessing the amount of the potential damage / loss and the risk probability and describes suitable counter-measures. All risks are described in a consistent, transparent and comparable manner.

Based on the risk manual and the assessment by our experts and specialist departments, quarterly risk reports are prepared to highlight potential risks or the potential effects of changes. The risk report describes and assesses the risk status of all relevant divisions and provides information on the status quo and the effectiveness of the counter-measures taken. The responsible risk management team directly reports to the Managing Board, which submits the risk report to the Supervisory Board at regular intervals or informs the latter immediately if required.

The risks identified by the individual units and specialists arise from the company's operations and are reported to the risk management team for incorporation in the risk report and the strategic planning process. The individual risks reported are captured, analysed and assessed and complied in the risk report; in this context, the risks are not filtered, though. This constantly updated risk compilation is discussed with the Managing Board depending on the probability and the expected amount of the potential loss / damage of the individual risk or the overall risks; these discussions take place at regular intervals but at least every three months.

Independently of the reports to the company's controlling and executive bodies, the risk management team regularly meets with the Risk Officers to discuss the risks that have been reported or newly identified by the latter. They discuss the status quo and the effectiveness of the counter-measures initiated as well as potential adjustments of defined measures. If necessary, the assessment of the risks is adjusted as well. This ongoing process not only increases the risk awareness of each individual employee but also helps prevent risks. The total risk management system is regularly checked for appropriateness and proper functioning; moreover, compliance with internal rules, regulations and standards is monitored by Group Auditing.

INTERNAL CONTROL SYSTEM FOR THE ACCOUNTING PROCESS

The internal control system for the accounting system also forms part of the risk management system. It is designed to ensure compliance with legal regulations and accounting standards as well as the correct reporting of our business figures and, hence, the correctness of internal and external accounting.

Financial accounting and the preparation of the interim and annual financial statements of GERRY WEBER International AG and of individual domestic and international subsidiaries are handled either centrally by employees of GERRY WEBER International AG or by external service providers. The financial statements of the main domestic subsidiaries are audited and certified by the auditors of the annual financial statements. The separate financial statements of foreign subsidiaries certified by local accountants which are incorporated into the consolidated financial statements are also critically reviewed and audited by the auditors of the annual financial statements.

The consolidated financial statements are prepared by the Central Accounting Department of GERRY WEBER International AG to International Financial Reporting Standards (IFRS) such as they are applicable in the EU. Ultimate responsibility for the regulation-compliant preparation of the consolidated financial statements and the Group management report rests with the Managing Board. According to an examination by the auditors, the required systems are in place to ensure complete, accurate and timely recording and accounting at Group level. The consolidated financial statements are derived from the audited separate financial statements of the consolidated companies after completion of the consolidation entries. Consolidation software is used to prepare the consolidated financial statements.

Technical and organisational plausibility checks of the accounting data are another element of our internal control system for the proper capture and presentation of our business transactions. Moreover, we use personalised authorisation concepts and access restrictions to prevent abuse.

The complete risk management system of the GERRY WEBER Group including the internal control systems for the accounting process are understood to be a cycle, whose effectiveness is reviewed on an ongoing basis. The continuous adjustment and refinement of our risk management system are designed to improve the early identification and the management of risks and to identify opportunities more quickly as they arise.

OPPORTUNITY MANAGEMENT SYSTEM

Our opportunity management system is developed from the collection, analysis and processing of a wide variety of different market and competitor data, the monitoring of demographic developments, trend observations and customer requirement surveys – to name but a few factors. In keeping with the principle of risk minimisation, we develop suitable strategies to exploit sales and earnings opportunities to maximum effect. We believe that the key opportunities for the GERRY WEBER Group arise from the ongoing development of existing markets, the expansion into new countries and regions and the expansion of our Retail activities.

We want to use the growing globalisation of the markets to our benefit both on the procurement side and on the sales side. We see opportunities for the further optimisation of our production while adhering to our internal standards and requirements. On the sales side, we see good possibilities to further internationalise our activities. The entry into new markets will enable us to access new customer groups and to tap new potential sales and earnings sources. Moreover, the international expansion and the entry into new markets with different economic cycles and development levels will open up opportunities for regional diversification. In particular, the growing per-capita income in the emerging markets will allow us to access new customer groups. Accordingly, we will accelerate our internationalisation and the expansion of our shops and stores.

We believe that the expansion of the GERRY WEBER Group's own Retail activities will open up exceptionally good opportunities for profitable growth. This expansion will also provide us with valuable insights into the purchasing behaviour and requirements of our customers, which we can implement swiftly in our collections. A collection that is optimally matched to customers' requirements will also give our wholesale customers access to new revenue sources. Moreover, the insight gained at the point of sale can be used by retailers to optimise their orders and their space utilisation. This is why we will increasingly offer our wholesale customers the opportunity to have their orders compiled by our specialist departments under maximum order limit arrangements (Trusted Wholesale Customers).

The Internet is gaining importance as a distribution channel also for the fashion industry. We therefore want to expand our online activities in order to respond to customers' changing shopping behaviour and to access new customer groups. The licensing business of the GERRY WEBER brand is still of minor importance. Here, too, we want to tap new market potential and seize opportunities.

While the development of new markets may open up additional growth opportunities and increased flexibility on the procurement side may help cut costs, we will take such measures only if the risk-return profile is well balanced. We will not compromise on our high qualitative and other standards or our value system.

INDIVIDUAL RISKS

As described above, potential risks are individually reported to the risk management team, which captures, analyses and quantifies them in cooperation with the Risk Officers. The quantification is based on the data provided by the reporting units and reflects the probability of the risk materialising and the potential amount of the loss / damage. Individual risks may – on their own or in combination with other risks – have an adverse impact on the net worth, financial and earnings position of the GERRY WEBER Group. Although our risk management system has already proven its worth and is updated constantly, other risks may arise for the GERRY WEBER Group which are not stated in our risk report or not known at present.

Risks arising from the economic and regulatory environment

GERRY WEBER International AG and its market environment are influenced, among other things, by the prevailing economic and political conditions. As a global exporter of fashion and lifestyle products, we cannot isolate ourselves from national and international developments.

The year 2012, too, will be influenced by the debt crisis experienced by several western industrialised countries. Whether and to what extent the world economy will slide into recession will not least depend on whether the crises in the financial and foreign exchange markets will spread to the real economy. With regard to the economic outlook for Germany, we share the opinion of various economic institutes which, while predicting a marked slowdown in economic growth, still project moderate growth rates of between 0.5% and 0.8% for 2012. For our business model, disposable incomes and consumer spending sentiment are of particular importance. There is a lot to suggest that the labour market and, hence, disposable incomes will remain stable. Generally speaking, however, GERRY WEBER International AG, a manufacturer of consumer goods, may be affected by a deterioration in the economic situation in its output markets. GERRY WEBER International AG aims to offset a potential decline in demand in individual markets with the help of its diversified growth strategy and the development of new markets and customer groups.

Industry and market risks

The business model of the GERRY WEBER Group is based on the design, the development and the production as well as the subsequent sale of ladieswear products and accessories. The challenge is to develop attractive collections that cater to the requirements of our end customers and to realise them quickly. To identify trends and developments at the earliest possible stage, GERRY WEBER trend scouts constantly monitor the national and international markets, detect global trends and attend international fashion fairs. Our own Retail activities continuously provide us with information on the sales of each individual collection item directly from the point of sale. All insights gained are immediately incorporated into the design of new collections.

Seven collections per year, each of which is divided into three themes comprising 30 to 35 individual items, allow the company to deliver new merchandise to the stores about every two weeks and to respond swiftly to changing trends. The success of the individual collections is reflected, at an early stage, in the pre-orders received from retailers. These are evaluated on the basis of the order figures per individual customer over time. The analysis of the incoming pre-orders allows short response times for the adjustment of the collections.

The market entry of new competitors entails the risk of losing market share in existing markets. Thanks to the leading market position, the close and trusting relationships maintained with retailers and the attractive margins offered by the GERRY WEBER Group, the competitive position of GERRY WEBER appears to be exposed only to low risks. While the strong and well-known brands protect the company against aggressive low-price competitors, there is also a high level of brand loyalty on the customer side.

Strategic risks

All business decisions entail risks. False estimates regarding future market developments, investments in new Houses of GERRY WEBER which fail to live up to the company's performance expectations or any reputational damage to the GERRY WEBER brands may have an adverse impact on the net worth, financial and earnings position.

To avoid such misjudgements and misinvestments, we analyse comprehensive market and competitor data and pay great attention to protecting and maintaining our brand image. The effective communication of the brand image and a clearly defined brand positioning, combined with efficient marketing, event and sponsoring measures, support the positive perception of the GERRY WEBER brand universe. The strength of the brands is also supported by numerous events at the GERRY WEBER Stadium and the GERRY WEBER Open. The internationally renowned ATP lawn tennis tournament is broadcast in some 120 countries and underlines the positive image of the GERRY WEBER brand while at the same time increasing their global visibility even further.

The high quality of our products plays a particularly important role for the preservation of our brand image. This is why we subject all our production partners to comprehensive audits before accepting them as producers for the GERRY WEBER Group. These internal and external audits cover not only the adherence to the high quality and production standards of GERRY WEBER but also compliance with national and international laws and social standards. Moreover, all goods are subjected to strict quality controls, which are carried out locally by our own employees at all stages of the production process.

<u>Investment risks</u>
One of the most important strategic decisions is the expansion of our own Retail operations, which not only entails investment expenses but also an increase in fixed costs. To minimise the risk of misinvestments, each new store opening is preceded by comprehensive location checks and analyses of their potential. A new investment is approved only after detailed sales and earnings projections have been drawn up and scrutinised. To optimise investment costs and present a consistent brand image, standardised shop fitting concepts are used to design the Houses of GERRY WEBER. Daily performance checks of each House of GERRY WEBER make it possible to identify negative developments and deviations from existing plans at an early stage and to initiate countermeasures where required. As a result, strategic risks are largely avoided, while emerging opportunities are identified at an early stage.

Financial risks

One of the main tasks of the parent company, GERRY WEBER International AG, is to coordinate the financial and liquidity requirements within the GERRY WEBER Group and to ensure that the Group as whole is financially independent.

Counterparty risk

At the operational level, counterparty risks primarily result from bad debts. To minimise such risks from the very beginning, new customers are subjected to strict creditworthiness checks and short payment deadlines are agreed. The company additionally defines customer credit limits and monitors compliance with these limits as well as customers' payment behaviour on an ongoing basis. The effectiveness of these measures is reflected in the GERRY WEBER Group's extremely low bad debt ratio of 0.1%.

Credit risk

When it comes to raising and renewing loans, GERRY WEBER International AG is exposed to interest rate and refinancing risks. As the company is largely equity-funded, the credit risk plays only a minor role for GERRY WEBER. We consider the risk of not being able to raise sufficient debt capital at attractive conditions to be very low even in the event of banks' lending policies changing and / or interest rates deteriorating.

Liquidity risk

Liquidity risk means that insufficient cash and cash equivalents exist at a given time or that payment obligations cannot be met. To ensure that the company is able to meet its payment obligations at all times, sufficient liquid funds and credit lines are kept available in accordance with our financial and rolling cash projections. As of the balance sheet date, GERRY WEBER International AG has liquid funds in an amount of EUR 90.6 million as well as unused credit facilities of EUR 57.7 million, which is why the liquidity risk is considered to be low and even regarded as nonexistent at present.

Interest rate risk

As an international player, the GERRY WEBER Group operates in different currency areas and is consequently exposed to exchange rate risks. GERRY WEBER International AG manages interest rate risks by raising long-term loans at fixed interest rates. As described above, both the credit risk and the interest rate risk are insignificant to the GERRY WEBER Group, which is largely equity-financed. Short-term credit agreements are signed, sometimes at floating interest rates, to offset seasonal cash spikes. The purpose is to benefit from especially low or falling debt capital rates. Short-term floating-rate credit agreements expose the GERRY WEBER Group to a low cash flow risk. To further limit this risk, interest rate derivatives are used. As of the balance sheet date on 31 October 2011, no short-term floating rate banks loans were used.

Currency risk

Being an international corporation with a number of local subsidiaries, the GERRY WEBER Group operates in different currency areas. At the operating level, currency risks arise from sustained exchange rate changes which occur between the time at which foreign exchange obligations are entered into and the time at which they are met. The parent company is responsible for the central currency management for all Group companies. To minimise exchange rate risks and hedge the cash flow forecasts for the individual collections, currency forwards and swaps as well as foreign exchange options are used. The foreign currency derivatives usually have terms of between 12 and 15 months. GERRY WEBER International AG does not trade in financial instruments.

Performance risks

Performance risks may result from our business model and from the business relations maintained with our manufacturing, logistic and distribution partners.

Procurement risks
Although our manufacturing partners are subjected to thorough checks before we place our orders, risks may result from these relationships for the GERRY WEBER Group. Non-compliance with agreed delivery dates and, in particular, the delivery of defective products may have an adverse impact on the business and / or entail increased costs. Besides the excellent fit, the high quality is one of the hallmarks of our products. We therefore attach great importance to our manufacturing partners meeting the high demands we make on them and deliver the goods in accordance with our specifications and on the agreed dates. We have therefore implemented a dedicated sourcing system for the selection and integration of our manufacturing partners. To ensure that our standards are met and our specifications are complied with, our own quality assurance teams constantly monitor and optimise the local production processes.

Wage rises in the manufacturing countries and / or increasing commodity prices entail the risk of rising production costs and, hence, the risk of a deterioration in the company's earnings position. The GERRY WEBER Group is one of a few German fashion companies that still have their own pattern-making department. This not only ensures an excellent fit of the company's garments but also gives it full control over its own patterns. This and the sourcing system described above allow the GERRY WEBER Group to respond swiftly and flexibly to changing production requirements. The high percentage of goods sourced under FPS arrangements also reduces the risk of price and wage changes.

Logistic risks
The delayed supply of goods, e. g.. because of delays in the transport or delivery, or the incorrect making-out of orders could also have an adverse impact on the sales and earnings position. To minimise potential logistic risks, GERRY WEBER International AG has outsourced the logistic process to external logistics firms. Regular meetings between the service provider and the company, at which the deadlines are agreed and discussed, ensure that the complete logistic process is optimally monitored and managed.

Liability risks
Liability risks and risks arising from damages are reduced by taking out sufficient insurance cover. All risks insured are constantly reviewed by the company to avoid over or underinsurance.

IT risks
GERRY WEBER International AG constantly adjusts and refines its security standards to mitigate the increased risks to the security of information and IT-based networks. In spite of our high security standards, any failure or disruption of our IT system may adversely impact parts of our business activity and / or entail increased costs. To further minimise these risks, our networks are monitored on an ongoing basis. In addition, security and protection systems have been implemented to prevent the loss or abuse of data and the disruption of our computer networks. Moreover, the company has implemented a contingency plan, which ensures the security of the data and the related business process in case of an emergency. Apart from these protection mechanisms against external abuse, we also ensure maximum data and information security also internally. The employees of the GERRY WEBER Group are obliged under internal guidelines

to ensure maximum information security. Preventive measures are taken to protect both the Group's business information and employees' privacy. To ensure data integrity and confidentiality, user-related access authorisations are issued, all system-immanent processes are documented and clear administrator rights are assigned.

Human resources risks
The success of the GERRY WEBER Group particularly depends on its employees. This means that factors such as insufficient qualifications, staff turnover and inadequate recruitment may have an adverse impact on the performance of the GERRY WEBER Group. To minimise these risks, we aim to create a motivating working environment for our employees and offer them sufficient possibilities for training and further education. To prevent a lack of qualified staff, we train specialists in various areas and highlight potential careers at GERRY WEBER at an early stage. Our GERRY WEBER Academy provides a comprehensive further training programme, which may be tailored to the specific requirements of each individual employee. To increase our attractiveness as an employer, we offer various possibilities of part-time work. Starting summer 2012, employees at our Halle headquarters will benefit from a child care service at the nearby kindergarten.

Legal and compliance risks

Legal risks may result from legal action being taken against the company. Such cases are managed by experienced external lawyers retained by GERRY WEBER International AG. Even if such legal disputes and proceedings are settled in favour of the GERRY WEBER Group, lawyer's fees and other legal costs may have an adverse impact on the company's earnings position. At present there are no legal disputes that could have a material impact on the financial situation of the GERRY WEBER Group.

Legal risks that may result from the violation of national or international legal provisions are mitigated by internal regulations and sanctions as well as by constant supervision by Group Auditing.

OVERALL ASSESSMENT OF THE RISK SITUATION

A look at the risks identified for the GERRY WEBER Group clearly shows that our Group-wide risk management system as well as our internal control systems for the accounting process have proven to be effective. Our risk management system enables GERRY WEBER International AG to identify potential risks at an early stage and to take appropriate counter-measures.

Based on current knowledge and information, no risks have been identified that could, on their own or in combination with other risks, jeopardise the continued existence of the GERRY WEBER Group today or in future.

RELATED PARTY DISCLOSURES

CONCLUDING STATEMENT ON THE MANAGING BOARD'S RELATED PARTY DISCLOSURES PURSUANT TO SECTION 312 AKTG

"In accordance with section 312 para. 3 AktG we herewith declare that our company received due compensation and was never disadvantaged in any dealings with associated companies based on the circumstances known at the time when such dealings were transacted."

INFORMATION PURSUANT TO SECTION 289 PARA. 4 AND SECTION 315 PARA. 4 GERMAN COMMERCIAL CODE (HGB) AS PART OF THE MANAGEMENT REPORT

COMPOSITION OF THE SUBSCRIBED CAPITAL

At the end of the reporting period on 31 October 2011, the subscribed capital (share capital) of GERRY WEBER International AG totalled EUR 45,905,960 (previous year: EUR 22,952,980) and consisted of 45,905,960 bearer shares. According to a resolution passed at the Annual General Meeting on 24 May 2011, a capital increase from company funds was implemented with effect from 04 July 2011. The share capital of the company was doubled from EUR 22,952,980 to EUR 45,905,960. The capital was increased from company funds by converting part of the "other revenue reserves" of EUR 22,952,980 recognised in the balance sheet for the period ended 31 October 2010 into share capital.

Each share represents EUR 1.00 of the share capital. All shares carry the same rights and duties. Each share grants one vote at the Annual General Meeting and determines the shareholders' share in the company's profits. No restrictions, special privileges or other agreements exist with regard to the shares. There are no shares with special privileges granting controlling powers nor are there any voting right controls over employees holding shares.

SHAREHOLDINGS EXCEEDING 10% OF THE VOTING RIGHTS

Gerhard Weber, Chairman of the Managing Board, directly and indirectly holds 28.34% of the company's share capital. Supervisory Board member Udo Hardieck directly and indirectly holds 17.85%. The company is not aware of any other shareholdings exceeding 10%.

REGULATIONS GOVERNING AMENDMENTS TO THE STATUTES AS WELL AS THE APPOINTMENT AND DISMISSAL OF MANAGING BOARD MEMBERS

Amendments to the statutes of GERRY WEBER International AG require a resolution by the Annual General Meeting supported by a majority of at least three quarters of the share capital represented when the resolution is passed; sections 179 et seq. of the German Stock Corporation Act (AktG) apply.

According to the statutes, the Managing Board of GERRY WEBER International AG consists of at least two members. The appointment and dismissal of Managing Board members are governed by sections 84 and 85 of the German Stock Corporation Act (AktG) and the company's statutes. The Supervisory Board appoints the members of the Managing Board, determines the number of Managing Board members and appoints the Chairman of the Managing Board.

POWERS OF THE MANAGING BOARD REGARDING THE ISSUE OF NEW SHARES

Pursuant to section 5 para. 3 of the statutes, the Managing Board is authorised to increase the company's share capital by 31 May 2014 once or several times against cash or non-cash contributions by a total of up to EUR 11,475,000 by issuing new bearer shares.

With regard to the subscribed capital, the statutes of GERRY WEBER International AG entitle the Managing Board, under certain conditions, to exclude shareholders' subscription rights with the consent of the Supervisory Board. There is no conditional capital at the reporting date.

POWERS OF THE MANAGING BOARD REGARDING THE ACQUISITION OF OWN SHARES

So far as permissible by law, the Managing Board is authorised to repurchase shares and to sell repurchased shares. As of 31 October 2011, the company no longer held own shares.

CONDITIONS OF A CHANGE OF CONTROL RESULTING FROM A TAKEOVER BID

No change of control rules as defined in section 289 para. 4 No. 8 and para. 315 para. 4 No. 8 German Commercial Code (HGB) exist.

COMPENSATION AGREEMENTS REACHED WITH MEMBERS OF THE MANAGING BOARD IN THE EVENT OF A TAKEOVER BID

In the event of premature termination of a Managing Board member's contract due to a change of control, the respective Managing Board members are entitled to a compensation payment. In accordance with the German Corporate Governance Code, the compensation payments for the members of the Managing Board amount to 150% of the severance payment cap, which is equivalent to three times the capitalised total annual compensation.

CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB)

We are committed to responsible and transparent corporate governance aimed at increasing the enterprise value in the long term and creating added value for all stakeholders. As a listed, internationally operating company rooted in the mid-market, we are well aware of our responsibility for good and sustainable corporate governance. Compliance with the recommendations and suggestions of the German Corporate Governance Code therefore is an integral element of good corporate governance. Our latest declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG) as well as the declarations of conformity of the previous years are published on our website at www.gerryweber.com – Investor Relations – under "Corporate Governance".

To lay the basis for our corporate policy and achieve the objectives we have set ourselves, we have defined principles for our corporate activity that go beyond the legal regulations which we naturally comply with. These principles are based on our general values and provide guidance for our day-to-day activities. Relevant information on our corporate governance practices is provided in the corporate governance statement published on our website at www.gerryweber.com – Investor Relations – under "Corporate Governance". The corporate governance statement contains the declaration of conformity or a reference to the respective Internet page, information on the corporate governance practices applied as well as a description of the work of the Managing Board and the Supervisory Board.

SUPPLEMENTARY REPORT AND REPORT ON EXPECTED DEVELOPMENTS

POST BALANCE SHEET EVENTS

After the end of fiscal year 2010/11 (31 October 2011), the following events occurred which may have an impact on the net worth, financial and earnings position and on the business performance of GERRY WEBER International AG. On 16 November 2011, the GERRY WEBER Group acquired the right to take over all trademark and intellectual property rights from the liquidator of bankrupt "DON GIL" Textilhandel GmbH. These include, in particular, leases, inventories and trademark rights. The purchase price of EUR 6.1 million was paid from the Group's own financial resources. Twelve of the 29 former "DON GIL" branches have already been converted into Houses of GERRY WEBER and reopened in December 2011.

FORECAST REPORT

Future macroeconomic situation and industry outlook

GERRY WEBER International AG operates in different regions of the world both on the procurement side and the sales side. Economic and / or regional conditions may therefore influence the Group's performance. In the crisis years of 2008 and 2009, we have proven, however, that we can isolate ourselves from economic fluctuations thanks to our market standing and our operational and financial strength.

Against the background of the sovereign debt crisis in Europe, the uncertain financial situation in the USA and less dynamic growth in the emerging markets, the world economy slowed down in 2011. Weak demand in the developed countries will continue to put a damper on economic growth in the emerging countries. Nevertheless, both the Kiel Institute for the World Economy (ifw) and the EU Commission expect the world economy to grow by 3.4% and 3.5%, respectively, in 2012.

According to the "European Economic Forecast – Autumn 2011", growth in the EU's gross domestic product (GDP) almost came to a standstill at the end of 2011 and even turned negative in some EU countries. Following some quarters of zero growth, the EU Commission expects Europe's GDP to pick up from the second half of 2012. Accordingly, the EU Commission projects moderate GDP growth of 0.5% for 2012, with the growth rates in the individual countries ranging from -3.0% (Portugal) to +3.4% (Lithuania).

Against the background of already high unemployment in some EU countries and the uncertainty about the future trend, consumer spending in these countries is expected to remain very low. Declining inflation and the expectation of moderately rising wages and salaries could result in an opposite trend and stimulate consumer spending in the EU moderately.

In view of the disparate performance shown by the individual EU countries over the past quarters, we assume that growth will be heterogeneous also in the coming quarters. In spite of the weak fourth quarter of 2011, we project a moderately positive trend for Germany, whose GDP should grow by between 0.5% and 0.8%. Moreover, we believe that the labour market situation will not deteriorate and that households' disposable incomes will remain stable. Our expectation of stable consumer climate in Germany is supported by the GfK's most recent consumer climate study of December 2011.

In view of the anticipated economic trend and consumer spending climate, we do not expect demand for our products to deteriorate in the financial year 2011/12.

GERRY WEBER set for continued growth

We want to continue our sales and earnings growth also in the coming financial years. We see sufficient opportunities to further exploit our potential both in our German home market and abroad. In the years ahead, our focus will remain on expanding our Retail activities but we will also grow our Wholesale segment by tapping new markets and customer groups and becoming even more international.

Our Retail activities will remain an important growth driver going forward. In the current fiscal year 2011/12, we plan to open 75 to 85 new company-managed Houses of GERRY WEBER (previous year: 64 new store openings). 75 new Houses of GERRY WEBER would increase our sales space to approx. 16,500 square metres. These new Houses of GERRY WEBER will be opened both in Germany and abroad, especially in Spain, Switzerland, Poland and other Eastern European countries. Since the end of the financial year 2010/11 (31 October 2011) as many as 20 new Houses of GERRY WEBER have been opened in November and December 2011, thereof 17 outside Germany. The 17 new stores also include the twelve former DON GIL branches in Austria, which have been converted into Houses of GERRY WEBER.

The other distribution channels of the Retail segment will also be expanded. We want to increase the number of both concession shops and factory outlets from the present level of 45 and 13, respectively. Our online activities will play an especially important role. We are currently selling our collections through online shops in Germany, Austria and the Netherlands.

The takeovers of Castro Deutschland GmbH & Co. KG and of the 29 DON GIL branches in Austria have shown that the GERRY WEBER Group has the financial and operational resources for such transactions. The conversion and integration of the redesigned and reopened Houses of GERRY WEBER were completed within a very short time by our own employees and clearly show the scalability of this business segment. We therefore believe we are well positioned to manage more transactions of this kind.

But the expansion of the Retail segment does not mean that we will neglect our Wholesale business. We want to improve and grow this segment, too. We see significant potential for growth outside Germany. Together with our existing partners and with new franchisees, we will continue to increase the number of franchised Houses of GERRY WEBER. We plan to further expand our activities and increase our market share in existing markets in which we already have an excellent market position, such as the Netherlands and Belgium but also Russia and the Middle East. But we will also tap new markets and customer groups in cooperation with new franchising partners. This includes, for instance, the first Australian House of GERRY WEBER to be opened in Sydney this year.

As a strong and experienced partner to the retail sector, we will also continue to expand our shop-in-shops. In the financial year 2011/12, some 200 new shops will be added to the approx. 2,300 existing shop-in-shops. An important step in this context is the expansion into the US market. In accordance with our expansion strategy, we will make a cautious start together with experienced partners who know their home market and from whose expertise we can benefit. The first shop-in-shops at Bloomingdale's will be opened already in early 2012. Established back in 1860, Bloomingdale's operates 46 department stores and is one of the best-known and most exclusive department store chains in the USA. Our entry into the US market will also be supported by a cooperation with US department store chain Dillard's. Dillard's operates 300 stores in 29 US states and generates sales revenues of approx. USD 6.2 billion, which makes it one of the largest department store chains in the United States of America.

Building on the strong brand name recognition in Germany, GERRY WEBER's international brand name awareness will be increased continuously as we penetrate these markets. Our sales activities will be supported by effective marketing measures at the point of sale. In particular, the GERRY WEBER Open will continue to make an important contribution to building our brand and increasing our brand name awareness. The ATP tennis tournament, of which GERRY WEBER International AG is one of the main sponsors, is broadcast on TV worldwide and increases our brand name recognition beyond the GERRY WEBER sales regions.

Going forward, we increasingly want to support our wholesale customers with regard to purchasing and the composition of their orders. The use of RFID technology not only makes the logistic chain more transparent but also enables optimised inventory management and makes it easier to choose the right products for each individual store. In the context of our maximum order limit arrangements (Trusted Wholesale Customers), we make these information also available to our wholesale customers. Under these arrangements, the retailer defines a maximum order limit. GERRY WEBER's purchasing specialists then compile the corresponding collection items for the retailer, thus optimising their product offering and, hence, their revenues.

Our future growth is well supported by our capitalisation and our cash position. Our solid capital structure, an equity ratio of 75.7% and liquid funds of EUR 90.6 million as of 31 October 2011 mean that the GERRY WEBER Group is able to fund all planned investments internally.

Overall, we feel well prepared for the planned future growth. Thanks to its market standing, the scalability of its Retail activities and the strong partnerships with its wholesale customers, in combination with excellent process structures, the GERRY WEBER Group is well positioned to reach its planned growth targets.

Anticipated earnings and financial position

Based on stable economic conditions, GERRY WEBER International AG projects sales revenues of EUR 775 million (2010/11: EUR 702.7 million) for the current financial year 2011/12. Our Retail activities will again make an important contribution to growth over the next 24 months. As described above, we plan to open between 75 and 85 company-managed Houses of GERRY WEBER worldwide in the financial year 2011/12. But we want to grow the revenues generated by this segment not only by expanding the total store space but also by increasing like-for-like sales. In the financial year 2010/11, the Retail segment contributed 31.0% to total Group revenues; we want to increase this percentage in the current financial year.

We also want to grow the revenues generated with our wholesale customers not only by further developing existing markets but also by expanding into new international markets. The 10.8% increase in pre-orders for the spring/summer season 2012 also indicates satisfactory growth in the Wholesale segment.

Our growth in the coming months will not be confined to sales revenues but also extend to our bottom line. We project an EBIT margin of roughly 14.8% for the current financial year, compared to 14.2% in the 2010/11 reporting period. We aim to improve our earnings position even further in the financial year 2012/13. We anticipate improving our earnings position primarily by expanding our Retail business, which supports comparatively higher margins, by realising economies of scale and by pursuing continued process optimisation.

Our financial stability and our strong cash flows mean that we can finance the investments that are necessary to expand our Retail activities and strengthen our Wholesale segment internally. Due to the substantial internal funding resources available to the GERRY WEBER Group, no major financing activities are planned in the coming months. Also, in view of the expected improvement in earnings and our strict cost management, the Managing Board of GERRY WEBER International AG projects continued high cash flows.

For many years, it has been the business philosophy of GERRY WEBER International AG to give its shareholders a share in the company's performance and pursue a profit-driven distribution policy. In view of the positive profit trend in the past financial year and the expectations for the current financial year 2011/12, the Managing Board and the Supervisory Board will propose to the next Annual General Meeting to increase the dividend by 18.2% to EUR 0.65 per share. This would represent a payout ratio of 44.5%. If the dividend increase is approved by the Annual General Meeting, the dividend per share will have increased by roughly 225% in the past five years alone.

After completion of the investment property, Halle 30 in Düsseldorf, and the modernisation work at the headoffice in Halle/Westphalia our investments 2012/13 will be characterised by the expansion of our Retail business and will remain at the level of the previous year.

Overall statement on the projected performance of GERRY WEBER International AG

Provided that the environment does not change materially, the Managing Board of GERRY WEBER International AG expects sales revenues to increase significantly and earnings to improve as reflected in the above-mentioned targets. The Managing Board sees further growth potential for the Group beyond the current financial year thanks to its excellent market standing, its internal structures and its financial strength. The GERRY WEBER Group is far from having fully exploited its growth opportunities, which is why the Managing Board projects continued sales and earnings growth also for the financial year 2012/13.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
for the fiscal year 2010/11

in KEUR	Notes	**2010/11**	2009/10
Sales	(21)	702,729.3	621,943.2
Other operating income	(22)	12,687.7	11,554.4
Changes in inventories	(23)	14,163.2	10,053.3
Cost of materials	(24)	-361,519.3	-318,791.6
Personnel expenses	(25)	-103,326.1	-91,361.1
Depreciation/Amortisation	(26)	-11,947.6	-11,936.1
Other operating expenses	(27)	-152,157.2	-137,049.0
Other taxes	(28)	-1,022.1	-1,120.2
Operating result		*99,607.9*	*83,292.9*
Financial result	(29)		
Income from long-term loans		42.7	18.4
Interest income		877.6	272.6
Writedowns on financial assets		-309.1	-89.1
Incidential bank charges		-866.0	-710.4
Interest expenses		-1,707.3	-3,212.0
		-1,962.1	*-3,720.5*
Results from ordinary activities		*97,645.8*	*79,572.4*
Taxes on income	(30)		
Taxes of the fiscal year		-30,886.4	-27,418.0
Deferred taxes		278.4	1,805.8
		-30,608.0	*-25,612.2*
Net income of the year		*67,037.8*	*53,960.2*
Profit carried forward	(31)	23,953.2	45,241.2
Transfer of retained earnings	(32)	-30,000.0	-50,000.0
Accumulated profits		**60,991.0**	**49,201.4**
Earnings per share (basic)	(33)	1.48	1.29[1]
Earnings per share (diluted)	(33)	1.48	1.29[1]

[1] Adjustement after issue of free shares on a 1:1 basis

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year 2010/11

in KEUR	**31.10.2011**	31.10.2010
Net income for the year	*67,037.8*	*53,960.2*
Other comprehensive income		
Currency translation: Changes in the amount recognised in equity		
Changes in the balancing item for the currency translation of foreign subsidiaries	-79.3	262.7
Cash flow hedges: Changes in the amount recognised in equity		
Changes in the fair value of derivatives used for hedging purposes	3,854.8	-1,310.7
Taxes on income		
Income taxes on the components of other net income	-1,156.5	393.2
Comprehensive income	**69,656.8**	**53,305.4**

CONSOLIDATED BALANCE SHEET

for the year ended 31 October 2011

ASSETS

in KEUR	Notes No.	**31.10.2011**	31.10.2010
NON CURRENT ASSETS			
Fixed assets	(1)		
Intangible assets	(a)	19,270.7	13,564.9
Property, plant and equipment	(b)	117,596.5	102,504.7
Investment property	(c)	21,246.4	8,632.8
Financial assets	(d)	2,052.5	1,372.6
Other non-current assets			
Trade receivables	(2)	107.2	504.9
Other assets	(3)	753.1	5,236.3
Income tax claims	(4)	2,661.5	2,823.3
Deferred tax assets	(5)	2,910.2	3,491.7
		166,598.1	*138,131.2*
CURRENT ASSETS			
Inventories	(6)	88,526.7	73,254.0
Receivables and other assets			
Trade receivables	(7)	56,829.5	57,275.1
Other assets	(8)	11,925.6	10,948.4
Income tax claims	(9)	493.1	1,000.9
Cash and cash equivalents	(10)	90,584.7	45,917.3
		248,359.6	*188,395.7*
Total Assets		**414,957.7**	**326,526.9**

EQUITY AND LIABILITIES

in KEUR	Notes No.	31.10.2011	31.10.2010
EQUITY	(11)		
Share capital	(a)	45,906.0	21,317.2
Capital reserve	(b)	102,386.9	45,039.0
Retained earnings	(c)	105,341.7	98,294.7
Accumulated other comprehensive income/loss acc, to IAS 39	(d)	-646.4	-3,344.8
Exchange diferences	(e)	-62.1	17.4
Accumulated profits	(f)	60,991.0	49,201.4
		313.917,1	*210,524.9*
NON-CURRENT LIABILITIES			
Provisions for personnel	(12)	396.2	1,680.8
Other provisions	(13)	3,105.4	2,262.7
Financial liabilities	(14)	15,214.3	21,785.7
Trade payables	(19)	0.0	0.0
Deferred tax liabilities	(5)	4,639.2	3,397.6
		23,355.1	*29,126.8*
CURRENT LIABILITIES			
Provisions			
Tax provisions	(15)	2,514.4	4,408.4
Provisions for personnel	(16)	12,388.7	11,211.3
Other provisions	(17)	8,223.6	6,369.9
LIABILITIES			
Financial liabilities	(18)	6,132.1	13,804.2
Trade payables	(19)	34,566.8	33,213.5
Other liabilities	(20)	13,859.9	17,867.9
		77,685.5	*86,875.2*
Total equity and liabilities		**414,957.7**	**326,526.9**

STATEMENT OF CHANGES IN GROUP EQUITY

for the fiscal year 2010/11

in KEUR	Notes No.	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income/loss acc. to IAS 39	Exchange differences	Accumulated profits	**Equity**
As of 01 November 2010		*21,317.2*	*45,039.0*	*98,294.7*	*-3,344.8*	*17.3*	*49,201.4*	*210,524.9*
Dividens paid							-25,248.3	-25,248.3
Capital increase from company funds		22,953.0		-22,953.0				0.0
Sale of own shares		1,635.7	57,348.0					58,983.7
Allocation of retained earnings of the AG from the net income of the year				30,000.0			-30,000.0	0.0
Adjustments of exchange differences						-79.3		-79.3
Changes in equity acc. to IAS 39					2,698.4			2,698.4
Net income of the year							67,037.8	67,037.8
As of 31 October 2011	**(11)**	**45,906.0**	**102,386.9**	**105,341.7**	**-646.4**	**-62.1**	**60,991.0**	**313,917.1**

in KEUR	Notes	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income/loss acc. to IAS 39	Exchange differences	Accumulated profits	**Equity**
As of 01 November 2009		*20,661.8*	*29,673.6*	*48,294.7*	*-2,427.3*	*-245.4*	*62,935.9*	*158,893.3*
Dividens paid							-17,694.7	-17,694.7
Sale of own shares		655.4	15,365.4					16,020.8
Allocation of retained earnings of the AG pursuant to the resolution of the AGM on June 2010				25,000.0			-25,000.0	0.0
Allocation of retained earnings of the AG from the net income of the year				25,000.0			-25,000.0	0.0
Adjustments of exchange differences						262.7		262.7
Changes in equity acc. to IAS 39					-917.5			-917.5
Net income of the year							53,960.2	53,960.2
As of 31 October 2010	**(11)**	**21,317.2**	**45,039.0**	**98,294.7**	**-3,344.8**	**17.3**	**49,201.4**	**210,524.9**

SEGMENT REPORTING
for the fiscal year 2010/11

2010/11 in KEUR	Ladiesware production and wholesale	Ladiesware Retail	Consolidating entries and other segments	**Total**
Sales by segment	619,775	223,221	-140,267	702,729
Thereof:				
sales with external third parties	474,244	218,032	10,453	702,729
inter segment revenues	145,531	5,189	-150,720	0
EBT	84,386	7,116	6,144	97,646
Depreciation of property, plant, equipment	2,403	4,524	5,021	11,948
Interest income	59	138	681	878
Interest expenses	1,281	505	-79	1,707
Assets	123,631	96,901	194,426	414,958
Liabilities	108,359	98,457	-105,776	101,040
Investments in non-current assets	3,950	16,135	28,266	48,351
Number of employees (end of the fiscal year)	800	1,657	554	3,011
Impairments recognised in profit/loss				
of inventories	978	-183	0	795
of trade receivables	-1,284	-55	0	-1,339

2009/10 in KEUR	Ladiesware production and wholesale	Ladiesware Retail	Consolidating entries and other segments	**Total**
Sales by segment	553,432	177,742	-109,231	621,943
Thereof:				
sales 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, 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	15,050	28,654
Number of employees (end of the fiscal year)	796	1,270	530	2,597
Impairments recognised in profit/loss				
of inventories	-548	-394	0	-942
of trade receivables	-538	15	0	-523

SEGMENT INFORMATION BY REGIONS

for the fiscal year 2010/11

2010/11

in KEUR	Germany	Abroad	**Total**
Sales by segment	420,835	281,894	702,729
Assets	378,097	36,861	414,958
Liabilities	67,121	33,919	101,040
Investments in non-current assets	44,144	4,207	48,351
Number of employees (end of the fiscal year)	2,085	926	3,011

2009/10

in KEUR	Germany	Abroad	**Total**
Sales by segment	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 (end of the fiscal year)	1,730	867	2,597

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year 2010/11

in KEUR	**2010/11**	2009/10
Operating result	99,607.9	83,292.9
Depreciation/amortisation	11,947.6	11,936.1
Loss from the disposal of fixed assets	1,653.4	1,369.0
Increase in inventories	-15,272.7	-14,793.9
Decrease in trade receivables	843.3	2,493.8
Decreae/increase in other assets that do not fall under investing or financing activities	3,398.6	4,752.5
Increase/decrease in provisions	2,589.2	3,744.5
Increase/decrease in trade payables	1,353.3	1,343.5
Increase/decrease in other liabilities that do not fall under investing or financiang activities	-657.1	-3,509.7
Income tax payments	-32,110.9	-26,201.3
Other non-cash expenses/income	-2,104.9	0.0
Cash inflows from operating activities	*71,247.7*	*64,427.4*
Income from investments	42.7	18.4
Interest income	877.6	272.6
Incidential bank charges	-866.0	-710.4
Interest expenses	-1,707.3	-3,212.0
Cash inflows from current operating activities	*69,594.7*	*60,796.0*
Proceeds from the disposal of properties, plant and equipment and intangible assets	173.9	265.6
Purchases of investments in property plant and equipment and intangible assets	-30,572.6	-23,793.6
Purchases for the acquisition of fully consolidated less cash acquired	-418.0	0.0
Purchases of investments in investment property	-12,613.6	-3,864.9
Proceeds from the disposal of financial assets	175.9	151.0
Purchases of investments in financial assets	-1,164.8	-995.8
Cash outflows from investing activities	*-44,419.2*	*-28,237.7*
Dividend payment of the AG	-25,248.3	-17,694.7
Proceeds of the sale of own shares	58,983.7	16,020.8
Raising/repayment of financial liabilities	-14,243.5	-20,662.1
Cash inflows/outflows from financing activities	*19,491.9*	*-22,336.0*
Movement in cash and cash equivalents	44,667.4	10,222.3
Cash and cash equivalents at the beginning of the fiscal year	45,917.3	35,695.0
Cash and cash equivalents at the end of the fiscal year	**90,584.7**	**45,917.3**

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 NOVEMBER 2010 TO 31 OCTOBER 2011

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 01 November 2010 and ended on 31 October 2011 (previous year: 01 November 2009 to 31 October 2010).

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 2011 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 2010/11 were applied to the extent that they had been endorsed by the European Union.

NEW IASB REGULATIONS FOR FIRST-TIME APPLICATION IN THE FINANCIAL YEAR 2010/11

The following accounting standards and supplements to existing regulations became mandatory for the fiscal year from 01 November 2010 to 31 October 2011:

New regulation			Impact on the GERRY WEBER Group
IFRS 1	First-time adoption of International Financial Reporting Standards	Introduction of further exemptions	No impact
IFRS 1 and IFRS 7	First-time adoption of International Financial Reporting Standards and Financial Instruments: Disclosures	Exemptions for first-time adopters regarding the presentation of comparative disclosures	No impact
IFRS 2	Share-based Payment	Modification of the rule governing the presentation of share-based payments in the financial statements of subsidiaries	No impact
IAS 32	Financial Instruments: Presentation	Introduction of special rules for puttable instruments	No material impact
IFRIC 15	Agreements for the Construction of Real Estate	Rules on the realisation of revenues of construction projects	No impact
IFRIC 17	Distributions of Non-cash Assets to Owners	Rules governing the measurement of other assets to be distributed to owners	No material impact
IFRIC 18	Transfers of Assets from Customers	Additional information on the recognition of transfers of assets from customers to an enterprise that uses these assets to supply the customer with products or services	No material impact
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Detailed rules for the recognition of financial liabilities extinguished with equity instruments	No material impact
Improvement Project 2009	IAS 1, IAS 7, IAS 17, IAS 36, IAS 38, IAS 39, IFRS 2, IFRS 5, IFRS 8, IFRIC 9, IFRIC 16		No material impact

NEW IAS REGULATIONS NOT APPLICABLE IN THE FINANCIAL YEAR 2010/11

Regulations that were not applied			Published by the IASB	First-time application	Adopted by EU Commission	Anticipated impact on the GERRY WEBER Group
IFRS 1	First-time Adoption of International Financial Reporting Standards	Rules on hyperinflation and the elimination of fixed dates	20.12.2010	01.07.2011	not yet	No material impact
IFRS 7	Financial Instruments: Disclosures	Disclosures about transfers of financial assets	07.01.2010	01.07.2011	not yet	Increased disclosure requirements in the notes
IFRS 9	Financial Instruments: Disclosures	Rules on the recognition of financial instruments measured at amortised cost or fair value	12.11.2009 and 28.10.2010	01.01.2015	not yet	Change in the recognition of financial instruments classified as available for sale; negligible impact
IFRS 10	Consolidated Financial Statements	Guidelines for the definition of the basis of consolidation	12.05.2011	01.01.2013	not yet	No material impact
IFRS 11	Joint Arrangements	Rules on the balance sheet treatment of joint ventures	12.05.2011	01.01.2013	not yet	No material impact
IFRS 12	Disclosure of Interests in Other Entities	Disclosure requirements regarding interest held in other entities	12.05.2011	01.01.2013	not yet	Increased disclosure requirements in the notes
IFRS 13	Fair Value Measurement	Harmonisation of the rules governing the determination of the fair value	12.05.2011	01.01.2013	not yet	No material impact
IAS 1	Presentation of Financial Statements	Presentation of other comprehensive income	28.07.2011	01.07.2012	not yet	No material impact
IAS 12	Income Taxes	Accounting for deferred taxes on investment properties and revalued assets	20.12.2010	01.01.2012	not yet	No material impact
IAS 19	Employee Benefits	Elimination of the corridor method for the valuation of pension obligations and enhanced disclosure requirements	16.06.2011	01.01.2013	not yet	Increased equity volatility as the elimination of the corridor method also eliminates the deferral effect
IAS 24	Related Party Disclosures	Enhanced disclosure requirements for government-related entities	04.11.2009	01.01.2011	19.07.2010	No material impact
IAS 27	Separate Financial Statements	Revision of the consolidation standards and incorporation into IFRS 10	12.05.2011	01.01.2013	not yet	No material impact
IAS 28	Investments in Associates and Joint Ventures	Revision of the accounting rules for associates and joint ventures	12.05.2011	01.01.2013	not yet	No material impact
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Rules regarding prepaid contribution in conjunction with minimum funding requirements	26.11.2009	01.01.2011	19.07.2010	No material impact
Improvement Project 2010	IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 24, IFRIC 13		06.05.2010	Mostly 01.01.2011	25.08.2010	No material impact

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

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

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

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

BASIS OF CONSOLIDATION

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

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

All subsidiaries are wholly owned.

The basis of consolidation increased by three companies due to the foundation of GERRY WEBER Polska Sp. z o.o., Warsaw, and GERRY WEBER Switzerland AG, Zurich, and the acquisition of GERRY WEBER Retail Stores Verwaltungs GmbH, Halle / Westphalia.

CONSOLIDATION PRINCIPLES

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

Business combinations are accounted for by offsetting the carrying amounts of the investments against the pro-rated revalued equity capital of the subsidiaries at the time of acquisition. Credit differences are capitalised as goodwill under intangible assets in accordance with IFRS 3. Debit differences were directly recognised in profit / loss.

IFRS 3 was not applied retrospectively to business combinations prior to 01 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 01 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 01 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. 2011	31 Oct. 2010	2010/11	2009/10
Denmark	DKK	7.44200	7.45620	7.45318	7.44520
UK	GBP	0.87310	0.86730	0.86792	0.86621
Hong Kong	HKD	10.87350	10.77760	10.84006	10.47575
Canada	CAN	1.39300	1.41540	1.37381	1.40021
Romania	RON	4.33480	4.26630	4.23045	4.20488
Turkey	TRY	2.45630	1.99560	2.25738	2.03398
USA	USD	1.40010	1.38930	1.39293	1.34887

BUSINESS COMBINATION PURSUANT TO IFRS 3

With effect from 01 April 2011, GERRY WEBER Retail GmbH acquired all shares in Castro Deutschland GmbH & Co. KG, Cologne. The company was a textile retailer with eight retail stores in Germany. The company was taken over with a view to expanding GERRY WEBER's retail space in prime locations in major German cities. 37 employees of the company were taken over. The general partner left the company in July 2011. The assets and debts accrued to GERRY WEBER Retail GmbH.

Costs of the acquisition amounted KEUR 1,956 and were solely paid in cash from the company's own funds.

The purchase price is final and is not subject to any retroactive adjustments. No contingent liabilities or receivables exist. The purchase price was financed from the company's own funds.

The table below shows the carrying amounts and the fair values:

KEUR	Carrying amount	Adjustments	Fair value
Purchase price			1,956
Assets acquired			
Advantageous lease agreements	0	4,000	4,000
Liquid funds	1,538	0	1,538
Liabilities	-532	0	-532
Deferred taxes	0	-945	-945
Net assets acquired	*1,006*	*3,055*	*4,061*
Negative difference			**2,105**

Two lease agreements are advantageous agreements, where the agreed rents are lower than the market rents. In the context of the allocation of the purchase price, the advantageousness of the lease agreements was recognised at the present value of the rent difference. The present value was determined by means of the remaining term of the lease agreements (agreement 1 until 2026; agreement 2 until 2021) using a discount rate of 5%. The advantageous lease agreements recognised as depreciable intangible assets are written off over the remaining term of the leases using the straight-line method. The resulting expenses are recognised in the income statement under "Depreciation / Amortisation".

The difference between the cost of acquisition (KEUR 1,956) and the acquired net assets (KEUR 4,061) was recognised in accordance to IFRS 3 in an amount of KEUR 2,105 as other operating income. Deferred tax liabilities were accounted for.

The takeover of the leases entails long-term financial obligations. The leases for two of the acquired stores have been terminated. Other space has been sublet.

The acquired retail stores generated earnings of KEUR -1,243 on sales revenues of KEUR 1,552 between 01 April and 31 October 2011. If Castro Deutschland GmbH & Co. KG, Cologne, had been taken over by the GERRY WEBER Group with effect from the beginning of the financial year, pro-forma sales revenues would have amounted to KEUR 4,521, with pro-forma earnings standing at KEUR -1,330.

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 using the straight-line method.

The rents paid for two stores taken over as part of the acquisition of all shares in Castro Deutschland GmbH & Co. KG, Cologne, are clearly below market rates. These advantages have been capitalised at the present value. The present value was determined by means of the remaining term of the lease agreements (agreement 1 until 2026; agreement 2 until 2021) using a discount rate of 5%. The advantageous lease agreements recognised as depreciable intangible assets are written off over the remaining term of the leases using the straight-line method. The resulting expenses are recognised in the income statement under "Depreciation / Amortisation".

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 01 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 5.15%) p. a. was applied.

No investment-related government grants were received.

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

	Useful life
Building components and furnishings and fittings for rented properties	10 – 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,
- 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 write-downs for impairment. Foreign currency receivables and liabilities are measured at the mean rate prevailing on the balance sheet date. The amortised cost of a liability is always equivalent to the nominal amount or the repayment amount.

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

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

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

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.

KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets/liabilities	
		For information:			
	Carrying amount 31 Oct. 2011	Fair value 31 Oct. 2011	Carrying amount 31 Oct. 2011	Carrying amount 31 Oct. 2011	Carrying amount in the balance sheet 31 Oct. 2011
Financial assets	2,052	2,049			2,052
Loans and receivables	2,049	2,049			2,049
Available-for sale financial assets	3	(*)			3
Trade receivables (non-current)	107	107			107
Loans and receivables	107	107			107
Trade receivables (current)	56,829	56,829			56,829
Loans and receivables	56,829	56,829			56,829
Other assets (current)			108	11,818	11,926
Derivatives qualifying for hedge accounting			6		6
Derivatives not qualifying for hedge accounting			102		102
Non-financial assets				11,818	11,818
Liquid funds	90,585	90,585			90,585
Loans and receivables	90,585	90,585			90,585
Total financial assets	**149,573**		**108**		**149,681**
Financial liabilities (non-current)	15,214	15,214			15,214
Measured at amortised cost	15,214	15,214			15,214
Financial liabilities (current)	6,132	6,132			6,132
Measured at amortised cost	6,132	6,132			6,132
Trade liabilities (current)	34,567	34,567			34,567
Measured at amortised cost	34,567	34,567			34,567
Other liabilities			972	12,888	13,860
Derivatives qualifying for hedge accounting			930		930
Derivatives not qualifying for hedge accounting			42		42
Non-financial assets				12,888	12,888
Total financial liabilities	**55,913**		**972**		**56,885**

(*) cannot be reliably determined

KEUR	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
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

ORIGINAL FINANCIAL INSTRUMENTS

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 as well as interest rate risks; to a minor extent, they are used to hedge commodity prices.

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 two currency forwards, one accumulating currency forward as well as two cotton contracts 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 derivatives that do not qualify for hedge accounting, 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 derivatives that do not qualify for hedge accounting are classified as financial instruments which are reported at their fair values at the time of first recognition and carried as financial assets or financial liabilities, respectively. Positive fair value is included in other assets, while negative fair value is included in other liabilities. The resulting income is included in other operating income, while 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 write-downs take account of the loss-free measurement as well as of all other inventory risks. When the circumstances which previously caused inventories to be written down no longer exist, the amount of the write-down is reversed.

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

Intercompany profits resulting from sales within the Group are eliminated.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are booked at their nominal values.

MISCELLANEOUS PROVISIONS

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

REALISATION OF REVENUE AND EXPENSES

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

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

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.

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 2010/11 and 2009/10. Currency translation differences 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 6,455 (previous year: KEUR 4,690). Depreciation of these rights of supply totalled KEUR 1,736 in the fiscal year 2010/11 (previous year: KEUR 1,973).

The item also comprises advantageous lease agreements for two stores in an amount of KEUR 3,844 (previous year: KEUR 0). The amortisation of these assets amounted to KEUR 156 in the financial year 2010/11 (previous year: KEUR 0).

Other assets recognised include software.

As of 31 October 2011 and 31 October 2010, goodwill was 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.

(c) Investment properties

In the fiscal year 2008/09 the Group acquired a property in Düsseldorf. The company is building 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, it has not yet been appraised by an independent expert. According to the company's own estimate of the fair value based on commonly applied multipliers, expected rental income and estimated completion costs of EUR 6 million, the property has a fair value of between EUR 24 million and EUR 34 million after completion. In the previous year, the fair value was equivalent to the acquisition cost and the expenses incurred up to date. Income generated from the property amounted to KEUR 0 (previous year: KEUR 0), while direct operating expenses amounted to KEUR 30 (previous year: KEUR 2).

(d) Financial assets

KEUR	**31 Oct. 2011**	31 Oct. 2010
Long-term loans	1,373	959
Long-term deposits	328	0
Rent deposits	294	261
Loans to commercial agents	54	146
Shares in limited partnerships	3	7
	2,052	**1,373**

Financial assets are recognised at amortised cost, which is equivalent to the fair value. The long-term loans had to be written down by KEUR 300. As a general rule, the limited partner's shares are recognised at cost as the fair value cannot be reliably determined. Two investments in limited partnerships were written down by KEUR 9 in the financial year.

(2) TRADE RECEIVABLES (NON-CURRENT)

Trade receivables with a maturity of more than one year amounted to KEUR 107 (previous year: KEUR 505). These are market rate interest bearing trade receivables.

(3) OTHER ASSETS (NON-CURRENT)

KEUR	31 Oct. 2011	31 Oct. 2010
Receivables relating to GERRY WEBER Open	594	4,128
Claim for damages	0	98
Receivables from commercial agents	0	19
Other	159	991
	753	**5,236**

(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 2,661 (previous year: KEUR 2,823) and under current income tax receivables in an amount of KEUR 493 (previous year: KEUR 1,001).

(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	
KEUR	31 Oct. 2011	31 Oct. 2010	31 Oct. 2011	31 Oct. 2010
Non-current assets	122	128	3,304	2,098
Current assets	1,092	542	1,187	1,152
Provisions	657	507	148	148
Liabilities	354	1,737	0	0
Tax loss carryforwards	685	578	0	0
	2,910	**3,492**	**4,639**	**3,398**

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 20.8 million (previous year: EUR 19.8 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 5,750 million (previous year: EUR 5,415 million) were written down in an amount of KEUR 5,065 (previous year: KEUR 4,837) as the realisation of the respective tax advantages is unlikely in the medium term.

Of the unrecognised deferred tax assets, amounts totalling KEUR 3,505 (previous year: KEUR 2,926) will expire in one to ten years.

(6) INVENTORIES

KEUR	**31 Oct. 2011**	31 Oct. 2010
Raw materials and supplies	10,230	9,906
Work in progress	14,186	11,979
Finished goods and merchandise	60,629	48,672
Prepayments on intangibles	3,482	2,697
	88,527	**73,254**

The impairment resulting from the sales-oriented measurement of inventories amounted to KEUR 2,669 (previous year: KEUR 3,464).

The expenses for the fiscal year 2010/11 are included in the cost of materials. The usual reservations of ownership apply.

(7) TRADE RECEIVABLES (CURRENT)

Trade receivables in an amount of KEUR 56,829 (previous year: KEUR 57,275) have a maturity of less than one year.

Allowances for doubtful accounts amounted to KEUR 3,866 (previous year: KEUR 2,526). 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 of trade receivables for the fiscal year 2010/11 are included in other operating expenses.

(8) OTHER ASSETS (CURRENT)

Other assets in an amount of KEUR 11,926 (previous year: KEUR 10,948) have a maturity of less than one year.

Other assets comprise:

KEUR	31 Oct. 2011	31 Oct. 2010
Receivables relating to GERRY WEBER Open	3,534	3,380
Tax claims	2,671	1,711
Prepaid expenses	1,461	1,114
Supplier balances	461	458
Receivables from insurance companies	412	377
Bonus claims	370	167
Sale of promotional items	348	198
HR receivables	288	208
Claim for damages	136	610
Receivables from commercial agents	40	442
Other	2,205	2,283
	11,926	**10,948**

(9) CORPORATE INCOME TAX CLAIM (CURRENT)

Tax refund claims of KEUR 493 (previous year: KEUR 1,001) 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:

KEUR	31 Oct. 2011	31 Oct. 2010	Change
Equity capital in KEUR	313,917	210,525	103,392
Equity in % of total capital	75.7	64.5	11.2
Debt capital in KEUR	101,041	116,002	-14,961
Debt capital in % of total capital	24.3	35.5	-11.2
Total capital (equity and debt capital) in KEUR	**414,958**	**326,527**	**88,431**

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 45,905,960 (previous year: 22,952,980) bearer shares with an accounting par value of EUR 1.00.

The share capital of the company was increased by EUR 22,952,980 to EUR 45,905,960. The capital was increased from company funds by converting part of the other retained earnings of EUR 22,952,980 which were recognised under retained earnings in the balance sheet as at 31 October 2010 into share capital. The capital increase was effected by issuing 22,952,980 new bearer shares. The shares were issued to shareholders on a 1:1 basis.

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 03 June 2009 and on 01 June 2010, respectively), the Managing Board is authorised to sell own shares under certain circumstances.

In the financial year 2010/11, 1,635,738 shares were sold and generated proceeds of EUR 58,983,696.05 (average price: EUR 36.06):

Date	Number	Purchase cost	Average price (incl. expenses)	Sales proceeds	Average price
		EUR	EUR	EUR	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	-175,300	-3,156,186.41		6,226,256.70	35.52
February 2011	-569,671	-10,256,633.59		21,199,507.25	37.21
Held as of 31 Oct. 2011	**0**	**0.00**		**58,983,696.05**	**36.06**

The own shares acquired represent 0% of the share capital (previous year: 7.13%).

(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 profits generated by the consolidated companies in the past which were not distributed or converted into share capital 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.

KEUR	**31 Oct. 2011**	31 Oct. 2010	Change
Positive fair values of financial instruments	6	34	-28
Negative fair values of financial instruments	-929	-4,813	3,884
Deferred tax assets	279	1,444	-1,165
Deferred tax liabilities	-2	-10	8
	-646	**-3,345**	**2,699**

(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 01 November 2010	49,201,437.57
Dividend distribution in June 2011	-25,248,278.00
Transfer to retained earnings from net income for the year based on a resolution by the Managing Board and the Supervisory Board	-30,000,000.00
Net income for the year 2010/11	67,037,853.53
Accumulated profits as of 31 October 2011	**60,991,013.10**

(12) PROVISIONS FOR PERSONNEL (NON-CURRENT)

An amount of KEUR 396 (previous year: KEUR 1,681) represents the non-current portion of the provisions for old-age part-time work. An amount of KEUR 588 was used up (previous year: KEUR 74 used up).

(13) OTHER PROVISIONS (NON-CURRENT)

This item includes an amount of KEUR 3,105 (previous: KEUR 2,263) resulting from the company's obligation to remove furnishings and fittings from rented properties. Allocations amounted to KEUR 858 (previous year: KEUR 1,068).

(14) FINANCIAL LIABILITIES (NON-CURRENT)

KEUR	**31 Oct. 2011**	31 Oct. 2010
Liabilities to banks and insurance companies	**15,214**	**21,786**

These include non-current financial liabilities with a remaining maturity of more than five years in an amount of KEUR 0 (previous year: KEUR 2,857).

Provisions 31 October 2011 and 31 October 2010 (current)

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

KEUR	Carried forward 01 Nov. 2010	Use	Reversal	Allocation	**As at 31 Oct. 2011**
Type of provision					
(15) TAX PROVISIONS	*4,408*	*3,766*	*367*	*2,239*	*2,514*
(16) PROVISIONS FOR PERSONNEL					
Bonuses	5,113	5,093	20	5,258	5,258
Vacation	2,159	2,159		2,356	2,356
Old-age part-time work (current)	758	545		79	292
Special annual payment	2,790	2,790		3,187	3,187
Other	391	362	29	1,296	1,296
	11,211	*10,949*	*49*	*12,176*	*12,389*
(17) OTHER PROVISIONS					
Guarantees	607	607	0	678	678
Outstanding invoices	3,967	3,881	86	6,079	6,079
Accounting expenses	432	432	0	367	367
Supervisory Board compensation	489	489	0	510	510
Other	875	875	0	590	590
	6,370	*6,284*	*86*	*8,224*	*8,224*
	21,989	**20,999**	**502**	**22,639**	**23,127**

KEUR	Carried forward 01 Nov. 2009	Use	Reversal	Allocation	**As at 31 Oct. 2010**
Type of provision					
(15) TAX PROVISIONS	*3,410*	*3,229*	*76*	*4,303*	*4,408*
(16) 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*
(17) OTHER PROVISIONS					
Guarantees	584	584	0	607	607
Outstanding invoices	3,412	3,412	0	3,967	3,967
Accounting expenses	312	312	0	432	432
Supervisory Board compensation	383	383	0	489	489
Other	399	79	0	555	875
	5,090	*4,770*	*0*	*6,050*	*6,370*
	18,240	**17,533**	**84**	**21,366**	**21,989**

(18) CURRENT FINANCIAL LIABILITIES (REMAINING MATURITY OF LESS THAN ONE YEAR)

KEUR	**31 Oct. 2011**	31 Oct. 2010
Liabilities to banks and insurance companies	**6,132**	**13,804**

Information on collateral and agreements

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

- Land charges in an amount of KEUR 307 (previous year: KEUR 391).

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 2010/11:

Fixed-income agreements

Financial instrument	**Carrying amount 2010/11**	Carrying amount 2009/10	Maturity until	Nominal interest rate
	KEUR	KEUR	month/year	% p. a.
Bank 1				
Loan 1	0	312	12/2010	4.41
	0	*312*		
Bank 2				
Loan 1	0	2,000	2/2011	4.29
Loan 2	3,000	4,000	7/2014	4.15
	3,000	*6,000*		
Bank 3	1,500	2,500	3/2013	4.42
Bank 4	0	5,000	3/2011	4.57
Bank 5	0	84	12/2010	3.76
Bank 6	3,000	4,000	6/2014	4.20
Insurance company 1	13,571	17,143	7/2016	4.35
	18,071	*28,727*		
	21,071	**35,039**		

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 275 (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.

(19) TRADE PAYABLES

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

(20) MISCELLANEOUS LIABILITIES

KEUR	31 Oct. 2011	31 Oct. 2010
Other taxes (especially wage and turnover tax)	7,139	4,010
GERRY WEBER Management & Event oHG	1,968	5,463
Customer vouchers, bonus card and goods on return	1,103	310
Negative fair value of financial instruments qualifying for hedge accounting	929	4,813
Liabilities to personnel	734	661
Liabilities to customers	644	949
Social security	309	522
Negative fair value of financial instruments not qualifying for hedge accounting	43	977
Other liabilities	991	163
	13,860	**17,868**

D. NOTES TO THE INCOME STATEMENT

(21) 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 908 (previous year: KEUR 700) for the utilisation of the name rights.

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

(22) MISCELLANEOUS OPERATING INCOME

Miscellaneous operating income comprises the following:

KEUR	2010/11	2009/10
Rental income	5,205	4,879
Income from negative differences	2,105	0
Exchange gains, income from currency forwards	827	1,980
Income from IT services for third parties	1,348	1,575
Payment of damages/insurance compensation	879	1,030
Income from the provision of motor vehicles	668	541
Income from the reversal of provisions and allowances	356	107
Research subsidies	0	60
Other	1,300	1,382
	12,688	**11,554**

The income from negative differences results of the acquisition of Castro Deutschland GmbH & Co. KG, Cologne.

(23) 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.

(24) COST OF MATERIALS

KEUR	2010/11	2009/10
Expenses for raw materials and supplies and purchased goods	70,110	58,433
Expenses for services purchased	291,409	260,359
	361,519	**318,792**

(25) PERSONNEL EXPENSES

KEUR	2010/11	2009/10
Wages and salaries	88,184	78,319
Social security contributions	15,142	13,042
	103,326	**91,361**

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 5.13% (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:

	2010/11		2009/10	
	Total	Germany	Total	Germany
Blue-collar workers	426	111	448	128
White-collar workers	2,549	1,937	2,102	1,555
	2,975	*2,048*	*2,550*	*1,683*
Trainees/apprentices	36	36	47	47
	3,011	**2,084**	**2,597**	**1,730**

(26) 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 2010/11 (previous year: KEUR 0).

(27) MISCELLANEOUS OPERATING EXPENSES

Miscellaneous operating expenses comprise the following:

KEUR	**2010/11**	2009/10
Rent, space costs	43,342	36,766
Freight, packaging, logistics	30,618	28,441
Advertising, trade fairs	16,946	15,561
Sales agent commissions	13,677	12,525
Collection development	8,086	8,015
Legal and consulting costs	6,486	4,109
IT costs	4,127	3,836
Insurance, contributions, fees	3,581	3,611
Other personnel expenses	4,156	3,352
Travelling expenses	3,750	3,041
Del credere and credit card commissions	2,505	2,206
General administration	2,151	2,021
Losses on receivables/allowances	2,134	1,984
Office and communications	2,112	1,749
Vehicles	2,114	1,719
Maintenance	2,200	1,646
Loss from asset disposal	1,662	1,408
Exchange rate fluctuations	492	2,448
Other	2,018	2,611
	152,157	**137,049**

(28) OTHER TAXES

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

(29) FINANCIAL RESULT

KEUR	**2010/11**	2009/10
Income from financial assets loaned	43	18
Interest income	877	273
Write-downs on financial assets	-309	-89
Incidental bank charges	-866	-710
Interest expenses	-1,707	-3,212
	-1,962	**-3,720**

(30) TAXES ON INCOME

Taxes on income comprise the following main components:

KEUR	2010/11	2009/10
Taxes of the fiscal year	31,456	27,167
Tax expenses/income of prior years	-570	251
Deferred taxes	-278	-1,806
	30,608	**25,612**

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:

KEUR	2010/11	2009/10
Profit before taxes on income	97,646	79,572
Group tax rate	30.0%	30.0%
Expected tax expenses	29,294	23,872
Non-recognition of deferred tax assets due to operating losses and utilisation of those assets	1,162	750
Taxes on trade tax additions/deductions	499	473
Taxes on non-deductible operating expenses	165	182
Off-period tax expenses/income	-570	251
Tax expenses from the sale of own shares	444	63
Taxes on negative differences from acquisitions	-605	0
Miscellaneous	219	84
Actual tax expenses 31.3% (previous year: 32.2%)	**30,608**	**25,612**

(31) PROFIT CARRIED FORWARD

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

(32) ALLOCATION TO RETAINED EARNINGS

Amounts of KEUR 30,000 (previous year: KEUR 25,000) were allocated to retained earnings in the fiscal year 2010/11 based on a resolution by the Managing Board and the Supervisory Board, respectively.

(33) 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

KEUR	2010/11	2009/10
Consolidated net income / loss attributable to ordinary shareholders of the parent company	**67,038**	**53,960**

Number of ordinary shares

Number of shares	
Voting shares on 31 October 2010	21,317,242
Sale of own shares in 2010/11	
11/2010	293,404
12/2010	597,363
01/2011	175,300
02/2011	569,671
	1,635,738
Capital increase from company funds (issue of bonus shares on 1:1 basis)	22,952,980
Voting shares on 31 October 2011	**45,905,960**

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 2010/11		Fiscal year 2009/10:	
Pre issue of bonus shares	Post issue of bonus shares	Pre issue of bonus shares	Post issue of bonus shares
21,317,242 x 1/12	42,634,484 x 1/12	20,661,848 x 2/12	41,323,696 x 2/12
+ 21,610,646 x 1/12	+ 43,212,292 x 1/12	+ 20,687,948 x 1/12	+ 41,375,896 x 1/12
+ 22,208,009 x 1/12	+ 44,416,018 x 1/12	+ 20,764,242 x 1/12	+ 41,528,484 x 1/12
+ 22,383,309 x 1/12	+ 44,766,618 x 1/12	+ 20,817,242 x 5/12	+ 41,634,484 x 5/12
+ 22,952,980 x 8/12	+ 45,905,960 x 8/12	+ 21,317,242 x 3/12	+ 42,634,484 x 3/12
= 22,595,254 shares	**= 45,189,758 shares**	**= 20,901,152 shares**	**= 41,802,304 shares**

Pre issue of bonus shares earnings per share amount to EUR 2.97 (previous year: EUR 2.58). Post issue of bonus shares earnings per share amount to EUR 1.48 (previous year: EUR 1.29).

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

The accumulated profits were used to pay out a dividend pre issue of bonus shares of EUR 1.10 (previous year: EUR 0.85) 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 post issue of bonus shares of EUR 0.65 from the accumulated profits. This is equivalent to an amount of EUR 29.8 million. In Germany, dividends are subject to capital income tax of 25% plus a 5.5% solidarity surcharge.

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 2011, negative effects from the market valuation of financial instruments in an amount of KEUR -646 (previous year: negative effects KEUR -3.345) 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 107.5 million (previous year: EUR 82.9 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 0.9 million (previous year: negative fair value of EUR 4.7 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 10.5 million as of the balance sheet date (previous year: EUR 10.2 million).

All currency forwards formed valuation units with the underlying transactions.

The positive fair value of these currency forwards for merchandise receivables was EUR 0.1 million as of the balance sheet date (previous year: negative fair value of EUR 0.1 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 207 (previous year: KEUR 328) in the amount of KEUR 121 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 207.

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 8.1 million (previous year: EUR 17.8 million). The accumulating currency forwards had a negative fair value of EUR 0.1 million on the balance sheet date (previous year: EUR 0.6 million).

As the accumulating currency forwards formed no valuation units with the goods and services sourced, they resulted in other operating expenses of EUR 0.1 million (previous year: 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.

COMMODITY DERIVATIVES

As of the balance sheet date, two cotton options with a total notional amount of EUR 1.0 million were in place (previous year: EUR 0.0 million). The positive market value of KEUR 33 (previous year: KEUR 0) was recognised in the income statement as other operating income.

These are financial assets 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 2010/11 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 2010/11, cash inflow from operating activities includes payments for interest received in an amount of KEUR 878 (previous year: KEUR 273) and for interest paid in an amount of KEUR 1,708 (previous year: KEUR 3,212). Income tax payments amounted to KEUR 32,111 (previous year: KEUR 26,201).

The GERRY WEBER Group has an unused credit line in an amount of EUR 57.7 million (previous year: EUR 58.2 million).

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 and Wohlesale, Retail and Other Segments. Secondary segment reporting is based on geographical segments.

For purposes of segment reporting by business segments, the Ladieswear and Wohlesale segment comprises the GERRY WEBER brand and its two sublabels, GERRY WEBER EDITION and G.W., the TAIFUN brand as well as the SAMOON brand.

The Retail segment comprises the own domestic and international Houses of GERRY WEBER, the concession stores, factory outlets as well as online shops.

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:

KEUR	Cash inflows	Cash outflows	Net amount	Effect from a +5% appreciation in the euro
USD	1,338	-112,262	-110,924	140
GBP	9,353	0	9,353	-6
CAD	1,164	0	1,164	5

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 2011. 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 207 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 2010/11. 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 8,086 (previous year: KEUR 8,015) 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 22 (previous year: KEUR 24).

There is a payment obligation for shares in partnerships (start-up funds) in an amount of KEUR 13.

OTHER FINANCIAL LIABILITIES / OPERATING LEASES WHERE THE COMPANY IS THE LESSEE

As of 31 October 2011, the purchase commitment for investments in property, plant and equipment amounted to EUR 5.7 million (previous year: EUR 6.4 million).

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

KEUR	31 Oct. 2011	31 Oct. 2010
Within 1 year	2,366	2,376
Between 1 and 5 years	1,554	2,494
	3,920	**4,870**

Expenses under these operating leases amounted to KEUR 2,366 in 2010/11 (previous year: KEUR 2,376). The assets financed by operating leases had a gross carrying amount of KEUR 8,281 in the fiscal year 2010/11 (previous year: KEUR 8,316).

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.

KEUR	31 Oct. 2011	31 Oct. 2010
Within 1 year	35,617	29,382
Between 1 and 5 years	109,621	95,867
After 5 years	64,111	51,285
	209,349	**176,534**

In the fiscal year 2010/11, rental expenses in an amount of KEUR 30.621 (previous year: KEUR 25,238) 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:

KEUR	31 Oct. 2011	31 Oct. 2010
Within 1 year	1,001	774
Between 1 and 5 years	3,046	2,446
After 5 years	1,395	1,241
	5,442	**4,461**

In the fiscal year 2010/11, the Group generated KEUR 1,595 (previous year: KEUR 1,306) from subleases. The table below shows the minimum lease payments from subleases:

KEUR	31 Oct. 2011	31 Oct. 2010
Within 1 year	1,813	959
Between 1 and 5 years	6,009	2,788
After 5 years	1,634	880
	9,456	**4,627**

The marked increase in income from subleases is attributable to lease agreements from Castro Deutschland GmbH & Co. KG, Cologne.

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:

KEUR	31 Oct. 2011	31 Oct. 2010
Within 1 year	1,949	1,829
Between 1 and 5 years	5,705	2,498
After 5 years	472	0
	8,126	**4,327**

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:

KEUR	**31 Oct. 2011**	31 Oct. 2010
Within 1 year	291	488
Between 1 and 5 years	447	629
After 5 years	27	80
	765	**1,197**

An exclusively turnover-based rent has been agreed with one tenant. Income from such conditional rents amounted to KEUR 48 in the fiscal year 2010/11 (previous year: KEUR 37).

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
- Webba Invest S.L., Palma de Mallorca, Spain

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:

KEUR	2010/11		2009/10	
	Expenses	Income	Expenses	Income
Advertising, GERRY WEBER Open	3,534	0	3,391	0
Advertising	419	0	307	0
Rental expenses	242	0	194	0
Interest expenses	58	0	140	0
Accommodation, entertainment	208	0	100	0
Annual General Meeting	70	0	72	0
Various services expenses	114	0	8	0
IT charge	0	9	0	11
Various services income	0	25	0	16
Prepaid postage	0	39	0	38
Book-keeping	0	101	0	104
Delivery of goods	0	105	0	119
Interest income	0	6	0	0
Rental income	0	148	0	152
	4,645	**433**	**4,212**	**440**

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

KEUR	31 Oct. 2011		31 Oct. 2010	
	Receivables	Liabilities	Receivables	Liabilities
GERRY WEBER Management & Event oHG	513	2,069	23	5,173
GERRY WEBER Sportpark Hotel GmbH & Co. KG	16	133	0	8
Golfplatz Eggeberg GmbH & Co. Anlagen KG	0	0	48	0
Clubhaus Eggeberg GmbH & Co. KG	0	0	3	0
	529	**2,202**	**74**	**5,181**

On 01 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 727 (previous year: KEUR 222) for his work at the company.

Trendline Promotion GmbH supplied the Group with promotional materials in an amount of KEUR 979 (previous year: KEUR 813) net of VAT. As at the balance sheet date, liabilities totalled KEUR 110 (previous year: KEUR 14).

Mr Klaus Friedrich, Wuppertal, the husband of Managing Board member Doris Strätker, provided advisory services in an amount of KEUR 137 (previous year: KEUR 120).

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 01 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 originally 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.

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 2010/11 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, businessman, Halle / Westphalia,
- Dr. David Frink, businessman, Bielefeld,
- Doris Strätker, businesswoman, 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 (until 08 March 2011).

Dr. David Frink
Member of the Supervisory Board:
- DSC Arminia Bielefeld GmbH & Co. KGaA (since 08 March 2011, since 21 September 2010 until 08 March 2011 co-opted)

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, Bielefeld, Chairman,
- Udo Hardieck, Halle / Westphalia, Vice Chairman,
- Charlotte Weber-Dresselhaus, Halle / Westphalia,
- Dr. Wolf-Albrecht Prautzsch, Münster,
- Olaf Dieckmann, Halle / Westphalia, staff representative,
- Klaus Lippert, Halle / Westphalia, staff representative

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, Spain

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

Dipl.-Ing. Udo Hardieck,
Engineer, 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

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:

KEUR	2010/11 Basic salary	2010/11 Share in profits	**2010/11 Total**	2009/10 Basic salary	2009/10 Share in profits	**2009/10 Total**
Managing Board						
Gerhard Weber	469	3,715	4,184	469	3,273	3,742
Dr. David Frink	467	307	774	467	249	716
Doris Strätker	660	300	960	660	288	948
	1.596	**4.322**	**5.918**	**1.596**	**3.810**	**5.406**

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 510.0 (previous year: KEUR 488.8), which was provisioned for in the fiscal year.

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

KEUR	2010/11 Fixed	2010/11 Variable	**2010/11 Total**	2009/10 Fixed	2009/10 Variable	**2009/10 Total**
Supervisory Board						
Dr. Ernst F. Schröder – Chairman	180.0	0.0	180.0	22.5	150.0	172.5
Udo Hardieck – Vice Chairman	90.0	0.0	90.0	11.3	75.0	86.3
Charlotte Weber-Dresselhaus	60.0	0.0	60.0	7.5	50.0	57.5
Dr. Wolf-Albrecht Prautzsch	60.0	0.0	60.0	7.5	50.0	57.5
Olaf Dieckmann – staff representative	60.0	0.0	60.0	7.5	50.0	57.5
Klaus Lippert – staff representative (since 02 June 2010)	60.0	0.0	60.0	3.1	20.8	23.9
Christiane Wolf – staff representative (until 01 June 2010)	0.0	0.0	0.0	4.4	29.2	33.6
	510.0	**0.0**	**510.0**	**63.8**	**425.0**	**488.8**

Mr Udo Hardieck provided no advisory services in the fiscal year 2010/11 (previous year: KEUR 106.0).

There is a lease agreement with Udo Hardieck e.K., which is controlled by Mr. Udo Hardieck. Rent payments in the financial year 2010/11 totalled KEUR 29 (previous year: KEUR 34).

SHARES HELD BY THE MANAGING BOARD

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

- Gerhard Weber: indirectly 13,009,475 (previous year: 6,139,385 pre bonus shares)
- Doris Strätker: directly 4,000 (previous year: 1,500 pre bonus shares)

SHARES HELD BY THE SUPERVISORY BOARD

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

- Udo Hardieck directly and indirectly 8,193,896 (previous year: 4,096,948 pre bonus shares)
- Charlotte Weber-Dresselhaus 69,006 (previous year: 34,503 pre bonus shares)
- Olaf Diekmann 28 (previous year: 14 pre bonus shares)
- Klaus Lippert 150

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 May 2011, 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, DE-33790 Halle/Westphalia, dropped below the 5% threshold on 25 May 2011 and now amounts to 4.98% (number of shares held: 1,143,820; 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)."

TRANSACTIONS PURSUANT TO SECTION 15A OF THE GERMAN SECURITIES TRADING ACT (WPHG)

In the reporting year Gerhard Weber, Chairman of the Managing Board, acquired pre issue of bonus shares via a company controlled by him a total of 333,506 shares at prices ranging from 32.55 to 47.17 EUR/unit as well as post issue of bonus shares a total of 63,693 shares at prices ranging from 20.90 to 23.68 EUR/unit. Doris Strätker, member of the Managing Board, directly acquired 500 shares pre issue of bonus shares at a price of EUR 42.35 per share in the fiscal year.

AUDITOR'S FEES

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

KEUR	**2010/11**	2009/10
Audit	431	365
Tax consulting services	47	17
Other services	47	17
	525	**399**

The "Audit" item includes audit fees of foreign associated companies in an amount of KEUR 65 (previous year: KEUR 48).

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 2011 and published on the website of GERRY WEBER International AG at www.gerryweber.com under Investor Relations / Corporate Governance.

EVENTS OCCURRING AFTER THE REPORTING DATE

After the end of the reporting period (31 October 2011), the following events occurred which may have an impact on the net worth, financial and earnings position and on the performance of GERRY WEBER International AG. On 16 November 2011, the GERRY WEBER Group acquired the right to take over all trademark and intellectual property rights from the liquidator of bankrupt "DON GIL" Textilhandel GmbH. These include, in particular, leases, inventories and trademark rights. The purchase price of EUR 6.1 million was paid from the Group's own financial resources. Twelve of the 29 former "DON GIL" branches have already been converted into Houses of GERRY WEBER and reopened in December 2011.

On 27 January 2011, the Managing Board resolved that the consolidated financial statements and the Group management report of GERRY WEBER International AG be submitted to the Supervisory Board.

The consolidated financial statements will be published on 27 February 2012.

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,
- GERRY WEBER Retail Stores Verwaltungs 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, 31 January 2012

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 performance 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, 31 January 2012

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 – comprising balance sheet, income statement, statement of changes in equity, segment reporting, cash flow statement and notes – as well as the Group management report for the fiscal year from 01 November 2010 to 31 October 2011. The statement of corporate governance was not subject of our audit.

The preparation of the consolidated financial statements and the Group management report according to IFRS, such as they are applicable in the EU, as well as to the complementary accounting standards as defined in section 315 a para. 1 of the German Commercial Code (HGB) 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.

We conducted our audit pursuant to section 317 HGB in compliance with German generally accepted auditing principles 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 correctness 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) present a true and fair view of the net worth, financial and earnings position of the Group.

The Group management report is in accordance with the consolidated financial statements, provides a true and fair view of the situation of the Group and correctly presents the risks and opportunities of the future development.

Bielefeld, 31 January 2012

MAZARS GmbH
Wirtschaftsprüfungsgesellschaft

Hagen
Auditor

Peters
Auditor

CHANGES IN THE GROUP'S FIXED ASSETS

for the fiscal year 2010/11

	Costs				
in KEUR	01.11.2010	Additions	Disposals	Reclassifications	**31.10.2011**
FIXED ASSETS					
Intangible assets					
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	36,666.0	9,252.3[1]	3.8	646.5	46,561.0
Goodwill on consolidation	264.5	0.0	0.0	0.0	264.5
Prepayments on intangibles	1,864.7	1,236.4	280.6	-646.5	2,174.1
	38,795.2	*10,488.7*	*284.4*	*0.0*	*48,999.6*
Property, plant and equipment					
Land, leasehold rights and buildings including buildings on third-party land	105,047.6	9,091.7	1,815.1	8,451.0	120,775.2
Plant and machinery	6,763.8	179.5	104.3	134.5	6,973.5
Other fixtures and fittings, tools and equipment	38,084.6	10,235.8	1,860.2	1,511.5	47,971.6
Payments on account and plant under construction	7,868.2	4,576.9	119.9	-10,097.0	2,228.3
	157,764.2	*24,083.9*	*3,899.5*	*0.0*	*177,948.6*
Investment properties	8,632.8	12,613.6	0.0	0.0	21,246.4
Financial assets					
Investments in affiliated companies	0.0	0.0	0.0	0.0	0.0
Investments	258.3	5.3	0.0	0.0	263.5
Other loans	1,365.7	1,159.6	175.8	0.0	2,349.5
	1,624.0	*1,164.9*	*175.8*	*0.0*	*2,613.0*
	206,816.2	**48,351.1**	**4,359.7**	**0.0**	**250,807.6**

[1] Thereof additions from company mergers KEUR 4,000

Accumulated depreciation/amortisation				Net carring amount	
01.11.2010	Additions	Disposals	**31.10.2011**	**31.10.2011**	31.10.2010
24,965.8	4,502.4	3.8	29,464.4	17.096,6	11.700,2
264.5	0.0	0.0	264.5	0,0	0,0
0.0	0.0	0.0	0.0	2.174,1	1.864,7
25,230.3	*4,502.4*	*3.8*	*29,728.9*	*19.270,7*	*13.564,9*
27,170.7	3,187.7	757.8	29,600.6	91.174,6	77.876,9
5,864.4	349.2	95.0	6,118.5	855,0	899,4
22,224.4	3,908.3	1,499.8	24,633.0	23.338,6	15.860,2
0.0	0.0	0.0	0.0	2.228,3	7.868,2
55,259.5	*7,445.2*	*2,352.6*	*60,352.1*	*117.596,5*	*102.504,7*
0.0	0.0	0.0	0.0	21.246,5	8.632,8
0.0	0.0	0.0	0.0	0,0	0,0
251.4	9.1	0.0	260.5	3,0	6,8
0.0	300.0	0.0	300.0	2.049,4	1.365,8
251.4	*309.1*	*0.0*	*560.5*	*2.052,4*	*1.372,6*
80,741.3	**12,256.7**	**2,356.4**	**90,641.5**	**160.166,1**	**126.075,0**

CHANGES IN THE GROUP'S FIXED ASSETS
for the fiscal year 2009/10

	Costs				
in KEUR	01.11.2009	Additions	Disposals	Reclassifications	**31.10.2010**
FIXED ASSETS					
Intangible assets					
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	30,894.7	3,624.1	164.4	2,311.5	36,666.0
Goodwill on consolidation	264.5	0.0	0.0	0.0	264.5
Prepayments on intangibles	1,868.3	2,308.0	0.0	-2,311.5	1,864.7
	33,027.5	*5,932.1*	*164.4*	*0.0*	*38,795.2*
Property, plant and equipment					
Land, leasehold rights and buildings including buildings on third-party land	102,292.0	5,401.6	2,916.3	270.3	105,047.6
Plant and machinery	6,937.4	67.3	240.9	0.0	6,763.8
Other fixtures and fittings, tools and equipment	41,443.3	5,245.1	8,742.4	138.6	38,084.6
Payments on account and plant under construction	1,129.6	7,147.5	0.0	-408.9	7,868.2
	151,802.3	*17,861.5*	*11,899.6*	*0.0*	*157,764.2*
Investment properties	4,768.0	3,864.9	0.0	0.0	8,632.9
Financial assets					
Investments in affiliated companies	11.0	0.0	11.0	0.0	0.0
Investments	261.8	0.0	3.5	0.0	258.3
Other loans	510.0	995.8	140.1	0.0	1,365.7
	782.8	*995.8*	*154.6*	*0.0*	*1,624.0*
	190,380.6	**28,654.3**	**12,218.6**	**0.0**	**206,816.3**

	Accumulated depreciation/amortisation					Net carring amount	
	01.11.2009	Additions	Disposals	**31.10.2010**		**31.10.2010**	31.10.2009
	20,511.2	4,539.6	84.9	24,965.8		11,700.2	10,383.5
	264.5	0.0	0.0	264.5		0.0	0.0
	0.0	0.0	0.0	0.0		1,864.7	1,868.3
	20,775.7	*4,539.6*	*84.9*	*25,230.3*		*13,564.9*	*12,251.8*
	25,535.6	3,267.1	1,632.0	27,170.7		77,876.9	76,756.4
	5,320.6	784.6	240.9	5,864.3		899.4	1,616.8
	27,351.6	3,344.8	8,471.9	22,224.5		15,860.2	14,091.7
	0.0	0.0	0.0	0.0		7,868.2	1,129.6
	58,207.8	*7,396.5*	*10,344.8*	*55,259.5*		*102,504.7*	*93,594.5*
	0.0	0.0	0.0	0.0		8,632.9	4,768.0
	0.0	0.0	0.0	0.0		0.0	11.0
	165.9	89.0	3.5	251.4		6.9	95.9
	0.0	0.0	0.0	0.0		1,365.7	510.0
	165.9	*89.0*	*3.5*	*251.4*		*1,372.6*	*616.9*
	79,149.4	**12,025.1**	**10,433.3**	**80,741.2**		**126,075.0**	**111,231.2**

FINANCIAL STATEMENTS

GERRY WEBER INTERNATIONAL AG
FOR THE FINANCIAL YEAR 2010/11

The development of the company is best reflected in the consolidated financial statements. This is why we have decided to publish only an abriged version of the separate financials statements of the Annual Report of GERRY WEBER International AG.

INCOME STATEMENT

for the fiscal year 2010/11

in KEUR	2010/11	2009/10
Sales revenues	10,338.2	6,846.8
Increase in finished goods and work in progress	99.0	112.8
Other operating income	84,779.6	82,346.2
thereof from currency differences: KEUR 507,2 (previous year: KEUR 185.4)		
Cost of materials		
Cost of raw materials and supplies	-9,520.7	-7,126.0
Cost of purchased services	-390.9	-329.0
	-9,911.6	*-7,455.0*
Personnel expenses		
Wages and salaries	-32,789.0	-29,458.3
Social security contributions	-4,733.5	-4,318.6
	-37,522.5	*-33,776.9*
Depreciation of intangible assets and tangible assets	-5,050.9	-4,856.6
Other operating expenses	-43,757.0	-40,212.9
Income from profit transfer agreements	95,102.6	83,470.9
Income from other investments and long-term loans	42.6	18.3
Other interest and similar income	2,147.3	1,755.8
thereof relating to affiliated companies: KEUR 1,375.6 (previous year: KEUR 1,511.5)		
Amortisation of financial assets and investments classified as current assets	-361.7	-2,529.1
Interest and similar expenses	-1,503.2	-3,065.3
thereof relating to affiliated companies: KEUR 3.6 (previous year: KEUR 11.5)		
thereof from the compounding of provisions: KEUR 29.6 (previous year: KEUR 0.0)		
Results from ordinary activities	*94,402.4*	*82,655.0*
Taxes on income	-30,495.1	-27,394.6
Other taxes	-181.8	-245.6
Income for the year	*63,725.5*	*55,014.8*
Profit carried forward	14,544.7	34,778.2
Allocation to revenue reserves	-30,000.0	-50,000.0
Net profit of the year	**48,270.2**	**39,793.0**

BALANCE SHEET

for the year ended 31 October 2011

ASSETS

in KEUR	31.10.2011	31.10.2010
FIXED ASSETS		
Intangible assets		
Concessions, industrial property rights and related rights and values as well as lincences for such rights and values	6,171.9	6,211.1
Payments on account	2,174.1	1,864.7
	8,346.0	*8,075.8*
Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	58,289.8	50,713.2
Plant and machinery	352.4	305.1
Other fixtures, tools and equipment	4,150.5	2,139.8
Payments on account and plants under construction	18,085.2	10,278.5
	80,877.9	*63,436.6*
Financial assets		
Shares in affiliated companies	12,505.1	12,048.8
Investments	3.0	6.9
Other loans	1,373.2	959.4
	13,881.3	*13,015.1*
	103,105.2	*84,527.5*
CURRENT ASSETS		
Inventories		
Raw materials and supplies	1,072.8	942.5
Work in progress	305.6	206.5
Payments on account	203.6	243.2
	1,582.0	*1,392.2*
Receivables and other assets		
Trade receivables	3,600.2	3,198.0
therof with a remaining maturity of more than one year: KEUR 60.5 (previous year: KEUR 487.7)		
Due from affiliated companies	152,479.3	130,106.7
Other assets	7,544.1	12,580.9
therof with a remaining maturity of more than one year: KEUR 2,620.0 (previous year: KEUR 7,181.7)		
	163,623.6	*145,885.6*
Own shares	0.0	29,450.6
Cash on hand, cash in banking accounts, cheques	77,587.0	35,201.3
	242,792.6	*211,929.7*
PREPAYMENTS AND ACCRUED INCOME	889.3	595.9
Assets	**346,787.1**	**297,053.1**

LIABILITIES

in KEUR	31.10.2011	31.10.2010
EQUITY		
Subscribed Capital	45,906.0	22,953.0
Capital reserves	63,201.1	33,668.0
Revenue reserves		
Reserve for own shares	0.0	29,450.6
Other revenue reserves	144,426.4	107,928.8
	144,426.4	*137,379.4*
Net profit of the year		
Profit carried forward	14,544.7	34,778.2
Income for the year	63,725.5	55,014.8
Allocation to retained earnings	-30,000.0	-50,000.0
	48,270.2	*39,793.0*
	301,803.7	*233,793.4*
PROVISIONS		
Provisions for taxation	2,427.0	4,370.1
Other provisions	9,114.5	10,388.8
	11,541.5	*14,758.9*
LIABILITIES		
Due to banks	21,117.9	35,429.9
Trade accounts payable	5,177.9	4,700.6
Liabilities to affiliated companies	28.0	299.9
Other accounts payable	7,093.1	8,055.0
thereof from taxes: KEUR 4.769.4 (previous year: KEUR 2.091.5)		
thereof from social security contributions: KEUR 4.2 (previous year: KEUR 154.3)		
	33,416.9	*48,485.4*
DEFERRED INCOME	25.0	15.4
Equity and Liabilities	**346,787.1**	**297,053.1**

CALENDAR FOR FINANCIAL EVENTS

Annual result press conference	27 February 2012
Publication of the First Quarter Report 2011/12	16 March 2012
Annual General Meeting	05 June 2012
Publication of the First Half Year Report 2011/12	14 June 2012
Publication of the Nine Month Report 2011/12	14 September 2012
End of fiscal year 2011/12	31 October 2012

IMPRINT

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CONCEPT AND LAYOUT
IR-One AG & Co.,
Hamburg
www.ir-1.com

TRANSLATION
Language Partner GmbH,
Düsseldorf
www.languagepartner.de

PHOTOGRAPHY
andreas möltgen fotografie,
Köln
www.andreas-moeltgen.de

PRINTING
Kirchner
Print.Media GmbH & Co. KG,
Kirchlengen
www.kirchner-printmedia.de

STATEMENTS RELATING TO THE FUTURE

This annual report contains statements that relate to the future and are based on assumptions and estimates made by the management of GERRY WEBER International AG. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. GERRY WEBER International AG makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this annual report. It is neither the intention of GERRY WEBER International AG nor does GERRY WEBER International AG accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published.

The annual report is available in English. If there are variances, the German version has priority over the English translation. It is available for download in both languages at http://www.gerryweber.com.

FIVE-YEARS-OVERVIEW

in EUR million	2010/11	2009/10	2008/09	2007/08	2006/07
Sales revenues	702.7	621.9	594.1	570.0	507.1
Domestic	420.8	370.1	355.6	315.9	280.1
International	281.9	251.8	238.5	254.1	227.0
Sales of the individual brands					
GERRY WEBER	78.3%	77.1%	75.7%	72.5%	69.9%
TAIFUN	16.6%	16.6%	18.0%	19.3%	21.9%
SAMOON	5.1%	5.3%	5.3%	5.8%	6.4%
Other	< 1.0%	1.0%	1.0%	2.4%	1.8%
Employees					
Personnel expenses	103.3	91.4	87.0	77.4	67.3
Staff numbers at the end of the fiscal year	3,260	2,699	2,420	2,321	2,018
Key figures					
Depreciation	11.9	11.9	12.4	11.3	10.4
EBITDA	111.6	95.2	83.6	74.0	62.1
EBITDA margin	15.9%	15.3%	14.1%	13.0%	12.2%
EBIT	99.6	83.3	71.2	62.7	51.7
EBIT margin	14.2%	13.4%	12.0%	11.0%	10.2%
EBT	97.6	79.6	66.4	57.4	46.6
EBT margin	13.9%	12.8%	11.2%	10.1%	9.2%
Capital structure					
Net income for the year	67.0	54.0	43.0	39.4	27.0
Earnings per share in Euro	1.48[1]	1.29[2]	2.08[3]	1.75[4]	1.18[5]
Total assets	415.0	326.5	293.3	297.4	272.4
Fixed assets investments	44.4	28.7	19.9	21.6	19.1
Equity (in % of total assets)	75.7%	64.5%	54.2%	60.9%	53.3%
Return on Investment (ROI)[6]	24.0%	25.5%	24.3%	21.1%	19.0%
Return on Equity (ROE)[6]	31.7%	39.6%	44.8%	34.6%	35.7%

[1] on the basis of 45,905,960 shares in 2010/11
[2] taking into account the doubling of the shares through the issue of free shares on a 1:1 basis in July 2011
[3] on the basis of 20,661,848 shares in 2008/09
[4] on the basis of 22,508,820 shares in 2007/08
[5] on the basis of 22,952,980 shares in 2006/07
[6] on EBIT basis

Show Room, Düsseldorf

Headoffice, Halle / Westphalia

Creative Center, Halle / Westphalia

GERRY WEBER INTERNATIONAL AG

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