GERRY WEBER
INTERNATIONAL AG

ALL AROUND THE WORLD

ANNUAL REPORT 2012/13

GERRY WEBER BRAND UNIVERSE

GERRY WEBER EDITION

G.W.

TAIFUN

SAMOON by GERRY WEBER

GERRY WEBER

↑ Key figures and company information

ALL AROUND THE WORLD

GERRY WEBER International AG and its five strong brands GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON have grown steadily ever since the company's foundation in Halle/Westphalia 40 years ago. Today, the company maintains distribution structures in over 62 countries.

The first company-managed House of GERRY WEBER was opened in Bielefeld in 1999. GERRY WEBER meanwhile operates its own stores in eleven European countries where the company runs 568 own retail stores, 111 concession stores as well as 22 outlet centres. In addition, there are five online stores in Germany, the Netherlands, Austria, Switzerland and Poland.

Besides the Retail operations, the Wholesale segment is the second distribution channel of the GERRY WEBER Group. Our franchise partners operate more than 271 Houses of GERRY WEBER worldwide, including 49 stores in Russia, 27 in the Middle East as well as stores in Canada and Australia and, since October 2013, also in South America, in Santiago de Chile. The Houses of GERRY WEBER are complemented by 2,816 shop-in-shops in the stores of our partners, including such renowned department stores as Peek&Cloppenburg and Kaufhof in Germany, John Lewis in the UK, Bloomingdale's and Dillards in the USA as well as Bijenkorf in the Netherlands, to name but a few.

Rooted in our German home market, the GERRY WEBER Group has become a global fashion and lifestyle corporation. Women all over the world wear our garments, which are as unique and individual as the cities in which our brands are represented.

The graphic design of this Annual Report takes you on a creatively inspired journey around the globe to introduce you to some of the cities and regions where GERRY WEBER does business.

The Annual Report in minutes

This sign shows selected important highlights of the fiscal year 2012/13.

KEY FIGURES AT A GLANCE

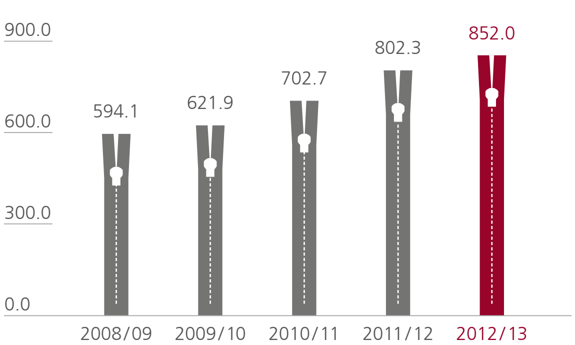
in EUR million	2012/13	2011/12	Changes in %
Sales	852.0	802.3	6.2
Domestic	520.2	491.0	6.0
International	331.8	311.3	6.6
Sales	852.0	802.3	6.2
Wholesale	488.3	502.8	-2.9
Retail	363.7	299.5	21.4
Sales split by brand			
GERRY WEBER	75.2%	76.4%	-1.2
TAIFUN	19.4%	18.3%	1.1
SAMOON	5.3%	5.3%	0.0
Others	<1.0%	<1.0%	
Earnings key figures			
EBITDA	127.4	132.3	-3.6
EBITDA margin	15.0%	16.5%	-1.5
EBIT	105.8	115.9	-8.7
EBIT margin	12.4%	14.5%	-2.0
EBT	102.8	113.7	-9.6
EBT margin	12.1%	14.2%	-2.1
Net income of the year	71.0	78.8	-9.9
Earnings per share in Euro [1]	1.55	1.72	-9.9
Capital structure	531.6	483.6	9.9
Equity	395.8	363.0	9.0
Investments	37.9	84.8	-55.3
Equity ratio	74.4%	75.1%	-0.7
Key figures			
Staff number at the end of the fiscal year	4,700	4,121	14.0
Return on Investment (ROI) [2]	19.9%	24.0%	-4.1
Return on Equity (ROE) [2]	26.7%	31.9%	-5.2

[1] on the basis of 45.905.960 shares

[2] EBIT basis

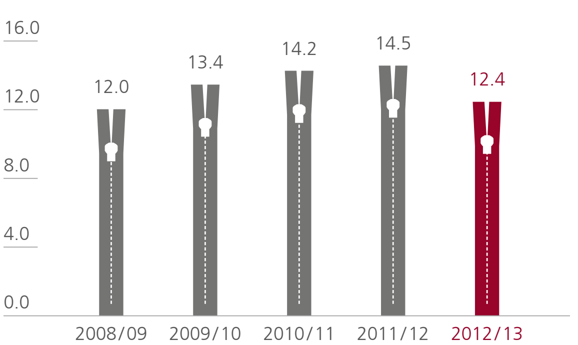
SALES

in EUR million



EBIT MARGIN

in %



You find a five-years-overview on the back cover of this annual report.

LOCATIONS

WORLDWIDE LOCATIONS

Sales growth

852.0 EUR million

sales revenues up by 6.2% on the previous year (EUR 802.3 million).

Sales space

+15,000 sqm

expansion of the company-managed sales space to roughly 124,000 square metres – an increase by approximately 14%.

Retail

42.7%

contribution of the Retail segment to consolidated sales revenues (previous year: 37.3%); a 50% contribution is targeted.

Own stores

568

company-managed Houses of GERRY WEBER and mono-label stores, including 147 outside Germany.

Employees

4,700

on an annual average, of whom 71.2% work in Germany.

Online stores

5 own country online stores

in Germany, the Netherlands, Austria, Switzerland and Poland; another three online stores are at the planning stage.

↑ Key figures and company information

CONTENT


GERRY WEBER

HOMETOWN COMFORTS

HALLE

YOUR STARTING POINT FOR A JOURNEY THROUGH THE WORLD OF FASHION AND TRENDS GUIDED BY GERRY WEBER.


GERRY WEBER STADION
BOARDING PASS
NAME
SEAT
FROM
TO
FLIGHT & DATE

GATEWAY TO THE WORLD

HAMBURG

HOME TO STYLE LOVERS, FREE SPIRITS AND, OF COURSE, GERRY WEBER.


SIELBEK
GERRY WEBER
GERRY WEBER
GERRY WEBER

FOREVER SWINGING...

LONDON

STYLISH AND INDIVIDUAL – GERRY WEBER FASHION
FEELS RIGHT AT HOME HERE.

R SQUARE
DILLY
MERRY
GERRY
GERRY WEBER

Foreword by the Managing Board

LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

2012/13 was a challenging fiscal year for the entire fashion industry. Like our peers, we were unable to fully isolate ourselves from the adverse weather conditions in Central Europe and the resulting lower footfall in the stores. We were nevertheless able to increase our sales revenues by 6.2% to EUR 852 million.

While the first quarter of 2012/13 was characterised by the very mild winter which made it difficult to sell winter merchandise, the months from February till the end of May 2013 were affected by extremely low temperatures and plenty of snow. These difficult conditions impacted nearly all retailers. Merchandise partly remained on the shelves and retailers' inventories increased. This resulted in unusually high discounts in the months of July and August 2013. Between them, all these factors prompted us to update our original sales and earnings forecast for the fiscal year 2012/13.

In the previous year 2011/12, we opened some 250 new company-managed Houses of GERRY WEBER and mono-label stores. Against the background of the difficult market environment, these new stores made lower contributions to earnings than originally projected, which diminished our operating result from the previous year's EUR 115.9 million to EUR 105.8 million.

In spite of the adverse environment, we continuously advanced our company and refined our fashion products. We moved ahead with our international expansion strategy and worked on the fashion statement of our collections.

↳ p.12

In the past fiscal year 2012/13, we opened 68 company-managed Houses of GERRY WEBER, 19 of which are located outside Germany, primarily in Poland and the Netherlands. Going forward, our expansion will remain focused on these markets as well as on Belgium, the Czech Republic, Slovakia and Scandinavia. We will pay special attention to the North American markets of Canada and the USA. Moreover, we acquired a majority shareholding in 19 existing franchised Houses of GERRY WEBER from our Belgian partner.

Dr. David Frink, Gerhard Weber, Ralf Weber, Arnd Buchardt (f.l.t.r.)

As of the end of the fiscal year, there were 424 company-managed Houses of GERRY WEBER as well as 144 mono-label stores in Germany and abroad. Our Retail segment also comprises 111 concession stores as well as five online stores. We will increase our investments in our e-commerce activities in the coming months and open three to four new online stores. They will form an additional channel besides the physical stores in those countries in which we operate our own Houses of GERRY WEBER. The aim of our multi-channel approach is to integrate the physical shops and stores more closely with the e-commerce segment.

We also continued to grow our Wholesale segment. 23 new franchised Houses of GERRY WEBER were opened, all of them outside Germany. Among others, seven new stores were opened in the Middle East, five in France and four in Russia. The first House of GERRY WEBER in South America was opened in Santiago de Chile in October 2013. A total of 271 Houses of GERRY WEBER worldwide are run by franchise partners.

Our success is primarily based on our five strong brands, GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON. Our collections are trend-oriented and offer high quality as well as a perfect fit. Over the past years, we have continuously refined our collections, rejuvenated the collections step by step and adjusted them to consumers' requirements. Every single garment is designed and developed in-house. We create our own designs and prints and produce our own patterns to ensure the perfect fit of our garments. Our in-house sewing department produces the prototypes which serve as the basis for the production of the individual collection items by our manufacturing partners. Having all skills under a single roof makes the creation of our garments so unique and allows us to respond more quickly to changing trends. Our aim is to bring these trends to the shops and stores even faster.

As we expand our business activity, the demands made on our processes and workflows increase as well. This is why we constantly analyse our approaches and methods. We frequently review our procurement structures to achieve further quality and price improvements. We help our manufacturing partners to enhance their know-how and increase their productivity. More than 100 GERRY WEBER engineers support our partners on their premises. Following a thorough analysis of our transport and logistics processes, we decided in 2013 to build our own logistic centre in the immediate vicinity of our headquarters in Halle/Westphalia. By merging the existing four warehouses into a state-of-the-art, almost fully automated logistic centre, we aim to not only make our distribution processes more effective and faster but also to cut costs. Construction of the new logistic centre is scheduled to commence in spring 2014.

↳ p. 44

We have ambitious plans also for the current fiscal year. The rejuvenation of our collections has not only allowed us to target a new, younger consumer group but has made our products more attractive to our existing customer base as well. The collections are very well received by our consumers, both in our own stores and in our partners' stores. We have also achieved positive results regarding the inventory turnover, which has improved significantly. This positive trend of the fourth quarter 2012/13 continued in the first weeks of the current fiscal year.

The exceptional development of our company over the past years would not have been possible without the dedication, the skills and the hard work of our employees. It is therefore very important for us to take this opportunity to thank them for their commitment to the GERRY WEBER Group.

By proposing a stable dividend of EUR 0.75 per share to the Annual General Meeting, we will again give our shareholders a share in the success of GERRY WEBER International AG.

The fiscal year 2013/14 will see us pursue our growth strategy. Our garments have become more modern and international. Building on these achievements, we will continue our international expansion and consistently increase our market presence. The unique positioning of our brands, our modern collections and our national and international distribution structures mean we are well equipped for the future. We are therefore optimistic that our profitable growth will continue also in the coming years.

GERRY WEBER International AG

The Managing Board

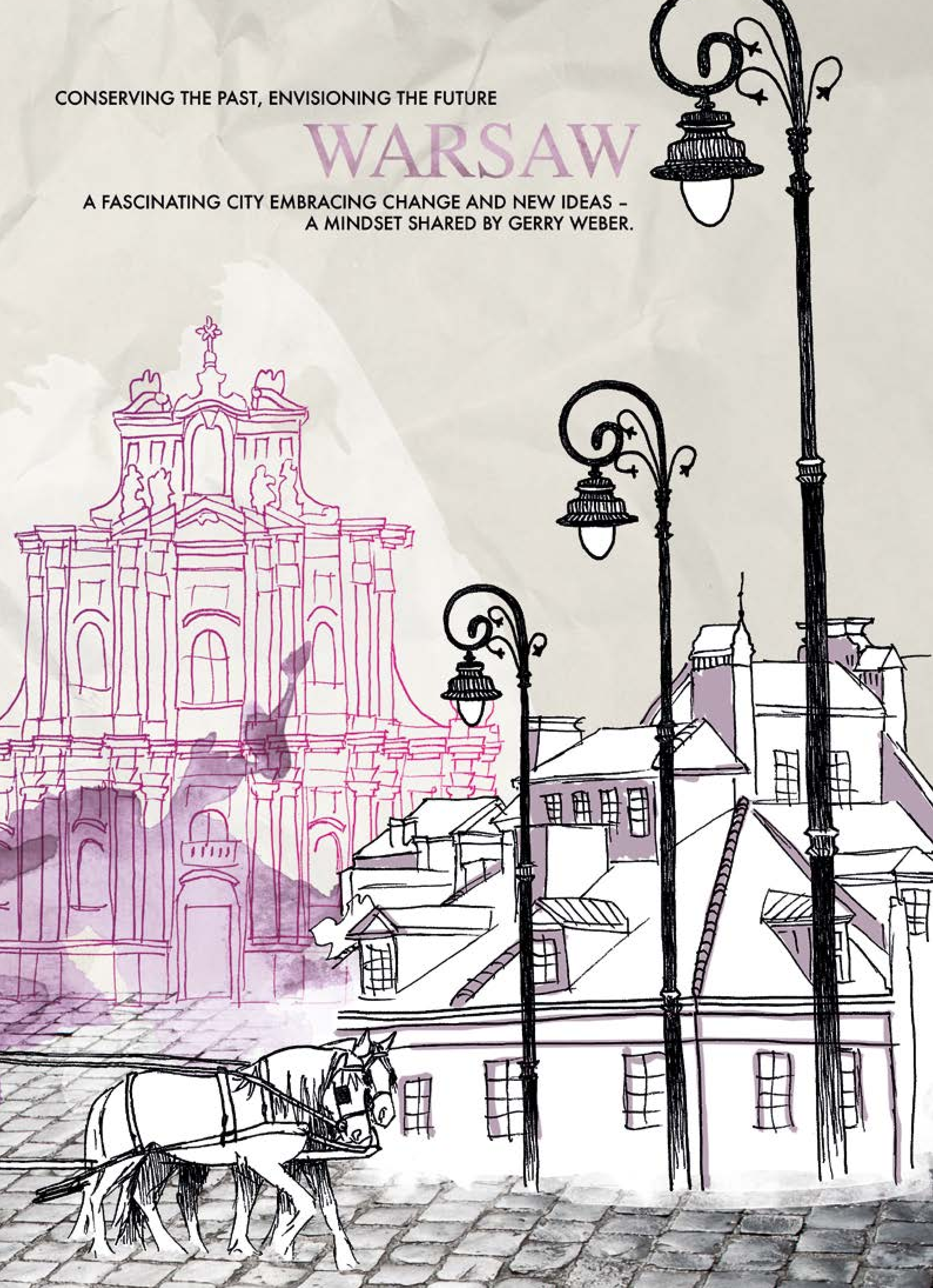
Gerhard Weber Ralf Weber Dr. David Frink Arnd Buchardt


WARSZAWA
GERRY WEBER

CONSERVING THE PAST, ENVISIONING THE FUTURE

WARSAW

A FASCINATING CITY EMBRACING CHANGE AND NEW IDEAS – A MINDSET SHARED BY GERRY WEBER.



IMPERIAL SPLENDOUR

VIENNA

DISCOVER ITS METROPOLITAN
CHARMS IN THE COMPANY OF GERRY WEBER.


Sisi

AN AVANT-GARDE GEM

ANTWERP

A FASHION MECCA AND A DESIGNER'S DREAM –
AS VIBRANT AS THE GERRY WEBER STYLES.


KBC
KBC
GERRY WEBER

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

The fiscal year 2012/13 was not an easy year for GERRY WEBER International AG. Having doubled our own sales space in the previous year, we were hit especially hard by the difficult external conditions affecting the European fashion industry. Due to the weather-related lower footfall in the stores, sales revenues fell short of our expectations. In spite of the moderate slowdown in sales growth from the previous year's 14.2% to 6.2% in the past fiscal year, the Managing Board and the Supervisory Board have decided to leave the dividend at EUR 0.75 per share. With a year of consolidation behind us, the Supervisory Board of GERRY WEBER International AG will continue the company's growth strategy together with the Managing Board.

COOPERATION BETWEEN THE MANAGING BOARD AND THE SUPERVISORY BOARD

Good corporate governance and control are dependent on the Managing Board and the Supervisory Board working together in a trusting relationship for the benefit of the company. In the fiscal year 2012/13, the Supervisory Board fulfilled its legal and statutory tasks as well as the tasks set out in its rules of procedure. It constantly advised the Managing Board on managing the operations of the GERRY WEBER Group and monitored and reviewed the Managing Board's activities. In addition, the Managing Board and the Supervisory Board agreed on the strategic positioning and, in particular, on the international expansion plans of the GERRY WEBER Group.

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 reports covered the company's plans and budgets, the business performance of the individual segments including the risk position as well as the implementation of the expansion strategy. The two Boards also discussed transactions and projects that were of material importance to the company. The respective transactions were reviewed thoroughly by the Supervisory Board before being approved, with the discussions focusing on the respective benefits as well as the potential risks and consequences. The Supervisory Board addressed the amendments to the German Corporate Governance Code in detail and obtained regular reports on compliance-related issues.

The Supervisory Board was involved in all decisions of fundamental importance to the GERRY WEBER Group at an early stage and had sufficient time and opportunity to study the issues and proposed decisions and to contribute pertinent suggestions. The object and the scope of the reports provided by the Managing Board fully met the requirements of the Supervisory Board. The Managing Board was available to answer our questions also outside the meetings.

The Chairman of the Supervisory Board was regularly informed by the Managing Board, also outside the meetings of the Supervisory Board. The Managing Board complied with its duty to submit to the Supervisory Board all transactions requiring the latter's approval. The Supervisory Board passed its resolutions either at its meetings or by written vote.

COMPOSITION OF THE SUPERVISORY BOARD AND THE MANAGING BOARD

The last election of the Supervisory Board members elected by the Annual General Meeting was held at the Annual General Meeting on 1 June 2010. The term of office of these members will end at the end of the Annual General Meeting resolving on discharging the Supervisory Board from liability for the fiscal year 2013/14. Accordingly, the composition of the Supervisory Board remained unchanged in the reporting period.

In response to the growth of the GERRY WEBER Group over the past years and to reflect the growing strategic importance of the Retail segment, the Supervisory Board has expanded the Managing Board of GERRY WEBER International AG. Arnd Buchardt and Ralf Weber were appointed to the company's Managing Board with effect from 1 August 2013. Doris Strätker chose not to renew her Managing Board contract with GERRY WEBER International AG, which expired in July 2013, for personal reasons.

Having served as Managing Director of the GERRY WEBER brand company for many years, Arnd Buchardt is in charge of Wholesale, Licenses and Marketing. Ralf Weber is responsible for Retail and Corporate Development. The responsibilities of Dr. David Frink (Production, Logistics, Operations, IT and Finance) and CEO Gerhard Weber (Strategy, Communication, Human Resources) remain unchanged.

IMPORTANT ELEMENTS OF THE SUPERVISORY BOARD'S DELIBERATIONS

Reports on the current business situation were provided at the four regular meetings held by the Supervisory Board in the fiscal year 2012/13. These reports included the revenue and earnings trend of the Group and its subsidiaries, the financial and net worth position as well as the pre-order sales. Most importantly, the Supervisory Board members addressed the deviations from the original projections. The Managing Board provided detailed explanations of the reasons for the deviations as well as the measures taken. In the context of the expansion of the Retail activities, the Supervisory Board was informed in detail about the stores opened.

Moreover, the Managing Board informed us at every meeting about the prevailing market conditions and the competitive situation. The Supervisory Board was continuously kept apprised of risks and opportunities of the business as well as of compliance-related issues. Accordingly, the Supervisory Board and, in particular, the Audit Committee, which forms part of the internal control system of the GERRY WEBER Group, were always up to date on the company's risk situation. The Managing Board's regular reports also covered the share price performance as well as capital market-related matters.

The four regular meetings were attended by all members of the Supervisory Board. Resolutions were passed either at the four meetings or by written vote. Most meetings were attended by the members of the Managing Board and, on occasions, presentations on certain topics were given by guests. In addition, the Supervisory Board also convened without the (full) Managing Board being present. Apart from the regularly addressed topics described above, the following issues and projects were discussed:

The first regular meeting of the fiscal year 2012/13 was held on 27 November 2012. The members thoroughly discussed the strategy for the development of the TAIFUN brand. TAIFUN is to be given greater visibility in the market as a brand in its own right. The ongoing internationalisation of the brand, a higher export share and the expansion of the company-managed TAIFUN retail spaces are designed to support the creation of a dedicated TAIFUN brand universe. In addition, the Supervisory Board obtained a detailed report on the Group's currency hedges and transfer price system. At this meeting, the Supervisory Board closely addressed compliance with and implementation of the German Corporate Governance Code and adopted the joint declaration of conformity for 2012 with the Managing Board. The Supervisory Board also discussed a potential expansion of the Managing Board and its timing.

At the meeting on 25 February 2013, the Supervisory Board primarily addressed the audit of the separate and the consolidated financial statements for the fiscal year 2011/12, the audits performed by Mazars GmbH Wirtschaftsprüfungsgesellschaft and the Managing Board's profit appropriation proposal. The annual accounts review meeting was attended by the auditor, who reported on the audit and its results. Following preparation by the Audit Committee, the consolidated financial statements for 2011/12 were discussed in detail and approved by the full Supervisory Board. The Supervisory Board agreed with the Managing Board's proposal to increase the dividend from EUR 0.65 to EUR 0.75.

Furthermore, the Supervisory Board adopted the agenda for the Annual General Meeting on 6 June 2013 and obtained information about the state of the organisation. The management of the Retail segment reported in detail on the status quo in February 2013 and outlined the future Retail strategy, especially in the markets outside Germany and the e-commerce business. The Supervisory Board was also apprised of the planning state as well as the costs and benefits of a potential new logistic centre in the immediate vicinity of the Group headquarters in Halle / Westphalia. To round off the meeting, Mazars GmbH Wirtschaftsprüfungsgesellschaft presented the highly satisfying results of the annual efficiency review of the work of the Supervisory Board.

The Managing Board's status report on the deviations from the projections and their causes was one of the focal points of the Supervisory Board meeting on 27 May 2013. The potential impact on the projections published in January 2013 was discussed in detail. In addition, the Managing Board reported on the cooperation with our franchise partner in the Middle East and outlined the development potential of the GERRY WEBER brands in the region. Other topics addressed included the upcoming Annual General Meeting (6 June 2013) as well as the work of the Compliance unit. The Managing Board continuously reported on the plans for the logistic centre and possible financing structures.

Another meeting of the Supervisory Board was held on 16 September 2013. Our deliberations focused on the Group management report and the planning for the next fiscal year 2013/14 as well as the medium-term planning. Moreover, the Managing Board provided detailed information on the proposals made by the syndicate banks with regard to the structuring of the note loan to be used to finance the logistic centre. The Supervisory Board agreed with the Managing Board's proposed timing of the issue of the note loan, as the market situation was regarded as very favourable. The September meeting also focused on the work of Group Auditing, the positive performance of the licensing activities as well as the future potential of this product group. The Managing Board additionally reported on the results of the TOP Shop Study, which identified GERRY WEBER as the overall winner across all categories.

In two extraordinary Supervisory Board meetings in November 2012 and February 2013 the Supervisory Board discussed about the future structure of the managing Board of the company.

COMMITTEES OF THE SUPERVISORY BOARD

To support its work, the Supervisory Board has set up two committees from among its members, namely the Audit Committee and the Nomination Committee. Both committees are chaired by Dr. Ernst Schröder, Chairman of the Supervisory Board.

The Audit Committee held two meetings in the fiscal year 2012/13 and apprised the full Supervisory Board of its work. In addition, three telephone conferences were held prior to the quarterly reports. The Audit Committee is composed of Dr. Ernst F. Schröder, Udo Hardieck and Dr. Wolf-Albrecht Prautzsch. At the meeting on 25 February 2013, the committee members extensively discussed the separate and the consolidated financial statements for the year 2011/12 and the report of the auditor. The meeting was attended by the auditor, who explained the separate and the consolidated financial statements in detail. The members of the Audit Committee discussed the separate and the consolidated financial statements and prepared them for approval by the full Supervisory Board. Moreover, the Audit Committee satisfied itself of the independence of the auditor.

The meeting of the Audit Committee on 16 September 2013 focused on the analysis of the forecast for the rest of the fiscal year and, most importantly, on the plausibilisation of the preliminary projections for the fiscal year 2013/14 as well as the mid-term planning. The Audit Committee prepared the respective topics for presentation to and voting by the full Supervisory Board. In addition, the amendments to the German Corporate Governance Code and their implications for the targets set with regard to the composition of the Supervisory Board were discussed. For a detailed presentation of these targets, please refer to the Corporate Governance Report. The present structure of the Managing Board compensation based on the amendments to the Code was analysed and discussed with regard to potential future modifications.

The Nomination Committee is composed of Dr. Ernst F. Schröder, Udo Hardieck and Dr. Wolf-Albrecht Prautzsch. There was no reason for this committee to meet in the fiscal year.

CORPORATE GOVERNANCE

The Managing Board and the Supervisory Board gave extensive attention to the latest amendments to the German Corporate Governance Code (GCGC). In accordance with the GCGC recommendations we have defined certain targets for the composition of the Supervisory Board to ensure professional expertise and experience, a sufficient number of independent members and the diversity of the members. Moreover, we once again commissioned an efficiency review of the work of the Supervisory Board during the past fiscal year by Mazars GmbH Wirtschaftsprüfungsgesellschaft. No conflicts of interest involving members of the Supervisory Board arose during the reporting period.

For details of corporate governance and the exact wording of the declaration of conformity issued by the Managing Board and the Supervisory Board on 25 November 2013 in accordance with section 161 AktG, please refer to the "Corporate Governance Statement and Corporate Governance Report" in the present Annual Report or to the company's website *www.gerryweber.com* under "Investors / Corporate Governance". The declarations of conformity of prior years are also permanently available for inspection on the Group's website.

AUDIT OF THE SEPARATE AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2012/13 (REPORTING PERIOD)

The financial statements of GERRY WEBER International AG and the consolidated financial statements for the period ended 31 October 2013 as well as the management report and the Group management report were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and given an unqualified audit certificate. The auditors of the separate and the consolidated financial statements were chosen by the Annual General Meeting and commissioned by the Supervisory Board, which has satisfied itself of the independence of the auditors and the persons acting on their behalf.

While the separate financial statements and the management report of GERRY WEBER International AG were prepared to HGB accounting standards, the consolidated financial statements and the Group management report were prepared to International Financial Reporting Standards (IFRS) as endorsed for the EU.

Having been pre-examined by the Audit Committee, the financial statements and the audit reports were discussed in-depth at the plenary Supervisory Board meeting on 24 February 2014. The deliberations on the separate and the consolidated financial statements were attended by the auditor in charge who reported on the essential findings of the audit and was available to answer any pertinent questions. In addition, the auditor stated that a risk management system meeting statutory provisions is in place; the latter was audited and found to be effective. No weaknesses requiring reporting were identified with regard to the accounting-related internal control system.

The auditor's audit reports and the financial statements were available to all members of the Supervisory Board and were discussed in detail at the annual accounts meeting. Based on its own examination of the separate financial statements and the management report as well as the consolidated financial statements and the Group management report of GERRY WEBER International AG, the Supervisory Board concurred with the results of the audit performed by 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 2012/13 at the annual accounts meeting on 24 February 2014. The financial statements for the fiscal year 2012/13 have thus been duly approved in accordance with section 172 AktG.

The Supervisory Board concurs with the Managing Board's profit appropriation proposal and the proposal to pay out an unchanged dividend of EUR 0.75 per share.

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 in accordance with section 313 AktG. The auditor 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.

On behalf of the full Supervisory Board, I would like to thank the members of the Managing Board, the Managing Directors and all employees for their work. In a difficult market environment such as it was faced by our company in the past fiscal year, their knowledge and their commitment are the very basis for the present and future success of the GERRY WEBER Group. Our thanks also go to our customers, business partners and shareholders for the confidence placed in us.

On behalf of the Supervisory Board

Halle / Westphalia, 24 February 2014

Dr. Ernst F. Schröder
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

including corporate governance statement and compensation report

Good and responsible corporate governance which is geared to the long-term success of the company is an integral element of our corporate culture. We are convinced that the confidence placed in us by our customers, shareholders, employees and other stakeholders forms the very basis for our company's success. This is why the Managing Board and the Supervisory Board attach great importance to ensuring compliance with the recommendations of the German Corporate Governance Code. The Corporate Governance Report in this Annual Report comprises the declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG) and clause 3.10 of the German Corporate Governance Code as well as the corporate governance statement pursuant to section 289a para. 2 no. 3 of the German Commercial Code (HGB). Both the declaration of conformity and the corporate governance statement – including all declarations and statements of prior years – are permanently available on our website in accordance with section 289a para. 2 no. 3 HGB. This report also includes the compensation report of GERRY WEBER International AG. It also forms part of the Group management report and, hence, of the audited consolidated financial statements.

CORPORATE GOVERNANCE REPORT PURSUANT TO THE GERMAN CORPORATE GOVERNANCE CODE

In this chapter, the Managing Board and the Supervisory Board report on their work. GERRY WEBER International AG has complied with almost all recommendations of the Commission ever since the introduction of the German Corporate Governance Code in 2002, with consideration given to our business model, the size of the company and other specific aspects. In accordance with the "comply or explain" principle, all recommendations which are not complied with are explained in the declaration of conformity pursuant to section 161 AktG. This also applies to suggestions not complied with by our company.

DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

In accordance with section 161 of the German Stock Corporation Act (AktG), the Supervisory Board and the Managing Board of GERRY WEBER International AG declare that the company has, since the publication of the last annual declaration of conformity on 27 November 2012, complied with the recommendations made by the Commission of the German Corporate Governance Code as last amended on 13 May 2013, save for the exceptions outlined below:

Clause 4.2.3 – Compensation cap for the Managing Board:
The amount of compensation shall be capped, both overall and for the variable compensation components. As a general rule, the variable compensation is capped in the Managing Board contracts of GERRY WEBER International AG. One of the parameters used to determine the variable compensation is the adjusted return on assets of the GERRY WEBER Group. The amount of the return on assets to be generated is defined in advance on the basis of the company's medium-term planning. As the return on assets generated in one year's time was not known at the time the variable compensation structure was fixed (the actual return on assets is determined only at the end of a fiscal year), this variable compensation component has not been capped, but the maximum degree of target achievement was fixed at 150%. In the context of the next regular control of the Managing Board compensation structure, the Supervisory Board will review the possibility of capping the compensation.

Clause 5.2 – Chairman of the Audit Committee:
The Chairman of the Supervisory Board is also the Chairman of the Audit Committee, which means that GERRY WEBER International AG does not comply with the recommendation of the Code that these positions be held by two different persons. The company is of the opinion that the dual chairmanship makes supervision more efficient and improves communication within the Supervisory Board.

Clause 5.4.1 – Age limit for members of the Supervisory Board:
No age limit has been defined for the members of the Managing Board and the Supervisory Board, as abilities, qualifications and experience are regarded as the relevant criteria for appointment to these bodies. The company is of the opinion that it can only benefit from the knowledge and the experience of older Supervisory Board members.

Clause 5.4.6 – Compensation of the members of the Supervisory Board:
Members of the Nomination Committee and the Audit Committee receive no additional compensation, as the company is of the opinion that the regular Supervisory Board compensation is sufficient.

Clause 7.1.2 – Consolidated financial statements:
The consolidated financial statements were publicly accessible within 120 days of the end of the reporting period. The interim reports are publicly accessible within 45 days, which is in accordance with the recommendations of the German Corporate Governance Code. 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.

Besides the recommendations of the German Corporate Governance Code, the suggestions of the Code also provide guidance for good and responsible corporate governance. In the past fiscal year, GERRY WEBER International AG again complied with nearly all suggestions of the Code. Exceptions are explained below:

Clause 2.3.2 – Voting proxies
The company shall facilitate the personal exercising of shareholders' voting rights and the use of proxies. The proxies designated by GERRY WEBER International AG can be reached by the participants in the Annual General Meeting until the voting. Shareholders who do not attend the Annual General Meeting can reach the proxies until 4:00 pm on the day before the Annual General Meeting. Due to organisational processes and in order to ensure proper exercising of the voting rights, only shareholders attending the Annual General Meeting can currently reach the proxies after that time.

Clause 2.3.4 – AGM broadcast on the Internet
The company should make it possible for shareholders to follow the Annual General Meeting using modern communication media (e.g. Internet). The 2013 Annual General Meeting was not broadcast on the Internet and such broadcast is not planned for financial reasons. However, the address by the CEO and the voting results are published on the Internet at *www.gerryweber.com* immediately after the AGM.

The deviations from the recommendations and suggestions are primarily attributable to the size of the company and the number of Supervisory Board members.

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

General: Dual board system

Being a German joint stock company, GERRY WEBER International AG is subject to the dual board system comprising a Managing Board and a Supervisory Board, which cooperate closely and in a spirit of trust to manage and supervise the company. A characteristic feature of this system is the strict separation between the Managing Board, which has a managing function, and the Supervisory Board, which has an advisory and monitoring function.

Managing Board

Under the dual board system, the Managing Board is in charge of managing and representing the company. The members of the Managing Board lead the company jointly and under their own responsibility. The Managing Board defines the corporate objectives and the strategic positioning of the GERRY WEBER Group and controls and monitors the business units and subsidiaries. The Managing Board is committed to creating sustainable value and gears its activities and decisions to the interests of the company. In addition, the Managing Board considers the interests of the shareholders, employees and other stakeholders and ensures compliance with all applicable statutory and internal regulations. Moreover, the Managing Board is responsible for preparing the quarterly and interim reports and the financial statements of the Group as well as the separate financial statements of GERRY WEBER International AG.

The Managing Board holds regular meetings and takes decisions with a simple majority. In the event of a tie, the Chairman has the casting vote.

From November 2012 through July 2013, the Managing Board was composed of three members, with company founder Gerhard Weber serving as Chairman. Besides Mr Weber, Dr. David Frink and Mrs Doris Strätker sat on the Managing Board. Since 1 August 2013, the Managing Board has been composed as follows: Gerhard Weber continues to serve as Chairman, Dr. David Frink is responsible for Production, Logistics, IT and Finance. Arnd Buchardt has been in charge of the Wholesale segment as well as Marketing and Licenses since 1 August 2013. Ralf Weber is in charge of the Retail segment and Corporate Development.

The details of the work of the Managing Board are laid down in the rules of procedure.

Supervisory Board

The Supervisory Board advises and supervises the Managing Board and is asked by the latter to participate in fundamental decisions that are important for the company. The Supervisory Board appoints the members of the Managing Board, giving due consideration to diversity. The Supervisory Board is composed of six members, four of whom are elected by the Annual General Meeting in accordance with the German Stock Corporation Act and two are elected by the workforce in accordance with the German One-Third Participation Act (Drittelbeteiligungsgesetz).

Targets for the composition of the Supervisory Board

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 required knowledge, skills and expert experience. Moreover, Supervisory Board members must have sufficient time to exercise their mandate. The aim is to appoint the members of the Supervisory Board in such a way as to ensure the competent control and advice of the Managing Board as well as the proper exercise of the decision-making and other rights of the Supervisory Board.

Against the background of the amendment of the German Corporate Governance Code with effect from 15 May 2012, the Supervisory Board has extended and re-adopted the objectives for its composition. The following objectives have been defined on the basis of the size of the Supervisory Board, the company's specific requirements and the aspects of diversity and independence:

Members of the Supervisory Board shall have experience in the fields of corporate governance, strategy and human resources. They must also be familiar with the company and the markets in which the company operates and / or have specific knowledge of customers industries. At least one independent member must have knowledge of accounting, internal control procedures or auditing. This independent Supervisory Board member should not be a former member of the Managing Board whose term of office ended less than two years ago.

A Supervisory Board member is considered independent if he / she has no personal or business relations with the company, its executive bodies, a controlling shareholder or a related party which may cause a substantial and not merely temporary conflict of interests. The existence of an employment relationship between a member of the Supervisory Board and a company of the GERRY WEBER Group or the existence of old-age pension commitments of one of these companies in favour of Supervisory Board members as such shall not be deemed to constitute a conflict of interest. In this respect, the Supervisory Board has defined the following objectives regarding its composition:

- Supervisory Board members shall not sit on an executive body or perform advisory tasks at a material competitor of the company or a Group company;
- Supervisory Board members shall not play an active role at customers or suppliers of the company or a Group company; and
- at least two of four shareholder representatives on the Supervisory Board shall be independent.

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. For a Supervisory Board composed of six members, the Supervisory Board aims for at least two female members.

In accordance with the recommendations of the Code, the Supervisory Board has subjected itself to an efficiency review. One member of the Supervisory Board is a former member of the Managing Board of GERRY WEBER International AG, who resigned from the company's Managing Board more than four years ago. Accordingly, the Supervisory Board has a sufficient number of independent members. No conflicts of interest on the Supervisory Board occurred.

The composition of the Supervisory Board remained unchanged in the fiscal year and is almost entirely in line with the company's own targets. With one female member currently sitting on the Supervisory Board, the target of having at least two female members is the only one which has not been fully met yet.

Composition of the Supervisory Board and external mandates held by Supervisory Board members

Dr. Ernst Schröder – Chairman of the Supervisory Board and personally liable partner of Dr. August Oetker KG, Bielefeld (until 31 December 2013)

- Chairman of the Supervisory Board of S.A.S Hôtel Le Bistrol, Paris, France
- Chairman of the Supervisory Board of S.A.S Hôtel du Cap-Eden-Roc, Antibes, France
- Chairman of the Supervisory Board of S.A.S Château du Domaine St. Martin, Vence, France
- Member of the Supervisory Board of Douglas Holding AG, Hagen, until 14 December 2012
- Member of the Supervisory Board of S.A. Damm, Barcelona
- Chairman of the advisory council of Bankhaus Lampe KG, Düsseldorf

Udo Hardieck,
Diplom Ingenieur Halle / Westphalia

- Member of the advisory council of Nordfolien GmbH, Steinfeld

Charlotte Weber-Dresselhaus,
banker, Halle / Westphalia

Dr. Wolf-Albrecht Prautzsch,
banker, Münster

- Chairman of the Supervisory Board of Westfalen AG, Münster
- Member of the Supervisory Board of Gauselkamp AG, Espelkamp

Olaf Dieckmann,
technical employee, Halle / Westphalia

Klaus Lippert,
commercial employee, Halle / Westphalia

Composition and work of the Supervisory Board committees

To perform its tasks as efficiently as possible, the Supervisory Board has delegated part of its activities to committees. It has set up two committees from among its members, namely an Audit Committee and a Nomination Committee. Both committees prepare and complement special topics for consideration by the full Supervisory Board. To ensure that communication between the committees and the full Supervisory Board is as effective as possible, the Chairman of the Supervisory Board, Dr. Ernst F. Schröder, also chairs the two committees. For more information on the meetings of the Supervisory Board and its committees, please refer to the Report of the Supervisory Board.

Cooperation between the Managing Board and the Supervisory Board

The Managing Board and the Supervisory Board cooperate closely in the interest of the company. The Managing Board informs the Supervisory Board regularly, without delay and comprehensively of all issues of importance to the company with regard to planning, business development, risk situation and risk management and coordinates the enterprise's strategic approach with the Supervisory Board. Transactions which are of fundamental importance for the company require the approval of the Supervisory Board. Deviations from the plans, budgets and targets and their causes are explained in detail. The Managing Board makes the interim and quarterly reports available to the Audit Committee and explains them prior to their publication.

Potential conflicts of interest and directors' dealings

The Supervisory Board and the Managing Board are committed to serving the interests of the company. When taking decisions in connection with their position, they may not pursue personal interests; nor may they exploit business incidents for their personal benefit or the benefit of related parties. Any incidents or conflicts of interest resulting from sideline activities must immediately be disclosed to the Supervisory Board, which will then decide the further procedure. No conflicts of interest of members of the Managing Board or the Supervisory Board occurred in the fiscal year.

Transparency is the very basis for good corporate governance, which is why we also report directors' dealings. Pursuant to section 15a of the German Securities Trading Act (WpHG), the members of the Managing Board and the Supervisory Board as well as related parties must disclose the acquisition or sale of shares as well as related purchase or sales rights, such as options or rights, which are directly dependent on the price of the GERRY WEBER share. The following directors' dealings attributable to the Managing and Supervisory Board Members were made in the fiscal year:

Date	Name	Nature of transaction	Units	Price per unit	Type of financial statement
03.12.2012	Doris Strätker	Purchase	2,000	37.004	330410
07.12.2012	Klaus Lippert	Sell	150	38.205	330410
14.12.2012	R&U Weber GmbH&Co. KG	Purchase	7,758	36.50	330410
06.02.2013	R&U Weber GmbH&Co. KG	Purchase	8,000	36.44	330410
01.03.2013	Doris Strätker	Purchase	2,000	34.77	330410
04.04.2013	R&U Weber GmbH&Co. KG	Purchase	5,000	32.73	330410
05.04.2013	R&U Weber GmbH&Co. KG	Purchase	5,000	32.57	330410
19.04.2013	R&U Weber GmbH&Co. KG	Purchase	5,000	31.50	330410
19.06.2013	R&U Weber GmbH&Co. KG	Purchase	5,000	32.27	330410
25.06.2013	Klaus Lippert	Purchase	100	30.44	330410
04.07.2013	R&U Weber GmbH&Co. KG	Purchase	2,500	32.40	330410
13.09.2013	Ralf Weber	Purchase	620	28.86	330410
13.09.2013	Ralf Weber	Purchase	1,800	28.89	330410
16.09.2013	Klaus Lippert	Purchase	100	29.44	330410
16.09.2013	R&U Weber GmbH&Co. KG	Purchase	17,000	29.78	330410
19.09.2013	R&U Weber GmbH&Co. KG	Purchase	18,000	30.02	330410
13.09.2013	Ralf Weber	Purchase	9,000	26.79	DX4AGB4
17.09.2013	Ralf Weber	Purchase	5.500	27,25	DX9UFV1

Shares held by members of the Managing Board and the Supervisory Board

The tables below show the notifiable shareholdings as at the reporting date:

MANAGING BOARD	Number of shares in units	Share of capital in %
Gerhard Weber (direct and indirect)	13,336,232	29.05
Ralf Weber	1,115,085	2.43
Doris Strätker	8,000	0.02

SUPERVISORY BOARD	Number of shares in units	Share of capital in %
Udo Hardieck (direct and indirect)	7,994,845	17.42
Charlotte Weber-Dresselhaus	69,006	0.15
Klaus Lippert	200	0.00
Olaf Dieckmann	28	0.00

ACCOUNTING AND AUDIT

The consolidated financial statements and the interim reports of GERRY WEBER International AG are prepared to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the Interpretations of the Financial Reporting Interpretations Committee (IFRIC), such as they are applicable in the European Union. The annual financial statements of GERRY WEBER International AG are prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

At the Annual General Meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC) was appointed auditor. The Supervisory Board's Audit Committee had previously satisfied itself of the independence of the auditor. The auditor participates in the Supervisory Board's discussions of the consolidated financial statements and the separate financial statements and reports on the key results of the audit. The auditor immediately informs the Supervisory Board of all material findings made in the context of the audit which are relevant for the tasks of the Supervisory Board. Moreover, the auditor will inform the Supervisory Board and/or state in the audit report if facts are identified in the context of the audit which are inconsistent with the declaration of conformity issued by the Managing Board and the Supervisory Board.

OPPORTUNITY AND RISK MANAGEMENT

The responsible management of business risks forms part of the principles of good corporate governance and is an integral element of our corporate governance policy. Identifying and assessing opportunities and risks at an early stage helps take advantage of positive deviations from projected assumptions and anticipate negative deviations as well as initiate potential counter-measures. For this purpose, the Managing Board of GERRY WEBER International AG uses an early risk identification system introduced in accordance with section 91 para. 2 AktG. The system is reviewed by the auditors. Moreover, it is developed further on an ongoing basis and adjusted to changing conditions. For details of the risk management system, please refer to the opportunity and risk report.

COMPLIANCE

Our understanding of compliance calls for the sustainable anchoring of compliant behaviour throughout the organisation. The compliance system of GERRY WEBER International AG is designed to preclude infringements by domestic and foreign employees and to enable employees to properly implement the company's internal guidelines.

Besides complying with laws and statutory provisions as well as internal regulations, the compliance programme primarily aims to anchor ethically and morally correct behaviour in the corporate culture, which, we believe, creates the basis for mutual trust.

Our compliance programme is based on a code of conduct that is binding upon all employees. It defines general behavioural rules for dealing with colleagues, customers, suppliers and other external stakeholders. Besides the code of conduct, our compliance structure is based on rules relating to social compliance, competition and anti-trust law, the avoidance of conflicts of interest, gifts and invitations, the capital market and communications as well as health, safety and the environment.

The Compliance unit is installed in the Group Auditing Department and covers all material areas of the company. The Chief Compliance Officer reports directly to the CFO. He make a significant contribution that the compliance programme is implemented in all areas of the Group and that all employees and executives are trained accordingly. Moreover, the Chief Compliance Officer pools all requests from the Local Compliance Officers, who are the persons to contact in the individual departments with regard to compliance-related issues. The Chief Compliance Officer also chairs the Compliance Committee, which aims to constantly improve the compliance programme and meet at regular intervals. In its capacity as a steering committee, it manages the compliance programme and the company's compliance-related activities. In its capacity as an advisory committee, it assists in the investigation of material violations of the compliance rules and recommends suitable measures.

The compliance programme is accompanied by a whistleblowing system, which encourages employees to openly express their concerns and to highlight circumstances which indicate that laws or internal regulations have been violated. In the event of justified suspicions, an independent external ombudsman serves as the port of call for employees and external parties.

Esteem and respect are fundamental values of our company. We are committed to respecting individual and cultural differences as well as to offering equal opportunities. We respect human rights and make sure they are complied with. We do not tolerate disrespectful, intimidating or offensive actions towards the company, its shareholders, customers, business partners or employees. Our personal behaviour ensures that the name of our company deserves trust and confidence at all times.

Transparent communication

We are committed to ensuring maximum transparency. To achieve this, all shareholders, customers, analysts, press representatives and other stakeholders are provided with equal and timely information about the latest business developments. Our press releases and capital market publications (possibly in the form of ad-hoc releases) as well as the interim and annual reports inform about current events and developments. All information is simultaneously published in English and German and is available on our website at all times. More comprehensive information about our company and the GERRY WEBER share can also be found on the company's website. In addition, we provide regular information about our company at investor conferences and equity forums as well as in one-on-one talks. All planned and recurrent dates and publications are shown in our financial calendar, which is published at *www.gerryweber.com* with sufficient lead time. It can also be found on page 168 of this Annual Report.

Annual General Meeting and shareholders' rights

The shareholders of GERRY WEBER International AG exercise their co-determination and control rights at the Annual General Meeting, where the "one share, one vote" principle applies. The last Annual General Meeting, which was held on 6 June 2013 in Halle/Westphalia, was attended by roughly 1,100 shareholders and proxies who jointly represented an imputed 69.5% of the company's share capital.

Our shareholders can exercise their voting rights personally. Shareholders who are unable to attend the Annual General Meeting personally are given the possibility to have an authorised representative of their own choice or a designated proxy of the company vote for them. A possibility of postal voting is currently not offered by the company for organisational reasons.

Prior to the Annual General Meeting, the shareholders receive all information that is relevant for the AGM and / or can access this information as well as the Annual Report and the quarterly reports on the company's website. The items on the agenda and the conditions for participation are outlined in the invitation to the AGM.

COMPENSATION REPORT

The compensation report summarises the principles for the determination of the total compensation of the Managing Board members and the Supervisory Board of GERRY WEBER International AG. It explains the individual compensation components and the amount of the compensation received by the members of the Managing Board and the Supervisory Board. The compensation report forms part of the Group management report and, hence, of the audited consolidated financial statements.

Compensation of the Managing Board of GERRY WEBER International AG

The amount and the structure of the Managing 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 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.

Principles of the Managing Board compensation

The structure of the compensation of the Managing Board members of GERRY WEBER International AG is geared to sustainable corporate development. Accordingly, it comprises both fixed and variable components. The composition of the Managing Board compensation is based on the tasks of the respective Board member, their personal achievements, the economic situation, the performance and the future prospects of the company as well as the compensation of the horizontal and vertical comparative environment. This environment is determined by the compensation structures of peer companies on the one hand and by the salaries of the senior management and the relevant workforce of the company on the other hand.

Amount and structure

In accordance with the above principles, the Managing Board compensation includes a non-performance-based (fixed) component and variable, performance-based components. The performance-based components include components with a multi-year assessment base. In addition, the members of the Managing Board receive other benefits (non-monetary compensation). Taxes on taxable side benefits are paid by the individual Managing Board members. No share-based compensation components exist.

Fixed compensation

The non-performance-based fixed compensation is the contractually agreed basic compensation, which is paid in equal monthly instalments. In addition, the members of the Managing Board receive other benefits in the form of non-monetary compensation in line with general market and company practice. These benefits include, in particular, the use of a company car as well as accident and liability insurance. Where such benefits in kind are deemed to constitute non-financial benefits for tax purposes, they are taxed accordingly. The other benefits are recognised as fixed compensation components.

Performance-based compensation components

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; under contracts signed after 24 May 2011, it is dependent on the criteria outlined below.

The performance-based variable compensation components are primarily determined by the degree to which the targets set by the Supervisory Board are achieved. The performance-based compensation is divided into three components: the return on assets adjusted for one-time effects, which reflects the company's performance, the option of a performance-based bonus, which the Supervisory Board may grant on the basis of the personal performance of each individual Managing Board member, and the possibility to receive a special bonus based on extraordinary performance and/or exceptionally positive developments in the Group. The compensation system contains caps in the form of percentage limits but no capped amounts.

a) The variable compensation is calculated on the basis of the return on assets of the GERRY WEBER Group adjusted for one-time effects. 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 in advance on the basis of the company's medium-term planning.

   If more than 50% of the objectives are reached, each percentage point over 50%, as well as fractions thereof, 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.

   If the degree of achievement is 50% or less, the multiplication factor is zero, which means that no variable compensation will be paid.

b) In addition to the variable compensation component defined under a) above, the Supervisory Board may grant a performance-related bonus. This bonus is dependent on the personal performance of the individual Managing Board member. 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) In the event of outstanding achievements and / or extraordinary positive developments, the Supervisory Board may grant a special bonus and / or adjust the personal performance-related bonus of individual Managing Board members in an appropriate manner.

Under the contracts based on the new regulation, the variable compensation is thus capped as a general principle. One of the parameters used to determine the variable compensation is the adjusted return on assets of the GERRY WEBER Group. The amount of the return on assets to be generated is defined in advance on the basis of the company's medium-term planning. As the return on assets generated in one year's time was not known at the time the variable compensation structure was fixed (the actual return on assets is determined only at the end of a fiscal year), this variable compensation component has not been capped, but the maximum degree of target achievement was fixed at 150%.

Regulations relating to the termination of Managing Board contracts

Managing Board contracts 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 regulations in the Managing Board contracts thus comply with the recommendations of the German Corporate Governance Code as amended on 13 May 2013.

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 fiscal year 2012/13

Against the background of the previously defined assessment base, the achievement of individual objectives by the Managing Board members and taking into account the economic performance and situation of the GERRY WEBER Group, the total compensation of the Managing Board of GERRY WEBER International AG for the fiscal year 2012/13 amounts to EUR 5.7 million (previous year: EUR 6.3 million).

The table below shows the fixed and variable compensation received by the individual Managing Board members for the fiscal year 2012/13. Prior year figures are stated in parentheses.

in KEUR	Fixed compensation	Variable compensation	**Total**
Gerhard Weber (CEO)	755 (751)	3,000 (3,800)	3,755 (4,551)
Doris Strätker (till 31 July 2013)	497 (660)	225 (300)	722 (960)
Dr. David Frink	474 (467)	300 (320)	774 (787)
Arnd Buchardt (since 1 Aug. 2013)	128 –	112 –	240 –
Ralf Weber (since 1 Aug. 2013)	118 –	108 –	226 –
Total	**1,972 (1,878)**	**3,745 (4,420)**	**5,717 (6,298)**

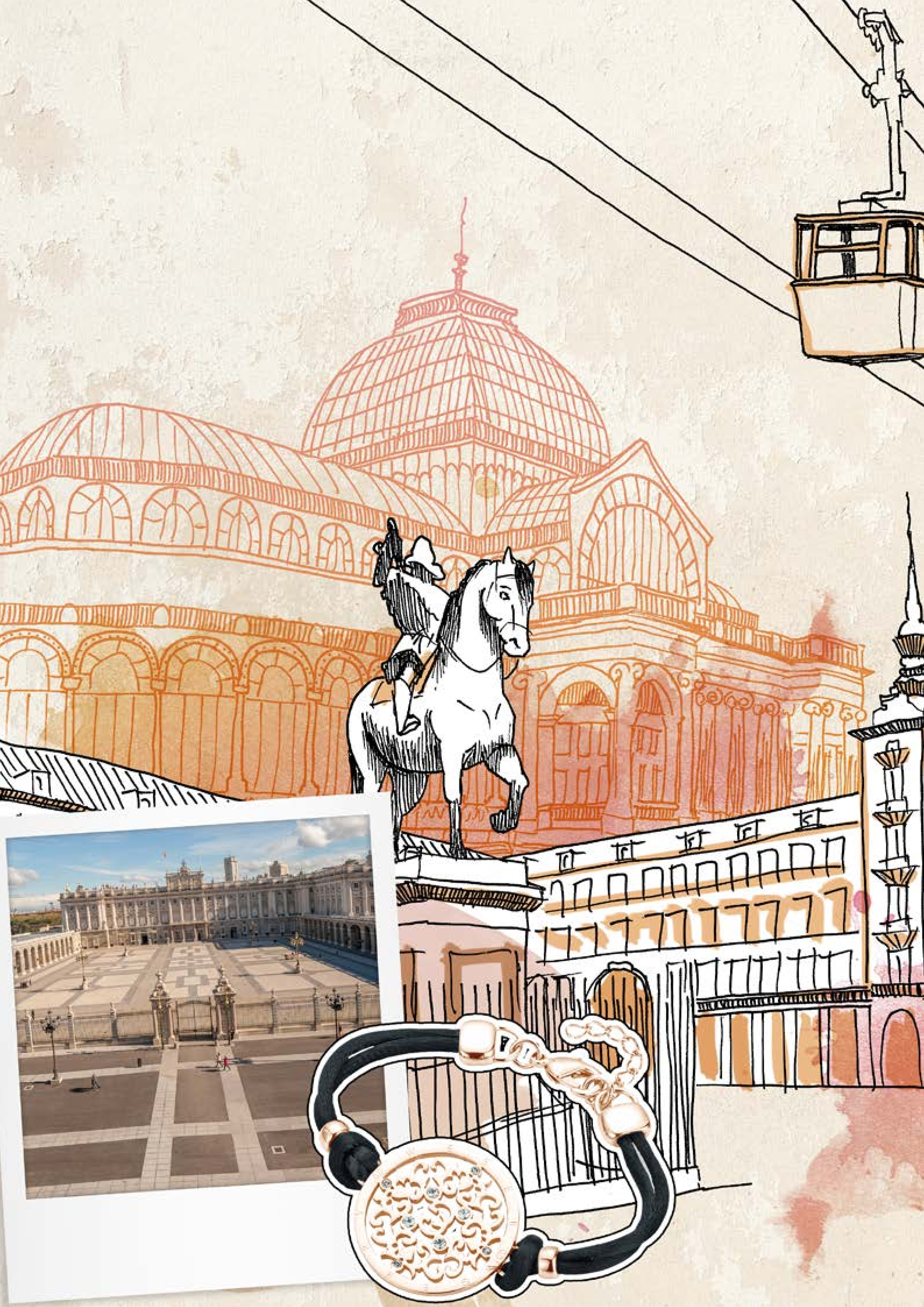
Compensation of the Supervisory Board of GERRY WEBER International AG

The compensation of the Supervisory Board is determined by the Annual General Meeting and is governed by section 23 of the statutes of GERRY WEBER International AG. Besides the reimbursement of necessary expenses, the compensation of the Supervisory Board exclusively consists of a fixed, i.e. non-performance-based, compensation component. Each Supervisory Board member receives an amount of KEUR 60.0 per full year served. The Chairman of the Supervisory Board receives three times this amount, while the Vice Chairman receives 1.5 times this amount, which means that consideration is given to the chairmanship and vice-chairmanship. The compensation is paid after the Annual General Meeting for the past fiscal year. If and when new elections are held or a member resigns from the Supervisory Board, the compensation is paid on a pro rata temporis basis.

The amounts paid to the individual members of the Supervisory Board in the past fiscal year are shown in the table below. The figures in parentheses relate to the previous year.

The table shows that the Supervisory Board compensation remained unchanged at KEUR 510.0. In the past fiscal year, no member received compensation or reimbursements from GERRY WEBER International AG or its affiliated companies above and beyond the amounts shown in the table.

in KEUR	Fixed compensation
Dr. Ernst F. Schröder (Chairman)	180 (180)
Udo Hardieck (Vice Chairman)	90 (90)
Charlotte Weber-Dresselhaus	60 (60)
Dr. Wolf-Albrecht Prautzsch	60 (60)
Olaf Diekmann	60 (60)
Klaus Lippert	60 (60)
Total	**510 (510)**



EVERYBODY KNOWS EVERYBODY

MADRID

IN SPAIN'S LARGEST VILLAGE. GRAND AVENUES AND NARROW LANES BUSTLE WITH LIFE – AND GERRY WEBER IS PART OF IT.

LAND OF THE GOLDEN CUPOLAS

RUSSIA

ELEGANT AND GRACIOUS, AS REFLECTED IN THE GERRY WEBER ACCESSORIES.


GERRY WEBER
جيري ويبر

BIGGER, TALLER

DUBAI

THE FUTURISTIC MEGACITY NEVER CEASES TO AMAZE.
THIS SHOPPING PARADISE WOULD BE INCOMPLETE WITHOUT GERRY WEBER.

THE GERRY WEBER SHARE

Having increased by 30% in the fiscal year 2010/11 and by another 56% in the following year, the price of the GERRY WEBER share consolidated from EUR 35.02 (closing price on 31 October 2012) to EUR 30.58 in the reporting period.

- Share price declines 12.7% in the fiscal year 2012/13
- Stable dividend of EUR 0.75 per share

SHARE PRICE PERFORMANCE

The price of the GERRY WEBER share was unable to match the positive trend shown by the relevant stock indices in the past fiscal year. Having delivered a strong price performance in the previous years, the share lost approximately 12.7% between November 2012 and the end of October 2013, moving within an average range of EUR 30 and EUR 34.

In November and December 2012, the share was still following the general market trend. A moderate decline in November was followed by a disproportionate increase in December, with a high of EUR 38.35 reached on 10 December 2012. Thereafter, the GERRY WEBER share was unable to keep up with the continuous upward movement in the German stock indices. Against the background of the weather-related difficult market environment for the whole fashion industry in Europe, the resulting low footfall in the city centres and, hence, in our stores, the price of the GERRY WEBER share declined continuously between February and April 2013 to just above EUR 30, which marked the lower support level.

In May 2013, the share price recovered to EUR 35.29, thus following the general market trend. Upon publication of the six-month figures and the adjustment of the company's projections for the fiscal year 2012/13, the price of the GERRY WEBER share dropped to EUR 30.43. Having recovered moderately in the ensuing weeks, the price slumped to a low of EUR 29.42 when the projections were corrected

PRICE CHART OF 1 NOVEMBER 2012 TO 31 OCTOBER 2013 in EUR

for the second time on 13 September 2013. As a result of the weather-related reduced footfall in our stores and the resulting lower sales and increased inventories at the end of the respective season, the summer sale in the fashion industry as a whole was marked by higher discounts than usual. A longer and more intensive summer sale led to lower-than-expected sales revenues and earnings, especially in our company's third quarter. Accordingly, we had to adjust the forecast for the fiscal year in September 2013, which meant that we did not meet capital market participants' expectations. By the end of the fiscal year on 31 October 2013, the GERRY WEBER share had recovered somewhat and moved within a range of EUR 30 to EUR 32.

The performance of the GERRY WEBER share in the course of the fiscal year shows that we failed to meet the high expectations of the capital market during the reporting period for the reasons described above. The GERRY WEBER Group will nevertheless continue its growth strategy and sees further potential for growth in the expansion of the Retail activities in Europe and the ongoing internationalisation of the GERRY WEBER, TAIFUN and SAMOON brands.

The trading volume of the GERRY WEBER share averaged roughly 112,044 shares per day (previous year: 100,296 shares per day) or EUR 3.7 million (previous year: EUR 3.0 million). A total of 28.3 million shares were traded at all German stock exchanges (previous year: 26.3 million shares). A look at the price performance of the GERRY WEBER share over the past five fiscal years shows that the price has climbed from EUR 7.41 to EUR 30.58, which represents an increase of approximately 312%. By comparison, the DAX gained approximately 79% and the MDAX roughly 179%. It should also be noted that GERRY WEBER International AG issued free shares on a 1:1 basis in July 2011 and the share price was adjusted accordingly.

PRICE CHART OF 1 NOVEMBER 2012 TO 31 OCTOBER 2013

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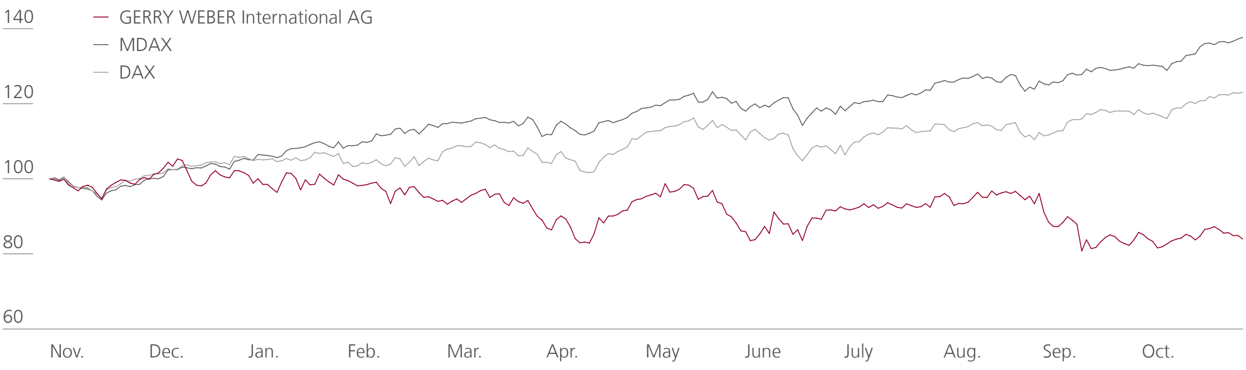
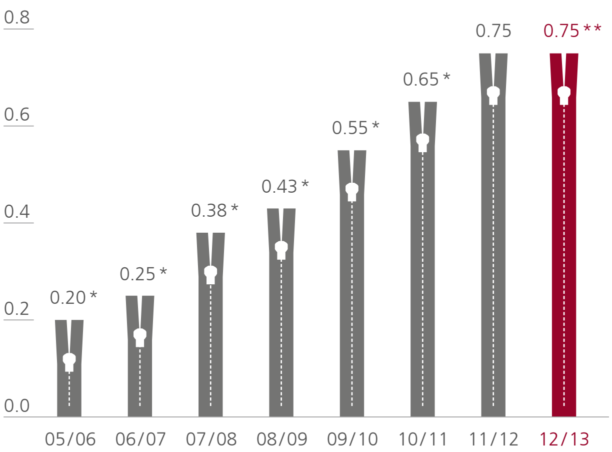


DIVIDEND PER SHARE

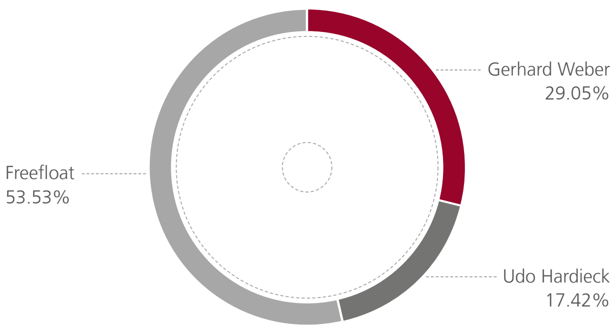
in EUR



* Taking into account the doubling of the number of shares on 4 July 2011
** Proposal to the next Annual General Meeting 2014

SHAREHOLDER STRUCTURE

in %



DIVIDEND POLICY

↳ p. 57

Although consolidated net income after taxes, at EUR 71.0 million, is lower than in the previous year (EUR 78.8 million), the Managing Board and the Supervisory Board will propose an unchanged dividend of EUR 0.75 per share to the next Annual General Meeting. GERRY WEBER International AG will thus continue its consistent dividend policy. The payout ratio increased from 43.7% in the previous year to 48.5% in the reporting period. If the dividend proposed by the Boards is approved by the Annual General Meeting on 4 June 2014, the dividend of GERRY WEBER International AG will have increased by an aggregate 275% over the past seven years. Based on a dividend of EUR 0.75 per share, the dividend yield amounts to 2.5% at the closing price on 31 October 2013.

	2012/13	2011/12	2010/11
Net income of the year (in EUR million)	71.0	78.8	67.0
Earnings per share (in Euro)	1.55	1.72	1.48
Dividend per share (in Euro)	0.75*	0.75	0.65
Payout volume (in EUR million)	34.4*	34.4	29.8
Payout ratio (in %)	48.5%*	43.7%	44.5%

* Proposal to the next Annual General Meeting

SHAREHOLDER STRUCTURE AND ANNUAL GENERAL MEETING

As of the end of the fiscal year 2012/13, 29.05% of the shares in GERRY WEBER International AG were attributable to the company's founder and CEO, Gerhard Weber. Another anchor shareholder is Supervisory Board member Udo Hardieck, who held 17.42% of the GERRY WEBER shares. Other reportable shareholders were not known to us as at the reporting date on 31 October 2013, which means that 53.53% of the shares were widely held (freefloat).

69.5% (previous year: 73.8%) of the voting share capital of 45,905,960 shares was represented at the ordinary Annual General Meeting of GERRY WEBER International AG, which was held in Halle / Westphalia on 6 June 2013. A vast majority of the roughly 1,100 attending shareholders approved the items on the agenda. Among the most important agenda items were the creation of authorised capital in an amount of up to EUR 22,952,980.00 as well as the creation of conditional capital of up to 4,590,590 bearer shares to issue convertible and / or warrant bonds in an amount of up to EUR 200.00 million. For details of the items on the agenda and the voting results, please refer to the "Investors" section at www.gerryweber.com.

GERRY WEBER IN THE CAPITAL MARKET

We attach great importance to an intensive and open dialogue with capital market participants and regularly provide shareholders, analysts and all other interested parties with comprehensive information also in a challenging environment. In the fiscal year 2012/13, we pro-actively approached both domestic and international investors to explain to them the special circumstances prevailing in the fiscal year as well as the resulting business trend. Most importantly, we outlined our medium and long-term growth strategy as well as the resulting opportunities for the company's future development. We also maintain regular contacts with analysts. GERRY WEBER International AG is currently monitored and evaluated by 19 analysts.

We provide regular information on the performance of the GERRY WEBER Group through the publication of annual and quarterly reports, press releases and presentations and maintain close contacts with investors, e.g. by attending conferences and organising roadshows. We attended nine national and international capital market conferences and went on 11 road show days in Germany, Europe and the USA to present our strategy, our financial performance indicators and our business situation. Most importantly, we promote direct communication with our private shareholders by attending various shareholder events. In addition to such events, we offer comprehensive information on our website www.gerryweber.com. Besides the financial reports, presentations and other interesting information, this site shows all dates that are important for investors as well as our share price performance. Our Investor Relations Department will be pleased to answer questions and provide information. The contact details can be found on our website.

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 2013	45,905,960
Designated sponsors	Close Brothers Seydler Bank AG Deutsche Bank AG

SHARE PRICE IN FY 2012/13

High * (in EUR)	38.35
Low * (in EUR)	29.42
Closing price on 31 October 2013 (in EUR)	30.58
Share price performance in FY 2012/2013 (in %)	-12.7%
Market capitalisation as of 1 November 2012 (in EUR millions)	1,607.6
Market capitalisation as of 31 October 2013 (in EUR millions)	1,403.8
Average daily turnover in EUR **	3,742,671
Average daily turnover in shares **	112,044
Dividend per common share ***	0.75
Earnings per share	1.55

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


FREEDOM AND LEISURE
FLORIDA
IS A LIFESTYLE – JUST AS
THE FASHION OF GERRY WEBER.
Welcome to
FLORIDA
THE SUNSHINE STATE


bloomingdale's

HOLLYWOOD OF THE NORTH

TORONTO

AND A RUNWAY FOR FASHIONISTAS. GERRY WEBER HAS BROUGHT ITS DISTINCTIVE STYLE TO THE LOCAL SHOPPING SCENE.


GERRY WEBER
GERRY WEBER

EVEN THE WIND WEARS COLOUR IN

SYDNEY

AND GERRY WEBER ACCOMPANIES YOU TO
THE OTHER END OF THE WORLD.

CORPORATE SOCIAL RESPONSIBILITY REPORT

As an enterprise, we are responsible for our employees, customers, business partners and the environment as well as for the society we live and work in. Without ever losing sight of our goal to generate profitable growth, we have committed ourselves to implementing the objectives we have set ourselves with regard to social and environmental responsibility, sustainability as well as respect, tolerance and fairness in our dealings with each other.

EMPLOYEES

Our employees are our most important asset, given that dedicated, motivated and well educated staff are of major importance for a company's sustained success in business. Today, about 4,700 people work for the success of our company in Halle / Westphalia, our field offices, our production plant in Rumania and our stores across the globe. GERRY WEBER International AG offers all employees employment and further training opportunities which are tailored to their specific requirements. Apart from training and educating our people, we aim to create a family-friendly and integrative corporate culture as well as a modern working environment. With women representing over 90% of our workforce, we aim to support our employees by providing child care options in our in-house day nursery, "KIDS WORLD".

Vocational training and further education

The GERRY WEBER Group offers all employees the possibility to identify and advance their potential. The full range of vocational and further training measures is provided by the "GERRY WEBER Academy", which also arranges personalised qualification measures.

In the context of human resources development, we constantly offer further training measures such as management training, product training, language courses, IT courses and sales training. Customised measures may additionally be agreed as required. To implement these training courses, we have a wide range of appropriately equipped rooms such as the e-learning room to name but one example.

To cover our future demand for skilled and executive staff, we rely on a systematic human resources development programme, which also has a strong focus on vocational training. We not only implement internal qualification measures but every year we also train about 15–20 young trainees / apprentices or participants in a dual study programme in the commercial and technical departments of our company. In addition, we take on between five and ten university graduates for our two graduate programmes.

Besides their day-to-day work in practice and the vocational school courses, our apprentices and trainees directly benefit from our internal qualification measures such as the product training course. This is also reflected in their final exam results. Trainees and apprentices of the GERRY WEBER Group are regularly among the best of their courses at the local, federal state or even nationwide level. Only recently, in December 2013, two young female colleagues passed their final exams as fashion sewer and fashion tailor with record results, finishing as Germany's best in their respective professions.

We support our trainees and apprentices also after they have finished their vocational training by hiring them and offering them further qualification measures within our company or assisting them with their university studies. A special feature of our training programme is the possibility to apply for a stint abroad at one of our production or sales locations. This gives the successful applicants the chance to get to know and understand our company even better and to broaden their own horizon.

Our trainee programmes are designed for graduates of clothing engineering studies (International Technical Trainee Programme) or graduates of business management / economics studies (Commercial Trainee Programme). Depending on the target position, the training lasts for 12 to 18 months. During this time, the young graduates work in three to five departments which are individually agreed with them and prepare them for their future tasks. All participants in the programmes additionally benefit from our further education measures aimed at improving their technical, methodological and management skills in the context of the qualification and human resources development programme. Every trainee receives assistance not only from the in-house HR development team but also from their own experienced mentor, who is a member of the management team or the Managing Board. This allows the participants to benefit from the experience of their mentors and to understand the company more quickly.

The technical training programme primarily takes place at the branches in Shanghai or Istanbul and familiarises the participants with working in the respective country and the tasks waiting for them. Under the commercial trainee programme, the participants also have the possibility to gain international experience and do a stint abroad.

Family-oriented and inclusive corporate culture

Besides vocational and further training, our corporate culture is very much focused on promoting a good work-life balance. This primarily includes flexible working hours and the “KIDS WORLD” day nursery located on the company’s premises in Halle / Westphalia. With this family-friendly human resources policy, we aim to assist working parents in rejoining the workforce.

Built on a site of roughly 6,700 square metres and offering a useful area of approximately 3,500 square metres, our “KIDS WORLD” day nursery is located right next to our company’s headquarters. The building complex comprises a 200-year-old fully refurbished and light-flooded half-timbered house, an adjoining new building housing the group rooms and a barn serving as a covered adventure playground. In keeping with our commitment to sustainability, all buildings are heated using geothermal energy.

When our day nursery celebrated its first anniversary at the end of August 2013, parents, staff and company representatives were unanimous in their verdict that it has become absolutely indispensable. The most popular features are the generous outdoor area, the racetrack for the popular “Bobby Car” ride-on cars, the tree house and the petting zoo. The opening hours fit in flexibly with employees’ working hours and parents can reach their children in next to no time if necessary. On average, every group is looked after not only by two to three carers but additionally by one exclusively English-speaking colleague. In dealing with this native English speaker, the kids learn using the English language in a playful manner. All meals for the children are freshly prepared by the day nursery’s own chef, who makes sure to use as many fresh regional products as possible.

In times of demographic change and fierce competition for qualified employees, the GERRY WEBER Group is very well positioned not least thanks to its working hour schemes and the in-house day nursery and can retain skilled and executive staff in the company in the long term. This has been impressively confirmed by the company making first place in the “familie gewinnt” competition, which is organised annually by the district of Gütersloh in cooperation with the Bertelsmann Foundation.

Integration and inclusion in the GERRY WEBER Group

Besides providing a good work-life balance, we attach importance to supporting impaired people and integrating them into our company. Since 1993, the GERRY WEBER Group has supported “wertkreis Gütersloh” with donations and support in various projects. wertkreis Gütersloh is an association which assists handicapped people in various fields, e.g. child care, vocational and further training, the creation of inclusive jobs as well as nursing care. We aim to integrate the colleagues, most of whom are mentally or intellectually impaired, into our workforce and working life. Since 2010, 12 employees of wertkreis Gütersloh have worked for our company. Their tasks are diverse and range from jobs in the accounting department, in organisation or the incoming mail department to work in the outlet store in Brockhagen. The company plans to create more office workplaces going forward. One of the first employees who started in the retail / organisation department at the company's headquarters signed a permanent employment contract in November 2012.

At present, four employees of wertkreis Gütersloh and two employees from Bethel work at the company's headquarters in Halle / Westphalia. For the next vocational training year, we will create an additional apprenticeship for a physically or mentally impaired person within our company. In 2012, the company won the "Social Oscar", which is awarded biannually by wertkreis Gütersloh, in recognition of its cooperation and commitment.

SOCIAL RESPONSIBILITY

For several years, famous international tennis players – such as Roger Federer in 2013 – have handed over donations to the von Bodelschwinghsche Anstalten Bethel in Bielefeld on the occasion of the GERRY WEBER OPEN. Last year, the money was used to modernise a recreation room of the paediatric clinic in Bethel, where children suffering from neurological and psychosomatic diseases receive treatment. In the past years, three therapy rooms, also called "Dwingi rooms", have been fitted and equipped to offer more privacy and greater independence for the clinic's young cancer patients.

By supporting the Good-Hope-Center e.V., a charitable association based in Halle / Westphalia, GERRY WEBER International AG helps create a better future for orphans in Tanzania. The Good Hope Center supports disadvantaged orphans and homeless children in greater Arusha in the Arumeru District in Tanzania. In 2010, the association helped build the "Ngorika: Happy Watoto Home", which can accommodate 100 children aged 7 to 13. The money donated by GERRY WEBER International AG was used to build a house for 16 children and their nurses. In the long term, the money will help to ensure a balanced diet as well as educational and medical supplies for the children. The Good Hope Center is a 100% non-profit organisation, which means that every cent donated actually reaches the children.

PRODUCTION AND QUALITY

As a global fashion and lifestyle company, we source our fashion products from different regions of the world. In many countries, compliance with social and environmental standards is a legal obligation and is verified by the authorities. In some procurement markets, however, such compliance is not fully guaranteed. We therefore feel it is our responsibility and obligation to check compliance with these standards and to offer only products manufactured in a socially and environmentally acceptable manner.

COMPLIANCE WITH INTERNATIONAL SOCIAL STANDARDS

Established in 2010, the company's Corporate Social Responsibility unit is tasked with implementing the company's commitment to working exclusively with suppliers using socially and environmentally compatible production methods. In our company, the examination of and compliance with social standards is based on GERRY WEBER's own Code of Conduct as well as on the guidelines of the Business Social Compliance Initiative (BSCI).

The guidelines of the Business Social Compliance Initiative (BSCI) are based on the conventions of the ILO (International Labour Organisation), the UN Human Rights Declaration on the rights of children, the UN Global Compact, the OECD Guidelines for Multinational Enterprises and other internationally accepted agreements. The Code of Conduct defines, among other things, regulations for the prohibition of child and forced labour, equal opportunities, the freedom of association, the prohibition of discrimination of any kind, the payment of adequate wages, working hours and occupational health and safety. The resulting social standards form an integral element of the contractual agreements with all our manufacturing partners. Since 2011, all suppliers regardless of whether or not they produce in high-risk countries have additionally been obliged to sign an agreement on compliance with social standards, which forms the basis of the business relationship. This agreement is a binding directive. By signing it, the suppliers acknowledge the Code of Conduct and the regulations for implementation and commit themselves to subjecting their sub-contractors to these regulations. At least every 12 months, all active suppliers must additionally issue a Social Compliance Statement which confirms their compliance with all defined social standards.

REGULAR VERIFICATION OF COMPLIANCE WITH STANDARDS

Regular audits in which we verify suppliers' compliance with defined standards help to ensure that the standards are complied with while at the same time enabling suppliers to improve on their performance on an ongoing basis. To make this development process objectively measurable, the BSCI has developed a qualification and auditing system which complements the comprehensive Code of Conduct. These external and independent audits are conducted by BSCI-accredited firms. Where minor deviations from our Code are identified a second audit is carried out after a given time to check whether the situation has been remedied. Where a supplier still fails to meet our standards, they will no longer receive orders from our company. The number of audits increased markedly last year, with the percentage of audits resulting in a "good" rating (i.e. Code is fully met) almost doubling.

ONGOING IMPROVEMENT PROCESS

To ensure that our suppliers comply with the Code of Conduct, our cooperation is focused on the ongoing improvement process. In doing so, we concentrate on individual suppliers who benefit from special assistance, e.g. in the context of pilot projects. In the past fiscal year, for instance, deviations were identified with regard to hours worked. With the help of qualification measures and dedicated workshops and training courses, we aim to increase plant productivity with the aim of avoiding overtime. We continuously advance our projects to support our partners in increasing the quality of their audit results and improving on-site working conditions.

Specific location conditions, e.g. in countries like Bangladesh, represent particular challenges. We constantly deploy a team of our own staff in such countries and select suppliers particularly carefully. In this context, compliance with social and environmental standards plays an important role. Our approach focuses on direct cooperation with and promotion of carefully selected suppliers. We will concentrate on pushing ahead our own projects to improve the quality of the audit results and, hence, working conditions for the local people.

GROUP MANAGEMENT REPORT

FOR THE FISCAL YEAR 2012/13

BUSINESS AND GENERAL CONDITIONS

BUSINESS ACTIVITY AND ORGANISATION

GERRY WEBER International AG is one of the best known and most successful fashion and lifestyle companies in Germany. Its five strong fashion brands, GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON by GERRY WEBER, offer modern fashion and accessories for exacting consumers in the ladieswear segment.

↳ p.66

The company was established by Gerhard Weber and Udo Hardieck in Halle / Westphalia in 1973. At the end of the reporting period (31 October 2013), the company had distribution structures and 839 Houses of GERRY WEBER and mono-label stores in 62 countries across the globe. In addition there are 111 concession stores and 2,816 shop-in-shops in the stores of our partners as well as five successful brand online shops. Employing approximately 4,700 people worldwide, the Group is listed in Deutsche Börse's MDAX index and is one of the largest listed fashion corporations in Germany. In the fiscal year 2012/13 (1 November 2012 to 31 October 2013), the GERRY WEBER Group generated consolidated sales revenues of EUR 852.0 million (previous year: EUR 802.3 million.) and consolidated net income of EUR 71.0 million (previous year: EUR 78.8 million).

Headquartered in Halle / Westphalia, 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 close coordination with the subsidiaries of the individual brand companies, the parent company also controls the purchasing process in order to achieve the best possible terms as well as exploiting synergies for the Group.

As of the end of the reporting period, the basis of consolidation consisted of 28 domestic and international subsidiaries. Three of these subsidiaries are responsible for the operating activities of the GERRY WEBER, TAIFUN and

LEGAL CORPORATE STRUCTURE

GERRY WEBER International AG

	GERRY WEBER Life-Style Fashion GmbH	TAIFUN-Collection GERRY WEBER Fashion GmbH	GERRY WEBER Retail GmbH	SAMOON-Collection Fashion-Concept GERRY WEBER GmbH	
GERRY WEBER Fashion Iberica S.L.	GERRY WEBER FAR EAST LIMITED	GERRY WEBER France S.A.R.L.	GERRY WEBER GmbH, Wien	GERRY WEBER UK Ltd.	GERRY WEBER Asia Ltd.
GERRY WEBER Denmark ApS	GERRY WEBER Dis Ticaret Ltd.	GERRY WEBER Ireland Ltd.	GERRY WEBER Shanghai Co. Ltd.	GERRY WEBER Switzerland AG	GERRY WEBER Polska Sp.z o.o
GERRY WEBER Support S.R.L.	GERRY WEBER Retail Stores Verwaltungs GmbH	GERRY WEBER Retail BV	Energieversorgungsbetrieb GERRY WEBER GmbH	GW Media GmbH	ARW – GERRY WEBER BELUX BVBA
GERRY WEBER Incompany B.V.	GERRY WEBER Sweden AB	GERRY WEBER GmbH, Raeren, Belgien	ARW RETAIL – GERRY WEBER NV	COAST RETAIL – GERRY WEBER NV	GERRY WEBER CZ s.r.o.

SAMOON brands, from collection to design to distribution. GERRY WEBER Retail GmbH is responsible for the company-managed retail operations in Germany. The foreign subsidiaries are sales companies that represent certain markets in which the GERRY WEBER Group operates or acts as procurement and production locations.

Strategy and objectives

The sustainable and profitable growth of the GERRY WEBER Group is the primary objective of the company. To achieve this growth ambition, we have developed strategies which are broken down to the individual brands and sales structures and are implemented on an ongoing basis and adjusted to changing conditions if and when required. The strategic focal points are the strengthening and clear definition of the individual brands, the ongoing development of our collections, the expansion of our Retail segment and the internationalisation of our distribution structures – constantly supported by the optimisation of our processes.

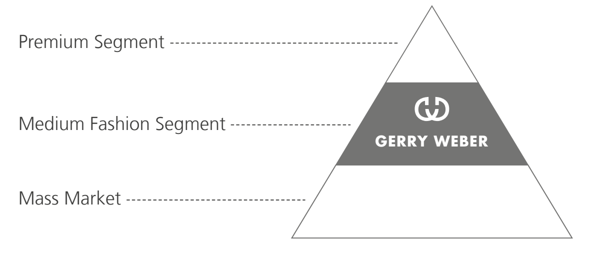
Positioning and strengthening of the brands
Our brands are characterised by a clear market, customer and price positioning. Our five strong brands, GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON, are positioned at the top of the medium fashion segment. We are committed to offering a comparable quality and fit as a premium product, albeit at a much lower price. Accordingly, we see ourselves as a bridge to the premium and luxury suppliers but at a much higher quality level than products from the young fashion segment.

The GERRY WEBER brands are targeted at fashion-conscious women who attach importance to attractive and trend-oriented design combined with high quality and, above all, a good fit. The in-house pattern making department guarantees a consistently excellent fit and high wearing comfort of the garments.

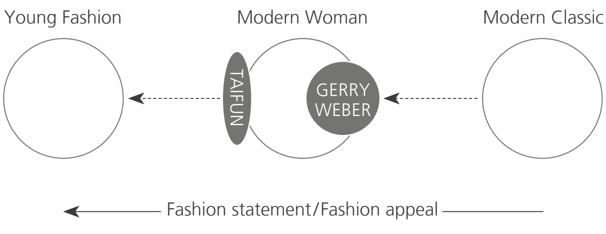
All our brands share the same high quality and excellent fit. But each of the brand families (GERRY WEBER, TAIFUN und SAMOON) is targeted at a clearly defined audience in terms of its positioning and communication at the point of sale.

GERRY WEBER Collection and its sublabels, GERRY WEBER EDITION and G.W., represent the core brand. Accounting for 75,2.% (previous year: 76.3%) of the sales revenues of the brand companies, the GERRY WEBER brand family (incl. the GERRY WEBER EDITION and G.W. sublabels) makes the biggest contribution to Group sales. The high-quality fashion products are targeted at modern women in their late thirties and older who prefer modern and female fashion which is designed and manufactured to high standards. The collections are characterised by trendy cuts and high-quality materials, excellent workmanship, attention to detail and coordinated colour combinations. GERRY WEBER is what we call a combination collection whose individual items can easily be combined with each other and are perfectly coordinated in terms of cuts and colours.

POSITIONING



FASHION STATEMENT



GERRY WEBER Collection as a combination collection is complemented by two sublabels, GERRY WEBER EDITION and G.W. GERRY WEBER EDITION is a single-item collection comprising knitwear, blouses, shirts, skirts and outdoor jackets which tend to underline the wearer's casual style. G.W. is the youngest and most trendy collection and supplies highly up-to-date fashion items at short development and delivery intervals. Twelve collections per year ensure that the brand is always at the leading edge and reflects the latest trends.

Representing 19.4% (previous year: 18.3%) of total Group sales, TAIFUN is the second largest brand of the GERRY WEBER Group. With its strong fashion appeal and younger cuts, TAIFUN is targeted at the younger "Modern Woman". In the past, TAIFUN primarily stood for stylish and young fashion, mostly for formal and business occasions. In the fiscal year 2012/13, we launched TAIFUN Separates and now also offer casual items to accompany our customer throughout the day and in all spheres of life. TAIFUN Separates meets our customers' wish for more casualness and what we refer to as "Casual Chic & Life-Style". At the end of the fiscal year 2012/13, we operated 92 TAIFUN mono-label stores in Germany and we will continue to increase the presence of the TAIFUN brand going forward.

SAMOON is our brand for plus sizes. SAMOON presents casual, self-confident fashion items made from high-quality materials with an excellent fit for women wearing size 42 plus. The perfect interpretation of the latest trends allows us to show their curves in a favourable light and to develop styles that are comparable with the standard sizes. 37 dedicated SAMOON stores (mono-label stores) testify to the authenticity and the potential of the brand.

The success of our brands is based on our unique collections. The collection development activities focus on the needs and requirements of our customers. This is why we have slowly but steadily rejuvenated our fashion over the past years to reflect the latest trends even more effectively.

In line with the rejuvenation of our fashion statement, we have consistently downsized our collections and aligned them with consumer requirements. Today, we develop six collections for each of our brands per year. The only exception is our G.W. brand, which is the fastest to pick up new trends and develops some 20 items per month. Each of the six collections of the other four brands – GERRY WEBER, GERRY WEBER EDITION, TAIFUN and SAMOON – consists of three themes, each of which comprises 30 to 35 individual items. We supply new, trendy garments every three weeks, which allows us to swiftly respond to new trends and consumer requirements. In spite of the fast development cycles, we pay special attention to the high quality and the excellent fit of our garments.

Expansion of our own Retail activities

The distribution structures of GERRY WEBER International AG are based on two pillars, namely the Retail segment and the Wholesale segment.

The collections are distributed through retail partners and franchisees (Wholesale segment) as well as through retail spaces managed and controlled by the company itself Retail segment). In the fiscal year 2012/13, the Retail segment contributed EUR 363.7 million or 42.7% (previous year: 37.3%) to total Group sales. The company aims to achieve a balanced Retail / Wholesale ratio in the current fiscal year 2013/14.

The Retail segment uses various distribution channels. The most important distribution channels are the company-managed Houses of GERRY WEBER and mono-label stores, which are complemented by concession stores, outlet stores and the company's own online shops. The expansion of our own Retail activities through the opening of new sales space in Germany and abroad, is an important strategic element of the successful growth strategy of the GERRY WEBER Group. The company-managed stores allow us to position and present our brands exactly as desired by us. Moreover, direct contact with consumers enables us to constantly expand our understanding of their needs. This understanding is directly applied to the development of new collections, so that we can respond quickly to changing needs and trends.

In the context of our Retail growth strategy, we continue to open new Houses of GERRY WEBER and mono-label stores and plan to add 65–75 new stores to our portfolio every year. In the coming years, the focus of the store openings will shift to neighbouring European countries such as the Netherlands, Belgium, the Czech Republic, Slovakia and Slovenia.

Internationalisation of our distribution structures
Apart from expanding our own Retail activities, the growth strategy of the GERRY WEBER Group also focuses on the expansion of our international distribution structures in cooperation with distribution partners. In the coming months, we intend to open new Houses of GERRY WEBER and shop-in-shops together with our partners, primarily outside the eurozone, e.g. in the Middle East, Russia and the USA. Revenues generated outside Germany accounted for approximately 39.2% (previous year: 38.8%) of total Group sales in the fiscal year 2012/13. This percentage is to be increased continuously to support our ongoing regional diversification.

Vertical integration and optimisation of processes
Organisationally, the GERRY WEBER Group has become a vertically integrated systems supplier. Due to the close integration, management and control of the individual stages of the value chain, the interaction between development, production and sales has been improved significantly. As a result, development and delivery times have been reduced markedly. The fact that the collections have been streamlined and thus become less complex has additionally helped to accelerate production and delivery cycles. We aim to further optimise our processes and workflows so that our collection cycles can be implemented even faster and we can respond even more directly to changing trends.

The introduction of maximum order limit arrangements, under which the customers of our Wholesale segment leave the breakdown of their orders to the experts of the GERRY WEBER Group, is another element aimed at accelerating our collection cycles. Thanks to our experience and the sales information received from over 6,000 global retail spaces per day, we can match the collection purchase to the specific customer structure of each individual retail partner. This entails sales and earnings advantages for both partners.

Our strategies are clearly geared towards further growth. Strong, attractive brands benefiting from a clear market and customer positioning, combined with flexible and diversified distribution strategies in Germany and abroad and supported by processes which are ideally matched to our requirements, will guarantee the continued profitable growth of the GERRY WEBER Group.

Management and control

The Managing Board has sole responsibility for managing the company in its own interests with the aim of constant corporate growth. Its activities are supported by the Managing Directors of the subsidiaries, who are responsible for implementing the strategies at the operating level. The Supervisory Board supervises and advises the Managing Board and is directly involved in decisions that are of material importance for the GERRY WEBER Group.

All Group companies are managed and controlled by the parent company, GERRY WEBER International AG. This ensures, among other things, uniform operational standards and the early identification of deviations from defined targets. Moreover, the Group-wide risk management system and the internal control systems are monitored by a single entity to ensure the earliest possible response to risks and opportunities.

The profitable and sustainable growth of the GERRY WEBER Group is the long-term objective of our corporate activity. For better implementation and control of this primary objective, we have defined a number of strategies and subtargets. Achievement of these targets is defined by key performance indicators (KPIs) and monitored on an ongoing basis in order to identify deviations as quickly as possible and initiate appropriate measures. These KPIs include sales revenues, the cost of materials as a percentage of sales and earnings before interest and taxes (EBIT) together with the EBIT margin (EBIT as a percentage of sales). Other performance indicators used to control our corporate targets include our own retail space in square metres, sales per square metre and inventory turnover. The amount of the individual customer bill or the number of products bought per purchase also serve as important indicators.

The available liquidity (or free cash flow) is another important indicator for reaching our growth ambition.

cash flow from operating activities
less cash flow from investing activities
= free cash flow

The free cash flow influences the financial independence of the GERRY WEBER Group and indicates high internal funding resources.

The return on assets is another important indicator.

$$\text{Return on assets} = \frac{\text{Net income for the year after taxes + interest on borrowings}}{\text{Extended total assets (incl. capitalised rent obligations)}}$$

Key business processes

The business model of GERRY WEBER International AG ranges from the development and the design of the collections to production, transport and logistics to the distribution of the merchandise at the point of sale. These processes are supported by an IT infrastructure and accounting processes which are exactly matched to our requirements. All our business processes and workflows are carefully coordinated, as this is the only way to ensure that we deliver exactly the results we aim to achieve and which we aim to optimise for every collection and for every single garment. The individual stages of the value chain and their interplay form the basis for the excellent quality of our products and hence of our success. A collection can be developed, produced and marketed efficiently in terms of both time and cost only if all individual processes are ideally matched. This is why we constantly aim to improve our processes.

Development

Every skirt, every shirt, every garment begins with an idea. Our design teams regularly visit the large fashion capitals of the world and seek inspiration from the latest trends, cuts and colours. Back home in their offices and studios in Halle / Westphalia they put these ideas into practice, considering the needs and requirements of the specific target group. Together with our textile engineers, they decide how to translate their ideas into fashion products and which materials to use. The designs created by the design teams are then passed on to our in-house pattern-making department, which produces the patterns for the sample collections. The sample collections are completely produced in Halle / Westphalia. After consultation with the design teams and the product managers each individual item in the collection is finally approved, possibly after some last modifications. The definitive collection items are then reproduced for the sample collections of the sales department. At the same time, our pattern-making department scales the patterns of the sample collection for the different garment sizes. The ready-to-send technical data includes the patterns for the different sizes as well as exact positioning parameters that demonstrate the optimum utilisation of the materials. This way, GERRY WEBER ensures not only that our contractual partners meet our production and quality standards and, hence, the perfect fit of each garment, but also optimum material utilisation. This approach allows us to stay in charge of our own patterns and to remain flexible when it comes to choosing manufacturing partners, as new partners can swiftly be integrated into the procurement structures. The complete knowledge and expertise remain pooled in the company.

Procurement/Production

In the fiscal year 2012/13, the GERRY WEBER Group had some 28 million individual items produced for its brands. A distinction is made between two different types of procurement, i.e. cut-make trim (CMT) and full package service (FPS). In the former case, all components required for a garment, such as zippers, buttons and fabrics, are purchased by GERRY WEBER and compiled for production, while the manufacturing partners are merely in charge of the production process proper, in which they can rely on the technical data supplied by GERRY WEBER. In contrast to CMT arrangements, suppliers under FPS arrangements produce the entire garment. In this case, they are responsible not only for manufacturing but also for the procurement of all materials. FPS partners also receive the technical data as well as clear instructions regarding outer fabrics and ingredients from GERRY WEBER.

Cost-efficient procurement structures are indispensable for the international competitiveness and success of the GERRY WEBER Group. This is why GERRY WEBER has implemented its own sourcing system. This system helps us find the best manufacturing partners who meet our quality and social compliance standards and offer the best prices and to integrate them into our system. All manufacturing partners subject themselves to a strict selection process and are monitored by GERRY WEBER staff throughout the production process. This allows us to improve the quality of our partners and, hence, our production process on an ongoing basis.

Our manufacturing partners are selected on the basis of objective production-related criteria and GERRY WEBER-specific parameters. Compliance with our high quality and processing standards is the most important criterion for this selection. A potential manufacturing partner should have sufficient capacity for the volumes required by us. Other necessary parameters in selecting our partners are their ability to produce our products quickly and at a very high quality and to deliver them punctually.

Besides the production-related selection criteria, we attach special importance to compliance with social and environmental standards. We are not only a member of the globally acknowledged Business Social Compliance Initiative but also conduct our own audits based on our own criteria. The parameters and requirements applied by us in this context are defined in a Code of Conduct. Other aspects considered when selecting manufacturing partners include their respectability, reputation and creditworthiness.

We attach importance not only to the quality awareness of the manufacturers but also to the quality of the materials and ingredients used. We make sure to comply with legal regulations and put our production partners under a contractual obligation to do the same. Products from GERRY WEBER must not contain any hazardous materials. We therefore rely not only on internationally accepted test institutes but also carry out random checks in our lab in Halle/Westphalia.

We maintain a global network of suppliers and make our decision which of our audited partners is awarded a production order dependent on the product, the material and the required quantities. This makes our sourcing process extremely flexible, quality-oriented and cost-efficient. To obtain the best possible result, our procurement teams cooperate closely with the design teams, the Product Development Department and the textile engineers. This cooperative approach ensures that we deliver high-quality garments with the perfect fit.

In the fiscal year 2012/13, the GERRY WEBER Group sourced approximately 76.8% (previous year: 77.5%) of its merchandise from FPS suppliers and about 23.2% (previous year: 22.5%) from CMT suppliers. All products sourced under CMT i.e. the 76.8% mentioned above arrangements are produced in Eastern Europe, primarily in Romania, Bulgaria and Macedonia. 48.5% (previous year: 45.0%) of the products sourced under FPS arrangements came from Asia and 28.3% (previous year: 29.5%) from Turkey. In Asia, the main regional focus is on Sri Lanka, Vietnam and Indonesia.

Logistics

To cover its demand for logistic services, the GERRY WEBER Group relies on the experience and the capacity of two specialist logistics companies. These two partners manage and handle the transport, warehousing, making-out and shipping of the goods to the individual points of sale. Employees of the holding company cooperate closely with the service providers and ensure that all processes are handled in accordance with our instructions.

Our goods are transported to the central warehouses of our logistic partners by sea and / or land depending on the production location. A distinction is made between hanging or folded merchandise. Goods are received, controlled, prepared for sale, compiled and distributed by our service providers on the basis of defined processes and data. The introduction of RFID (radio frequency identification) technology in early 2010 has simplified and accelerated many logistic processes while at the same time increasing their cost-efficiency.

Each of our garments is marked with a unique product number in the RFID microchip that is sewn into the care label during the production process. This unique number can be recorded and evaluated with the help of a reading device, which makes it easy to identify the goods upon delivery to the logistic warehouses and to check them for completeness. The same applies to the compilation of the stocks for the individual points of sale. This not only makes the logistic process more transparent but also affords a more exact overview of retailers' stocks, thus enabling a faster supply of merchandise.

RFID technology additionally provides a quick and reliable overview of inventories at the points of sale at all times, which greatly reduces the stock-taking times. As the data collected is always up-to-date, the reordering of collection items is optimised, too.

Article surveillance is another function of the RFID chip. Goods not read at the checkout will trigger an acoustic alarm when leaving the store. RFID technology thus increases product security, minimises the respective losses and enables a more precise overview of stocks. Once a product has been sold, the microchip is either removed at the checkout or destroyed after several washes. Thanks to the RFID chip's excellent visibility on the care label, it can also be easily removed by the consumer at home.

Key distribution channels and output markets

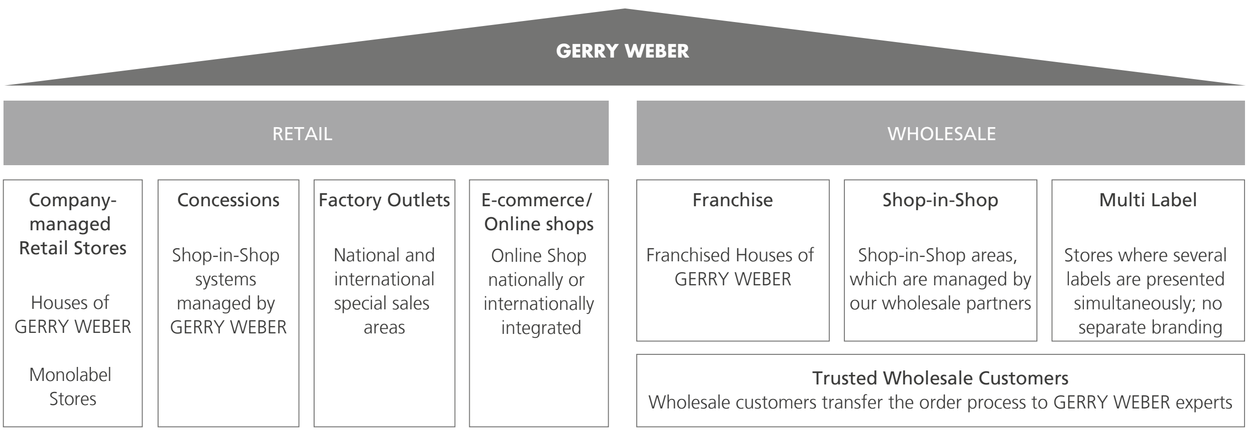
The distribution system of the GERRY WEBER Group is based on two pillars, i.e. distribution via partners (Wholesale) and distribution via-company managed sales spaces and platforms (Retail). Accordingly, we distinguish between the Wholesale and the Retail segment.

The Retail segment comprises all company-managed retail spaces and platforms (online shops). The company-managed Houses of GERRY WEBER and mono-label stores represent the most important distribution channel of the Retail segment; they make the biggest contribution (75.2%) to the sales revenues of the Retail segment, which also includes the company-managed concession stores, the factory outlets and the national online shops.

The first company-managed House of GERRY WEBER was opened in Bielefeld in 1999. Today, we operate 568 Houses of GERRY WEBER and mono-label stores in Germany and abroad. In the past two fiscal years alone, we added roughly 330 company-managed stores to our distribution network. The average size of a House of GERRY WEBER is approximately 220 square metres. Depending on the size of the sales space, all GERRY WEBER brands are presented under a single roof in these stores. The smaller mono-label stores, which average about 100 square metres in size, each specialise in a specific brand. For a regional breakdown of the retail spaces, please refer to the diagram on page 65.

Other distribution channels of the Retail segment include 22 factory outlets (previous year: 17) and 111 concession stores (previous year: 64), most of which are located outside Germany. The concession stores are rented shop-in-shops in the stores of our retail partners. As these shop-in-shops are managed by our company, they are counted towards the Retail segment. Most concession stores are located in the department stores of our Spanish partner "El Corte Ingles" (40) and in the stores of "de Bijenkorf" and "van Vuuren Mode" in the Netherlands (59). The distribution channels of the Retail segment are complemented by currently five national online shops (Germany, Netherlands, Austria, Switzerland and Poland). The company plans to launch at least another three online shops in the current fiscal year 2013/14.

DISTRIBUTION CHANNELS



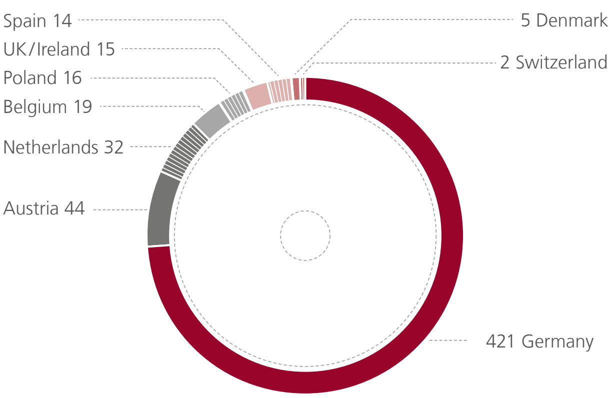
Going forward, the Retail segment will remain an important growth driver for our company, which plans to open 65–75 Houses of GERRY WEBER in the current fiscal year. In this context, the number of new stores opened outside Germany will increase steadily. The aim is to achieve a significant market share also in the Retail segment's foreign markets.

The Wholesale segment is the second pillar of our distribution activities. Retail partners and franchisees order our garments and sell them to the consumer in their own stores and for their own account. Besides the franchised Houses of GERRY WEBER, the Wholesale segment comprises the shop-in-shops as well as the multi-label business. Franchised Houses of GERRY WEBER are retail stores that are managed by external partners. These stores feature the same shop fittings and the same store concept as our own stores, which is why consumers will immediately identify them as Houses of GERRY WEBER. Shop-in-shops are clearly marked as GERRY WEBER spaces and are located in exposed sections of our retail partners' stores. These dedicated GERRY WEBER branded retail formats are complemented by multi-label retail settings where our products are sold alongside third-party merchandise.

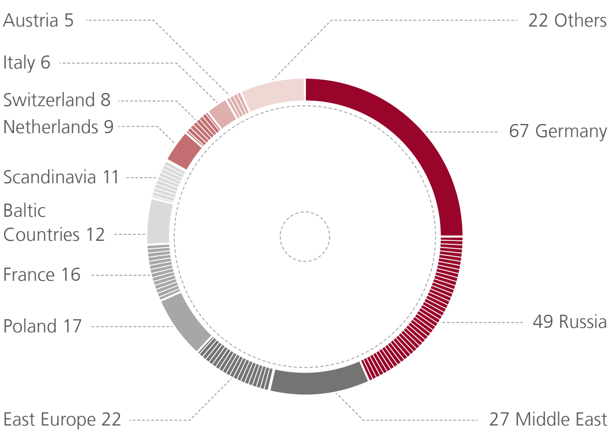
In August 2013, we took over 19 existing Houses of GERRY WEBER from our franchise partner in Belgium, which means that they are counted towards the Retail segment as of the end of the fiscal year 2012/13. Deducting the 19 Belgian stores, the number of Houses of GERRY WEBER opened by franchisees was down from 277 to 271 as of the end of the fiscal year, although 23 new stores were opened. For a breakdown by countries and regions, please refer to the chart below:

The shop-in-shops are another important distribution channel of the Wholesale segment. Their number increased from 2,767 in the previous year to 2,816 in the fiscal year 2012/13. 2,305 of these shops are located in Germany and 511 abroad.

COMPANY-MANAGED HOGWS AND MONOLABEL STORES BY REGION as of 31 October 2013



FRANCHISED HOGWS BY REGION as of 31 October 2013



Against the background of the high awareness and acceptance of our brands, the consistently high quality of the GERRY WEBER products and the margin structure for our retail partners, the GERRY WEBER Group is a preferred partner of the retail sector. To further improve our almost vertical processes and implement our collection cycles even faster, we have introduced what we call "maximum order limit arrangements" for the customers of our Wholesale segment, i.e. our retail partners. Under these arrangements, our retail partners only specify an order limit but leave the breakdown of the orders to GERRY WEBER, which compiles the collection items depending on the retailer's specific customer structure and retail space. This is possible only thanks to the host of information we receive in advance from the points of sale, with more than 6,000 EDI interfaces supplying sales figures on a daily basis. This allows us to track the sales on a given sales space over an extended period of time. As a result, we know exactly which products are sold in which sizes and which colours and can thus supply retailers with optimised portfolios.

OVERVIEW OF THE DEVELOPMENT OF THE INDIVIDUAL DISTRIBUTION CHANNELS

Number	2012/13	2011/12
Retail		
Houses of GERRY WEBER	424	347
Monolabel Stores	144	146
Concession shops	111	64
Factory Outlets	22	17
Wholesale		
Houses of GERRY WEBER	271	277
Shop-in-Shops	2,816	2,767

↳ P.70

OVERVIEW OF THE BUSINESS PERFORMANCE

Macroeconomic situation

The world economy

In 2012 and early 2013, the high indebtedness of several economies in Europe and the USA not only weighed on the economy in Europe and the United States but also affected the economic momentum in China and other emerging countries. After this relatively weak start, the world economy nevertheless performed increasingly well in the course of our fiscal year (1 November 2012–31 October 2013). In the first nine months of 2013, global economic growth picked up steadily, especially in the second half of the year. In view of the relatively weak start to the year, the Kiel Institute for the World Economy (ifw) projects growth of global GDP (gross domestic product) to slow down from the previous year's 3.1% to 2.9%.

Germany

The German economy cooled down slightly from April to December 2012 and this trend continued in the first few months of 2013. In the fourth quarter of 2012, the German economy contracted by -0.6% compared to the previous quarter (in price, seasonally and working day adjusted terms). While GDP stagnated at a growth rate of 0.0% at the beginning of the year (Q1 2012: 0.7%), the economy picked up somewhat and expanded by 0.7% in the second quarter of 2013 (Q2 2012: -0.1%). Growth slowed down to 0.3% in the third quarter (Q3 2012: 0.2%). Overall, the gross domestic product grew only moderately in 2013. At 0.4%, GDP growth for the full year 2013 was slightly lower (in price, seasonally and working day adjusted terms) than in the previous year (2012: 0.7%), although the trend in the course of 2013 was positive.

The situation on the consumption side of Germany's GDP was as follows in the fiscal year: While growth in the fourth quarter of 2012 was primarily stimulated by exports, whereas capital spending declined, the situation turned around at the beginning of 2013. As of the turn of the year, positive stimuli came almost exclusively from the domestic economy, based on growing consumer spending. The positive situation in the labour market and the increase in the number of people in employment as well as rising income expectations stimulated private households' consumption and purchasing propensity especially in the second half of the calendar year.

Europe

A look at GDP as defined by Eurostat (the European Union's statistics service) for the EU28 countries shows a positive trend on balance for the last three quarters and the course of the fiscal year. Factors which had an adverse impact on the economic environment in Europe included France's imminent slide into recession, the outcome of the elections in Italy, the Cyprus crisis and the difficult situation in Portugal.

A look at the quarter-on-quarter GDP growth rates shows a positive trend (Q4 2012: -0.4%, Q1 2013: -0.1%, Q2 2013: 0.4% and Q3 2013: 0.2%). The same applies to the year-on-year growth rates. In October 2013, the EU-wide jobless rate among people aged 15 to 74 was unchanged at 10.9% compared to the previous month, which means that the average unemployment rate stays at a high level. The situation varies from country to country, though. While there are clear signs of some countries emerging from the crisis, others are still caught in the crisis, even if their downward trend has slowed notably.

Russia

Russia is one of our most important export markets. While Russia's gross domestic product grew by 3.4% in 2012, the growth rate slowed to 1.4% in the first half of 2013. Forecasts for the full year project growth of 1.5%, which with the exception of the 2008 crisis year would be the lowest rate since 1998. Inflation has slowed down somewhat thanks to slightly lower food prices but remains high at 6.2%. A jobless rate of 5.4% in the third quarter means that the situation in Russia's labour market remains tight. Moreover, the weak rouble has softened against the euro. Thanks to real income growth, however, private consumption increased by approximately 4%.

USA

After a very weak winter 2012, the US economy recovered somewhat in 2013. While the start to the year 2013 was moderate, the economy picked up steam as the year progressed. According to the Bureau of Economic Analysis, GDP increased at an annual rate of 4.1% in the third quarter, compared to 2.5% in Q2. The US economy is nevertheless showing clear signs of a gradual recovery and an economic expansion.

Industry situation

Apart from the macroeconomic situation, consumer spending is the most important parameter for the fashion industry. It largely depends on factors such as unemployment figures, economic expectations, the rate of inflation and, hence, on consumers' real incomes. We aim to offset differences between the purchasing behaviour in individual countries by expanding our international distribution structures. Accounting for 60.8% of our sales revenues, Germany was again our most important output market in the fiscal year 2012/13. Germany's "Gesellschaft für Konsumforschung (GfK)" regularly publishes data on consumers' expectations regarding economic trends, incomes and consumer spending. In the fourth quarter of 2012, consumers' economic expectations were clearly negative, which was reflected in index readings of between -15 and -18 points. This changed in the course of 2013. By the end of our fiscal year, the economic expectations index had reached a positive 10.7 points. Income expectations climbed to 32.7 during the same period. Consumer confidence followed this trend and rose from an average of about 5.8 points in Q4 2012 to 7.1 points in October 2013. But the situation in Germany differed from the situation in the rest of the eurozone. The differences in the economic performance of the individual EU member states are reflected in local consumers' positive or negative propensity to consume or to buy. In June 2013, for instance, consumers' propensity to buy was clearly negative in France, Italy, Spain, Portugal and the United Kingdom.

In spite of consumers' moderately growing propensity to consume, Germany's fashion retailers reported a -2% decline in sales for the full year 2013 as compared to the previous year, according to Germany's "Textilwirtschaft" trade magazine. In a survey conducted by German Fashion Modeverband e.V. in June 2013, however, 43% of the respondents rated their sales outlook for 2013 more positively than in the previous year, while 30% held an unchanged view and 27% projected a deterioration compared to 2012.

Regarding the procurement there have been no material changes for the GERRY WEBER Group in the reporting period.

Key events which contributed to the business performance

Internal business events and developments as well as external factors again influenced the business activity of GERRY WEBER International AG in the fiscal year 2012/13. These include the expansion of the Retail segment, especially outside Germany, the acquisition of a majority shareholding in the existing franchised stores in Belgium, the launch of our new online store in Poland as well as the appointment of the new Managing Board members. In addition, there were unforeseen adverse changes in the external environment, which impacted the company's sales and earnings and prompted us to adjust our short-term forecasts.

Outside Germany, the expansion of our Retail operations continued unabated, with the main focus on countries where the Retail segment already operates successfully such as the Netherlands, Belgium and Poland as well as countries bordering on these markets. This allows the new stores to build not only on the visibility of the franchised stores existing in these countries but also on their visibility in neighbouring countries. A total of 19 new company-managed HOUSES of GERRY WEBER were opened outside Germany during the fiscal year.

These newly opened stores were complemented by the HOUSES of GERRY WEBER which were taken over from our franchise partner in Belgium and therefore no longer form part of the Wholesale segment but of the Retail segment. In August 2013, we acquired a majority shareholding in 19 established Houses of GERRY WEBER in Belgium. The transaction comprised the takeover of a 51% share in the two Belgian operating companies and of a 51% share in the existing sales organisation for the regions of Belgium and Luxembourg. According to the contractual arrangements, GERRY WEBER International AG has a right of first refusal on the remaining 49% starting 2017. In the context of the international expansion of the Retail segment, an online store was launched in Poland in September 2013. Between them our online stores increased their sales revenues by 16.3% on the previous year to EUR 19.5 million. More online stores are scheduled to be launched in the fiscal year 2013/14.

A total of 68 new company-managed Houses of GERRY WEBER as well as 47 new concession stores were opened in Germany and abroad, bringing the total number of company-managed Houses of GERRY WEBER and mono-label stores to 568 and the number of concession stores in Europe to 111 as at the end of the fiscal year. In view of the growing importance of the Retail segment and the growth of the GERRY WEBER Group, the Supervisory Board decided, in February 2013, to expand the Managing Board. As a result, Arnd Buchardt and Ralf Weber were appointed to the Managing Board with effect from 1 August 2013. Doris Strätker did not renew her contract with GERRY WEBER International AG, which expired on July 31, 2013, for personal reasons.

Arnd Buchardt and Ralf Weber are two experienced managers who have made positive contributions to the company for many years. GERRY WEBER International AG is now led by a four-strong Managing Board team composed of Gerhard Weber (CEO), Dr. David Frink (Production, Logistics, IT and Finance), Ralf Weber (Retail and Corporate Development) and Arnd Buchardt (Wholesale, Licenses and Marketing).

In the current fiscal year, the company also decided to build its own logistic centre in the immediate vicinity of the Group headquarters in Halle / Westphalia. We expect the merger of the five existing warehouses into a central warehouse not only to facilitate and improve the coordination of deliveries to our customers and stores but also to optimise the timing of the processes. Moreover, we can precisely adjust the new logistic centre to our requirements in terms of capacity, equipment, processes, etc. This is expected to result in a significant reduction in logistics costs per item. The planned investment will amount to between EUR 80 million and EUR 90 million. The warehouse is scheduled to be taken into operation at the end of 2015.

Target accomplishment

GERRY WEBER International AG published its forecast for the fiscal year 2012/13 in January 2013. Besides the revenue and EBIT targets, the company's objectives primarily focused on the ongoing expansion of the Retail segment and the company's international distribution structures. Against the background of the weather-related difficult market environment in our core markets in Europe, the targets set in January 2013 were only partly met in the fiscal year 2012/13. Having opened 68 company-managed Houses of GERRY WEBER worldwide, we reached our objective to open between 65 and 75 stores. With 19 of these new stores opened outside Germany, we also made an important contribution to the internationalisation of the Retail segment. 23 new stores opened outside Germany (including the first franchised store in South America) also mean that we were able to push ahead the internationalisation of our Wholesale distribution structures during the fiscal year.

In the licensed product segment, we made an important step by relaunching the shoe collection in cooperation with our new licensing partner, Josef Seibel Schuhfabrik GmbH. The collection has been available at selected points of sale since August 2013.

Due to the very mild winter months and the long cold spell from February to May 2013 in Central Europe, the entire fashion industry reported lower sales of seasonal fashion collections compared to the previous year. The resulting extension of the summer sale in July and August 2013 also required higher discounting. These developments affected the fashion industry as a whole, including the GERRY WEBER Group. The resulting lower sales revenues prompted us to revise our January 2013 short-term sales and earnings forecast in June as well as September 2013. The revised targets announced in September 2013 provided for sales revenues of EUR 850 million and earnings before interest and taxes (EBIT) of EUR 105 million and were met. While the first nine months of our fiscal year 2012/13 were characterised by weather-related challenges and, as a result, by very low footfall in the city centres and the stores, we were able to offset part of the drop in sales in the fourth quarter. For a detailed presentation of the sales and earnings trend, please refer to the chapter entitled "Net worth, financial and earnings position" in this Group management report.

NET WORTH, FINANCIAL AND EARNINGS POSITION

SALES PERFORMANCE

As in the previous years, the GERRY WEBER Group was again able to increase its sales revenues. In spite of the adverse weather conditions in our core markets, the economic recession in some Southern European countries and the resulting lower footfall in the stores, consolidated sales revenues for the fiscal year 2012/13 rose by 6.2% to EUR 852.0 million (previous year: EUR 802.3 million). The Retail segment contributed 42.7% (previous year: 37.3%) to total Group revenues.

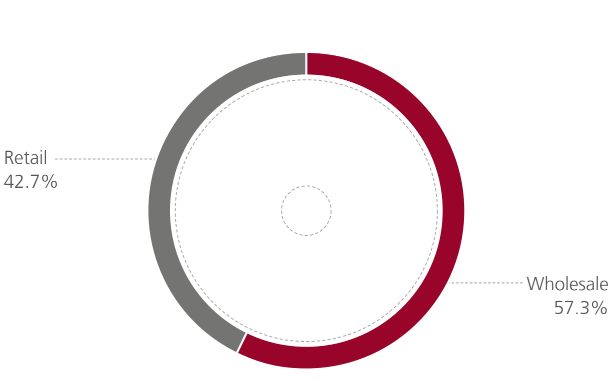
Sales revenues in the fiscal year 2012/13 fell short of our original expectations, as the GERRY WEBER Group was unable to isolate itself from the weather-related difficult market conditions prevailing in Central Europe. While the first quarter of 2012/13 (November 2012–January 2013) was impacted by the very mild winter which made it difficult to sell winter merchandise, the months of February and March were affected by extremely low temperatures. The adverse and cold weather conditions almost all across Europe clearly depressed customer footfall in city centres and retail stores. As a result, sales revenues remained below expectations. This situation was aggravated by a longer-than-normal summer sale characterised by high discounts. Between them, these factors prompted us to downgrade our original sales and earnings forecast for the fiscal year 2012/13.

Sales performance of the Retail segment

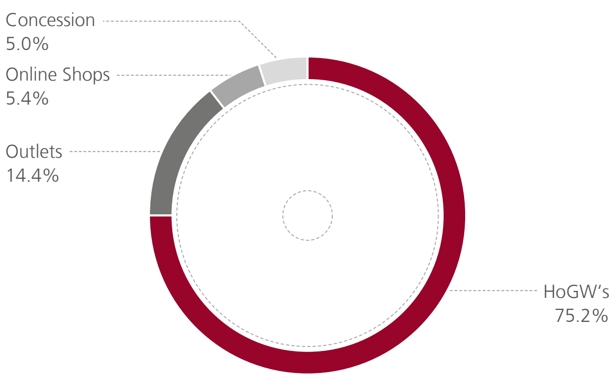
Sales revenues of the Retail segment climbed from EUR 299.5 million to EUR 363.7 million in the fiscal year 2012/13, which represents an increase of 21.4% on the previous year. The rise in Retail revenues was mainly attributable to the new Houses of GERRY WEBER and mono-label stores opened in the past two fiscal years and the resulting expansion of our sales spaces in Germany and abroad.

In the fiscal year 2012/13, we opened 68 new Houses of GERRY WEBER, which increased our sales space to roughly 124,300 square metres (previous year: 109,000 square metres). 19 stores were opened outside Germany, including nine in Poland and seven in the Netherlands. 13 stores were closed, including five TAIFUN mono-label stores

SALES SPLIT BY SEGMENT as of 31 October 2013



RETAIL SALES SPLIT BY DISTRIBUTION CHANNEL in %



in Germany and five Houses of GERRY WEBER in Spain. As of the end of the fiscal year 2012/13, we operated 424 Houses of GERRY WEBER and 144 mono-label stores of the TAIFUN, SAMOON and GERRY WEBER EDITION brands. 19 formerly franchised stores in Belgium were taken over by the company in August 2013 and now also form part of the Retail segment.

The Retail segment also comprises the 111 concession stores. In the past fiscal year, we increased the number of concession shops in the stores of our Spanish partner "El Corte Ingles" from 35 to 40; the number of concession shops operated at "de Bijenkorf" and "van Vuuren Mode" in the Netherlands rose from 16 in the previous year to 59. The number of outlet stores increased from 17 to 22, of which 18 are located in Germany.

Our online activities showed a particularly positive trend. Our online shops in Germany, Austria, Switzerland and the Netherlands were complemented by a fifth online shop in Poland in the fiscal year 2012/13. Accordingly, e-commerce revenues increased by 16.3% to EUR 19.5 million in the reporting period. In September 2013, the external online platform zalando.de started selling selected products of the GERRY WEBER brands.

The increase in Retail revenues is also reflected in the Retail segment's contribution to total Group revenues, which rose from 37.3% to 42.7% in the reporting period. As outlined above, the newly opened sales spaces and the online stores made the biggest contribution to the rise in sales. About one third of our stores and shops are older than 24 months and are counted towards like-for-like sales. Due to the weather-related difficult start to the fiscal year, like-for-like sales were down by -1.9% in the fiscal year 2012/13 compared to the previous year. This means that our like-for-like sales were more or less in line with the general market trend. According to an independent panel of Textilwirtschaft magazine, like-for-like sales in the market as a whole declined by -2%.

A breakdown of the Retail sales by distribution channels shows that the company-managed Houses of GERRY WEBER and mono-label stores contributed almost 75.2% (previous year: 75.9%) to the segment's total sales in 2012/13. For a breakdown of Retail sales by distribution channels, please refer to the chart on page 72.

Sales performance of the Wholesale segment

The Wholesale Segment generated sales revenues of EUR 488.3 million in 2012/13. compared to EUR 502.8 million in the previous year. The 2.9% decline is due, among other things, to the majority takeover of 19 franchised Houses of GERRY WEBER in Belgium and their reclassification to the Retail segment. Moreover, we refrained from doing business with customers with poor credit ratings who had no credit insurance and / or were unable to make advance payments. Adjusted for these one-time effects, Wholesale revenues remained almost constant.

↳ p. 72

Because of the persistently difficult market environment for the fashion industry in Europe, pre-order sales of some of our retail partners were marked by restraint. We were able to partly offset these lower Wholesale revenues by expanding our franchise network and opening new shop-in-shops. In the reporting period, we opened 23 new Houses of GERRY WEBER together with our franchise partners, all of them outside Germany. As many as seven new franchised Houses of GERRY WEBER were opened in the Middle East, five in France and four in Russia. Moreover, we opened our first franchised store in South America in Santiago de Chile. 13 franchised stores were closed. As of the end of the fiscal year, there were a total of 271 franchised Houses of GERRY WEBER and 2,816 shop-in-shops (previous year: 2,767).

As the expansion of the Retail segment continued at a fast pace and formerly franchised stores were reclassified to the Retail segment, the Wholesale segment's relative share in total Group revenues declined from 62.7% to 57.3% in the fiscal year 2012/13.

↳ P. 73

Group sales also comprise sales of accessories and licensed products, which amounted to EUR 15.4 million in the fiscal year. Licensed products sold under the GERRY WEBER brand generated licensing fees of EUR 1.3 million (previous year: EUR 0.9 million). In August 2013, we added our own shoe collection to our range of licensed products, which also comprises eyewear and handbags. The GERRY WEBER shoes are produced under license by Josef Seibel Schuhfabrik GmbH.

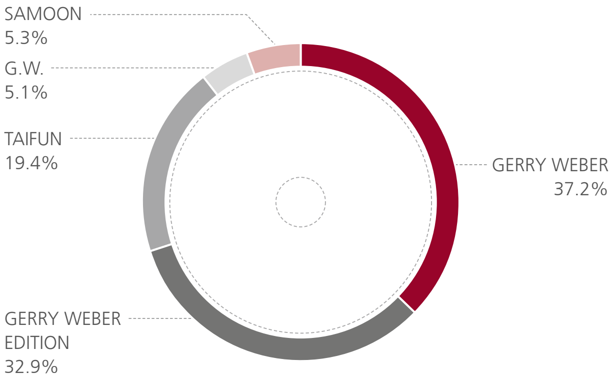
Brand sales performance

Non-consolidated sales revenues comprise the revenues generated by the three brand companies, GERRY WEBER Life-Style Fashion GmbH, TAIFUN Collection Fashion GmbH and SAMOON Collection Fashion Concept GmbH, with external Wholesale customers and with the internal Retail sister companies. In the fiscal year 2012/13, non-consolidated sales revenues amounted to EUR 660.3 million, which was more or less on a par with the previous year's EUR 661.2 million.

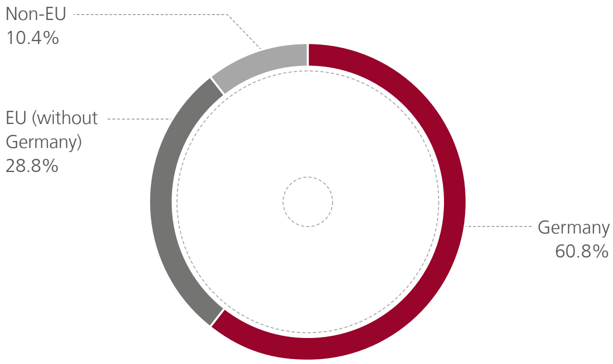
The GERRY WEBER core brand and its two sublabels, GERRY WEBER EDITION and G.W., contributed a total of 75.2% to total brand revenues (previous year: 76.4%) in fiscal 2012/13. The percentage decline is mainly attributable to the expansion of the distribution structures of the younger TAIFUN brand. Contributing 37.2% to the sales revenues the GERRY WEBER Collection brand once again confirmed its position as the company's core brand and main sales driver. At 32.9%, the GERRY WEBER EDITION brand, which specialises in individual items, also made a significant contribution to total sales. G.W., the brand with the fastest development cycle, decreased its sales contribution slightly from 5.4% to 5.1%, due to the international expansion of the other brands.

Against the background of the launch of the TAIFUN mono-label concept in fiscal 2011/12, TAIFUN's contribution to brand sales rose from 18.3% to 19.4%: TAIFUN's

CONTRIBUTIONS MADY BY THE INDIVIDUAL BRANDS TO TOTAL BRAND REVENUES 2012/13 in %



SALES SPLIT BY REGION in %



non-consolidated sales increased to EUR 128.7 million (previous year: EUR 121.0 million). At a plus of 6.4% this positive development confirms our assessment of the brand's potential. The most important TAIFUN markets outside Germany are Russia, the Netherlands and Austria.

Our brand portfolio is complemented by the SAMOON brand, which contributed 5.3% to total brand sales in 2012/13 (previous year: 5.3%). As of the end of the fiscal year, we operated 37 SAMOON mono-label stores. Besides Austria and Russia, the Middle East is the brand's most important export market.

Regional sales performance

Accounting for 60.8% (previous year: 61.2%) of total Group sales, Germany is our core market. The foreign markets contributed 39.2% (previous year: 38.8%), of which 28.8% was generated in the European Union (excl. Germany) and 10.4% outside the EU. The single most important foreign markets are the Netherlands, Austria, Russia and Belgium.

EARNINGS POSITION

↳ P. 78

Against the background of the challenging conditions affecting the entire fashion sector in the fiscal year 2012/13 (also see chapter "Sales performance"), the resulting decline in comparable sales revenues and the higher discounts granted during the summer sale, earnings before interest and taxes (EBIT) were reduced from EUR 115.9 million to EUR 105.8 million. Accordingly, the EBIT margin fell from 14.5% to 12.4% on higher revenues.

In particular, the new Houses of GERRY WEBER and mono-label stores opened in the past two years were unable to make the planned earnings contributions. A newly opened store initially generates between 60% and 80% of its average sales revenues while incurring the full amount of fixed costs such as personnel and rental expenses. To improve its profitability, a store must steadily increase its sales revenues to the average level, which is typically reached after approximately 24 to 36 months.

The new Houses of GERRY WEBER and mono-label stores that opened between June 2012 and June 2013, in particular, started in a difficult market environment affected by unfavourable weather conditions. As a result, their sales revenues increased only very slowly or not at all in the first year of operation. Accordingly, they made only low or even negative contributions to the Group's operating result. This also applies to the roughly 170 former WISSMACH stores that were converted into GERRY WEBER, TAIFUN and SAMOON stores between June 2012 and February 2013.

ABRIDGED CONSOLIDATED INCOME STATEMENT 2012/13 AND 2011/12

in EUR million	**2012/13**	2011/12	Changes in %
Sales	852.0	802.3	6.2
Other operating income	17.8	20.6	-13.6
Changes in inventories	-8.0	28.5	-128.1
Cost of materials	-386.2	-404.8	-4.6
Personnel expenses	-143.3	-125.8	13.9
Depreciation/ Amortisation	-21.6	-16.3	32.2
Other operating expenses	-203.7	-187.6	8.6
Other taxes	-1.2	-0.9	36.2
Operating result	*105.8*	*115.9*	*-8.7*
Financial result	-3.0	-2.2	36.8
Result from ordinary activities	*102.8*	*113.7*	*-9.6*
Taxes on income	-31.8	-34.9	-8.9
Net income of the year	**71.0**	**78.8**	**9.9**

Other operating income declined in the fiscal year 2012/13. Higher rental income from our Hall 29 and Hall 30 properties were offset by lower revenues from the charging of services rendered (e.g. shop and IT services for our partners) and resulted in a moderate drop in other operating income to EUR 17.8 million (previous year: EUR 20.6 million).

While the merchandise for the newly opened stores led to an increase in inventories that amounted to EUR 28.5 million in the fiscal year 2011/12, the latter declined by EUR 8.0 million in the 2012/13 reporting period. The drop in inventories is attributable to the delivery of the autumn / winter collection to our Wholesale customers in the fourth quarter of the fiscal 2012/13. Accordingly, the cost of materials declined from EUR 404.8 million to EUR 386.2 million. Against the background of the Retail segment's increased share in total Group sales, economies of scale and our flexible procurement structures, the gross margin improved from 53.1% in the previous year to 53.7%. This is all the more remarkable as the higher summer sale discounts had a negative impact on the gross margin. The gross margin is calculated as the cost of materials, adjusted for changes in inventories, in relation to sales.

Personnel expenses increased by a strong 13.9% to EUR 143.3 million (previous year: EUR 125.8 million). This is mainly attributable to the expansion of our Retail operations in the reporting period and the takeover of the former WISSMACH stores in March 2012. The prior year figures for November 2011 to February 2012 did not include personnel and rental expenses for the WISSMACH stores and are therefore not fully comparable with the 2012/13 expenses. The average headcount increased from 4,121 to 4,700 in the fiscal year 2012/13. Approximately 71.2% of our employees work in Germany. The Retail segment, which includes our company-managed stores, accounted for 72.0% of the workforce.

Leasehold improvements and shop fittings in newly opened stores as well as scheduled depreciation of land and buildings led to an increase not only in fixed assets but also in depreciation / amortisation.

Other operating expenses increased by 8.6% to EUR 203.7 million in the reporting period (previous year: EUR 187.6 million). As described under personnel expenses, the increase is primarily attributable to the acquisition of the former WISSMACH stores and the resulting expansion of our sales space. Accordingly, space costs climbed from EUR 63.7 million to EUR 79.2 million (+24.3%) and were the main factor in the increase in other operating expenses. By contrast, packaging and freight costs showed a positive trend, as they remained almost constant at EUR 36.0 million in spite of higher sales revenues. Other operating expenses also include marketing expenses (EUR 21.5 million), commissions for sales agents (EUR 11.4 million), IT expenses (EUR 6.1 million) as well as costs for the development of the collections (EUR 7.5 million).

Taking into account all operating expenses, earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 127.4 million (previous year: EUR 132.3 million). The EBITDA margin declined from 16.5% in the previous year to 15.0% this fiscal. Accordingly, the operating result after depreciation / amortisation declined to EUR 105.8 million, with the EBIT margin down to 12.4% (previous year: 14.5%). The financial result increased moderately compared to the previous year and came in at EUR -3.0 million. This is mainly due to lower interest income, which declined from EUR 0.4 million to EUR 0.2 million, primarily because of lower market interest rates. At the same time, interest expenses increased by EUR 0.7 million to EUR 2.3 million.

Against the background of an almost constant tax ratio, GERRY WEBER International AG generated consolidated net income after taxes of EUR 71.0 million (previous year: EUR 78.8 million). Earnings per share declined from EUR 1.72 to EUR 1.55, with the number of shares remaining unchanged. Taking into account the profit carried forward of EUR 40.6 million and an allocation to revenue reserves of EUR -55.0 million, accumulated profits amounted to EUR 56.6 million.

VALUE ADDED

The value added statement shows the total output of GERRY WEBER International AG in the fiscal year less intermediate expenditure. Intermediate expenditure usually relates to work performed by external contractors and comprises the cost of materials as well as depreciation, amortisation and other operating expenses. Intermediate expenditure is deducted from total output to determine the company's value added. Compared to the previous year, value added increased by 3.0% in 2012/13, which is primarily due to the fact that total output increased at a higher rate than intermediate expenditure. At 57.5%, employees accounted for the biggest share of value added (previous year: 52.0%). The shareholders' stake in value added increased to 13.7% (previous year: 12.3%)

in EUR million	**2012/13**	2011/12
Origin		
Sales	852.0	802.3
Inventory changes	-8.0	28.5
Other interest and similar income	18.1	21.0
Company performance	*862.1*	*851.8*
Cost of material	386.2	404.8
Depreciation	21.6	16.5
Other operating expenses	205.0	188.5
Total purchased material and services	*612.8*	*609.8*
VALUE ADDED	249.4	242.0
Absorbed by:		
Employees	143.3	125.8
Public sector	31.8	34.4
Lenders	3.2	2.4
Shareholders	34.4	29.8
Company (profit retention)	36.7	49.6

NET WORTH POSITION

Against the background of the increase in assets resulting from investments in non-current fixed assets, total assets rose to EUR 531.6 million (+9.9%). The increase in fixed assets is attributable, on the one hand, to investments in property, plant and equipment such as leasehold improvements and shop fittings, which climbed to EUR 165.9 million (+4.0%) and, on the other hand, to an increase in intangible assets (+44.5%). Intangible assets rose sharply to EUR 45.6 million (previous year: EUR 31.1 million). This is mainly due to the acquisitions in Belgium and the resulting goodwill and other rights acquired in fiscal 2012/13. In addition, there was an increase in the rights of supply to third-party-operated Houses of GERRY WEBER and shop-in-shops.

Investment properties comprise the carrying amount of Hall 30 in Düsseldorf. The building provides exhibition space for various fashion companies and is fully let to external tenants. At EUR 27.3 million (previous year: EUR 27.5 million), the carrying amount remained almost constant in the reporting period. Total fixed assets (intangible assets, property, plant and equipment and financial as well as investment properties) were up by 11.4% to EUR 265.6 million.

Current assets comprise inventories as well as other assets. Inventories were down 7.5% on the end of the previous year to EUR 111.5 million. The change is due, among other things, to the delivery of the autumn / winter collections to Wholesale customers in the fourth quarter 2012/13.

Liquid funds increased from EUR 49.2 million at the end of the financial year 2011/12 to EUR 65.6 million on the reporting date on 31 October 2013, which is primarily attributable to lower cash outflows from investing activities. The prior year figure was adversely affected by above-average cash outflows for the acquisition of the former WISSMACH and DON GIL stores in conjunction with the expansion of the company's own branch network. All investments were covered by the company's own liquid funds and operating cash flow.

Against the background of the delivery of the autumn / winter collection in the fourth quarter, trade receivables increased from EUR 54.5 million to EUR 65.8 million on 31 October 2013.

On the liabilities side of the balance sheet, net profit of the year less the dividend payment for fiscal 2011/12 led to a 9.0% increase in equity to EUR 395.8 million as of 31 October 2013. As a result, the equity ratio stayed at a high level of 74.4% (previous year: 75.1%) in spite of the sharp rise in total assets. Accumulated other comprehensive income / loss pursuant to IAS 39 amounted to a negative EUR 4.2 million relating to an increase in the negative fair value of financial instruments qualifying for hedge accounting (currency forwards).

Non-current liabilities also picked up by EUR 13.1 million (+36.9%) to EUR 48.5 million, which is mainly due to the liabilities resulting from the acquisition of a 51% stake in existing retail stores in Belgium. In August 2013, GERRY WEBER International AG acquired a 51% stake in the operating companies of its Belgian franchise partner. Accordingly, these two companies are fully consolidated in the consolidated financial statements of the GERRY WEBER Group and included in the Retail segment. As there is a mutual option right for the acquisition of the remaining 49%, the expected purchasing price for the remaining shares is recognised under "Other non-current liabilities". The same method was applied in the previous year for the August 2012 acquisition of a 51% stake in 25 Dutch Houses of GERRY WEBER. Accordingly, other liabilities (non-current) comprise the carrying amounts of both option rights in the amount of EUR 24.8 million.

At EUR 87.4 million, the company's current liabilities as of 31 October 2013 were slightly higher than at the end of the previous fiscal year (EUR 85.2 million). Current and non-current financial liabilities were reduced by EUR 3.5 million to EUR 11.7 million due to scheduled repayments. Thanks to its internal financing strength and the cash flow from operating activities, GERRY WEBER International AG was able to finance all investments using its own liquid funds.

In summary, an equity ratio of 74.4%, liquid funds of EUR 65.6 million and financial liabilities of EUR 11.7 million mean that GERRY WEBER International AG has a very solid balance sheet structure.

FINANCIAL POSITION

The previous fiscal year 2011/12 was characterised by above-average capital spending in the form of the WISSMACH and DON GIL takeovers and the acquisition of a majority shareholding in 25 Dutch Houses of GERRY WEBER, which led to a high outflow of cash from investing activities. Against the background of the expansion of our business activity and lower investments, cash and cash equivalents at the end of the 2012/13 reporting period were up by EUR 16.4 million to EUR 65.6 million.

ABBREVIATED CASH FLOW STATEMENT OF THE FISCAL YEAR 2012/13

in EUR million	2012/13	2011/12	Changes in %
Operating result	105.8	115.9	8.7
Cash inflows from operating activities	*92.7*	*81.1*	*14.4*
Cash inflows from current operating activities	*90.7*	*79.0*	*14.8*
Proceeds from the disposal of properties, plant and equipment and intangible assets	1.2	0.1	
Purchases of investments in property plant and equipment and intangible assets	-33.3	-56.4	-41.0
Purchases for the acquisition of fully consolidated companies less cash acquired	-4.4	-20.6	-78.6
Purchases of investments in investment property	-0.2	-6.7	-97.0
Proceeds from the disposal of financial assets	0.5	0.2	193.1
Purchases of investments in financial assets	-0.1	-1.1	-92.5
Cash outflows from investing activities	*-36.3*	*-84.5*	*-57.1*
Cash outflows/inflows from financing activities	*-38.0*	*-35.9*	*5.7*
Movement in cash and cash equivalents	16.4	-41.4	-139.6
Cash and Cash equivalents at the beginning of the fiscal year	49.2	90.6	-45.7
Cash and cash equivalents at the end of the fiscal year	**65.6**	**49.2**	**33.4**

In spite of lower earnings before interest and taxes, cash flow from operating activities was up by 14.4% on the previous year to EUR 92.7 million. This gives impressive proof of the GERRY WEBER Group's ability to generate operating cash flow.

As outlined above, cash outflows from investing activities were down on the previous year as the expansion of the Retail segment returned to a "more normal" pace. 68 new company-managed Houses of GERRY WEBER were opened. Liquid funds in the amount of EUR 36.3 million (previous year: EUR 84.5 million) were used to finance investments in property, plant and equipment as well as intangible fixed assets and the acquisition of fully consolidated enterprises. These also include the funds used to finance the acquisition of a 51% interest in the Belgian operating companies of 19 existing Houses of GERRY WEBER as well as goodwill. Investments were also made in leasehold improvements and shop fittings for the newly opened stores as well as the renovation of existing sales space.

Cash outflow from financing activities primarily includes the distribution of the dividend of EUR 34.4 million. In addition, there were scheduled repayments of loans in the amount of EUR 3.5 million.

↳ P. 79

Higher cash inflow from current business activities (EUR 90.7 million) as well as lower cash outflows from investing and financing activities led to a positive change of EUR 16.4 million in cash and cash equivalents. As of 31 October 2013, cash and cash equivalents totalled EUR 65.6 million, up 33.4% on the end of the previous year.

INVESTMENTS

Capital spending declined from EUR 84.8 million in the previous year to EUR 36.3 million in the fiscal year 2012/13. It should be noted that last year's investments reached an unusually high level due to the DON GIL and WISSMACH acquisitions and the subsequent conversion of the stores. Investments in intangible assets totalled EUR 37.9 million in 2012/13. This primarily includes investments in intangible assets resulting from the acquisitions in Belgium and the resulting goodwill and other rights acquired in 2012/13. In addition, there was an increase in the rights of supply to third-party-operated Houses of GERRY EBER and shop-in-shops.

Investments in property include investments in plant and equipment such as buildings, leasehold improvements as well as fittings and furnitures.. Thanks to the internal financing strength of GERRY WEBER International AG and the cash flow from operating activities, all investments were financed from the company's own liquid funds and cash flows.

SEGMENT REPORT

GERRY WEBER International AG distinguishes between two main segments, namely a "Production and Wholesale" segment and a "Retail" segment. The two segments are defined in accordance with their respective distribution structures and customers.The Wholesale segment comprises all distribution structures with external customers; these include the franchised Houses of GERRY WEBER worldwide, the shop-in-shops in our retail partners' stores as well as the multi-label business, which comprises a large number of individual customers. The "Production and Wholesale" segment also comprises all development and production processes for our merchandise including transport and logistics. The "Retail" segment is almost exclusively a distribution segment and includes all company-managed Houses of GERRY WEBER, mono-label stores, concession shops, outlet stores as well as the national online shops. The third segment, "Other segments", comprises income and expenses as well as assets and liabilities of the Hall 30 investment property. Income and expenses as well as assets and liabilities of the holding company are assigned to the segments as incurred. Specific organisational and information structures have been defined for each segment, which support the management and control as well as the performance measurement of the segments.

Production and Wholesale

In the past fiscal year, the Production and Wholesale segment was primarily characterised by the ongoing internationalisation and the resulting expansion of our global distribution structures. In August 2013, we acquired a majority shareholding in 19 established Houses of GERRY WEBER with a sales space of roughly 4,400 square metres from our Belgian franchise partner. The purchase price for the majority shareholding totalled EUR 7.97 million. The acquired companies were fully consolidated with effect from 1 August 2013 and are counted towards the Retail segment. GERRY WEBER International AG has a right of first refusal on the remaining 49%.

A total of 23 new franchised Houses of GERRY WEBER were opened in the fiscal year 2012/13. All of these new stores were opened outside Germany. Seven new stores were opened in the Middle East, five in France and four in Russia. Against the background of the changing distribution structures in the fashion sector, a trend which is not least attributable to the growing presence of purely vertical fashion suppliers, as well as the ongoing recession in some Southern European countries, we closed 13 franchised stores, including five in Germany and three in Italy. 19 Belgian Houses of GERRY WEBER were transferred to the Retail segment. As a result, there were 271 franchised Houses of GERRY WEBER at the end of the fiscal year 2012/13 (previous year: 277).

In addition, some 100 new shop-in-shops were opened in the fiscal year 2012/13. Our products are meanwhile available in 2,816 shop-in-shops across the globe.

At EUR 488.3 million, the Wholesale segment's revenues were down by 2.9% on the previous year in 2012/13. As described above, the reduction in revenues is due, among other things, to the reclassification of 19 franchised Houses of GERRY WEBER in Belgium to the Retail segment. Moreover, we refrained from doing business with customers with poor credit ratings who had no credit insurance and / or were unable to make advance payments. Without these one-time effects, Wholesale revenues would have remained almost unchanged.

Against the background of slightly lower Wholesale revenues and the reclassification of the revenues from the Belgian franchising activities to the Retail segment, the Wholesale segment's earnings before taxes (EBT) declined from EUR 93.2 million to EUR 90.1 million (3.4%). At an average of 1,315, the segment's headcount remained almost unchanged. Investments in the segment's non-current assets amounted to EUR 9.7 million in the fiscal year 2012/13. Accordingly, the Wholesale segment's assets increased from EUR 343.9 million to EUR 360.3 million, while liabilities declined by a moderate 5.3% to EUR 38.7 million.

Retail

The Retail activities remained an important growth driver for the GERRY WEBER Group in the fiscal year 2012/13. A total of 68 company-managed Houses of GERRY WEBER were opened, including 19 outside Germany. Most of the new stores (9) were opened in Poland, followed by the Netherlands (7). Going forward, the focus of our expansion will remain on the established Belgian and Dutch markets as well as on the young markets of Poland, the Czech Republic and Slovakia. In addition, we will make inroads into new markets in Scandinavia.

↳ p. 14

13 company-managed stores were closed, including five TAIFUN mono-label stores in Germany as well as seven company-managed Houses of GERRY WEBER outside Germany. As of the end of the fiscal year 2012/13, the company operated 424 Houses of GERRY WEBER in Germany and abroad as well as 144 mono-label stores. 277 Houses of GERRY WEBER and 143 mono-label stores are located in Germany. The mono-label stores comprise 92 TAIFUN stores, 37 SAMOON stores and 15 GERRY WEBER EDITION stores.

The concession stores in the Netherlands were expanded at an above-average pace in 2012/13, with 43 new concession stores opened in this country alone. We now have 111 (previous year: 64) concession stores throughout Europe. The number of outlet stores increased in sync with the number of company-managed stores, namely from 17 to 22.

Although our target group did not show a particularly high Internet affinity in the past, this distribution channel is quickly gaining importance. Our online shops in Germany, Austria, Switzerland and the Netherlands were complemented by a fifth online shop in Poland in the fiscal year 2012/13. The e-commerce activities contributed EUR 19.5 million or 5.4% to the Retail segment's total sales revenues in 2012/13. Our online activities support the expansion of the physical stores, which is why we will launch at least three new country-specific online shops in the current fiscal year 2013/14. Online sales will continue to gain importance primarily for the SAMOON and TAIFUN brands.

The Retail segment's sales revenues rose from EUR 299.5 million to EUR 363.7 million in the fiscal year 2012/13, which represents a 21.4% increase. Even though the new Retail stores grew more slowly than originally expected for weather-related reasons, they made a material contribution to the Retail segment's revenue growth. For a detailed presentation and breakdown of Retail revenues, please refer to the "Sales performance" chapter in this Group Management Report.

Like its peers, the GERRY WEBER Group was unable to fully isolate itself from the weather-related difficult conditions prevailing in Central Europe. Due to the adverse and cold weather in almost all of Europe, customer footfall in the city centres and the stores declined notably. The sales growth that would have been required to fully cover the fixed costs in the first two years after a store opening was not achieved, which means that the roughly 330 new stores failed to make the expected contribution to earnings. Accordingly, the Retail segment's earnings before taxes (EBT) dropped sharply by 37.0% to EUR 12.7 million (previous year: EUR 20.1 million).

As the Retail segment continued to expand by opening new stores and launching new online shops, the average number of employees increased from 2,807 to 3,384 in the fiscal year 2012/13.

While a total of 230 new Houses of GERRY WEBER and mono-label stores were opened in the previous fiscal year 2011/12 due, among other things, to the takeover of the WISSMACH stores, 68 new company-managed stores were established in the reporting period. The return to the "normal" rate of store openings also led to a "normalisation" in investments in non-current assets, which were reduced from EUR 55.1 million to EUR 42.0 million. Besides leasehold improvements and shop fittings, these also include the outflow of cash for the acquisition of a majority shareholding in 19 Belgian Houses of GERRY WEBER. In the context of the expansion, the Retail segment's assets and liabilities rose to EUR 259.7 million (previous year: EUR 230.8 million) and EUR 210.0 million (previous year: EUR 196.6 million), respectively. As a result of the increased fixed assets, the Retail segment's depreciation and amortisation climbed from EUR 8.1 million to EUR 12.1 million.

OPPORTUNITY AND RISK REPORT

A changing national and international environment, climate and demographic change or internal factors may cause risks but also opportunities for our business model. This is why GERRY WEBER has taken measures to identify opportunities at an early stage and to avoid risks to the extent possible. Our opportunity and risk management system forms the basis for active risk management and is closely integrated with our corporate strategies. 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.

PRINCIPLES OF THE RISK MANAGEMENT SYSTEM

GERRY WEBER International AG maintains a comprehensive risk management system, which plays an important role in the context of corporate governance. Avoiding risks and managing them in a controlled manner are the primary objectives of the company's risk management activities. The basic principles underlying our risk management are as follows:

- Risk management is integrated into the current operational business processes.
- As a general rule, risks are identified, managed and monitored by the operating organisational units. Risks are assessed and controlled jointly with the risk management team.
- The risk management system ensures that risks are identified, assessed, monitored and, if required, reduced to an acceptable minimum.
- All employees are encouraged to make active contributions to risk management by identifying and openly communicating risks.

ORGANISATION OF THE RISK MANAGEMENT SYSTEM

The risk management system and the internal control system for the accounting process are installed at GERRY WEBER International AG in its capacity as the parent company. The Managing Board is responsible for consistent implementation and compliance with the defined processes. The principles, risk segments, guidelines and reporting lines for our risk management are laid down in a Group-wide risk manual, which must be complied with by all employees. 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.

Potential risks identified by the individual units and employees are reported to the risk management team, which records, analyses and assesses them with regard to their probability of occurrence and potential implications. Accordingly, the risk assessment defines the scope of the risks identified and shows to what extent they may impact the GERRY WEBER Group.

Targeted counter-measures are formulated in conjunction with specialists from the operating units as well as through cross-departmental collaboration. A risk agent is appointed and put in charge of implementing and monitoring the measures jointly with a member of the risk management team.

The individual risks and their assessment as well as the presentation and surveillance of the measures taken are summarised in the risk report. As such the risk report reveals the risk status of all divisions and provides information on the GERRY WEBER Group's overall risk exposure. The risk report is prepared on a quarterly basis. The responsible risk management team reports directly to the Managing Board, which submits the risk report to the Supervisory Board at the prescribed intervals and briefs the Supervisory Board on an ad-hoc basis if and when required.

Independently of the reports to the company's controlling and executive bodies, the risk management team regularly meets with the Risk Officers. 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. 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 process is an integral element of the risk management system. It ensures 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. This internal controlling system for the accounting process is designed to ensure the preparation of fully compliant consolidated, annual and interim financial statements. The aim is to have available reliable data on the net worth, financial and earnings position of the GERRY WEBER Group at all times. Apart from these fundamentals, we perform assessments and analyses to minimise the risks which have a direct impact on financial reporting. We stay abreast of changes to accounting standards and legal regulations, train our employees and consult external experts on specific topics.

The Finance Department, which is led by the Chief Financial Officer, is in charge of the accounting process and, consequently, of the preparation of the consolidated financial statements and of the separate financial statements of most subsidiaries. The quarterly and annual reports of some foreign subsidiaries are prepared 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. Interim consolidated financial statements are prepared each quarter; the annual consolidated financial statements are subjected to a full audit by the auditor.

The preparation of the consolidated financial statements is based on a detailed process which also comprises the stipulations of the financial reporting calendar. The fixed elements of this process include a check to ensure that the scope of companies to be covered by the consolidated financial statements has been determined correctly and completely. All reporting Group companies supply their separate financial statements and consolidated data to the Finance Department, which consolidates the data using a financial consolidation software programme. Technical and organisational plausibility checks of the accounting data are another element of our internal control system. Moreover, we use personalised authorisation concepts and access restrictions to prevent abuse.

CENTRAL RISK AREAS

The operating units report the individual risks they have identified to the risk management team, which captures, analyses and quantifies them in cooperation with the Risk Officers. Individual risks may, in isolation or in combination with other risks, have an adverse impact on the net worth, financial and earnings position of the GERRY WEBER Group.

Macroeconomic risks

Adverse economic developments in the countries and regions in which the GERRY WEBER Group operates may have a material impact on consumer spending in general and on the company's revenue and earnings position.

After an extended phase of weakness in 2012 and a moderate start to the year 2013, the world economy recovered notably in the second half of 2013. According to a variety of economic experts, the positive trend will continue in 2014. The factors that weighed on the world economy in 2013 are gradually losing importance thanks to the progress made in consolidating the US private sector and to the gradual easing of the situation in the eurozone. The further development will primarily depend on the easing of the eurozone debt crisis, i.e. on the crisis countries recovering successively and on the absence of renewed uncertainties influencing the market.

Apart from economic growth, consumer sentiment and private household spending are of major importance for our business model. They are influenced by economic expectations and income growth but also by jobless figures. In this respect, the situation in Europe differs considerably from country to country. While the situation in countries like Germany and Austria is positive, the situation in Southern Europe continues to be marked by the debt crisis and high unemployment figures, resulting in low consumer spending.

We protect against such scenarios through our widely diversified distribution structures and the expansion of our presence outside our German home market. Our regional growth strategy and the variety of our brands allow us to enter new markets and tap new customer potential in order to compensate for the possibility of declining demand in individual markets.

Industry and market risks

Fashion risk

Being an international fashion corporation, the GERRY WEBER Group's business model 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. Consequently there is a potential risk of ignoring new fashion or market trends or of not recognising them early enough and failing to bring new products to the market in time.

Our design and product management teams constantly monitor the national and international fashion markets to identify the latest trends as well as new materials and techniques. From our Retail segment as well as from more than 4,500 points of sale, we obtain daily sales updates and we closely liaise with our wholesale partners and our consumers. All information is instantly fed back into the development and design of our future collections, which greatly reduces the fashion risk. In addition, the success of a collection can be assessed at an early stage based on the pre-orders received from our retail customers. Accordingly, the risk of producing garments which are not in line with the latest trends is minimised as well.

Our optimised collection structure provides for six collections per year, each broken down into three themes comprising between 30 and 35 items each. Combined with our flexible procurement structures, this enables us to respond quickly to changing market conditions. Our ability to respond quickly speeds up our delivery of current trends to the showrooms which are supplied with fresh merchandise almost on a two-weekly basis. Moreover, our G.W. brand, whose twelve collections are launched fully vertically, i.e. without pre-orders, can respond swiftly to newly emerging trends, allowing to realise products at short notice.

Changing competitive structure

The market entry of new competitors and / or changes at current competitors may lead to new trends but also entail the risk of losing market share in existing markets. Thanks to our in-house design teams and the high quality and excellent fit of our products, we have been able to build up a virtually unique sales proposition for our target group over the past years. Our high quality standards not only make it difficult for new competitors to enter the market but also serve as the basis for building up and growing a loyal customer base. By enhancing these competitive advantages and strengthening our brands on an ongoing basis, also outside Germany, we continue to expand our market position and grow our customer base both inside and outside Germany. Market entries by competitors are also made difficult by our trusting relationships with retailers and our fair margin policy. On balance, we consider the risk resulting from the market entry of new competitors to be low.

Changing customer structure

Economic, weather-related and structural factors may have an adverse impact on the sale of goods in our own Retail stores and our wholesale partners' stores. Moreover, the market entry of new fashion or retail firms may entail changes to existing sales structures. The loss and / or default of one or several customers could potentially impact sales and earnings. We aim to mitigate this risk by expanding our Retail operations and growing our customer base in the Wholesale segment. Moreover, we avoid becoming dependent on a few major customers by expanding our presence in different regions and countries and by spreading our sales over several brands. No customer currently accounts for more than 5% of our sales. We therefore consider the sales and earnings risk resulting from the loss of individual customers to be manageable.

Unfavourable weather conditions
Weather-related influences such as high temperatures in autumn / winter or cold spells in spring/summer may have an adverse impact on sales of our collections, which are geared to the respective seasons. This may result not only in lower sales revenues but also in increased write-downs and residual inventories. To mitigate this risk, our collections include a significant proportion of "never out of stock items", which may be worn throughout the year. Moreover, we have installed processes which allow us to develop products responding to the prevailing weather conditions at short notice and to ship them to the stores quickly.

Strategic risks

Opening of new sales space
A key strategy for the advancement of the GERRY WEBER Group consists in growing the company's own Retail operations, especially by opening new and expanding existing sales space with the aim of securing future growth and increasing the profitability of the Group. The success of this strategy is always subject to a forecasting risk regarding future market developments, the selection of locations for new retail space or the feasibility of sales-enhancing measures. A poor performance of newly opened stores may have an adverse impact on the planned profitability of the sales space and, hence, on the sales and earnings position of the GERRY WEBER Group as a whole. Most importantly, there is a risk that the stores cannot fully cover their rental expenses and we are bound by long-term leases for such stores.

To avoid misjudgements and failed investments, we analyse comprehensive market and competitor data and make sure that decisions are taken based on information which is carefully researched and collated, partly with support provided by external partners. In addition, we carry out detailed analyses of the locations, the market potential and the existing customer potential. New investments are approved only after the preparation and verification of detailed sales and earnings projections for each individual new store. Daily performance reviews of every single Retail store allow us to anticipate adverse developments and budget deviations at an early stage and to initiate counter-measures if required.

We have developed various concepts for our stores and can implement them quickly and flexibly depending on the specifics of the location. Where individual stores fail to meet our high sales and profitability standards, we can adjust the formats or close stores if required. Thanks to the excellent locations of our stores, they can be let or sub-let to new tenants.

International expansion
For many years, the GERRY WEBER Group has had a presence with different distribution structures outside its German home market. The company pursues a strategy of expanding its presence outside Germany to reduce its exposure to economic and structural developments in our home market. The further internationalisation of our business activity is subject to a forecasting risk regarding future market and store developments. The launch of a brand in a new market may also involve misjudgements regarding consumers' acceptance of the brand.

We mitigate these risks through detailed market and competitor analyses and support the market launch with various customer-oriented advertising measures.

Brand image
The high quality standard and the good fit of our trend-oriented garments form the basis of 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. To ensure that our high quality standards are met, all manufacturing partners undergo comprehensive audits before being accepted as producers for the GERRY WEBER Group. These audits cover not only the manufacturing possibilities and the expertise of the manufacturing partner but also include a

comprehensive review of their compliance with national and international laws and social standards. Moreover, our own staff performs quality checks, e.g. of outer fabrics and trimmings, before the start of the actual production process. At the production sites, our employees examine whether the agreed standards have been implemented and are complied with. Finally, our goods are checked for quality defects by internal and external experts.

While respect for human rights, social standards and fair wages is an indispensable requirement in our selection of contract manufacturers, we cannot categorically exclude the possibility of our manufacturers' suppliers or subcontractors infringing on our standards and requirements. We seek to virtually rule out this risk, which could potentially also damage the reputation of our brand, through comprehensive and, above all, regular reviews and inspections.

Investment risks

Besides the risks described above in conjunction with the opening of new sales space, failed investments and / or deviations from the cost plans for investment projects may have an adverse impact on the net worth, financial and earnings position of the GERRY WEBER Group. Specifically, the planned investments in our new logistic centre in Halle / Westphalia may affect the net worth, financial and earnings position of the GERRY WEBER Group through higher-than-planned investment costs, construction delays or higher-than-projected operating costs. We mitigate this risk through a detailed analysis of the technical and constructional possibilities and detailed investment and cost planning – also with the help of external experts. We currently consider this risk to be very low.

Financial risks

Risk of debtor defaults

Although we thoroughly examine the creditworthiness and payment ability of our customers, we cannot rule out delayed payments or even bad debts. To avoid bad debts from the outset, new customers are subjected to strict creditworthiness checks and short payment deadlines are agreed. Where credit insurance is inadequate, we request advance payments from our customers. Where this is not possible, we reserve the right to decline doing business with such customers. Payment terms are agreed based on the history and the volume of the business relationship as well as experience gathered with previous transactions. Moreover, customers' payment behaviour is monitored on an ongoing basis. The effectiveness of these measures is reflected in the GERRY WEBER Group's extremely low bad debt ratio of about 0.1%.

Credit and liquidity risk

A liquidity risk arises when existing or future payment obligations cannot be met with regard to their maturity, amount and currency due to a lack of cash and cash equivalents. 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 the company is largely equity-funded, the credit or liquidity 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.

Interest rate risk

Interest risks arise as a consequence of changes in market rates determining future interest payments on variable-rate deposits and loans. GERRY WEBER International AG manages interest rate risks by raising long-term loans at fixed interest rates. Short-term credit agreements are signed, sometimes at floating interest rates, to offset seasonal cash spikes. 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 at the balance sheet date on 31 October 2013, no short-term floating rate bank loans were used. Against the background of GERRY WEBER International AG's high equity capitalisation as well as the almost stable level of interest rates currently prevailing in the markets, we do not deem the interest rate to be of material importance at this time.

Currency risk

Being an international corporation, the GERRY WEBER Group operates in different currency areas. Given that we procure a part of our merchandise from countries outside the eurozone in USD, our receivables and liabilities may be exposed to currency risks resulting from exchange rate fluctuations. In particular, a weakening of the euro against the US dollar could increase our procurement costs and thereby weigh on our operating margin. At the beginning of each season our foreign currency requirements are calculated based on the budget calculations compiled for the individual collections and hedged at 100%. 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 24 months. Where additional foreign currency requirements arise subsequently, further hedging is used depending on the anticipated exchange rate and in the event of an expected increase. 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 customers and business partners.

Procurement risks

In spite of extensive in-house preparations, e.g. production of patterns and scaling of sizes, risks may arise from the relationships with our manufacturing partners. 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. We mitigate these risks through the strict selection and examination of our manufacturing partners, permanent reviews of our supply and production chains, ongoing quality controls before, during and after production as well as optimised management of all transport processes. Central elements of this monitoring and control process include regular deadline monitoring activities and cross-disciplinary deadline discussions. A variety of instruments is used to ensure that all affected departments are informed of potential disruptions at the earliest possible stage and that suitable corrective action can be taken in good time.

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 and an in-house sample making workshop. This not only ensures an excellent fit of our garments but also gives us full control over our own patterns. This and the sourcing system described above allow the GERRY WEBER Group to respond swiftly and flexibly to changing production requirements.

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. To reduce this risk and optimise our logistic processes, we plan to build a logistic centre in the immediate vicinity of our Group headquarters.

Import barriers and customs regulations may lead to our products being imported at higher-than-planned costs or behind schedule, with delivery deadlines not being met as a result. Accordingly, there is a risk of lower-than-expected sales and earnings. Together with our logistic partners, we liaise closely with the respective government authorities to increase our planning certainty and to be able to initiate corrective measures if and when required.

Liability risks

We mitigate our exposure to property risks by introducing effective constructional and technical protective measures such as fire doors and smoke detectors as well as by ensuring regular maintenance and inspections of plant and machinery. Liability risks and risks arising from damages, e.g. damages caused by floods, are reduced by taking out sufficient insurance cover. All risks insured are constantly reviewed by the company to avoid over or underinsurance.

IT risks

Our IT systems support our business activities from product development to procurement, from transport and logistics to distribution management and control. There is an inherent risk of networks failing to function as well as being affected, compromised or even destroyed by external influences. To mitigate the risk of system failures, data losses and unauthorised access, 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.

Apart from these protection mechanisms against external abuse, we also ensure maximum internal data and information security. 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

Our employees are key to our success in business. There is a risk of employees in key positions leaving the company or taking sick leave, which would mean that important knowledge, experience and expertise are no longer available. It may be difficult to quickly find adequate replacements to fill such vacant positions. To reduce this risk, we have not only installed replacement processes but also formulated detailed job descriptions to fill key positions more quickly. In addition, a proxy system has been implemented.

The lack of qualified employees and problems in filling functional and executive positions may also have an adverse impact on the company's performance and planned growth. We therefore attach special importance to effective staff retention. We offer attractive compensation systems and personalised working time schemes, challenging tasks, international career prospects and a motivating work environment to retain employees in the company. In particular, we attach importance to employee training and further education. To prevent a lack of qualified staff, we train specialists in various areas and highlight potential careers at GERRY EBER at an early stage. To increase our attractiveness as an employer, we offer a local childcare service for employees at our Halle / Westphalia headquarters.

Industrial espionage

The GERRY WEBER Group's business may potentially be negatively impacted by industrial espionage targeting confidential and proprietary commercial and operational data, in particular relating to the development of new collections, and by passing on such information to competitors. We minimise this risk by including penalty provisions in contracts and agreements, by defining critical areas and by issuing rules for access authorisations.

Legal and compliance risks

Legal disputes may not only entail high costs but also have an adverse impact on the image of GERRY WEBER International AG. We address this risk by retaining external legal counsel and reviewing patents, brand rights and licenses on an ongoing basis.

At present there are no legal disputes that could have a material impact on the financial situation of the GERRY WEBER Group.

To minimise the risk of infringing on laws and regulations, we have put in place a compliance programme. In addition, we have a code of conduct and a set of principles of responsible governance which are binding on all employees.

OVERALL ASSESSMENT OF THE RISK SITUATION

GERRY WEBER International AG aggregates all risks reported by the individual units. The Group-wide risk management system provides the basis for the assessment of the individual risks and the overall risk. Even though our risk management system has proven its worth and is updated regularly, the GERRY WEBER Group may be exposed to further risks which are not listed in our risk report or are not known at present.

Based on current knowledge and available information, we are convinced that no risks are discernible which, on their own or in combination with other risks, could jeopardise the current or future existence of the GERRY WEBER Group with regard to their probability of occurrence and their impacts.

OPPORTUNITIES REPORT

The GERRY WEBER Group operates in a constantly changing environment. Not only fashion trends change from one season to the next, but the economic and social environment is also exposed to dynamic developments. To minimise the risks arising from such changes, we have installed the Group-wide risk management system described above. Positive future developments need to be identified as early as possible and the resulting opportunities must be exploited to the benefit of the company. Opportunities may arise both internally and externally. In the context of our opportunity management system, we analyse market and competitor data, observe demographic developments in different regions and monitor different fashion trends.

Economic conditions, especially consumers' disposable incomes, influence our business. An improvement in the global and / or regional economic environment gives the GERRY WEBER Group the possibility to grow faster and more profitably. Moreover, selling our products in countries with different economic cycles and development stages facilitates our regional diversification. In particular, the growing per-capita income in the emerging countries allows us to tap new potential customer groups.

Looking at demographic developments in the western industrialised nations over the coming decades, the age pyramid will shift towards a group called "best agers". Given that this group is included in the target audience of our GERRY WEBER brand, we see increasing potential for gaining new customers here. This is why we will continue expanding our sales activities in these markets both jointly with existing and new partners as well as through our own Retail operations.

We see important opportunities for the GERRY WEBER Group in the ongoing development of existing markets, the entry into new countries and regions and the expansion of our own Retail operations. Against the background of changing distribution structures in the fashion retail sector, especially because of the growing market presence of purely vertical fashion suppliers and the resulting elimination of small and medium-sized retailers, we see above-average opportunities for our own Retail segment. Discretionary control over merchandise management at the point of sales is not only conducive to higher sales and earnings but also allows to project an internationally consistent brand image. In addition, we gain valuable insights into our customers' needs and purchasing behaviour and can reflect these insights in our collections.

The careful tuning of our collections to customer needs allows our Wholesale customers, too, to tap into additional sales potential. Given that insights from retail sales can also be used to optimise merchandise ordering and space utilisation, we will increasingly offer our Wholesale customers the possibility to use our maximum order limit arrangements, under which they merely specify the overall volume of their order and leave the breakdown of the order to our merchandising experts.

The Internet continues to gain in importance as a distribution channel also for the fashion industry. By expanding our online activities we are responding to these changes in our customers' purchasing behaviour while at the same time gaining exposure to new customer groups.

Moreover, we believe that our multi-brand strategy opens up good opportunities to reach different customer groups. We will therefore continue to expand our GERRY WEBER, TAIFUN and SAMOON brands in order to tie existing and new consumers more closely to our brands across different phases of their lives. The entry into new markets and the ongoing internationalisation of our distribution structures as well as the development of new customer groups generally offer additional growth opportunities for our company.

The development of new products allows us to exploit new sales and earnings potential, thus offering further growth opportunities for the GERRY WEBER Group. Apart from introducing new product groups in existing collections, e.g. the TAIFUN Separates, we will continue to expand our accessories and licensing activities. A GERRY WEBER shoe collection was launched under license already in the fiscal year 2012/13. Further products are at the planning stage.

The growing globalisation of the markets also offers us possibilities for continued improvements on the procurement side. Building on our internal structures, we can respond quickly and flexibly when it comes to acting on opportunities in the procurement markets.

Process improvements and the optimisation of cost structures can have a positive impact on the company's sales and earnings position. The construction of the new logistic centre, for instance, will give us the opportunity to simplify the process of managing the deliveries to our stores and customers and to optimise their timing. Moreover, the new logistic centre will be precisely matched to the requirements of the GERRY WEBER Group in terms of capacity, technical equipment, processes, etc. This is expected to reduce the logistic expenses per item.

Our employees are our potential. Extensive and individualised training and further education measures allow us to further improve the productivity and effectiveness of our staff.

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."

POST-BALANCE SHEET EVENTS

Since the conclusion of the fiscal year 2012/13 (period ended 31 October 2013) there have been no events which are expected to have a material impact on the net worth, financial and earnings position of GERRY WEBER International AG.

INFORMATION PURSUANT TO SECTION 289 PARA. 4 HGB AND SECTION 315 PARA. 4 HGB

COMPOSITION OF THE SUBSCRIBED CAPITAL

At the end of the reporting period on 31 October 2013, the subscribed capital (share capital) of GERRY WEBER International AG totalled EUR 45,905,960,00 and consisted of 45,905,960 bearer shares. There were no capital measures in the fiscal year 2012/13.

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, indirectly holds approx. 29.05% of the company's share capital. Supervisory Board member Udo Hardieck directly and indirectly holds approx. 17.42%. The company is not aware of any other shareholdings exceeding 10% of the share capital of GERRY WEBER International AG.

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

According to a resolution adopted by the Annual General Meeting on 6 June 2013, the existing authorised capital was cancelled and the following authorisation was granted: Pursuant to section 5 para. 3 of the statutes, the Managing Board is authorised to increase the company's share capital by 5 June 2018 once or several times against cash or non-cash contributions by a total of up to EUR 22,952,980.00 by issuing new bearer shares with the consent of the Supervisory Board.

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.

The total amount of the shares issued in an ex-rights issue against cash or non-cash contributions in accordance with this authorisation may not exceed 20% of the share capital, neither at the time this authorisation takes effect nor at the time it is exercised.

The Managing Board is authorised, subject to the consent of the Supervisory Board, to stipulate the further details of the capital increase and its execution including the details of the share rights and the conditions of the share issue.

The Annual General Meeting on 6 June 2013 also resolved to conditionally increase the share capital by up to EUR 4,590,590.00 through the issue of 4,590,590 new bearer shares. The conditional capital increase serves to grant bearer shares to the holders of convertible or option bonds (or combinations of these instruments) with conversion or option rights or conversion or option obligations issued by the company or a member company of the Group as defined in section 18 of the German Stock Corporation Act (AktG) by 5 June 2018. The new shares shall be issued at the conversion or option price to be determined. The conditional capital increase shall be executed only to the extent that conversion or option rights are exercised or conversion or option obligations are settled and that no other forms of settlement are used. The new shares issued due to the exercise of conversion or option rights or the settlement of conversion or option obligations are entitled to profit from the beginning of the fiscal year in which they are issued. The Managing Board is authorised to stipulate the further details of the execution of the conditional capital increase with the consent of the Supervisory Board.

POWERS OF THE MANAGING BOARD REGARDING THE ACQUISITION OF OWN SHARES

Pursuant to section 71 para 1 No. 8 AktG, the Managing Board is authorised to acquire own shares in an amount of up to 10% of the present share capital until 31 May 2015 for purposes other than securities trading. As of the reporting date on 31 October 2013, the company held no own shares.

CONDITIONS OF A CHANGE OF CONTROL RESULTING FROM A TAKEOVER BID

The service contracts concluded between GERRY WEBER International AG and the members of the Managing Board contain regulations about a potential resignation of the Board members in the event of a change of control. These are outlined in the compensation report in the Management Report.

The loans raised by GERRY WEBER International AG and the credit lines made available contain contractual regulations in line with general market practice which grant the contractual partners additional rights of termination in the event of a change of control resulting from a takeover bid.

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.

FORECAST REPORT

OUTLOOK ON THE MACROECONOMIC SITUATION AND SECTOR DEVELOPMENTS

As an increasingly international fashion corporation, GERRY WEBER International AG operates not only in Germany but also in other parts of the world. The economic environment and other conditions prevailing in the individual regions of the world as well as the development of the world economy influence the activities of the company. While our garments are primarily produced in Asia, Turkey and Eastern Europe, our distribution activities are still focused on the German-speaking area but are becoming increasingly international, reflecting our presence in some 62 countries across the globe. The world economy has clearly picked up steam in the second half of 2013. Because of the weak start to the year, however, the Kiel Institute for the World Economy (ifw) assumes that global GDP increased by 2.9% in 2013, i.e. at a lower rate than the previous year's 3.1%.

Growth rates in the developed economies have declined significantly. Among the main influencing factors in the first half of the year were the slowdown in momentum in the United States in conjunction with the debt ceiling as well as the burdens resulting from the debts piled up by some eurozone countries. Growth rates in the emerging countries were even lower. Besides lower demand from the developed economies, the slowdown is primarily attributable to problems of the domestic economies.

In the second half of the year 2013, economic momentum picked up both in the developed economies and the emerging countries. This became particularly evident in the third quarter, when the growth rate reached 4.4%, the highest level since the end of 2010 according to the Kiel Institute for the World Economy (ifw).

The ifw experts expect the positive trend which became apparent in the second half of 2013 to continue in 2014. The factors that weighed on the world economy in 2013 are gradually losing importance thanks to the progress made in consolidating the US private sector and to the gradual easing of the situation in the eurozone.

After a moderate economic recovery and a 1.7% rise in GDP in 2013, the Macroeconomic Policy Institute expects US GDP to increase by 2.4% in 2014, as the easing of the labour market situation and consumers' declining indebtedness are expected to stimulate private consumption. There are still some uncertainties, however, with regard to the future moderate exit from the expansionary monetary policy and the lifting of interest rates. The Kiel Institute for the World Economy does not expect such measures to be taken before autumn 2014 or the end of 2015, respectively.

The economic situation in the European Union remains mixed and the sovereign debt crisis has not been fully resolved yet. Having declined for six consecutive quarters, the eurozone's real GDP nevertheless picked up by 0.3% in the second quarter of 2013, according to the ifo Institute. Many economic experts interpret this as a sign that the eurozone crisis is over. All told, however, the situations in the individual European countries still differ quite substantially. While there are clear signs of some countries emerging from the crisis, others are still caught in the crisis, even if their downward trend has slowed notably.

The EU Commission projects a year-on-year growth rate of 1.4% for the coming year. The labour market has stabilised and is still characterised by high unemployment in most European countries. However, the current increase in disposable wages is interpreted as a first sign of easing in the labour market. Together with a less restricted fiscal policy and a low inflation rate, this should lead to an increase in private consumption and, hence, to higher demand. According to the GfK survey for Europe (dated October 2013), the three parameters of economic expectations, income expectations and spending propensity have all picked up notably, especially in Germany, Austria and the Czech Republic, with Greece and Italy bringing up the rear.

According to the GfK survey, last year's moderate phase of weakness in Poland, which is an important export market for the GERRY WEBER Group, seems to be over. While the economic expectations index is still clearly in negative territory, at -9 points, there was a clear upward trend last year.

Russia is another important export market for GERRY WEBER. Following a 3.4% increase in Russia's gross domestic product in the previous year, growth slowed down to 1.4% in the first half of 2013. The World Bank projects a growth rate of only 1.8% for 2013 and of 3.1% for 2014, which represents a clear downgrade from its previous projections. This is primarily due to lower domestic and international demand and the country's structural problems. Another factor is the Russian rouble's weakness compared to the euro.

Compared to its European neighbours, Germany's economy has proved to be extremely robust in the EU debt crisis. The ifo Institute expects the real gross domestic product (GDP) to grow by 1.9% in 2014, compared to 0.4% in 2013. The Macroeconomic Policy Institute (IMK) projects a moderate 1.2% increase in GDP. We assume that the macroeconomic situation in our home market will continue to ease gradually. However, the most important question for 2014 will be whether the gradual economic stabilisation in the eurozone's crisis countries will continue.

Other important factors influencing the fashion industry apart from economic growth include private households' consumption and purchase propensity. The latter is strongly subject to economic expectations and income growth but also influenced by unemployment figures. The GfK consumer confidence survey (dated October 2013) paints a mixed picture for Europe. While the situation in countries such as Germany and Austria is positive, the trend in Spain, Italy and Greece continues to show the impact of the debt crisis. The Netherlands and Belgium are also affected by the effects of the recession, albeit to a lower extent.

The GfK's December 2013 consumer confidence survey paints a very encouraging overall picture for Germany. Economic expectations showed a very positive trend last year and are up by 41 points on the previous month to 23.3 points. While income expectations declined moderately at a high level and stood at 39.5 points in December, the seven-year high in purchase propensity reached in November was even exceeded. Income growth will most probably rise ahead of inflation, i.e. the GfK survey projects real income growth and, hence, a moderate 1.1% increase in per-capita purchasing power. This means that consumers will be an important pillar of the economy in 2014, which augurs well for the German fashion industry.

CONCLUSION

Based on today's knowledge and barring any unforeseen changes in the present market environment, we project moderate economic growth and growing consumer spending for Germany, Europe and our key export markets. This view is primarily supported by the positive developments over the past months and the emerging trend in our German core market. The actual development in the individual countries may nevertheless differ substantially. We believe, for instance, that the positive trends in the Spanish or Italian economies will not have an immediate positive impact on local consumers' consumption propensity. For the overall success it is therefore important that the debt crisis in the eurozone continues to ease and that the overall economic situation becomes balanced, i.e. that the crisis countries recover successively and no new uncertainties arise which would influence the market as a whole.

We will take advantage of our uniquely positioned brands, our efficient operations and our sourcing system to win additional market share in our existing domestic and international markets. In the Retail segment, we are supported by a loyal base of end customers who have above-average shopping budgets. In the Wholesale segment, we will continue to cultivate good partnerships with retailers, who appreciate our long-standing commitment to ensuring well-balanced margins for both sides.

FUTURE POSITIONING OF THE GERRY WEBER GROUP AND GROWTH TARGETS

Sustainable and profitable growth will remain our primary objective also in the coming years. Even though the fiscal year 2012/13 was not an easy year for the GERRY WEBER Group, we continued to expand our international distribution structures and our international market presence. We will push ahead these strategies going forward.

In the coming months, the strategic positioning of the GERRY WEBER Group and of our operating activities will primarily focus on the following:

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- continued Retail expansion, especially in neighbouring European countries;
- ongoing internationalisation of the distribution structures and, hence, expansion of the global presence of all three brand families, GERRY WEBER, TAIFUN and; SAMOON
- further optimisation of existing processes, e.g. in the field of transport and logistics.

The Retail segment will remain an important driver of our profitable growth. We plan to open between 65 and 75 new Houses of GERRY WEBER in the current fiscal year 2013/14. Most of the company-managed stores will be established in Europe. The expansion will primarily be focused on the Netherlands and Belgium, Poland, the Czech Republic, Slovakia and Scandinavia.

Moreover, we assume that the Houses of GERRY WEBER and mono-label stores opened in the past fiscal years will constantly increase their contribution to sales revenues and, hence, make a higher contribution to the Group's operating result. A House of GERRY WEBER or mono-label store typically reaches its average sales volume after about 24 to 36 months. Against the background of the difficult weather-related market environment in the past fiscal year and the resulting lower footfall in the stores, this increase in sales revenues had been interrupted. Barring any unforeseen changes in the market environment and assuming normal weather conditions, we believe, however, that the sales performance will return to normal. The target for the fiscal year 2013/14 is for the Retail segment as a whole to make a 50% contribution to Group sales revenues (2012/13: 42.7%).

The other distribution channels of the Retail segment will also be expanded, with a special focus placed on the development of the online shops. The existing e-commerce shops in Germany, the Netherlands, Austria, Switzerland and Poland will be complemented by online platforms in other local markets. As far as the concession shops are concerned, most of the new stores will be opened in Spain and the Netherlands.

We will continue to grow on a global scale not only by expanding our Retail segment but also by increasing our international presence in the Wholesale segment. Together with existing and new franchise partners, we will open new Houses of GERRY WEBER and mono-label stores. New store openings are already being planned in the existing markets in Russia and the Middle East but also in Canada and the USA. In cooperation with our distribution partners, we also aim to tap new markets and customer groups in countries and regions where no Houses of GERRY WEBER have been opened so far. The first House of GERRY WEBER in South America was opened in Santiago de Chile in October 2013. Prior to every new market entry, we thoroughly review the opportunities offered by the respective market and the suitability of our prospective distribution partners.

Over the past years, we have gradually modernised and rejuvenated our collections and adapted them to consumers' requirements. We will continue to make advancements also in this area. The addition of TAIFUN Separates to the TAIFUN collection reflects our ability to innovate and to respond quickly. In the past, TAIFUN primarily stood for stylish and young fashion, mostly for formal and business occasions. The newly launched TAIFUN Separates now also offer casual items to accompany our customer throughout the day and in all spheres of life. TAIFUN Separates meets our customers' wish for more casualness and what we refer to as "Casual Chic & Life-Style".

The GERRY WEBER brand enjoys a name awareness of 80% to 90% in Germany and is among women's most popular brands. Building on this excellent position, we launched the GERRY WEBER Accessories brand in February 2014, thus clearly expanding our product range. We have translated our knowledge from the textile sector to the new accessories, which also stand for high-quality materials and excellent quality. We assume that the expansion of our product range will allow us to leverage sales and earnings potential also in this product group.

Scalable processes and structures are of major importance for our business model. We have therefore decided to build our own logistic centre in the vicinity of our headquarters in Halle / Westphalia. We expect the merger of the existing five warehouses into a single central warehouse to lead not only to improved processes and delivery times but also to substantial cost savings. We aim to complete the new logistic centre by the end of 2015.

To reach our growth targets, we focus not only on a single area of our company. We expand our distribution structures, extend our product range and constantly refine our fashion collections in accordance with consumers' requirements and the latest market trends. Moreover, we continuously aim to optimise our processes and structures in order to leverage sales potential and cut costs.

EXPECTED EARNINGS AND FINANCIAL PERFORMANCE

Having increased by 6.2% to EUR 852.0 million in the past fiscal year, sales revenues are expected to grow also in the current fiscal year 2013/14. We aim to generate consolidated sales revenues of at least EUR 900 million in 2013/14. This increase in sales is expected to be supported by the expansion of the company-managed and franchised stores and by a normalisation of the sales trend of the existing stores.

A moderately negative trend is projected for the Wholesale segment's sales revenues in 2013/14. The difficult market environment prevailing last year and the continued economic uncertainty in some European countries will probably prompt some of our existing Wholesale customers to exercise more caution in placing their orders. Furthermore in 2013/14 sales revenues generated by the 19 Belgian Houses of GERRY WEBER will be attributed to the Retail segment.

Our aim is to grow profitably. Our target for the current fiscal year 2013/14 is to generate earnings before interest and taxes of at least EUR 120 million. This would represent an increase of 13.4% on the previous year's EUR 105.8 million. Accordingly, the EBIT margin will climb from 12.4% to 13.3%. The company-managed Houses of GERRY WEBER and mono-label stores opened in the past two fiscal years should make an important contribution to greater profitability. A newly opened store typically reaches its average sales volume after about 24 to 36 months. Because of last year's difficult market conditions described above, these stores were unable to improve their sales as planned and therefore made a low profit contribution. This contribution is expected to improve steadily over the coming months, as sales return to normal and pick up. By contrast, the stores opened in the current fiscal year 2013/14 and the expansion of the Retail segment will weigh on the company's earnings. In the context of the expansion of our business activity in Germany and abroad, sales-related costs, such as transport costs and the cost of material, as well as fixed costs, especially personnel and rental expenses, will increase.

Taking account of the financial result and a constant tax ratio, we expect earnings after taxes and, hence, earnings per share to improve as well in the fiscal year 2013/14. As in the previous years, we want to give our shareholders a share in the operating performance of GERRY WEBER International AG. Accordingly, the payout ratio is to amount to approx. 45% of net income after taxes.

In November 2013, we issued a EUR 75 million note loan to finance the planned new logistic centre. Great investor interest led to low average interest rates of 2.3% for the fixed-interest tranches. Oversubscribed several times, the note loan will be issued at 100% of the nominal value and be repaid at the end of the respective term. Investors could choose between terms of three, five and seven years as well as fixed and variable interest rates. As a result of the thus increased balance sheet total, the equity ratio, which stood at 74.4% on 31 October 2013 will decline moderately in the current fiscal year, while the company's non-current liabilities will presumably increase. Based on the planned improvement in earnings and compliance with a strict cost management strategy, the Managing Board also projects continued high cash flows.

Due to the cash flow from operating activities and our internal financing strength, we will be able to finance all operating investments planned in addition to the logistic centre using our own funds. Operating investments, i.e. investments in the expansion of the Retail segment, investments in the modernisation of older company-managed stores as well as other investments, will be at the prior year level. We expect total operating investments to amount to EUR 25–30 million in 2013/14, with another EUR 30–40 million in investments projected for the new logistic centre. Investments in the new logistic centre are expected to total EUR 80–90 million over the next two years.

OVERALL STATEMENT ON THE PROJECTED PERFORMANCE

In spite of the challenging environment, GERRY WEBER International AG has continued to push ahead its growth strategy over the past months. We have expanded our sales space, increased our market presence and constantly refined our collections and products. It is the primary objective of the company to continue this growth and to implement the defined strategies with determination.

We project sales revenues of at least EUR 900 million for the current fiscal year 2013/14, which would represent an increase of at least 5.6% on the previous year. The Retail segment will make the biggest contribution to growth. As outlined above, we believe that sales revenues in the Wholesale segment will tend to decline moderately. In view of the rise in sales revenues, the expansion of the Retail segment and the use of economies of scale, we expect earnings before interest and taxes (EBIT) to improve to at least EUR 120. million.

All our brand families – GERRY WEBER, TAIFUN and SAMOON – benefit from huge growth potential in our German home market and above all at an international level. We therefore anticipate a business development that is characterized by a continued profitable growth even beyond fiscal 2013/14. We aim to make our brands more international, increase their visibility and to leverage the resulting sales and earnings potential. We are well on track but far from having reached our goal.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the fiscal year 2012/13

in KEUR	Notes	**2012/13**	2011/12
Sales	(22)	852,031.6	802,289.6
Other operating income	(23)	17,862.7	20,610.4
Changes in inventories	(24)	-7,995.7	28,457.2
Cost of materials	(25)	-386,188.2	-404,762.7
Personnel expenses	(26)	-143,304.8	-125,813.2
Depreciation/Amortisation	(27)	-21,620.0	-16,335.1
Other operating expenses	(28)	-203,736.6	-187,632.1
Other taxes	(29)	-1,220.5	-880.9
Operating result		*105,828.5*	*115,933.0*
Financial result	(30)		
Income from long-term loans		29.7	32.8
Interest income		197.7	362.6
Writedowns on financial assets		-2.1	-151.9
Incidential bank charges		-952.0	-892.3
Interest expenses		-2,272.3	-1,543.6
		-2,999.0	*-2,192.4*
Results from ordinary activities		*102,829.5*	*113,740.6*
Taxes on income	(31)		
Taxes of the fiscal year		-32,555.6	-34,370.1
Deferred taxes		754.0	-539.6
		-31,801.6	*-34,909.7*
Net income of the year		*71,027.9*	*78,830.9*
Earnings per share (basic)	(32)	1.55	1.72
Earnings per share (diluted)	(32)	1.55	1.72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year 2012/13

in KEUR	**2012/13**	2011/12
Net income of the year	*71,027.9*	*78,830.9*
Other comprehensive income		
Currency translation: changes in the amount recognised in equity		
Changes in the balancing item for the currency translation of foreign subsidiaries	174.9	-338.4
Cash flow hedges: changes in the amount recognised in equity		
Changes in the fair value of derivatives used for hedging purposes	-5,730.6	619.9
Taxes on income		
Income taxes on the components of other net income	1,719.2	-186.0
Comprehensive income	**67,191.4**	**78,926.4**

CONSOLIDATED BALANCE SHEET

for the year ended 31 October 2013

ASSETS

in KEUR	Notes	31 Oct. 2013	31. Oct. 2012
NON-CURRENT ASSETS			
Fixed Assets	(1)		
Intangible assets	(a)	70,090.2	48,504.3
Property, plant and equipment	(b)	165,909.9	159,561.3
Investment properties	(c)	27,251.9	27,532.0
Financial assets	(d)	2,379.3	2,796.7
Other non-current assets			
Trade receivables	(2)	239.0	225.2
Income tax claims	(3)	1,666.4	2,179.6
Deferred tax assets	(4)	7,316.9	5,244.6
		274,853.6	*246,043.6*
CURRENT ASSETS			
Inventories	(5)	111,467.0	120,546.0
Receivables and other assets			
Trade receivables	(6)	65,835.2	54,543.8
Other assets	(7)	11,968.8	12,395.7
Trade mark rights held for sale	(8)	0.0	441.0
Income tax claims	(9)	1,913.2	493.5
Cash and cash equivalents	(10)	65,592.0	49,159.1
		256,776.2	*237,579.1*
Total assets		**531,629.8**	**483,622.7**

EQUITY AND LIABILITIES

in KEUR	Notes	31 Oct. 2013	31 Oct. 2012
EQUITY	(11)		
Share capital	(a)	45,906.0	45,906.0
Capital reserve	(b)	102,386.9	102,386.9
Retained earnings	(c)	195,341.7	140,341.7
Accumulated other comprehensive income/loss acc. to IAS 39	(d)	-4,223.9	-212.5
Exchange differences	(e)	-225.5	-400.5
Accumulated profits	(f)	56,581.5	74,983.1
		395,766.7	*363,004.7*
NON-CURRENT LIABILITIES			
Provisions for personnel	(12)	60.7	190.5
Other provisions	(13)	5,479.1	5,005.0
Financial liabilities	(14)	5,725.0	9,857.1
Other liabilities	(15)	24,836.7	11,816.7
Deferred tax liabilities	(4)	12,354.5	8,520.0
		48,456.0	*35,389.3*
CURRENT LIABILITIES			
Provisions			
Tax liabilities	(16)	1,920.3	3,699.3
Provisions for personnel	(17)	13,150.0	12,594.9
Other provisions	(18)	8,273.4	12,005.1
Liabilities			
Financial liabilities	(19)	6,008.2	5,408.0
Trade payables	(20)	30,330.8	39,723.2
Other liabilities	(21)	27,724.4	11,798.2
		87,407.1	*85,228.7*
Total equity and liabilities		**531,629.8**	**483,622.7**

STATEMENT OF CHANGES IN GROUP EQUITY

for the fiscal year 2012/13 and 2011/12

in KEUR	Notes	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income/loss	Exchange differences	Accumulated profits	**Equity**
Stand 01.11.2012		*45,906.0*	*102,386.9*	*140,341.7*	*-212.5*	*-400.5*	*74,983.1*	*363,004.7*
Dividends paid							-34,429.5	-34,429.5
Allocation of retained earnings of the AG				55,000.0			-55,000.0	0.0
Adjustments of exchange differences						174.9		174.9
Changes in equity acc. to IAS 39					-4,011.4			-4,011.4
Net income of the year							71,027.9	71,027.9
As of 31.10.2013	**(11)**	**45,906.0**	**102,386.9**	**195,341.7**	**-4,223.9**	**-225.6**	**56,581.5**	**395,766.7**

in KEUR	Notes	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income/loss	Exchange differences	Accumulated profits	**Equity**
As of 01.11.2011		*45,906.0*	*102,386.9*	*105,341.7*	*-646.4*	*-62.1*	*60,991.0*	*313,917.1*
Dividends paid							-29,838.9	-29,838.9
Allocation of retained earnings of the AG				35,000.0			-35,000.0	0.0
Adjustments of exchange differences						-338.4		-338.4
Changes in equity acc. to IAS 39					433.9			433.9
Net income of the year							78,830.9	78,830.9
As of 31.10.2012	**(11)**	**45,906.0**	**102,386.9**	**140,341.7**	**-212.5**	**-400.5**	**74,983.1**	**363,004.7**

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year 2012/13

in KEUR	**2012/13**	2011/12
Operating result	105,828.5	115,933.0
Depreciation/amortisation	21,620.0	16,335.0
Profit/loss from the disposal of fixed assets	1,704.5	522.1
Increase/decrease in inventories	10,921.0	-23,904.6
Increase/decrease in trade receivables	-11,271.3	3,642.9
Increase/decrease in other assets that do not fall under investing or financing activities	940.3	0.5
Increase/decrease in provisions	-3,407.4	4,260.6
Increase/decrease in trade payables	-10,052.4	1,694.9
Increase/decrease in other liabilities that do not fall under investing or financing activities	11,683.2	-4,719.7
Income tax payments	-35,240.6	-32,703.8
Cash inflows from operating activities	*92,725.8*	*81,060.9*
Income from loans	29.7	32.8
Interest received	197.7	362.6
Incidential bank charges	-952.0	-892.3
Interest payments	-1,338.3	-1,543.6
Cash inflows from current operating activities	*90,662.9*	*79,020.4*
Proceeds from the disposal of properties, plant, equipment and intangible assets	1,185.0	86.8
Cash outflows for investments in property, plant, equipment and intangible assets	-33,273.7	-56,413.0
Cash outflows for the acquisition of fully consolidated companies after offsetting acquired liquid assets	-4,394.0	-20,589.0
Cash outflows for investments in investment properties	-201.3	-6,714.5
Proceeds from the disposal of financial assets	496.2	169.9
Cash outflows for investments in financial assets	-80.8	-1,066.1
Cash outflows from investing activities	*-36,268.6*	*-84,525.9*
Dividend payment	-34,429.5	-29,838.9
Raising of financial liabilities	1,301.0	0.0
Repayment of financial liabilities	-4,832.9	-6,081.2
Cash outflows from financing activities	*-37,961.4*	*-35,920.1*
Changes in cash and cash equivalents	16,432.9	-41,425.6
Cash and cash equivalents at the beginning of the fiscal year	49,159.1	90,584.7
Cash and cash equivalents at the end of the fiscal year	**65,592.0**	**49,159.1**

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2012 TO 31 OCTOBER 2013

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.

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

The fiscal year began on 1 November 2012 and ended on 31 October 2013 (previous year: 1 November 2011 to 31 October 2012).

ACCOUNTING PRINCIPLES

Pursuant to EU Directive (EC) No. 1606/2002 in conjunction with section 315a para. 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 2013 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 2012/13 were applied to the extent that they had been endorsed by the European Union.

NEW IASB REGULATIONS FOR FIRST-TIME APPLICATION IN THE FISCAL YEAR 2012/13

The following accounting standards and supplements to existing regulations became mandatory for the fiscal year from 1 November 2012 to 31 October 2013:

New regulations			Impact on the GERRY WEBER Group
IAS 1	Presentation of Financial Statements	Presentation of Other Comprehensive Income: breakdown into components, which can be reclassified into the p&l and such, which cannot be reclassified into the p&l.	No material impact

NEW IASB REGULATIONS NOT APPLICABLE IN THE FISCAL YEAR 2012/13

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the 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	01.01.2013	No impact
IFRS 1	First-time Adoption of International Financial Reporting Standards	Rules regarding the prospective application of IAS 20	13.03.2012	01.01.2013	05.03.2013	No impact
IFRS 7	Financial Instruments: offsetting of financial assets and financial liabilities	Disclosures enhance the off-setting of financial assets and financial liabilities	16.12.2011	01.01.2013	29.12.2012	Increased disclosure requirements in the notes
IFRS 9	Financial Instruments: classification and valuation	Rules on the recognition of financial instruments measured at amortised cost or fair value	12.11.2009, 28.10.2010	No earlier than 01.01.2017	not yet	Change in the recognition of financial instruments classified as available for sale; negligible impact
IFRS 9	Financial Instruments: Hedge Accounting	Extended designation possibilities; simplified effectiveness reviews; extended disclosures in the notes	16.12.2013	No earlier than 01.01.2017	Not yet	The impact that would result from application is still being reviewed
IFRS 9	Financial Instruments: timing of applications and transitional agree-ments IFRS 7 and IFRS 9	Amendment cancels the mandatory time for first-time adoption of IFRS 9 (2009) and IFRS 9 (2010)	19.11.2013	No earlier than 01.01.2017	not yet	The impact that would result from application is still being reviewed
IFRS 10	Consolidated Financial Statements	Guidelines for the definition of the basis of consolidation	12.05.2011	01.01.2014	29.12.2012	No material impact
IFRS 11	Joint Arrangements	Rules on the balance sheet treatment of joint ventures	12.05.2011	01.01.2014	29.12.2012	No impact
IFRS 12	Disclosure of Interests in Other Entities	Disclosure requirements regarding interest held in other entities	12.05.2011	01.01.2014	29.12.2012	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	29.12.2012	No material impact

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
IFRS 14	Regulatory Deferral Accounts	Financial reporting for regulatory deferral account balances that arise when an entity provides goods or services at a price or rate that is subject to rate regulation	30.01.2014	01.01.2016	not yet	No impact
IAS 12	Income Taxes	Accounting for deferred taxes on investment properties and evalued assets	20.12.2010	01.01.2013	29.12.2012	No material impact
IAS 19	Employee Benefits	Elimination of the corridor method, implementation net interest expenses, enhanced disclosure requirements, changes in valuation of provisions for partial-retirement	16.06.2011	01.01.2013	05.06.2012	No material impact
IAS 19	Employee Benefits	Employee contribution to performance oriented pension benefits	25.03.2013	01.07.2014	not yet	No impact
IAS 27	Separate Financial Statements	Revision of the consolidation standards and incorporation into IFRS 10	12.05.2011	01.01.2014	29.12.2012	No impact
IAS 28	Investments in Associates and Joint Ventures	Revision of the accounting rules for associates and joint ventures	12.05.2011	01.01.2014	29.12.2012	No impact
IAS 32	Financial Instruments: Presentation	Disclosures regarding the offsetting of financial assets and financial liabilities	16.12.2011	01.01.2014	29.12.2012	No material impact
IAS 36	Impairment of Assets	Amendment regarding the recoverable amount for non-financial assets	29.05.2013	01.01.2014	20.12.2013	No material impact
IAS 39	Financial Instruments: Recognition and Measurement	Novation of derivatives and continued hedge accounting	27.06.2013	01.01.2014	20.12.2013	No material impact
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Rules for the accounting of separate benefits from stripping activities	19.10.2011	01.01.2013	29.12.2012	No impact
IFRIC 21	Levies	Stipulates when a liability should be recognised for a levy	31.05.2013	01.01.2014	not yet	No material impact
Improvement-Project 2011	IFRS 1, IAS1, IAS 16, IAS 32, IAS 34		03.05.2012	01.07.2013	28.03.2013	keine wesentlichen Auswirkungen
Improvement-Project 2012	IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 1, IAS 7, IAS 12, IAS 16/38, IAS 24, IAS 36		10.12.2013	01.07.2014	not yet	No material impact
Improvement-Projekt 2013	IFRS 1, IFRS 3, IFRS 13, IAS 40		10.12.2013	01.07.2014	not yet	No material impact

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

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 Iberica S.L., Palma de Mallorca, Spain,
- GERRY WEBER FAR EAST Ltd., Hong Kong, China,
- GERRY WEBER France S.A.R.L., Paris, France,
- GERRY WEBER Denmark ApS, Albertslund, Denmark,
- GERRY WEBER Dis Ticaret 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 UK Ltd., London, UK,
- GERRY WEBER GmbH, Raeren, Belgium,
- GERRY WEBER ASIA Ltd., Hong Kong, China,
- GERRY WEBER Shanghai Co. Ltd., Shanghai, China,
- GERRY WEBER Switzerland AG, Zurich, Switzerland,
- GERRY WEBER Polska Sp. z o.o., Warsaw, Poland,
- GERRY WEBER Retail Stores Verwaltungs GmbH, Halle / Westphalia,
- GW Media GmbH, Halle / Westphalia,
- GERRY WEBER Incompany B.V., Amsterdam, Netherlands,
- GERRY WEBER Retail B.V., Amsterdam, Netherlands,
- GERRY WEBER Sweden AB, Malmö, Sweden,
- GERRY WEBER CZ s.r.o., Prague, Czech Republic,
- ARW – GERRY WEBER BELUX BVBA, Brussels, Belgium,
- ARW RETAIL – GERRY WEBER NV, Brussels, Belgium,
- COAST RETAIL – GERRY WEBER NV, Nieuwpoort, Belgium.

The shareholding in each of the two Dutch companies and each of the three Belgian companies is 51%. All other companies are wholly owned.

The basis of consolidation increased by five companies due to the foundation of GERRY WEBER Sweden, GERRY WEBER CZ s.r.o. and the acquisition of ARW – GERRY WEBER BELUX BVBA, ARW RETAIL – GERRY WEBER NV and COAST RETAIL – GERRY WEBER NV.

CONSOLIDATION PRINCIPLES

Subsidiaries are all companies (incl. special purpose vehicles) in which the Group has control over the financial and business policy. This is generally the case where the voting interest exceeds 50%. When assessing whether the Group has control, the existence and the effect of potential voting rights which are currently exercisable or convertible are taken into account.

The Group will examine whether it has control even if the parent company holds less than 50% of the voting rights but has the possibility to control the business and financial policy because of de-facto control.

De-facto control may exist if and when the number of voting rights held by the Group in relation to the number or distribution of voting rights held by other shareholders makes it possible to control the business and financial policy.

Subsidiaries are consolidated (full consolidation) from the time at which control is transferred to the Group. They are deconsolidated at the time when control ends.

Subsidiaries are accounted for using the acquisition method. The cost of acquisition is equivalent to the fair value of the assets surrendered, the equity instruments issued and the liabilities incurred and / or assumed at the time of the transaction. It also includes the fair values of all assets or liabilities resulting from contingent consideration agreements. Assets, liabilities and contingent liabilities which are identifiable in the context of a business combination are initially recognised at their fair value at the time of acquisition. For each business combination, the Group decides on an individual basis whether the non-controlling interests in the acquired entity are recognised at the fair value or on the basis of their proportionate share in the net assets of the acquired entity.

Acquisition-related costs are recognised as an expense at the time they are incurred.

In the event of a step acquisition, the previously acquired equity share of the entity is remeasured at the fair value at the time of acquisition. The resulting gain or loss should be recognised in the income statement.

Any contingent consideration is measured at the fair value at the time of acquisition. Subsequent changes in the fair value of a contingent consideration classified as an asset or liability are measured in accordance with IAS 39 and any resulting gain or loss is recognised either in profit or loss or in other comprehensive income. A contingent consideration classified as equity will not be remeasured and its subsequent settlement will be recognised in equity.

Goodwill is recognised at the value that arises from the surplus of the acquisition costs, the amount of the minority interests in the company acquired as well as the fair value of any previously held equity interests as of the acquisition date above the equity interest of the Group in the net assets measured at fair value. Should the cost of acquisition be lower than the net assets measured at fair value of the subsidiary acquired, the difference is recognised directly in the income statement.

Intra-group transactions, balances as well as unrealised gains and losses arising from transactions between Group entities are eliminated. Where necessary, the accounting and valuation methods of subsidiaries were modified to ensure consistent accounting throughout the Group.

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

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 at 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 at 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. 2013	31 Oct. 2012	2012/13	2011/12
Denmark	DKK	7.45870	7.45980	7.45793	7.44011
UK	GBP	0.85020	0.80645	0.84526	0.81820
Hong Kong	HKD	10.5759	10.0697	10.2205	10.03247
Canada	CAN	1.42510	1.30050	1.34383	1.29819
Romania	RON	4.43600	4.54200	4.42837	4.43032
Turkey	TRY	2.71670	2.33120	2.45668	2.33742
USA	USD	1.36410	1.29930	1.31773	1.29217
China	CNY	8.31090	8.10410	8.13498	8.17533
Switzerland	CHF	1.23330	1.20760	1.22743	1.20898
Polen	PLN	4.17830	4.13900	4.18567	4.24118

BUSINESS COMBINATIONS PURSUANT TO IFRS 3

Transaction

With effect from the acquisition date on 31 July 2013 GERRY WEBER International AG acquired 51% of the shares in ARW RETAIL – GERRY WEBER NV and COAST RETAIL – GERRY WEBER NV from the following parties:

- W.L. Invest N.V., Herenthout / Belgium
- MARRAS BVBA, Merksplas / Belgium
- Mr Marc Ruant and Mrs Ginette Verbiest

The acquired companies sell textiles at retail level and operate 19 retail stores in Belgium.

The acquisition was made with a view to gaining access to retail spaces in prime locations in large Belgian cities.

The purchase price for a 51% share in the Belgian companies was KEUR 6,816. The purchase price was / is payable in two instalments defined in the acquisition contract exclusively in the form of cash and cash equivalents. The first instalment of the purchase price payments was financed from own funds. The second tranche of the purchase price is related to the EBIT of calendar year 2013 and will be paid after preparation of the financial statement 2014.

For the remaining 49% shares in the two companies GERRY WEBER AG has a call option in the period from 1 March 2017 and 31 March 2017, while the seller has a put option in the period from 1 April to 30 April 2017.

The purchase price is equivalent to 9x EBIT as of 31 October 2016 altogether for the remaining shares in both companies.

The valuation was based on the following parameters:

KEUR	GW Belgium
Expected EBIT 2016	3,156
9x EBIT	28,403
Expected liquid funds less financial liabilities	2,203
Sub-total	*30,606*
Sub-total 49%	14,997
Present value factor	0.7613
Purchase price 49%	11,417

If the expectations and / or premises change, the purchase price liability will change accordingly. The expectations and premises did not change between the time of initial recognition and the balance sheet date.

Taking this option into account, the purchase price for all shares in the companies is KEUR 18,233.

Taking into account deferred tax assets and liabilities, the non tax-deductible goodwill resulting from the allocation of the purchase price is KEUR 6,198.

Goodwill essentially presents the additional opportunities to sell Gerry Weber products.

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

1. GERRY WEBER BELGIUM

KEUR	Carrying amount	Adjustment	Fair value
Purchase price			18,233
Acquired assets			
Fixed assets	2,112	0	2,112
Inventories	1,842	0	1,842
Receivables	43	0	43
Cash and cash equivalents	1,127	0	1,127
Customer relationships	0	4,986	4,986
Lease agreements	0	9,160	9,160
Furnishings and fittings	0	221	221
Liabilities	-660	0	-660
Provisions	-575	0	-575
Other liabilities	-1,986	0	-1,986
Deferred tax liabilities	0	-4,235	-4,235
Acquired net assets	*1,903*	*10,132*	*12,035*
Positive difference			**6,198**

The companies have regular customers, even though no customer retention programme exists. The definition and recognition criteria of an intangible asset are met. The customer relationships were therefore recognised and measured separately from goodwill. A fair value of KEUR 4,986 was determined for the customer relationships of the companies as of 31 July 2013.

The Belgian companies have a total of 19 lease agreements. The benefit of the combined takeover is that costs for the search of properties and real estate agent fees as well as key money were saved and favourable market rents were secured. Consequently the fair value of the assets was determined using a cost-oriented method. A fair value totalling KEUR 9,160 was determined for the advantageous lease agreements as of 31 July 2013.

Between 1 August and 31 October 2013, the Belgian companies generated EBIT of KEUR 787 on sales of KEUR 3,383. If the Belgian companies had been members of the GERRY WEBER Group at the beginning of the fiscal year, they would have made a pro-forma contribution to Group sales of KEUR 8,001 and a pro-forma contribution to Group earnings of KEUR 1,305.

Transaction costs of TEUR 220 were recorded under expenses and were shown under the item "other operating expenses".

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

Goodwill arising on consolidation and representing the amount by which the cost of an acquisition exceeds the Group's share in the fair value of the subsidiary's net assets is recognised in accordance with IFRS 3 and tested for impairment on an annual basis and whenever there are indications of impairment.

OTHER INTANGIBLE ASSETS

Purchased intangible assets are recognised at cost for each category, taking ancillary costs and cost reductions into account and amortised 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.

The item also includes the advantageous lease agreements as a result of the acquired stores.

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 down 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 rents paid for 19 stores taken over as part of the acquisition of all shares in ARW RETAIL – GERRY WEBER NV and COAST RETAIL – GERRY WEBER NV 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 (2016 – 2021) using a discount rate of 5.5%. The advantageous lease agreements recognised as depreciable intangible assets are written down over the remaining term of the leases using the straight-line method. The resulting expenses are recognised in the income statement under "Depreciation / Amortisation".

In addition, customer relationships were identified in the context of the takeover of the shares in ARW RETAIL – GERRY WEBER NV, COAST RETAIL – GERRY WEBER NV. These have been recognized at the present value, which was determined on the basis of an assumed useful life of ten years at a duration specific discount rate of 5.5%. The customer relationships, which are recognized as amortizable intangible assets are written down using the straight-line method. The resulting expenses are recognized in the income statement under "Depreciation / Amortisation".

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

	Useful life
Software	3–5 years
Supply rights	3–5 years
Advantageous lease agreements	5–15 years
Customer bases	5–10 years

PROPERTY, PLANT AND EQUIPMENT

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

The acquisition cost comprises the purchase price, ancillary costs and cost reductions. The cost of internally generated assets includes direct costs as well as directly attributable portions of the overheads. Borrowing costs are not included in the cost of production. Where furnishings and fittings for rented properties were concerned, dismantling costs were capitalised at their present value. An interest rate of 4.57% (previous year: 4.77%) 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 where required.

Borrowing costs relating to the acquisition of other intangible assets and property, plant and equipment were not accrued.

INVESTMENT PROPERTY

Investment property is disclosed in accordance with IAS 40. It is recognised at cost and the building is written down 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 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 the right to payment from the financial asset expires or is transferred and the GERRY WEBER International AG has largely transferred all risks and opportunities resulting from ownership of the asset.

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 at the balance sheet date.

No securities were held as of at balance sheet date.

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Such financial instruments shall be divided into levels 1 to 3, depending on the extent to which the fair value is observable:

- Level 1 valuations at fair value result from quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- Level 2 valuations at fair value are based on parameters other than quoted prices for assets and liabilities included within level 1 (data), either directly derived (i.e. as prices) or indirectly derived.

- Level 3 valuations at fair value result from models which use parameters that are not based on observable market data to measure assets or liabilities (non-observable parameters, assumptions).

The fair value of the derivatives corresponds to level 2.

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 assets or financial liabilities which are measured at fair value through profit / loss and classified as such at initial recognition. 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.

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. 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

Provisions are recognised in accordance with IAS 37. They are established when legal or constructive obligations exist as a result of a past event and a reliable estimate can be made of the amount of the outflow of resources required to settle the obligation. In the case of individual risks, the provision is valued as the most probable settlement amount taking into account all discernible risks. Non-current provisions are discounted and recognised at their present value. As of 31 October 2013, non-current provisions were discounted at a rate of 4.57% (previous year: 4.77%).

OTHER LIABILITIES / LIABILITIES FROM MINORITY OPTIONS

The liabilities result from the acquisition of the Dutch and Belgian retail companies, which were accounted at amortised cost. The strike price of the option will depend on the 2015/2016 EBIT of the target companies. The amount was recognised on the basis of an EBIT plan. If the actual EBIT differ from the plan, the liability is to be adjusted in the income statement.

REALISATION OF INCOME AND EXPENSES

Sales revenues are measured at the fair value of the consideration received or to be received. Sales revenues comprise the consideration from the sale of goods and are recognised net of turnover tax, returns, rebates and price discounts. The Group recognises sales revenues when the amount of the revenues can be reliably measured, when it is probable that economic benefit will flow to the company and when the specific criteria for each type of activity described below are met. The Group makes estimates based on historical figures – taking customer-specific, transaction-specific and contract-specific features into account.

(a) Sale of goods – Wholesale

The Group produces and sells a range of ladieswear to wholesalers. Revenues from the sale of goods are recognised when a Group entity has delivered products to a wholesaler, when the sales channel and the sales price of the product are at the discretion of the wholesaler and when there are no unmet obligations which could affect the wholesaler's acceptance of the goods. Delivery will be deemed to have occurred only after all goods have been sent to the stipulated place, the risk of obsoletion and loss has passed to the wholesaler and either the wholesaler has accepted the goods in accordance with the provisions of the purchase contract or the Group has objective indications that all conditions of acceptance have been met.

(b) Sale of goods – Retail

The Group operates a chain of retail stores selling ladieswear. Revenues from the sale of goods are recognised when a Group entity has sold products to an end consumer. Retail sales are usually settled in cash or by credit card.

Historical information is used as the basis to estimate the rate of returns and the creation of an appropriate provision at the time of sale.

(c) Internet revenues

Revenues from the web-based sale of goods are recognised at the time when the risks and benefits from the goods pass to the customer, i.e. upon delivery. Provisions for Internet credit items are calculated on the basis of the expected returns; this calculation is based on historical return rates.

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.

Historical sales proceeds generated from the sale of own shares 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, liabilities from minority options, goodwill, income taxes 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 schedules attached to the notes for the fiscal years 2012/13 and 2011/12. Currency translation differences are negligible and are therefore not stated separately.

(a) Intangible assets / Goodwill

Additions to other intangible assets mainly relate to acquired software and customer relationships taken over in the context of the acquisitions as well as lease agreements.

Intangible assets include exclusive rights of supply to Houses of GERRY WEBER operated by third parties in an amount of KEUR 7,944 (previous year: KEUR 7,392). Depreciation of these rights of supply totalled KEUR 2,863 in the fiscal year 2012/13 (previous year: KEUR 2,453), disposals at residual carrying amounts totalled KEUR 110. Additions in the fiscal year totalled KEUR 3,525.

The item also comprises lease agreements for stores in an amount of KEUR 15,310 (previous year: KEUR 8,538). The amortisation of these assets amounted to KEUR 1,036 in the fiscal year 2012/13 (previous year: KEUR 556). Additions in the fiscal year totalled KEUR 7,808 (previous year: KEUR 5,249).

As of 31 October 2013, customer relationships were recognised as intangible assets in the amount of KEUR 10,961 (previous year: KEUR 7,053). The amortisation of these assets amounted to KEUR 1,077 in the fiscal year 2012/13 (previous year: KEUR 319). Additions in the fiscal year amounted to KEUR 4,986 (previous year: KEUR 7,372).

A trademark right of KEUR 0 (previous year: KEUR 441) taken over in the context of a business combination is recognised under receivables and other assets, as it has been acquired with the intention to sell.

As of 31 October 2013, goodwill was recognised at a carrying amount of KEUR 20,941 (previous year: KEUR 14,743) and results from the positive difference arising from the business combinations.

The goodwill are allocated to cash-generating units as shown in the table below:

KEUR	31 Oct. 2013	31 Oct. 2012
Don Gil	2,136	2,136
Wissmach	771	771
Netherlands 1	10,675	10,675
Netherlands 2	1,161	1,161
Belgium	6,198	0
	20,941	**14,743**

As a general rule, the individual stores were defined as cash-generating units. For the Dutch companies, the legal entities were defined as cash-generating units. The two Belgian companies were regarded as a single cash-generating unit. In the context of the impairment test, the carrying amount of the cash-generating unit is compared with its recoverable amount. The recoverable amount is determined as the value in use on the basis of the future cash flows, which are based on internal planning. Sensitive planning premises include sales growth, net profit expectations, estimates of replacement investments in the store network as well as personnel expenses as a percentage of sales for the individual stores. The projections refer to the fixed term of the respective lease agreements. The planning period ranges from one to ten years.

Impairment tests for intangible assets did not result in write-downs in the past fiscal year. Due to a consistent risk structure cash flows were discounted using a weighted average cost of capital (WACC) before taxes of 9.75% (after taxes of 7.26%) based on market data. GERRY WEBER uses constant growth rates of 3% over the detailed planning period of 5 years to extrapolate the cash flows. If the discount rate before taxes were increased by one percentage point to 10.75%, no write-downs would be required. This would also be the case if the growth rate used to calculate the perpetual annuity were reduced by one percentage point and if the operating result declined by 5%.

Other assets recognised include software.

(b) Tangible assets

This item comprises company properties in Halle/Westphalia, 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 2008/2009 the Group acquired a property in Düsseldorf. The company has built 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 down using the straight-line method over a useful life of 50 years. The building was completed and let in the fiscal year 2011/12.

An appraisal based on the income approach specified in the "Immobilienwertermittlungsverordnung" (German Ordinance for the Determination of Real Estate Values) resulted in fair value of the property of EUR 39.6 million as of 31 October 2012. The appraisal was carried out by an independent appraiser who has the required professional qualification as well as current experience with the location and type of the property in question. Based on our own assessment, there are no material changes compared to the previous year, as the valuation parameters have not changed materially that we have refrained from obtaining an updated appraisal.

Income generated from the property amounted to KEUR 3,346 (previous year: KEUR 2,882), while direct operating expenses amounted to KEUR 689 (previous year: KEUR 804).

(d) Financial assets

KEUR	31 Oct. 2013	31 Oct. 2012
Long-term loans	1,844	2,151
Long-term deposits	336	329
Rent deposits	193	313
Shares in limited partnerships	6	4
	2,379	**2,797**

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 2 (previous year: KEUR 150). 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 2 (previous year: KEUR 2) in the fiscal year.

(2) TRADE RECEIVABLES (NON-CURRENT)

Trade receivables with a maturity of more than one year amounted to KEUR 239 (previous year: KEUR 225). These are market rate interest-bearing trade receivables.

(3) 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 1,666 (previous year: KEUR 2,180). The short-term part of corporate income tax credits and other tax refunds in an amount of KEUR 1,913 (previous year: KEUR 494) are recognised under current income tax receivables.

(4) 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. 2013**	31 Oct. 2012	**31 Oct. 2013**	31 Oct. 2012
Non-current assets	1,391	1,594	10,708	6,682
Current assets	2,299	1,598	1,488	1,584
Provisions	1,344	1,225	139	202
Liabilities	73	168	0	0
Tax loss carryforwards	380	515	0	0
Changes in equity not stated through profit or loss according to IAS 39	1,830	144	19	52
	7,317	**5,244**	**12,354**	**8,520**

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.

Of the deferred tax assets relating to non-current assets, an amount of KEUR 1,017 (previous year: KEUR 1,143) relates to goodwill in the amount of KEUR 4,070 (previous year: KEUR 4,573), as this is tax-deductible.

Tax loss carryforwards amount to EUR 18.3 million (previous year: EUR 20.8 million). They mainly refer to GERRY WEBER Fashion Iberica S.L., Palma de Mallorca, Spain, GERRY WEBER United Kingdom Ltd., London, and GERRY WEBER Ireland Ltd., Dublin, Ireland. The resulting deferred tax assets in the amount of KEUR 4,668 (previous year: KEUR 5,522) were written down in an amount of KEUR 4,288 (previous year: KEUR 5,006) as the realisation of the respective tax advantages is unlikely in the medium term.

Of the unrecognised deferred tax assets, amounts totalling KEUR 3,489 (previous year: KEUR 3,367) will expire in one to thirteen years.

(5) INVENTORIES

KEUR	31 Oct. 2013	31 Oct. 2012
Raw materials and supplies	13,287	13,519
Work in progress	15,095	14,098
Finished goods and merchandise	80,181	89,173
Prepayments on intangibles	2,904	3,756
	111,467	**120,546**

The impairment resulting from the sales-oriented measurement of inventories amounted to KEUR 1,625 (previous year: KEUR 1,452).

The expenses (previous year: income) for the fiscal year 2012/13 are included in the cost of materials. The usual reservations of ownership apply.

(6) TRADE RECEIVABLES (CURRENT)

Trade receivables in an amount of KEUR 65,835 (previous year: KEUR 54,544) have a maturity of less than one year. Thereby the majority part is due in less than three months.

Allowances for doubtful accounts amounted to KEUR 2,224 (previous year: KEUR 2,655). 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.

Expenses and income for trade receivables are recognised in other operating expenses and income.

Valuation allowances for assets:

KEUR	31 Oct. 2013	31 Oct. 2012
Allowances at the beginning of the period	2,655	3,866
Additions	758	730
Disposals/reversal	1,189	1,941
Allowances at the end of the period	**2,224**	**2,655**

(7) OTHER ASSETS (CURRENT)

Other assets in an amount of KEUR 11,969 (previous year: KEUR 12,396) have a maturity of less than one year.

Other assets comprise:

KEUR	31 Oct. 2013	31 Oct. 2012
Tax claims	3,659	3,902
Prepaid expenses	2,063	2,112
HR receivables	788	653
Receivables relating to GERRY WEBER Open	667	593
Supplier balances	630	1,232
Bonus claims	411	481
Rent receivables	212	665
Receivables from insurance companies	120	372
Sale of promotional items	158	185
Other	3,261	2,201
	11,969	**12,396**

(8) TRADEMARK RIGHT AVAILABLE FOR SALE

This is the DON GIL trademark right, which was acquired in the context of the takeover. The write-down of the trademark right was recorded as other operating expenses.

(9) CORPORATE INCOME TAX CLAIM (CURRENT)

Tax refund claims of KEUR 1,913 (previous year: KEUR 494) refer to domestic income tax and trade tax.

(10) CASH AND CASH EQUIVALENTS

Apart from current accounts with banks, this item comprises cheques, payments in transit 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. 2013	31 Oct. 2012	Change
Equity capital	395,767	363,005	32,762
Equity in % of total capital	74.4	75.1	-0.7
Debt capital	135,863	120,618	15,245
Debt capital in % of total capital	25.6	24.9	0.7
Total capital (equity and debt capital)	**531,630**	**483,623**	**48,007**

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: 45,905,960) bearer shares with an accounting par value of EUR 1.00.

Pursuant to section 5 para. 3 of the statutes, the Managing Board of GERRY WEBER International AG is authorised, subject to the consent of the Supervisory Board, to increase the company's share capital once or several times by up to a total amount of EUR 22,952,980 by 5 June 2018.

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.

The Managing Board is also authorised to stipulate the further details of the execution of a conditional capital increase with the consent of the Supervisory Board. For this purpose, the share capital has been conditionally increased by up to EUR 4,590,590 through the issue of up to 4,590,590 new bearer shares. The Annual General Meeting of 1 June 2010 additionally authorised the Managing Board to repurchase own shares representing up to 10% of the share capital by 31 May 2015.

(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. 2013	31 Oct. 2012	Change
Positive fair values of financial instruments	65	177	-112
Negative fair values of financial instruments	-6,099	-480	-5,619
Deferred tax assets	1,830	144	1,686
Deferred tax liabilities	-19	-53	34
	-4,223	**-212**	**-4,011**

The tax effects of KEUR 1,720 (previous year: KEUR 186) shown in the statement of comprehensive income exclusively relate to changes in the fair values of the currency hedges.

Of the other comprehensive income, an amount of KEUR -480 (previous year: KEUR -929) was reclassified to the cost of materials, while an amount of KEUR 177 (previous year: KEUR 6) was reclassified to sales revenues in the income statement.

(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:

KEUR	
Carried forward from 1 November 2012	74,983
Dividend payment in 2013	-34,429
Transfer to retained earnings from net income for the year based on a resolution by the Managing Board and the Supervisory Board	-35,000
Transfer to retained earnings pursuant to a resolution by the Annual General Meeting	-20,000
Net income for the year 2012/13	71,050
Accumulated profits as of 31 October 2013	**56,604**

(12) PROVISIONS FOR PERSONNEL (NON-CURRENT)

An amount of KEUR 61 (previous year: KEUR 190) represents the non-current portion of the provisions for old-age part-time work. An amount of KEUR 130 was used up (previous year: KEUR 206).

Interest expenses in the amount of KEUR 16 (previous year: KEUR 24) from unaccrued interest on provisions were recognised.

(13) OTHER PROVISIONS (NON-CURRENT)

This item includes an amount of KEUR 5,479 (previous year: KEUR 5,005) resulting from the company's obligation to remove furnishings and fittings from rented properties. Allocations amounted to KEUR 474 (previous year: KEUR 1,900).

Interest expenses in the amount of KEUR 161 (previous year: KEUR 224) from unaccrued interest on provisions were recognised. Expected cash outflows accrue within a period of 5 to 20 years.

(14) FINANCIAL LIABILITIES (NON-CURRENT)

KEUR	31 Oct. 2013	31 Oct. 2012
Liabilities to banks and insurance companies	**5,725**	**9,857**

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

(15) OTHER LIABILITIES (NON-CURRENT)

KEUR	31 Oct. 2013	31 Oct. 2012
Liabilities from minority options	**24,837**	**11,817**

Liabilities with a maturity of more than 5 years amount to KEUR 0 (previous year: KEUR 0).

There are options to acquire the shares held by minority shareholders in the two Dutch and the two Belgian subsidiaries.

The price of the option depends on the 2015/16 EBIT of the target companies. If the projected EBIT are 5% above or below actual EBIT, the liability will change by KEUR 539.

Provisions 31 October 2013 and 31 October 2012 (current)

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

KEUR	Carried forward 1 Nov. 2012	Use	Reversal	Allocation	**As of 31 Oct. 2013**
Type of provision					
(16) TAX PROVISIONS	*3,699*	*2,898*	*0*	*1,119*	*1,920*
(17) PROVISIONS FOR PERSONNEL					
Bonuses	5,145	5,079	66	4,436	4,436
Vacation	2,924	2,924	0	2,999	2,999
Old-age part-time work (current)	215	67	0	0	148
Special annual payment	2,924	2,826	98	3,374	3,374
Other	1,387	1,386	1	2,193	2,193
	12,595	*12,282*	*165*	*13,002*	*13,150*
(18) OTHER PROVISIONS					
Guarantees	771	771	0	800	800
Outstanding invoices	6,908	6,769	125	2,395	2,409
Accounting expenses	444	436	8	437	437
Payments to commercial agents	501	271	0	730	960
Supervisory Board compensation	510	510	0	510	510
Other	2,871	2,871	0	3,157	3,157
	12,005	*11,628*	*133*	*8,029*	*8,273*
	28,299	**26,808**	**298**	**22,150**	**23,343**

KEUR	Carried forward 1 Nov. 2011	Use	Reversal	Allocation	**As of 31 Oct. 2012**
Type of provision					
(16) TAX PROVISIONS	*2,514*	*1,586*	*104*	*2,875*	*3,699*
(17) PROVISIONS FOR PERSONNEL					
Bonuses	5,258	5,203	55	5,145	5,145
Vacation	2,356	2,356	0	2,924	2,924
Old-age part-time work (current)	292	77	0	0	215
Special annual payment	3,187	3,101	86	2,924	2,924
Other	1,296	1,288	8	1,387	1,387
	12,389	*12,025*	*149*	*12,380*	*12,595*
(18) OTHER PROVISIONS					
Guarantees	678	678	0	771	771
Outstanding invoices	6,079	5,973	106	6,908	6,908
Accounting expenses	367	367	0	444	444
Payments to commercial agents	0	0	0	501	501
Supervisory Board compensation	510	510	0	510	510
Other	590	570	20	2,871	2,871
	8,224	*8,098*	*126*	*12,005*	*12,005*
	23,127	**21,709**	**379**	**27,260**	**28,299**

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

KEUR	**31 Oct. 2013**	31 Oct. 2012
Liabilities to banks and insurance companies	**6,008**	**5,408**

The table below shows the main contractual terms of the liabilities to banks and insurance companies as at the closing date of the fiscal year 2013:

Fixed-income agreements

Financial instrument	**Carrying amount 2012/13**	Carrying amount 2011/12	Maturity until	Nominal interest rate
	KEUR	KEUR	month/year	% p.a.
Bank 1	1,000	2,000	7/2014	4.15
Bank 2	0	500	3/2013	4.42
Bank 3	1,000	2,000	6/2014	4.20
Bank 4	1,301	0	3/2017	3.51
Insurance company 1	7,857	10,714	7/2016	4.35
	11,158	**15,214**		

Due to the short-term maturities no significant differences exist between market values and 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 575 (previous year: KEUR 51). There are currently no signs of a liquidity or financing risk. Principal and interest were paid at maturity. No default occurred.

(20) TRADE PAYABLES

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

(21) MISCELLANEOUS LIABILITIES

KEUR	**31 Oct. 2013**	31 Oct. 2012
Other taxes (especially wage and turnover tax)	13,007	4,482
Negative fair value of financial instruments qualifying for hedge accounting	6,099	480
Customer vouchers, bonus cards and goods on return	2,122	1,241
Payment of remaining purchase price for acquisitions	1,752	1,591
Liabilities to personnel	899	791
Liabilities to customers	641	657
Negative fair value of financial instruments not qualifying for hedge accounting	243	522
Social security	163	459
Other liabilities	2,798	1,575
	27,724	**11,798**

The payment of the remaining purchase price results from the acquisition of a 51% share in the Belgian (previous year: Dutch) companies.

D. NOTES TO THE INCOME STATEMENT

(22) SALES REVENUES

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

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

Sales revenues include licensing fees in an amount of KEUR 1,334 (previous year: KEUR 941) for the utilisation of the name rights.

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

(23) MISCELLANEOUS OPERATING INCOME

Miscellaneous operating income comprises the following:

KEUR	2012/13	2011/12
Rental income	9,701	8,519
Income from IT services for third parties	2,438	2,598
Payment of damages/insurance compensation	1,240	399
Income from the provision of motor vehicles	934	805
Income from the reversal of provisions and allowances	850	2,027
Exchange gains	802	1,369
Wage tax refunds	0	509
Income from the passing on of advantageous lease agreements	0	2,400
Other	1,897	1,984
	17,862	**20,610**

The rental income primarily results from leased investment property as well as income from the sub-letting of rented properties not used by the company.

(24) INVENTORY CHANGES

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

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

(25) COST OF MATERIALS

KEUR	2012/13	2011/12
Expenses for raw materials and supplies and purchased goods	75,443	79,929
Expenses for services purchased	310,745	324,834
	386,188	**404,763**

(26) PERSONNEL EXPENSES

KEUR	2012/13	2011/12
Wages and salaries	121,230	106,944
Social security contributions	22,075	18,869
	143,305	**125,813**

The GERRY WEBER Group concludes old-age part-time agreements according to the so-called “block model”. In accordance with IAS 19, provisions are established according to the projected unit credit method at an interest rate for accounting purposes of 4.91% (previous year: 5.06%) 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:

	2012/13		2011/12	
	Total	Germany	Total	Germany
Blue-collar workers	326	0	439	120
White-collar workers	4,335	3,307	3,648	2,788
	4,661	*3,307*	*4,087*	*2,908*
Trainees/apprentices	39	39	34	34
	4,700	**3,346**	**4,121**	**2,942**

The employment contracts of the blue-collar workers in Germany were changed into white-collar contracts in the current fiscal year.

(27) DEPRECIATION / AMORTISATION

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

As in the previous year there were no write-downs for impairment in fiscal 2012/13.

(28) MISCELLANEOUS OPERATING EXPENSES

Miscellaneous operating expenses comprise the following:

KEUR	2012/13	2011/12
Rent, space costs	79,220	63,739
Freight, packaging, logistics	35,995	36,329
Advertising, trade fairs	21,451	20,507
Sales agent commissions	11,360	13,550
Collection development	7,465	8,279
Legal and consulting costs	6,701	8,432
IT costs	6,080	5,511
Insurance, contributions, fees	4,756	4,076
Other personnel expenses	4,081	5,091
Travelling expenses	3,825	4,252
Maintenance	3,731	3,493
Del credere and credit card commissions	3,120	2,996
Vehicles	2,991	2,626
Office and communications	2,164	2,360
General administration	2,107	2,791
Exchange rate fluctuations	1,816	302
Losses on receivables/allowances	1,660	1,009
Loss from asset disposal	1,537	522
Other	3,677	1,767
	203,737	**187,632**

(29) OTHER TAXES

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

(30) FINANCIAL RESULT

KEUR	2012/13	2011/12
Income from financial assets loaned	30	33
Interest income	197	363
Write-downs on financial assets	-2	-152
Incidental bank charges	-952	-892
Interest expenses	-2,272	-1,544
	-2,999	**-2,192**

Incidental bank charges essentially comprise fees for letter of credits.

(31) TAXES ON INCOME

Taxes on income comprise the following main components:

KEUR	2012/13	2011/12
Taxes of the fiscal year	32,790	34,435
Tax expenses/income of prior years	-234	-65
Deferred taxes	-754	540
	31,802	**34,910**

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

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

KEUR	2012/13	2011/12
Profit before taxes on income	102,900	113,741
Group tax rate	30.0 %	30.0 %
Expected tax expenses	30,870	34,122
Non-recognition of deferred tax assets due to operating losses and utilisation of those assets	121	89
Use of tax loss carryforwards for deferred tax assets not recognised in prior years	505	0
Initial recognition of deferred tax assets from tax loss carryforwards/use of tax loss carryforwards	-135	-143
Taxes on trade tax additions/deductions	771	648
Taxes on non-deductible operating expenses	170	179
Off-period tax expenses/income	165	-66
Tax income from the sale of own shares	-585	0
Tax expense on negative difference from acquisitions	0	0
Miscellaneous	-80	81
Actual tax expenses 30.9% (previous year: 30.7%)	**31,802**	**34,910**

Tax income from the sale of own shares results from the meanwhile substantiated legal opinion that the sale of shares should be completely tax-free. The shares were sold in the fiscal year 2010/11. The conditions for the capitalization of the tax claim were met only in the fiscal 2012/13.

(32) 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 of GERRY WEBER International AG 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	2012/13	2011/12
Consolidated net income / loss attributable to ordinary shareholders of the parent company	**71,028**	**78,831**

Number of ordinary shares

Number of shares	
Voting shares on 31 October 2012	45,905,960
Voting shares on 31 October 2013	**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 2012/13:	Fiscal year 2011/12:
45,905,960 × 12/12	45,905,960 x 12/12
45,905,960 shares	**45,905,960 shares**

Earnings per share amount to EUR 1.55 (previous year: EUR 1.72).

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

The accumulated profits were used to pay out a dividend of EUR 0.75 (previous year: EUR 0.65) per share. The remaining amount was carried forward to new account.

It shall be proposed to the Annual General Meeting to pay out a dividend of EUR 0.75 per share from the accumulated profits. This is equivalent to an amount of EUR 4.4 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 currency options have a maximum term of 24 months, but usually 12 to 24 months (previous year: maximum term of 18 months, usually 12 to 15 months). The expected payments mainly result from sales expected to materialise within 24 months (previous year: 18 months).

The company uses long-term credit agreements at favourable fixed interest rates to mitigate interest rate risks.

As of 31 October 2013, negative effects from the market valuation of financial instruments in an amount of KEUR 4,224 (previous year: negative effects of KEUR 212) 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 CURRENCY OPTIONS 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 at the balance sheet date, the respective volume amounted to EUR 308.4 million (previous year: EUR 63.0 million) at Group level. Income and expenses from these transactions are recognised under cost of materials.

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

As at the balance sheet date, the currency forwards and currency options had a negative fair value of EUR 6.1 million (previous year: negative fair value of EUR 0.5 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 at the balance sheet date have been hedged with currency forwards and currency options. Income and expenses from these transactions are recognised under sales revenues.

The forward transactions had a volume of EUR 4.8 million as at the balance sheet date (previous year: EUR 11.5 million).

The 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 at the balance sheet date (previous year: positive 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.

ACCUMULATING CURRENCY FORWARDS AND CURRENCY OPTIONS 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 at the balance sheet date, the accumulating currency forwards totalled EUR 7.5 million (previous year: EUR 55.8 million). The accumulating currency forwards had a negative fair value of EUR 0.2 million on the balance sheet date (previous year: EUR 0.5 million).

As the accumulating currency forwards formed no valuation units with the goods and services sourced, they resulted in other operating expenses of EUR 0.2 million (previous year: EUR 0.5 million).

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

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

F. NOTES TO THE CASH FLOW STATEMENT

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

The cash flow statement describes the cash flows in the fiscal year 2012/13 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 2012/13, cash inflow from operating activities includes payments for interest received in an amount of KEUR 198 (previous year: KEUR 363) and for interest paid in an amount of KEUR 1,338 (previous year: KEUR 1,544). Income tax payments amounted to KEUR 35,287 (previous year: KEUR 32,704).

The GERRY WEBER Group has an unused credit line in an amount of EUR 55.2 million (previous year: EUR 55.2 million).

G. SEGMENT REPORTING

Fiscal Year 2012/13

2012/13 KEUR	Production and wholesale	Retail	Other segments	Consolidated entries	**Total**
Sales by segment thereof:	677,805	364,649	0	-190,422	852,032
sales with external third parties	488,322	363,710	0	0	852,032
inter segment revenues	189,483	939	0	-190,422	0
EBT (Earnings Before Tax)	90,080	12,685	1,970	-1,905	102,830
Depreciation of property, plant and equipment	8,919	12,112	589	0	21,620
Interest income	750	140	0	-692	198
Interest expenses	760	1,766	0	-254	2,272
Assets	360,339	259,660	30,236	-118,605	531,630
Liabilities	38,689	209,992	0	-112,818	135,863
Investments in non-current assets	9,736	41,952	476	0	52,164
Number of employees (annual average)	1,315	3,384	1	0	4,700
Impairments recognised in profit/loss					
of inventories	344	-517	0	0	-173
of trade receivables	339	92	0	0	431

Fiscal Year 2011/12

2011/12 KEUR	Production and wholesale	Retail	Other segments	Consolidated entries	**Total**
Sales by segment thereof:	668,824	304,903	0	-171,437	802,290
sales with external third parties	502,815	299,475	0	0	802,290
inter segment revenues	166,009	5,428	0	-171,437	0
EBT (Earnings Before Tax)	93,226	20,131	1,619	-1,235	113,741
Depreciation of property, plant and equipment	8,242	8,069	452	-428	16,335
Interest income	627	17	0	-281	363
Interest expenses	1,201	652	0	-309	1,544
Assets	343,914	230,764	30,217	-121,272	483,623
Liabilities	40,877	196,591	0	-116,850	120,618
Investments in non-current assets	30,975	55,128	9,422	0	95,525
Number of employees (annual average)	1,313	2,807	1	0	4,121
Impairments recognised in profit/loss					
of inventories	-339	1,556	0	0	1,217
of trade receivables	1,153	58	0	0	1,211

Segment information by region for the fiscal year 2012/13:

2012/13 KEUR	Germany	Abroad	**Total**
Sales by segment	520,235	331,797	852,032
Assets	455,641	75,989	531,630
Liabilities	85,986	49,877	135,863
Investments in non-current assets	22,352	29,812	52,164
Number of employees (annual average)	3,346	1,354	4,700

Segment information by region for the fiscal year 2011/12:

2011/12 KEUR	Germany	Abroad	**Total**
Sales by segment	490,971	311,319	802,290
Assets	435,214	48,409	483,623
Liabilities	92,935	27,683	120,618
Investments in non-current assets	79,408	16,117	95,525
Number of employees (annual average)	2,942	1,179	4,121

In accordance with IFRS 8, the business activities of the GERRY WEBER Group are divided into business segments and into geographical segments as reporting format.

The segmentation of the GERRY WEBER Group results from the internal organisational and reporting structure. GERRY WEBER International AG distinguishes between two main segments, namely a "Production and Wholesale" segment and a "Retail" segment. The two segments are defined in accordance with their respective distribution structures and customers. The Wholesale segment comprises all distribution structures with external customers. Furthermore the "Production and Wholesale" segment also comprises all development and production processes for our merchandise including transport and logistics.

The Retail segment comprises the domestic and international Houses of GERRY WEBER and Monolabel Stores, concession stores, factory outlets as well as the individual national online stores. Secondary segment reporting is based on geographical segments.

"Other segments" comprise the "Halle 30" investment property as well as those activities that cannot be assigned to any of the other segments.

The "Consolidation entries" are used to show consolidation effects and the reconciliation of the respective Group figures.

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 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 as well as currency 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 24 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:

31 Oct. 2013 KEUR	Cash inflows	Cash outflows	Net amount	Effect from a +5% appreciation in the euro
USD	7,356	-303,606	-296,250	277
GBP	3,671	0	3,671	-12
CAD	1,697	0	1,697	-17

31 Oct. 2012 KEUR	Cash inflows	Cash outflows	Net amount	Effect from a +5% appreciation in the euro
USD	3,782	-70,257	-66,475	114
GBP	11,202	0	11,202	-67
CAD	1,786	0	1,786	-12

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 in part 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 are generally used to mitigate this risk.

Due to the good liquidity situation, no variable rate loans were recognised as of 31 October 2013. 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. Furthermore commercial credit insurance (del credere insurance) will be concluded, which covers round about 70% (previous year: 70%) of the accounts receivables. The maximum default risk is in other cases 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.

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 corresponding balance sheet items. The market values of cash and cash equivalents, of current receivables, of trade payables and of other current financial liabilities are largely identical with the carrying amounts. This is primarily due to the short maturities of such instruments.

TEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets/ liabilities	
	Carrying amount 31 Oct. 2013	For information: Fair value 31 Oct. 2013	Carrying amount 31 Oct. 2013	Carrying amount 31 Oct. 2013	Carrying amount in the balance sheet 31 Oct. 2013
Financial assets	2,379	2,379			2,379
Loans and receivables	2,373	2,373			2,373
Available-for sale financial assets	6	6			6
Trade receivables (non-current)	239	239			239
Loans and receivables	239	239			239
Trade receivables (current)	65,835	65,835			65,835
Loans and receivables	65,835	65,835			65,835
Other assets (current)			65	12,124	12,189
Derivatives qualifying for hedge accounting			65		65
Derivatives not qualifying for hedge accounting					
Non-financial assets				12,124	12,124
Liquid funds	65,592	65,592			65,592
Loans and receivables	65,592	65,592			65,592
Total financial assets	**134,045**		**65**		**134,110**
Financial liabilities (non-current)	5,725	5,725			5,725
Measured at amortised cost	5,725	5,725			5,725
Other liabilities (non-current)	24,837	24,837			24,837
Liabilities from minority options	24,837	24,837			24,837
Financial liabilities (current)	6,008	6,008			6,008
Measured at amortised cost	6,008	6,008			6,008
Trade liabilities (current)	30,331	30,331			30,331
Measured at amortised cost	30,331	30,331			30,331
Other liabilities			6,342	21,382	27,724
Derivatives qualifying for hedge accounting			6,099		6,099
Derivatives not qualifying for hedge accounting			243		243
Non-financial liabilities				21,382	21,382
Total financial liabilities	**66,901**		**6,342**		**73,243**

KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets/ liabilities	
	Carrying amount 31 Oct. 2012	For information: Fair value 31 Oct. 2012	Carrying amount 31 Oct. 2012	Carrying amount 31 Oct. 2012	Carrying amount in the balance sheet 31 Oct. 2012
Financial assets	2,797	2,793			2,797
Loans and receivables	2,793	2,793			2,793
Available-for sale financial assets	4	4			4
Trade receivables (non-current)	225	225			225
Loans and receivables	225	225			225
Trade receivables (current)	54,544	54,544			54,544
Loans and receivables	54,544	54,544			54,544
Other assets (current)			517	11,879	12,396
Derivatives qualifying for hedge accounting			177		177
Derivatives not qualifying for hedge accounting			340		340
Non-financial assets				11,879	11,879
Trademarks held for sale				441	441
Liquid funds	49,159	49,159			49,159
Loans and receivables	49,159	49,159			49,159
Total financial assets	**106,725**		**517**		**107,242**
Financial liabilities (non-current)	9,857	9,857			9,857
Measured at amortised cost	9,857	9,857			9,857
Other liabilities (non-current)	11,817	11,817			11,817
Liabilities from minority options	11,817	11,817			11,817
Financial liabilities (current)	5,408	5,408			5,408
Measured at amortised cost	5,408	5,408			5,408
Trade liabilities (current)	39,723	39,723			39,723
Measured at amortised cost	39,723	39,723			39,723
Other liabilities			1,002	10,796	11,798
Derivatives qualifying for hedge accounting			480		480
Derivatives not qualifying for hedge accounting			522		522
Non-financial liabilities				10,796	10,796
Total financial liabilities	**66,805**		**1,002**		**67,807**

RESEARCH AND DEVELOPMENT

Research and development expenses shown under expenses amount to KEUR 7,465 (previous year: KEUR 8,279) 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 8 (previous year: KEUR 28).

There is a payment obligation for shares in partnerships (start-up funds) in an amount of KEUR 31 (previous year: KEUR 34).

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

As of 31 October 2013, the purchase commitment for investments in non-current assets amounted to EUR 1.0 million (previous year: EUR 2.4 million).

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

KEUR	31 Oct. 2013	31 Oct. 2012
Within 1 year	3,194	2,714
Between 1 and 5 years	2,282	1,205
	5,476	**3,919**

Expenses under these operating leases amounted to KEUR 3,194 in the fiscal year 2012/13 (previous year: KEUR 2,714). The assets financed by operating leases had a gross carrying amount of KEUR 11,180 in the fiscal year 2012/13 (previous year: KEUR 9,500).

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. 2013	31 Oct. 2012
Within 1 year	59,214	54,487
Between 1 and 5 years	178,632	159,365
After 5 years	95,083	82,353
	332,929	**296,205**

In the fiscal year 2012/13, rental expenses in an amount of KEUR 60,950 (previous year: KEUR 46,260) were recognised. Store 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 store leases, the company frequently agrees to make contributions to the communal advertising expenses:

KEUR	31 Oct. 2013	31 Oct. 2012
Within 1 year	1,331	1,017
Between 1 and 5 years	3,837	2,793
After 5 years	1,924	1,090
	7,092	**4,900**

In the fiscal year 2012/13, the Group generated KEUR 2,481 (previous year: KEUR 1,780) from subleases. The table below shows the minimum lease payments from subleases:

KEUR	31 Oct. 2013	31 Oct. 2012
Within 1 year	1,751	2,399
Between 1 and 5 years	5,801	7,634
After 5 years	1,727	2,863
	9,279	**12,896**

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. 2013	31 Oct. 2012
Within 1 year	2,010	1,945
Between 1 and 5 years	3,067	4,171
After 5 years	0	0
	5,077	**6,116**

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. 2013	31 Oct. 2012
Within 1 year	370	334
Between 1 and 5 years	141	278
After 5 years	0	0
	511	**612**

An exclusively turnover-based rent has been agreed with one tenant. Income from such conditional rents amounted to KEUR 66 in the fiscal year 2012/13 (previous year: KEUR 69).

The "Halle 30" property in Düsseldorf generates rental income from the letting of premises to other textile manufacturers. The leases usually have a term of four years. The rent is inflation-linked. The leases include a one-time renewal option for the tenant, usually for another four to six 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. 2013	31 Oct. 2012
Within 1 year	2,357	2,537
Between 1 and 5 years	2,520	4,693
After 5 years	0	0
	4,877	**7,230**

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

At first Managing Board and the Supervisory Board of GERRY WEBER International AG are related parties as defined in IAS 24.

In addition, relationships of dependence as defined in section 17 of the German Stock Corporation Act exist with the following companies:

- GERRY WEBER Management & Event oHG, Halle / Westphalia
- GERRY WEBER Management & Event Verwaltungs- GmbH, Halle / Westphalia
- GERRY WEBER Sportpark Hotel GmbH & Co. KG, Halle / Westphalia
- Sportpark Hotel Halle Verwaltungs- GmbH, Halle / Westphalia
- Golfplatz Eggeberg GmbH & Co. Anlagen KG, Halle / Westphalia
- Golfplatz Eggeberg Beteiligungs- und Verwaltungsgesellschaft mbH, Halle / Westphalia
- Clubhaus Eggeberg GmbH & Co. KG, Halle / Westphalia
- Clubhaus Eggeberg Beteiligungs- und Verwaltungsgesellschaft mbH, Halle / Westphalia
- N & A Hardieck GmbH & Co. KG, Halle / Westphalia
- Hardieck Anlagen GmbH & Co. KG, Halle / Westphalia
- Hardieck Anlagen GmbH, Halle / Westphalia
- R & U Weber GmbH & Co. KG, Halle / Westphalia
- Webba Invest S.L., Palma de Mallorca, Spain
- Udo Hardieck e.K.

The named companies are controlled by Gerhard Weber (Managing Board) and Udo Hardieck (Supervisory Board).

The table below shows the received goods and services (expenses) and supplied goods and services (income) rendered for or by these companies:

KEUR	2012/13		2011/12	
	Expenses	Income	Expenses	Income
Advertising, Gerry Weber Open	3,977		3,680	
Advertising	561		454	
Rental expenses	298		267	
Accommodation, entertainment	257		247	
Annual General Meeting	143		110	
Various services expenses	386		382	
IT charge		6		7
Various services income		46		22
Prepaid postage		43		63
Book-keeping		116		93
Delivery of goods		55		117
Interest income		140		57
Rental income		166		187
Energy income		731		0
	5,622	**1,303**	**5,140**	**546**

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

KEUR	31 Oct. 2013		31 Oct. 2012	
	Receivables	Liabilities	Receivables	Liabilities
GERRY WEBER Management & Event oHG	117	146	663	16
GERRY WEBER Sportpark Hotel GmbH & Co. KG	1,285	75	1,277	135
	1,402	**221**	**1,940**	**151**

On 1 October 2008, Ralf Weber (son of CEO Gerhard Weber) assumed a senior position at GERRY WEBER International AG. Ralf Weber was appointed to the Managing Board of GERRY WEBER International AG with effect from 1 August 2013.

Apart from this, he continues to perform managing functions at some of the companies to which relations of dependency exist.

Up to 31 July 2013, Ralf Weber received compensation in an amount of KEUR 264 (previous year: KEUR 380) for his work at the company.

Trendline Promotion GmbH, which shareholder is Member of the GERRY WEBER International AG Managing Board, supplied the Group with promotional materials in an amount of KEUR 1,659 (previous year: KEUR 1,228) net of VAT. As at the balance sheet date, liabilities totalled KEUR 30 (previous year: KEUR 25).

Mr Klaus Friedrich, Wuppertal, the husband of Managing Board member Doris Strätker, provided advisory services in a net amount of KEUR 60 (previous year: KEUR 154).

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

Other agreements

On 20 December 2012, a new sponsorship agreement was signed with GERRY WEBER Management & Event oHG with effect from 1 January 2013, 00:00 h, which replaces the previous sponsorship agreement signed on 6 December 2007, which expired on 31 December 2012.

In this agreement, GERRY WEBER Management & Event oHG undertakes, among other things, to carry out and market its activities under the “GERRY WEBER WORLD” umbrella brand. These activities include, in particular, all sports and entertainment events related to the GERRY WEBER Stadium, the GERRY WEBER Event & Convention Center, the GERRY WEBER Sportpark and the GERRY WEBER Sportpark Hotel. The agreement runs from 1 January 2013 to 31 December 2017 and includes two renewal options for periods of five years each.

Based on an independent appraisal, sponsorship amounts totalling EUR 21.5 million were determined for the right to the name “GERRY WEBER WORLD” and for the sponsorship payments for the “GERRY WEBER OPEN” for the period from 1 January 2013 to 31 December 2017.

No transactions that require reporting were effected with other 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 2012/13 as defined in section 312 of the German Stock Corporation Act and confirmed by the auditors of GERRY WEBER International AG.

MANAGING BOARD

- Gerhard Weber, Chairman, businessman, Halle / Westphalia,
- Dr. David Frink, businessman, Bielefeld,
- Ralf Weber, businessman, Steinhagen, since 1 August 2013,
- Arnd Buchardt, businessman, Bielefeld, since 1 August 2013,
- Doris Strätker, businesswoman, Wuppertal, until 31 July 2013.

The respective entries in the Commercial Register were made on 9 August 2013.

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 Act.

As in the previous year, Dr. David Frink sits on the Supervisory Board of DSC Arminia Bielefeld GmbH & Co. KGaA, Bielefeld.

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 Act.

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 Act.

Dr. Ernst F. Schröder,
personally liable partner of Dr. August Oetker KG, Bielefeld, until 31 December 2013

Chairman of the Supervisory Board:
- S.A.S. Hôtel Le Bristol, Paris, France,
- S.A.S. Hôtel du Cap-Eden-Roc, Antibes, France,
- S.A.S. Château du Domaine St. Martin, Vence, France.

Member of the Supervisory Board:
- Douglas Holding AG, Hagen, until 14 December 2012,
- S.A. Damm, Barcelona.

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

Udo Hardieck,
Diplom-Ingenieur, Halle / Westphalia

Member of the advisory council:
- Nordfolien GmbH, Steinfeld

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

Olaf Dieckmann,
technical employee, Halle / Westphalia

- No mandates

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	2012 / 13 Basic salary	2012 / 13 Share in profits	**2012 / 13 Total**	2011 / 12 Basic salary	2011 / 12 Share in profits	**2011 / 12 Total**
Managing Board						
Gerhard Weber	755	3,000	3,755	751	3,800	4,551
Dr. David Frink	474	300	774	467	320	787
Doris Strätker [1]	497	225	722	660	300	960
Arnd Buchardt [2]	128	112	240	–	–	–
Ralf Weber [2]	118	108	226	–	–	–
	1,972	**3,745**	**5,717**	**1,878**	**4,420**	**6,298**

[1] until 31 July 2013
[2] since 1 August 2013

The variable components of the Managing Board compensation are performance-linked and are included in provisions. 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 510.0), which was provisioned for in the fiscal year. No variable compensation is granted.

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

KEUR	2012/13 Total	2011/12 Total
Supervisory Board		
Dr. Ernst F. Schröder – Chairman	180.0	180.0
Udo Hardieck – Vice Chairman	90.0	90.0
Charlotte Weber-Dresselhaus	60.0	60.0
Dr. Wolf-Albrecht Prautzsch	60.0	60.0
Olaf Dieckmann – staff representative	60.0	60.0
Klaus Lippert – staff representative	60.0	60.0
	510.0	**510.0**

The employee representatives on the Supervisory Board remain entitled to a regular salary under their employment contracts. There is a lease agreement with Udo Hardieck e.K., which is controlled by Udo Hardieck. Rent payments in the fiscal year 2012/13 totalled KEUR 27 (previous year: KEUR 31).

Liabilities totalling KEUR 0 (previous year: KEUR 2) existed as of 31 October 2013.

SHARES HELD BY THE MANAGING BOARD

As at the balance sheet date, the Managing Board directly and indirectly held the following shares:

- Gerhard Weber: indirectly 13,336,232 shares (previous year: indirectly 13,262,974 shares)
- Ralf Weber: directly 1,115,085 shares (Board member since 1 August 2013)

SHARES HELD BY THE SUPERVISORY BOARD

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

- Udo Hardieck: directly and indirectly 7,994,845 shares (previous year: directly and indirectly 7,994,845 shares)
- Charlotte Weber-Dresselhaus: directly 69,006 shares (previous year: directly 69,006 shares)
- Olaf Diekmann: directly 28 shares (previous year: directly 28 shares)
- Klaus Lippert: directly 200 shares (previous year: directly 150 shares)

SHAREHOLDINGS

R+U Weber GmbH&Co. KG, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 21 March 2005 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had exceeded the 5% threshold of voting rights on 21 March 2005 and on that date amounted to 26.35%.

N&A Hardieck GmbH&Co. KG, Halle/Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 21 March 2005 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had exceeded the 5% threshold of voting rights on 21 March 2005 and on that date amounted to 17.57%.

N&A Hardieck GmbH&Co. KG, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 24 October 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had dropped below the 3, 5, 10, 15% thresholds of voting rights by shares on 19 October 2012 and on that date amounted to 0.26% (corresponding to 117,749 voting rights).

Hardieck Anlagen GmbH&Co. KG, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 24 October 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had exceeded the 3, 5, 10, 15% thresholds of voting rights by shares on 19 October 2012 and on that date amounted to 16.78% (corresponding to 7,704,000 voting rights).

Hardieck Anlagen-Verwaltungs-GmbH, Halle / Westphalia, Germany, notified us pursuant to section 21 para. 1 WpHG on 24 October 2012 that its share of the voting rights in GERRY WEBER International AG (ISIN: DE0003304101), 33790 Halle / Westphalia, Germany, had exceeded the 3, 5, 10, 15% thresholds of voting rights on 19 October 2012 and on that date amounted to 16.78% (corresponding to 7,704,000 voting rights). All of these voting rights are imputable to Hardieck Anlagen-Verwaltungs-GmbH pursuant to section 22 para. 1 sentence 1 No. 1 WpHG. Of the following controlled companies, 3% or more is imputable towards Hardieck Anlagen-Verwaltungs-GmbH: Hardieck Anlagen GmbH&Co. KG.

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

In the fiscal year, Gerhard Weber, Chairman of the Managing Board, acquired 73,258 shares at prices between EUR 29.78 and EUR 36.50 per share through a company controlled by him.

Since 1 August 2013, Ralf Weber, member of the Managing Board, has acquired 2,420 shares at prices between EUR 28.86 and EUR 28.89 per share. In addition, Ralf Weber has acquired derivatives (nominal: 14,500) which are based on shares in GERRY WEBER International AG at prices between EUR 26.79 and EUR 27.25 per derivative.

Doris Strätker, who sat on the Managing Board until 31 July 2013, acquired 2,000 shares at a price of EUR 37.00 per share on 3 December 2012 and on 1 March 2013 further 2,000 shares at a share price of EUR 34.77 per share.

AUDITOR'S FEES

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

KEUR	2012/13	2011/12
Audit	420	447
Tax consulting services	35	25
Other services	191	287
	646	**759**

The "Audit" item includes audit fees of foreign associated companies of the auditor in an amount of KEUR 0 (previous year: KEUR 81).

GERMAN CORPORATE GOVERNANCE CODE / STATEMENT REQUIRED UNDER SECTION 161 AKTG

The statement required under section 161 of the German Stock Corporation Act was issued by the Managing Board and the Supervisory Board on 23 November 2013 and published on the website of GERRY WEBER International AG at www.gerryweber.com under Investors/Corporate Governance.

POST BALANCE SHEET EVENTS

After the end of the reporting period (31 October 2013), no events occurred that may influence both the net worth, financial and earnings position and the business performance of GERRY WEBER International AG.

On 31 January 2014, 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 26 February 2014.

EXEMPTION FROM DISCLOSURE PURSUANT TO SECTION 264 PARA. 3 OF THE GERMAN COMMERCIAL CODE (HGB)

The following fully consolidated domestic subsidiaries took advantage of the options provided under section 264 para 3 of the German Commercial Code (HGB) with regard to the disclosure of their annual accounts and the preparation of the management report:

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

PUBLICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements in the legally required form received an unqualified audit certificate from PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and will be disclosed in the electronic Federal Gazette.

Halle / Westphalia, 31 January 2014

GERRY WEBER International AG

The Managing Board

Gerhard Weber | Ralf Weber | Dr. David Frink | Arnd Buchardt

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 2014

GERRY WEBER International AG

The Managing Board

Gerhard Weber	Ralf Weber	Dr. David Frink	Arnd Buchardt

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 1 November 2012 to 31 October 2013.

The preparation of the consolidated financial statements and the Group management report according to IFRS, such as they are applicable in the EU, and to the complementary accounting standards as defined in section 315 a para. 1 of the German Commercial Code (HGB) as well as the supplementary provisions of the articles of incorporation is the responsibility of the company's Managing Board. 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 Managing Board 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, and with the complementary accounting standards as defined in section 315 a para. 1 of the German Commercial Code (HGB) as well as the supplementary provisions of the articles of incorporation 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, 5 February 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Carsten Schürmann Auditor	Burkhard Peters Auditor

CHANGES IN THE GROUP'S FIXED ASSETS

for the fiscal year 2012/13

	Costs				
in KEUR	01 Nov. 2012	Additions	Disposals	Reclassifications	**31 Oct. 2013**
FIXED ASSETS					
Intangible assets					
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	63,881.5	22,212.6[1]	289.0	327.9	86,133.0
Goodwill on consolidation	15,007.6	6,198.2[2]	0.0	0.0	21,205.8
Prepayments on intangibles	2,600.5	1,534.8	121.9	-446.5	3,566.9
	81,489.6	*29,945.6*	*410.9*	*-118.6*	*110,905.7*
Property, plant and equipment					
Land, leasehold rights and buildings including buildings on third-party land	150,509.6	11,422.4	1,079.3	2,057.3	162,910.0
Plant and machinery	6,269.7	788.4	493.1	14.5	6,579.5
Other fixtures and fittings, tools and equipment	66,895.5	8,578.3	4,119.2	570.6	71,925.2
Payments on account and plant under construction	2,816.5	1,147.0	8.9	-2,523.8	1,430.8
	226,491.3	*21,936.1*	*5,700.5*	*118.6*	*242,845.5*
Investment properties	27,960.9	201.3	0.0	0.0	28,162.2
Financial assets					
Investments	266.1	3.9	0.0	0.0	270.0
Other loans	3,243.1	76.8	496.2	0.0	2,823.7
	3,509.2	*80.7*	*496.2*	*0.0*	*3,093.7*
	339,451.0	**52,163.7**	**6,607.6**	**0.0**	**385,007.1**

[1] Thereof additions from company mergers KEUR 14,146.0
[2] Thereof additions from company mergers KEUR 6,198.2

	Accumulated depreciation/amortisation					Net carring amount	
	01 Nov. 2012	Additions	Disposals	**31 Oct. 2013**		**31 Oct. 2013**	31 Oct. 2012
	32,720.8	8,001.3	171.2	40,550.9		45,582.1	31,160.7
	264.5	0.0	0.0	264.5		20,941.3	14,743.1
	0.0	0.0	0.0	0.0		3,566.9	2,600.5
	32,985.3	*8,001.3*	*171.2*	*40,815.4*		*70,090.3*	*48,504.3*
	32,986.0	4,894.7	128.6	37,752.1		125,157.9	117,523.6
	5,486.6	350.2	427.1	5,409.7		1,169.8	783.1
	28,457.4	7,892.5	2,575.9	33,773.9		38,151.3	38,438.1
	0.0	0.0	0.0	0.0		1,430.8	2,816.5
	66,930.0	*13,137.3*	*3,131.6*	*76,935.8*		*165,909.8*	*159,561.3*
	429.0	481.3	0.0	910.3		27,251.9	27,531.9
	262.4	2.0	0.0	264.4		5.6	3.7
	450.0	0.0	0.0	450.0		2,373.7	2,793.1
	712.4	*2.0*	*0.0*	*714.4*		*2,379.3*	*2,796.8*
	101,056.7	**21,621.9**	**3,302.8**	**119,375.8**		**265,631.3**	**238,394.3**

CHANGES IN THE GROUP'S FIXED ASSETS

for the fiscal year 2011/12

	Costs				
in KEUR	01 Nov. 2011	Additions	Disposals	Reclassifications	**31 Oct. 2012**
FIXED ASSETS					
Intangible assets					
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	46,561.0	19,302.6 [1]	3,047.2	1,065.1	63,881.5
Goodwill on consolidation	264.5	14,743.1 [2]	0.0	0.0	15,007.6
Prepayments on intangibles	2,174.1	1,931.9	0.0	-1,505.5	2,600.5
	48,999.6	*35,977.6*	*3,047.2*	*-440.4*	*81,489.6*
Property, plant and equipment					
Land, leasehold rights and buildings including buildings on third-party land	120,775.2	28,554.4	563.7	1,743.7	150,509.6
Plant and machinery	6,973.5	114.6	973.9	155.5	6,269.7
Other fixtures and fittings, tools and equipment	47,971.6	20,316.6	2,127.0	734.3	66,895.5
Payments on account and plant under construction	2,228.3	2,781.3	0.0	-2,193.1	2,816.5
	177,948.6	*51,766.9*	*3,664.6*	*440.4*	*226,491.3*
Investment properties	21,246.4	6,714.5	0.0	0.0	27,960.9
Financial assets					
Investments	263.5	2.6	0.0	0.0	266.1
Other loans	2,349.5	1,063.4	169.8	0.0	3,243.1
	2,613.0	*1,066.0*	*169.8*	*0.0*	*3,509.2*
	250,807.6	**95,525.0**	**6,881.6**	**0.0**	**339,451.0**

[1] Thereof additions from company mergers KEUR 12,817.9
[2] Thereof additions from company mergers KEUR 14,743.1

	Accumulated depreciation/amortisation					Net carring amount	
	01 Nov. 2011	Additions	Disposals	**31 Oct. 2012**		**31 Oct. 2012**	31 Oct. 2011
	29,464.4	6,238.6	2,982.2	32,720.8		31,160.7	17,096.6
	264.5	0.0	0.0	264.5		14,743.1	0.0
	0.0	0.0	0.0	0.0		2,600.5	2,174.1
	29,728.9	*6,238.6*	*2,982.2*	*32,985.3*		*48,504.3*	*19,270.7*
	29,600.6	3,728.2	342.8	32,986.0		117,523.6	91,174.6
	6,118.5	299.7	931.6	5,486.6		783.1	855.0
	24,633.0	5,639.6	1,815.2	28,457.4		38,438.1	23,338.6
	0.0	0.0	0.0	0.0		2,816.5	2,228.3
	60,352.1	*9,667.5*	*3,089.6*	*66,930.0*		*159,561.3*	*117,596.5*
	0.0	429.0	0.0	429.0		27,531.9	21,246.5
	260.5	1.9	0.0	262.4		3.7	3.0
	300.0	150.0	0.0	450.0		2,793.1	2,049.4
	560.5	*151.9*	*0.0*	*712.4*		*2,796.8*	*2,052.4*
	90,641.5	**16,487.0**	**6,071.8**	**101,056.7**		**238,394.3**	**160,166.1**

FINANCIAL STATEMENTS

OF THE GERRY WEBER INTERNATIONAL AG

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 2012/13

in KEUR	**2012/13**	2011/12
Sales revenues	8,280.7	10,793.2
Increase/decrease in goods and services in progress	132.1	-289.9
Other operating income	100,415.2	96,899.1
thereof from currency differences: KEUR 180.7 (previous year: KEUR 734.9)		
Cost of materials		
Cost of raw materials and supplies	-6,913.8	-9,546.6
Cost of purchased services	-290.5	-935.0
	-7,204.3	*-10,481.6*
Personnel expenses		
Wages and salaries	-35,946.6	-33,945.4
Social security contributions	-5,204.3	-4,736.2
	-41,150.9	*-38,681.6*
Depreciation of intangible assets and tangible assets	-6,838.8	-6,329.6
Other operating expenses	-43,727.0	-44,583.6
thereof from currency differences: KEUR 655,5 (previous year: KEUR 1.4)		
Income from profit transfer agreements	112,624.2	105,429.5
Income from other investments and long-term loans	29.7	32.4
Other interest and similar income	1,938.3	1,848.0
thereof relating to affiliated companies: KEUR 1,755.5 (previous year: KEUR 1,520.4)		
Amortisation of financial assets and investments classified as current assets	-2.0	-151.9
Expenses from absorption of losses	-17,355.4	-2,466.3
Interest and similar expenses	-948.9	-1,110.1
thereof from the compounding of provisions: KEUR 13.3 (previous year: KEUR 19.0)		
thereof relating to affiliated companies: KEUR 13.2 (previous year: KEUR 9.8)		
Results from ordinary activities	*106,192.9*	*110,907.6*
Taxes on income	-31,019.9	-33,428.8
Other taxes	-299.4	-199.6
Income for the year	*74,873.6*	*77,279.2*
Profit carried forward	6,281.0	18,431.3
Allocation to revenue reserves	-35,000.0	-35,000.0
Net profit of the year	**46,154.6**	**60,710.5**

BALANCE SHEET
for the year ended 31 October 2013

ASSETS

in KEUR	31 Oct. 2013	31 Oct. 2012
FIXED ASSETS		
Intangible assets		
Concessions, industrial property rights and related rights and values as well as lincences for such rights and values	7,306.9	7,287.9
Payments on account	3,425.9	2,600.5
	10,732.8	*9,888.4*
Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	86,146.7	87,179.7
Plant and machinery	209.6	320.5
Other fixtures, tools and equipment	4,920.7	5,719.3
Payments on account and plants under construction	563.0	52.4
	91,840.0	*93,271.9*
Financial assets		
Shares in affiliated companies	28,844.1	20,611.3
Investments	5.6	3.7
Other loans	1,844.4	2,151.2
	30,694.1	*22,766.2*
	133,266.9	*125,926.5*
CURRENT ASSETS		
Inventories		
Raw materials and supplies	1,477.3	1,507.8
Work in progress	147.8	15.7
Payments on account	127.7	203.7
	1,752.9	*1,727.2*
Receivables and other assets		
Trade receivables	2,976.7	3,219.9
therof with a remaining maturity of more than one year: KEUR 239.0 (previous year: KEUR 181.3)		
Receivables from affiliated companies	228,508.8	217,649.2
Other assets	4,814.7	3,729.1
therof with a remaining maturity of more than one year: KEUR 1,263.2 (previous year: KEUR 1,652.3)		
	236,300.2	*224,598.2*
Cash on hand, cash in banking accounts	50,625.1	34,164.8
	288,678.2	*260,490.2*
PREPAYMENTS AND ACCRUED INCOME	1,069.6	1,223.3
	423,014.8	**387,639.9**

LIABILITIES

in KEUR	31 Oct. 2013	31 Oct. 2012
EQUITY		
Subscribed Capital	45,906.0	45,906.0
Capital reserves	63,201.1	63,201.1
Revenue reserves	234,426.4	179,426.4
Net profit of the year	46,154.6	60,710.4
	389,688.1	*349,243.9*
PROVISIONS		
Provisions for taxation	882.3	3,540.8
Other provisions	8,250.2	9,498.9
	9,132.5	*13,039.7*
LIABILITIES		
Financial liabilities	9,863.4	15,261.3
Trade accounts payable	4,095.8	5,156.8
Liabilities to affiliated companies	606.2	1,089.4
Other accounts payable	8,982.4	3,814.3
thereof from taxes: KEUR 7,286.7 (previous year: KEUR 2,059.0)		
thereof from social security contributions: KEUR 45.3 (previous year: KEUR 46.5)		
	23,547.8	*25,321.8*
DEFERRED INCOME	646.4	34.5
	423,014.8	**387,639.9**

CALENDAR FOR FINANCIAL EVENTS

Annual result press conference	26 February 2014
Publication of the First Quarter Report 2013/14	14 March 2014
Annual General Meeting	4 June 2014
Publication of the First Half Year Report 2013/14	13 June 2014
Publication of the Nine Month Report 2013/14	12 September 2014
End of fiscal year 2013/14	31 October 2014

IMPRINT

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

Werbe Agentur
Nowack Thelen GmbH & Co. KG,
Cologne
www.w-a-n-t.de

PHOTOGRAPHY

Arzenšek / Photography &
Visual Projects,
Cologne
www.arzensek.com

TRANSLATION

LanguagePartner GmbH,
Düsseldorf
www.languagepartner.de

PRINTING

Kirchner
Print.Media GmbH & Co. KG,
Kirchlengern
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. Rounding differences may occur in the percentages and figures stated in this report.

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-YEAR-OVERVIEW

in EUR million	2012/13	2011/12	2010/11	2009/10	2008/09
Sales	852.0	802.3	702.7	621.9	594.1
Domestic	520.2	491.0	420.8	370.1	355.6
International	331.8	311.3	281.9	251.8	238.5
Sales [5]	852.0	802.3	702.7	615.3	588.2
Wholesale	488.3	502.8	484.7	441.7	444.4
Retail	363.7	299.5	218.0	173.6	143.8
Sales split by brand					
GERRY WEBER	75.2 %	76.4 %	78.3 %	77.1 %	75.7 %
TAIFUN	19.4 %	18.3 %	16.6 %	16.6 %	18.0 %
SAMOON	5.3 %	5.3 %	5.1 %	5.3 %	5.3 %
Others	<1.0 %	<1.0 %	<1.0 %	<1.0 %	<1.0 %
Cost of materials	386.2	404.8	361.5	318.8	306.9
Personnel expenses	143.3	125.8	103.3	91.4	87.0
Other operating income	203.7	187.6	152.2	137.0	127.7
Depreciation/Amortisation	21.6	16.3	11.9	11.9	12.4
Earnings key figures					
EBITDA	127.4	132.3	111.6	95.2	83.6
EBITDA margin	15.0 %	16.5 %	15.9 %	15.3 %	14.1 %
EBIT	105.8	115.9	99.6	83.3	71.2
EBIT margin	12.4 %	14.5 %	14.2 %	13.4 %	12.0 %
EBT	102.8	113.7	97.6	79.6	66.4
EBT margin	12.1 %	14.2 %	13.9 %	12.8 %	11.2 %
Net income of the year	71.0	78.8	67.0	54.0	43.0
Earnings per share in Euro [1]	1.55	1.72	1.48 [1]	1.29 [2]	2.08 [3]
Capital structure	531.6	483.6	415.0	326.5	293.3
Equity	395.8	363.0	313.9	210.5	158.9
Investments	37.9	84.8	44.4	28.7	19.9
Equity ratio	74.4 %	75.1 %	75.7 %	64.5 %	54.2 %
Key figures					
Staff number at the end of the fiscal year	4,700	4,121	3,260	2,699	2,420
Return on Investment (ROI) [4]	19.9 %	24.0 %	24.0 %	25.5 %	24.3 %
Return on Equity (ROE) [4]	26.7 %	31.9 %	31.7 %	39.6 %	44.8 %

[1] on basis of45.905.960 outstanding shares
[2] 2009/10 adjustments after the issue of free shares on a 1:1 basis in July 2011
[3] 2008/09 on basis of 20.661.848
[4] EBIT basis
[5] changes in the segment reporting retroactively to 2010/11

GERRY WEBER INTERNATIONAL AG

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