GERRY WEBER
INTERNATIONAL AG

SALES
(in EUR million)

AT A GLANCE

PROFILABILITY

12.8%

Increase in the operating margin (EBIT margin) from 12.4% to 12.8%.

SALES SPACE

+14,000 sqm

Extension of the company-managed Retail sales floor space: an increase of approx. 11.6%.

EMPLOYEES

5,202

on an annual average, of whom 67.6% work in Germany.

STORES

778

company-managed Retail sales floors; thereof 311 abroad.

RETAIL

47.5%

Increase in Retail sales to EUR 404.9 million leads to higher Retail share in total group sales.

THE ANNUAL REPORT IN MINUTES

This sign shows selected important highlights of the fiscal year 2013/14

KEY FIGURES AT A GLANCE

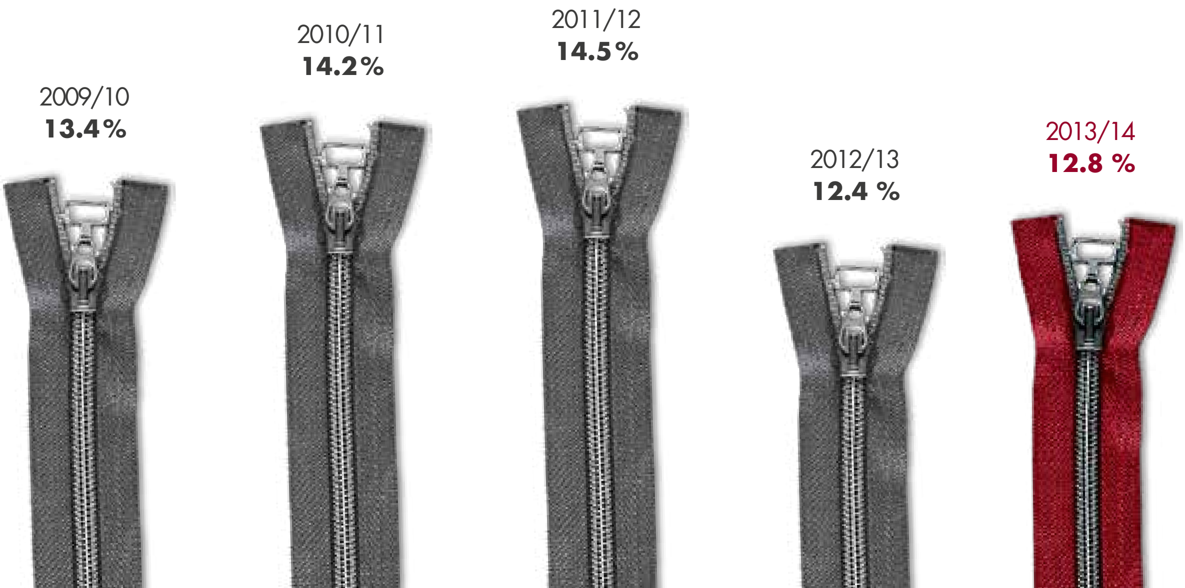
in EUR million	2013 / 14	2012/13	Changes in %
Sales	*852.1*	*852.0*	*0.0*
Domestic	510.4	520.2	-1.9
International	341.7	331.8	3.0
Sales	*852.1*	*852.0*	*0.0*
Wholesale	447.2	488.3	-8.4
Retail	404.9	363.7	11.3
Sales split by brand			
GERRY WEBER	76.2 %	75.2%	1.0
TAIFUN	18.3 %	19.4%	-1.1
SAMOON	5.6 %	5.3%	0.3
Others	<1.0 %	<1.0 %	
Earnings key figures			
EBITDA	134.2	127.5	5.3
EBITDA margin	15.7 %	15.0 %	0.7
EBIT	108.9	105.8	2.9
EBIT margin	12.8 %	12.4 %	0.4
EBT	104.6	102.8	1.8
EBT margin	12.3 %	12.1 %	0.2
Net income of the year	71.4	71.0	0.5
Earnings per share in Euro [1]	1.56	1.55	0.8
Capital structure	*685.2*	*531.6*	*28.9*
Equity	455.3	395.8	15.0
Investments	65.0	37.9	71.5
Equity ratio	66.4 %	74.5 %	-8.0
Key figures			
Average staff number	5,202	4,700	10.7
Return on Investment (ROI) [2]	15.9 %	19.9 %	-4.0
Return on Equity (ROE) [2]	23.9 %	26.7 %	-2.8

[1] on the basis of 45,905,960 shares

[2] EBIT basis

EBIT MARGIN

in the period from 2009/10 to 2013/14



WORLDWIDE LOCATIONS

CONTENT

INTERVIEW WITH THE MANAGING BOARD

What were the biggest changes in the fiscal year 2013/14?
Ralf Weber: From an external point of view, this was certainly my father's transition from the Managing Board to the Supervisory Board. Internally, this move had been prepared for a long time, which means that the growth strategy of the GERRY WEBER Group will be continued by the present management team. There were no major changes regarding our collections and processes in the past fiscal year 2013/14, although we are constantly working to adapt our collections to the needs of our consumers and to further optimise our processes. We pushed ahead our Retail expansion, especially outside Germany, started to build the new logistic centre and push the vertical integration of our business model forward. We have defined our strategies and objectives and will implement them with determination.

What was the past fiscal year 2013/14 like for the GERRY WEBER Group?
Dr. David Frink: The primary objective of the GERRY WEBER Group is to improve the company's profitability. This was once again achieved in the fiscal year 2013/14. We not only increased our operating margin from 12.4% to 12.8% but also kept earnings per share stable at EUR 1.56. In spite of the good earnings performance, we did not reach all the objectives we had set ourselves in the past fiscal year. Due to adverse weather conditions, geopolitical uncertainty and a slower-than-expected recovery in the European economy, we failed to reach our revenue targets. At EUR 852.1 million, sales revenues were almost on par with the previous year but our profitability improved.

Having led the company for over 40 years, Gerhard Weber has transitioned to the Supervisory Board. In what way has the GERRY WEBER fashion changed from your point of view as Board member with product responsibility?
Arnd Buchardt: Gerhard Weber's transition to the Supervisory Board had been prepared for a long time. Take the development of our collections, for instance. We do not have a single product manager or designer who decides on all products, but develop our brand collections in teams. There are different teams for each brand, who are composed of product managers, designers and textile engineers. These teams design our products and develop them in-house up to the first prototype stage. Many of our employees have been with the company for many years, which means that Gerhard Weber's departure from the Managing Board did not entail dramatic changes. Moreover, Gerhard Weber will remain available to us in an advisory capacity.

What does "vertical integration" mean for the GERRY WEBER Group? Why is it so important and how do you want to pursue it in the coming years?
Ralf Weber: As an almost fully vertically integrated clothing company, we want to cover and control the complete value chain. We know our customer's needs and have the operational excellence to quickly serve these needs at the point of sale. This is extremely important in times when customers expect the latest trends to arrive in the shops ever more quickly. The increasing vertical integration of our business model will reduce delivery times further and give us full control of inventory management in the shops. This way, we can respond to changing trends and / or conditions more effectively and quickly.

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

To accelerate the collection cycles also in the Wholesale segment, we offer our Wholesale customers what we call “maximum order limit arrangements”. Under these arrangements, retailers leave the breakdown of their orders to the experts of the GERRY WEBER Group. 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 advantages in terms of sales and earnings for both partners.

What countries are at the focus of the Retail expansion? The Retail segment today accounts for 47.5% of total Group revenues. Where do you want it to be in two years’ time?
Ralf Weber: Due to the changing distribution structures in the fashion industry and the related vertical integration, the Retail segment continues to gain importance. In the fiscal year 2013/14, the Retail segment contributed EUR 404.9 million or approx. 47.5% to total revenues of the GERRY WEBER Group. The share of the vertically controlled space is to rise to 60% to 70% over the next two years.

The expansion of the Retail business and the resulting improved control over the flow of goods and the presentation of the brands is a key element of our growth strategy. Besides existing Retail markets in the Netherlands and Belgium, our expansion strategy primarily focuses on the Scandinavian markets. We will even open the first company-managed Houses of GERRY WEBER in Canada before the end of the current fiscal year 2014/15.

In what way do the GERRY WEBER collections differ from other German fashion lines? What have you changed in the past years?
Arnd Buchardt: The past years have seen us modernise our collections step by step and adapt them to consumers' requirements. We have become more trendy and modern without compromising on our stylish designs and our high quality and excellent fit. Each brand speaks for itself and has its very own style.

Take the GERRY WEBER Collection for example. This is a modern and very feminine high-quality collection for the style-conscious woman aged in her mid-forties and above. The GERRY WEBER EDITION brand is more casual and sports-oriented, which means that we cater to different consumer requirements.

We have also concentrated the collections step by step and developed them further. We create six collections per year, three spring / summer collections and three autumn/winter collections. The concentration of the collections and the resulting reduction of the development cycles has made us much faster and allows us to respond more effectively to changing trends or customer requirements. In spite of our flexibility and speed, we have never compromised on the high quality and good fit of our products.

Why are you building your own logistic centre and what is the schedule for the project? What is the cost of the investment?
Dr. David Frink: The new logistic centre is located in the immediate vicinity of our Group headquarters in Halle / Westphalia. Construction started in April 2014. We expect the merger of the existing five warehouses into a central warehouse to not only facilitate and improve the coordination of the deliveries to our customers but also to optimise the timing of the processes. Aside from that, the future belongs to the "multi-channel warehouse", where the decision which distribution channel to use for which product is taken at the latest possible moment. This ensures better product availability across all channels. Moreover, the new logistic centre can be precisely tailored to our needs in terms of capacity, technical equipment, workflows, etc. We expect this to result in much lower logistic costs per piece.

The planned investment for the new logistic centre is about EUR 90 million. We aim to have the warehouse operational by the end of 2015 and expect it to fully handle our logistic processes from mid-2016 after the warehouses have been merged.

GERRY WEBER is a strong brand enjoying high awareness; why are the licensing activities of GERRY WEBER less important than those of many of your competitors? Will these activities be expanded in the coming years?
Arnd Buchardt: GERRY WEBER is a strong brand and we have sufficient potential to exploit the high awareness of the GERRY WEBER brand for our licensing business. We are already selling bags, eyewear and shoes under license. In summer 2014, we launched our first own accessories collection. It comprises scarves, hats, shawls, gloves and lifestyle jewellery and is adapted to consumers' seasonal requirements. Each of the twelve collections per year comprises about 20 to 25 styles in up to three colours. The new accessories are marketed through selected retailers, the Houses of GERRY WEBER and our branded online shops. Accessories and licenses have become an important strategic field of the GERRY WEBER universe. Other products such as fragrances, lingerie or watches will be added in future. We are considering selected accessories and / or licensed products also for the TAIFUN and SAMOON brands.

What are your targets for the current fiscal year 2014/15?
Dr. David Frink: The primary objective is to grow profitably this year as well. We have set ourselves a revenue target of EUR 860 million to EUR 880 million and an EBITDA target of between EUR 138 million and EUR 143 million for the GERRY WEBER Group in its present composition. Please note that these targets still exclude the integration of Hallhuber.

Subject to the approval of the German and Austrian cartel authorities, we expect to include Hallhuber in our consolidated financial statements as of February 2015; with Hallhuber forming part of our Group, we project consolidated sales revenues of EUR 970 million to EUR 1,000 million. We also assume that the Hallhuber integration will make an additional contribution of between 5% and 10% to the projected EBITDA. This means that the Hallhuber acquisition will also make a positive contribution to earnings per share.

What will the GERRY WEBER Group look like in five years' time?
Ralf Weber: We will continue our growth strategy with determination. We not only want to increase our sales revenues but also want to grow profitably. This may include further acquisitions. One possibility would be to enter the menswear market through the acquisition of a fitting brand. But we will take our time here; we would probably be looking for a casual menswear brand and it would have to be a 100% fit.

Regardless of potential acquisitions, we will continue to expand our Retail segment, especially outside Germany. In 2020, we want the Retail segment to contribute between 70% and 80% to total sales revenues. Our vertical integration will increase continuously. We want to be among the top 3 fashion suppliers in our segment in all European markets in which we are active and also be an accepted player outside Europe.

Thank you for the interview

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

The fiscal year 2013/14 of GERRY WEBER International AG was primarily characterised by volatility in our output markets, which increased as the year progressed. While the first six months of our fiscal year (November 2013 to April 2014) were marked by growing confidence in the economic trend in Europe, the outlook deteriorated significantly in the course of the calendar year 2014. Difficult weather conditions with low temperatures during the summer and summery temperatures in September and October 2014 made the year even more difficult for the fashion industry. This resulted in declining footfall in the city centres, especially in the second half of the year.

GERRY WEBER International AG did not remain completely isolated from these difficult conditions. At EUR 852.1 million, sales revenues in 2013/14 reached the previous year's level. This means that our short-term sales targets were not fully met. In contrast, our profit performance was clearly more encouraging. Earnings before interest and taxes (EBIT) were up 2.9% on the previous year to EUR 108.9 million. This is a good sign and shows that we are on track for future profitable growth.

Against this background, the Managing Board and the Supervisory Board will propose to leave the dividend at EUR 0.75 per share.

ONGOING DIALOGUE

The trusting relationship between the Managing Board and the Supervisory Board is also indicative of good corporate governance and control. In the past fiscal year, the Supervisory Board continued to fulfil the control and consulting tasks defined by law, the statutes and its rules of procedure with great care and in compliance with the Corporate Governance Code. It constantly advised the Managing Board on managing the operations of the GERRY WEBER Group and monitored 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 essential aspects of the GERRY WEBER Group. The Supervisory Board was involved in all decisions of fundamental importance at an early stage. It thus had sufficient opportunity to study the issues and prepare its decisions. The Supervisory Board passed its resolutions either at its meetings or by written vote. At every Supervisory Board meeting, the Managing Board reported about the current business performance, the financial and earnings position, the risk position as well as important strategic measures. In particular, the opening of new and the performance of existing national and international company-managed sales spaces were discussed repeatedly. The Managing Board's regular reports also covered the share price performance as well as capital market-related matters and compliance issues. In order to ensure ongoing information outside of Supervisory Board meetings, the Managing Board and the Supervisory Board stayed in close contact.

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. At the Annual General Meeting on 4 June 2014, Gerhard Weber was elected to the Supervisory Board of the company with effect from 1 November 2014, after Dr. Wolf-Albrecht Prautzsch had resigned from his office as member of the Supervisory Board for personal reasons with effect from 31 October 2014. Accordingly, the Managing Board has been composed of three members since 1 November 2014. After the resignation of Gerhard Weber from the Managing Board, Dr. David Frink was appointed Speaker of the Managing Board. In his capacity as Chief Financial Officer of the Managing Board, he is furthermore responsible for Logistics, IT, HR, PR / IR, Central Services as well as Finance and Controlling. As Chief Product Officer (CPO), Arnd Buchardt is in charge of the entire production process from procurement to the development of all brands. He is moreover responsible for Licensing and Brand Marketing. As the company's Chief Sales Officer, Ralf Weber is in charge of all Sales matters as well as Corporate Development. This means that, in view of the increasing vertical integration of our business model, he is now responsible for both the Wholesale and the Retail segment.

In order to take the significantly higher headcount into account and to ensure compliance with the provisions of the Co-determination Act, it was announced on 26 October 2014 that the number of Supervisory Board members will be increased from six to twelve. Going forward, the Supervisory Board will be composed of six shareholder representatives and staff representatives each. The shareholder representatives will be elected to the Supervisory Board at the Annual General Meeting on 16 April 2015.

OVERVIEW OF MATTERS DISCUSSED BY THE SUPERVISORY BOARD

Four regular meetings of the Supervisory Board were held in the fiscal year 2013/14, all of which were attended by all members of the Supervisory Board. Most meetings were moreover attended by the members of the Managing Board and, if required, guests giving presentations on certain topics. The Supervisory Board also convened without the (full) Managing Board being present.

At the Supervisory Board meeting on 25 November 2013, detailed reports covered the current business performance, the status quo of the preparation of the financial statements as well as the company's risk position. Among other things, this meeting focused on reports about the development of the TAIFUN and SAMOON brands, their market potential and future strategic development.

The Managing Board moreover presented the ongoing changes of the distribution structures within the fashion industry. Against the background of the growing importance of vertically integrated sales structures, the Managing Board illustrated the importance of the strategic measures initiated for the transformation of the business model to complete vertical integration. In this context, the Managing Board informed about the state of the maximum order limit arrangements with retailers.

The progress of planning for the new logistic centre as well as the introduction of a new transfer price system were also discussed. 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 2014 with the Managing Board.

At its annual accounts meeting on 24 February 2014, the Supervisory Board primarily addressed the audit of the separate and the consolidated financial statements for the fiscal year 2012/13, the audits performed by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and the Managing Board's profit appropriation proposal. The annual accounts 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 2012/13 were discussed in detail and approved by the full Supervisory Board. The Supervisory Board agreed with the Managing Board's proposal to pay out an unchanged dividend of EUR 0.75.

As in the previous years, the Supervisory Board adopted the agenda for the Annual General Meeting and obtained information about the state of the preparations. At this meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft furthermore presented the results of the annual efficiency review of the work of the Supervisory Board. In addition to the business performance, the Managing Board informed the Supervisory Board about the time schedule of the new logistic centre and the next milestones of the project. In this context, the Supervisory Board supported the Managing Board's proposal to connect the existing outlet store in Brockhagen to the new logistic centre and to relocate it to Halle / Westphalia.

One of the focal points of the Supervisory Board meeting on 22 May 2014 was the presentation of the Board structure and the Board responsibilities after the resignation of Gerhard Weber as Chief Executive Officer with effect from 31 October 2014. The reorganisation of the Board responsibilities reflects the growing vertical integration of GERRY WEBER's business model. Especially the fact that Ralf Weber will in future be responsible for both the Wholesale and the Retail segment is to optimise the servicing of individual markets and customers.

Moreover, the Managing Board illustrated the planned restructuring and simplification of the Group structure. In future, all procurement activities will be pooled at the holding company. Two sales companies below it will represent the Wholesale and Retail segments for all GERRY WEBER brands. In addition to uniform transfer prices, the main objective is increased transparency.

As at all Supervisory Board meetings, the Managing Board provided a detailed report about the current business performance. At this meeting, it focused, in particular, on the improved gross profit margin as well as the report from the individual regions and markets. Other topics addressed included the upcoming Annual General Meeting as well as the share price performance. The Managing Board moreover reported on the continuous further development of the Compliance unit, the extended compliance training and the distribution of a compliance brochure to all employees.

The Supervisory Board was briefed in detail on the potential acquisition of existing franchise stores in Norway and the resulting opportunities for the GERRY WEBER Group. Following a thorough review, the Supervisory Board consented to the acquisition and the further expansion in Scandinavia.

Another meeting of the Supervisory Board was held on 23 September 2014. In addition to the presentation of the corporate planning for 2014/15 as well as the medium-term planning until 2018, this meeting focused, in particular, on the presentation of the Managing Board's 2020 strategy. The Supervisory Board welcomed the Managing Board members' initiative to set themselves long-term quantitative and qualitative targets for their areas of responsibility as well as the GERRY WEBER Group as a whole. The Managing Board furthermore reported on the "Restructuring of the company structure" and "Construction of new logistic centre" projects. Moreover, the Managing Board informed the Supervisory Board about the initiative to open company-managed retail stores in selected German railway stations together with an existing franchise partner.

The Supervisory Board and the Managing Board discussed the necessary expansion of the Supervisory Board from six to twelve members in order to ensure compliance with the provisions of the Co-determination Act. The Managing Board was asked to immediately initiate status proceedings to implement the expansion.

COMMITTEES OF THE SUPERVISORY BOARD

To prepare selected topics, the Supervisory Board has set up two committees from among its members, namely the Audit Committee and the Nomination Committee. In the reporting period, the Audit Committee held two meetings and the Nomination Committee convened once. In addition, three telephone conferences of the Audit Committee were held prior to the quarterly reports. Both committees are composed of Dr. Ernst F. Schröder, Udo Hardieck and Dr. Wolf-Albrecht Prautzsch.

At its meeting on 25 November 2013, the Nomination Committee discussed the appointment of a new member to the Supervisory Board after the resignation of Dr. Wolf-Albrecht Prautzsch with effect from 31 October 2014. In this context, it also discussed the motion submitted by R&U Weber GmbH&Co. KG, which holds more than 25% of the voting rights in GERRY WEBER International AG, to propose the appointment of Gerhard Weber to the Supervisory Board pursuant to section 100 (2) sentence 1 No. 4 of the German Stock Corporation Act (AktG) with effect from 1 November 2014 to the next Annual General Meeting. Gerhard Weber resigned from the Managing Board of the company with effect from 31 October 2014. The Nomination Committee as well as the full Supervisory Board supported the motion submitted by R&U Weber GmbH&Co. KG.

On the day of the annual accounts meeting, the Audit Committee met in advance for a detailed discussion of the separate financial statements of the Group companies and the consolidated financial statements of GERRY WEBER International AG. The report of the auditor, which had previously been distributed, was explained and discussed in detail in the auditor's presence. Moreover, the Audit Committee prepared the approval of the separate and the consolidated financial statements as well as the profit appropriation proposal by the full Supervisory Board. As in the previous years, the Audit Committee satisfied itself of the independence of the auditor.

The meeting of the Audit Committee on 23 September 2014 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 2014/15 as well as the medium-term planning until 2018. The Managing Board explained the individual assumptions and their effect on the key figures to the Audit Committee. In addition, compliance with the recommendations and suggestions of the German Corporate Governance Code was discussed and no deviations from the declaration of conformity issued were identified. Finally, the Audit Committee addressed the amendments to the German accounting standards as well as the focus of the audit of the financial statements for 2013/14.

CORPORATE GOVERNANCE

Even though it was not significantly amended in the reporting period, the Managing Board and the Supervisory Board gave extensive attention to compliance with the German Corporate Governance Code (GCGC). 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 2014 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 2013/14 (REPORTING PERIOD)

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft was appointed as the auditor by the Annual General Meeting on 4 June 2014. It audited the financial statements of GERRY WEBER International AG and the consolidated financial statements for the period ended 31 October 2014 as well as the management report and the Group management report and issued an unqualified audit certificate. The Supervisory Board satisfied itself of the independence of the auditors and the persons acting on their behalf.

Following a detailed preliminary review by the Audit Committee and explanations of the audit activities by the auditor and its own review, the Supervisory Board raised no objections against the separate and the consolidated financial statements. The audit reports of the auditor as well as the audit documents were made available in time to all members of the Supervisory Board. 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.

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 fiscal year 2013/14 at the annual accounts meeting on 24 February 2015. The financial statements for the fiscal year 2013/14 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.

The Supervisory Board would like to thank the members of the Managing Board and all employees of the GERRY WEBER Group and acknowledges their personal commitment and work input. We would like to thank all customers, business partners and shareholders for the confidence placed in us and look forward to continuing our successful cooperation. We would, in particular, like to express our great respect and appreciation for Gerhard Weber's achievements in connection with the creation and expansion of the GERRY WEBER Group. As a member of the Supervisory Board, Gerhard Weber will continue to support and advise the company founded by him.

On behalf of the Supervisory Board

Halle / Westphalia, 24 February 2015

Dr. Ernst F. Schröder
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

including corporate governance statement and compensation report

GERRY WEBER International AG is convinced that good and transparent corporate governance in accordance with both national and international standards is an important basis for our long-term success. Corporate governance is therefore part of our identity as a company and reflects the high demands we impose on ourselves; as such it is an essential element of our corporate culture. The basis for good corporate governance is the confidence placed in us by our customers, shareholders and employees as well as the general public. The Managing Board and the Supervisory Board attach great importance to working together in a trusting relationship and ensuring compliance with the recommendations of the German Corporate Governance Code (GCGC). In the past fiscal year, both bodies thoroughly studied the requirements of the German Corporate Governance Code. In addition to 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, the Corporate Governance Report in this Annual Report therefore also comprises the corporate governance statement pursuant to section 289a para. 2 no. 3 of the German Commercial Code (HGB). Both documents – and all declarations and statements of prior years – are permanently available in digital form on our website in accordance with section 289a para. 2 no. 3 HGB. This Corporate Governance Report moreover includes the compensation report of GERRY WEBER International AG. The latter also forms part of the Group management report and as such 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. Giving consideration to our business model, the size of the company as well as company-specific aspects, GERRY WEBER International AG has complied with almost all recommendations ever since the introduction of the Corporate Governance Code in 2002. In accordance with the "comply or explain" principle, all recommendations which are not complied with are explained in the declaration of conformity as required by section 161 AktG. Suggestions not complied with by our company are also included.

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 25 November 2013, complied with the recommendations made by the Commission of the German Corporate Governance Code as amended on 24 June 2014 and published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette, 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.

Code 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.

Code 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 only stands to benefit from the knowledge and the experience of older Supervisory Board members.

Code 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.

Code 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 almost all suggestions of the Code. The exceptions are explained below:

Code 2.3.2 – Voting proxies

The company shall facilitate the personal exercising of shareholders' voting rights and the use of proxies as far as possible. The proxies designated by GERRY WEBER International AG can be reached by all participants on the premises until shortly before the voting. Shareholders who do not attend the Annual General Meeting in person can reach the proxies until 4:00 pm on the day before the Annual General Meeting. In order to ensure proper exercising of the voting rights, only shareholders attending the Annual General Meeting can to date reach the proxies after that time.

Code 2.3.4 – AGM broadcast on the Internet

The company should make it possible for shareholders to follow the Annual General Meeting on the Internet, e.g. by a live stream. The 2014 Annual General Meeting was not broadcast on the Internet. However, the address by the CEO and the voting results of the individual items on the agenda were published on the Internet at www.gerryweber.com immediately afterwards.

The main reasons for the deviations from the recommendations and suggestions described above are 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 mutual trust to manage and control 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 manages and represents the company externally. 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 laws and regulations. It is furthermore responsible for preparing the quarterly and interim reports of the Group as well as the consolidated financial statements and the separate financial statements of GERRY WEBER International AG.

The Managing Board meets at regular Board meetings, at which it votes on current decisions. Decisions are taken with a simple majority.

With effect from November 2013 through October 2014, the Managing Board was composed of four members, with company founder Gerhard Weber serving as Chairman. Besides Gerhard Weber, Ralf Weber, Dr. David Frink as well as Arnd Buchardt sat on the Managing Board of the company. The responsibilities of the Managing Board members were as follows: Gerhard Weber served as Chairman, Dr. David Frink was responsible for Production, Logistics, IT and Finance, Ralf Weber was in charge of the Retail segment and Corporate Development while Arnd Buchardt was in charge of the Wholesale segment as well as Marketing and Licenses.

In connection with Gerhard Weber's move from the Managing Board to the Supervisory Board on 1 November 2014, the responsibilities of the Managing Board members were reassigned. Since 1 November 2014, GERRY WEBER International AG has been managed by three Managing Board members having equal rights, with Dr. David Frink speaking on behalf of the Board. Dr. Frink is in charge of Finance, Logistics, Communications, IT, Administration, Compliance and Human Resources. Arnd Buchardt is responsible for Products, Brands and Licenses and thus for the entire product development process from procurement to the design of the collections. Besides his responsibility for the Corporate Development, Ralf Weber is in charge of the national and international business with retail partners (Wholesale) as well as end customers (Retail).

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

Supervisory Board

In the fiscal year 2013/14, the Supervisory Board of GERRY WEBER International AG was composed of six members, four of whom were elected by the Annual General Meeting in accordance with the German Stock Corporation Act and two of whom were elected by the workforce in accordance with the German One-Third Participation Act (Drittelbeteiligungsgesetz). The Supervisory Board advises and supervises the Managing Board. It is asked by the latter to participate in fundamental decisions that are of essential importance for the company. The Supervisory Board appoints the members of the Managing Board, giving due consideration to diversity.

Targets for the composition of the Supervisory Board

GERRY WEBER International AG aims to ensure that all members elected to the Supervisory Board have the required knowledge, skills and expert experience. Moreover, all Supervisory Board members must have sufficient time to exercise their mandate properly. All in all, members to the Supervisory Board shall be appointed in such a way as to ensure that they can competently control the work of the Managing Board and provide the latter with professional advice. In more specific terms, this means that the members of the Supervisory Board shall have experience in the fields of corporate governance, strategy and human resources. This is to ensure professional diversity among the Supervisory Board members. In addition, familiarity with the company and the markets in which it operates are required. At least one independent member must have knowledge of accounting, internal control procedures or auditing. This independent member of the Supervisory Board shall not be a former member of the Managing Board whose term of office ended less than two years ago.

A Supervisory Board member is deemed independent if it is ensured that 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. In this context, 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 does not constitute a sufficient basis for a conflict of interest.

Objectives in connection with the independence of the Supervisory Board are:

- 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 perform operating activities at customers or suppliers of the company or a Group company; and
- at least two of the four shareholder representatives shall be independent.

Besides professional diversity, an appropriate degree of female representation is a key objective in the appointment of Supervisory Board members. For a Supervisory Board composed of six members in the fiscal year 2013/14, the Supervisory Board aims for at least two female Supervisory Board members. The composition of the Supervisory Board largely meets the company's own targets. With currently one female Supervisory Board member, the target of having at least two female members is the only one which has not been fully met yet. The target for the next Supervisory Board election is to achieve a degree of female representation of at least 1/3.

In line with the recommendations of the Corporate Governance 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 five years ago. Accordingly, the Supervisory Board had a sufficient number of independent members in the fiscal year 2013/14. There were no conflicts of interest in the reporting period.

In the past fiscal year, the composition of the Supervisory Board remained unchanged. At the Annual General Meeting on 4 June 2014, Gerhard Weber was elected to the Supervisory Board with effect from the beginning of the fiscal year 2014/15. He replaces Dr. Wolf-Albrecht Prautzsch, who resigned as member of the Supervisory Board for personal reasons with effect from 31 October 2014.

In order to ensure even greater compliance with the provisions of the Co-determination Act as well as the required diversity, the number of Supervisory Board members will be increased from six to twelve as of the end of the Annual General Meeting on 16 April 2015.

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

Dr. Ernst F. Schröder – Chairman of the Supervisory Board, Bielefeld

- 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 S.A. Damm, Barcelona
- Chairman of the Supervisory Board of L. Possehl mbH&Co., Lübeck, member since 1 January 2014 and Chairman since 15 April 2014
- Chairman of the advisory council of Bankhaus Lampe KG, Düsseldorf

Dipl.-Ing. Udo Hardieck,
Halle / Westphalia

- Member of the advisory council of Nordfolien GmbH, Steinfeld

Charlotte Weber-Dresselhaus,
banker, Halle / Westphalia

Dr. Wolf-Albrecht Prautzsch,
banker, Münster (until 31 October 2014)

- Chairman of the Supervisory Board of Westfalen AG
- 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

In addition to plenary work, committees dealing with specific topics ensure maximum efficiency. The Supervisory Board has therefore set up two committees, namely an Audit Committee and a Nomination Committee. Both committees prepare and complement special topics for consideration by the full Supervisory Board. In order to ensure that communication between the committees and the full Supervisory Board is as efficient as possible, the Chairman of the Supervisory Board, Dr. Ernst Schröder, also serves as Chairman of the two committees. More information on the meetings of the Supervisory Board and the work of its committees can be found in the Report of the Supervisory Board.

Cooperation between the Managing Board and the Supervisory Board

In the interest of the company, the Supervisory Board and the Managing Board cooperate closely. The Managing Board informs the Supervisory Board regularly, without delay and comprehensively of all current and new issues regarding the business development, risk situation and strategic approach of the company. 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 quarterly and interim reports available to the Audit Committee and explains them prior to publication.

Potential conflicts of interest and directors' dealings

The Supervisory Board and the Managing Board are committed to serving the interests of the company. They may not exploit their position to pursue personal interests or for the benefit of related parties. Any incidents or conflicts of interest resulting from sideline activities must immediately be disclosed to the Supervisory Board. The latter then decides about any further steps to be taken. In the past fiscal year, no conflicts of interest of members of the Managing Board or the Supervisory Board occurred.

Transparency forms the basis for good corporate governance. We report all 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 fiscal year 2013/14 saw the following reportable transactions which are to be attributed to members of the Managing Board and the Supervisory Board:

Date	Person subject to reporting requirements	Type of transaction	Quantity	Unit price	WKN
14 March 2014	Ralf Weber	Sale	5,500	30.21	DX9UFV
14 March 2014	Ralf Weber	Sale	9,000	29.46	DX4AGB
20 June 2014	Ralf Weber	Purchase	4,600	32.70	DT3YW
29 Aug. 2014	Charlotte Weber-Dresselhaus	Purchase	8,000	33.00	330410
16 Oct. 2014	Ralf Weber	Purchase	2,000	28.21	330410
16 Oct. 2014	Ralf Weber	Purchase	2,100	27.63	330410
17 Oct. 2014	R&U Weber GmbH & Co, KG	Purchase	1,638	27.66	330410
24 Oct. 2014	R&U Weber GmbH & Co, KG	Purchase	1,000	29.04	330410

Shares held by members of the Managing Board and the Supervisory Board on 31 October 2014

The resulting notifiable shareholdings as at the reporting date are shown below:

Managing Board	Number of shares in unit	Share of capital in %
Gerhard Weber (indirect)	13,338,870	29.06
Ralf Weber (direct and indirect)	1,119,195	2.44

Supervisory Board	Number of shares in unit	Share of capital in %
Udo Hardieck (direct and indirect)	7,994,845	17.42
Charlotte Weber-Dresselhaus	77,006	0.17
Klaus Lippert	200	0.00
Olaf Dieckmann	28	0.00

ACCOUNTING AND AUDIT

The consolidated financial statements and the interim reports of the GERRY WEBER Group are prepared to the International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB) under consideration of 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).

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PWC) was appointed auditor at the Annual General Meeting. The Audit Committee had previously ensured the independence of the auditor. The appointed 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 informs the Supervisory Board of all material results obtained in the course of the audit which are relevant for the tasks of the Supervisory Board. The auditor furthermore reports to the Supervisory Board any facts identified during the audit which are inconsistent with the declaration of conformity issued by the Managing Board and the Supervisory Board.

OPPORTUNITY AND RISK MANAGEMENT

Prudent handling of risks in connection with the management of the company forms part of the principles of good corporate governance and is an essential element of our corporate governance policy. Identifying and assessing opportunities and risks at an early stage allows us to exploit opportunities more effectively and to anticipate negative deviations from our planning assumptions and initiate counter-measures. For this purpose, the Managing Board of the GERRY WEBER Group has introduced a risk management system in accordance with section 91 para. 2 AktG. The system is reviewed by the auditors. The system and the risks analysed are developed further on an ongoing basis and adjusted to changing conditions. Details of the risk management system can be found in the Opportunity and risk management section.

COMPLIANCE

We define compliance as the sustainable anchoring of compliant behaviour in the corporate structure. The compliance system of the GERRY WEBER Group is designed to preclude infringements by domestic and foreign employees and to enable employees to implement the company's internal guidelines.

Besides complying with laws and statutory provisions as well as internal regulations, we attach great importance to anchoring ethically and morally correct behaviour in the corporate culture as this creates the basis for mutual trust.

A code of conduct that is binding upon all employees forms the basis of our compliance programme. The code comprises all 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 part of the Group Auditing Department and covers all material areas of the company. Reporting directly to the CFO, the Chief Compliance Officer is instrumental in ensuring that the compliance programme is implemented in all areas of the Group and that all employees and executives receive compliance training. 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. Moreover, the Chief Compliance Officer chairs the Compliance Committee. This committee aims to constantly improve the compliance programme and meets at regular intervals. In its capacity as a steering committee, it manages the compliance programme across the individual departments 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.

A whistleblowing system accompanies the compliance programme. It encourages employees to openly express their concerns and to highlight circumstances which indicate that laws or internal regulations have been violated.

Moreover, an independent external ombudsman serves as the port of call for employees and external parties in the event of justified suspicions.

Mutual esteem and respect are fundamental values which characterise our life and actions as a company. We are committed 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 customers, business partners or employees. Our personal behaviour ensures that the name of our company deserves trust and confidence at all times.

Transparent communication

Our press releases and capital market publications as well as annual and quarterly reports continuously inform about the performance and current developments of the GERRY WEBER Group. Our aim is to ensure maximum transparency at all times. This is why we provide all stakeholders, i.e. all shareholders, customers, analysts, press representatives and the interested public, with equal and timely information about current business developments. Moreover, all information is simultaneously published in English and German. Upon publication, all information is made available on our website where it can be accessed at any time. In addition, we regularly inform existing and future shareholders about our business model and performance at investor conferences and equity forums as well as in one-to-one talks. All event dates and publication dates are published with sufficient lead time in our financial calendar on our website. The financial calendar can also be found at the end 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. This means that each share carries one vote. The past Annual General Meeting, which was held on 4 June 2014, was attended by about 1,100 shareholders and proxies. This corresponds to 72.8% of the company's share capital. Our shareholders can exercise their voting rights personally or via an authorised representative of their own choice or a designated proxy of the company.

Before the Annual General Meeting, all shareholders receive all relevant information. Moreover, they can access the annual and quarterly reports in the "Investors" section at *www.gerryweber.com*. The invitation to the Annual General Meeting lists all items on the agenda and explains the conditions for participation.

COMPENSATION REPORT

The compensation report comprises a summary of the principles for the determination of the total compensation of the Managing Board members and the Supervisory Board of GERRY WEBER International AG. In this context, the individual compensation components as well as the amount of the respective compensation received by individual members of the Managing Board and the Supervisory Board are explained. The compensation report forms part of the Group management report and, hence, of the audited financial statements.

Compensation of the Managing Board of GERRY WEBER International AG

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 development which increases the value of the company. It comprises both fixed and variable components. The amount of the Managing Board compensation is based in particular on the economic situation, the performance and the future prospects of the GERRY WEBER Group, determined among other things by the adjusted return on assets. It is furthermore based on the personal achievements of the individual Managing Board members as well as the compensation of the horizontal and vertical comparative environment, which 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 line with the principles for the determination of the Managing Board compensation, the latter consists of a non-performance-based (fixed) component and performance-based (variable) components. The performance-based components include components with a multi-year assessment base. In addition, the members of the Managing Board receive customary other benefits such as non-monetary compensation and / or insurance premiums. There are no share-based Managing Board compensation components.

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 such as the use of a company car as well as accident and liability insurance. Where such non-monetary compensation is deemed to constitute non-financial benefits for tax purposes, it is taxed accordingly. The other benefits are recognised as fixed compensation components.

Performance-based compensation components

Under Managing Board contracts signed 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 following criteria:

The performance-based, i.e. variable, compensation components are primarily determined by the degree to which the objectives set by the Supervisory Board are achieved. The performance-based part of the 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 by the Supervisory Board 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 percentage for the variable compensation 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 based on the company's performance 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 of the entire GERRY WEBER Group, 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 capped as a general principle. One of the parameters 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

If Managing Board contracts are terminated prematurely without serious cause, compensation including other benefits is continued to be paid to the leaving Managing Board member for a maximum of two years (severance payment cap) and may not exceed the compensation for the remaining term of the respective contract. This means that the regulations in the Managing Board contracts comply with the relevant recommendations of the German Corporate Governance Code as amended on 24 June 2014.

Managing Board compensation for the fiscal year 2013/14

Against the background of the previously determined assessment base and 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 2013/14 amounts to EUR 6.5 million (previous year: 5.7 million).

The table below shows the fixed and variable compensation received by the Managing Board members for the fiscal year 2013/14. Prior year figures are stated in parentheses.

KEUR	Fixed compensation	Variable compensation	Total
Gerhardt Weber (CEO till 31 Oct. 2014)	755 (755)	3,200 (3,000)	3,955 (3,755)
Ralf Weber (since 1 Aug. 2013)	472 (118)	350 (108)	822 (226)
Dr. David Frink	474 (474)	350 (300)	824 (774)
Doris Strätker (till 31 July 2013)	0 (497)	0 (225)	0 (722)
Arnd Buchardt (since 1 Aug. 2013)	522 (128)	350 (112)	872 (240)
Total	**2,223 (1,972)**	**4,250 (3,745)**	**6,473 (5,171)**

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 of the Supervisory Board. 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 compensation paid to the individual members of the Supervisory Board in the fiscal year 2013/14 is shown in the table below. The figures in parentheses are the previous year's amounts.

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 Dieckmann	60 (60)
Klaus Lippert	60 (60)
Total	**510 (510)**

The table shows that the compensation of the Supervisory Board did not change compared to the previous year. The compensation for the full Supervisory Board totalled KEUR 510.0. No member of the Supervisory Board received compensation or reimbursements from GERRY WEBER International AG or its affiliated companies above and beyond the amounts shown.

THE GERRY WEBER SHARE

While the first eight months of the fiscal year saw the share price rise sharply from EUR 30.49 on 1 November 2013 (Xetra closing price) to its historic high of EUR 39.24 on 3 June 2014 (Xetra closing price), the GERRY WEBER share declined in the remaining four months of the reporting period and ended the fiscal year at EUR 32.03 (Xetra closing price on 31 October 2014).

- Share price growth totalled 5.1% in the past fiscal year 2013/14
- Dividend remains stable at EUR 0.75 per share

After a good start in November 2013, the DAX went on a roller-coaster ride throughout our reporting period (1 November 2013 to 31 October 2014). The ECB's loose monetary policy, combined with ultralow interest rates, sent the index climbing to an all-time high of 10,051 points on 20 June 2014. Geopolitical crises in Ukraine, Iraq and Syria and the tensions between Russia and the west temporarily caused uncertainty in the capital markets, sending share prices falling from mid-July 2014. After a temporary high of 9,891 points in September, the DAX slumped to 9,326 points at the end of our fiscal year on 31 October 2014. On balance, the DAX gained about 3.5% during our fiscal year 2013/14.

SHARE PRICE PERFORMANCE

The past fiscal year 2013/14 saw the GERRY WEBER share perform well in line with the relevant indices. Delivering a strong performance in the first eight months of the fiscal year, the GERRY WEBER share then followed the general market trend and lost towards the end of the fiscal year. In spite of this loss, the share gained 5.1% in the reporting period, whereas the MDAX, in which the GERRY WEBER share is listed, gained only 0.8%.

Having declined to EUR 28.76 in the first few weeks of the fiscal year 2013/14, the price of the GERRY WEBER share

PRICE CHART OF 1 NOVEMBER 2013 TO 31 OKTOBER 2014

in EUR

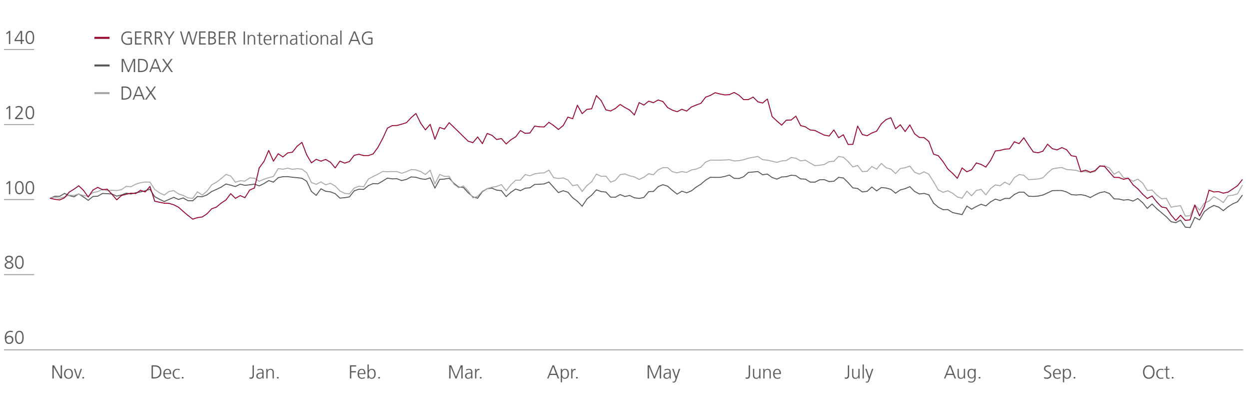
picked up notably to EUR 37.16 on 24 February 2014 due to positive news reported by the company towards the end of the first quarter. In the following weeks, the price of the GERRY WEBER share climbed continuously to its historic high of EUR 39.24 on 3 June 2014. The GERRY WEBER share was unable to isolate itself from the general change of sentiment in the international equity markets and – just like the DAX and MDAX – dropped to the lowest level of the reporting period (EUR 28.65) in early October 2014. This downward trend in the final months of the fiscal year was accelerated primarily by the difficult situation in the fashion retail sector. The start of autumn was much too warm in Germany, making it difficult to sell the winter apparel that had just arrived in the stores. As a result, sales revenues declined from the previous year. Surveys by the "Textilwirtschaft" trade magazine showed revenues down by 9% in September and by 10% in October, painting a negative picture for the sector.

While the performance of the GERRY WEBER share in the reporting period mirrors the general trend in the trading environment, it also provides an indication of the influence of the real economic environment. Even though the GERRY WEBER Group outperformed the market in the second half of the fiscal year, it was unable to defy the general trend in the eyes of investors. We will continue our growth strategy with determination and see further growth potential in the expansion of the Retail segment in Europe and in the ongoing internationalisation of the GERRY WEBER, TAIFUN and SAMOON brands. In view of the challenges arising from increasingly unstable and atypical weather conditions, we have optimised our in-season management in order to respond more effectively and quickly to weather-related short-term changes in customer demand.

A trading volume of 94,533 shares on average or EUR 3.2 million per day means that fewer GERRY WEBER shares than in the previous year (2012/13: 112,044 shares or EUR 3.7 million per day) were traded in the past fiscal year 2013/14. A total of 23.8 million shares (previous year: 28.3 million) were traded at all German stock exchanges in the fiscal year 2013/14. A look at the price performance of the GERRY WEBER share over the past five years shows that the price has climbed from EUR 10.81 to EUR 32.03.

PRICE CHART OF 1 NOVEMBER 2013 TO 31 OKTOBER 2014

indexed



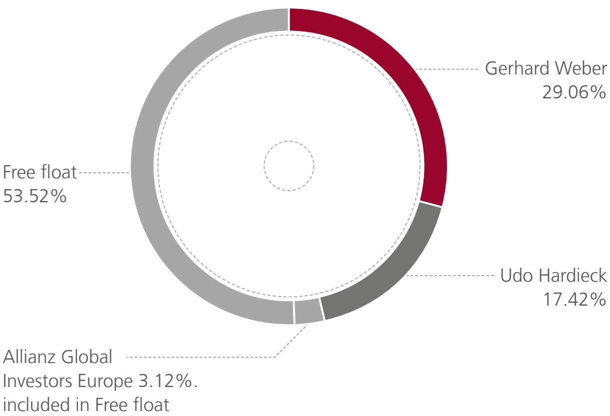
This is equivalent to an increase of 196.3%. The DAX gained about 72.2% and the MDAX, in which the GERRY WEBER share is listed, picked up by 139.7% during the same period. In this context, it should also be noted that GERRY WEBER International AG issued free shares on a 1:1 basis in July 2011 and the share price was adjusted accordingly.

DIVIDEND POLICY

	2013/14	2012/13	2011/12
Net income of the financial year (in EUR million)	71.4	71.0	78.8
Earnings per share (in EUR)	1.56	1.55	1.72
dividends per share (in EUR)	0.75*	0.75	0.75
Payout volume (in EUR million)	34.4	34.4	34.4
Payout ratio (in %)	48.2*	48.5	43.7

* Proposal to the next Annual General Meeting

SHAREHOLDER STRUCTURE in %



SHAREHOLDER STRUCTURE AND ANNUAL GENERAL MEETING

As of the end of the past fiscal year 2013/14, 29.06% of the shares were indirectly attributable to Gerhard Weber, founder and then CEO of GERRY WEBER International AG. 17.42% of the GERRY WEBER shares were attributable to Udo Hardieck, another company founder and Supervisory Board member. This means that 53.52% of the shares were widely held as of the reporting date. In addition, Allianz Global Investors Europe held 3.12% of the company's shares as of 31 October 2014.

72.82% (previous year: 69.5%) of the voting share capital of GERRY WEBER International AG was represented at the ordinary Annual General Meeting on 4 June 2014 in Halle / Westphalia. The items on the agenda were approved by a large majority of the 1,100 or so shareholders. One of the key items on the agenda was the election of Gerhard Weber to the Supervisory Board. For details of the agenda items 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 transparent communication as well as direct and open dialogue with capital market participants. We regularly inform our shareholders, analysts and all other interested parties about the latest developments in our company. Especially in difficult times and a challenging environment, we pro-actively approach our national and international investors and seek to communicate with them directly. We use this opportunity to explain to them the circumstances and events that led to the current business situation but also to outline our medium to long-term growth strategy. We are currently monitored and evaluated by 19 analysts. Here, too, we attach great importance to regular contact and exchange.

Apart from publishing annual and quarterly reports, press releases and presentations on the performance of the GERRY WEBER Group, we regularly participate in conferences and roadshows. The past fiscal year saw us attend 10 national and international conferences. During a total of 11 roadshow days, we outlined the current and future development of the company and presented and explained the strategy and the opportunities that will arise in the future.

In addition, we use various shareholder events to inform our retail shareholders of the current situation and to answer their questions directly. These face-to-face meetings are complemented by comprehensive information on our website at www.gerryweber.com. This includes not only financial reports, press releases and presentations but also our financial calendar as well as all information relating to the Annual General Meeting. Our Investor Relations Team is available to answer any further questions. Their contact details can also 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 levels	Regulated Market Frankfurt/ Prime Standard
Number of shares as of 31 October 2014	45,905,960
Designated sponsors	ODDO SEYDLER BANK AG, Deutsche Bank AG

SHARE PRICE IN FISCAL YEAR 2013/14

High* (in EUR)	39.24
Low* (in EUR)	28.65
Closing price on 31 Oct. 2014 (in EUR)	32.03
Share price performance in Fiscal Year 2013/14 (in %)	+5.1%
Market capitalisation as of 1 Nov. 2013 (in EUR million)	1,399.7
Market capitalisation as of 31 Oct. 2014 (in EUR million)	1,470.4
Average daily turnover in EUR**	3,217,022
Average daily turnover in shares**	94,533
Dividend per common share ***	0.75
Earnings per share	1.56

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

CORPORATE SOCIAL RESPONSIBILITY REPORT

As an internationally active enterprise, the GERRY WEBER Group is well aware of its responsibility towards employees, society and the environment. To GERRY WEBER, corporate social responsibility means implementing sustainable business management and social responsibility on a day-to-day basis. We have committed ourselves to attaining the objectives we have set ourselves with regard to social and environmental responsibility without ever losing sight of our goal to generate profitable growth.

EMPLOYEES

Our employees being our most important asset, GERRY WEBER attaches great importance to dedicated, motivated and well educated staff. Some 5,440 (31 October 2014) people work for the success of our company in Halle / Westphalia, our field offices, our production facility in Romania and our stores across the globe. The GERRY WEBER Group offers all staff members employment and further training opportunities which are tailored to their specific requirements. Our human resources development activities and our excellent training and further education programmes ensure that our employees are always well prepared for the tasks at hand. Apart from a wide range of training and further education measures, we aim to create a modern and, above all, family-friendly working environment. With women representing over 90% of our workforce, the GERRY WEBER Group is committed to offering its staff a good work-life balance. Our in-house day nursery, "KIDS WORLD", provides child care options for approx. 90 children right on our premises in Halle / Westphalia.

Vocational training and further education

The GERRY WEBER Group offers all employees the possibility to identify and advance their potential. The range of training options made available by the "GERRY WEBER Academy" supports our employees – from trainees and apprentices to senior managers and executives – in all relevant respects.

To cover our future demand for skilled and executive staff, we rely on a systematic human resources development programme, which is based on a job-oriented vocational training programme. Every year we train about 15–20 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 trainee 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 numerous product training courses. This is also reflected in their final exam results. Over the past years, trainees and apprentices of the GERRY WEBER Group have regularly been among the best of their courses at the local, federal state or even nationwide level. In November 2014, a young female colleague was awarded the ZiTex Award by the Düsseldorf-based "ZiTex – Textil & Mode in NRW" association for the excellent results achieved in her vocational training as fashion sewer.

We support our 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 potential university studies. A special feature of our training programme is the possibility to apply for a stint abroad at one of our foreign branches or one of our 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.

We have devised two trainee programmes – the International Technical Trainee Programme and the Commercial Trainee Programme – for graduates of clothing engineering studies and graduates of business management / economics studies, respectively. Depending on the target position, the training takes 12 to 18 months. During this time, the graduates work in four departments, which are individually agreed with them and prepare them for their future tasks. All participants in the programmes additionally benefit from the further education measures aimed at improving their technical, methodological and management skills in the context of the qualification and human resources development programme of GERRY WEBER International AG. 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 production offices 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.

The further education programme of the "GERRY WEBER Academy" comprises not only management training courses but also product training, language courses, IT courses and sales training. Individualised measures may additionally be agreed as required. To implement these training courses, we offer our employees a wide range of appropriately equipped rooms such as an "e-learning room" to name but one example.

Family-oriented and inclusive corporate culture

Besides vocational and further training, our corporate culture is very much geared to promoting a good work-life balance. This primarily includes flexible working hours and the in-house "KIDS WORLD" day nursery 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 quickly.

Opened on the premises of GERRY WEBER International AG in Halle / Westphalia in 2012, the day nursery is divided into six groups for about 90 children aged between four months and school starting age. The nursery has extended opening hours and closes only on public holidays and the company-wide bridge days, which shows that we clearly cater to parents' needs.

A refurbished half-timbered house situated directly next to the company headquarters on a site of roughly 6,700 square metres now offers some 3,500 square metres of light-flooded space for children. The building complex also comprises 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. On average, every group is looked after not only by two to three carers but additionally by one exclusively English-speaking nursery school teacher. In dealing with this native English speaker, the kids learn using the English language in a playful manner. Another special characteristic is that 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.

GERRY WEBER's "KIDS WORLD" nursery has recently been awarded the title "Haus der kleinen Forscher" ("House of little researchers") in recognition of its efforts to introduce kids to the world of natural sciences and technology. The foundation of the same name awards this title to day nurseries in Germany which are particularly committed to introducing young children to natural science and technology.

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 four employees of "Bodelschwinghsche Anstalten Bethel" in Bielefeld work at the company's headquarters in Halle / Westphalia in the context of the integrated vocational training concept. In the past fiscal year 2013/14, we additionally created apprenticeships for two physically and mentally impaired persons within our company.

SOCIAL RESPONSIBILITY

For several years already, famous international tennis players – such as Roger Federer in 2014 – have handed over donations to Bodelschwinghsche Anstalten Bethel in Bielefeld on the occasion of the GERRY WEBER OPEN. In the past years, the donations were used to install three therapy rooms for cancer patients. Equipped and furnished to the latest therapeutic standards, these "Dwingi Rooms" offer the hospital's young cancer patients greater privacy and independence. This year, the donations were used to open a hospital kitchen for the treatment of eating disorders.

PRODUCTION AND QUALITY

Social responsibility in the supply chain

We are committed to doing our best to ensure compliance with human rights. We make it clear to our employees and the employees of our suppliers that equal treatment, the freedom of association and the right to collective bargaining must be ensured and protected. We strictly condemn and prohibit child, forced and compulsory labour and will by no means tolerate such exploitative and inhumane practices.

To support these matters of concern more effectively, we joined the Business Social Compliance Initiative (BSCI) in 2010 and have endorsed their rules and regulations.

Principles of the BSCI

While compliance with these social standards is governed by law in most countries, their actual implementation is often hampered by a variety of factors. We therefore need an alliance of many enterprises, such as the BSCI, to exert influence and to bring about changes also at a social and political level.

The guidelines of the 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:

- 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 hour regulations
- as well as compliance with occupational health and safety regulations.

Corporate responsibility in procurement

Consequently, compliance with social standards is an inalienable prerequisite when it comes to selecting new suppliers and assessing existing ones. Suppliers are chosen according to the following criteria:

- compliance with social standards
- manufacturing expertise
- availability of sufficient capacities and ability to ensure on-time deliveries

Suppliers are chosen by the employees of our purchasing departments in the procurement countries, who make themselves sure of the local conditions.

We attach great importance to knowing our suppliers and their sub-suppliers as well as possible. It is mandatory for our suppliers to provide us with full information on their sub-suppliers to ensure transparency and control. As a general rule, we do not accept any intermediaries. Recognising that not all our suppliers are able to fully comply with our Code of Conduct from the very beginning, we operate a continuous development process to provide them with extensive support and promote close collaboration. We choose our suppliers carefully and in a forward-looking manner, taking international labour and environmental standards into account. As the basis of our business relationship, all our suppliers sign a binding agreement on compliance with these social and environmental standards, which they must implement at all stages of their production process. We will enter a business relationship only with suppliers who contractually agree to comply with the Code of Conduct.

Approach – Principles of cooperation

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 BSCI.

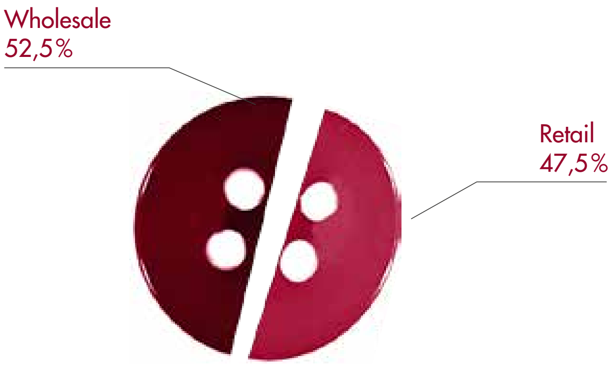
The resulting social standards form an integral element of the contractual agreements with all our manufacturing partners. Since 2011, all suppliers – regardless of whether or not they produce in high-risk countries – have additionally been obliged to sign a Social Compliance Agreement, which forms the 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.

To ensure that our suppliers comply with the Code of Conduct, our cooperation is focused on the ongoing improvement process described above. 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.

COMBINED MANAGEMENT REPORT

FOR THE FISCAL YEAR 2013/14

In accordance with section 315 para. 3 of the German Commercial Code (HGB) in conjunction with section 298 para. 3 HGB, the Group management report has been combined with the management report of GERRY WEBER International AG. The combined management report includes the presentation of the net worth, financial and earnings position of GERRY WEBER International AG and of the GERRY WEBER Group as well as additional disclosures required under the German Commercial Code. All financial amounts are shown in euros.



GENERAL CORPORATE INFORMATION

BUSINESS MODEL

Business activity and organisation

GERRY WEBER International AG is one of the best known and most successful fashion and lifestyle companies in Germany. Our five strong fashion brands, GERRY WEBER, GERRY WEBER EDITION, G.W., TAIFUN and SAMOON, each of which addresses a specific and unique target group, offer trend-oriented apparel and accessories for demanding and quality-conscious consumers.

GERRY WEBER International AG has its origins in Halle/Westphalia, where the business was founded by Gerhard Weber and Udo Hardieck in 1973. As of the end of the reporting period (31 October 2014), the company had distribution structures in over 62 countries worldwide. The company's own Retail spaces in Europe comprise 778 company-managed Houses of GERRY WEBER and mono-label stores, 119 concession stores as well as 30 factory outlets. 282 stores are run by franchisees. In addition, we operate 2.808 shop-in-shops in partner stores. Our own brand shops on the Internet allow our customers in nine European countries to order GERRY WEBER fashion online. Across the globe, some 5.200 people contribute to the success of the company, which is listed in Deutsche Börse's MDAX index. In the fiscal year 2013/14 (1 November 2013 to 31 October 2014), the GERRY WEBER Group generated sales revenues of EUR 852.1 million (previous year: EUR 852.0 million) and consolidated net income of EUR 71.4 million. (previous year: EUR 71.0 million).

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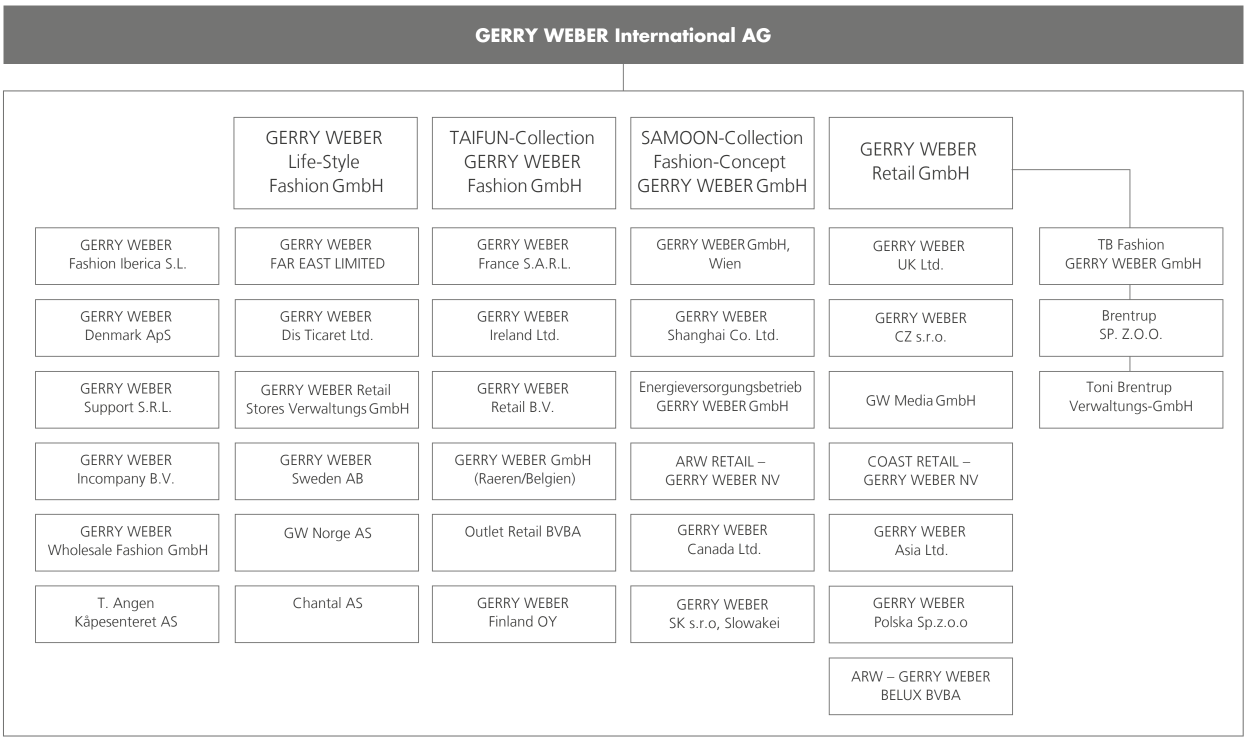
LEGAL CORPORATE STRUCTURE



Acting as an operational holding company, GERRY WEBER International AG headquartered in Halle/Westphalia, provides Group-wide services such as accounting, controlling, HR, IT, auditing, compliance as well as marketing and communication services to all subsidiaries. To achieve the best possible terms and conditions and exploit synergies, all procurement functions are also performed by employees of the holding company, who coordinate the complete purchasing process in close conjunction with the subsidiaries.

As of 31 October 2014, the basis of consolidation consisted of 38 domestic and international subsidiaries. Three of these subsidiaries (brand companies) are responsible for the operating activities of the GERRY WEBER, TAIFUN and SAMOON brands, from collection to design to distribution. GERRY WEBER Retail GmbH is responsible for the company-managed retail operations in Germany and the online shops. The foreign subsidiaries are sales companies that represent certain markets in which the GERRY WEBER Group operates or act as procurement and production locations.

With a view to simplifying established structures and increasing transparency, the three existing brand companies will be merged into a single wholesale distribution company with effect from the beginning of the new fiscal year 2014/15. The aim of the successive corporate reorganisation is to create clearly defined distribution structures. Once the restructuring process has been completed, two distribution companies which are clearly assigned to the Retail and the Wholesale segment, respectively, will be responsible for the distribution of the GERRY WEBER products.

Key business processes

The business model of GERRY WEBER International AG covers the complete value chain from the development and the design of the collections to production, transport and logistics of the merchandise to the point of sale. This includes management and control of the complete distribution process of the merchandise to company-operated and externally managed stores. The individual stages of the value chain and, in particular, their interplay at the interfaces form the basis for the unique quality of our products and, hence, of our success. To produce and distribute each collection in a time and cost-efficient manner, all processes need to be coordinated as effectively as possible. We therefore strive continuously to further improve our processes. In April 2014, we started to build a new logistic centre in the immediate vicinity of our headquarters with a view to further optimising our product distribution processes.

Development of the collections
At GERRY WEBER, product development is a team effort. The design teams comprise not only designers but also engineers and product managers who decide on the development of individual products and the composition of the collections. Our designers regularly visit the large fashion capitals of the world and seek inspiration from the latest trends, cuts and colours. They then put their ideas into practice, considering the needs and expectations of the specific target market. Together with our textile engineers, they decide how to translate their ideas into fashion products and which materials to use. The approved designs are then

VALUE-ADDED PROCESSES

Brand and product development → Merchandise management → Production and procurement → Logistic → Distribution passed on to the in-house pattern-making department, which produces the patterns for the prototypes. All prototypes are entirely produced in Halle/Westphalia. After consultation with the design teams each individual item in the collection is finally approved, possibly after some last modifications that may be required. The definitive collection items are then reproduced for the sample collections. At the same time, our pattern-making department scales the different sizes. The ready-to-send technical data includes the patterns for the different sizes as well as exact positioning parameters for optimum utilisation of the materials. This way, GERRY WEBER ensures that our contractual partners meet our production and quality standards, which is key to the consistent fit of each garment. This approach allows us to keep control over 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.

Merchandise management

The collection development process is followed by merchandise management, which includes the decision what quantities of which articles should be produced for which retail spaces. For this purpose, the prior year figures are analysed, trends are examined and specific characteristics such as certain colours which are more popular in some countries than others are considered. Factors such as the size of each individual sales space are also taken into account. The merchandise for the Wholesale customers with whom trusted wholesale arrangements have been agreed and the merchandise for the Retail segment is planned and scheduled. Under trusted wholesale arrangements, our wholesale partners merely specify an order limit to GERRY WEBER but leave the breakdown of the orders to the GERRY WEBER experts, who compile the collection items depending on the retailer's specific customer structure and retail space.

At the same time, the Wholesale segment asks all customers with whom no trusted wholesale limits have been agreed to submit their preorders. The sales staff use the sample collections to present the new products to the franchise and retail partners so that they can place their orders. Alternatively, customers may place their orders using the Internet-based order platform.

Production and procurement

The production requirements per product are defined on the basis of the merchandise management plans and the preorder data of the Wholesale customers. In the fiscal year 2013/14, the production volume of all brands of the GERRY WEBER Group totalled approx. 30 million items. A distinction is made between two different types of procurement, namely 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 in advance and compiled for production, while the selected manufacturing partners are merely in charge of the production process proper. In contrast to CMT suppliers, our FPS partners 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 findings from GERRY WEBER.

Cost-efficient procurement structures are an essential precondition for the international competitiveness and success of the GERRY WEBER Group. The GERRY WEBER Group has implemented its own sourcing system, which ensures that we can find the best manufacturing partners who meet our quality and social compliance standards and offer competitive prices. All manufacturing partners undergo a strict selection process and remain subject to continuous monitoring by GERRY WEBER staff. This allows us to improve the quality of the GERRY WEBER products and our production processes 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 to produce the volumes required by us. Other indispensable criteria include the ability to produce our products quickly and to very high quality standards and to deliver them punctually.

Besides the technical production parameters, our manufacturing partners must also meet the specific selection criteria relating to GERRY WEBER's 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 our manufacturing partners in the production process proper but also to the quality of the materials used. We make sure to comply with legal regulations relating to the materials and findings used. Products from GERRY WEBER must not contain any hazardous materials. To ensure this, we not only rely on internationally accepted test institutes but also carry out random checks in our in-house 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-driven and cost-efficient.

In the fiscal year 2013/14, the GERRY WEBER Group sourced approximately 77.9% (previous year: 76.8%) of its merchandise from FPS suppliers and about 22.1% (previous year: 23.2%) from CMT suppliers. All products sourced under CMT arrangements are produced in Eastern Europe, primarily in Romania, Bulgaria and Macedonia, which means that products made in Eastern Europe represent 22.1% of the total output (previous year: 23.2%). Accounting for 49.6% (previous year: 48.5%), Asia is the main procurement region of the GERRY WEBER Group, with the regional focus on China, Vietnam, Indonesia and Sri Lanka. The remaining 28.3% (previous year: 28.3%) of the merchandise comes from Turkey.

Logistik

To cover its demand for logistic services, the GERRY WEBER Group relies on the experience and the capacity of two specialist logistics companies. In a total of five warehouses, which specialise in hanging or folded merchandise or online distribution, respectively, these logistic partners manage and handle the transport preparations, warehousing, making-out and shipping of the goods to the individual points of sale. Employees of GERRY WEBER International AG cooperate closely with the service providers and ensure that all processes are handled in accordance with our instructions.

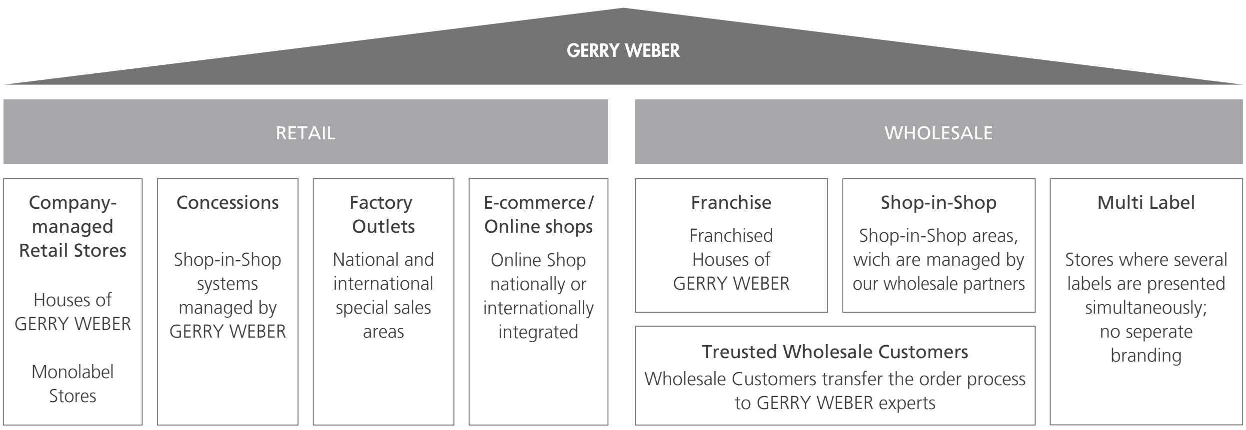
The introduction of radio frequency identification (RFID) technology in early 2010 simplified and accelerated many logistic processes while at the same time resulting in increased cost-efficiency. Each of our garments is marked with a unique product number in the RFID microchip that is sewn into the care label during the production process. This product 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 recording the stocks at the individual points of sale. This not only makes the logistic process more transparent but also affords a more exact overview of retailers' stocks and enables a faster supply of merchandise to the points of sale. 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.

Against the background of changing demands made on our logistic processes, the company's growth and the resulting product volumes, the GERRY WEBER Group has decided to build its own logistic centre which is tailored to its specific needs and requirements. April 2014 saw the turning of the first sod for the new logistic centre located in the immediate vicinity of the GERRY WEBER headquarters in Halle/Westphalia. We expect the merger of the five existing warehouses into a central multi-channel warehouse to result not only in more simple and improved management of the deliveries to our customers and our own Retail stores but also in optimised timing of the individual processes and workflows. In the planned multi-channel warehouse, the decision what distribution channel to use can be taken at very short notice depending on current demands. This will enable us to exploit previously unused sales potential more effectively. What is more, the new logistic centre will be exactly matched to our requirements in terms of capacity, technical equipment and the planned processes. We expect this to result in much lower logistic costs per piece. A total amount of approx. EUR 90 million has been earmarked for the project. The aim is for the warehouse to be fully operational in the first half of 2016 following a ramp-up phase.

Sales and distribution channels

The business of the GERRY WEBER Group is based on two distribution channels, which also represent the two operating segments of the company. While the Wholesale segment focuses on distribution in cooperation with our retail partners, the Retail segment distributes our products through company-managed sales spaces and platforms. The customers of the Wholesale segments are our retail partners, while the Retail segment sells to final consumers.

SALES AND DISTRIBUTION CHANNELS



UMBER OF SALES AREAS BY DISTRIBUTION CHANNEL

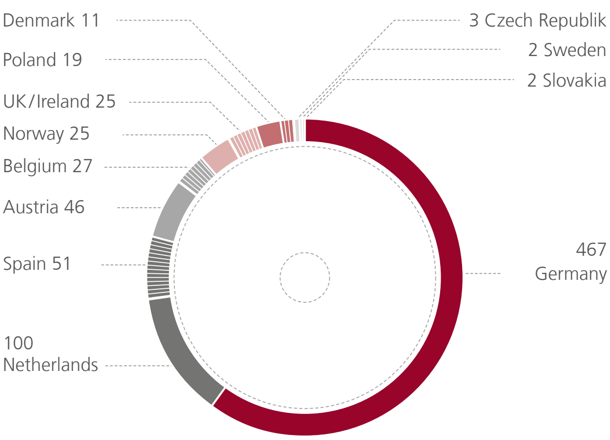
Number	2013/14	2012/13
Retail		
Houses of GERRY WEBER	485	424
Monolabel Stores	144	144
Concession Flächen	119	111
Factory Outlets	30	22
Wholesale		
Houses of GERRY WEBER	282	271
Shop-in-Shops	2,808	2,816

The Retail segment comprises all company-managed retail spaces and online platforms. Accounting for 47.5% of the Retail segment's sales revenues, the company-managed Houses of GERRY WEBER and mono-label stores of the TAIFUN, SAMOON and GERRY WEBER EDITION brands represent its most important distribution channel. The segment also comprises the concession stores, the factory outlets as well as the national and international online shops.

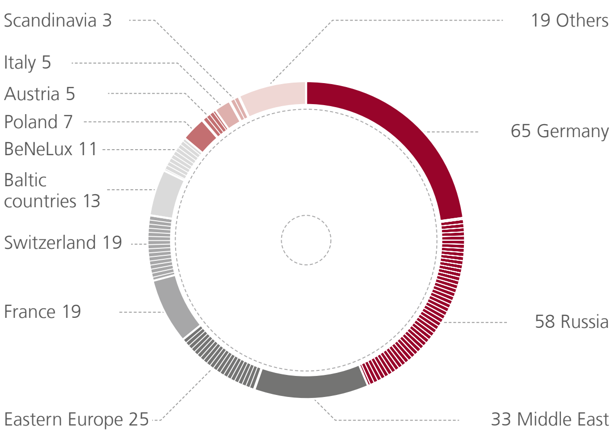
The number of company-managed stores has increased steadily ever since the opening of the first House of GERRY WEBER in Bielefeld in December 1999. As of the end of the reporting period on 31 October 2014, the company operated 778 (previous year: 701) stores and spaces in Germany and abroad. A House of GERRY WEBER has an average size of roughly 220 square metres. Depending on the size of the sales space, all GERRY WEBER brands are presented under a single roof in these stores. By contrast, the smaller mono-label stores, which average about 100 square metres in size, each specialise in the presentation of a specific brand. During the past fiscal year, the expansion of the distribution network primarily focused on locations outside Germany. The chart below provides a regional breakdown of the mono-label stores and Houses of GERRY WEBER.

Besides the Houses of GERRY WEBER and the mono-label stores, the Retail segment also comprises 30 factory outlets

NUMBER OF COMPANY-MANAGED SALES AREAS BY REGION
as of 31 October 2014



NUMBER OF FRANCHISED HOUSES OF GERRY WEBER BY REGION
as of 31 October 2014



(previous year: 22). The 119 concession stores (previous year: 111) are company-managed shop-in-shops, which are manned with our own staff and for which we manage the inventories. Most of the concession stores are situated in large department stores outside Germany, e.g. at our Spanish partner El Corte Ingles (40 stores) and in the Netherlands at de Bijenkorf and van Vuuren Mode (65 stores).

Six online shops in nine countries complement the Retail segment's distribution activities. The new EU online store was opened June 2014, which means that customers in Germany, Switzerland, the Netherlands, Austria, Poland, Belgium, Sweden, the UK and France can now order our products online. The aim is to support the stationary retail stores in the respective countries with local-language online shops.

The Wholesale Segment. is the second pillar of our distribution activities. Our retail and franchise partners order collection items and sell them to the final consumer in their own stores and for their own account. The Wholesale segment comprises three distribution channels: Houses of GERRY WEBER run by our franchisees, shop-in-shops and multi-label outlets. As of the end of the fiscal year 2013/14, 282 Houses of GERRY WEBER were run by franchisees (previous year: 271). These stores feature the same shop fittings as our company-managed Houses of GERRY WEBER) so that end customers will not notice any differences between the two distribution channels. The chart below shows a regional breakdown of these stores. Shop-in-shops are sales spaces whose fittings and furnitures clearly identify them as part of the GERRY WEBER brand. They are located in exposed sections of the stores of our retail partners and are operated by the latter. In contrast to this, multi-label retail outlets sell our products alongside third-party merchandise.

In June 2014 we took over 25 existing Houses of GERRY WEBER and multi-label stores from our Norwegian franchise partner. These now form part of the Retail segment. In spite of the reclassification of the Norwegian stores, the number of franchised Houses of GERRY WEBER increased by 11. The chart below shows a breakdown of the franchised stores over the individual countries and regions.

The number of shop-in-shops remained almost constant in the fiscal year 2013/14. There are now a total of 2.808 shop-in-shops (previous year: 2.816), of which 2.264 (previous year: 2.305) are located in Germany and 544 (previous year: 511) abroad.

Years of experience and the systematic evaluation of the daily sales figures obtained from the points of sale through over 6,000 EDI interfaces enable us to manage inventories in line with the specific requirements and characteristics of the individual sales spaces. This has allowed us to increase our sales potential successively over the past years. We want to share our knowledge with our partners, which is why more and more customers of our Wholesale segment take advantage of our maximum order limit arrangements. Under these arrangements, retailers merely 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. The maximum order limit concept enables us to optimise our almost vertical processes even further and to bring our merchandise to the stores even faster and align it even more effectively with consumer expectations.

STRATEGY AND OBJECTIVES

The GERRY WEBER Group is controlled by the Managing Board, which also defines the strategic positioning of the Group. 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 and measures which are implemented successively and adjusted to changing conditions if and when required. The strategic focal points are the strengthening of the individual brand profiles, the ongoing development of our collections and products, the expansion of our Retail segment and the further vertical integration of our distribution structures.

Strengthening the brand profiles

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. However, each of the brand families (GERRY WEBER, TAIFUN and SAMOON) is targeted at a clearly defined audience in terms of its positioning and communication.

GERRY WEBER Collection and its sublabels, GERRY WEBER EDITION and G.W., represent the core brand. Accounting for 76.2% (previous year: 75.2%) of the sales revenues of the domestic brand companies, the GERRY WEBER brand family 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 Collection 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, colours and materials used.

The GERRY WEBER combination collection is complemented by two sublabels, GERRY WEBER EDITION and G.W. In contrast to the combination collection, GERRY WEBER EDITION is comprised of single items such as knitwear, blouses, outdoor jackets, pants and skirts, which stand for a rather casual style. G.W. is the youngest and most trendy brand of the GERRY WEBER brand family. The G.W. collections consist of highly up-to-date fashion items supplied to the stores at very short development and delivery intervals.

Representing 18.3% (previous year: 19.4%) of total Group sales, TAIFUN is the second largest brand of the GERRY WEBER Group. Its strong fashion appeal and younger cuts are targeted at a younger audience, referred to as the “Modern Woman”. In the past, TAIFUN primarily stood for stylish and young fashion but above all for formal and business wear. Since the launch of TAIFUN Separates in the fiscal year 2012/13, TAIFUN has also offered more casual items, which accompany our customers also during their spare time. TAIFUN Separates meets our customers’ wish for more casual and relaxed garments. At the end of the reporting period 2013/14, we operated 86 company-managed TAIFUN mono-label stores in Germany and Austria.

SAMOON stands for trend-oriented garments for plus sizes. SAMOON presents casual, self-confident fashion items made from high-quality materials with a flattering fit for women wearing size 42 plus. As many as 43 company-managed (mono-label) stores testify to the authenticity of the SAMOON brand. Accounting for 5.6% of total sales revenues, SAMOON has huge potential as a brand with a constantly growing customer base in the industrialised countries.

The unique collections of our brands form the basis of our success. Over the past years, we have continuously adjusted our garments to seasonal trends, thus meeting customers' demand for modern and casual fashion. Six collections per year and brand, divided into three themes with 30 to 35 individual items, ensure that consumers find new products in the stores roughly every three weeks. The only exception to these delivery intervals is G.W. As no preorder phase exists for this brand, its development and delivery cycles differ from those of the other brands of the GERRY WEBER brand family, SAMOON and TAIFUN, thereby allowing for even faster deliveries to stores.

Expansion of own Retail activities

As distribution structures in the fashion industry continue to change, leading to growing vertical integration, the Retail segment becomes increasingly important for the company. In the fiscal year 2013/14, the Retail segment accounted for approx. 47.5% or EUR 404.9 million of the GERRY WEBER Group's total sales revenues. This means that we have missed our aim to achieve a balanced Retail/Wholesale ratio in the past fiscal year by a narrow margin. Provided that the overall environment remains unchanged, we assume, however, that the Retail segment will contribute over 50% to total Group revenues in the current fiscal year.

The expansion of our own Retail activities and the resulting improved control over the flow of merchandise and the brand presentation are important elements of the GERRY WEBER growth strategy. We aim to increase the company-managed sales spaces by 10% per year. Apart from expanding existing Retail markets in the Netherlands or Belgium, our expansion strategy primarily focuses on the Scandinavian markets. In addition, the first company-managed Houses of GERRY WEBER in Canada will be opened before the end of the current fiscal year 2014/15. Besides the improved positioning and presentation of the brands at the point of sale, direct contact with the consumer allows us to learn more about their wishes and requirements. This knowledge is used effectively in the development of our collections, which helps us tap additional sales potential.

Internationalisation of our distribution structures

Revenues generated outside Germany accounted for approximately 40.1% (previous year: 39.2%) of total Group revenues in the fiscal year 2013/14. This percentage is to be increased continuously to support our regional diversification and exploit existing market potential. Apart from expanding the structures of our own Retail segment, the growth strategy of the GERRY WEBER Group also focuses on the expansion of our international distribution structures in cooperation with distribution partners. We intend to tap market potential together with our partners especially in North America, the Middle East and Russia.

Vertical integration and optimisation of processes

Organisationally, the GERRY WEBER Group has become a vertically integrated systems supplier. Thanks to the close integration, management and control of the individual stages of the value chain, the interaction between development, production and sales has been continuously improved. As a result, development and delivery times have been reduced. The fact that the collections have been streamlined and thus become less complex has additionally helped to accelerate the production and delivery cycles. As an almost fully vertically integrated clothing company, we want to cover and control the complete value chain. We know customers' current needs and have the operational excellence to cater to these needs as quickly as possible at the point of sale. In times when customers expect the latest trends to arrive in the stores ever faster, this is of great importance. The ongoing vertical integration of our business model will reduce delivery times even further and give us full control over inventory management in the stores. This allows us to respond even more effectively and quickly to changing trends and / or framework conditions.

To accelerate the collection cycles also in the Wholesale segment, we offer our Wholesale customers maximum order limit arrangements. Under these arrangements, customers leave the breakdown of their orders to the experts of the GERRY WEBER Group. 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 approach entails sales and earnings advantages for both partners.

Our strategies and the measures derived from them are clearly geared towards further expansion. The continued profitable growth of the GERRY WEBER Group will be underpinned by strong and attractive brands catering to customers' needs and expectations as well as by the flexibility of a regionally and conceptually diversified distribution system which reaches customers in Germany and abroad through a variety of stationary and virtual channels. Add to this our IT and logistics processes that are ideally matched to the GERRY WEBER Group's unique requirements.

MANAGEMENT AND CONTROL / KEY PERFORMANCE INDICATORS

As a capital market-oriented company, GERRY WEBER International AG aims to increase the value of the GERRY WEBER Group on a sustainable basis. With a view to quantifying and measuring the implementation of the strategies initiated and the measures derived from them, we have installed a standardised control system, which uses a set of financial and non-financial performance indicators to map the development of the company.

GERRY WEBER International AG is a growth-oriented company. Accordingly, profitable revenue growth is a key objective of the company and, hence, a key performance indicator used by the Managing Board to control the company. The regional breakdown of sales revenues is another important indicator, as it reflects the degree of internationalisation. In the medium term, revenues generated by the GERRY WEBER brands outside Germany are to account for clearly in excess of 50% of sales.

As the company is not only growth-oriented but also earnings-oriented, key performance indicator of the GERRY WEBER Group also include earnings before interest and taxes EBIT).

To implement our vertical integration strategy, we continuously expand the sales space of our own Retail segment. In the past, we aimed to open 65–75 company-managed Houses of GERRY WEBER and mono-label stores per year. With a view to adjusting ourselves to the changing market environment, we have decided to report the expansion of the Retail space in square metres and/or in the form of a percentage increase in the sales space. This approach better reflects the growing importance of the concession stores. We want to expand the company-managed Retail space by approx. 10% per year. As of the end of the fiscal year 2013/14, the company-managed Retail space amounted to approx. 138.400 square metres. This makes Retail space growth a key non-financial performance indicator of the company.

In the context of the vertical integration process, the inventory turnover rate, the number of items per square metres of sales space and the number of items purchased per customer are other key non-financial performance indicators which reflect the progress of the vertical integration strategy. The inventory turnover rate indicates the frequency at which an inventory is sold per fiscal year. The number of items per square metre is an important indicator insofar as different numbers of garments on one square metre of sales space may generate different revenues. More items per square metre do not necessarily generate more revenue per square metre; instead, it is critical to determine the optimum merchandise density.

Logistic costs per item reflect the effectiveness of the logistic process. They will quantify the effect of the new logistic centre compared to the current approach involving external logistic partners. We want to make our processes faster and more effective, and this also includes our logistic processes.

ECONOMIC AND SECTOR REPORT

MACROECONOMIC SITUATION

Contrary to what had been expected by many experts, the global economy again stuttered in 2014. The world economy seems far away from a global upswing such as had been projected at the beginning of the year. It remains susceptible to disruptions, e.g. by geopolitical developments such as in Syria or Ukraine or by uncertainties in the financial markets. Merely the US economy is giving cause for optimism. By contrast, the eurozone economy clearly fell short of expectations. According to the Institute for the World Economy (ifw), Germany is still among the more solid EU countries. Although the economic slowdown was clearly felt also in Germany – which was not least reflected in the slump in the ifo Business Climate Index in June and July 2014 – the first signs of a recovery emerged towards the end of the year. In November 2014, the ifo Business Climate Index picked up again for the first time, having previously declined six consecutive times. In spring 2014, the leading economic institutes still projected a German GDP growth rate of between 1.7% and 2% for the year 2014. In November 2014, the projections mostly ranged from 1.2% to 1.5%.

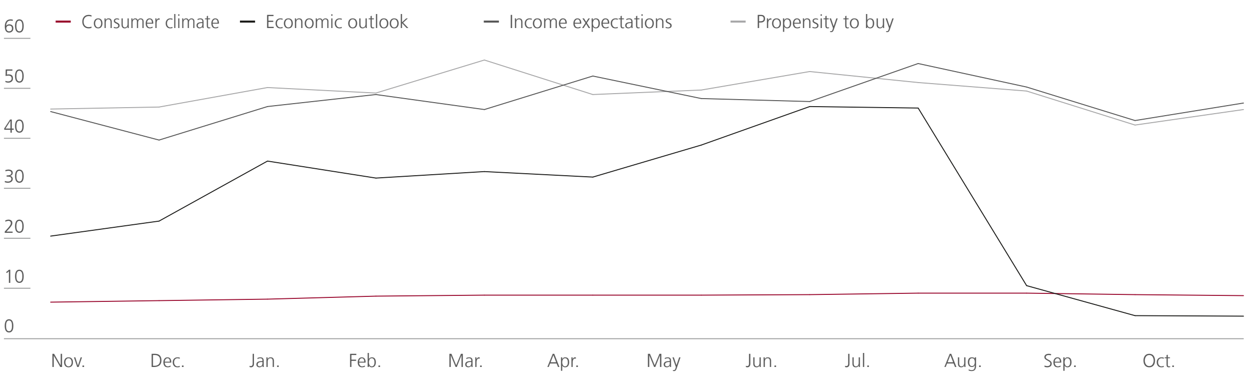
THE GERMAN CORE MARKET (GFK KONSUM DATA)

Besides other factors such as the weather, the consumption propensity of private households is a key parameter for the sales trend in the fashion industry. The latter depends primarily on the macroeconomic situation, i.e. general economic growth, unemployment figures, economic expectations, the rate inflation and, hence, consumers' real incomes. The consumer price trend also plays an important role in this context. When consumer prices are low, consumers have more money to spend on fashion and lifestyle products. Generally speaking, the GERRY WEBER Group's increasingly regionally diversified distribution structure enables the company to offset fluctuations in purchasing behaviour across the individual output markets. Accounting for 59.9% of total sales revenues, Germany nevertheless remained the most important output market in the fiscal year 2013/14.

Germany's Gesellschaft für Konsumforschung (GfK) regularly publishes data on consumers' economic and income expectations as well as their buying propensity. The consumer climate, which is an overall indicator of these three parameters, showed a positive trend in the fiscal year 2013/14 and stayed at a constantly high level of between 7.1 points in January and 8.9 points in July and August. A look at the individual parameters shows a less balanced picture. While

DEVELOPEMENT OF THE CONSUMER CLIMATE FOR THE PERIOD FROM 1 NOVEMBER 2013 TO 31 OKTOBER 2014

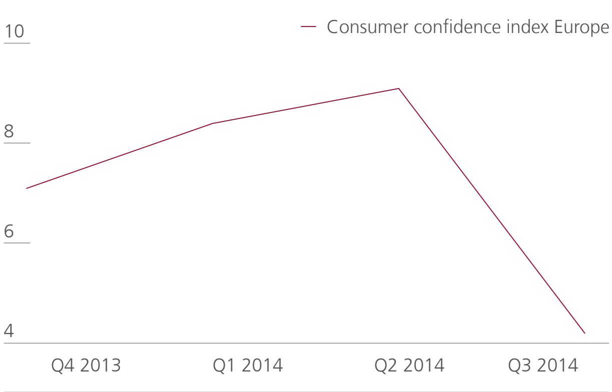
GFK indicator points



both economic expectations and buying propensity went from record to record in the first seven months of the past fiscal year, economic expectations slumped in July and August. This negative assessment of the business environment is consistent with the ifo Business Climate Index for the retail sector, which dropped sharply during this period.

As a result of the low inflation rate, stable income expectations and the continued good consumer climate also in the final months of the fiscal year 2013/14, the overall business conditions were nevertheless essentially positive from an economic point of view.

CONSUMER CONFIDENCE INDEX GFK indicator points



INDUSTRY SITUATION IN GERMANY

In spite of the stable consumer environment in Germany, sales revenues in the fashion retail sector were down by 3% on the previous year in 2014, according to “Textilwirtschaft” trade magazine. In a survey conducted by GermanFashion Modeverband e.V. in December 2013, some 79% of the respondents expected sales revenues to improve by approx. 6% in 2014 compared to 2013, while 21% projected an unchanged trend. This means that the fashion year 2014 clearly fell short of retailers’ expectations. The main reason for this were the very atypical weather conditions in both summer and autumn/winter, which put a damper on consumers’ buying mood. On the procurement side, no material changes occurred for the GERRY WEBER Group.

EUROPE (GFK KONSUM DATA)

The aggravation of the situation in eastern Ukraine and the continued spiral of sanctions, together with the crises in the Middle East and Iraq, led to growing uncertainty in Europe in the second half of 2014. The growth forecast 2014 of 1% published by the European Central Bank in June was considered too optimistic by experts. In November, the OECD revised its growth forecast for 2014 to 0.8%. Unlike the consumer climate index for Germany, the European index (GfK EU28 Index) did not remain stable but slumped from 9.1 points in July 2014 to 4.2 points in October 2014.

In the fourth quarter of 2013, the GfK results had still suggested that Europe would slowly emerge from the recession; consumers’ economic and income expectations had improved in nearly all countries.

RUSSIA (GFK KONSUM DATA)

In Russia, GERRY WEBER products are distributed exclusively by our retail partners. Accounting for approx. 3% to 4% of total sales revenues, Russia is an important export market for the GERRY WEBER Group. Even though we were only marginally affected by the crises in and surrounding Russia in the fiscal year 2013/14, the political and economic situation in Russia is important for GERRY WEBER. On the one hand, trade sanctions had an adverse impact on the Russian economy in the reporting period; on the other hand the weak rouble and rising food prices led to growing uncertainty among our customers. Since the beginning of the year 2014, the Russian currency has depreciated by more than one fifth. This slump reflects the deep crisis in the Russian economy but also the effects of the sanctions. We closely monitored the situation in the reporting period and will continue to do so. Thanks to the opening of new HoGWs by our franchisees, sales revenues stayed at the prior year level.

OVERALL ASSESSMENT OF THE ECONOMIC ENVIRONMENT IN THE FISCAL YEAR 2013/14

The economic environment was characterised by high volatility in the fiscal year 2013/14. While the first six months were marked by great optimism, the overall picture became much bleaker in the second half of the fiscal year. This tendency was confirmed by the growth forecasts of the leading economic institutes but also by the data on German households' economic expectations and the consumer climate index for Europe. The same applies to the weather-related conditions. Especially in the second half of the year, atypical weather conditions had an adverse effect on consumers' spending mood, which was also reflected in sales revenues of the GERRY WEBER Group. While the GERRY WEBER Group's like-for-like sales (+1.9%) outperformed the market as a whole significantly (Germany -3.0%), they fell short of the company's expectations. On balance, however, the market environment in the fiscal year 2013/14 – in spite of high volatility – was characterised by a generally high level of economic and industry activity.

ACHIEVEMENT OF OBJECTIVES

In January 2014, GERRY WEBER International AG published the forecast for the fiscal year 2013/14. Besides sales and earnings targets, the company's objectives also focused on the further expansion of its own Retail segment. The main emphasis was not only on opening new stationary stores in Germany and abroad but also on expanding the online activities. The aim was to increase the Retail segment's contribution to total sales revenues from 42.7% to almost 50% in the fiscal year 2013/14.

Against the background of the difficult market environment, which was influenced by unexpected geopolitical conflicts, a slow economy in Europe and seasonally unfavourable weather conditions and temperatures, we were unable to reach all the objectives we had set ourselves for the fiscal year 2013/14. Even though we increased our profitability in the fiscal year 2013/14 – as reflected in an increase in the EBIT margin from 12.4% to 12.8% – we missed sales and EBIT targets we set ourselves.

ACHIEVEMENT OF OBJECTIVES

	OBJECTIVES 2013/14	Achievement 2013/14
Sales revenues	EUR 900 million	EUR 852.1 million
EBIT	EUR 120 million	EUR 108.9 million
Retail	Expansion by 65 bis 75 new companymanaged sales spaces, especially outside Germany	Number of own Retail spaces increades from 701 to 778 (+77).
Internationalisation	Expansion of sales spaces, also outside the eurozone: USA, Canada, Russland and the Middle East	49 new Retail sales spaces abroad (e.g. in Norway, Belgium, The Czech Republic and Sweden)
Online shops & accessoires	Opening of 3 to 4 new online shops and expansion of the range of accessories	– Launch of online shops in Sweden, Belgium, France an the UK. – Launch of own GERRY WEBER accessoires collection.

Our Retail business was again the main growth driver in the fiscal year 2013/14. We aimed to increase the number of company-managed sales spaces by 65 to 75. The increase from 701 to 778 sales spaces shows that we have reached this target. Our online activities were expanded from five to nine countries, which also contributed to the increase in Retail revenues from EUR 363.7 million to EUR 404.9 million.

In 2013/14, the expansion primarily focused on our stores outside Germany. A total of 49 (net) company-managed Retail stores were opened or acquired abroad as well as 13 Franchise stores were opened. Accordingly, the percentage of revenues generated outside Germany increased from 39.2% to 40.1%.

In the licenses and accessories segment, we also made a great step forward in 2013/14 by launching our first own GERRY WEBER accessories collection. We will develop twelve monthly collections comprising approx. 20–25 styles in up to three colours. External revenues with accessories and licenced products generated by our own Retail business as well as our Wholesale partners amounted EUR 21.4 million (previous year: EUR 15.4 million).

NET WORTH, FINANCIAL AND EARNINGS POSITION

SALES PERFORMANCE

Just like the previous year, 2014 was not a good year for the fashion industry in Germany and Europe. Too much rain in the summer, mild temperatures in the autumn and winter as well as difficult economic conditions in some parts of Europe impacted on sales, as did the uncertainty among consumers, which was additionally fuelled by the geopolitical crises, e.g. in Russia. Moreover, the Soccer World Cup led to declining footfall in the city centres and stores. Against this background, we were unable to reach all the objectives we had set ourselves for the fiscal year 2013/14. Group sales revenues, for instance, remained almost unchanged from the previous year at EUR 852.1 million (previous year: EUR 852.0 million).

↳P.46

After a good start in the first half of 2013/14, which saw sales revenues increase by 2.2% on the prior year period, the GERRY WEBER Group was unable to fully isolate itself from the difficult conditions prevailing in the market as a whole. At EUR 439.3 million, Group sales revenues for the second half of 2013/14 were down 2.0% on the same period of the previous year. In particular, the Wholesale segment's revenues declined from EUR 251.0 million to EUR 216.3 million in H2 2013/14. Due to the drop in Wholesale revenues and the 11.3% increase in Retail revenues in 2013/14, the Retail segment's relative contribution to total Group revenues rose from 42.7% in the previous year to 47.5%. This means that our target of a 50% Retail contribution to total Group revenues was missed only by a narrow margin.

Sales performance of the Retail segment

↳P.46

The number of company-managed Retail and concession stores rose from 701 to 778 in the past fiscal year; accordingly sales space increased by 11.6% to 138,400 square metres (previous year: 124,000 square metres). Accordingly, Retail revenues grew by 11.3% to EUR 404.9 million in the fiscal year 2013/14. Not only the new stores but also the established stores opened more than 24 months ago contributed to the Retail segment's revenue growth. Like-for-like sales revenues increased by 1.9%. A look at like-for-like sales of the total fashion market in Germany, which declined by 3.0% in 2014, shows that the GERRY WEBER Group clearly outperformed the German market as a whole.

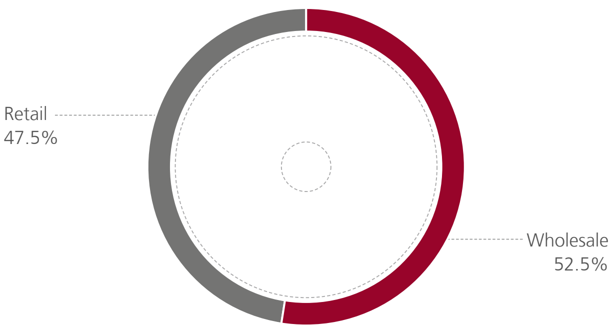
Our online business showed a positive trend. Besides our existing online shops in Germany, Austria, Switzerland, the Netherlands and Poland, we launched new online shops in Sweden, Belgium, France and the UK in the fiscal year 2013/14. E-commerce revenues increased by 10.7% to EUR 21.7 million in the reporting period. In addition, selected products of the GERRY WEBER brands are distributed via external online platforms such as Zalando.de or otto.de. Revenues generated via external online platforms are not counted towards the Retail segment, however, but form part of the Wholesale segment. In the reporting period, our online offerings were complemented by an exclusive GERRY WEBER online shop on ebay, which is an almost exact mirror image of our own online shops. The breakdown of Retail revenues by distribution formats shows that the 629 Houses of GERRY WEBER and mono-label stores accounted for 76.5% of the Retail segment's revenues (previous year: 75.2%). The chart below shows a breakdown of Retail revenues by distribution formats.

Sales performance of the Wholesale segment

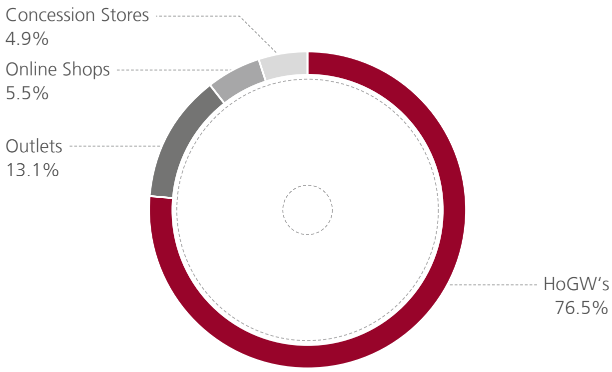
↳P.49

The Wholesale segment generated sales revenues of EUR 447.2 million in the past fiscal year 2013/14, compared to EUR 488.3 million in the previous year. This 8.4% drop in revenues compared to 2012/13 is primarily attributable to the full takeover of eight franchised Houses of GERRY WEBER in Norway with effect from 1 June 2014 as well as the acquisition of a majority share in 18 Belgian stores with effect from 1 August 2013 and their reclassification to the Retail segment. Moreover, as in the previous year, we refrained from doing business with customers with poor credit ratings who had no credit insurance and/or were

SALES SPLIT BY SEGMENT as of 31 October 2014



RETAIL SALES SPLIT 2013/14 BY DISTRIBUTION CHANNEL in %



unable to make advance payments. The re-ordering behaviour of our Wholesale customers also contributed to the reduction in Wholesale revenues. Because of the difficult market environment in the second half of our fiscal year (May to October 2014), retailers' re-orders remained clearly below our expectations, which means that sales to existing Wholesale customers also failed to improve.

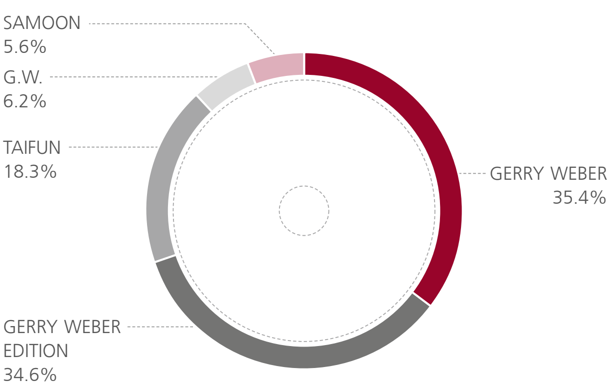
In spite of the difficult market environment and the reclassification of the Norwegian and Belgian Houses of GERRY WEBER from the Wholesale segment to the Retail segment, the number of franchised Houses of GERRY WEBER and the shop-in-shop spaces in the department stores of our Wholesale customers increased and remained constant, respectively. The number of stores run by franchisees climbed from 271 to 282 and the number of shop-in-shops remained almost unchanged at 2,808 (previous year: 2,816).

The GERRY WEBER Group has granted licenses for handbags, shoes and eyewear, which are also sold via our distribution channels. Licensed products marketed under the GERRY WEBER brand generated licensing fees of EUR 2.0 million (previous year: EUR 1.3 million). The accessories business was expanded significantly and the first accessories collection developed entirely by GERRY WEBER was launched in summer 2014. Under the GERRY WEBER Accessories brand, seasonal accessories such as scarves, hats, gloves, shawls and lifestyle jewellery are developed in twelve collections per year and sold both in our own stores and via our Wholesale partners. External revenues generated by us and by our partners selling accessories and licensed products totalled approx. EUR 21.4 million (previous year: EUR 15.4 million).

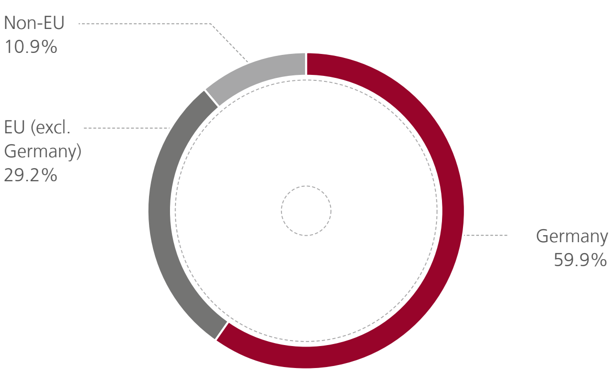
Brand sales performance

In the previous years, we showed a breakdown of sales revenues by brands based on the non-consolidated revenues of the three brand companies, GERRY WEBER Life-Style and Fashion GmbH, TAIFUN Collection Fashion GmbH and SAMOON Collection Fashion Concept GmbH. The non-consolidated brand revenues comprised the revenues generated with external Wholesale customers and with the internal Retail sister companies in Germany and abroad. Against the background of the dynamic expansion of the Retail segment and the resulting increase in the latter's share in total sales revenues, we have changed the form of presentation. We now determine the relative shares of the brand families

CONTRIBUTIONS MADY BY THE INDIVIDUAL BRANDS TO TOTAL BRAND REVENUES 2013/14 in %



SALES SPLIT BY REGION in %



on the basis of sales to end consumers and to Wholesale customers. The figures are therefore not fully comparable to the previous year.

The GERRY WEBER core brand and its two sublabels, GERRY WEBER EDITION and G.W., contributed a total of 76.2% to total Group revenues (previous year: 75.2%) in the fiscal year 2013/14. The moderate increase is primarily attributable to the ongoing international expansion, as new markets are usually first entered by the GERRY WEBER core brand. Accounting for 35.4% of total revenues, GERRY WEBER Collection once again confirmed its role as the Group's main revenue driver. Specialising in casual single items, GERRY WEBER EDITION contributed an impressive 34.6% to total revenues. The G.W. sublabel showed a particularly pleasant performance. This fully vertical collection launches the latest trends at short delivery cycles and increased its relative contribution to total revenues from 5.1% to 6.2%.

All stores that fail to meet our profitability criteria after two years are subjected to a close examination. Against this background, seven TAIFUN mono-label stores were converted into other formats, e.g. Samoon stores, or let to new tenants. The newly established stores and the expansion of our distribution activities failed to fully offset the resulting drop in sales; accordingly, the TAIFUN brand's contribution to total sales revenues declined from 19.4% to 18.3%.

Our brand portfolio is complemented by SAMOON, the brand for plus sizes, which contributed 5.6% to total brand revenues in 2013/14 (previous year: 5.3%). The moderate increase is mainly attributable to the expansion of the distribution structures for Samoon products.

Regional sales performance

Accounting for 59.9% (previous year: 60.8%) of total sales revenues, our German home market is the biggest output market. The moderate decline is due to the ongoing internationalisation of our distribution structures. In 2013/14 alone, 54 new company-managed retail spaces were opened outside Germany.

The foreign markets contributed 40.1% to total sales revenues (previous year: 39.2%). This breaks down into 29.2% (previous year: 28.8%) for the European Union (excl. Germany) and 10.9% for non-EU countries. As in the previous year, the Netherlands, Austria, Russia and Belgium are the most important foreign markets.

EARNINGS POSITION

ABRIDGED CONSOLIDATED INCOME STATEMENT 2013/14 AND 2012/13

in EUR million	**2013/14**	2012/13	Changes in %
Sales	852.1	852.0	0.0
Other operating income	15.5	17.8	-12.9
Chanes in inventories	27.9	-8.0	448.8
Cost of materials	-390.9	-386.2	1.2
Personnel expenses	-154.9	-143.3	8.1
Depreciation/ Amortisation	-25.3	-21.6	17.1
Other operating expenses	-214.2	-203.7	5.2
Other taxes	-1.3	-1.2	8.3
Operating result	*108.9*	*105.8*	*2.9*
Financial result	-4.3	-3.0	43.3
Result from ordinary activities	*104.6*	*102.8*	*1.8*
Tax on income	-33.2	-31.8	4.4
Net income of the year	**71.4**	**71.0**	**0.6**

↳P.49

Although our sales performance was not entirely satisfying, the GERRY WEBER Group was able to improve its profitability. With sales revenues remaining almost constant, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 5.3% to EUR 134.2 million. Earnings before interest and taxes (EBIT) improved from EUR 105.8 million to EUR 108.9 million (+2.9%). As a result, the EBIT margin increased moderately from 12.4% to 12.8% in 2013/14.

Other operating income declined by EUR 2.3 million to EUR 15.5 million in the fiscal year 2013/14. Higher rental income from our Hall 29 and Hall 30 investment properties was offset by lower revenues from the charging of services rendered (e.g. shop and IT services for our partners).

The merchandise for the newly opened company-managed Retail stores and increased stocks of the 2014 autumn / winter collections led to changes in inventories of EUR 27.9 million. In particular, sales of the autumn/winter collections were adversely affected by the mild weather in the period from September to December 2014.

↳P.51

Against the background of the increased Retail share in total Group revenues and our flexible procurement structures, gross profit rose by EUR 31.2 million. Corresponding the gross margin improved significantly from 53.7% to 57.4%. The gross margin is calculated as the cost of materials, adjusted for changes in inventories, in relation to sales.

Due to the expansion of the Retail segment and the takeover of 25 Norwegian stores, GERRY WEBER's headcount (annual average) increased from 4,700 to 5,202. Some 67.6% (previous year: 71.2%) of our staff work in Germany. As a result of the increased headcount, especially in the Retail segment, personnel expenses rose by 8.1% to EUR 154.9 million. Consequently, personnel expenses as a percentage of sales revenues climbed from 16.8% in the previous year to 18.2%.

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 scheduled depreciation / amortisation, which rose by 16.9% to EUR 25.3 million.

Other operating expenses climbed 5.2% to EUR 214.2 million in the reporting period (previous year: EUR 203.7 million). As described under personnel expenses, the increase is primarily attributable to the expansion of the Retail segment and the related lease of new sales space. Accordingly, space costs climbed from EUR 79.2 million to EUR 85.5 million (+8.0%) and were the main factor in the increase in other operating expenses. Although our own sales space was expanded by 11.6%, especially outside Germany, freight and packaging costs picked up by only 3.4% to EUR 37.2 million.

Other operating expenses also include marketing and sponsoring costs, which increased from EUR 21.5 million to EUR 27.5 million in the fiscal year 2013/14. To give our modernised collections exposure also to new customer groups, we launched our first TV commercial on several German TV stations in September and October 2014, which is one of the reasons for the higher marketing costs. Collection development expenses declined from EUR 7.5 million to EUR 6.3 million, which reflects the increasing vertical integration of our business model and the resulting cost reduction. At EUR 6.9 million, commissions for sales agents were down by an impressive 38.9% on the previous year.

Taking into account all operating expenses, earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 134.2 million (previous year: EUR 127.5 million). The EBITDA margin increased from 15.0% in the previous year to 15.7%. In spite of higher depreciation / amortisation (+EUR 3.7 million), earnings before interest and taxes (EBIT) improved by 2.9% to EUR 108.9 million. This led to an EBIT margin of 12.8% in the fiscal year 2013/14 (previous year: 12.4%).

The financial result deteriorated from EUR -3.0 million to EUR -4.2 million, which is primarily attributable to higher interest expenses. Due to the compounding of interest on outstanding purchase price payments for the takeovers in the Netherlands, Belgium and Norway, interest expenses increased from EUR 2.3 million in the previous year to EUR 3.5 million in the reporting period.

Against the background of a constant tax ratio, GERRY WEBER International AG generated consolidated net income after taxes of EUR 71.4 million (previous year: EUR 71.0 million). Earnings per share were almost constant at EUR 1.56 (previous year: EUR 1.55), with the number of shares remaining unchanged. Taking into account the profit carried forward and an allocation to revenue reserves of EUR 35.0 million, accumulated profits amounted to EUR 58.6 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 4.3% in 2013/14, which is primarily due to the fact that total output increased at a higher rate than intermediate expenditure. At 58.2%, employees accounted for the biggest share of value added (previous year: 57.5%). The shareholders' stake in value added remained almost unchanged at 13.0% (previous year: 13.8%).

in EUR million	**2013/14**	2012/13
Origin		
Sales	852.0	852.0
Inventory changes	27.9	-8.0
Other interest and similar income	15.8	18.1
Company performance	*895.7*	*862.1*
Cost of material	390.9	386.2
Depreciation	25.3	21.6
Other operating expences	214.2	205.0
Total purchased material and services	*630.4*	*612.8*
VALUE ADDED	265.3	249.4
Absobed by		
Employees	154.9	143.3
Public sector	33.2	31.8
Lenders	4.6	3.2
Shareholders	34.4	34.4
Company (profit retention)	38.2	36.6

NET WORTH POSITION

Against the background of the expansion of our business activity, the investments made and the issue of a EUR 75.0 million note loan, total assets of GERRY WEBER International AG increased by 28.9% from EUR 531.6 million to EUR 685.2 million as of 31 October 2014. Fixed assets rose by EUR 53.8 million or 20.2% to EUR 319.4 million (previous year: EUR 265.6 million). This is primarily attributable to the EUR 29.2 million increase in property, plant and equipment to EUR 195.1 million. The main reason for the increase are the investments in the new logistic centre made in 2013/14, which are shown under property, plant and equipment as advance payments for work in progress (EUR 25.1 million).

Property, plant and equipment also increased because of investments in the Retail expansion, e.g. in leasehold improvements and shop fittings, and the full takeover of 25 stores in Norway. Property, plant and equipment of the Norwegian companies have been fully consolidated since 1 June 2014.

Intangible assets also increased markedly by EUR 24.8 million to EUR 94.9 million (previous year: EUR 70.1 million). This is mainly due to the acquisition in Norway and the resulting goodwill and other rights acquired. 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 26.8 million (previous year: EUR 27.3 million), the carrying amount remained almost constant in the reporting period.

Current assets amounted to EUR 358.0 million as of 31 October 2014 (previous year: EUR 256.8 million). The increase by EUR 101.2 million or 39.4% is also due to the company's expansion. As the number of company-managed Retail spaces and the inventories in the stores increased, inventories totalled EUR 140.7 million at the end of the fiscal year 2013/14 (previous year: EUR 111.5 million).

Trade receivables increased to EUR 70.8 million (previous year: EUR 65.8 million). Other current assets climbed from EUR 12.0 million to EUR 39.2 million as of the balance sheet date. The increase is primarily attributable to the fair values of currency forwards.

Liquid funds amounted to EUR 104.3 million as of the 31 October 2014 reporting date. The EUR 38.7 million increase compared to the end of the fiscal year 2012/13 is due to the cash flow from operating activities as well as to the proceeds from the EUR 75.0 million note loan issued by the company. As the new logistic centre will not be completed before the end of 2015, the funds raised for this purpose were not fully utilised in the fiscal year 2013/14.

On the liabilities side of the balance sheet, the net income for the year less dividend payments for the fiscal year 2012/13 led to an increase in equity capital to EUR 455.3 million as of 31 October 2014. The equity ratio declined moderately to 66.4% (previous year: 74.5%), which is primarily due to the debt capital raised through the issue of the note loan. Accumulated other comprehensive income / loss pursuant to IAS 39 in the amount of EUR 18.3 million related to the positive fair value of financial instruments qualifying for hedge accounting (currency forwards).

↪P.52

In November 2013, GERRY WEBER International AG issued a EUR 75.0 million note loan to finance the logistic centre and general corporate purposes. The excellent creditworthiness of the GERRY WEBER Group and its operational strength allowed the company to take advantage of low interest rates and place the fixed-interest tranches at an average interest rate of 2.3%. Oversubscribed several times, the note loan was issued at 100% of the nominal value and will 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. Accordingly, non-current liabilities increased to EUR 142.5 million as of the balance sheet date on 31 October 2014 (previous year: EUR 48.4 million). Besides the higher financial liabilities, the increase is due to a rise in other liabilities. This item in the amount of EUR 36.9 million includes primarily the remaining purchase price payments related to the acquisition of a 51% interest in our Belgian and Dutch franchisees and the 25 stores in Norway.

At the end of the reporting period current liabilities were almost unchanged from the previous year at EUR 87.5 million. Trade liabilities increased due to the expansion of our business activity. At EUR 37.3 million, they were up by EUR 7.0 million on the prior year reporting date

(31 October). By contrast, other current liabilities declined by EUR 9.7 million to EUR 18.1 million.

Current and non-current liabilities rose by EUR 2.4 million to EUR 31.2 million, mainly due to higher personnel and tax provisions, which are attributable, among other things, to the increase in the average headcount from 4,700 to 5,202. Total current and non-current financial liabilities climbed from EUR 11.7 million to EUR 84.2 million for reasons described above. In spite of the issue of the note loan (EUR 75.0 million), net financial assets amounted to EUR 20.1 million as of 31 October 2014, which means that liquid funds clearly exceeded financial liabilities as of the balance sheet date.

Summarising the net worth position of GERRY WEBER International AG, an equity ratio of 66.4%, liquid funds of EUR 104.3 million and financial liabilities of EUR 84.2 million testify to a very solid balance sheet structure.

↳P.53

FINANCIAL POSITION

ABRIDGED CASH FLOW STATEMENT OF THE FISCAL YEAR 2013/14 AND 2012/13

in EUR million	**2013/14**	2012/13	Changes in%
Operatives Ergebnis	108.9	105.8	2.9
Cash inflows from operating activities	*68.3*	*92.7*	*-26.3*
Cash inflows from current operating activities	*66.2*	*90.7*	*-27.0*
Proceeds from the disposal of properties, plant, equipment and intangible assets	0.5	1.2	-58.3
Cash outflows for investments in property, plant, equipment and intangible assets	-57.9	-33.3	73.9
Cash outflows for the acquisition of fully consolidated companies and other business units less cash and cash equivalents acquired	-6.5	-4.4	47.7
Purchases of investments in investment property	-0.1	-0.2	-50.2
Proceeds from the disposal of financial assets	0.4	0.5	-19.7
Purchases of investments in financial assets	-0.5	-0.1	525.0
Cash outflows from investing activities	*-64.1*	*-36.3*	*76.7*
Dividend payments	-34.4	-34.4	0.0
Raising/Repayment of financial activities	71.0	-3.5	2,128.6
Cash inflows from financing activities	*36.6*	*-38.0*	*196.4*
Movement in cash and cash equivalents	38.7	16.4	136.0
Cash and Cash equivalents at the beginning of the fiscal year	65.6	49.2	33.3
Cash and cash equivalents at the end of the fiscal year	**104.3**	**65.6**	**59.0**

In spite of an improved operating result of EUR 108.9 million (previous year: EUR 105.8 million), cash flow from operating activities was down by 26.3% on the previous year to EUR 68.3 million (previous year: EUR 92.7 million). Among other things, this is due to an increase in inventories by EUR 27.4 million (previous year: decline in inventories by EUR 10.9 million). Taking into account cash interest income and expenses as well as payment costs, cash flow from current business activities amounted to EUR 66.2 million, EUR 24.5 million less than in the previous year.

The investing activities of GERRY WEBER International AG were characterised by investments in property, plant and equipment as well as intangible fixed assets and by the acquisition of 25 stores in Norway. In addition, the company acquired the land and made the first payments for the construction of the new logistic centre. Accordingly, cash outflows for investing activities increased from EUR 36.3 million in the previous year to EUR 64.1 million in 2013/14.

Cash flow from financing activities primarily results from the EUR 75.0 million note loan issued to finance the new logistic centre as well as general corporate purposes. Payments were made in conjunction with the redemption of loans and the dividend in the amount of EUR 34.4 million. Total cash flow from financing activities amounted to EUR 36.6 million in the fiscal year 2013/14 (previous year: cash outflow of EUR 38.0 million).

Cash flow from current business activities (EUR 66.2 million) was sufficient to cover the full cash outflows from investing activities (EUR 64.1 million). Taking into account the cash flow from financing activities (EUR 36.6 million), cash and cash equivalents increased by EUR 38.7 million. As of 31 October 2014, liquid funds totalled EUR 104.3 million, up 59.0% on the end of the previous year.

INVESTMENTS

In the fiscal year, 2013/14, capital expenditures of the GERRY WEBER Group increased from EUR 37.9 million to EUR 66.0 million, of which approx. EUR 57.9 million related to investments in intangible fixed assets and property, plant and equipment. These primarily comprise investments in intangible assets resulting from the acquisition in Norway and the resulting goodwill and other rights acquired in the fiscal year 2013/14. They also include investments in property, plant and equipment such as leasehold improvements as well as furnitures and fittings. Investments made in conjunction with the construction of the new logistic centre amounted to EUR 27.1 million.

↳P.55

SEGMENT REPORT

Against the background of its two distribution segments and the related cost and risk structure, GERRY WEBER International AG distinguishes between two main segments, namely a “Production and Wholesale” segment and a “Retail“ segment. The Wholesale segment is classified into the three brands GERRY WEBER, TAIFUN and SAMOON and comprises all distribution structures with external retail partners; 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 individual 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

At EUR 447.2 million, the Wholesale segment's revenues were down by 8.4% on the previous year. The decline in revenues is mainly attributable to the above-mentioned reclassification of the eight Norwegian Houses of GERRY WEBER to the Retail segment. Moreover, in the fiscal year 2013/14 the company refrained from doing business with customers with poor credit ratings who had no credit insurance and/or were unable to make advance payments. The re-ordering behaviour of our Wholesale customers also contributed to the reduction in Wholesale revenues. Because of the difficult market environment in the second half of our fiscal year (May to October 2014), retailers' re-orders remained clearly below our expectations, which means that sales to existing Wholesale customers also failed to improve.

Due to the lower Wholesale revenues, earnings before interest and taxes (EBIT) of the Wholesale segment declined from EUR 91.6 million to EUR 80.3 million (-12.3%). The contribution made by the Production and Wholesale to Group earnings before interest and taxes (EBIT) declined from 86.6% in the previous year to 73.7% in the 2013/14 reporting period. The segment's average headcount decreased by 6.2% to 1,233 (previous year: 1,315). Its investments in non-current assets totalled EUR 20.1 million in the fiscal year 2013/14. As a result, Wholesale assets increased from EUR 360.3 million to EUR 387.4 million, while liabilities rose by EUR 64.2 million to EUR 102.9 million.

In spite of the continued difficult market environment, the GERRY WEBER Group was able to expand its base of franchised stores. A total 35 new franchised Houses of GERRY WEBER were opened in the fiscal year 2013/14, all of them outside Germany. These included eleven stores in Switzerland, nine stores in Russia, six stores in the Middle East and three stores in Eastern Europe. The increased presence of fully vertical fashion suppliers has changed the distribution structures in Germany and Europe significantly. Against this background, 16 franchised Houses of GERRY WEBER were closed in the fiscal year 2013/14. Another eight Houses of GERRY WEBER in Norway no longer form part of the Wholesale segment but are now part of the Retail segment after their operating companies were acquired by the GERRY WEBER Group. As a result, the number of franchised Houses of GERRY WEBER increased by 11 (net) to a total of 282 as of the end of the fiscal year 2013/14 (previous year: 271).

The number of shop-in-shops remained almost unchanged from the previous year. In this context, it should be noted that, because of their size, some shop-in-shops were merged in order to ensure better inventory management. Our products are meanwhile available in 2,808 shop-in-shops worldwide (previous year: 2,816). At the end of the fiscal year 2013/14, 544 shop-in-shops were located outside Germany, 69 more than in the previous year.

Retail

The Retail segment's sales revenues increased from EUR 363.7 million in the previous year to EUR 404.9 million in the fiscal year 2013/14. This represents an increase by 11.3%. Not only the new stores but also the established stores opened more than 24 months ago contributed to the Retail segment's revenue growth. Like-for-like sales revenues increased by 1.7%, only in Germany even by as much as 1.9%. For a detailed presentation and breakdown of Retail revenues by distribution channels, refer to the "Sales performance" chapter in this Group management report".

Earnings before interest and taxes of the Retail segment improved by a strong 89.1% to EUR 26.9 million. This impressively reflects the increased profitability of the stores opened in the past three years. The Retail segment's share in total Group EBIT also picked up from 13.4% to 24.7%. Due to the ongoing expansion of the company-managed sales spaces and the resulting increase in property, plant and equipment and the acquisitions in Norway, the Retail segment's depreciation/amortisation rose by 25.5% to EUR 15.2 million. The segment's EBITDA amounted to EUR 42.1 million, which represents 31.4% of total Group EBITDA.

The Retail segment's assets increased by EUR 123.9 million (+47.7%) to EUR 383.6 million, primarily due to the GERRY WEBER Group's expansion and acquisition strategy described above. Accordingly, Retail liabilities rose by 12.9% to EUR 237.2 million, while investments in non-current assets climbed 45.0% to EUR 60.8 million.

As a result of the ongoing expansion of the Retail segment through the opening of new stores and online shops, the number of employees increased from an annual average of 3,384 to 3,968 in the fiscal year 2013/14.

A total of 90 new company-managed stores were opened, thereof 54 outside Germany. The new stores included Houses of GERRY WEBER, mono-label stores, concession stores and factory outlets. 25 stores acquired in Norway have formed part to the Retail segment GERRY WEBER International AG since June 2014. New Houses of GERRY WEBER were opened not only in our established markets such as Belgium (+5) and the Netherlands (+3) but we also opened the first stores in the Czech Republic (+3), Slovakia (+2) and Sweden (+2). They were complemented by eight new concession stores and eight factory outlets. 13 company-managed stores had to be closed, including seven TAIFUN stores in Germany and three Houses of GERRY WEBER in Spain. This means that the number of company-managed sales spaces increased by 77 (net) in the fiscal year 2013/14.

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As of the end of the fiscal year 2013/14, the Retail segment operated 468 Houses of GERRY WEBER, 144 mono-label stores, 119 concession stores and 30 factory outlets in Germany and abroad. 303 Houses of GERRY WEBER and 142 mono-label stores are located in Germany. The mono-label stores comprise 86 TAIFUN stores, 43 SAMOON stores and 15 GERRY WEBER EDITION stores.

Although our target group did not show an exceptionally high Internet affinity in the past, the e-commerce distribution channel has clearly gained importance over the past years. With our EU online shop opened in June 2014, our online shops now reach consumers in Germany, Switzerland, the Netherlands, Belgium, the UK, France, Poland, Sweden and Austria. By tapping the online customer potential in these countries, we support our stationary Retail expansion strategy. Going forward, we aim for our products to be available online in every country where we operate our own stationary stores. In the past fiscal year, the e-commerce activities contributed EUR 21.7 million or 5.5% to the Retail segment's sales revenues

GERRY WEBER INTERNATIONAL AG

(condensed, according to German Commercial Code (HGB))

Complementing the reports of the GERRY WEBER Group, this report outlines the performance of GERRY WEBER International AG. As a general rule, the combined Group management report also covers all legal obligations of GERRY WEBER International AG. 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). The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). This leads to differences between the accounting and valuation methods. These differences primarily relate to fixed assets, provisions, financial instruments and deferred taxes.

GERRY WEBER International AG, headquartered in Halle/Westphalia, Germany, is the parent company of several national and international subsidiaries. Acting as an operational holding company, the parent company provides Group-wide services such as accounting, controlling, HR, IT, auditing, compliance as well as marketing and communication services to all subsidiaries. As of 31 October 2014, GERRY WEBER International AG employed 520 people.

The economic framework conditions of GERRY WEBER International AG are largely consistent with those of the GERRY WEBER Group and are explained in detail in the Group management report.

Income from investments is the key performance indicator of GERRY WEBER International AG.

EARNINGS POSITION OF GERRY WEBER INTERNATIONAL AG

In its capacity as holding company, GERRY WEBER International AG provided key services to the member companies of the GERRY WEBER Group. The resulting fee and interest income is shown as expenses at the subsidiaries. The company generated sales revenues of EUR 8.5 million (previous year: EUR 8.3 million), which related to shop-in-shop fittings and IT services. Other operating income primarily includes intra-group cost allocations and the rents for Hall 29 and Hall 30. The earnings position of GERRY WEBER International AG is largely influenced by the performance of the subsidiaries. Based on the existing profit and loss transfer agreements, the subsidiaries transferred a total net amount of EUR 98.0 million (previous year: EUR 95.3 million) to the parent company.

Although the subsidiaries expanded their business activity, the company's operating expenses remained almost constant. The cost of materials was even down by 17.8% on the previous year to EUR 5.9 million. Personnel expenses declined from EUR 41.2 million to EUR 37.3 million (-9.3%), which is mainly attributable to the transfer of employees to operating subsidiaries. In return, other operating expenses increased by 6.7% to EUR 46.6 million. Besides packaging and logistic expenses, IT, advertising and space costs, this item also includes the expenses relating to all duties arising from the stock exchange listing as well as legal and consulting expenses.

After depreciation / amortisation of EUR 7.2 million (previous year: EUR 6.8 million), earnings before taxes were almost unchanged at EUR 104.5 million (previous year: EUR 106.2 million). Net income after taxes amounted to EUR 72.8 million in the fiscal year 2013/14, compared to EUR 74.9 million in the previous year.

The economic situation of GERRY WEBER International AG is essentially characterised by the operating activities of the subsidiaries. GERRY WEBER International AG participates in the operating results of the subsidiaries through the dividends distributed and / or the profit transferred by the latter. This means that the economic situation of GERRY WEBER International AG is generally consistent with that of the GERRY WEBER Group.

NET WORTH POSITION OF GERRY WEBER INTERNATIONAL AG

Fixed assets of GERRY WEBER International AG rose sharply from EUR 133.3 million to EUR 229.4 million in the financial year 2013/14. This includes an increase of EUR 24.7 million in property, plant and equipment, which is primarily attributable to advance payments (EUR 23.5 million) for the construction of the new logistic centre. Financial assets picked up notably to EUR 97.0 million (previous year: EUR 30.7 million). The increase is due, among other things, to the acquisition of the Norwegian Retail companies in June 2014 and the rise in equity capital of GERRY WEBER Retail GmbH by EUR 50.0 million.

Current assets climbed 7.5% to EUR 310.3 million. This includes reduced receivables, which declined from EUR 228.5 million to EUR 222.5 million (-2.6%). Cash in hand and cash at banks showed an opposite trend and picked up from EUR 50.6 million to EUR 78.7 million.

The balance sheet structure of GERRY WEBER International AG remained solid in the past financial year. Equity capital of GERRY WEBER International AG increased from EUR 389.7 million to EUR 428.1 million, also due to higher revenue reserves. Despite the increase in equity, the equity ratio declined from 92.1% to 79.0%. The reduced equity portion in total assets is primarily due to the issue of a EUR 75.0 million note loan in November 2013. Consequently, financial liabilities climbed from EUR 9.9 million in the previous year to EUR 81.4 million at the end of the fiscal year 2013/14. Against this background, the balance sheet increased from EUR 423.0 million to EUR 541.5 million (+28.0%) in the reporting period.

RISKS AND OPPORTUNITIES OF GERRY WEBER INTERNATIONAL AG

The business of GERRY WEBER International AG is essentially exposed to the same risks and opportunities as the GERRY WEBER Group. The risk management system and the internal control system for the accounting process are installed at GERRY WEBER International AG and monitored by the latter in its capacity as the parent company. For a detailed presentation of the GERRY WEBER Group's risk and opportunity profile, please refer to the risk and opportunity report in the Group management report.

OUTLOOK

The expectations for the business performance of GERRY WEBER International AG in the next twelve months are essentially identical with the outlook for the GERRY WEBER Group, as the earnings position of the parent company is largely influenced by the performance of the subsidiaries. The expectations and projections of the GERRY WEBER Group are outlined in detail in the forecast report in the Group management report. GERRY WEBER International AG's net income for the fiscal year 2014/15 is expected to be slightly higher than in 2013/14.

OPPORTUNITY AND RISK REPORTOPPORTUNITIES

OPPORTUNITIES AND RISKS

Being part of a complex, global business world, GERRY WEBER International AG is exposed to diverse opportunities and risks which may have positive and negative effects on the net worth, financial and earnings position in the short or long term. The opportunity and risk management system is an integral element of GERRY WEBER's corporate governance both strategically and operationally in the individual departments. Management's present assessment of the risks and opportunities relates to the period covered by the general forecast on the business performance of GERRY WEBER International AG.

RISK REPORT

Principles of the risk management system

GERRY WEBER International AG has introduced a comprehensive risk management system in order to identify risks at an early stage and to assess and manage them effectively. The system is designed to anticipate and to manage the potential future developments or events that may lead to a deviation from the expected business performance. These are the key features of the risk management system:

- Integration into current operational business processes
- Identification and monitoring of risks by the specialist and functional departments
- Subsequent assessment and control together with the Risk Management Team
- Reduction of existing risks to an acceptable minimum by launching appropriate counter-measures
- Active involvement and integration of all employees

Organisation and instruments of the risk management system

Both 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 of GERRY WEBER International AG is responsible for operating an effective opportunity and risk management system which ensures that all material risks and opportunities are managed comprehensively and consistently. The risk management system covers all companies in which GERRY WEBER International AG holds a majority interest. As of 31 October 2014, this applied to 38 companies.

Die Identifying risks
Potential risks identified by the individual departments and employees are reported to the Risk Management Team. A wide range of instruments is used to identify risks, e.g. analyses of order intake, sales revenues and inventories, market and competitor analyses, talks with customers as well as the ongoing monitoring and assessment of the economic environment.

Assessing, quantifying and managing risks
The Risk Management Team records and analyses the individual risks and then assesses their potential implications in consultation with the respective specialist departments. This results in an assessment as to whether and to what extent the individual risks may affect the GERRY WEBER Group. Subsequently, effective counter-measures are devised in the specialist departments but also on a cross-departmental basis. Each specialist department has a Risk Officer, who is responsible for implementing and controlling the defined preventive measures together with a member of the Risk Management Team. When quantifying potential risks, we always take a combined view of the individual risks, which means that we consider the full extent of all risks without the impact of the corresponding counter-measures.

Instruments
The individual risks and their assessment as well as the description of the preventive measures are summarised in the risk report. As such the risk report reveals the individual risks 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 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. 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

Internal control system and accounting process

The disclosures below include information pursuant to section 289 para. 5 and section 315 para. 2 No. 5 of the German Commercial Code (HGB).

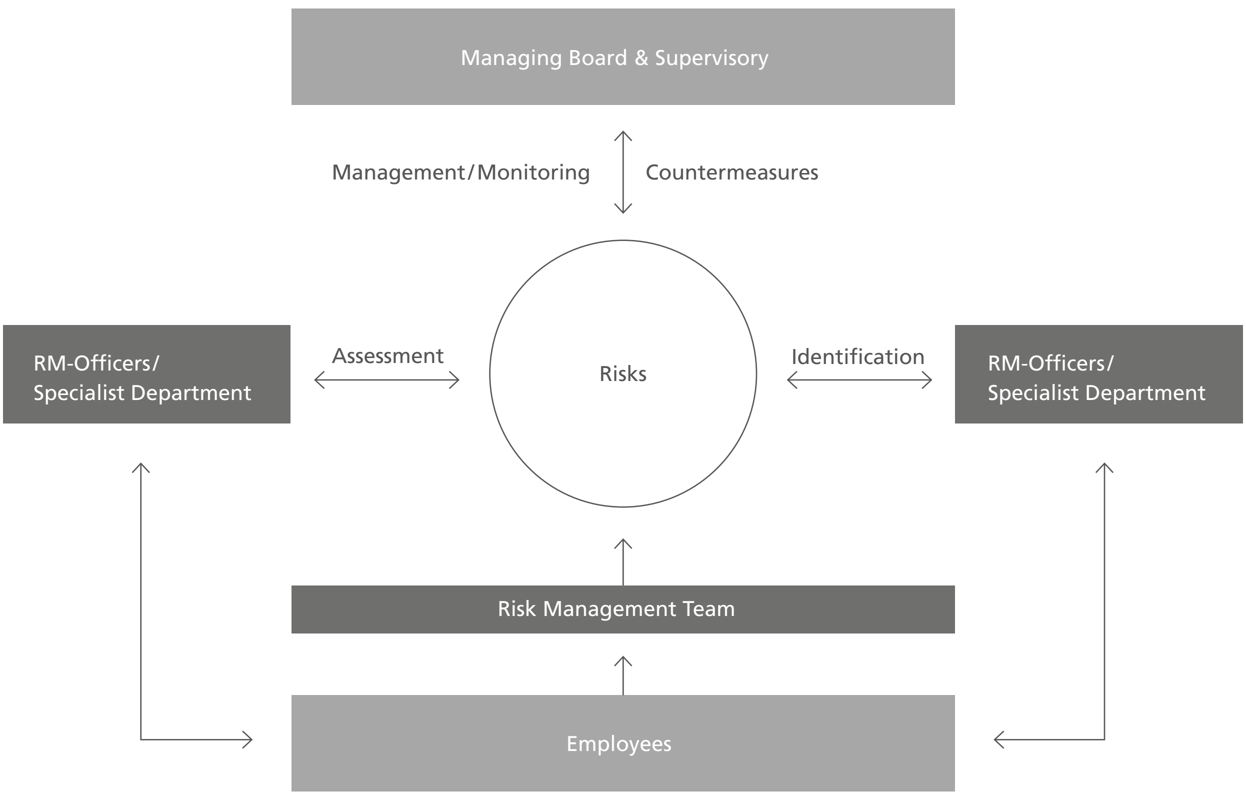
GERRY WEBER International AG uses an internal control system to ensure proper accounting. The internal control system is an integral element of the risk management system. It is designed to ensure that legal regulations are complied with and that internal and external accounting is reliable with regard to the numerical presentation of the business processes. 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 issues as required.

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 financial statements of the auditable entities, i.e. the material domestic subsidiaries, are audited and certified by independent auditors. This primarily serves to ensure the process-independent surveillance of the Group accounting process. The interim and annual financial statements of foreign subsidiaries are prepared by external service providers. They are certified by local accountants before they are incorporated into the consolidated financial statements. Interim consolidated financial statements are prepared each quarter; the annual consolidated financial statements are subjected to a full audit by the auditor,

Risks and risk categories

The following is a description of the risks which may have an adverse impact on the business, net worth, financial and earnings position. The order in which the risks are presented within the individual risk categories reflects the current assessment of the effects of the risk and provides an indication as to the current relevance of these risks for GERRY WEBER International AG. Unless stated otherwise, the individual risks relate to all GERRY WEBER segments. The risks that are relevant for GERRY WEBER International AG are divided into six categories: external risks, industry and market risks, strategic risks, financial and performance risks as well as corporate risks.

RISK MANAGEMENT PROCESS



External risks – Macroeconomic and geopolitical risks

Risks relating to adverse weather conditions

Adverse weather conditions may have a negative impact on the sales revenues of the GERRY WEBER Group, as seasonally atypical temperatures and weather patterns may weigh heavily on consumers' shopping mood. A very cold spring or summer, for instance, may led to reduced sales of spring and winter apparel, while a very mild autumn might put a damper on winter apparel sales. Adverse weather conditions which last only for one or several days can usually be offset by subsequent purchases. If, however, the weather is seasonally atypical for an extended period or for several seasons in a row, this may have negative effects on the sales revenues and earnings of the GERRY WEBER Group.

We continuously improve our in-season management in order to respond more quickly to adverse weather conditions. In this context, we increase the number of products which are available for short-term delivery to the stores depending on the prevailing weather conditions. We consider the probability of seasonally atypical weather conditions, i.e. too cold summer temperatures or too mild winter temperatures, to be low. The effects are classified as material. This means that the risk resulting from adverse weather conditions is classified as a material risk.

Economic trend

Economic or geopolitical conditions may have a material influence on our success in business. Adverse economic developments in the countries and regions in which GERRY WEBER International AG operates may have a material impact on consumer spending and, by extension, on the company's revenues and earnings.

A stagnating or declining economy may reduce the real incomes of private households and, hence, their spending mood. Geopolitical events or changes in the regulatory environment, e.g. the crisis in Ukraine / Russia or trade sanctions, may also have an adverse impact on consumer demand and thus on our sales revenues. Such a negative trend in consumer spending may lead not only to declining sales but also to increased pressure on margins. Our regular customers generally have higher incomes and higher

RISK CATEGORIES

Probability of occurrence	Extent (based on EBIT)			
	< EUR 1.0 million very low	= EUR 1.0 – 5.0 million low	= EUR 5.0 – 10.0 million moderate	> EUR 10.0 million material
unlikely < 10 %	NEGLIGIBLE RISK	NEGLIGIBLE RISK	MEDIUM RISK	MEDIUM RISK
low = 10 % – 20 %	NEGLIGIBLE RISK	MEDIUM RISK	MEDIUM RISK	MATERIAL RISK
medium = 20 % – 50 %	MEDIUM RISK	MEDIUM RISK	MATERIAL RISK	SERIOUS RISK
likely > 50 %	MEDIUM RISK	MATERIAL RISK	SERIOUS RISK	SERIOUS RISK

budgets for fashion, which means that they are less exposed to economic fluctuations than other target groups. Against this background, we consider the effect of a negative economic trend, in conjunction with a slowdown in consumer spending, on our business model to be low. The probability of occurrence is also regarded as low. This risk is thus classified as a medium risk.

We counter the economic and geopolitical risks with our regionally diversified distribution structures and the expansion of our market presence outside Germany. Also, compared to the young fashion segment, our brands and their respective market positionings put us in a good strategic position characterised by relatively low competition. Our international growth strategy and the diversity of our brands allow us to enter new markets and tap new customer potential in order to offset potentially declining demand in individual markets.

Force majeure risk
Apart from political and regulatory changes, terrorist acts and natural disasters such as floods also pose a hazard to the economic situation of GERRY WEBER International AG. With a view to minimising such risks in our procurement markets, the GERRY WEBER Group has developed a flexible sourcing system which allows to replace manufacturing partners swiftly and easily. To reduce distribution-related country risks to a minimum, GERRY WEBER products are primarily produced in countries characterised by stable political conditions. To the extent possible, insurance cover has been taken out for potential losses or damages resulting from natural disasters. The company currently considers the force majeure risk to be negligible; the probability of occurrence is classified as unlikely and the effect as very low.

Industry and market risks

Fashion and collection 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. To achieve this, the latest catwalk trends need to be translated into products that meet the needs and expectations of our customers groups. In this context, there is a risk of ignoring new trends or market tendencies or of not recognising them early enough.

The GERRY WEBER Group develops all its products in-house – from the first idea to the production of the first prototypes. Our design and product management teams continuously monitor the national and international fashion markets to identify the latest trends as well as new materials and techniques. Some 6,000 points of sale provide us with daily sales updates on products, sizes and colours. All information is immediately collated by the design teams and used in the development of future collections. We thus minimise the risk of producing collections which are not in line with the latest trends and / or our consumers' requirements. What is more, our collections comprise 16 themes per year and are structured in such a way that new products are delivered to the points of sale every two to three weeks. These quick delivery cycles also ensure that the latest trends reach our customers in a timely manner.

Against this background, we believe it is unlikely that our collections fail to meet market trends and consumer requirements. If this were to happen, however, the effects would be material. This risk is therefore classified as a medium risk.

Risks relating to a changing customer structure
The customers of our Wholesale segment are also exposed to external risks which may influence their sales, earnings and liquidity position. This may lead to existing customers of the Wholesale segment reducing the volume of the orders placed with GERRY WEBER. Moreover, the market entry of new fashion or retail firms may entail changes to existing sales structures. This, in turn, could lead to the default or insolvency of existing Wholesale customers. To mitigate the declines in sales and earnings which may result from these risks, we continue to expand our own Retail activities while at the same time diversifying the customer structure of the Wholesale segment. Moreover, we reduce our dependence on a few major customers by expanding our presence in different regions and countries and by spreading our sales over several brands. No customer of the Wholesale segment currently accounts for more than 5% of our sales revenues.

In view of the fragmented fashion market, which is characterised by a large number of retailers, and our diversified distribution structures, we classify the risk resulting from a changing customer structure as a medium risk. The probability of occurrence is rated at clearly below 10%, while the effects on EBIT are classified as moderate.

Risks relating to a changing competitive structure
The entry of new competitors into our market segment may lead to fiercer competition and, hence, to a loss of market share. Moreover, a changed price structure of our competitors may reduce our margins. Thanks to our in-house collection processes, the high quality and the perfect fit of our products as well as our coordinated business processes, we were able to expand our unique sales propositions within the market segment over the past years, thus greatly raising the market entry barriers for new competitors. As we continue to develop our collections and deepen our market penetration, especially outside Germany, we constantly increase our brand awareness and expand our market position. In view of the high fragmentation of the fashion market in our segment, we consider the probability of new competitors entering our market segment to be rather unlikely. Due to the low effect, we classify this risk as negligible.

Strategic risks

Risks relating to the opening of new sales spaces
A key strategy for the advancement of the GERRY WEBER Group consists in successively growing the company's own Retail operations, especially by opening new and expanding existing sales space. The expansion of our own Retail operations increases the fixed costs such as personnel and rental expenses. These are offset, however, by a higher gross profit margin, which means that the company's profitability ultimately improves. The success of this strategy depends on choosing the right locations for the new sales spaces as well as on the performance of the locations chosen. A poorly performing new store may fail to reach the profitability target and make a lower contribution to the overall Group performance. This could have an adverse impact on sales revenues and earnings of the GERRY WEBER Group. Such a scenario should also be seen in conjunction with other risks such as a changing competitive structure or atypical weather conditions, which may be the cause of poor performance at individual stores.

To avoid misjudgements and failed investments, we analyse comprehensive data, with a focus on detailed locational analyses as well as analyses of the market and customer potential. In addition, we prepare sales and earnings projections including detailed targets and deadlines for each individual location. New store openings are approved only after all information has been examined in detail. Once a store has been opened, daily performance reviews make it possible to monitor the performance of each sales space and to initiate potential counter-measures at an early stage.

The development of different concepts for our stores allows us to respond swiftly to changes in demand and to modify store formats if required. If individual outlets fail to meet our financial targets and we see no further development potential for them, they will be closed. Thanks to the excellent locations of our stores, they can easily be let or sub-let to new tenants if necessary. Due to the detailed review process preceding the opening of new stores, we consider both the probability of wrong decisions and their effect to be low. We therefore classify the risk relating to the opening of new sales spaces as a medium risk.

Risks relating to the international expansion

The past years saw GERRY WEBER International AG accelerate its international expansion with the aim of strengthening the presence of the GERRY WEBER outside Germany. This is done not only to ensure continued growth in the long term but also to reduce our exposure to structural and economic developments in our home market and to diversify the risk. In the short term, however, the launch of our brands in a new market may entail the risk of misjudgements regarding consumers' acceptance of the brands in the individual target market.

We mitigate the risk of our collections failing to be accepted by the consumer by carrying out detailed market and competitor analyses as well as running a range of advertising measures targeting specific customer groups. As a general rule, we open our own Retail stores in a new market only after we have gained some initial experience in this market through previous cooperation with retailers who know the respective market. We currently classify the risk relating to our international expansion as a medium risk. We consider both the probability of occurrence and the potential effect to be low.

Brand and corporate image risk

The financial success of the GERRY WEBER Group is also based on the brand image and the long-term positioning of our brands. The high quality standard and the good fit of our trend-oriented garments form the basis of our brand image. A clear brand positioning and its effective communication support the positive perception of the GERRY WEBER brand universe. The corporate image of the GERRY WEBER Group is determined by the perception of the company by its stakeholders such as customers, shareholders, suppliers and employees. Failure to meet our quality standards, an ambiguous brand positioning or non-compliance with national and international laws and social standards by our partners are potential risks which may have an adverse impact on the image of the GERRY WEBER brand families and, hence, on the net worth, financial and earnings position of the GERRY WEBER Group. Compliance with human rights and social standards is an integral element of our corporate philosophy. Non-compliance could cause sustainable damage to the image of the GERRY WEBER brand families. We consider the probability of our brand image being damaged to be unlikely. The effect is considered to be low, which is why this risk is classified as negligible.

To virtually eliminate this risk, we have established the following measures: We support the positioning of our brands with the help of various marketing, event and sponsorship measures, thus ensuring a positive external perception of our brands. To make sure that our high quality standards are met, our manufacturing partners undergo comprehensive audits before being accepted as producers for the GERRY WEBER Group. Besides examining our partners' production capacities and know-how, we also check their compliance with national and international laws and social standards. 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 standards by internal and external experts.

Investment risk

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. The largest investment project in the history of the company to date, the construction of the new logistic centre, is a project which may entail such risks. If construction fails to proceed according to plan, i.e. if delays occur or significant additional construction or operating costs are incurred, this could have an adverse impact on the net worth, financial and earnings position of the GERRY WEBER Group.

To reduce this risk to a minimum, the project was preceded by a detailed analysis of the construction and engineering options as well as through detailed investment and cost planning involving external experts. At present, the risk is classified as negligible, as the probability of occurrence is considered to be unlikely and the effect to be very low.

Financial risks

Currency risk

The currency risks of GERRY WEBER International AG result from the international orientation of the business activities, especially from the fact that the company sources part of its goods outside the eurozone. Add to this the increasing intra-group financing of non-euro entities such as the subsidiaries in the UK, Sweden, Norway and Canada. Currency risks also result from the translation of net assets as well as income and expenses of subsidiaries outside the eurozone.

The intra-group currency risks are also minimised through natural hedging. This means that income and expenses in foreign currencies more or less offset each other. Hedges are used to mitigate external currency risks arising, e.g. from procurement activities. We procure a part of our merchandise from countries outside the eurozone in USD. In particular, a weakening of the euro against the US dollar could increase our procurement costs and thereby weigh on our operating margin. The foreign currency requirements are calculated based on the budget calculations 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. Apart from this, GERRY WEBER International AG does not trade in financial instruments.

In accordance with IFRS 7, we have reviewed the effects of changes in the key exchange rates on equity capital. These are presented in paragraph H in the notes.

The probability of considerable exchange rate fluctuations occurring in general is considered to be medium. In view of the existing hedges and the resulting planning certainty, however, the actual probability of being affected by exchange rate fluctuations is regarded as unlikely. In view of the USD-denominated procurement volume, the effect on the procurement side is rated as material. In view of the existing hedges and the flexible sourcing system, however, the actual effect is regarded as low. We therefore classify the currency risk as negligible.

Risk of debtor defaults

As we rely on the creditworthiness and payment ability of our customers, these are examined and checked in detail. In spite of our strict bad debt management system, it is possible that receivables are settled belatedly or not at all. To mitigate this risk of default, all new customers are subjected to strict creditworthiness checks in advance and relatively short payment terms are agreed. Where creditworthiness and/or credit insurance are found to be inadequate, we request advance payments from our customers. Where customers are unable to make advance payments, we reserve the right to decline doing business with them. Payment terms are usually 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 and controlled continuously. The effectiveness of these measures is reflected in the Group-wide bad debt ratio, which currently stands at 0,1%. In view of the measures implemented to check customers' creditworthiness, we consider the probability of debtor defaults to be rather unlikely and the effect on EBIT to be low. The overall risk of debtor defaults is therefore classified as negligible.

Financing and liquidity risk

Liquidity risks may arise when a company lacks the financial resources to settle liabilities with regard to their maturity, amount and currency structure. This would result in a lack of liquidity to settle liabilities or rising financing costs. To ensure that the company is able to meet its payment obligations, 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 and settles its liabilities using funds generated from its operating activities, the credit or liquidity risk plays only a minor role for GERRY WEBER. Even in the event of banks changing their lending policies, we consider the risk of insufficient liquidity and the risk of not being able to raise sufficient debt capital at attractive terms to be negligible. The probability of occurrence is unlikely and the effect very low.

Interest rate risk

ZInterest rate risks arise as a consequence of changing market interest rates and the resulting volatilities. They have an impact on future interest payments on variable-rate deposits and loans and thus influence the amount of interest expenses. Material changes in interest rates may therefore influence the profitability, liquidity and financial position of the Group. GERRY WEBER International AG manages this risk 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 short-term cash flow risk. In accordance with IFRS 7, we have reviewed the effects of changes in the key interest rates on net income.

At the beginning of the financial year 2013/14, GERRY WEBER International AG issued a EUR 75.0 million note loan with fixed and variable interest rate tranches. The fixed tranches yield an average interest rate of 2.3%. Taking into account the current low interest rates and the excellent creditworthiness of the GERRY WEBER Group, the average interest rate for the full amount is below 2.0%. Against the background of the favourable interest rates of the financing structure, the high equity portion of GERRY WEBER International AG and the current low interest rates, we consider the probability of occurrence to be unlikely and the effect of the interest rate risk to be very low. The interest rate risk is therefore classified as negligible.

Performance risks

Sales and inventory risk

Reduced spending propensity on the part of consumers, e.g. due to economic or weather-related factors, may lead to lower-than-planned sales of goods. This could lead to higher inventories and, as a result, to higher discounts. As the inventory risk of the Wholesale segment passes to the customer upon delivery, this risk primarily affects the Retail segment.

We mitigate this risk with the help of strict inventory management. To minimise this risk, the prices of unsold products are reduced once before these products are transferred from the stationary stores to the company-managed retail factory outlets for sale. The inventory risk should normally be seen in connection with other risks, e.g. the risk of adverse economic or weather-related developments. The measures and preventive mechanisms installed by the company lead to a medium probability of occurrence and a low effect. The overall inventory risk is classified as a medium risk.

Procurement risk

The high demands made on the quality of GERRY WEBER products and the required compliance with agreed delivery dates mean that our suppliers must meet high standards. These can be ensured through close partnerships and regular controls of the manufacturers. Contracts for the production of GERRY WEBER products and the available production capacities are managed centrally by our Procurement Department. The production volume is spread over several previously audited suppliers in different regions, which means that the risk of non-performance is reduced effectively.

Should one or several suppliers nevertheless be unable to deliver because of economic or technical problems, natural disasters, capacity bottlenecks or strikes, the GERRY WEBER Group may be forced to look for new partners at short notice. The same applies in case of increased procurement prices resulting from embargoes, trade restrictions, additional customs duties or wage rises. Such a sudden change of supplier may result in delayed deliveries and higher expenses, which may have an adverse impact on the company's revenues and earnings. To counter-act this risk, the GERRY WEBER Group maintains a reliable, tried-and-tested network of strategic suppliers. Thanks to our in-house product development unit and the comprehensive technical production preparations made internally at GERRY WEBER, such as the production of the patterns and the scaling of the sizes in Halle/Westphalia, we are able to respond swiftly and flexibly and to replace production partners if required. The possibility to make available the technical data required for production facilitates the handling between GERRY WEBER and the partner company and speeds up the order placement process. Manufacturers wishing to be admitted to the supplier pool of the GERRY WEBER Group must subject themselves to a comprehensive review process. The criteria reviewed include not only technical standards, available know-how and the ability to meet our high quality standards but also compliance with social standards. After this first audit, suppliers must undergo regular inspections, with GERRY WEBER's own engineers reviewing the production processes and checking them for compliance with relevant standards.

We consider the probability of delayed deliveries and additional expenses resulting from procurement problems to be unlikely. The effect is considered to be low. The risk is therefore classified as a negligible risk.

Logistic risk

As a global player operating in over 60 different countries, the GERRY WEBER Group relies on smoothly functioning logistic processes. Any disruption of these processes may have an adverse impact on our ability to deliver and, hence, on the punctual fulfilment of orders. This could lead to declining sales, additional costs and, possibly, to a deterioration in our customer relationships. To minimise potential logistic risks, GERRY WEBER International AG has sourced out the logistic functions to two service providers. Regular meetings at which delivery dates are discussed between the service providers and the company ensure that the complete process is managed and monitored effectively.

Changing and growing distribution channels, our ongoing international expansion and growing transhipment volumes have increased our need for customised logistic processes. In April 2014, we therefore started to build a multi-channel logistic centre in the immediate vicinity of our Group headquarters. The five existing warehouses, where each item of inventory is clearly assigned to a specific distribution channel before it enters the warehouse, will be merged into a single warehouse feeding all distribution channels. The new centralised logistic concept will thus reduce the risk of misallocation. The central warehouse will also facilitate the simultaneous delivery of hanging and folded merchandise, which used to be delivered by different warehouses, to the point of sale. The new logistic centre will thus ensure faster and optimised delivery of the products to the points of sale. This potential risk minimisation in the logistic area contrasts with an investment risk; this is described in detail under "Investment risk".

During the transitional period of completing the change from the decentralised warehouses to the new logistic centre, delays and/or misallocations may occur before the new system is fully integrated. We expect this transitional period of both systems operating in parallel, to last about three months. Should this transitional period take longer than planned, this may have an impact on the net worth, financial and earnings position of GERRY WEBER International AG. We consider the probability of occurrence of such a case to be unlikely, as we have allowed for a sufficient transitional phase. The effect is also considered to be low, which is why the risk is classified as negligible.

IT risk

Nearly all our business processes are supported by our sophisticated IT systems. A serious system failure or a material loss of data could lead to business disruptions. Projects of material importance for the Group could be delayed and thus become more expensive than planned. Moreover, viruses could lead to system failures and to the loss of critical and/or confidential information. To minimise this risk, our networks are monitored constantly. In addition, we have implemented security and protection systems to prevent the loss and abuse of data.

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. We consider the risk of an IT system failure having financial effects to be rather unlikely and the effects to be low. This risk is therefore classified as a negligible risk.

Other risks

Human resources risk

Our employees, their commitment and their skills are of fundamental importance to the achievement of our objectives. Human resources risks primarily arise in the context of recruitment, skills shortage and staff turnover. In this context, the 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, is of great importance for the GERRY WEBER Group, as filling these positions at short notice could have an impact on the net worth, financial and earnings position of the Group. To mitigate this risk, we have not only installed replacement processes but also formulated detailed job descriptions to fill key vacancies as quickly as possible. In addition, a comprehensive deputising policy has been implemented.

Human resources risks also include high staff fluctuation as well as growing competition for qualified people in the labour market. Effective staff retention and well trained employees are therefore critical factors for the success of our company. We offer attractive compensation systems and personalised working time schemes, challenging tasks as well as interesting career prospects in Germany and abroad to increase the satisfaction of our employees and retain them in the company. We consider the effect of the above risks to be low and the probability of occurrence to be medium. The human resources risk as a whole is classified as a medium risk.

Legal and compliance risks

Legal risks may arise in the context of our business activities. All material legal transactions are examined and approved using external specialists in order to avoid legal disputes. Should legal disputes occur nevertheless, they may not only entail high costs but also have an adverse impact on the image of GERRY WEBER International AG. 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 violations of the law or of our Code of Conduct, we have put in place a compliance programme. This Code of Conduct and our Group Guidelines define a set of principles for responsible governance which are binding on all employees. Compliance with these rules and regulations is monitored centrally and reported directly to the Managing Board. While these defined rules of conduct cannot fully rule out violations, we consider the probability to be unlikely and the effect to be low.

Liability risk

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 water, are reduced by taking out sufficient insurance cover. All risks insured are constantly reviewed by the company to avoid over or underinsurance. We consider the financial effect of liability risks to be very low and the probability of occurrence to be unlikely. We therefore classify the risk as negligible.

Risk category	Individual risks	Probability of occurance	Effect	Risk category	Develop-ment of risks
External risks					
	Risks relating to adverse weather conditions	low	material	negligible risk	⇨
	Risks relating to the economic trend	low	low	medium risk	↗
	Force majeure risk	unlikely	very low	negligible risk	⇨
Industry and market risks					
	Fashion and collection risk	unlikely	material	medium risk	⇨
	Risks relating to a changing customer structure	unlikely	moderate	medium risk	↗
	Risks relating to a changing competitive structure	unlikely	low	negligible risk	⇨
Strategic risks					
	Risks relating to the opening of new sales spaces	low	low	medium risk	⇨
	Risks relating to the international expansion	low	low	medium risk	⇨
	Brand and corporate image risk	unlikely	low	negligible risk	⇨
	Investment risk	unlikely	very low	negligible risk	↗
Financial risks					
	Currency risk	unlikely	material	medium risk	↗
	Risk of debtor defaults	unlikely	low	negligible risk	⇨
	Financing and liquidity risk	unlikely	very low	negligible risk	⇨
	Interest rate risk	unlikely	very low	negligible risk	↘
Performance risks					
	Sales and inventory risk	medium	low	medium risk	⇨
	Procurement risk	unlikely	low	negligible risk	⇨
	Logistic risk	unlikely	low	negligible risk	↗
	IT risk	unlikely	low	negligible risk	⇨
Other corporate risks					
	Human resources risk	medium	low	medium risk	⇨
	Legal and compliance risks	unlikely	low	negligible risk	⇨
	Liability risk	unlikely	very low	negligible risk	⇨

⇨ unchanged risk ↗ increased risk ↘ decreased risk

OPPORTUNITY REPORT

The GERRY WEBER Group operates in a constantly changing economic environment. In particular, consumers' disposable incomes and, as a result, their spending behaviour influence our business model. This means that a potential improvement in the economic environment as a whole or in individual regions may have a positive impact on sales revenues and earnings of the GERRY WEBER Group. An improvement in the global economic environment and/or in individual regions also allows GERRY WEBER to grow more quickly and profitably. The growing per-capita income in the emerging countries, in particular, allows us to tap new potential customer groups, especially in some of our expansion countries. Moreover, an improved economic environment makes it possible to sell our products in countries with different economic cycles and development stages, which supports our diversification in terms of regions and product lifecycles.

The demographic development in the western industrialised countries also opens up opportunities for the GERRY WEBER Group. In the coming decades, the age pyramid will shift towards a group often referred to as "best agers". This means a growing number of potential consumers in the market targeted by the GERRY WEBER brand. We therefore plan to expand our distribution activities both through our own Retail stores and together with our partners.

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 good opportunities for our own Retail segment. This will open up additional growth potential for our own Retail operations and the successive expansion in Germany and abroad. 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, direct distribution allows us to gain valuable insights into our customers' needs and purchasing behaviour and to incorporate these insights more quickly into our collections.

The same applies to the changing general structures, i.e. the increasing consolidation in the fashion retail sector. There is a chance that the German fashion market will continue to consolidate, with many smaller suppliers being driven out of the market and only large, vertically integrated companies surviving, which will then divide the market volume between them. Not least thanks to its size, the GERRY WEBER Group may benefit from the effects of this consolidation process.

The above-mentioned consolidation process in the clothing market may open up opportunities for one or several acquisitions by GERRY WEBER Group. The acquisition of new brands boosts the sales and earnings potential of the GERRY WEBER Group as a whole and gives us access to new customer groups. The acquisition of franchisees and additional sales spaces may also open up possibilities for growing sales revenues and earnings.

The generally increasing use of online shopping possibilities by our customers is an opportunity for the GERRY WEBER Group. By expanding our online activities, we want to respond to customers' changing purchasing behaviour, tap new customer groups and benefit from the potential arising in the process.

We believe that the integration of stationary retail stores and online shops offers a way to exploit unused sales potential. In future, it could be possible that articles which are no longer available in a store are ordered online by the shop assistant, with the consumer choosing whether to pick up the articles in the store or have them delivered to their home address. This or similar solutions could help to tap unused sales potential.

The integration of stationary stores and online shops will also be supported by the new logistic centre currently under construction. This facility will allow us to decide just in time before delivery which distribution channel to use for a given product. This will lead to improved and optimised product availability both in the online shops and the stationary retail stores. In addition, reduced logistic costs per piece will result in potential cost savings. Another opportunity arising in conjunction with the new logistic centre relates to the optimised delivery of individual items. It is extremely important, especially for our combination collections, that all items of an outfit are available at the same time. The new logistic centre is thus expected to help exploit unused sales potential.

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 prospects for our company.

Moreover, the development of new products offers further growth opportunities for the GERRY WEBER Group. Apart from introducing new product groups in existing collections, e.g. the TAIFUN Separates, we expanded our accessories and licensing activities in the past financial year 2013/14. A GERRY WEBER shoe collection was started in cooperation with a licensing partner already in the fiscal year 2012/13. Further products complementing the GERRY WEBER lifestyle universe are at the planning stage.

The growing globalisation of the markets also opens up opportunities on the procurement side. Building on our internal procurement structures, we can respond quickly and make efficient use of potentially improving conditions.

Our employees are our potential. Extensive and individualised training and further education measures allow us to consistently improve the productivity and effectiveness of our staff. A good working environment characterised by attractive working hour and compensation schemes increases the attractiveness of the GERRY WEBER Group as an employer and, hence, our ability to win qualified and committed people for the company and to retain them in the long term.

Our opportunity management system is aimed at identifying existing and arising opportunities at an early stage and to leverage them to the benefit of the GERRY WEBER Group.

RELATED PARTY DISCLOSURES

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

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

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

COMPOSITION OF THE SUBSCRIBED CAPITAL

At the end of the reporting period on 31 October 2014, the subscribed capital (share capital) of GERRY WEBER International AG totalled EUR 45,905,960 and consisted of 45,905,960 bearer shares. There were no capital measures in the fiscal year 2013/14.

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 until 31 October 2014 and member of the Supervisory Board since 1 November 2014, indirectly held 29.06% of the company's share capital as of 31 October 2014. Supervisory Board member Udo Hardieck directly and indirectly held 17.42% as of the same date. The company is not aware of any other voting rights 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 sum total of the shares issued against cash and non-cash contributions in an ex-rights issue subject to this authorisation is limited to an amount which does not exceed 20% of the share capital, neither at the time this authorisation becomes effective nor at the time this authorisation is used.

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 2014, 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 by the banks 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.

POST-BALANCE SHEET EVENTS

The following events which may influence the earnings, net worth and financial position as well as the future business of the GERRY WEBER Group occurred after the end of the fiscal year 2013/14 (31 October 2014).

On 22 December 2014, GERRY WEBER International AG acquired all shares in Munich-based fashion company Hallhuber from private equity firm Change Capital Partners LLP; the transaction is subject to the approval of the German Federal Cartel Office and the Austrian anti-trust authorities. By adding the two complementary Hallhuber brands to its brand portfolio, GERRY WEBER Group will gain access to a new, younger target group. The acquisition supports the announced strategy of GERRY WEBER International AG to grow profitably also through acquisitions. ↳P.75

Hallhuber will be an independent brand under the umbrella of the GERRY WEBER Group. As the brand will benefit from the company's operational expertise in procurement, international Retail expansion and logistics, it is expected to not only make an attractive contribution to the Group's profitability but also to accelerate its growth.

The parties agreed not to disclose the purchase price for the 100% shareholding in Hallhuber. The company plans to finance the purchase price by raising long-term debt.

On 22 January 2015, GERRY WEBER International AG announced the Supervisory Board's intention to appoint Ralf Weber Chairman of the Managing Board with effect from 25 February 2015 at its next meeting on 24 February 2015.

Beyond the foregoing, no other significant events that would have an impact on the earnings, net worth and financial position as well as the future business of the GERRY WEBER Group occurred after the balance sheet date.

FORECAST REPORT

FORWARD-LOOKING STATEMENTS

The present forecast report of GERRY WEBER International AG reflects management's expectations regarding the future company-specific geopolitical, financial, sector-specific and macroeconomic developments which may influence the business activities of the GERRY WEBER Group. It is based on management's knowledge at the time of the preparation of the report and covers a forecast horizon of one year.

As an increasingly international fashion corporation, GERRY WEBER International AG operates not only in Germany but also in other parts of the world. With 40.1% of the Group's sales revenues generated outside Germany, the economic, political and social conditions outside our home market are constantly gaining importance. Moreover, we source our merchandise from many different regions of the world, which means that we are exposed to global influences also in this respect.

THE WORLD ECONOMY

In October 2014, the International Monetary Fund (IMF) projected a growth rate of 3.8% for the world economy for 2015, thus once again downgrading its forecast of April 2014 in view of the risk of a new global economic crisis. The IMF is concerned by the fact that the recovery in the eurozone is stagnating and that the geopolitical crises in the Middle East and Ukraine may have adverse economic consequences far beyond the regions affected. Some experts additionally criticised the large economies, in particular, for not having invested enough in spite of low interest rates. Furthermore, the sanctions imposed in the context of the Ukraine crisis are affecting the Russian economy and have led to price increases in the country and to a marked depreciation of the rouble. The situation in the emerging countries is inconsistent. The USA is the only country, according to the IMF, which has returned to robust growth, following the winter-related economic slump. Accordingly, the IMF projects a growth rate of 3.1% for the US economy for 2015.

EUROZONE

A growth rate of 0.8% is projected for the eurozone economy by the IMF. This is far less than assumed at the beginning of the year. According to the Macroeconomic Policy Institute, the gross domestic product (GDP) of the eurozone excluding Germany almost stagnated. The weak euro and the lower oil prices are two factors which may have a positive influence on the economy in 2015. Unlike the USA, which will gradually exit from its accommodative monetary policy in 2015, the ECB will continue its policy of very low interest rates.

Compared to 2014, the Macroeconomic Policy Institute projects a moderate recovery and a growth rate of 1.4% for the eurozone economy in 2015. This is just above the IMF experts' estimate of 1.3%.

GERMANY

The IMF has also issued a much bleaker forecast for Germany for 2015. Instead of the 1.7%% projected in April, the German economy is now expected to grow by only 1.5%. The figures projected by the EU Commission and the Bundesbank in November and December 2014, respectively, are even lower, with Germany's GDP expected to grow by 1.1% and 1.0%, respectively. If and to what extent this slowdown will influence consumer spending remains to be seen. According to a GfK study of November 2014, the consumption propensity of German consumers was hardly affected by the reduced economic expectations. Right on the contrary, consumer spending remained the engine of the German economy. High income expectations, combined with low unemployment figures, a low rate of inflation and reduced fuel and oil prices, have boosted consumers' disposable incomes. According to the Federal Statistical Office, this income was increasingly spent on clothing and shoes in 2013, when consumer spending on these products was up by approx. 2.2% on the previous year.

Generally speaking, we see a stable economic environment for our German home market, which means that consumer spending will also stay at a high level. For the fashion industry as a whole, we therefore project stable sales revenues for 2015, albeit at a low level. This year, too, the weather conditions will have a strong influence on our customers' buying behaviour. It should also be noted that the distribution structures in the fashion sector will continue to change. Increasingly fully vertical suppliers will enter the European markets and established vertical suppliers will further expand their market position. Moreover, the online business will gain importance across all price segments and age groups.

Similar developments can be observed in the fashion industry throughout the eurozone. In Scandinavia or the UK, in particular, e-commerce plays a much more important role than in Germany or Austria. Due to the disparate economic performance in the individual European countries, a general statement on clothing sales in Europe would not appear to make sense. We do not believe, for instance, that the first positive economic tendencies in Spain will have a direct impact on consumer spending. Sweden and Norway seem to be less affected by the crisis in Europe. Against the background of our regional diversification, the positioning of our brands and our operational strengths, we expect to further expand our market share in Europe in 2015.

FUTURE POSITIONING OF THE GERRY WEBER GROUP AND STRATEGIC MEASURES

The GERRY WEBER Group will continue to pursue its growth strategy in fiscal year 2014/15. Sustainable and profitable growth is the main objective of the company. In the coming months, the strategic positioning of the GERRY WEBER Group and of our operating activities will primarily focus on the following:

- Continuation of the Retail expansion through an increase in company-managed stores. The regional focus will be on neighbouring European countries and North America. The first eight company-managed Houses of GERRY WEBER will be opened in Canada before the end of the current fiscal year 2014/15

↳P.76

- Expansion of the brand presence of all three brand families – GERRY WEBER, TAIFUN and SAMOON – and ongoing internationalisation of the GERRY WEBER Group
- Effective implementation of our vertical integration strategy and, in this context, increased control over the full value chain from procurement to transport and logistics to the point of sale
- Consistent optimisation of existing processes and implementation of the logistic centre construction project according to plan
- Integration of fashion company Hallhuber into GERRY WEBER Group and realisation of the targeted synergy effects.

↳P.79

Retail strategy

With sales climbing 11.3% to EUR 404.9 million in the past fiscal 2013/14 and the company-managed sales space increasing from 124,000 square metres to 138,400 square metres, the Retail segment is a key growth driver of the GERRY WEBER Group, which plans to expand the sales space by another 10% in the current fiscal year. As described above, most of the new stores will be opened in Europe and Canada. In Europe, we will focus not only on expanding our "established" markets, Belgium and the Netherlands, but also on further penetrating the Scandinavian markets. Starting March 2015, the first eight company-managed Houses of GERRY WEBER will successively be opened in Canada's Toronto region. In the USA, our collections are marketed by our retail partners Bloomingdale's and Dillard's. We are, however, reviewing options for entering the US market with our own stores in the next fiscal year 2015/16.

Our online shops are becoming an increasingly important distribution channel of the Retail segment. Customers in nine countries can order products of all GERRY WEBER brands in our own online shops. More country-specific online shops are to be launched in the coming months to support the stationary stores. We also intend to enhance the functionality of our e-shops and make them accessible via our own app. Our online strategy focuses on the combination of stationary stores with our e-shops. Customers in the store should have the chance to purchase our collections both in our stores and on the Internet. The first terminals for access to the online shops have been installed in a number of test stores. This gives customers the opportunity to try the garments on in the store and then to buy them there or order them in the online shop, choosing between home delivery and in-store pick-up.

In the medium term, we aim for the Retail segment to contribute 70% to 80% to GERRY WEBER's total sales revenues. This will be achieved not only through the expansion of the Retail activities of the GERRY WEBER, TAIFUN and SAMOON brands but also through the acquisition of the Hallhuber brand.

Wholesale and vertical integration strategy

The international expansion of the Wholesale segment will also continue. Together with new and existing franchise partners we will open new sales spaces in the form of Houses of GERRY WEBER, mono-label stores and shop-in-shops. In spite of the continued uncertainty in the Russian market and the weak rouble, we will continue to expand this market together with our retail partners. The Middle East remains another important export market. At the same time we also intend to win new distribution partners for our brands in Europe. The TAIFUN and SAMOON brands, in particular, offer additional growth potential. We are nevertheless observing a decline in the number of retail outlets supplied by our Wholesale segment in Europe, as fully vertically integrated fashion companies increasingly drive smaller and medium-sized retailers and sole proprietors out of the market.

The distribution structures in the fashion industry have changed materially over the past years. Vertically integrated suppliers have gained importance and are expected to continue doing so in future. We have therefore introduced what we call "trusted order limit" arrangements for our Wholesale customers. Under these arrangements, our Wholesale partners merely define an upper limit for their order and leave the breakdown of the order to the GERRY WEBER specialists, who match it precisely to the individual sales space of each retail partner. Thanks to our own Retail experience and the information received directly from the point of sale via 6,000 EDI interfaces, we know the needs and requirements of our consumers. The GERRY WEBER Group aims to expand these "trusted wholesale concept" in order to further verticalise the entire business model independently of our own Retail segment.

Processes and workflows

Over the past years, we have modernised our collections successively and adapted them to our consumers' requirements. To present this modernisation also to new customer groups, we launched our first TV commercial on several German TV stations in September and October 2014. Shot in New York to the sound of Bryan Adams' "Summer of 69", the commercial met with great acceptance among existing and new customer groups. The current fiscal year will also see us use new marketing channels to support sales of our collections.

In the fashion industry, the GERRY WEBER Group is known not only for modern, high-quality apparel but also for excellent processes and operating procedures. In the coming months, we will further optimise these processes and procedures and adapt them to the changing distribution structures. As the Retail segment's share in the business model continues to grow, operational processes such as inventory management in the stores must be adapted to the changing distribution structures.

The construction of the new logistic centre in the immediate vicinity of our headquarters in Halle/Westphalia is another element of this process optimisation strategy. The merger of the five existing warehouses into a central multi-channel warehouse is expected to not only facilitate and improve deliveries to our customers and own Retail stores but also to optimise the timing of the processes. Moreover, the new logistic centre will be precisely tailored to our needs in terms of capacity, technical equipment and planned workflows. We expect this to result in much lower logistic costs per piece. The aim is for the warehouse to be fully operational in the first half of 2016 following a start-up phase.

Integration of Hallhuber

With expected effect from 9 February 2015, GERRY WEBER International AG will complete the acquisition of 100% of the shares in Munich-based fashion company Hallhuber. As of this date, Hallhuber will be fully consolidated in the GERRY WEBER Group. The Hallhuber brand will be continued as an independent brand with its own fashion statement.

Hallhuber is a fully vertically integrated fashion company operating roughly 220 own retail spaces (as at December 2014). About 82% of the company's revenues are generated in Germany. By adding the two complementary brands "Hallhuber" and "Hallhuber Donna" to its brand portfolio, the GERRY WEBER Group gets access to a new, younger, urban and trend-oriented target group.

While Hallhuber will retain its independent fashion statement and continue to develop its own collections, the company will, as far as possible, be integrated into the processes and procedures of the GERRY WEBER Group. The aim is to jointly leverage synergies in order to install more effective processes and realise cost savings. Hallhuber will be enabled to take advantage of the direct procurement capacities of the GERRY WEBER Group to achieve cost advantages in procurement. Going forward, it is planned to introduce RFID technology for the Hallhuber products and to integrate the Hallhuber merchandise flows into the new logistic centre.

A key focus of the cooperation between GERRY WEBER and Hallhuber will be on expanding the Hallhuber distribution channels. The GERRY WEBER Group already operates its own Retail spaces in nearly all European countries. GERRY WEBER will support Hallhuber in building up its own Retail spaces, especially outside Germany, by making available its expertise and existing structures.

Both companies expect the synergies to result in improved profitability. Although the integration of Hallhuber will initially lead to a moderate decline in the GERRY WEBER Group's margin, as Hallhuber generates a lower EBIT margin than GERRY WEBER International AG, we expect

Hallhuber to make a positive contribution to absolute earnings and to earnings per share already in the fiscal year 2014/15 (1 November 2014 to 31 October 2015).

EXPECTED EARNINGS AND FINANCIAL PERFORMANCE

GERRY WEBER excluding Hallhuber

With sales revenues of EUR 852.1 million generated in the past fiscal year, the Managing Board of GERRY WEBER International AG expects Group sales revenues (excluding Hallhuber) to increase moderately in the fiscal year 2014/15. Against the background of the current difficult market environment, combined with low footfall in city centres and stores, the continued tight situation in some European countries and ongoing uncertainty in Russia, the Managing Board of GERRY WEBER International AG expects sales revenues of the GERRY WEBER core companies (excluding Hallhuber) of between EUR 860 and 880 million. This sales growth will be based primarily on the ongoing expansion of the Retail segment outside Germany.

At the end of the fiscal year 2013/14, the company's own sales space totalled approx. 138,400 square metres. The aim is to increase the company-managed Retail space – regardless of the distribution format – by another 10% in the current fiscal year 2014/15. Accordingly, the Retail segment's share in the consolidated Group revenues (excluding Hallhuber) is to rise to at least 50%. We also project a positive trend for the non-financial key performance indicators of the GERRY WEBER Group in the fiscal year 2014/15. Inventory turnover as well as number of items purchased per customer are expected to show a single-digit percentage growth.

We assume that the difficult market environment of the past two years and the continued low consumer footfall will prompt some Wholesale customers to exercise greater caution in placing their orders. Moreover, the future situation and the behaviour of consumers in Russia is difficult to predict, which is why management expects revenues of our Russian franchisees to decline in the short term. This year again we will refrain from doing business with partners who fail to meet our creditworthiness criteria. In view of the challenging environment, the management of GERRY WEBER International AG expects the Wholesale segment's revenues to decline in the fiscal year 2014/15.

Taking into account the ongoing expansion and the increased share of the Retail segment, the GERRY WEBER Group (excluding Hallhuber) projects earnings before interest taxes, depreciation and amortisation (EBITDA) of between EUR 138 million and EUR 143 million for the current fiscal year 2014/15. This figure includes potential one-time expenses related to the acquisition of Hallhuber. After increased depreciation/amortisation resulting from the ongoing Retail expansion, the management of GERRY WEBER International AG projects earnings before interest and taxes (EBIT) of between EUR 110 million and EUR 115 million. The company expects to liquidate surplus stocks especially during the first half of the fiscal year, which may have an adverse impact on the operating result of the GERRY WEBER Group. Due to the mild autumn and winter 2014, seasonal collection items were much more difficult to sell than originally expected.

GERRY WEBER International AG plans to raise long-term debt capital to finance the Hallhuber acquisition as well as the ongoing expansion. Based on current low interest rates, the company expects additional interest expenses resulting from the new debt finance to amount to approx.

EUR 2.0 million p.a. The new debt capital will increase the company's long-term financial liabilities. Consequently, the equity ratio of GERRY WEBER International AG will decline from 66.4% as of 31 October 2015. We nevertheless assume that the equity ratio will stay above 50%.

Future operating investments will continue to be covered by operating cash flow. Operating investments comprise expansion investments as well as investments in the modernisation of older company-managed stores as well as other investments, e.g. in the ongoing renewal of the IT structures. At EUR 32 million to EUR 38 million, the required capital expenditures will be at the prior year level. Payments of between EUR 40 million and EUR 50 million are expected to be made for the new logistic centre in the fiscal year 2014/15.

Inclusion of Hallhuber

Subject to the approval of the Federal Cartel Office and the Austrian anti-trust authorities, fashion company Hallhuber will be included in the consolidated financial statements of GERRY WEBER International AG as of February 2015. Based on a first integration of nine-month (February to October 2015), the management of GERRY WEBER International AG expects to generate consolidated sales revenues (including Hallhuber) of between EUR 970 million and EUR 1,000 million.

In spite of potential integration costs and expenses required to leverage the synergies, we expect the integration of Hallhuber to have a positive effect on the Group's bottom line. Earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 138 million to EUR 143 million projected for GERRY WEBER International AG alone will improve as a result of the inclusion of the earnings generated by Hallhuber. We expect Hallhuber to make an additional earnings contribution of between 5% and 10% of the projected EBITDA excluding Hallhuber.

The inclusion of Hallhuber in the consolidated financial statements of GERRY WEBER International AG will also have a positive effect on GERRY WEBER International AG's earnings per share.

In spite of the expected moderate increase in absolute earnings figures, it should be noted that the profitability, i.e. the EBITDA and EBIT margins will initially decline as a result of the integration of Hallhuber. At present, the profitability of Hallhuber is much lower than that of the existing GERRY WEBER Group. It is the shared objective of both companies to lift Hallhuber's profitability to the same level as that of the GERRY WEBER Group as soon as possible.

OVERALL STATEMENT ON THE PROJECTED PERFORMANCE

The framework conditions for the European fashion industry as a whole remained challenging in 2014. Unfavourable weather conditions in Central Europe, a slow recovery of the markets in Southern Europe and declining consumer footfall in city centres had a negative effect of sales of clothing and accessories. Even the German fashion industry was unable to benefit from consumers' positive spending mood. The management of the GERRY WEBER Group does not expect the external conditions to improve materially in the fiscal year 2014/15.

In spite of the difficult market conditions, the GERRY WEBER Group will continue its growth strategy, especially outside Germany. Together with Hallhuber, we aim to generate consolidated sales revenues of between EUR 970 and EUR 1,000 million for the fiscal year 2014/15.

P.80

As inventories are reduced, Q1 and Q2 2014/15 will be characterised by higher discounts, which may have an adverse impact on the gross margin. In view of these effects and potential one-time expenses resulting from the acquisitionof Hallhuber, the GERRY WEBER management projects EBITDA of between EUR 138 million and EUR 143 million plus a moderate positive effect from the integration of Hallhuber. Taking into account increased depreciation / amortisation related to the Retail expansion, the GERRY WEBER Group (excluding Hallhuber) expects earnings before interest and taxes (EBIT) to amount to between EUR 110 million and EUR 115 million. The integration of Hallhuber will also have a slightly positive impact on the originally without Hallhuber forecasted EBIT between EUR 110 and 115 million.

We expect both our own operational growth and the integration of Hallhuber to lead to an improvement in earnings per share of at least 5% compared to the previous year 2013/14.

The consistent implementation of our expansion and vertical integration strategy and the acquisition of Hallhuber show that we are all set to grow profitably also in future. However, the fiscal year 2014/15 will also be marked by the ongoing process of change from a wholesale-oriented fashion supplier to an increasingly vertically integrated lifestyle company as well as by the integration of Hallhuber into the GERRY WEBER Group. The management of GERRY WEBER regards the fiscal year 2014/15 as a year of consolidation before making the next major growth move.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR 2013/14

CONSOLIDATED INCOME STATEMENT

for the fiscal year 2013/14

in KEUR	Notes	2013/14	2012/13
Sales	(22)	852,085.8	852,031.6
Other operating income	(23)	15,526.1	17,862.7
Changes in inventories	(24)	27,856.9	-7,995.7
Cost of materials	(25)	-390,907.0	-386,188.2
Personnel expenses	(26)	-154,864.8	-143,301.9
Depreciation/Amortisation	(27)	-25,278.3	-21,620.0
Other operating expenses	(28)	-214,249.5	-203,736.6
Other taxes	(29)	-1,286.9	-1,220.5
Operating result		*108,882.3*	*105,831.4*
Financial result	(30)		
Income from long-term loans		24.6	29.7
Interest income		297.5	197.7
Writedowns on financial assets		0.0	-2.1
Incidential bank charges		-1,017.7	-952.0
Interest expenses		-3,546.8	-2,272.3
		-4,242.4	*-2,999.0*
Results from ordinary activities		*104,639.9*	*102,832.4*
Taxes on income	(31)		
Taxes of the fiscal year		-33,836.9	-32,555.6
Deferred taxes		623.1	753.1
		-33,213.8	*-31,802.5*
Net income of the year		*71,426.1*	*71,029.9*
Earnings per share (basic)	(32)	1.56	1.55
Earnings per share (diluted)	(32)	1.56	1.55

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year 2013/14

in KEUR	**2013/14**	2012/13
Net income of the year	*71,426.1*	*71,029.9*
Other comprehensive income		
Currency translation: changes in the amount recognised in equity		
Changes in the balancing item for the currency translation of foreign subsidiaries	-86.8	174.9
Cash flow hedges: changes in the amount recognised in equity		
Changes in the fair value of derivatives used for hedging purposes	32,208.1	-5,730.6
Taxes on income		
Income taxes on the components of other net income	-9,662.4	1,719.2
Comprehensive income	**93,885.0**	**67,193.4**

CONSOLIDATED BALANCE SHEET

for the year ended 31 October 2014

ASSETS

in KEUR	Notes	**31 Oct. 2014**	31 Oct. 2013
NON-CURRENT ASSETS			
Fixed Assets	(1)		
Intangible assets	(a)	94,895.8	70,090.2
Property, plant and equipment	(b)	195,125.5	165,909.9
Investment properties	(c)	26,828.0	27,251.9
Financial assets	(d)	2,559.3	2,379.3
Other non-current assets			
Trade receivables	(2)	480.1	239.0
Other non-current assets	(3)	148.4	0.0
Income tax claims	(4)	1,132.5	1,666.4
Deferred tax assets	(5)	6,089.5	7,299.4
		327,259.1	*274,836.1*
CURRENT ASSETS			
Inventories	(6)	140,671.5	111,467.0
Receivables and other assets			
Trade receivables	(7)	70,844.4	65,835.2
Other assets	(8)	39,210.6	11,968.8
Income tax claims	(9)	2,930.7	1,913.2
Cash and cash equivalents	(10)	104,295.5	65,592.0
		357,952.7	*256,776.2*
Total assets		**685,211.8**	**531,612.3**

EQUITY AND LIABILITIES

in KEUR	Notes	**31 Oct. 2014**	31 Oct. 2013
EQUITY	(11)		
Subscribed capital	(a)	45,906.0	45,906.0
Capital reserve	(b)	102,386.9	102,386.9
Retained earnings	(c)	230,380.6	195,380.6
Accumulated other comprehensive income/loss acc. to IAS 39	(d)	18,321.8	-4,223.9
Exchange differences	(e)	-312.4	-225.6
Accumulated profits	(f)	58,580.2	56,583.5
		455,263.1	*395,807.5*
NON-CURRENT LIABILITIES			
Provisions for personnel	(12)	0.0	5.5
Other provisions	(13)	6,124.7	5,479.1
Financial liabilities	(14)	77,142.8	5,725.0
Other liabilities	(15)	36,857.1	24,836.7
Deferred tax liabilities	(5)	22,373.8	12,354.5
		142,498.4	*48,400.9*
CURRENT LIABILITIES			
Provisions			
Tax liabilities	(16)	2,680.2	1,920.3
Provisions for personnel	(17)	13,943.5	13,146.8
Other provisions	(18)	8,429.4	8,273.4
Liabilities			
Financial liabilities	(19)	7,016.4	6,008.2
Trade payables	(20)	37,309.2	30,330.8
Other liabilities	(21)	18,071.6	27,724.4
		87,450.3	*87,403.9*
Total equity and liabilities		**685,211.8**	**531,612.3**

STATEMENT OF CHANGES IN GROUP EQUITY

for the fiscal year 2013/14 and 2012/13

in KEUR	Notes	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income/loss	Exchange differences	Accumulated profits	**Equity**
As of 1 Nov. 2013		*45,906.0*	*102,386.9*	*195,380.6*	*-4,223.9*	*-225.6*	*56,583.5*	*395,807.5*
Dividends paid							-34,429.5	-34,429.5
Allocation of retained earnings of the AG from the net income of the year				35,000.0			-35,000.0	0.0
Adjustments of exchange differences						-86.8		-86.8
Changes in equity acc. to IAS 39					22,545.7			22,545.7
Net income of the year							71,426.1	71,426.1
As of 31 Oct. 2014	**(11)**	**45,906.0**	**102,386.9**	**230,380.6**	**18,321.8**	**-312.4**	**58,580.1**	**455,263.1**

in KEUR	Notes	Capital stock	Capital reserves	Retained earnings	Accumulated other comprehensive income/loss	Exchange differences	Accumulated profits	**Equity**
As of 1 Nov. 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
Changes acc. to IAS 19R				38.8				38.8
Allocation of retained earnings of the AG from the net income of the year				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							71,029.9	71,029.9
As of 31 Oct. 2013	**(11)**	**45,906.0**	**102,386.9**	**195,380.6**	**-4,223.9**	**-225.6**	**56,583.5**	**395,807.5**

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year 2013/14

in KEUR	**2013/14** **1.11.2013–31.10.2014**	2012/13 1.11.2012–31.10.2013
Operating result	108,882.3	105,831.4
Depreciation/amortisation	25,278.3	21,620.0
Profit/loss from the disposal of fixed assets	1,405.1	1,704.5
Increase/decrease in inventories	-27,393.8	10,921.0
Increase/decrease in trade receivables	-5,250.2	-11,271.3
Increase/decrease in other assets that do not fall under investing or financing activities	-538.5	940.3
Increase/decrease in provisions	1,593.0	-3,410.3
Increase/decrease in trade payales	2,023.7	-10,052.4
Increase/decrease in other liabilities that do not fall under investing or financing activities	-4,176.9	11,683.2
Income tax payments	-33,560.6	-35,240.6
Cash inflows from operating activities	*68,262.4*	*92,725.8*
Income from loans	24.6	29.7
Interest income	297.5	197.7
Incidential bank charges	-1,017.7	-952.0
Interest expenses	-1,328.3	-1,338.3
Cash inflows from current operating activities	*66,238.5*	*90,662.9*
Proceeds from the disposal of properties, plant, equipment and intangible assets	529.0	1,185.0
Cash outflows for investments in property, plant, equipment and intangible assets	-57,899.0	-33,273.7
Cash outflows for the acquisition of fully consolidated companies and other business units less cash and cash equivalents acquired	-6,484.7	-4,394.0
Cash outflows for investments in investment properties	-59.1	-201.3
Proceeds from the disposal of financial assets	348.0	496.2
Cash outflows for investments in financial assets	-528.1	-80.8
Cash outflows from investing activities	*-64,093.9*	*-36,268.6*
Dividend payment	-34,429.5	-34,429.5
Proceeds from borrowings	76,334.6	1,301.0
Cash outflows for the repayment of financial liabilities	-5,346.2	-4,832.9
Cash outflows/inflows from financing activities	*36,558.9*	*-37,961.4*
Changes in cash and cash equivalents	38,703.5	16,432.9
Cash and cash equivalents at the beginning of the fiscal year	65,592.0	49,159.1
Cash and cash equivalents at the end of the fiscal year	**104,295.5**	**65,592.0**

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 NOVEMBER 2013 TO 31 OCTOBER 2014

A. GENERAL INFORMATION

COMPANY DATA

Die 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 2013 and ended on 31 October 2014 (previous year: 1 November 2012 to 31 October 2013).

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 2014 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 2013/14 were applied to the extent that they had been endorsed by the European Union.

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.

NEW IASB REGULATIONS FOR FIRST-TIME APPLICATION IN THE FISCAL YEAR 2013 / 14

The following accounting standards and supplements to existing regulations became mandatory for the fiscal year from 1 November 2013 to 31 October 2014:

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 p&l and such, which cannot be reclassified into p&l	No material impact
IFRS 1	First-time Adoption of International Financial Reporting Standards	Rules on hyperinflation and the elimination of fixed dates	No impact
IFRS 1	First-time Adoption of International Financial Reporting Standards	Rules regarding the prospective application of IAS 20	No impact
IFRS 7	Financial Instruments: offsetting of financial assets and financial liabilities	Disclosures enhance the offsetting of financial assets and financial liabilities	Increased disclosure requirements in the notes
IFRS 13	Fair Value Measurement	Harmonisation of the rules governing the determination of the fair value	No material impact
IAS 12	Income Taxes	Accounting for deferred taxes on investment properties and revalued assets	No material impact
IAS 19	Employee Benefits	Elimination of the corridor method, implementation of net interest expenses, enhanced disclosure requirements, changes in valuation of provisions for partial retirement	The top-up amounts for old-age part-time obligations are no longer recognised in full when the liability is incurred but allocated in instalments until the end of the active phase. The immaterial effects are described under “Prior year information”.
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Rules for the accounting of separate benefits from stripping activities	No impact
Annual Improvement Project 2011	IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34		No material impact

NEW IASB REGULATIONS NOT APPLICABLE IN THE FISCAL YEAR 2013 / 14

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
IAS 1	Presentation of Financial Statements	Disclosure Initiative: amendments clarify issues regarding statement of financial position and statement of profit or loss	18.12.2014	01.01.2016	Not yet	No material impact
IFRS 9	Financial Instruments	Rules regarding the recognition of impairment losses, changes of the classification and measurement of financial assets	24.07.2014	01.01.2018	Not yet	Change in the recognition of financial instruments classified as available for sale, the impact that would result from application is still being reviewed
IFRS 10	Consolidated Financial Statements	Sale or contribution of assets between an investor and its associate or joint venture	12.05.2011	01.01.2014	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 10 IAS 28	Consolidated Financial Statements Investments in Associates and Joint Ventures	Sale or contribution of assets between an investor and its associate or joint venture	11.09.2014	01.01.2016	Not yet	No impact
IFRS 10 IFRS 12 IAS 28	Consolidated Financial Statements Disclosure of Interests in Other Entities Investments in Associates and Joint Ventures	Investment entities: application of the consolidation exception	18.12.2014	01.01.2016	Not yet	No impact
IFRS 11	Joint Agreements	Rules on the balance sheet treatment of joint ventures	12.05.2011	01.01.2014	29.12.2012	No impact
IFRS 11	Joint Agreements	Accounting for acquisitions of interests in joint operations	06.05.2014	01.01.2016	Not yet	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 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
IFRS 10 IFRS 11 IFRS 12	Consolidated Financial Statements Joint Agreements Disclosure of Interests in Other Entities	Changes represent transitional regulations	28.06.2012	01.01.2014	05.04.2013	No material impact
IFRS 10 IFRS 12 IAS 27	Consolidated Financial Statements Disclosure of Interests in Other Entities Separate Financial Statements - Investment companies	Definition of investment company changes	31.10.2012	01.01.2014	21.11.2013	No impact
IAS 19	Employee Benefits	Employee contribution to performance oriented pension benefits	21.11.2013	01.02.2015	09.01.2015	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 27	Separate Financial Statements	Application of the equity method in separate financial statements	12.08.2014	01.01.2016	Not yet	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 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

Regulations that were not applied			Published by the IASB	First-time application	Adopted by the EU Commission	Anticipated impact on the GERRY WEBER Group
IFRIC 21	Levies	Stipulates when a liability should be recognised for a levy	31.05.2013	17.06.2014	14.06.2014	No material impact
Annual Improvement Project 2012	IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 1, IAS 7, IAS 12, IAS 16/38, IAS 24, IAS 36		12.12.2013	01.02.2015	09.01.2015	No material impact
Annual Improvement Project 2013	IFRS 1, IFRS 3, IFRS 13, IAS 40		12.12.2013	01.02.2015	18.12.2014	No material impact
IFRS 15	Revenue from Contracts with Customers	Principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer	28.05.2014	01.01.2017	Not yet	The impact that would result from application is still being reviewed
IAS 16 IAS 41	Property, Plant and Equipment Bearer Plants	New regulation regarding the valuation of biological assets and transfer to IAS 16	30.06.2014	01.01.2016	Not yet	No impact
IAS 16 IAS 38	Property, Plant and Equipment Intangible Assets	Clarification of acceptable methods of depreciation and amortisation	12.05.2014	01.01.2016	Not yet	No impact
Annual Improvement Project 2014	Improvement of IFRS (2012–2014) IFRS 5, IFRS 7, IFRS 1, IAS 19, IAS 34		25.09.2014	01.01.2016	Not yet	No material impact

Information regarding adjustments of prior year figures resulting from the first-time adoption of IAS 19 (revised) is provided under “Prior year information”.

The company plans to adopt the new or amended standards – save for the exception below – for the first time in the year in which they come into force:

According to the amended IAS 36 Impairment of Assets – in contrast to the current version of IAS 36 – the recoverable amount for cash-generating units and assets needs to be stated only if an impairment or reversal of an impairment loss actually occurred in the reporting period. Moreover, additional disclosure obligations were introduced as a result of these amendments The amendments to IAS 36, which are effective for annual periods commencing on or after 1 January 2014, were applied by the GERRY WEBER Group already in the fiscal year 2013/14.

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., Bukarest, 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 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
- GERRY WEBER SK s.r.o., Bratislava, Slovakia
- GERRY WEBER Finland OY, Helsinki, Finland
- GERRY WEBER Wholesale Fashion GmbH, Glattpark, Switzerland
- GERRY WEBER Canada Ltd., Moncton, Canada
- Outlet Retail BVBA, Brussels, Belgium
- T. Angen Kapesenteret AS, Trondheim, Norway
- GW Norge AS, Trondheim, Norway
- Chantal AS, Trondheim, Norway
- TB Fashion GERRY WEBER GmbH, Halle / Westphalia
- Brentrup Sp. z o.o., Lodz, Poland
- Toni Brentrup Verwaltungs-GmbH, Berlin

The shareholdings in each of the two Dutch companies, in the four Belgian companies acquired in the past two years and in TB Fashion Gerry Weber GmbH and its subsidiaries, Brentrup Sp. z o.o. and Toni Brentrup Verwaltungs-GmbH, amount to 51% each. All other companies are wholly owned.

CHANGES TO THE BASIS OF CONSOLIDATION

The basis of consolidation increased by eleven companies through the foundation of

- GERRY WEBER SK s.r.o.
- GERRY WEBER Finland OY
- GERRY WEBER Wholesale Fashion GmbH
- GERRY WEBER Canada Ltd

and the acquisition of

- T. Angen Kapesenteret AS
- GW Norge AS
- Chantal AS
- Outlet Retail BVBA
- TB Fashion GERRY WEBER GmbH
- Brentrup Sp. z o.o.
- Toni Brentrup Verwaltungs-GmbH

GERRY WEBER Switzerland AG, Zurich, Switzerland, was sold under a share purchase agreement dated 13 November 2013. GERRY WEBER Switzerland AG was no longer operational as of 31 October 2013.

The deconsolidation of GERRY WEBER Switzerland AG had no material impact on the net worth, financial and earnings position of the GERRY WEBER Group in the fiscal year 2013/14. The sale led to a deconsolidation result of KEUR -47.

Further information on the acquisition of T. Angen Kapesenteret AS and TB Fashion GERRY WEBER GmbH is provided under "Business combinations pursuant to IFRS 3".

CONSOLIDATION PRINCIPLES

Subsidiaries are all companies 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.

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.

The effects of intra-group transactions are eliminated. Receivables and liabilities between the consolidated entities are netted, intercompany profits and losses are eliminated and intra-group income is offset against the corresponding expenses. Deferred taxes as required pursuant to IAS 12 are established for temporary differences on consolidation.

BUSINESS COMBINATIONS

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.

Where mutual call and put options for the non-acquired shares are agreed for company acquisitions, it is examined, in each individual case, whether the owner-specific rewards and risks are economically attributable to the GERRY WEBER Group already at the time the option agreement is signed. In these cases, a purchase price liability needs to be recognised for the (conditional) liability (liabilities from minority options), which is recognised at amortised cost. Non-controlling interests in the amount of the option are not recognised.

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

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. A contingent consideration classified as equity will not be remeasured and its subsequent settlement will be recognised in equity.

GOODWILL

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.

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.

BUSINESS COMBINATIONS PURSUANT TO IFRS 3

Transaktion 1

With effect from 2 June 2014, GERRY WEBER International AG acquired 100% of the shares in T. Angen Kapesenteret AS, Trondheim / Norway from Angen Group AS, Trondheim / Norway.

At the time of the sale, T. Angen Kapesenteret AS held 100% each in GW Norge AS, Trondheim / Norway, and Chantal AS, Trondheim / Norway. As a result of the acquisition of T. Angen Kapesenteret AS, GERRY WEBER International AG thus indirectly also acquired these two companies.

T. Angen Kapesenteret AS sells textiles in 16 multi-label retail stores under the name “CHANTAL”. GW Norge AS operates eight Houses of GERRY WEBER. Chantal AS has no business operations but owns the “CHANTAL” brand name of the multi-label stores operated by T. Angen Kapesenteret AS.

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

The purchase price for a 100% share in the Norwegian companies was KEUR 14,781. 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 in the amount of KEUR 6,060 million (KNOK 49,397) was financed from own funds. The second instalment of the purchase price in the amount of KEUR 8,263 (KNOK 67,359) has to be paid by GERRY WEBER International AG as of 31 October 2018.

The parties additionally agreed earn-out payments in case that certain sales and earnings targets are reached for the fiscal year 2018. These special payments amount to KEUR 1,227 (KNOK 10,000) for reaching the sales target and KEUR 1,227 (KNOK 10,000) for reaching the earnings target. Based on current plans, GERRY WEBER International AG assumes that both earn-out payments will have to be made in 2018. The two earn-out payments thus form another component of the purchase price and are – just like the second purchase price instalment – shown under other liabilities (non-current) in the balance sheet.

Taking into account the different times at which the purchase price instalments are payable, the purchase price amounted to KEUR 14,781 as of 2 June 2014. This is composed of KEUR 6,060 (KNOK 49,397) for the first purchase price instalment, KEUR 6,724 (KNOK 54,182) for the second purchase price instalment and a total of KEUR 1,997 for the earn-out payments.

Taking into account deferred tax assets and liabilities, the non tax-deductible goodwill resulting from the allocation of the purchase price is KEUR 10,258.

Goodwill essentially presents the additional opportunities to sell Gerry Weber products due to the fact that the company-managed Retail store has direct access to the Norwegian market.

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

KEUR	Carrying amount	Adjustment	Fair value
Purchase price			14,781
Acquired assets			
Fixed assets	916	0	916
Financial assets	145	0	145
Inventories	1,418	0	1,418
Receivables	491	0	491
Cash and cash equivalents	815	0	815
Customer relationships	0	5,562	5,562
Trademark right	0	711	711
Lease agreements	0	869	869
Deferred tax assets	0	48	48
Liabilities	-4,184	0	-4,184
Provisions	0	-163	-163
Deferred tax liabilities	0	-2,105	-2,105
Acquired net assets	*-399*	*4,922*	*4,523*
Goodwill			**10,258**

The companies have regular customers through their own customer retention programme. 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 5,562 was determined for the customer relationships of the companies as of 2 June 2014.

The Norwegian companies have a total of 25 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 of KEUR 869 was determined for the advantageous lease agreements as of 2 June 2014.

A fair value of KEUR 711 was determined for the “CHANTAL” brand, which represents the 16 multi-label stores operated by T. Angen Kapesenteret AS in the market. Due to the possibility to assign cash flows to the “CHANTAL” brand, the fair value is determined using the net present value in the form of the relief-from-royalty method.

The fair market value of the receivables amounted KEUR 491. This represents the carrying amount and the gross amount of the receivables. An uncollectibility is not expected.

Between 2 June and 31 October 2014, the Belgian companies generated sales of KEUR 6,857 and contributed KEUR 694 to consolidated net income. If the Norwegian companies had been members of the GERRY WEBER Group at the beginning of the fiscal year, they would have made pro-forma sales of KEUR 15,987 and a pro-forma consolidated net income of KEUR 909.

Transaction costs of KEUR 333 were recorded under expenses and were shown under the item "other operating expenses".

Transaktion 2

With effect from the acquisition date on 30 September 2014 GERRY WEBER International AG acquired 51% of the shares in TB Fashion GERRY WEBER GmbH.

At the time of the sale, TB Fashion GERRY WEBER GmbH held 100% each in Brentrup Sp. z o.o. and Toni Brentrup Verwaltungs-GmbH. As a result of the acquisition of TB Fashion GERRY WEBER GmbH, GERRY WEBER International AG thus indirectly also acquired these two companies.

TB Fashion GERRY WEBER GmbH sells textiles at retail level and operates four retail stores in shopping malls of railway stations in and around Berlin.

The acquisition was made with a view to gaining access to retail spaces in shopping malls in selected German railway stations.
The purchase price for a 100% share in the above retail business of TB Fashion GERRY WEBER GmbH was KEUR 1,576 and was exclusively payable in the form of cash and cash equivalents.

For the remaining 49% shares in the company the GERRY WEBER Group has a call option in the period from 1 March 2020 and 31 March 2020, while the seller has a put option in the period from 1 April to 30 April 2020.

The purchase price is equivalent to 9 x EBIT as of 31 October 2019 altogether for the remaining shares in the company.

The valuation was based on the following parameters:

KEUR	TB Fashion GERRY WEBER GmbH
Expected EBIT 2019	526
9x EBIT	4,735
49% share	2,320
Present value factor	0.7731
Purchase price 49%	1,793

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 into account this option, the purchase price for the complete retail business of TB Fashion GERRY WEBER GmbH amounts to KEUR 3,369. Non-tax-deductible goodwill from the purchase price allocation amounts to KEUR 2,724 taking into account deferred tax assets and liabilities.

Goodwill essentially presents the additional opportunities to sell Gerry Weber products. High customer footfall is making shopping malls in railway stations increasingly attractive for retailers. The GERRY WEBER Group intends to make increasing use of this distribution path.

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

KEUR	Carrying amount	Adjustment	Fair value
Purchase price			3,369
Acquired assets			
Fixed assets	139		139
Inventories	393		393
Receivables	69		69
Cash and cash equivalents	337		337
Customer relationships		449	449
Liabilities	-608		-608
Deferred tax liabilities		-132	-132
Acquired net assets	*329*	*317*	*646*
Goodwill			**2,724**

The company has 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 449 was determined for the customer relationships of the companies as of 30 September 2014.

Between 1 October and 31 October 2014, the Belgian companies generated sales of KEUR 243 and contributed KEUR -140 to consolidated net income. If the retail business of TB Fashion GERRY WEBER GmbH had formed part of the GERRY WEBER Group at the beginning of the fiscal year, it would have made pro-forma sales of KEUR 2,620 and a pro-forma consolidated net income of KEUR 269.

Transaction costs of KEUR 99 were recorded under expenses and were shown under the item "other operating expenses".

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 influence on the consolidated financial statements:

Currencies		Closing rate		Average annual exchange rate	
1 EUR in		31 Oct. 2014	31 Oct. 2013	2013/14	2012/13
Denmark	DKK	7.44440	7.45870	7.45800	7.45793
UK	GBP	0.78425	0.85020	0.81438	0.84526
Hong Kong	HKD	9.71250	10.5759	10.45948	10.2205
Canada	CAN	1.41200	1.42510	1.46998	1.34383
Romania	RON	4.41630	4.43600	4.44607	4.42837
Turkey	TRY	2.77690	2.71670	2.90202	2.45668
USA	USD	1.25240	1.36410	1.34879	1.31773
China	CNY	7.65590	8.31090	8.29432	8.13498
Switzerland	CHF	1.20670	1.23330	1.21886	1.22743
Poland	PLN	4.21770	4.17830	4.17923	4.18567
Sweden	SEK	9.26640	8.8052	9.02998	8.6515
Czech Republic	CZK	27.77000	25.729	27.46417	25.9800
Norway	NOK	8.49000	8.1040	8.28339	7.8067

B. ACCOUNTING AND VALUATION PRINCIPLES

With the exception of certain items such as derivative financial instruments, the GERRY WEBER Group prepares its balance sheet using the cost method. The accounting and valuation methods used for the individual items are explained in greater detail below.

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. Impairment losses are immediately recognised as an expense and not reversed in subsequent period.

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.

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 taken into account for qualifying assets. Where furnishings and fittings for rented properties were concerned, dismantling costs were capitalised at their present value. An interest rate of 4.24% (previous year: 4.57%) 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.

Gains or losses from the derecognition of an item of property, plant and equipment are determined as the difference between the proceeds from the sale and the carrying amounts of the item of property, plant and equipment and recognised under other operating income or other operating expenses in the income statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets (property, plant and equipment, intangible assets including goodwill) are tested for impairment triggering events on every reporting date. Where such triggering events are identified, an estimate of the recoverable amount of the respective asset is made. Regardless of whether a triggering event is identified, intangible assets with infinite lives and goodwill acquired in a business combination are tested for impairment on an annual basis. The recoverable amount is the higher of the fair value of an asset less costs of disposal and its value in use. The value in use is equivalent to the present value of the expected cash flows. To discount the expected cash flows, a weighted average cost of capital is used, which reflects the risks of the asset. If no recoverable amount can be determined for an asset, the recoverable amount for the smallest identifiable group of assets (cash-generating unit or CGU) is determined which can be assigned to the respective asset. If the carrying amount of an asset or a CGU or a group of CGUs exceeds the recoverable amount, the asset is immediately written down through profit/loss. Where an impairment loss exists in a CGU or group of CGUs, any existing goodwill is first written off. The remaining impairment loss proportionally reduces the remaining non-current assets of the CGU or group of CGUs.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until substantially all activities necessary to prepare the asset for its intended use are complete. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

When determining the amount of the borrowing costs eligible for capitalisation in a period, all investment income from the temporary investment of the borrowings is deducted from the borrowing costs.

Other borrowing costs are expensed in the period in which they are incurred.

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. Rental income from properties held as financial investments are recognised as other operating income over the term of the respective tenancy on a straight-line basis.

FINANCIAL INSTRUMENTS

IAS 39 defines a financial instrument as any contract that give rise to both a financial asset of one enterprise and a financial liability of equity instrument of another enterprise.

Financial assets comprise cash and cash equivalents, trade receivables as well as loans and receivables originated by the enterprise and derivative financial assets.

Financial liabilities include trade accounts payable, liabilities to banks, derivative financial liabilities and other financial liabilities.

To the extent relevant for the GERRY WEBER Group, financial assets and financial liabilities are divided into 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.

Financial assets and liabilities are assigned to the above categories upon initial recognition.

As in the previous year, no financial assets or financial liabilities were recognised at fair value through profit or loss upon initial recognition in the fiscal year 2013/14. Held-to-maturity financial assets did not exist, either.

Where permissible and required, reclassifications are made as of the end of the fiscal year. No reclassifications were made in the fiscal year 2013/14 and the previous year.

Where no active market exists and the fair value cannot be reliably measured, equity instruments are measured at amortised cost.

FINANCIAL ASSETS

All regular way purchases and sales of financial assets are recognised in the balance sheet as of the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Financial assets are measured at fair value upon initial recognition. Transaction costs directly attributable to the acquisition are recognised for all financial assets not classified as “financial assets or financial liabilities at fair value through profit or loss”.

The fair values recognised in the balance sheet are usually identical with the market prices of the financial assets. Where these are not available, they are calculated using accepted measurement methods and current market parameters. The measurement methods include the use of the latest transactions between knowledgeable, willing parties in an arm’s length transaction, the comparison with the fair value of another, essentially identical financial instrument, the analysis of discounted cash flows and the use of other measurement models.

Cash and cash equivalents recognised in the balance sheet comprise cash, bank balances as well as current deposits and are measured at amortised cost.

After initial recognition, trade receivables as well as other loans and receivables are measured at amortised cost, possibly using the effective interest rate method, less impairment. Gains and losses are recognised in net profit/loss for the period upon derecognition, impairment or settlement of the receivables.

The category "at fair value through profit or loss" comprises derivative financial instruments which do not qualify for hedge accounting pursuant to IAS 39 although they represent a hedge from an economic point of view.

Gains or losses on financial assets recognised at fair value through profit or loss are always recognised in profit or loss.

Financial assets not assigned to the category "at fair value through profit or loss" are tested for impairment at each balance sheet date.

The carrying amounts of financial assets not recognised at fair value through profit or loss are tested for objective evidence of impairment at each balance sheet date. There is objective evidence of impairment in the following cases: evidence of financial difficulty of a customer or customer group, default or delinquency in interest or principal payments, the probability of bankruptcy as well as facts indicating a measurable reduction in estimated future cash flows such as unfavourable changes in the payment situation of the borrower or the economic situation which are consistent with the default. The impairment loss for financial assets recognised at amortised cost is equivalent to the difference between the carrying amount and the present value of the expected future cash flows – discounted at the original effective interest rate of the financial asset. If, in a subsequent period, an increase in the fair value is determined, the impairment is reversed up to an amount no higher than amortised cost.

A financial asset is derecognised when the contractual rights to cash flows from that financial asset expire or are transferred. In the context of such a transfer, substantially all rewards and risks associated with ownership of the financial asset or control of the financial asset must be transferred.

No financial assets are posted as collateral for liabilities or contingent liabilities.

FINANCIAL LIABILITIES

Financial liabilities are measured at fair value upon initial recognition.

Derivatives not forming part of an effective hedging relationship are assigned to the category "financial liabilities at fair value through profit or loss". Where the fair value is negative, this results in the recognition in other financial liabilities. Gains and losses from subsequent measurement are recognised through profit or loss.

After initial recognition, trade accounts payable and interest-bearing loans are measured at amortised cost using the effective interest-rate method. Gains and losses arising in this process are recognised in profit or loss upon derecognition or repayment of the liabilities.

A financial liability is derecognised when the underlying obligation is settled, is cancelled or expires.

As in the previous year, no liabilities from finance leases existed as of the balance sheet date.

DERIVATIVE FINANCIAL INSTRUMENTS

The GERRY Weber Group uses derivative financial instruments exclusively in the form of cash flow hedges to hedge exchange rate risks from its operating activities.

The cash flow hedges serve to hedge the foreign currency risk in the procurement or sale of goods. The Group uses currency forwards and currency options. These are contractual arrangements for the purchase or sale of two defined currencies at a given time at a fixed price.

When using hedges, suitable derivatives are assigned to certain hedged items. Where the conditions for hedge accounting pursuant to IAS 39 are not fulfilled, changes in the fair value of these derivative financial instruments are recognised in profit or loss. Such hedges existed as of the prior year reporting date; as of 31 October 2014, all hedges qualified for hedge accounting pursuant to IAS 39.

According to IAS 39, all derivative financial instruments must be recognised at their fair value regardless 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 cash flow. Where an ineffective portion of the value changes of the hedges exists, these are recognised in profit or loss.

Transactions not qualifying for hedge accounting should be classified as a financial asset or a financial liability recognised at fair value through profit or loss and classified as such upon initial recognition. Positive fair value is included in other assets, while negative fair value is included in other liabilities. Income generated and expenses incurred are included in other operating income and other operating expenses, respectively.

The fair value is generally equivalent to the current or market value. If no active market exists, the fair value is determined using accepted calculation methods as well as bank valuations.

DETERMINATION OF FAIR VALUES

A number of accounting methods and disclosures of the GERRY WEBER Group require the determination of the fair values of financial and non-financial assets and liabilities.

To the extent possible, the GERRY WEBER Group uses available market data to determine the fair value of an asset or a liability. Based on the input factors used for the measurement methods, the fair values are assigned to different levels in the fair value hierarchy:

- 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 Group has a hedging policy of only using effective derivatives to hedge currency risks. With the exception of the above-mentioned derivatives not qualifying for hedge accounting, the material and formal hedge accounting requirements of IAS 39 were fulfilled both on the day the hedges were signed and on the balance sheet date.

CURRENT TAX

Actual tax is the expected tax liability or tax asset on the taxable income or tax loss for the fiscal year based on tax rates that apply on the reporting date or will apply shortly, as well as all adjustment of tax liabilities of previous years.

DEFERRED TAX

Deferred tax is recognised for all temporary differences between the tax base of the assets and liabilities and their carrying amounts in the IFRS statements ("liability method"). Deferred taxes are measured at the respective tax rates (and tax regulations) valid or about to be adopted in law as of the balance sheet reporting date and which are expected to be valid at the time of the recognition of the tax claim or the settlement of the deferred tax liability.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be used. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In accordance with IAS 1.70, deferred tax assets and deferred tax liabilities are recognised as non-current and are neither netted nor discounted.

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 conversion of finished goods are assessed based on the realisable selling price.

Intercompany profits resulting from sales within the Group are eliminated.

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 on the basis of a pre-tax rate. As of 31 October 2014, non-current provisions were discounted at a rate of 4.24% (previous year: 4.57%). Increases in provisions resulting purely from interest compounding are expensed through profit or loss in the income statement.

OTHER LIABILITIES / LIABILITIES FROM MINORITY OPTIONS

The liabilities from minority options result from the acquisition of the Dutch and Belgian retail companies in the Netherlands, Belgium and Germany, which were recognised at amortised cost. The strike price of the respective option depends on the future EBIT figures 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.

In addition, the company recognised outstanding purchase price payments and earn-out payments from the purchase of the Norwegian retail companies. The earning-out payments depend on future sales and earnings targets being reached.

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 obsolescence 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

Impairment of non-financial assets

When testing intangible assets, especially goodwill and property, plant and equipment of the company-managed retail stores, certain basic assumptions were made with regard to the recoverable amount. Within this framework, the expected cash flows for the impairment tests are derived from planned budgets for the cash-generating units or groups of cash-generating units and discounted. Management assumes that the assumptions and estimates on which the discounted cash flows are based are adequate. Changes in the economic conditions and the sector-specific growth assumptions may, however, have an impact on the impairment tests that may lead to impairment in future. The basic assumptions made to determine the recoverable amount for the different cash-generating units are explained in greater detail in paragraph C. "Intangible assets / Goodwill".

ACCOUNTING FOR ACQUISITIONS

In the context of acquisitions, goodwill is recognised in the balance sheet, which results from the difference between the consideration and the amount of the non-controlling interests in the acquired company and its assets and liabilities. Upon initial recognition, all identifiable assets and liabilities are recognised at the fair value. These fair values constitute a key estimate. Where intangible assets are identified, the fair value is determined using adequate measurement techniques, depending on the type of the intangible asset. These measurements are based on different input factors and partly on management's assumptions regarding the future performance of the assets and the discount rates used.

Acquisitions have resulted in liabilities from minority options which are recognised at amortised cost. The strike price of the minority options depends on the expected EBIT of the individual companies. In the event of deviations from the expected EBIT, liabilities from minority options should be adjusted through profit or loss in the income statement.

In the past financial year, the minority options were adjusted through profit or loss due to changes in EBIT expectations of the companies. The adjustment amount totalling KEUR 689 has been recognised as other operating income through profit or loss.

PROVISIONS

GERRY WEBER operates in numerous countries where the company is exposed to the most diverse conditions. Due to the complexity of the international rules and regulations, it is possible that deviations between the actual events and the assumptions made and/or changes in such assumptions require future adjustments of the provisions recognised in the balance sheet. Provisions are established for the potential effects of individual facts based on reasonable estimates. Potential differences between the original estimate and the actual outcome may have an impact on the net worth, financial and earnings position of the GERRY WEBER Group in the respective period.

INVENTORIES

To account for inventory risks, inventories are written down to the expected lower selling price. The costs of conversion of finished goods are assessed based on the realisable selling price.

WRITE-DOWNS OF RECEIVABLES

The recoverability of receivables is assessed on the basis of the estimated probability of default. Overdue receivables are written down using individually determined percentage rates. If the financial situation of a customer deteriorates, the amount of the actually required derecognition may exceed the write-downs, which may have an adverse impact on the earnings position.

DERIVATIVE FINANCIAL INSTRUMENTS

The assumptions made to measure derivative financial instruments are based on market conditions prevailing at the balance sheet date and thus reflect the fair value. For more details, please refer to E. Additional disclosures and explanations regarding financial instruments.

PRIOR YEAR INFORMATION

Upon first-time adoption of the revised IAS 19 "Employee Benefits" with effect from 1 November 2013, the prior year figures of the respective items in the balance and the income statement were adjusted accordingly due to the retrospective application. Under IAS 19 (revised), the top-up amounts for old-age part-time obligations are no longer recognised in full when the liability is incurred but allocated in instalments until the end of the active phase. First-time adoption of the revised standard has no material impact on the net worth, financial and earnings position for the fiscal year 2012/13.

KEUR	31 Oct. 2013 Before adjustment	Adjustment	After adjustment	1 Nov. 2012 Before adjustment	Adjustment	After adjustment
Total assets	**531,630**	**-18**	**531,612**	**483,623**	**-17**	**483,606**
thereof deferred tax assets	7,317	-18	7,299	5,245	-17	5,228
Total non-current liabilities	**48,456**	**-55**	**48,401**	**35,389**	**-26**	**35,363**
thereof non-current provisions for personnel	61	-55	5	190	-26	164
Total current liabilities	**87,407**	**-3**	**87,404**	**85,229**	**-29**	**85,199**
thereof current provisions for personnel	13,150	-3	13,147	12,595	-29	12,566
Total equity capital	**395,767**	**40**	**395,807**	**363,005**	**39**	**363,044**
thereof retained earnings	56,581	2	56,583	140,342	39	140,381

KEUR	2012/13 Before adjustment	Adjustment	After adjustment
Earnings before interest and taxes	**105,830**	**3**	**105,832**
Taxes on income	-31,802	-1	-31,803
Consolidated net income for the year	**71,028**	**2**	**71,030**
Comprehensive result	67,191	2	67,193

These effects exclusively result from the recalculation of the top-up amounts from old-age part-time obligations. In view of the negligibility of the amounts, they are fully assigned to the operating result.

Earnings per share for the fiscal year 2012/13 adjusted for the effects of the revised IAS 19 still amount to EUR 1.55.

In accordance with IAS 1.40A (b), no third balance sheet as of the beginning of the comparative period has been prepared for reasons of materiality. The effects of the revised IAS 19 on the current reporting period are similar to the effects reported for the previous year 2012/13. In view of the cost-benefit ratio and the negligibility of the amounts, no disclosures pursuant IAS 8.28 (f) are made for the current year.

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 2013/14 and 2012/13. 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.

Exclusive rights of supply
Intangible assets include exclusive rights of supply to Houses of GERRY WEBER operated by third parties in an amount of KEUR 8,311 (previous year: KEUR 7,944). Depreciation of these rights of supply totalled KEUR 2,900 in the fiscal year 2013/14 (previous year: KEUR 2,863), disposals at residual carrying amounts totalled KEUR 240. Additions in the fiscal year totalled KEUR 3,507.

Lease agreements
The item also comprises lease agreements for stores in an amount of KEUR 14,366 (previous year: KEUR 15,310). The amortisation of these assets amounted to KEUR 1,813 in the fiscal year 2013/14 (previous year: KEUR 1,036). Additions in the fiscal year totalled KEUR 869 (previous year: KEUR 7,808).

The rents stipulated in the lease agreements taken over in the context of the business combinations of the past three fiscal years are clearly below the market level. These advantages were capitalised at the present value. The present value was determined based on the remaining duration of the lease agreements using a duration-specific discount rate. The advantageous lease agreements recognised as depreciable intangible assets are written off over the remaining term of the leases using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation/Amortisation”.

Customer relationships
As of 31 October 2014, customer relationships were recognised as intangible assets in the amount of KEUR 17,175 (previous year: KEUR 10,961). The amortisation of these assets amounted to KEUR 1,877 in the fiscal year 2013/14 (previous year: KEUR 1,077). Additions in the fiscal year amounted to KEUR 8,090 (previous year: KEUR 4,986).

Customer relationships were identified in the context of the business combinations of the past three fiscal years. They were capitalised at the present value. The present value was determined based on an assumed useful life of five to eight years using a duration-specific discount rate. The customer relationships recognised as depreciable intangible assets are written off using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation/Amortisation”.

“CHANTAL” brand name

IIn the context of the takeover of T. Angen Kapesenteret AS, the “CHANTAL” brand name was acquired and shown under intangible assets valued at KEUR 711. The “CHANTAL” brand has a presence in the market through the 16 multi-label stores operated by T. Angen Kapesenteret AS and generates assignable cash flows. The brand, which is recognised as a depreciable intangible asset, is written off over a period of ten years using the straight-line method. The resulting expenses are recognised in the income statement under “Depreciation/Amortisation”.

Goodwil

As of 31 October 2014, goodwill was recognised at a carrying amount of KEUR 33,923 (previous year: KEUR 20,941) and results from the positive difference arising from the business combinations.

The following goodwill is recognised:

KEUR	**31 Oct. 2014**	31 Oct. 2013
Stores Austria	**2,136**	2,136
Stores Germany	**3,495**	771
Stores Netherlands	**10,675**	10,675
Concessions Netherlands	**1,161**	1,161
Stores Belgium	**6,198**	6,198
Stores Norway	**10,258**	0
	33,923	**20,941**

Goodwill is exclusively assigned to the “Retail” segment. In this segment, the individual sales spaces are defined as cash-generating units.

For the purpose of impairment tests, goodwill is assigned to groups of cash-generating units. These groups of cash-generating units represent the lowest corporate level at which goodwill is monitored for internal management purposes.

In the context of the impairment test, the carrying amount of the respective group of cash-generating units 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 9.21% (after taxes of 6.84%) based on market data. Gerry Weber uses constant growth rates of 1% over the detailed planning period of one year to extrapolate the cash flows. If the discount rate before taxes were increased by one percentage point to 10.21%, 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%.

(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.

Borrowing costs of KEUR 1,080 were capitalised in the context of the construction of the new logistic centre (RAVENNA-Park). A capitalisation rate of 1.9% was used to determine the borrowing costs eligible for capitalisation.

(c) Investment properties

In the fiscal year 2008/09 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 a fair value of the property of EUR 41.0 million as of 31 October 2014.

Under the German income approach, the gross income for the period is first determined based on the market revenues (monthly rent per square metre of useful space) which the property is capable of generating assuming proper management and permissible use; the non-apportionable operating expenses are then deducted from gross income to calculate net income. The net rent is taken as the basis from which administrative expenses, maintenance expenses and the risk of rental loss are deducted. The fair value of the investment property determined using the income approach corresponds to level 3 of the fair value hierarchy.

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.

Measuring the fair value of the investment property management costs of the building of 12.8% on the gross profit and an interest rate on the land value of 5.75% were calculated. If gross profit will change +/- 5%, the fair value of the investment property increase/decrease by KEUR 1,738.

Income generated from the property amounted to KEUR 3,774 (previous year: KEUR 3,346), while direct operating expenses amounted to KEUR 674 (previous year: KEUR 689).

(d) Financial assets

KEUR	31 Oct. 2014	31 Oct. 2013
Long-term loans	**2,060**	1,844
Long-term deposits	**178**	336
Rent deposits	**180**	193
Shares in limited partnerships	**12**	6
Shares in foreign corporations	**130**	0
	2,560	**2,379**

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 0 (previous year: KEUR 2). As a general rule the shares in limited partnerships and the shares in foreign corporations are recognised at cost as the fair value cannot be reliably determined. There is no active market for these shares. The shares in limited partnerships were written up by KEUR 1 (previous year: write-downs of KEUR 2) in the financial year.

(2) TRADE RECEIVABLES (NON-CURRENT)

Trade receivables with a maturity of more than one year amounted to KEUR 480 (previous year: KEUR 239). These are market rate interest-bearing trade receivables.

(3) OTHER ASSETS (NON-CURRENT)

Other non-current assets have duration times up to four years.

(4) INCOME TAX RECEIVABLES (NON-CURRENT)

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

Existing corporate income tax credits of the domestic companies are recognised under non-current income tax receivables in an amount of KEUR 1,133 (previous year: KEUR 1,666). The short-term part of corporate income tax credits and other tax refunds in an amount of KEUR 2,931 (previous year: KEUR 1,913) are recognised under current income tax receivables.

(5) DEFERRED TAXES

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

	Deferred tax assets		Deferred tax liabilities	
KEUR	31 Oct. 2014	31 Oct. 2013[1]	31 Oct. 2014	31 Oct. 2013
Non-current assets	1,267	1,391	12,618	10,708
Current assets	2,623	2,299	1,599	1,488
Provisions	1,605	1,326	224	139
Liabilities	0	73	0	0
Tax loss carryforwards	513	380	0	0
Changes in equity not stated through profit or loss according to IAS 39	81	1,830	7,933	19
	6,089	7,299	22,374	12,354

[1] The prior year figures were adjusted to reflect the revised IAS 19.

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 892 (previous year: KEUR 1,017) relates to goodwill in the amount of KEUR 3,566 (previous year: KEUR 4,070), as this is tax-deductible.

Tax loss carryforwards amount to EUR 18.6 million (previous year: EUR 18.3 million). They mainly refer to Gerry Weber Fashion Iberica S.L., Palma de Mallorca, Spain, Gerry Weber United Kingdom Ltd., London, Gerry Weber Ireland Ltd., Dublin, Ireland, and T. Angen Kapesenteret AS, Trondheim, Norway. The resulting deferred tax assets in the amount of KEUR 4,774 (previous year: KEUR 4,668) were written down in an amount of KEUR 4,261 (previous year: KEUR 4,288) as the realisation of the respective tax advantages is unlikely in the medium term.

Of the unrecognised deferred tax assets, amounts totalling KEUR 3,484 (previous year: KEUR 3,489) will expire in one to thirteen years.

(6) INVENTORIES

KEUR	31 Oct. 2014	31 Oct. 2013
Raw materials and supplies	13,365	13,287
Work in progress	13,345	15,095
Finished goods and merchandise	109,787	80,181
Prepayments on intangibles	4,174	2,904
	140,671	111,467

The impairment resulting from the sales-oriented measurement of inventories amounted to KEUR 2,217 (previous year: KEUR 1,625).

The expenses for the fiscal year 2013/14 are included in the cost of materials. The usual reservations of ownership apply.

(7) TRADE RECEIVABLES (CURRENT)

Trade receivables in an amount of KEUR 70,844 (previous year: KEUR 65,835) 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 2,629 (previous year: KEUR 2,224). 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

(8) OTHER ASSETS (CURRENT)

Other assets in an amount of KEUR 39,211 (previous year: KEUR 11,969) have a maturity of less than one year.

Other assets comprise:

KEUR	31 Oct. 2014	31 Oct. 2013
Financial assets		
Currency forwards and currency options	**26,443**	65
Supplier balances	**896**	630
Bonus claims	**295**	411
Rent receivables	**938**	212
Receivables from insurance companies	**68**	120
Sale of promotional items	**164**	158
	28,804	*1,596*
Non-financial assets		
Tax claims	**3,018**	3,659
Prepaid expenses	**3,544**	2,063
HR receivables	**837**	788
Receivables relating to GERRY WEBER Open	**692**	667
Other	**2,316**	3,196
	10,407	*10,373*
	39,211	**11,969**

With regard to the positive market values of the currency forwards and currency options, please refer to E. Additional disclosures and explanations regarding financial instruments.

(9) CORPORATE INCOME TAX CLAIM (CURRENT)

Tax refund claims of KEUR 2.931 (previous year: KEUR 1,913) relate to domestic corporate income tax and trade tax as well as to the solidarity surcharge associated with corporate income 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:

	31 Oct. 2014	31 Oct. 2013[1]	Change
Equity capital in KEUR	455,263	395,807	59,456
Equity in % of total capital	66.4	74.5	-8.0
Debt capital in KEUR	229,949	135,805	94,144
Debt capital in % of total capital	33.6	25.5	-8.0
Total capital (equity and debt capital) in KEUR	**685,212**	**531,612**	**153,600**

[1] The prior year figures were adjusted to reflect the revised IAS 19.

Equity capital comprises the subscribed 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. 2014**	31 Oct. 2013	Change
Positive fair values of financial instruments	**26,443**	65	26,378
Negative fair values of financial instruments	**-269**	-6,099	5,830
Deferred tax assets	**81**	1,830	-1,749
Deferred tax liabilities	**-7,933**	-19	-7,914
	18,322	**-4,223**	**22,545**

The tax effects of KEUR -9,663 (previous year: KEUR 1,720) 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 -4,484 (previous year: KEUR -480) was reclassified to the cost of materials, while an amount of KEUR 93 (previous year: KEUR 177) 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 2013 (after accounting change due to IAS 19R)	56,583
Dividend payment in 2014	-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
Net income for the year 2013/14	71,426
Accumulated profits as of 31 October 2014	**58,580**

(12) PROVISIONS FOR PERSONNEL (NON-CURRENT)

In the previous year, only the non-current portion of the provisions for old-age part-time work was shown. With regard to the adjusted prior-year figures, please refer to paragraph A. General information “Prior year information”.

An asset of KEUR 33 resulted from offsetting the assets used to secure the old-age part-time obligations against the corresponding provisions as of 31 October 2014. This asset is shown under “Other assets”.

(13) OTHER PROVISIONS (NON-CURRENT)

This item includes an amount of KEUR 6,125 (previous year: KEUR 5,479) resulting from the company’s obligation to remove furnishings and fittings from rented properties. Allocations amounted to KEUR 646 (previous year: KEUR 474).

Interest expenses in the amount of KEUR 154 (previous year: KEUR 161) 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. 2014**	31 Oct. 2013
Liabilities to banks and insurance companies	**77,143**	5,725

The table below shows the main contractual terms of the loan liabilities to banks and insurance companies as at the closing date of the fiscal year 2014:

	Carrying amount 2013/2014 KEUR	Carrying amount 2012/2013 KEUR	Maturity until month/year	Nominal interest rate % p.a.	Effective interest rate % p.a.
Bank 1	**0**	1,000	7/2014	4.15	4.19
Bank 2	**0**	1,000	6/2014	4.20	4.24
Bank 3	**725**	1,301	10/2015	3.51	3.56
Bank 4 – note loan					
Tranche 1	**10,000**		11/2016	1.53	1.74
Tranche 2 (variable)	**10,000**		11/2016	1.24	1.45
Tranche 3	**23,500**		11/2018	2.19	2.30
Tranche 4 (variable)	**7,500**		11/2018	1.43	1.54
Tranche 5	**24,000**		11/2020	2.80	2.88
	75,000				
Insurance company 1	**5,000**	7,857	7/2016	4.35	4.42
	80,725	**11.158**			

In addition, there are current liabilities to banks in an amount of KEUR 3.434 (previous year: KEUR 575). There are currently no signs of a liquidity or financing risk. Principal and interest were paid at maturity.

Non-current financial liabilities with a maturity of more than 5 years represented KEUR 24,000 (previous year: KEUR 0).

The differences between the carrying amounts and the fair values of the non-current financial liabilities are described in paragraph E. Additional disclosures and explanations regarding financial instruments.

(15) OTHER LIABILITIES (NON-CURRENT)

KEUR	**31 Oct. 2014**	31 Oct. 2013
Financial liabilities		
Liabilities from minority options	**28,282**	24,837
Payment of remaining purchase price for acquisitions	**8,530**	0
Other	**28**	0
	36,857	**24,837**

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

The payment of the remaining purchase price for acquisitions relates to the remaining purchase price payments for the acquisition of the Norwegian companies. These portions of the purchase prices are payable only in 2018.

The company has options to acquire the interests held by minority shareholders in the fully consolidated companies in the Netherlands, Belgium and Germany.

The option price depends on the future EBIT of these companies. If the projected EBIT differs by +/- 5% from the actual EBIT, the corresponding liability for the Dutch companies will change by +/- KEUR 580, for the Belgian companies by +/- KEUR 578 and for TB Fashion GERRY WEBER GmbH by +/- KEUR 90.

Provisions 31 October 2014 and 31 October 2013 (current)

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

KEUR	Carried forward 1 Nov. 2013 [1]	Use	Reversal	Allocation	As of 31 Oct. 2014
Type of provision					
(16) TAX PROVISIONS	*1,920*	*1,590*	*0*	*2,350*	*2,680*
(17) PROVISIONS FOR PERSONNEL					
Bonuses	6,003	5,858	145	6,494	**6,494**
Vacation	2,999	2,996	3	3,369	**3,369**
Old-age part-time work (current)	145	145	0	0	**0**
Special annual payment	3,374	3,216	158	3,529	**3,529**
Other	626	626	0	552	**552**
	13,147	*12,841*	*306*	*13,944*	*13,944*
(18) OTHER PROVISIONS					
Guarantees	800	800		783	**783**
Outstanding invoices	2,409	2,264	145	3,292	**3,292**
Accounting expenses	437	387	50	515	**515**
Payments to commercial agents	960	743	102		**115**
Supervisory Board compensation	510	510		510	**510**
Other	3,157	3,157		3,214	**3,214**
	8,273	*7,861*	*297*	*8,314*	*8,429*
	23,340	**22,292**	**603**	**24,608**	**25,053**

[1] The prior year figures were adjusted to reflect the revised IAS 19.

KEUR	Carried forward 1 Nov. 2012 [1]	Use	Reversal	Allocation	As of 31 Oct. 2013[1]
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)	186	41	0	0	**145**
Special annual payment	2,924	2,826	98	3,374	**3,374**
Other	1,387	1,386	1	2,193	**2,193**
	12,566	*12,256*	*165*	*13,002*	*13,147*
(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*
	28,270	**26,782**	**298**	**22,150**	**23,340**

[1] The prior year figures were adjusted to reflect the revised IAS 19.

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

KEUR	31 Oct. 2014	31 Oct. 2013
Liabilities to banks and insurance companies	**7,016**	6,008

Due to the short-term maturities no significant differences exist between market values and the carrying amounts.

(20) TRADE PAYABLES

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

(21) MISCELLANEOUS LIABILITIES

KEUR	31 Oct. 2014	31 Oct. 2013
Financial liabilities		
Negative fair value of financial instruments qualifying for hedge accounting	**269**	6.099
Negative fair value of financial instruments not qualifying for hedge accounting	**0**	243
Payment of remaining purchase price for acquisitions	**0**	1,752
Liabilities to customers	**1,298**	641
	1,567	*8,735*
Non-financial liabilities		
Other taxes (especially wage and turnover tax)	**8,836**	13,007
Customer vouchers, bonus cards and goods on return	**2,322**	2,122
Liabilities to personnel	**910**	899
Social security	**289**	163
Deferred income	**1,070**	646
Other liabilities	**3,078**	2,152
	16,505	*18,989*
	18,072	**27,724**

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 1,985 (previous year: KEUR 1,334) for the utilisation of the name rights.

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

(23) OTHER OPERATING INCOME

Miscellaneous operating income comprises the following:

KEUR	2013/14	2012/13
Rental income	10,414	9,701
Income from IT services for third parties	94	2,438
Payment of damages/insurance compensation	1,086	1,240
Income from the provision of motor vehicles	989	934
Income from the reversal of provisions and allowances	782	850
Exchange gains	998	802
Other	1,163	1,897
	15,526	**17,862**

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 (so-called 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	2013/14	2012/13
Expenses for raw materials and supplies and purchased goods	69,980	75,443
Expenses for services purchased	320,927	310,745
	390,907	**386,188**

(26) PERSONNEL EXPENSES

KEUR	2013/14	2012/13[1]
Wages and salaries	129,453	121,230
Social security contributions	25,412	22,072
	154,865	**143,302**

[1] The prior year figures were adjusted to reflect the revised IAS 19.

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 4.62% (previous year: 4.91%) 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.

Under IAS 19 (revised), the top-up amounts for old-age part-time obligations are no longer recognised in full when the liability is incurred but allocated in instalments until the end of the active phase. Accruals to cover the outstanding obligations are also made in instalments. For more information, especially on the prior year adjustments, please refer to "Prior year information".

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:

	2013/14		2012/13	
	Total	Germany	Total	Germany
Blue-collar workers	347	0	326	0
White-collar workers	4,813	3,473	4,335	3,307
	5,160	*3,473*	*4,661*	*3,307*
Trainees/apprentices	42	42	39	39
	5,202	**3,515**	**4,700**	**3,346**

Since the technical merger of the payroll units "blue-collar workers" and "white-collar workers" with effect from 1 November 2013, no distinction has been made between these two groups.

(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 2013/14.

(28) OTHER OPERATING EXPENSES

Miscellaneous operating expenses comprise the following:

KEUR	2013/14	2012/13
Rent, space costs	85,549	79,220
Freight, packaging, logistics	37,221	35,995
Advertising, trade fairs	27,521	21,451
Sales agent commissions	6,933	11,360
Collection development	6,338	7,465
Legal and consulting costs	7,545	6,701
IT costs	8,221	6,080
Insurance, contributions, fees	5,157	4,756
Other personnel expenses	3,918	4,081
Travelling expenses	3,954	3,825
Maintenance	3,846	3,731
Del credere and credit card commissions	3,145	3,120
Vehicles	3,277	2,991
Office and communications	2,163	2,164
General administration	2,278	2,107
Exchange rate fluctuations	1,090	1,816
Losses on receivables/allowances	1,271	1,660
Loss from asset disposal	1,387	1,537
Other	3,436	3,677
	214,250	**203,737**

(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	2013/14	2012/13
Income from financial assets loaned	25	30
Interest income	297	197
Write-downs on financial assets	0	-2
Incidental bank charges	-1,017	-952
Interest expenses	-3,547	-2,272
	-4,242	**-2,999**

Incidental bank charges essentially comprise fees for letter of credits.

(31) TAXES ON INCOME

Taxes on income comprise the following main components:

KEUR	2013/14	2012/13 [1]
Taxes of the fiscal year	33,449	32,976
Tax expenses/income of prior years	388	-420
Deferred taxes	-623	-753
	33,214	**31,803**

[1] The prior year figures were adjusted to reflect the revised IAS 19.

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	2013/14	2012/13 [1]
Profit before taxes on income	104,640	102,900
Group tax rate	30,0%	30,0%
Expected tax expenses	31,392	30,870
Non-recognition of deferred tax assets due to operating losses and utilisation of those assets	484	121
Use of tax loss carryforwards for deferred tax assets not recognised in prior years	0	505
Initial recognition of deferred tax assets from tax loss carryforwards / use of tax loss carryforwards	0	-135
Taxes on trade tax additions/deductions	839	771
Taxes on non-deductible operating expenses	154	170
Off-period tax expenses/income	388	165
Tax income from the sale of own shares	0	-585
Miscellaneous	-43	-79
Actual tax expenses 31.7% (previous year: 30.9%)	**33,214**	**31,803**

[1] The prior year figures were adjusted to reflect the revised IAS 19.

Tax income from the sale of own shares in the previous year results from the meanwhile substantiated legal opinion that the sale of own shares should be completely fax-free. The shares were sold in the fiscal year 2010/11. The conditions for the capitalisation of the tax claim were met only in the fiscal year 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	2013/14	2012/13 [1]
Consolidated net income/loss attributable to ordinary shareholders of the parent company	**71,426**	**71,030**

[1] The prior year figures were adjusted to reflect the revised IAS 19.

Number of ordinary shares

	Stück
Voting shares on 31 Oct. 2013	45,905,960
Voting shares on 31 Oct. 2014	**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 2013/14	Fiscal year 2012/13
45,905,960 × 12/12	45,905,960 × 12/12
45,905,960 Stück	**45,905,960 Stück**

Earnings per share amount to EUR 1.56 (previous year: EUR 1.55).

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 0.75) 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 34.4 million. In Germany, dividends are subject to capital income tax of 25% plus a 5.5% solidarity surcharge.

E. ADDITIONAL DISCLOSURES AND EXPLANATIONS REGARDING FINANCIAL INSTRUMENTS

MATURITY ANALYSIS OF FINANCIAL ASSETS

The maturities of the financial assets are shown below

KEUR	Neither written down nor due as of the reporting date	Not written down as of the reporting date but due since					Gross value of the written-down receivables
		< 1 month	1 bis 3 months	3 bis 6 months	6 bis 12 months	> 12 months	
Loans	1,710	-	-	-	-	-	500
Trade receivables	61,333	2,844	3,885	526	-	-	5,365
Other assets	39,223	-	-	-	-	-	471
Carrying amount 31 Oct. 2014	*102,266*	*2,844*	*3,885*	*461*	*-*	*-*	*6,336*
Loans	1,495	-	-	-	-	-	500
Trade receivables	54,099	6,755	2,444	461			4,539
Other assets	11,836	-	-	-	-	-	665
Carrying amount 31 Oct. 2013	*66,868*	*6,755*	*2,444*	*461*			*5,704*

WRITE-DOWN SCHEDULE

KEUR	Prev. year	Addition	Consumption	Release	Reporting year
Loans	150	0	0	0	150
Trade receivables	2,224	804	391	8	2,629
Other assets	532	171	368	0	335
2013/14	*2,906*	*975*	*759*	*8*	*3,114*
Loans	150	0	0	0	150
Trade receivables	2,655	758	1,174	15	2,224
Other assets	90	442	0	0	532
2012/13	*2,895*	*1,200*	*1,174*	*15*	*2,906*

Trade credit insurance is taken out for the trade receivables, which cover about 70% (previous year: 70%) of the respective total receivables. In addition, the creditworthiness of the counterparties is examined. In the other cases, the default risks are equivalent to the carrying amounts.

CONTRACTUAL REMAINING TERMS OF FINANCIAL LIABILITIES

The table below shows the contractual remaining maturities of the financial liabilities. The figures are based on undiscounted cash flows, based on the earliest day on which the GERRY WEBER Group may be obliged to pay.

		Undiscounted cash flows			
KEUR	Carrying amount	up to 1 year	1 to 5 years	more than 5 years	**Total**
Note loan	75,000	0	51,000	24,000	**75,000**
Loans	5,725	3,582	2,143	0	**5,725**
Other financial liabilities	3,434	3,434	0	0	**3,434**
Financial liabilities (total)	*84,159*	*7,016*	*53,143*	*24,000*	***84,159***
Trade liabilities	37,309	37,309	0	0	**37,309**
Other liabilities	54,929	18,072	42,355	0	**60,427**
Carrying amount 31 Oct. 2014	176,397	62,397	95,498	24,000	**181,895**
Note loan	-	-	-	-	**-**
Loans	11,158	5,433	5,725		**11,158**
Other financial liabilities	575	575			**575**
Financial liabilities (total)	*11,733*	*6,008*	*5,725*		***11,733***
Trade liabilities	30,331	30,331			**30,331**
Other liabilities	52,561	27,724	29,624		**57,348**
Carrying amount 31 Oct. 2013	94,625	64,063	35,349		**99,412**

The short-term cash outflows from financial liabilities are offset by planned cash inflows from receivables and other financial assets. To cover short-term cash outflows, GERRY WEBER International AG additionally has a sufficient funding reserve in the amount of cash and cash equivalents and unused credit lines available as of the balance sheet.

The contractually agreed remaining maturities of the financial liabilities as of the reporting date result in the following future interest payments for the GERRY WEBER Group.

FUTURE INTEREST PAYMENTS

KEUR	Undiscounted interest payments up to 1 year	1 to 5 years	more than 5 years	**Total**
Note loan	2,835	9,150	1,344	**13,329**
Loans	243	217		**460**
Other financial liabilities	78			**78**
as of 31 Oct. 2014	*3,156*	*9,367*	*1,344*	***13,867***
Note loan	-	-	-	**-**
Loan	387	703		**1,090**
Other financial liabilities	23			**23**
as of 31 Oct. 2013	410	703		**1,113**

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

All derivatives are recognised in the balance sheet at their fair value. Some derivatives do not qualify for hedge accounting, although they represent a hedge from an economic point of view. The relations between hedging instruments and hedged items as well as the risk management objectives and strategies in conjunction with the individual hedges are documented.

FINANCIAL DERIVATIVES

GERRY WEBER exclusively uses market financial derivatives with sufficient market liquidity. These are currency forwards and currency options. The present strategy provides for the use of hedges to limit the currency risks. The transactions are made exclusively with banks of excellent credit standing. Risks are managed centrally by GERRY WEBER International AG.

The nominal amount is the sum total of all purchase and sale amounts underlying the transactions. The financial instruments as of the reporting date serve to hedge against currency risks from the operating activities. No financial derivatives are used for speculation purposes.

The company hedges expected cash flows from the currency areas in which the GERRY WEBER has material operations; these include the US dollar area, the UK and Canada.

NOMINAL AMOUNT OF FINANCIAL DERIVATIVES

	Nominal amount as of 31 Oct. 2014				Nominal amount as of 31 Oct. 2013			
KEUR	up to 12 months	12 to 24 months	more than 24 months		up to 12 months	12 to 24 months	more than 24 months	**Total**
Currency forwards and currency options								
in the procurement of goods	155,774	140,905	14,656	**311,335**	171,479	136,957	0	**308,436**
in the sale of goods	9,276	0	0	**9,276**	4,820	0	0	**4,820**

FAIR VALUES OF THE FINANCIAL DERIVATIVES

Currency forwards and options qualifying for hedge accounting

KEUR	**Nominal amount**		**Fair value**	
	31 Oct. 2014	31 Oct. 2013	31 Oct. 2014	31 Oct. 2013
Currency forwards and currency options				
in the procurement of goods	**311,335**	308,436	**337,778**	302,355
in the sale of goods	**9,276**	4,820	**9,545**	4,755

Changes are recognised in equity and are shown in the statement of comprehensive income.

As of 31 October, positive effects from fair value measurement after deduction of deferred taxes in the amount of KEUR 18,322 (previous year: negative effects of KEUR 4,224) were recognised in equity.

Currency forwards and currency options not qualifying for hedge accounting

KEUR	**Nominal amount**		**Fair value**	
	31 Oct. 2014	31 Oct. 2013	31 Oct. 2014	31 Oct. 2013
Currency forwards and currency options				
in the procurement of goods	**0**	7,519	**0**	7,276
in the sale of goods	**0**	0	**0**	0

Some derivatives do not qualify for hedge accounting, although they represent a hedge from an economic point of view, e.g. accumulating currency forwards. The corresponding expenses of KEUR 0 (previous year: KEUR 61) are shown under other operating expenses.

The fair values do not necessarily represent the amounts that can be generated in future under current market conditions.

The table below shows the carrying amounts of the financial derivatives which are equivalent to the fair values. A difference is made between derivatives qualifying for hedge accounting pursuant to IAS and derivatives not qualifying for hedge accounting.

DERIVATIVE FINANCIAL INSTRUMENTS

KEUR	Carrying amount 31 Oct. 2014	Carrying amount 31 Oct. 2013
Assets		
Currency forwards and currency options		
Qualifying for hedge accounting (Cash flow hedges)	**26,443**	65
Not qualifying for hedge accounting	**0**	0
Liabilities		
Currency forwards and options		
Qualifying for hedge accounting (Cash flow hedges)	**269**	6,099
Not qualifying for hedge accounting	**0**	243

The carrying amounts of the financial assets are recognised as other assets or as other liabilities.

FINANCIAL INSTRUMENTS

Financial risk management

As a result of its international activities, the GERRY WEBER Group is exposed to a number of financial risks. These include, in particular, the effects of changes in exchange rates and interest rates. The risk management system of GERRY WEBER is geared at reducing risks.

The Managing Board defines the general risk management guidelines and thus determines the general approach to hedging exchange rate and interest rate risks and the use of derivative financial instruments. For further information on financial market risks and financial risk management, please refer to the Group management report.

Exchange rate risk

The GERRY WEBER Group is exposed to exchange rate risks relating to different foreign currencies, especially the US dollar, the Canadian dollar and the British pound. To mitigate these risks, currency forward and option contracts are signed with banks of excellent credit standing. The net requirement / surplus of the respective currencies is hedged at close to 100%.

Sensitivity analyses were performed to quantify the exchange rate risk. This is done on the basis of a hypothetical 5% change in the exchange rate.

The tables below show the pre-tax effect including the exchange rate hedges:

31 Oct. 2014 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate
USD	4,621	-332,909	-328,288	527
GBP	11,813	0	11,813	-198
CAD	2,481	0	2,481	-27

31 Oct. 2013 KEUR	Cash inflows	Cash outflows	Net amount	Absolute effect of a +5% change in the exchange rate
USD	7,356	-303,606	-296,250	277
GBP	3,671	0	3,671	-12
CAD	1,697	0	1,697	-17

Counterparty risk

The GERRY WEBER Group has counterparty default risks in the amount of the invested liquid funds and the positive market values of the derivatives. As a general rule, money transactions and financial instruments are signed only with a defined group of banks of excellent credit standing. The creditworthiness of these banks is monitored continuously and classified using quantitative and qualitative factors.

Liquidity risk

Liquidity risks may arise from the lack of available follow-up financing (liquidity risk in the narrower sense) as well as from delays in planned cash inflows and unplanned payments (plan risk). The liquidity risk is monitored continuously on the basis of the budget prepared for the budget year and the following years. New and unplanned business transactions (e.g. acquisitions) are incorporated continuously. In addition, the maturity profiles of financial assets and liabilities are matched regularly. Plan risks are managed through constant monitoring of projected and actual cash flows. Furthermore, the durations of financings are chosen in such a way that the maturities are diversified over time, so that an increase in the refinancing costs would have an effect only in the long term. Unplanned payments are covered by credit lines from banks.

Interest rate risk

Interest rate risks primarily relate to interest-bearing financial liabilities. The GERRY WEBER Group manages interest rate risks by raising long-term loans and through a high equity ratio. The financial liabilities of the GERRY WEBER Group mostly carry fixed interest rates agreed for long durations.

Sensitivity analyses are performed to quantify the interest rate risk from these financial liabilities. In view of the continued low interest rates, a +100/-30 bp shift in the yield curve was assumed as of the balance sheet date to ensure that realistic scenarios are used for the analysis of the interest rate sensitivities.

Variable interest rate liabilities of KEUR 17,500 (31 October 2013: KEUR 0) were included in the analysis. The resulting interest payments expected until the maturity date are not hedged by financial derivatives. The resulting interest rate risk is also a cash flow risk with implications for the amount of future interest payments. The pre-tax effect on consolidated net income for the year is shown:

KEUR	**2013/14**		2012/13	
	+100 bp	-30 bp	+100 bp	-30 bp
Cash flow risks	**-487**	**+104**	-	-

BOTTOM LINE EFFECT OF FINANCIAL INSTRUMENTS

KEUR	Loans and receivables	Financial liabilities measured at amortised cost
From interest rates/payments	297	-3,546
From losses of receivables and write-downs	-1,271	0
From adjustments of minority options	0	689
2013/14		
From interest rates/payments	197	-2.272
From losses of receivables and write-downs	-1,660	0
From adjustments of minority options	0	0
2012/13		

CARRYING AMOUNTS AND FAIR VALUES BY MEASUREMENT CATEGORIES

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 fair 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.

KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets and liabilities	
	Carrying amount 31 Oct. 2014	For information: Fair value 31 Oct. 2014	Carrying amount 31 Oct. 2014	Carrying amount 31 Oct. 20144	Fair value 31 Oct. 2014
Financial assets	2,559	2,559			2,559
Loans and receivables	2,417	2,417			2,417
Available-for sale financial assets	142	142			142
Trade receivables (non-current)	480	480			480
Loans and receivables	480	480			480
Trade receivables (current)	70,844	70,844			70,844
Loans and receivables	70,844	70,844			70,844
Other assets (current)	2,361	2,361	26,443	10,407	39,211
Derivatives qualifying for hedge accounting			26,443		26,443
Loans and receivables	2,361	2,361			2,361
Non-financial assets				10,407	10,407
Liquid funds	104,296	104,296			104,296
Loans and receivables	104,296	104,296			104,296
Total financial assets	**180,540**		**26,443**		**206,983**
Financial liabilities (non-current)	77,173	78,020			77,173
Measured at amortised cost	77,173	78,020			77,173
Other liabilities (non-current)	36,857	36,857			36,857
Measured at amortised cost	36,857	36,857			36,857
thereof: liabilities from minority options	28,282	28,282			28,282
Financial liabilities (current)	7,016	7,016			7,016
Measured at amortised cost	7,016	7,016			7,016
Trade liabilities (current)	37,309	37,309			37,309
Measured at amortised cost	37,309	37,309			37,309
Other liabilities	1,298	1,298	269	16,505	18,072
Derivatives qualifying for hedge accounting			269		269
Measured at amortised cost	1,298	1,298			1,298
Non-financial liabilities				16,505	16,505
Total financial liabilities	**159,653**		**269**		**159,922**

KEUR	Measured at amortised cost		Measured at the fair value	Non-financial assets and liabilities	
	Carrying amount 31 Oct. 2014	For information: Fair value 31 Oct. 2014	Carrying amount 31 Oct. 2014	Carrying amount 31 Oct. 20144	Fair value 31 Oct. 2014
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)	1,531	1,531	65	10,593	12,189
Derivatives qualifying for hedge accounting			65		65
Loans and receivables	1,531	1,531			1,531
Non-financial assets				10,593	10,593
Liquid funds	65,592	65,592			65,592
Loans and receivables	65,592	65,592			65,592
Total financial assets	**135,576**		**65**		**135,641**
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
Measured at amortised cost	24,837	24,837			24,837
thereof: 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	2,636	2,636	6,342	21,382	27,724
Derivatives qualifying for hedge accounting			6,099		6,099
Derivatives not qualifying for hedge accounting			243		243
Measured at amortised cost	2,636	2,636			2,636
Non-financial liabilities				18,746	18,746
Total financial liabilities	**66,901**		**6,342**		**73,243**

Fair values of financial assets and liabilities by measurement categories

The assignment of the financial instruments measured at fair value to one of the three levels of the fair value hierarchy can be seen from the table "Carrying amounts and fair values by measurement categories".

The fair values of financial assets and liabilities is assigned to level 2 of the fair value hierarchy.

As in the previous year, no reclassifications between levels 1, 2 and 3 were made in the fiscal year 2013/14.

Market comparison methods are used to determine the fair values of level 2. The fair values of currency forwards and currency options are based on valuations by banks. Given that similar contracts are traded in an active market, these valuations reflect the actual transactions for similar instruments

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 2013/14 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 2013/14, cash inflow from operating activities includes payments for interest received in an amount of KEUR 297 (previous year: KEUR 198) and for interest paid in an amount of KEUR 1,328 (previous year: KEUR 1,338). Income tax payments amounted to KEUR 33,561 (previous year: KEUR 32,287).

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 2013/14

2013/14 KEUR	Production and Wholesale	Retail	Other segments	Consolidated entries	**Total**
Sales by segment thereof:	640,900	407,869	0	-196,683	**852,086**
sales with external third parties	447,155	404,931	0	0	**852,086**
inter segment revenues	193,745	2,938	0	-196,683	**0**
EBIT	80,294	26,853	2,156	-422	**108,882**
Personnel expenses	62,444	92,421	0	0	**154,864**
Depreciation	9,483	15,207	588	0	**25,278**
Interest income	765	150	0	-618	**297**
Interest expenses	508	2,480	0	559	**3,547**
Assets	387,368	383,583	29,704	-115,443	**685,212**
Liabilities	102,882	237,179	0	-110,112	**229,949**
Investments in non-current assets	20,108	60,825	56	0	**80,989**
Number of employees (annual average)	1,233	3,968	1	0	**5,202**
Impairments recognised in profit/loss					
of inventories	-210	-382	0	0	**-592**
of trade receivables	-13	-234	0	0	**-247**

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**
EBIT	91.602	14.202	1.970	-1.947	**105.831**
Personnel expenses	64.535	78.768	0	0	**143.302**
Depreciation	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**

For the purpose of segment reporting, the segments of the GERRY WEBER Group are defined by the Group's business activities pursuant to the management approach (IFRS 8).

The segmentation of the GERRY WEBER Group is derived from the internal organisational and reporting structure. The Managing Board of GERRY WEBER International AG manages the company by the two main segments which follow the distribution structure "Retail" and "Production and Wholesale".

The "Retail" segment comprises the company's own retail activities in the national and international Houses of GERRY WEBER and mono-label stores, the concession stores, the factory outlets and online shops (e-commerce).

The "Production and Wholesale" segment comprises the wholesale activities of the Group's brands (GERRY WEBER, TAIFUN and SAMOON) as well as the development and production processes of the goods.

"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.

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.

The Managing Board of GERRY WEBER INTERNATIONAL AG has chosen earnings before interest and taxes (EBIT) and sales revenues as performance indicators for controlling and reporting.

Net interest income and tax expenses are viewed by management only at a Group-wide level.

Geographic information

2013/14

KEUR	Germany	Abroad	Total
Sales by regions	512,513	339,573	852,086
Assets	592,141	93,071	685,212
Liabilities	161,837	68,112	229,949
Investments in non-current assets	72,012	8,978	80,990
Number of employees	3,515	1,687	5,202

2012/13

KEUR	Germany	Abroad	Total
Sales by regions	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	3,346	1,354	4,700

For purposes of segment reporting by geographical segments, external sales are defined by customers' head offices. A regional distinction is made between "Germany" and "outside Germany".

H. MISCELLANEOUS INFORMATION

RESEARCH AND DEVELOPMENT

Research and development expenses shown under expenses amount to KEUR 6,338 (previous year: KEUR 7,465) 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 26 (previous year: KEUR 8).

There is a payment obligation for shares in partnerships (start-up funds) in an amount of KEUR 25 (previous year: KEUR 31).

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

As of 31 October 2014, the purchase commitment for investments in non-current assets amounted to EUR 43.9 million (previous year: EUR 1.0 million).

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

KEUR	31 Oct. 2014	31 Oct. 2013
Within 1 year	5,750	3,194
Between 1 and 5 years	2,217	2,282
	7,967	**5,476**

Expenses under these operating leases amounted to KEUR 5,750 in the fiscal year 2013/14 (previous year: KEUR 3,194). The assets financed by operating leases had a gross carrying amount of KEUR 20,125 in the fiscal year 2013/14 (previous year: KEUR 11,180).

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. 2014	31 Oct. 2013
Within 1 year	64,203	59,214
Between 1 and 5 years	183,592	178,632
After 5 years	91,690	95,083
	339,485	**332,929**

In the fiscal year 2013/14, rental expenses in an amount of KEUR 66,871 (previous year: KEUR 60,950) 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. 2014	31 Oct. 2013
Within 1 year	1,541	1,331
Between 1 and 5 years	4,667	3,837
After 5 years	2,057	1,924
	8,265	**7,092**

In the fiscal year 2013/14, the Group generated KEUR 2,664 (previous year: KEUR 1,780) from subleases. The table below shows the minimum lease payments from subleases:

KEUR	31 Oct. 2014	31 Oct. 2013
Within 1 year	2,353	1,751
Between 1 and 5 years	6,791	5,801
After 5 years	2,016	1,727
	11,160	**9,279**

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. 2014	31 Oct. 2013
Within 1 year	2,005	2,010
Between 1 and 5 years	1,602	3,067
After 5 years	0	0
	3,607	**5,077**

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. 2014	31 Oct. 2013
Within 1 year	325	370
Between 1 and 5 years	88	141
After 5 years	0	0
	413	511

An exclusively turnover-based rent has been agreed with one tenant. Income from such conditional rents amounted to KEUR 58 in the fiscal year 2013/14 (previous year: KEUR 66).

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. 2014	31 Oct. 2013
Innerhalb eines Jahres	2,689	2,357
Zwischen 1 und 5 Jahren	1,128	2,520
Nach 5 Jahren	0	0
	3,817	4,877

Lease agreements in which the GERRY WEBER Group is the lessor are classified as operating leases pursuant to IAS 17. Rental income is recognised on a straight-line basis over the term of the respective lease agreement.

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 financial year 2013/14 GERRY WEBER International AG and its affiliated companies are in accordance to section 17 para 1 of the German Stock Corporation Act dependent companies of Gerhard Weber and Udo Hardieck.

Affiliated companies related to the stock corporation law are listed below:

- 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 above 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	2013/14		2012/13	
	Expenses	Income	Expenses	Income
Advertising, Gerry Weber Open	**4,125**		3,977	
Advertising	**202**		561	
Rental expenses	**298**		298	
Accommodation, entertainment	**216**		257	
Annual General Meeting	**62**		143	
Various services expenses	**416**		386	
IT charge		**8**		6
Various services income		**62**		46
Prepaid postage		**23**		43
Book-keeping		**93**		116
Delivery of goods		**59**		55
Interest income		**41**		140
Rental income		**160**		166
Energy income		**647**		731
	5,319	**1,093**	**5,622**	**1,303**

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

KEUR	31 Oct. 2014		31 Oct. 2013	
	Receivables	Liabilities	Receivables	Liabilities
Gerry Weber Management & Event oHG	118	6	117	146
Gerry Weber Sportpark Hotel GmbH & Co. KG	1,505	74	1,285	75
	1,623	80	1,402	221

The appropriateness of the performance and the counter-performance was described by the Managing Board of GERRY WEBER International AG in the dependency report for 2013/14 as defined in section 312 of the German Stock Corporation Act and confirmed by the auditors of GERRY WEBER International AG.

Mr Ralf Weber performs managing functions at some of the companies to which relations of dependency exist.

Trendline Promotion GmbH, in which Herr Ralf Weber is a shareholder, supplied the Group with promotional materials in an amount of KEUR 1,709 (previous year: KEUR 1,659) net of VAT. As at the balance sheet date, liabilities totalled KEUR 7 (previous year: KEUR 30).

No allowances or derecognitions relating to receivables from related parties were required. No guarantees or securities were obtained or granted; nor do financial assets serve as collateral.

CONTRACTS AND AGREEMENTS

Sponsorship agreement with Gerry Weber Management & Event oHG

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.

Consultancy agreement with Mr Gerhard Weber

With effect from the end of his term of office as member of the Managing Board, i.e. from 1 November 2014, Mr Gerhard Weber has been appointed member of the Supervisory Board of GERRY WEBER International AG, after Dr. Wolf-Albrecht Prautzsch resigned from the Supervisory Board of GERRY WEBER International AG with effect from 31 October 2014.

A consultancy agreement was signed with Mr Gerhard Weber on 31 October 2014. The object of the agreement is the provision of advice and comprehensive support in the contractually agreed consultancy areas.

The agreement commenced on 1 November 2014 and has a fixed term until 31 October 2016. It will be automatically renewed by another twelve months unless it is terminated by either party no later than six months prior to expiry.

In the fiscal year 2013/14, no service or consideration was rendered or received under this agreement between GERRY WEBER International AG and Mr Gerhard Weber.

Lease agreement with DALOU Grundstücks-GmbH & Co. KG

On 5 June 2014, a lease agreement was signed between Gerry Weber Retail GmbH, which is a fully consolidated company of the Group, and DALOU Grundstücks-GmbH & Co. KG, Halle / Westphalia. The object of the agreement is the still-to-be-built outlet store in “Ravenna-Park”, which the company plans to operate in the immediate vicinity of the logistic centre under construction after relocation of the previous outlet store in Brockhagen. The space to be let is expected to be handed over in the first half of 2016.

Mr Ralf Weber is sole limited partner of DALOU Grundstücks-GmbH and sole Managing Director of its general partner, DALOU Verwaltungs GmbH, Halle / Westphalia.

In the fiscal year 2013/14, no performance was granted or received under this agreement between Gerry Weber Retail GmbH and DALOU Grundstücks-GmbH & Co. KG.

MANAGING BOARD

- Gerhard Weber, Chairman, businessman, Halle / Westphalia, until 31 October 2014
- Ralf Weber, businessman, Steinhagen, is in charge of Corporate Development and the national and international business with retail partners (Wholesale) as well as end customers (Retail).
- Dr. David Frink, businessman, Bielefeld, is in charge of Finance, Logistics, Communications, IT, Administration, Compliance and Human Resources.
- Arnd Buchardt, businessman, Bielefeld, is in charge of the Products, Brands and Licenses

The respective entry into the Commercial Register duly took place on 4 November 2014.

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, Lenggries, – Chairman –,
- Udo Hardieck, Halle / Westphalia, – Vice Chairman –,

- Gerhard Weber, Halle / Westphalia, since 1 November 2014
- Charlotte Weber-Dresselhaus, Halle / Westphalia,
- Dr. Wolf-Albrecht Prautzsch, Münster, until 31 October 2014,
- 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.

Herr 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:
- L. Possehl GmbH & Co., Lübeck since 1 January 2014, chairman since 15 April 2014
- S.A. Damm, Barcelona

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

Mr Udo Hardieck,
Diplom-Ingenieur, Halle / Westphalia

Member of the advisory council:
- Nordfolien GmbH, Steinfeld

Mr Gerhard Weber,
businessman, Halle / Westphalia, Member of the Managing Board till 31 October
- No mandates

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

Herr Dr. Wolf-Albrecht Prautzsch,
banker, Münster, until 31 October 2014

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

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

Mr Olaf Dieckmann,
technical employee, Halle / Westphalia
- No mandates

Mr Klaus Lippert,
commercial employee, Halle / Westphalia
- No mandates

TOTAL COMPENSATION OF THE MANAGING BOARD

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

KEUR	2013/14 Basic salary	2013/14 Share in profits	**2013/14 Total**	2012/13 Basic salary	2012/13 Share in profits	**2012/13 Total**
Managing Board						
Gerhard Weber [1]	755	3,200	**3,955**	755	3,000	**3,755**
Ralf Weber [2]	472	350	**822**	118	108	**226**
Dr. David Frink	474	350	**824**	474	300	**774**
Arnd Buchardt [2]	522	350	**872**	128	112	**240**
Doris Strätker [3]	0	0	**0**	497	225	**722**
	2,223	**4,250**	**6,473**	**1,972**	**3,745**	**5,717**

[1] until 31 October 2014 [2] since 1 August 2013 [3] until 31 July 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. The compensation represents a short-term benefit within the meaning of IAS 24.17 (a).

TOTAL COMPENSATION OF THE SUPERVISORY BOARD

In accordance with the statutes, the Supervisory Board will receive compensation of KEUR 510 (previous year: KEUR 510) for its work for the parent company and the Group, 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, which are short-term benefits in accordance to IAS 24.17(a).

KEUR	**2013/14 Total**	2012/13 Total
Supervisory Board		
Dr. Ernst F. Schröder – Chairman	**180**	180
Udo Hardieck – Vice Chairman	**90**	90
Charlotte Weber-Dresselhaus	**60**	60
Dr. Wolf-Albrecht Prautzsch, until 31 Oct. 2014	**60**	60
Olaf Dieckmann – staff representative	**60**	60
Klaus Lippert – staff representative	60	60
	510	**510**

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 2013/14 totalled KEUR 25 (previous year: KEUR 27).

SHARES HELD BY THE MANAGING BOARD

As at the balance sheet date, the Managing Board directly and indirectly held 14,458,065 shares (previous year: 14,451,327 shares).

SHARES HELD BY THE SUPERVISORY BOARD

As at the balance sheet date, members of the Supervisory Board directly and indirectly held 8,072,051 shares (previous year: 8,064,079 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%.

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.

On July 04, 2014, Allianz Global Investors Europe GmbH, Frankfurt am Main, Deutschland has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Gerry Weber International AG, Halle/Westphalia, Deutschland, have exceeded the 3% threshold of the Voting Rights on 1 July 2014 and on that day amounted to 3.12% (this corresponds to 1,432,050 Voting Rights). 1.12% of Voting Rights (this corresponds to 511,946 Voting Rights) are attributed to the company in accordance with Article 22, Section 1, Sentence 1, No. 6 of the WpHG (German Securities Trading Act).

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

In the fiscal year, Gerhard Weber, Chairman of the Managing Board until 31 October 2014, acquired 2,638 shares at prices between EUR 27.66 and EUR 29.04 per share through a company controlled by him.

Mr Ralf Weber, member of the Managing Board, acquired 4,100 shares at prices between EUR 27.63 and EUR 28.21 per share on 16 October 2014.

In addition, Mr Ralf Weber sold derivatives (nominal: 14,500) at prices between EUR 29.41 and EUR 30.21 per derivative and acquired derivatives (nominal: 4,600) at a price of EUR 32.70 per derivative. Shares in GERRY WEBER International AG are the underlyings of these derivatives.

On 29 August 2014, Mrs Charlotte Weber-Dresselhaus, member of the Supervisory Board, acquired 8,000 shares at a price of EUR 33.00 per share.

AUDITOR'S FEES

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

KEUR	2013/14	2012/13
Audit services	**431**	420
Other certification services	**9**	0
Tax consulting services	**85**	35
Other services	400	191
	925	**646**

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 2 December 2014 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 fiscal year 2013/14 (31 October 2014), the following events occurred that may influence the net worth, financial and earnings position as well as the business performance of GERRY WEBER International AG:

On 22 December 2014, GERRY WEBER International AG acquired all shares in Munich-based fashion company Hallhuber from private equity firm Change Capital Partners LLP; the transaction is subject to the approval of the German Federal Cartel Office and the Austrian anti-trust authorities. By adding the two complementary Hallhuber brands to its brand portfolio, GERRY WEBER Group will gain access to a new, younger target group. The acquisition supports the announced strategy of GERRY WEBER International AG to grow profitably also through acquisitions.

Hallhuber will be an independent brand under the umbrella of the GERRY WEBER Group. As the brand will benefit from the company's operational expertise in procurement, international Retail expansion and logistics, it is expected to not only make an attractive contribution to the Group's profitability but also to accelerate its growth.

The company plans to finance the purchase price by raising long-term debt.

On 22 January 2015, GERRY WEBER International AG announced the Supervisory Board's intention to appoint Ralf Weber Chairman of the Managing Board with effect from 25 February 2015 at its next meeting on 24 February 2015.

No other material events occurred which may have a material influence on the net worth, financial and earnings position as well as the future business performance of the GERRY WEBER Group.

On 30 January 2015, 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 2015.

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 will be examined and endorsed by the Supervisory Board of GERRY WEBER International AG at its meeting on 24 February 2015 and thus be approved for electronic publication in the Federal Gazette.

Halle / Westphalia, 30 January 2015

GERRY WEBER International AG

The Managing Board

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, 30 Januar 2015

GERRY WEBER International AG

The Managing Board

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, which has been combined with the management report for GERRY WEBER International AG, for the fiscal year from 1 November 2013 to 31 October 2014.

The preparation of the consolidated financial statements and the combined 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 combined 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 combined 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 combined 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 combined 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 combined 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, 10 February 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Carsten Schürmann Wirtschaftsprüfer	Burkhard Peters Wirtschaftsprüfer

CHANGES IN THE GROUP'S FIXED ASSETS

for the fiscal year 2013/14

	Costs				
KEUR	1 Nov. 2013	Additions	Disposals	Reclassifications	**31 Oct. 2014**
FIXED ASSETS					
Intangible assets					
Concessions, industrial rights and similar rights and assets as well as licenses to such rights and assets	86,133.0	17,654.9 [1]	491.4	1,676.1	**104,972.6**
Goodwill on consolidation	21,205.8	12,981.5 [2]	0.0	0.0	**34,187.3**
Prepayments on intangibles	3,566.9	4,563.4	0.0	-1,541.3	**6,589.0**
	110,905.7	*35,199.8*	*491.4*	*134.8*	***145,748.9***
Property, plant and equipment					
Land, leasehold rights and buildings including buildings on third-party land	162,910.0	10,681.8	1,318.5	204.3	**172,477.6**
Plant and machinery	6,579.5	1,247.7	0.0	-47.7	**7,779.5**
Other fixtures and fittings, tools and equipment	71,925.2	9,374.5	1,491.3	-96.9	**79,711.5**
Payments on account and plant under construction	1,430.8	23,898.3		-194.5	**25,134.6**
	242,845.5	*45,202.3*	*2,809.8*	*-134.8*	***285,103.2***
Investment properties	28,162.2	59.2	0.0	0.0	**28,221.4**
Financial assets					
Investments	270.0	136.2	0.0	0.0	**406.2**
Other loans	2,823.7	392.1	348.3	0.0	**2,867.5**
	3,093.7	*528.3*	*348.3*	*0.0*	***3,273.7***
	385,007.1	**80,989.6**	**3,649.5**	**0.0**	**462,347.2**

[1] Thereof additions from company mergers TEUR 9.670,5
[2] Thereof additions from company mergers TEUR 12.981,5

	Accumulated depreciation / amortisation					Net carring amount	
	1 Nov. 2013	Additions	Disposals	**31 Oct. 2014**		**31 Oct. 2014**	31 Oct. 2013
	40,550.9	10,288.5	250.8	**50,588.6**		**54,384.0**	45,582.1
	264.5	0.0	0.0	**264.5**		**33,922.8**	20,941.3
	0.0	0.0	0.0	**0.0**		**6,589.0**	3,566.9
	40,815.4	*10,288.5*	*250.8*	*50,853.1*		*94,895.8*	*70,090.3*
	37,752.1	5,325.7	686.0	**42,391.8**		**130,085.8**	125,157.9
	5,409.7	769.3	0.0	**6,179.0**		**1,600.5**	1,169.8
	33,773.9	8,411.7	778.7	**41,406.9**		**38,304.6**	38,151.3
	0.0	0.0	0.0	**0.0**		**25,134.6**	1,430.8
	76,935.7	*14,506.7*	*1,464.7*	*89,977.7*		*195,125.5*	*165,909.8*
	910.3	483.1	0.0	**1,393.4**		**26,828.0**	27,251.9
	264.4	0.0	0.0	**264.4**		**141.8**	5.6
	450.0	0.0	0.0	**450.0**		**2,417.5**	2,373.7
	714.4	*0.0*	*0.0*	*714.4*		*2,559.3*	*2,379.3*
	119,375.8	**25,278.3**	**1,715.5**	**142,938.6**		**319,408.6**	**265,631.3**

CHANGES IN THE GROUP'S FIXED ASSETS

for the fiscal year 2012/13

	Costs				
KEUR	1 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 TEUR 14.146,0
[2] Thereof additions from company mergers TEUR 6.198,2

	Accumulated depreciation/amortisation					Net carring amount	
	1 Nov. 2012	Additions	Disposals	**31 Oct. 2013**		**31 Oct. 2013**	31 Oct. 2013
	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**

FINANCIAL STATEMENTS

**OF THE GERRY WEBER INTERNATIONAL AG (ABRIDGED VERSION)
FOR THE FISCAL YEAR 2013/14**

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
from 1 November 2013 to 31 October 2014

in KEUR	2013/14	2012/13
Sales revenues	8,546.7	8,280.7
Increase / decrease in goods and services in progress	-103.2	132.1
Other own work capitalised	618.0	0.0
Other operating income	94,398.5	100,415.2
thereof from currency differences: KEUR 265.1 (previous yea: KEUR 180.7)		
Cost of materials		
Cost of raw materials and supplies	-5,579.5	-6,913.8
Cost of purchased services	-345.9	-290.5
	-5,925.4	*-7,204.3*
Personnel expenses		
Wages and salaries	-32,642.5	-35,946.6
Social security contributions	-4,698.9	-5,204.3
	-37,341.4	*-41,150.9*
Depreciation of intangible assets and tangible assets	-7,157.0	-6,838.8
Other operating expenses	-46,641.6	-43,727.0
thereof from currency differences: KEUR 0.0 (previous year: KEUR 655.5)		
Income from profit transfer agreements	272.3	0.0
thereof relating to affiliated companies: KEUR 272.3 (previous year: KEUR 0.0)		
Income from profit transfer agreements	98,001.4	112,624.2
Income from other investments and long-term loans	24.6	29.7
Other interest and similar income	1,977.8	1,938.3
thereof from the accumulation of receivables: KEUR 17.2 (previous year: KEUR 23.0)		
thereof relating to affiliated companies: KEUR 1,707.7 (previous year: KEUR 1,755.5)		
Amortisation of financial assets and investments classified as current assets	0.0	-2.0
Expenses from absorption of losses	0.0	-17,355.4
Interest and similar expenses	-2,139.9	-948.9
thereof from the discounting of receivables: KEUR 55.9 (previous year: KEUR 0.0)		
thereof from the compounding of provisions: KEUR 5.2 (previous year: KEUR 13.3)		
thereof relating to affiliated companies: KEUR 7.8 (previous year: KEUR 13.2)		
Results from ordinary activities	*104,530.8*	*106,192.9*
Taxes on income	-31,452.5	-31,019.9
Other taxes	-286.4	-299.4
Income for the year	*72,791.9*	*74,873.6*
Profit carried forward	11,725.2	6,281.0
Allocation to revenue reserves	-35,000.0	-35,000.0
Net profit of the year	**49,517.1**	**46,154.6**

BALANCE SHEET

for the year ended 31 October 2014

ASSETS

in KEUR	31 Oct. 2014	31 Oct. 2013
FIXED ASSETS		
Intangible assets		
Concessions, industrial property rights and related rights and values as well as lincences for such rights and values	**9,186.6**	7,306.9
Payments on account	**6,589.0**	3,425.9
	15,775.6	*10,732.8*
Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	**87,764.4**	86,146.7
Plant and machinery	**144.9**	209.6
Other fixtures, tools and equipment	**5,107.4**	4,920.7
Payments on account and plants under construction	**23,489.9**	563.0
	116,506.6	*91,840.0*
Financial assets		
Shares in affiliated companies	**94,887.8**	28,844.1
Investments	**12.3**	5.6
Other loans	**2,059.5**	1,844.4
	96,959.6	*30,694.1*
	229,241.9	*133,266.9*
CURRENT ASSETS		
Inventories		
Raw materials and supplies	**1,634.6**	1,477.3
Work in progress	**44.6**	147.8
Payments on account	**198.5**	127.7
	1,877.7	*1,752.9*
Receivables and other assets		
Trade receivables	**1,752.4**	2,976.7
thereof with a remaining maturity of more than one year: KEUR 480,0 (previous year: KEUR 239,0)		
Receivables from affiliated companies	**222,491.2**	228,508.8
thereof with a remaining maturity of more than one year: KEUR 1,360,8 (previous year: KEUR 1,239,0)		
Other assets	**5,468.5**	4,814.7
thereof with a remaining maturity of more than one year: KEUR 858,6 (previous year: KEUR 1,263,2)		
	229,712.1	*236,300.2*
Cash on hand, cash in banking accounts	**78,721.3**	50,625.1
	310,311.1	*288,678.2*
PREPAYMENTS AND ACCRUED INCOME	**1,950.3**	1,069.6
	541,503.4	**423,014.8**

LIABILITIES

in KEUR	31 Oct. 2014	31 Oct. 2013
EQUITY		
Subscribed Capital	**45,906.0**	45,906.0
Capital reserves	**63,201.1**	63,201.1
Revenue reserves	**269,426.4**	234,426.4
Net profit of the year	**49,517.0**	46,154.6
	428,050.5	*389,688.1*
PROVISIONS		
Provisions for taxation	**495.5**	882.3
Other provisions	**8,486.4**	8,250.2
	8,981.9	*9,132.5*
LIABILITIES		
Financial liabilities	**81,441.1**	9,863.4
Trade accounts payable	**6,222.2**	4,095.8
Liabilities to affiliated companies	**2,501.4**	606.2
thereof from trade accounts payable: KEUR 1,565.7 (previous year: KEUR 15.3)		
Sonstige Verbindlichkeiten	**13,530.4**	8,982.4
thereof from taxes: KEUR 5,441.8 (previous year: KEUR 7,286.7)		
thereof from social security contributions: KEUR 3.9 (previous year: KEUR 45.3)		
	103,695.1	*23,547.8*
DEFERRED INCOME	**775.9**	646.4
	541,503.4	**423,014.8**

CALENDAR FOR FINANCIAL EVENTS

Annual Result Press Conference	26 February 2015
Publication of the First Quarter Report 2014/15	16 March 2015
Annual General Meeting	16 April 2015
Publication of the First Half Year Report 2014/15	12 June 2015
Publication of the Nine Months Report 2014/15	11 September 2015
End of Fiscal Year 2014/15	31 October 2015

IMPRINT

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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 www.gerryweber.com.

FIVE-YEAR-OVERVIEW (IFRS)

in EUR million	2013/14	2012/13	2011/12	2010/11	2009/10
Sales	*852.1*	*852.0*	*802.3*	*702.7*	*621.9*
Domestic	**510.4**	520.2	491.0	420.8	370.1
International	**341.7**	331.8	311.3	281.9	251.8
Sales by segment[4]	*852.1*	*852.0*	*802.3*	*702.7*	*615.3*
Wholesale	**447.2**	488.3	502.8	484.7	441.7
Retail	**404.9**	363.7	299.5	218.0	173.6
Sales split by brand					
GERRY WEBER	**76.2 %**	75.2 %	76.4 %	78.3 %	77.1 %
TAIFUN	**18.3 %**	19.4 %	18.3 %	16.6 %	16.6 %
SAMOON	**5.6 %**	5.3 %	5.3 %	5.1 %	5.3 %
Others	**<1.0 %**	<1.0 %	<1.0 %	<1.0 %	<1.0 %
Cost of materials	**390.9**	386.2	404.8	361.5	318.8
Personnel expenses	**154.9**	143.3	125.8	103.3	91.4
Other operating income	**214.3**	203.7	187.6	152.2	137.0
Depreciation / Amortisation	**25.3**	21.6	16.3	11.9	11.9
Earnings key figures					
EBITDA	**134.2**	127.5	132.3	111.6	95.2
EBITDA margin	**15.7 %**	15.0 %	16.5 %	15.9 %	15.3 %
EBIT	**108.9**	105.8	115.9	99.6	83.3
EBIT margin	**12.8%**	12.4 %	14.5%	14.2 %	13.4 %
EBT	**104.6**	102.8	113.7	97.6	79.6
EBT margin	**12.3%**	12.1 %	14.2 %	13.9 %	12.8 %
Net income of the year	**71.4**	71.0	78.8	67.0	54.0
Earnings per share in Euro[1]	**1.56**	1.55	1.72	1.48[1]	1.29[2]
Capital structure	*685.2*	*531.6*	*483.6*	*415.0*	*326.5*
Equity	**455.3**	395.8	363.0	313.9	210.5
Investments	**65.0**	37.9	84.8	44.4	28.7
Equity ratio	**66.4 %**	74.5 %	75.1 %	75.7 %	64.5 %
Key figures					
Average Staff number	**5.202**	4.700	4.121	3.260	2.699
Return on Investment (ROI)[3]	**15.9 %**	19.9 %	24.0 %	24.0 %	25.5 %
Return on Equity (ROE)[3]	**23.9 %**	26.7 %	31.9 %	31.7 %	39.6 %

[1] 2011/12 and 2010/11 on basis of 45,905,960 outstanding shares
[2] 2009/10 adjustments after the issue of free shares on a 1:1 basis
[3] EBIT basis
[4] retroactively changed segment reporting up to fiscal year 2010/11

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