The New Glamour

Annual Report 2007

LUDWIG BECK

LUDWIG BECK am Rathauseck –
Textilhaus Feldmeier AG
Marienplatz 11
80331 Munich
www.ludwigbeck.de

LUDWIG BECK
Annual Report 2007


LUDWIG BECK
LUDWIG BECK
LUDWIG BECK


Weihnachts-
1. Etage


Fest der Sinne
Frohe Weihnachten!
God Jul!
Kerstfeest!
Dior


LUDWIG BECK

Contents

LUDWIG BECK at a Glance

Highlights of the Year

+++ Flagship store restyled – "Store of the Senses", the new attraction at Munich's Marienplatz +++

+++ Positive turnover development despite comprehensive renovation measures – 3.2 % increase on comparable areas +++

+++ Costs reduced again – Expense ratio improved by 0.6 % points to 38.9 % +++

+++ Profits almost doubled – Annual surplus after minority interests raised to € 2.6m +++

+++ Capital increase successfully placed – Number of shares increased to 3.695m +++

+++ Share performance of LUDWIG BECK outstripping competitors in the branch – 77.7 % plus in the year 2007 +++

+++ 50 % dividend increase to € 0.30 proposed +++

Review of the Year

1st Quarter

- In February LUDWIG BECK presents its new store brand: **BECK Munich Organic** proves that trendy fashion and healthy environmental consciousness fit together. The ladies collection is made from **certified organic cotton**, dyed with ecologically compatible colors and sewn with natural fiber threads.
- The "Store of the Senses" brings nordic purism to Munich and presents the new spring / summer collection 2007 with emphasis on **Scandinavian designer brands**.
- By publishing its new **fashion and lifestyle magazine LUDWIG**, LUDWIG BECK sets the tone at the beginning of each fashion season. 32 pages take the reader on a creative stroll through the "Store of the Senses". First published on March 1 with the fitting title "Highly Trendy".
- At the **balance sheet press conference on March 12**, LUDWIG BECK presents its 2006 annual financial statements. Gross turnover on comparable areas went up by 1.8 % to € 101.3m. The operative result (EBIT) rose by 15.6 % to € 6.8m (previous year € 5.9m) in the 2006 fiscal year. Owing to the continuing positive business trend the fashion house announces doubling of its dividend to € 0.20 thus signaling that the path to success has be successfully stabilized.
- The first three months of the fiscal year 2007 are also concluded with positive results. In that period the Group's **gross turnover** increased by 5.1 % to **€ 23.0m** (previous year € 21.9m) – on comparable areas the increase was even more pronounced and amounted to 6.2 %. **EBIT** amounted to **€ 0.2m** (previous year: € 0.0m).

2nd Quarter

- On May 25, 2007, the ordinary **General Meeting** resolved to distribute a portion of the sustainedly positive results to the shareholders and to **double the dividend to € 0.20**. The members of the Supervisory Board Günter Bergmann and Steven K.N. Wilkinson resigned from their offices with effect as of the conclusion of the General Meeting on May 25, 2007. In the election, the General Meeting adopted the proposals of the Supervisory Board and appointed Gerhard Wöhrl and Dr. Lutz Helmig to the panel.
- In June the **big clearance sale** was launched in the "Store of the Senses" to prepare for the imminent modernization works at the flagship store at Marienplatz and was concluded about two weeks later with great success.
- On June 25, 2007, **ATON GmbH** reports having increased its stake in LUDWIG BECK AG which makes it the **largest single shareholder** with 26.98 % of the voting rights. Through Dr. Lutz Helmig, ATON GmbH has been represented in the Supervisory Board of the Company since May 25, 2007.
- The **positive business trend** continued for LUDWIG BECK in the **second quarter** as well, and the Company generated gross revenues of € 46.2m (previous year: € 44.0m) in the first six months equaling a 5.2 % increase; like-for-like sales even went up by 6.3 % as compared to the previous year. The Company's EBIT went up by € 0.8m to € 1.1m.

3rd Quarter

- The **most extended refurbishment works** in years were launched at the flagship store at Marienplatz requiring temporary closure of several sales areas.
- Heaven-like timbre combined with irresistible charm: On July 20, the dream couple of classical music, **Anna Netrebko** and **Rolando Villazón** held an exclusive autograph session in the renowned music department of the "Store of the Senses".
- Since the half-year results exceeded expectations, LUDWIG BECK **reviewed** its **forecasts** for 2007 and 2008 on July 25. The Executive Board is now expecting an **annual profit after minority interests** for the current fiscal year in the amount **of € 2.5m** (previous forecast: € 1.5m). This amount includes non-recurring tax-related special revenues of € 0.8m due to a fiscal tax audit and the 2008 corporate tax reform.
- On September 26, **Rudolf Wöhrl AG** announced having increased its share of voting rights in LUDWIG BECK AG by 4.2 %. Now holding 29.2 % of the voting rights makes it the **largest single shareholder** of LUDWIG BECK AG once again.
- On September 12, the 2nd edition of **LUDWIG** with 360,000 printed copies was published with the title: **"The new Splendor"**.
- During the Munich Cult(ure) Shopping Night, also dubbed **"Reveler's Night"** on September 14, the flagship store stayed open until midnight and presented itself as completely restyled and modernized "Store of the Senses": There were events on all floors! A number of visitors in a buying mood ensured very profitable sales.
- The **third quarter** was also **dynamically** concluded by LUDWIG BECK: The Group's gross turnover went up by 2.4 % to € 69.5m (previous year: € 67.8m) in the first nine months equalling a like-for-like increase of 3.6 %.
- The time has come: at the end of September LUDWIG BECK welcomed its visitors in **new light** – transparent, generous, elegant and with many new brands on display on expanded sales areas.

4th Quarter

- The **capital increase** resolved on November 23 was successfully placed with INTRO Verwaltungs GmbH on November 26 which subscribed to all 335,000 new shares at the issue price of € 13.30 per share. This transaction yielded almost € 4.5m for LUDWIG BECK. The proceeds strengthened the fashion house's equity basis and optimized its financial structure in view of the world-wide financial crisis on the horizon.
- In December LUDWIG BECK launched a very special service at its flagship store: **"Personal Shopping"**. Customers may now take a shopping tour of all six floors of the store accompanied by their personal LUDWIG BECK shopping expert.
- LUDWIG BECK concluded the 2007 fiscal year with a **clear sales plus** and achieved gross revenues in the amount of € 103.5m equalling a 2.1 % increase (previous year: € 101.3m). Sales on comparable areas even went up by 3.2 % in comparison to the previous year.

Group Structure

LUDWIG BECK AG

LUDWIG BECK flagship store	LUDWIG BECK stores	LUDWIG BECK Monolabels	LUDWIG BECK warehouse outlets
LUDWIG BECK "Store of the senses" Munich	LUDWIG BECK at the pep Munich (closed as of Dec. 31, 2007)	ESPRIT at the OEZ Munich	LUDWIG BECK fashion outlet Parsdorf/Munich
LUDWIG BECK HAUTNAH at the FÜNF HÖFEN Munich	LUDWIG BECK at the Riem-Arcaden Munich	s.Oliver Regensburg	
	LUDWIG BECK at the City-Galerie Augsburg	s.Oliver at the Regensburg-Arcaden	
	LUDWIG BECK at the City-Center Landshut		

100 % subsidiary

LUDWIG BECK Beteiligungs GmbH

- 50.1 % — Feldmeier GmbH & Co. Betriebs KG
- 50.2 % — LUDWIG BECK Verwaltungs GmbH

Key Figures of the Group

Key figures of the group		2007	2006	2005	2004	2003
		(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)
Result						
Sales (gross)	€m	103.5	101.3	101.7	100.5	93.1
VAT	€m	16.5	14.0	14.0	13.8	12.8
Proceeds from turnover	€m	87.0	87.4	87.7	86.7	80.3
	%	100.0	100.0	100.0	100.0	100.0
Net profits	€m	41.0	41.3	41.0	40.2	36.9
	%	47.1	47.3	46.7	46.4	45.9
Earnings before interest, taxes, depreciation and amortization	€m	11.0	10.2	9.6	7.2	5.6
(EBITDA)	%	12.6	11.7	10.9	8.3	7.0
Earnings before interest and taxes (EBIT)	€m	7.2	6.8	5.9	3.4	2.0
	%	8.2	7.7	6.6	3.9	2.5
Result from ordinary activities	€m	3.8	3.1	1.8	-0.6	-1.6
	%	4.4	3.5	2.0	-0.7	-2.0
Consolidated profit / loss for the year before minority interests	€m	3.3	1.9	1.2	-0.2	-0.9
	%	3.5	2.2	1.4	-0.3	-1.1
Consolidated profit / loss for the year after minority interests	€m	2.6	1.4	0.7	-0.7	-1.4
	%	3.0	1.6	0.8	-0.8	-1.7
Balance sheet						
Equity	€m	40.0	33.8	32.8	32.2	32.9
Equity ratio	%	37.1	31.8	30.3	28.6	29.1
Return on equity	%	7.6	5.6	3.6	-0.8	-2.8
Investments	€m	5.8	2.5	1.6	4.7	3.0
Balance sheet total	€m	107.6	106.5	108.1	112.7	112.9
Personnel						
Employees	Persons	544	543	540	587	539
Personnel expenses	€m	17.2	17.4	17.5	18.6	17.8
	%	20.0	20.0	20.0	21.5	22.2
Sales per employee (weighted average)	€k	223.6	227.0	254.0	217.0	209.0
Per share						
Number of shares (average)	m	3.388	3.36	3.36	3.36	3.36
Earnings per share undiluted and diluted	€	0.76	0.42	0.20	-0.22	-0.42
Dividend	€	0.30	0.20	0.10	0.00	0.00
Other (as of Dec. 31)						
Sales area	sqm	16,428	17,936	17,867	21,520	19,910
Gross sales per square meter	€/sqm	6,299	5,650	5,693	4,670	4,676

To Our Shareholders

Dieter Münch, (53), member of the Executive Board of LUDWIG BECK AG. He first crossed paths with LUDWIG BECK during his studies in Business Administration when he undertook an internship; after graduating from the University of Applied Sciences as qualified business economists he successfully started his career in controlling. Münch was especially attracted by the "magic of the numbers" and good conditions for controlling complex processes in a clearly structured organization. After several positions in the Company he was called to the Executive Board in April 1998. Since May 1999 Münch has been the Chief Financial Officer responsible for Finance, Investor Relations and Personnel.

Oliver Haller, (39), member of the Executive Board of LUDWIG BECK AG. Haller started his career in retailing in 1996 as a buyer at E. Breuninger GmbH & Co, for which he later worked as Creative Director shaping not only the creative line of corporate communication but also designing the company's strategic orientation. Since January 1, 2007 the qualified business economist (University of Applied Sciences) has been active as Chief Operating Officer of LUDWIG BECK AG responsible for Purchasing, Sales and Marketing. Together with Dieter Münch he is managing the Company as a team.

Director's Dialogue

"2007 – Looking back on a glamorous year"

Dieter Münch and Oliver Haller of the Management Board on an all round successful renovation, great figures and a sensual vision of the future.

Dieter Münch: Did you ever think that your first year with LUDWIG BECK would be as exciting and successful as 2007?

Oliver Haller: Well, we certainly had a lot of plans for 2007. So it's even more satisfying when even our ambitious expectations can be exceeded.

Dieter Münch: Fact is, we were very satisfied with a turnover of € 101.3m in 2006. In what was not an easy time for the retail industry, LUDWIG BECK achieved a clear increase. In 2007 we increased turnover to € 103.5m – an increase of 2.1 %. In fact, the turnover on a comparable area increased by 3.2 %. In comparison, the clothing retail industry as a whole grew by just 1 %. And it wasn't just the turnover that grew. The annual surplus after minority interests reached € 2.6m, an increase of 85 % compared with the previous year's € 1.4m.

Oliver Haller: And at the same time we were in the middle of the renovations of the flagship store on Marienplatz – which unavoidably interfered with sales activities and also meant a reduced sales area for part of the year.

Dieter Münch: A situation that very happily is hardly reflected in the figures. The roadmap for the next few years is clearly defined: LUDWIG BECK will grow further and make profit.

Oliver Haller: That will be guaranteed in the years ahead by our "trading up" strategy which LUDWIG BECK has been successfully following since 2003. The upgrading of our range will continue. We don't let up in reassessing our current brand range in favour of newer, more attractive and fresher. That's why we added new names and products to our established selection of exclusive designer labels – which immediately found their rapt customers.

Dieter Münch: In addition our business sphere will continue to be supported on two strong pillars: the exceptionally strong-selling flagship store on Marienplatz on the one hand, and the LUDWIG BECK branches, mono-label stores and the fashion outlet on the other.

Oliver Haller: Here were focussing even more strongly on concentration rather than expansion.

Dieter Münch: That's right. After the closure of our branch in the Munich pep shopping centre – which could not continue to fulfil our returns targets – we'll continue to check the earning power of each business in the future. There's no such thing as a holy cow.

Oliver Haller: Our customers have proved us right, in that they have honoured our efforts to create a product range that is characterised by exquisite quality, assured brand and design trends, style and a one of a kind shopping experience rather than one that responds to broad popularity.

Dieter Münch: Because the brands themselves don't ensure the retail success. The secret lies in their presentation, how we set them in scene. And in this respect, LUDWIG BECK moved yet another step in front of its competitors in 2007.

Oliver Haller: By which you must mean above all the redesign of the „Store of the Senses". The 2007 renovations were only the second exciting phase of building works which will be completed in 2009.

What our customers have been able to see since September last year is a building which now visually reflects the high standards of its wares.

Dieter Münch: We have achieved a unifying image and have increased the ground floor sales area by 200 m^2. The mezzanine floor has been removed, and as a result an entrance area awaits customers which intrinsically draws attention to itself and strikingly punctuates our brand message.

Oliver Haller: Noble natural stones, lots of light, even more generous spaces, more transparency – that describes the renovations in a very few short words. There's the spacious arcade walkway with coffered ceiling, window fronts that feel very open as well as a mirror clad lift core. Add to that a reorganisation of the departments. Now the ground floor is home to just Leather Goods and Accessories, the famous HAUTNAH perfumery and – exclusive in Munich – the new Porsche Design Shop. Two further partners round off our selection Freudenhaus with glasses and Thomas Sabo with silver jewellery. By relieving the ground floor of its former product density, we have created a greater sense of space which helps magically draw the customers to the upper floors.

Dieter Münch: It has to be said: LUDWIG BECK really dug deep in its pockets for this project. It was the biggest investment of the past 10 years. The customer response has proved us right. The investment was worth it.

Oliver Haller: Which is also good news for our partners and investors!

Dieter Münch: And by no means not the only good news. In November we completed a cash capital increase in which the Company issued 335,000 new shares with dividend entitlement at a unit price of € 13.30. This brought LUDWIG BECK almost € 4.5m of additional capital – an increase in business freedom, a positive signal to the investors and security in the face of instable financial markets.

Oliver Haller: The good performance of the LUDWIG BECK shares showed us that we can justify the trust of our investors. It's a compliment for last year's hard work.

Dieter Münch: In 2006 we could pay a dividend of € 0.20 for each dividend entitled share. For 2007 we plan to raise this by € 0.10 and will propose a dividend of € 0.30 at the AGM on 9th May 2008.

Oliver Haller: The appointment of two new members to the Supervisory Board – Gerhard Wöhrl und Dr. Lutz Helmig – join two new important personnel to the last business year.

Dieter Münch: We also want to thank the departing Supervisory Board members Günter Bergmann and Steven K.N. Wilkinson for their superb contributions to the team.

Oliver Haller: And what does 2008 have in store for us Mr. Münch?

Dieter Münch: No question: new glamorous highlights, since the conversion of storage areas into shop floor on the 5th floor of the flagship store is racing along. We want to open 1,000 m^2 of new shopping area in time for the AGM. And our potential is still a long way from being exhausted.

This is also the right place to express our thanks to our colleagues for their tireless engagement and devotion to the LUDWIG BECK firm. We also thank our workers for the efforts they brought in 2007 and their great loyalty. Moreover we'd like to say than you to the workers' councils for their intercession between the business management and the workforce, which has contributed to a particularly good working atmosphere.

Supervisory Board Report

In the 2007 fiscal year the Supervisory Board gave special attention to the development of the Company in the year under review and the strategic direction for the coming years. In five meetings the Supervisory Board and the Executive Board discussed questions of company planning, business policy, business development, risk situation and risk management, also with regard to the subsidiaries. The Supervisory supported, advised and monitored the Executive Board in its work.

Supervision comprised the following measures:

- Request and audit of quarterly reports about basic issues related to company planning (in particular finance, investment and personnel planning), the course of business (in particular turnover and situation of the Company) and business transactions that may be of major interest with regard to the profitability and liquidity of the Company (compare Section 90 par. 1 AktG);
- Questioning of management on the presented reports, current developments and upcoming decisions;
- Conversations between the Chairman of the Supervisory Board and members of the Executive Board on various occasions and questioning of management in the framework of these discussions on current developments and upcoming decisions;
- Verification of the annual financial statements prepared by the Executive Board, the consolidated financial statements, the management report and the consolidated management report as well as relevant questions for the members of the Executive Board.

The Supervisory Board was involved in all important strategic company decisions and discussed these in detail, verified them and, when needed, approved them. The Executive Board always fully complied with its obligation to provide information in due time; no additional or supplementary reports were required. Within the scope of its monitoring activities the Supervisory Board was able to satisfy itself as regards the Executive Board's management activities. The Supervisory Board discussed the Company's organization with the Executive Board and assured itself of its efficiency. Also economic aspects regarding the strengthening of the Company's earnings capability, the elimination of potential causes of loss, the consolidated risk management and the consolidated compliance regulations were the subject matter of the Supervisory Board's supervising activities in the 2007 fiscal year.

The Supervisory Board was also involved in the capital increase from authorized capital carried out at the end of the year 2007. The Supervisory Board approved the capital increase after having assured itself of its lawfulness and having come to the conclusion that the capital increase was in the interest of the Company. The Executive Board submitted all measures and transactions requiring the Supervisory Board's approval.

Five meetings in 2007

The members of the Executive Board also took part in the five meetings called in 2007 (held on February 7, March 12, May 25, July 11 and November 19). The Company's auditor attended the balance sheet meeting pursuant to Section 171 par. 1 AktG on March 12. The Chairman of the Supervisory Board and his representative were also available for contact outside of the meetings by the members of the Executive Board and were kept up-to-date on current business developments.

The consultations of the Supervisory Board primarily focused on the ongoing business development as well as the company strategy und its implementation by the Company and its subsidiaries. Intensive deliberations concerned last year's refurbishing works at the flagship store at Marienplatz, the ongoing business development during another difficult year for the German retail sector as well as necessary strategic and operating measures and the future development of the flagship store and certain stores. The capital expenditures associated therewith and the mid and long-term company planning and company financing have been discussed many times and to a great deal.

Supervisory Board reshuffle

Mr. Steven K.N. Wilkinson and Mr. Günter Bergmann left the Supervisory Board at the conclusion of the General Meeting on May 25, 2007. In their place Mr. Gerhard Wöhrl and Dr. Lutz Helmig were appointed as members of the Supervisory Board until the end of the General Meeting deciding on the discharge regarding the fiscal year 2007.

Audit committee

Until the conclusion of the General Meeting on May 25, 2007, the audit committee consisted of Mr. Steven K.N. Wilkinson (Chairman) as well as Dr. Eva Annett Grigoleit and Dr. Joachim Hausser. The audit committee met on March 5, 2007 at the offices of AWT Horwath GmbH, Wirtschaftsprüfungsgesellschaft Munich to audit the consolidated annual financial statements and the consolidated management report as well as the management report of LUDWIG BECK AG for the fiscal year 2006. The committee resolved in written consent in lieu of a meeting to recommend to the Supervisory Board to give the audit assignment to AWT Horwath GmbH, Wirtschaftsprüfungsgesellschaft, Munich. At the end of the General Meeting on May 25, 2007, Steven K.N. Wilkinson resigned from his office as a member of the Supervisory Board of LUDWIG BECK AG and a new audit committee was formed consisting of Dr. Eva Annett Grigoleit (Chairman), Dr. Joachim Hausser and Dr. Lutz Helmig. The new committee convened on May 25 (after the Annual General Meeting of the Company) and on July 11 (before the ordinary Supervisory Board meeting).

Personnel and management committee

Until the General Meeting of the Company on May 25, 2007, the personnel and management committee comprised Dr. Joachim Hausser (Chairman), Dr. Eva Annett Grigoleit and Mr. Günter Bergmann. After the withdrawal of Mr. Günter Bergmann, Mr. Gerhard Wöhrl joined the personnel and management committee as a new member on May 25, 2007 when he was appointed as successor of Mr. Bergmann. The committee convened on May 25, 2007 after the Annual General Meeting of the Company.

German Corporate Governance Code

The Supervisory Board dealt at length with the standards for good and responsible governance set down in the German Corporate Governance Code. As recommended by the Code, the Chairman of the audit committee of the Supervisory Board obtained a statement of the auditor on March 1, 2007 indicating that there were no business relations or financial, personal or other relations between the auditor and the Company that could call the auditor's independence into question (statement of independence). The statement was passed on to the audit committee of the Company on March 5, 2007; it also included the extent of other consulting services performed for the enterprise in the lapsed fiscal year. On November 19, 2007 the Supervisory Board decided to update the declaration of conformity pursuant to Section 161 AktG.

Consolidated financial statements and annual financial statements

The annual financial statements and the consolidated financial statements as per December 31, 2007 as well as the management report and the consolidated management report including accounting have been audited by the elected auditor AWT Horwath GmbH, Wirtschaftsprüfungsgesellschaft, Munich, and the auditor issued an unqualified auditor's opinion. All documents relating to the financial statements and audit reports were submitted to all members of the Supervisory Board in due time before the balance sheet meeting of the Supervisory Board on March 14, 2008 and have been carefully reviewed by them. These documents were extensively discussed by the audit committee and the entire Supervisory Board in the presence of the auditor. The Supervisory Board could assure itself that the auditor's report complies with statutory requirements.

Therefore the Supervisory Board, in its meeting on March 14, 2008 approved the results of the auditor's review. The Supervisory Board has verified the annual financial statements, the consolidated financial statements, the management report, the consolidated management report and the Executive Board's proposal concerning the appropriation of the balance sheet profit – after thorough revision of the accounts at the forefront of the meeting. The statements contained in the management report and the consolidated management report are congruent with the analyses of the Supervisory Board. The review of the Executive Board's proposal concerning the appropriation of the balance sheet profit also extended to financial and investment planning and the liquidity of the Company. Having considered the interests of the Company and the shareholders, no objections were to be raised to the Executive Board's proposal concerning the appropriation of the balance sheet profit. According to the conclusive results of the Supervisory Board's own analyses no objections were to be raised to the annual financial statements, the consolidated financial statements, the management report and the consolidated management report as well as the Executive Board's proposal concerning the appropriation of the balance sheet profit. The Supervisory Board approved and adopted the annual financial statements prepared by the Executive Board of LUDWIG BECK AG. The Supervisory Board approved the consolidated financial statements and adopted the proposal of the Executive Board concerning the appropriation of the profit.

Personal thanks

The Supervisory Board would like to extend thanks to the Executive Board and the Company's management for the great dedication and the work performed in the lapsed fiscal year. We would also like to express thanks to the resigned members of the Supervisory Board Steven K.N. Wilkinson and Günter Bergmann for their commitment, their support and the pleasant and successful cooperation in the past years.

Our very special thanks go out to all our employees for their great efforts, loyalty and creativity which made LUDWIG BECK what it is now. Our employees will always be among the most important success factors of our unique group.

Munich, in March 2008

Dr. Joachim Hausser
Chairman of the Supervisory Board

Corporate Governance

The term Corporate Governance stands for a company's responsible management and control structure aimed at sustained value creation. LUDWIG BECK feels committed to embrace these values and has complied with the recommendations of the German Corporate Governance Code passed in 2002 since April 2003 without major reservations.

Declaration of conformity

The Executive Board and Supervisory Board of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft declare in accordance with Section 161 AktG that they have conformed since their last declaration of conformity on November 16, 2006 and in the future will continue to conform to the recommendations of the "Government Commission for the German Corporate Governance Code" as amended on June 14, 2007, which was made public by the German Ministry of Justice in the official part of the electronic Federal Gazette with the following exceptions:

The Executive Board of the Company has no chairman or spokesman (Code Clause 4.2.1 sentence 1). The Supervisory Board is of the opinion that this reflects best the equitable, reliable and close cooperation of the two members of the Executive Board.

The Supervisory Board has not formed a nomination committee (Code Clause 5.3.3). The Supervisory Board is of the opinion that election proposals to the General Meeting for members of the Supervisory Board should be made in a plenary sitting of this manageable six-member body.

Munich, November 19, 2007

The Executive Board:

signed Dieter Münch
signed Oliver Haller

The Supervisory Board:

signed Dr. Joachim Hausser
signed Dr. Eva Annett Grigoleit
signed Dr. Lutz Helmig
signed Gerhard Wöhrl
signed Gabriele Keitel
signed Eva-Maria Stähle

Shareholders and General Meeting

The Corporate Governance Code's recommendation that the chairman of the General Meeting shall provide for the expedient running of the General Meeting and that the meeting should be completed after 4 to 6 hours at the latest was fully implemented by LUDWIG BECK last year. For the sake of efficiency the company will always strive to comply with this recommendation also regarding future events.

More than 500 shareholders, bank representatives, journalists and guests attended the General Meeting and 2,267,000 shares, i.e. approximately 67.5 % of the share capital were represented. The shareholders could access all information and inspect and download all documents relating to the General Meeting of the company on the Internet. The presentation and the voting results were also made available on the Internet at **www.ludwigbeck.de** immediately after the General Meeting. For cost-benefit considerations LUDWIG BECK did not follow the German Corporate Governance Code's suggestion to transmit the General Meeting over internet.

More details on the General Meeting, the agenda items and the voting results can be found in the "Share" section under "General Meeting" on page 36 et seq.

Our company adheres to the principle of communicating the same information to all target groups at the same time. Accordingly, we publish all relevant reports, announcements and presentations on the Internet at **www.ludwigbeck.de** and via usual communication channels together with the achieved outcome. The financial calendar, published in the business report and on the company's homepage, provides information on all important dates concerning our company.

Under the heading "Investor Relations" we make relevant information available to the general public on our Internet page. This includes key figures, publications, reportable operations and our company's Corporate Governance as well as the annual document, the declarations of conformity and the reports of former years.

Cooperation between Executive Board and Supervisory Board

A major feature of the Corporate Governance of German stock corporations is the separation between management on the one hand and supervision on the other hand. Tasks and responsibility are clearly split between the Executive Board and Supervisory Board.

The Executive Board informs the Supervisory Board promptly, regularly and comprehensively of all developments and events important to the business development and the situation of the LUDWIG BECK Group. In the year under review the cooperation between the two-member Executive Board and the six-member Supervisory Board has been marked by closeness and reliability. In the current fiscal year the activities of the Executive Board and Supervisory Board will also focus on good Corporate Governance and we will continue to go by and implement the parameters provided by the German Corporate Governance Code. In the current fiscal year, the Executive Board and the Supervisory Board will closely cooperate and jointly attend to all major business transactions.

Executive Board

The Executive Board of LUDWIG BECK AG has no chairman or spokesman. Hence the company does not comply with the recommendation of the German Corporate Governance Code. The Supervisory Board is of the opinion that this reflects best the equitable, reliable and close cooperation of the two members of the Executive Board.

The Executive Board's remuneration system remained unchanged in the 2007 fiscal year. It consists of four components: Fixed remuneration, management bonus (variable remuneration), fringe benefits and pension commitment. The detailed remuneration report for the year 2007, prepared by the Executive Board and Supervisory Board within the scope of the Corporate Governance report, can be found in the "Remuneration report" section of the consolidated management report on page 65 et seq. The Supervisory Board has thoroughly reviewed the remuneration report and adopted the statements contained therein. To avoid repetition the relevant page has not been reprinted in this place.

The rules of procedure of the Executive Board remained unchanged in 2007. There were no conflicts of interests. No member of the Executive Board held any supervisory board or similar seats.

Supervisory Board

The members of the Supervisory Board Günter Bergmann and Steven K.N. Wilkinson resigned from their offices as of the conclusion of the General Meeting on May 25, 2007. The General Meeting adopted the election proposals of the Supervisory Board and appointed the new members Gerhard Wöhrl and Dr. Lutz Helmig to the panel. All other members of the Supervisory Board have been discharged.

The Supervisory Board has not formed a nomination committee. Hence LUDWIG BECK does not comply with the recommendation of the German Corporate Governance Code with regard thereto. The Code suggests forming a committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for election proposals to the General Meeting. The Supervisory Board is of the opinion that election proposals to the General Meeting for members of the Supervisory Board should be made in a plenary sitting of this manageable six-member body.

According to the Supervisory Board's own assessment the number of its independent members is sufficient. Two of the six members are employee representatives, four members are from the capital side. Two members of the Supervisory Board – Mr. Gerhard Wöhrl and Dr. Lutz Helmig – are at the same time major shareholders of the company. Dr. Grigoleit is working as a lawyer at CMS Hasche Sigle Lawyers and Tax Consultants. This company has been entrusted with the consulting services for LUDWIG BECK AG.

All details on the Supervisory Board's remuneration can be found in the joint remuneration report of the consolidated management report on page 67.

No conflicts of interests occurred in the 2007 fiscal year.

The Supervisory Board conducts an efficiency review of its activities on a yearly basis. The Supervisory Board developed a check list to analyze the efficiency of each year and to derive recommendations for action. All information on particular focal points of the work of the Supervisory Board and its committees can be found in the Supervisory Board Report on page 24 et seq.

Transparency

In the lapsed fiscal year, LUDWIG BECK AG published five ad hoc announcements in order to comply with the statutory requirements of simultaneous and prompt information of all shareholders.

Ad hoc announcements pursuant to Section 15 WpHG

November 26, 2007 – Capital increase of LUDWIG BECK successfully placed

November 23, 2007 – LUDWIG BECK plans capital increase of 10 %

July 25, 2007 – LUDWIG BECK records good half-year results and corrects forecasts for 2007 and 2008

May 25, 2007 – Dividend announcement

March 12, 2007 – LUDWIG BECK presents its group accounts for the financial year 2006 (in accordance with IFRS/IAS) and announces a doubling of dividend payout

Directors' Dealings

The following directors' dealings were reported in the 2007 fiscal year and published at **www.ludwigbeck.de**:

Directors' Dealings					
Name	**Function**	**Transaction date**	**Transaction**	**Number of shares**	**Value**
Rudolf Wöhrl AG	Executive Board or Supervisory Board member	Sep. 21, 2007	Acquisition	96,579	€ 1,279,672.76
Rudolf Wöhrl AG	Executive Board or Supervisory Board member	Sep. 7, 2007	Acquisition	40,343	€ 534,544.75
Rudolf Wöhrl AG	Executive Board or Supervisory Board member	Aug. 20, 2007	Acquisition	4,086	€ 50,053.50
ATON GmbH	Executive Board or Supervisory Board member	Aug. 20, 2007	Acquisition	2,883	€ 35,525.22
ATON GmbH	Executive Board or Supervisory Board member	Jun. 26, 2007	Acquisition	2,600	€ 30,323.67
ATON GmbH	Executive Board or Supervisory Board member	Jun. 22, 2007	Acquisition	2,000	€ 21,692.00
ATON GmbH	Executive Board or Supervisory Board member	Jun. 20, 2007	Acquisition	13,427	€ 145,796.53
ATON GmbH	Executive Board or Supervisory Board member	Jun. 20, 2007	Acquisition	200,000	€ 2,750,000.00
Dieter Münch	Management member	Mar. 12, 2007	Acquisition	1,000	€ 8,810.60

Announcement on acquisition or sale of voting rights in LUDWIG BECK AG pursuant to Section 25 par. 1 in connection with Section 21 par. 1 WpHG

The following announcements concerning voting rights were reported in the 2007 fiscal year and published in the consolidated notes to the 2007 consolidated financial statements and at **www.ludwigbeck.de**:

Content	Date
INTRO Verwaltungs GmbH exceeds 10 % of voting rights (December 10, 2007)	December 11,2007
Hans Rudolf Wöhrl exceeds 10 % of voting rights	December 11, 2007
INTRO Verwaltungs GmbH exceeds 3 % and 5 % thresholds (November 29,2007)	November 30, 2007
Hans Rudolf Wöhrl exceeds 3 % and 5 % thresholds (November 29, 2007)	November 30, 2007
Original capital and total number of voting rights in LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft have changed due to the capital increase entered in the commercial register on November 28, 2007.	November 30, 2007
Absolute Capital Management Holdings Limited moves below 3 % threshold (September 11, 2007)	September 14, 2007
Absolute European Catalyst Fund Limited exceeds 3 % threshold (September 11, 2007)	September 14, 2007
Absolute European Catalyst Fund Limited exceeds 3 % threshold (July 12, 2007)	July 13, 2007
Absolute Capital Management Holdings Limited exceeds 3 % threshold (July 12, 2007)	July 13, 2007
ATON GmbH exceeds 25 % threshold (June 25, 2007)	June 25, 2007
Dr. Lutz Helmig exceeds 25 % threshold (June 25, 2007)	June 25 2007
INTRO Verwaltungs GmbH moves below 3 % threshold (June 13, 2007)	June 15, 2007
Hans Rudolf Wöhrl moves below 3 % threshold (June 13, 2007)	June 15, 2007
ATON GmbH exceeds 20 % threshold (May 14, 2007)	May 16, 2007
Dr. Lutz Helmig exceeds 20 % threshold (May 14, 2007)	May 16, 2007
Gerhard Wöhrl exceeds 3 %, 5 %, 10 %, 15 %, 20 % and 25 % thresholds (May 7, 2007)	May 11, 2007
Rudolf Wöhrl AG exceeds 3 %, 5 %, 10 %, 15 %, 20 % and 25 % thresholds (May 7, 2007)	May 11, 2007
Hans Rudolf Wöhrl exceeds 3 % threshold (May 7, 2007)	May 11, 2007
INTRO Verwaltungs GmbH exceeds 3 % threshold (May 7, 2007)	May 11, 2007

Accounting and year-end audit

LUDWIG BECK's financial reporting is based on the International Financial Reporting Standards (IFRS) and fully conforms to the provisions of Section 37w WpHG. Thus the company implements the recommendation of the German Corporate Governance Code, pursuant to which shareholders and third parties shall be mainly informed by the consolidated financial statements and additionally during the fiscal year by means of a half-year financial report, and in the first and second halves, by interim reports or quarterly financial reports.

The General Meeting adopted the proposal of the Supervisory Board and appointed AWT Horwath GmbH Wirtschaftsprüfungs gesellschaft, Munich, as the company's auditor for the 2007 fiscal year. The audit assignment was given by the Supervisory Board. Before submitting the election proposal, the Supervisory Board had obtained a statement of the auditor about its personal relationship and business relations to the company which gave no cause for any objections.

Stock

The 2007 stock market year

An emotional roller coaster

In 2007, investors experienced one of the most exciting stock market years ever, marked by heavy turbulences and plunging stock prices but also by unexpected rallies. While exchange centers worldwide started the year in an optimistic mood because of favorable economic forecasts and the robust constitution of the world economy, price drops of up to 9 % at the Chinese stock exchange in February triggered a worldwide chain reaction. But these corrective price adjustments – private investors had catapulted prices to dizzying heights before – were only short-lived and the market prices rose again worldwide.

Subprime crisis spreading

In August another price drop occurred when the US mortgage crises also engulfed other countries. In Germany the middle market bank IKB and also SachsenLB had strongly invested in these highly speculative instruments (so-called "subprimes") and could only be held through guarantees in the billions. In October the US-American Federal Reserve Bank (FED), reacting to the liquidity shortage in the wake of the subprime crisis lowered the prime rate by 50 basis points to 4.75 % for the first time after four years. The second reduction to 4.50 % on October 31 led to worldwide price drops in November.

This roller coaster ride left its mark on the Western stock exchanges: The world's leading share index Dow Jones (closing rate 13,265) and the British "Financial Times Stock Exchange Index" (FTSE) (closing rate 6,457) only achieved a 7 % plus and the French "Cotation Assistée en Continu" 40-Index (closing rate 5,614) only yielded 4 %. The leading share indices of Ireland, Italy and Switzerland even concluded the year on negative terrain.

The DAX year

In face of this development the success story of the German share index (DAX) is even more surprising: In July 2007 the DAX already scored 8,152 points, the highest rate ever achieved since its introduction in 1988. Even the positive results of the successful 2006 Football World Cup year could be outperformed: After having scored 21.9 % in 2006, the DAX added 22.3 % in the lapsed fiscal year (closing rate 8,067 points) thus leaving all well-established European stock exchanges behind.

Even small caps and second-line stock which usually have come off better than the blue chips since the beginning of this decade, for the first time dropped behind the DAX in 2007. Shaken by the IKB crash and due to weak property values the MDAX only scored a 5 % plus (closing rate 9,865 points). On December 31, 2007, the SDAX closed out with 5.192 points, i.e. a 7 % minus.

Prime retail

"Prime Retail", the sector index of the German stock exchange comprises the 22 largest German retail businesses including the most important competitors of LUDWIG BECK AG. In 2007 the Prime Retail index closed out with 453.23, i.e. a small 5.0 % plus (previous year: 431.52).

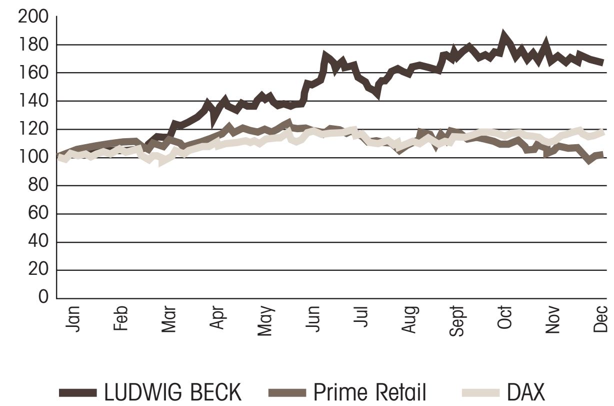
The LUDWIG BECK share

Share details	
ISIN	DE0005199905
SIN	519990
Ticker symbol	ECK
Branch	Retail
Segment	Prime Standard
Number of shares (average)	3,388,000
Market capitalization	€ 50.1m
Stock exchanges	Frankfurt/M., Stuttgart, Munich, Düsseldorf, Berlin/Bremen, Hamburg, XETRA
Year-end price	€ 13.56
Year-high price	€ 14.84
Year-low price	€ 7.80
Designated Sponsor	BHF Bank, Frankfurt

LUDWIG BECK: best performing share in the sector

In 2007 the LUDWIG BECK AG share not only managed to finish the year better than the DAX and the SDAX, but LUDWIG BECK was also the best ranking company listed on the "Prime Retail" sector index leaving its major competitors far behind. Thus the share of the Munich fashion house led the field even before large corporations like METRO Group, Arcandor AG or Douglas Holding AG.

Performance LUDWIG BECK share



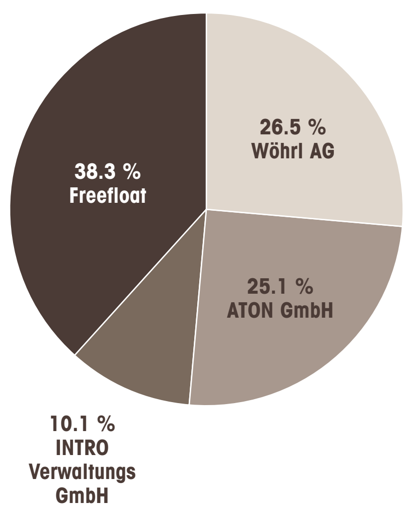
The title listed on the Prime Standard closed out 2006 in XETRA with a year-end price of € 7.63 and climbed by brilliant 77.7 % in the course of 2007 to reach € 13.56 on December 28, 2007. So the LUDWIG BECK share again faired better than the DAX even though the DAX had managed to outperform all other European stock exchanges.

With a year-high price of € 14.84 on November 6, the share achieved its highest value in years. The share experienced its year-low right at the beginning of 2007 on January 2, 2007 with a price of € 7.80. The market capitalization of LUDWIG BECK AG climbed at the end of the 2007 fiscal years by € 24.5m (+95.5 %) to € 50.1m (previous year: € 25.6m).

Corporate action

Within the scope of a cash capital increase LUDWIG BECK AG issued 335,000 new no par shares at the price of € 13.30 per share thus increasing the total number of shares to 3.695m. The new shares are fully dividend-bearing for the 2007 fiscal year and were placed with INTRO Verwaltungs GmbH. This transaction yielded almost € 4.5m for the company. The corporate action was conducted from the existing authorized capital (Section 5 par. 3 a of the Articles of Association of LUDWIG BECK). The proceeds from the capital increase strengthened the Munich fashion house's equity basis and sustainedly optimized its financial structure. In 2007 LUDWIG BECK started to expand the flagship store at Munich's Marienplatz. After conclusion of the 2007/2008 investment offensive LUDWIG BECK will dispose of 10 % more sales space.

Shareholder structure



as per December 31, 2007

The shareholder structure of the LUDWIG BECK share is analyzed every year. The study from September 30, 2007 was conducted on the basis of 3.2m responses. This equals participation of more than 95 %. The company has about 3,400 shareholders.

Based on to the total number of 3.695m shares (in consideration of the conducted capital increase), the shareholder structure is as follows:

Rudolf Wöhrl AG is holding 26.5 % of the voting rights and is the largest single shareholder of LUDWIG BECK AG. ATON GmbH's stake in LUDWIG BECK is 25.1 %. In December INTRO Verwaltungs GmbH increased its contingent which amounted to 9.1 % after the capital increase and is now holding 10.1 % of the voting rights. The freefloat is 38.3 %.

Earnings per share increased again

Based on a consolidated net income after minority interests in the amount of € 2.6m, earnings per share come out to € 0.76, a considerable increase in comparison to the lapsed year (€ 0.42). This yields a PER of 17.8 (previous year: 18.1) as per the end of the fiscal year.

LUDWIG BECK shares are traded on all German stock exchanges (XETRA, Frankfurt, Berlin-Bremen, Düsseldorf, Hamburg, Munich, Stuttgart).

Earnings per share	2007	2006
Net income (€m)	2.6	1.4
Average number of shares (diluted and undiluted, million units)	3.388	3.360
Earnings per share (diluted and undiluted, €)	0.76	0.42

Share details	2007	2006	2005
Cashflow per share at end of fiscal year in €	2.22	1.73	2.14
Equity per share at end of fiscal year in €	10.8	10.06	9.76
Price-earnings ratio at end of fiscal year	19.6	18.1	30.8
Price-cashflow ratio at end of fiscal year	6.1	4.4	2.7

Dividend

In the 2007 fiscal year, the stock corporation LUDWIG BECK generated a profitable operative result. It is company's policy to let shareholders participate in the profits by implementing a stable dividend strategy. Therefore, the Executive Board and Supervisory Board will propose to the General Meeting scheduled for May 9, 2008 to increase the dividend to € 0.30 per eligible share. The remainder shall be carried forward to a new account.

Dividend distribution	2007	2006	2005
Dividend per share in €	0.30	0.20	0.10
Dividend yield in %	2.2	2.6	1.7
Distributed sum in €m	1.1	0.7	0.3

General Meeting

Dividend doubling approved

Like in previous years the General Meeting 2007 of LUDWIG BECK AG was well attended: More than 500 shareholders followed our invitation and appeared at the General Meeting on May 25, 2007. 2,267,000 shares, i.e. approximately 67.5 % of the share capital were represented. As usual, the General Meeting was held in Munich.

With large majority the General Meeting accepted the proposal of the Executive Board and Supervisory Board and approved the doubling of the dividend from € 0.10 to € 0.20 per share. € 672k will be distributed to the 3.36m dividend-bearing shares for the fiscal year 2006. The remaining portion of the balance sheet profit in the amount of € 255k will be transferred to profit reserves.

The Executive Board and Supervisory Board have been discharged and the other items on the agenda were accepted with large majority. AWT Horwath GmbH Wirtschaftsprüfungsgesellschaft was again appointed as the auditor for the 2007 fiscal year.

New election of the Supervisory Board

The members of the Supervisory Board Günter Bergmann and Steven K.N. Wilkinson resigned from their offices with effect as of the conclusion of the General Meeting on May 25, 2007. The General Meeting adopted the election proposals of the Supervisory Board and appointed the new members Gerhard Wöhrl and Dr. Lutz Helmig to the panel.

Results of voting on the items of the agenda:

Agenda item 2
"Appropriation of balance sheet profit":
2,192,715 yeas, 65 nays, 200 abstentions. Hence the proposal on the appropriation of the balance sheet profit was adopted with 99.99 %.

Agenda item 3
"Discharge of the Executive Board members":
2,193,375 yeas, 200 nays, 0 abstentions. Hence the Executive Board was discharged with 99.99 %.

Agenda item 4
"Discharge of the Supervisory Board members":
2,193,374 yeas, 251 nays, 0 abstentions. Hence the members of the Supervisory Board were discharged with 99.99 %.

Agenda item 5
"Election of the auditor for the 2007 fiscal year":
2,193,204 yeas, 251 nays, 120 abstentions. Hence the management's proposal to appoint AWT Horwath GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the auditor for the 2007 fiscal year was adopted with 99.99 %.

Agenda item 6
"By-election to fill positions on the Supervisory Board":
Election Gerhard Wöhrl: 2,117,793 yeas, 143,684 nays, 5,523 abstentions. Hence the management's proposal to elect Gerhard Wöhrl to the Supervisory Board was adopted with 93.65 %.

Election Dr. Lutz Helmig: 2,257,186 yeas, 3,670 nays, 1,509 abstentions.

Hence the management's proposal to elect Dr. Lutz Helmig to the Supervisory Board was adopted with 99.84 %.

Investor Relations

The open and continuous exchange of information between our Company and the capital market is the objective of our Investor Relations services. Topicality, credibility and equality of treatment are our main principles. Our capital market communication is long-term oriented and should be understood as a vital contribution to a group strategy geared towards sustained value enhancement.

LUDWIG BECK has again intensified its efforts in financial communication by presenting itself at various conferences and attending to and expanding the group of investors. To us the General Meeting is an important forum for public relations and therefore we commented in detail on the developments of the fiscal year 2006 at the Annual General Meeting held on May 25, 2007 in Munich. We not only presented our Company at the balance sheet press conference on March 12, 2007 but also at the annual Frankfurt analysts' conference on March 20, 2007.

In addition to publishing quarterly figures we explain additional perspectives of the enterprise and the branch in personal conversations.

A broad spectrum of information retrievable from the Internet is optimally rounding off the personal contact and constitutes a supporting pillar of our Investor Relations communication. All relevant documents – from ad hoc announcements, corporate news, quarterly reports and business reports of the past years to presentations, research and media reports as well as the financial calendar – are available to our investors and other interested parties at **www.ludwigbeck.de**. In the last year we published no less than 10 corporate news and five ad hoc announcements.

Under the heading "Corporate Governance" you will find our "Annual Document" presenting all relevant publications at a glance for you to read or download.

We will continue, extend and intensify the open dialogue with all investor groups because a high degree of transparency and trust can only be build upon clear and well-targeted capital market communication. Like in the past years we feel obliged to further expand our sophisticated Investor Relations services.

Contact

Our Investor Relations Team is looking forward to your questions and suggestions.

LUDWIG BECK Investor Relations
esVedra consulting GmbH
Amalienstraße 15
80333 München
t +49. 89. 28 80 81 33
f +49. 89. 28 80 81 49
info@esvedra-consulting.com

LUDWIG BECK – The New Glamour

The Company

Experiential shopping for all senses

In probably no other place in the world is shopping staged with so much relish as at LUDWIG BECK.

What is it exactly that makes LUDWIG BECK's flagship store a "Store of the Senses"? What's the secret that makes exclusivity-seeking customers keep coming back – and forgetting the time? How do you explain the success of a Munich institution rich in tradition that keeps on surprising with innovation? How do you measure the allure that the company has exerted on generations of residents and visitors, spoilt for shopping choice in Munich?

You'll find the answer where objective argument reaches its limits and where the world of emotions, fantasy, sensuality and desire begins.

As LUDWIG BECK transforms each shopping trip into an engaging experience, playfully, artistically arranged and unforgettable – generating rich passions and close associations with the LUDWIG BECK brand. It's also about the sales team who turn their job into a passion. And it's a celebration of selected top quality products, whose brands belong to the very top drawer of the upmarket range.

And of course the outstanding location plays a big part. Munich's Marienplatz, where the original store has its unmissable location, lies at the heart of a dynamic catchment area with over 2.7 million people. This is the best place to fulfill the very diverse customer dreams with quality, assured trends, a top quality mix of brands and our great intuition about individual wishes.

History

Success writes the best stories

1861

The button maker and dress trimmer LUDWIG BECK opens a button making and dress hemming workshop in his father's property with 4 assistants and an apprentice, simultaneously opening a shop with two sales assistants and a trainee.

1874

Business booms. Nearby buildings are bought and the premises expanded.

1876

When the "Kini" calls, there is no stopping an ambitious Munich company. LUDWIG BECK supplies Ludwig II's fairy tale castles with gold and silver trimmings, thus earning him the title of "Royal Bavarian Court Trimmer".

1892

Expansion of the product range. Silks, linens and fashion clothes supplement the buttons, haberdashery, trimmings, ribbons and lace.

1921

On the Company's 60-year anniversary, LUDWIG BECK already has 61 employees – 44 commercial workers and 17 engineering staff.

1938

The trimmings workshop "LUDWIG BECK Posamentier" is sold to Gustl Feldmeier, a textile salesman. He changes the Company's name to "LUDWIG BECK am Rathauseck". The Company meanwhile employs 138 workers.

1945

The commercial premises are completely destroyed in the war.

1948

A new start-up with success: The firms "LUDWIG BECK am Rathauseck" and "Textilhaus Feldmeier und Sohn" merge to become "LUDWIG BECK am Rathauseck – Textilhaus Feldmeier KG". The offices are rebuilt in their old splendour.

1953

The Company now has 409 employees, with annual sales amounting to DM 12.4m.

1954

The economic miracle is alive and well. Gustl Feldmeier acquires today's flagship store at Marienplatz, thus taking the most important step for LUDWIG BECK in the Company's history. The department store is radically enlarged and expanded to become a genuine Munich institution.

1965 to 1968

The flagship store is completely redesigned and modernized. The sales floors are expanded.

1971

Sometimes the recovery happens under the surface: LUDWIG BECK opens the lower ground floor at Marienplatz. Now shoppers can enter directly from the suburban and underground train station.

1972

A retail boom. The first shopping centre branch is opened – right on time for the Olympic Games at Munich's Olympia Shopping Centre.

1974

With the collaboration of numerous craftsmen and artists, LUDWIG BECK presents the first "Christmas house" at Marienplatz. This continues to be a central part of Munich's Advent tradition to this day.

1978

LUDWIG BECK as pioneer: the individual working times are established for the now 840 full and part-time employees.

1986

125 years of Beck! The fashion company achieves annual sales of DM 132m and employs 860 workers.

1988

A legend in its own lifetime: The classical music department is opened and enjoys a high profile beyond Munich's borders after a very short time.

1989

LUDWIG BECK expands its music department with "jazz is beck", becoming the number 1 in Munich.

1990

In its November issue, Petra women's magazine presents "the world's most beautiful department stores". LUDWIG BECK am Rathauseck is ranked among Harrods, Galeries Lafayette, GUM and Bloomingdales as the only German department store.

1992

A very special year: LUDWIG BECK becomes a joint stock company, the flagship store at Marienplatz is repositioned as the "Store of the Senses" with the help of a brand re-launch and a new LUDWIG BECK department store is opened in Cologne.

1996

A strict consolidation strategy is launched...

1997

... and the flagship store at Marienplatz modernized.

1998

LUDWIG BECK goes public. The issue price lies at the upper end of the book building range at DM 34.00. The near 1.8m shares are oversubscribed approximately ten-fold at the closing of the subscription.

1999

And it gets even better! With a net income of DM 11.3m, 1999 is a new record year in the Company's history.

2001

LUDWIG BECK founds LUDWIG BECK Beteiligungs GmbH and takes a majority stake in the Marienplatz property. Through the founding of LUDWIG BECK Vertriebs GmbH, which operates its own stores as a franchisee for different brands, LUDWIG BECK goes on the expansion course with a vertical distribution approach and opens up additional earnings potential.

2002

In the course of the vertical sales strategy, LUDWIG BECK opens mono-label stores in Munich and other cities. The flagship store's fashion department is restructured and the HAUTNAH cosmetics department and lingerie department are opened.

The new sales channel is called a "fashion outlet", which LUDWIG BECK opens with a warehouse store in Parsdorf near Munich.

2003

LUDWIG BECK cannot elude the difficult economic environment and undergoes the most difficult year since its IPO with a net loss of € 1.1m for the year.

2004

In the course of the trading up process, the various departments in the flagship store are reconstructed and reopened. LUDWIG BECK again achieves a considerable increase in turnover.

2005

LUDWIG BECK is back on the path to success. Numerous successful events find great popularity with customers and generate sales. The Company achieves a records an annual surplus of € 0.6m and pays dividends of € 0.10 for the first time in 3 years.

2006

LUDWIG BECK continues the positive developments of 2005. Even more international brands are displayed on almost 1000m² of redesigned sales floors. With an increase in turnover on a comparable area of 1.8 % to € 101.3m, LUDWIG BECK achieves a surplus of € 1.4m.

2007

LUDWIG BECK in a new glamour. The wide ranging renovation of the flagship store gives the Company a fresh face, increases its profile and launches the biggest investment of the past 10 years. Despite the reduction in sales area during the building works, the Company achieves a turnover on a comparable area of € 103.5m and again increases the annual surplus to € 2.6m. All shareholders should benefit from this performance, the Management and Supervisory Boards propose a dividend of € 0.30 per share at the annual general meeting.

Locations

LUDWIG BECK flagship store in central Munich

LUDWIG BECK "Store of the Senses" Munich
LUDWIG BECK HAUTNAH at the FÜNF HÖFE Munich

LUDWIG BECK mono-label stores

ESPRIT at the OEZ Munich
s.Oliver Regensburg
s.Oliver at the Regensburg-Arcaden

LUDWIG BECK multi-label branches

LUDWIG BECK at the pep Munich (closed as of Dec. 31, 2007)
LUDWIG BECK at the Riem-Arcaden Munich
LUDWIG BECK at the City-Galerie Augsburg
LUDWIG BECK at the City-Center Landshut

LUDWIG BECK fashion warehouse outlet

LUDWIG BECK fashion outlet Parsdorf/ Munich

as per December 31, 2007

LUDWIG BECK's Strategy

The pillars of success

- The core business is the LUDWIG BECK flagship store on Munich's Marienplatz. It satisfies exclusive customer desires with a selected multi-label range in the upper price bracket.
- The LUDWIG BECK fashion store branches in the big shopping centres of Munich, Augsburg and Landshut appeal in particular to younger target groups with medium-priced fashions.
- LUDWIG BECK mono-label stores present internationally renowned brands such as ESPRIT and s.Oliver.
- The LUDWIG BECK fashion outlet in Parsdorf near Munich generates additional retail turnover potential.

"Store of the Senses"

A flagship in a new glamour

In pole position in Europe's major cities

From as far back as anyone can remember, the "Store of the Senses" has stood next to the Town Hall at Munich's Marienplatz, one of the most visited and picturesque tourist attractions in Europe. The simple fact that half a million residents and tourists walk by daily makes this location one of the most sought after on the continent.

At the top in retail

Every year the LUDWIG BECK flagship store occupies one of the top positions for turnover performance amongst the European department stores. Not just a Munich secret, across Germany it is the address for exclusive shopping, an incomparable shopping atmosphere and an unparalleled range of brands. As the "Store of the Senses", it offers its customers countless points of contact with selected fashion and acts as a projection screen of wishes, which cannot be fulfilled elsewhere.

Bounteous circumstances

With about 500 employees and 11.000 m² retail space, LUDWIG BECK's flagship store earns about 80 % of the whole concern's total turnover. To give this retail success a new dimension, the store has been extended with the HAUTNAH branch in the nearby FÜNF HÖFEN – a wellness and beauty oasis in a heavily frequented, lucrative surroundings.

Target group with high potential

Those who shop at LUDWIG BECK are members of an exclusive free-spending target group of 29 to 49 year-olds. Eight out of ten customers are women, most of them well situated, fashion and brand conscious women with an urban outlook, a communicative consciousness and a good portion of self confidence in the field of her personal lifestyle.

Range of choice brands

LUDWIG BECK is the first choice in many spheres. Of course in fashion, in accessories, lingerie, cosmetics and lifestyle products. But those seeking a good wine, an exacting read, a classical or jazz CD rarity are in the right place at LUDWIG BECK.

Sales team open to your every wish

If you want to appeal to your customers' emotions, you have to be engaged in your work with heart and soul. A LUDWIG BECK sales assistant wears several hats, s/he is creative, an advisor, an expert, often a confidant – even a friend. The fact is, there is hardly a fulfillable wish that our sales team can't help realise – even if it's just before closing time. The fantastical display window designs and exciting product presentations in the various departments are quite literally eye-catching. Even when you're not being advised, or paying at the till, or being welcomed on another floor, you can be sure that the LUDWIG BECK sales professionals have their hands full in delivering another profitable day.

How the renovation of the flagship store increases the attractivity

The expectations were high. Workers, customers and business partners held their breath for three long months. And then the "Store of the Senses" shone with a new glamour and in an aura that has contributed to the image of Marienplatz since September 2007.

The renovations cautiously yet strikingly touched almost every part of the flagship store which stretches over five buildings. The façade now unites the magnificent 19th century property with elements from the 60's, brought together by unifying light ochre tones – the original colours of the listed Wieland building. Another unifying material is limestone which is individually worked to suit each building – basket-handle and round arches, plinths and cornices are employed to highlight the different building characters, yet forming as a whole a harmonious group.

The arcade on Dienerstraße has been transformed into a display window, resulting in a 200 m² increase of shopping area on the ground floor. The old display boxes in the arcade walkway fronting Marienplatz have been removed allowing a more generous open design. Light and transparency flood in. A few more details: The floor is finished with Flossenbürger granite. The white coffered ceiling above is hung with suspended lamps. The arcade itself is finished with pleasantly light Kehlheim limestone.

In addition, the entrance has been totally redesigned, becoming more elegant, loftier and airy. The display tables are crafted from smoked glass and antique wood. The mirror-clad lift core is also new. The removal of the mezzanine floor has created a 60m² promotion area. The former "Café Wiener's" celebrated its reopening as "Wiener's Kaffeeserie" on the 2nd floor.

Alongside the renovation LUDWIG BECK also introduced lots of new brands to its range – after all, the improvements do the exterior shouldn't be allowed to put the product range in the shade!

"Trading up" – Optimum value through product upgrade

LUDWIG BECK has been following a strict "trading up" strategy since 2003. If you say that the flagship store's success is a reflection of the presentation of its products, then this success is rooted in the ongoing improvement of its product range. It goes without saying that the LUDWIG BECK product range is of above average quality. The range is made up of brands that are in demand both nationally and internationally, sit in the upper price bracket and are real trendsetters in their field.

"Trading up", as practiced by LUDWIG BECK is an ongoing checking process of the range, sometimes discarding items. A premium range depends on the big global trends with their shifting image values; styles that appear out of nowhere create a hot demand and sell fast. It may well then happen at LUDWIG BECK that time tested brands will in future seasons be dropped in favour of the new voguish collections of the top designers of the day.

2007 saw the victory march of several Scandinavian brands at LUDWIG BECK – highly stylish creations that our brought great enjoyment to our knowledgeable clientèle. The fact that the "Store of the Senses" quickly earns a name for itself as being at the cutting edge of fashion is a nice side effect, which at the end of the day will be reflected in the figures.

The departments

Lower ground floor

Men's fashions – striking variety
Everything you'll need for a stylish appearance at business, leisure and celebratory occasions can be found in these approx. 1,000 m². A huge brand range and a team of experienced advisors wait in an inviting and relaxed environment. Whether it's a quick shop for basics in the lunch hour or a more extended shopping session – which even men need once in a while, especially when you're dealing with LUDWIG BECK and its top brands such as Z Zegna, BOGNER Man, Luigi Borrelli, Historic Research, Napapijri, Armani Jeans, Strellson, René Lezard to name but a few.

Ground floor

HAUTNAH Cosmetics – tender temptation
Real beauty comes from within, to be precise from 700 m² of fine fragrances, soft lotions, creative make-up and top skincare products beguiling and bewitching the clients. Those who wish to be further dazzled captured by the sensuality of this beauty oasis need only walk a few steps to the spa area alongside. Just a few minutes' walk away, in the FÜNF HÖFEN, is a second HAUTNAH branch with even more exclusive products. Here you'll find a selection of top beauty brands such as Lisa Simon, Abahna, BioCol, Clinica Ivo Pitanguy, REN Skincare, Koh, biehl parfumkunstwerke and Paul & Joe.

Accessories & Leather Goods – the perfect style
LUDWIG BECK isn't just out in front with fashionable branded clothing, You'll find the complementing accessories from a range of brands that is one of a kind including, DKNY, David & Scotti, Gina & Lucy, George, Longchamp or Mulberry.

Thomas Sabo shop – charm Offensive
Charms – the much loved bracelet and necklace collectibles – win themselves a wider base of fans (male as well as female) each year. LUDWIG BECK offers a huge selection; the Thomas Sabo Sterling Silver Collection is a real highlight.

Freudenhaus eyewear store – sunny prospects
Designerwear for the nose: the season's finest sunglasses from Prada, Calvin Klein, Dolce & Gabbana, Tom Ford, Dior, Miu Miu and other top brands.

Porsche design shop – a Munich exclusive
Brand new and unique in Munich, Porsche design offers a wide range of lifestyle products such as watches, writing equipment and mobile phones. Such an exclusive purchase makes the resulting search for the complementing outfit on the other floors all the more thrilling.

Stockings and socks – show a bit of leg
Something rustic to go with your dirndl or lederhosen, or should it be practical for your next hike? Sheer seduction for a romantic evening or something fine to match your evening dress for a night at the opera? You'll find everything you could possibly need in Munich's best stocked leg wear shop. Just pop into Dienerstraße and get measured.

Haberdashery – Geknöpft & Zugenäht
The LUDWIG BECK success story started here with the trade in ribbons, threads, wools, cords, buttons and laces in every imaginable material, color and size. Just like then, today the shop leads in sewing equipment – across Germany. At no. 7 Burgstraße there's almost nothing they don't stock. It's a tradition!

DICHTUNG & WAHRHEIT – in vino veritas
None lesser than Goethe is responsible for the motto of this unique sales concept. The prince of poetry and lover of a fine drop would have certainly shopped here, where good literature and fine wines from the house of Garibaldi stock the shelves. Awaiting in harmony buyers who are as passionate about literature as they are about gastronomy. Wine tastings and new book promotions take place in the vaults in Burgstraße 2 and renowned authors meet their public – accompanied of course by a good glass of wine this even convinced the reviewers of Frankfurter Allgemeine Zeitung, who elected Dichtung & Wahrheit as wine shop of the year 2007.

1st floor

Modern woman separates – first class
The best things come from Europe – well, at least the current hottest fashions with their origins in Scandinavia, names such as Maje, Philosophy Blues, Drykorn, Pink Soda, Bruuns Bazaar, Sandro, by Malene Birger and Filippa K. Because northern Europe is an Eldorado for high quality, fashion conscious women's fashion, that not everybody wears but everybody would like to. The range at LUDWIG BECK is accordingly wide and presented for maximum attention.

Lingerie – alluring in lace
Sinning can be so beautiful – especially when it's laid out over 400 m² and contains such eyecatching brands as Malizia, DKNY, La Perla and D&G. It's not without reason that this is one of the top attractions for women in the "Store of the Senses". This is where they can chill out in an easy chair after a hard shop and abandon themselves to their dreams.

2nd floor

Knitwear, shirts & trousers – great stitches and perfect legs
Cuddly, soft knitwear of all colours, cuts and styles – of course in the very best wools and cashmeres, appeal to even the most pampered customer. Heart by Oui moments – the full range of this label is exclusive to LUDWIG BECK – 210 Norris Lane, Majestic, Cashflow and LUDWIG BECK's latest own label BECK Munich Organic are just some of the most sought after brands in this department. Right alongside, the woman has the trousers on: Ladies' trousers in every trendy variation, cut and design always make a good impression.

Children's department – the small ones rule the world
Brand consciousness doesn't begin in the school playground. Even the littlest bundles of joy can be pampered and begin to construct their preferences which will later develop into a sense of fashion and style taste. Kids' very own brand labels include Burberry, Polo Ralph Lauren, Girbaud and Airfield are just the thing. And when the little tikes have had enough f trying on clothes, they'll soon calm down in the play corner with Lillifee dolls and Gameboys.

Papeterie – sensually wrapped
Paper isn't just patient, it's also one of the nicest materials for everyday and decoration. Stunning wrapping papers, over 1,800 different postcards, pretty notepads and splendid boxes are only offered in such abundance at LUDWIG BECK's papeterie. In the SZ-Magazin shop next door are further trend articles and lifestyle accessories which continue to surprise.

3rd floor

Designer fashions, coats/ jackets & eveningwear – fresh from the catwalk

Globally renowned fashion labels such as Strenesse Gabriele Strehle, Akris Punto, René Lezard, Windsor, BOGNER Woman, St. Emile, Polo Ralph Lauren, Armani Jeans, JOOP!, Boss Woman make this 800 m² department a paradise for fans of big designer names. Here you can browse and seek to your heart's content, and test your intuition for new trends. Hanging in the outdoor section you'll find coats and evening dresses by Max Mara, Airfield, Historic Research, Wellensteyn – names that are in themselves a persuasive argument for a totally successful shopping trip.

Plus Sizes – make a big entrance

No-one who knows that LUDWIG BECK offers well cut brand clothing for even the somewhat larger fashion-lover has to subject themselves to a crash diet. Pick something up from Samoon, Marina Rinaldi, Oui & Co, Elena Miro, Mariella Burani or Sallie Sahne and everybody can make it big.

Swimwear – the perfect wave

In one of the biggest nationwide departments for beach wear and accessories, the latest look is available year-round. Slim-fitting, eye-pleasing beachwear from La Perla, Bogner Fire & Ice, D&G, DKNY or Princesse Tam Tam awake longings for distant islands and pool parties at home – whether or not the sun is shining in Germany!

4th floor

Young designer fashions – must haves!

Here come the new trends! Totally in demand young designers and newcomers to the fashion scene often find their springboard into bigger markets here. Here under the flagship store's roof we experiment, our Design-Scouts look for new stars and refresh the range so that exciting new brands like Tiger of Sweden, BOSS Orange, C'N'C Costume National, Girbaud, Belstaff, See by Chloé, April 77, Michalsky Jeans or J-Brand get their chance to develop their potential.

Music – a real classic

If you had to describe unlimited listening pleasure in figures, then it would look like this: 100,000 available titles and over 1 % of the total world market! That's the balance sheet for one of the biggest classical and jazz music departments in Europe. World music and audio book lovers also feel right at home here. Whatever piece, from whatever composer performed under whichever conductor, the LUDWIG BECK specialists will have it ready within a click of the fingers. No wonder that starts such as Anna Netrebko or Cecilia Bartoli, Rolando Villazon and Lang Lang hold autograph sessions here in front of an enthusiastic audience.

Brand Variety

+++ Acqua di Parma + Aigner + Akris Punto + Annick Goutal + Armani Jeans + Aubade + Aveda + Beck Munich + Belstaff + Benefit + biehl parfumkunstwerke + Bobbi Brown + BOGNER + Boss Orange + Brax + Brema + Bruuns Bazaar + Burlington + by Malene Birger + Cacharel + Cambio + Cashflow + Caudalie + Chantelle + Cinque + Cinzia Rocca + Closed + C'N'C Costume National + Coccinelle + Creed + Culti + D&G + Dear Cashmere + Decléor + Diesel + Diptyque + DKNY + Drykorn + Ed Hardy + ESPRIT + Etro + Filippa K + Fred Perry + Furla + G-Star + Gant + Gardeur + Girbaud + Hanro + Hugo Boss + J-Brand + J.Lindeberg + Jacques Britt + James Perse + Jo Malone + JOOP! + Kiehl´s + Kookaï + Korres + La Mer + La Perla + Lacoste + Lamarthe + L´Occitane + Lejaby + Levi's + Ligne St. Barth + Longchamp + M.A.C + Mac + Mads Norgaard + Maje + Malizia + Mandarina Duck + Marc Aurel + Marc Cain Collections + Marc O'Polo + Max & Co. + Max Mara + Mexx + Missoni Sport + Molton Brown + More & More + Mulberry + Napapijri + Nudie Jeans + OPI + Origins + Oroblu + Orwell + Oui & Co. + Pampolina + Patrizia Pepe + Peuterey + Philosophy Blues + Polo Jeans Co. Ralph Lauren + Polo Ralph Lauren + René Lezard + Replay + Riani + Roeckl + Rosner + s.Oliver + Sandro + Schiesser + See by Chloé + Seven for all Mankind + St. Emile + Strellson + Strenesse Gabriele Strehle + Tara Jarmon + This works + Thomas Burberry + Tiger of Sweden + Tommy Hilfiger + Triumph + Turnover + Why red + Wolford + Woolrich + Z Zegna + Zegna Sport +++

Promotions

Huge range of promotions

They give everyone something to talk about, keep the advertising impact high, maintain the reputation of the business as an event based department store and of course generate numerous additional shopping experiences – the LUDWIG BECK promotions spanning the whole year. Be they fashion shows, beauty events, readings, wine tastings, autograph sessions or music performances – the "Store of the Senses" continually interprets itself afresh. To the great delight of our customers.

In January

Akris Punto opens the fashion season on January 26, showing the highlights of the spring collections in several daytime fashion shows in the designer department on the 3rd floor.

In March

"Hoch im Norden" (Way up North) – Scandinavian purity broke into LUDWIG BECK under this motto. And with it the cream of young star designer labels such as Bruuns Bazaar, by Malene Birger, Designers Remix and Filippa K. The Nordic impressions were presented in the newly renovated 'Modern Woman' department on the 1st floor.

In May

With her novel 'Ostersonntag' ('Easter Sunday') Harriet Köhler made an impressive and much publicised debut, reading from it on May 10 in Dichtung & Wahrheit.

In June

Total clearance sale! Huge placards on the façade aroused Munich's curiosity and created a heavy influx which continued throughout the renovation works. It was a very welcome opportunity for many to snap up top designer fashions at tempting prices.

In July

On the July 19 invited guests attended an enticing evening in the lingerie department, which left many hearts pounding. TRIUMPH International presented the latest dirndl-bra alongside LUDWIG BECK traditional costumes, whetting the appetite early for the upcoming Oktoberfest.

Resonant names in the ears of all classical music lovers. The dream-pair of the opera world, Anna Netrebko und Rolando Villazón – came for an autograph session on July 20 in the Europe-wide renowned classical music department, and made for much star hype on the 4th floor.

In September

Munich retailer's long night of shopping on September 14 was the perfect opening night for the newly renovated "Store of the Senses". After the briskly completed refurbishment works the flagship store celebrated a glamorous reopening. The doors were open until midnight offering fashion shows, beauty events and a whole range of highlights beyond.

On September 15 one of the opera world's most successful singers made her debut in the classical music department. Cecilia Bartoli signed her brand new album ‚Maria' in front of a captivated audience.

Reading and tasting at Dichtung & Wahrheit: On September 28 the unconventional wine critic Stuart Piggott visited once again, presenting along with his wife Ursula Heinzelmann their new book "Wine speaks German"

And the 28th and 29th September saw the current autumn fashions in a styling show from Mexx in the "Modern Woman" department, along with free make-overs from Dianne Brill, delicious finger food from Sandro and Closed and much more.

Branches

Alongside the flagship store the branches are the second string to LUDWIG BECK's strategic bow. The multi-label stores, mono-label stores and the fashion outlet round off the core business in the centre of Munich, being oriented at special target groups that cannot be satisfied at Marienplatz owing to the "trading up" concept.

LUDWIG BECK multi-label stores

A prize worthy strategy

We have established three LUDWIG BECK fashion-stores Munich Riem, in Augsburg and in Landshut, which first and foremost cater to younger and cost and fashion conscious customers. Here we offer medium-priced quality fashion, using LUDWIG BECK's first class image to help sell great fashion also in this important market segment.

LUDWIG BECK mono-label stores

Twice as successful

In Munich and Regensburg LUDWIG BECK runs three stores, each presenting one well-known clothing brand. These vertical sales systems secure further market share under the LUDWIG BECK umbrella from high growth big names such as (in our case) s. Oliver and ESPRIT. We shall continue to strive towards a profitable optimization that perfectly complements our strategy.

LUDWIG BECK fashion outlet

Outlet is in

A further well frequented LUDWIG BECK sales channel is to be found in Parsdorf near Munich. With Feinkost Käfer and the Segmüller furniture store as neighbours, we sell ends of lines and items on special offer all year round. Consistently high brand quality is matched by high customer demand.

Consolidated Management Report

Business and General Conditions

Macro-economic situation

World economy continues to expand despite international financial crisis

With growth of 3.7 % (according to the German Council of Economic Advisors' 2007/08 annual report) the worldwide economic situation in 2007 remained just marginally under the performance of the previous year, and sustained its expansion on a relatively robust course. Even the US property market's financial crisis couldn't shake it. At the same time the cyclical trends in the US and Japan on the one hand and the Euro-Zone and the emerging markets on the other hand could be seen to be drifting further apart.

Thus the development of the American economic development slowed further, whilst that of China above all pushed ahead rapidly, with respective growth rates of 2.1 % in the US and 11.7 % in China, according to the German Council of Economic Advisors' analyses. Also profiting from more favorable export conditions, higher raw material costs combined with increased demand and low inflation were the economies of India, Brazil and Russia. The relevance of these countries in global economic events and their balancing function amidst the US markets' turbulence grew significantly in 2007.

Europe consolidates its recovery

Free spending patterns, a lively employment market and increased gross fixed capital formations contributed in the EU to an increase in gross domestic product of 2.6 % according to the German Council of Economic Advisors, thereby narrowly missing 2006's figure of 2.8 %. Admittedly there were divergent trends. Development in countries such as France and Italy was behind that of Finland, Austria and Spain whose economies grew by as much as 3 %. The fear of an economic blow-out as a result of the US mortgage crisis in 2007 did not come true.

Robust growth in Germany despite VAT increase, but with sinking consumer confidence

Having picked up speed in 2006, the German economy hardly let the wide-ranging tax increases of German post-war history slow it down in 2007. According to the Federal Statistics Office, GDP in real terms rose 2.5 % and was thus just nominally under the 2.9 % of the previous year.

Stimulating effects on the economy came from overseas as well as from home. For the fifth year in a row Germany was Export World Master. Goods to the value of € 980 billion left the country according to the German Association of Wholesalers and Exporters – which is an increase of 9.5 % on the previous year. And companies also invested markedly more (+8.4 % according to the Federal Statistics Office) in new machinery, plant and vehicles.

On the other hand, the noticeable reduction in unemployment to 9.0 % (according to the Federal Employment Office) – meaning a total of 3.8 million and a reduction of 700,000 unemployed – did not significantly increase consumer confidence. This was certainly dampened by the increase in VAT from 16 % to 19 % at the beginning of the year. Private spending sank by 0.3 % in 2007, compared with a moderate increase of 1.0 % the previous year (according to the Federal Ministry of Economics).

Retail developments

Satisfaction with modest buying desire

According to the trade paper TextilWirtschaft, clothing retail grew by 1 %. The whole year was characterized by strong fluctuations in turnover. An unusually warm spring helped get the new season off to a sensational start after a relatively mild winter with poor turnover figures. The second half of the year was also up and down. The branch enjoyed very good business in autumn; a buying frenzy was talked about. But the end of the year was down again and the Christmas trade was generally poor. A slowdown in sales of 7 % was reported in December.

In general, the tough competition in the fashion industry meant that it was only possible to pass on part of the increase in VAT to the consumer. Clothing prices rose by just 0.8 %. Expenditure on clothing lay at € 790 per head for women and € 480 per head for men (according to the German Association of Clothing Retailers).

LUDWIG BECK once again above the branch average

LUDWIG BECK was once again successful in uncoupling itself from the generally observed consumer reticence in the past fiscal year. Even the 3-month renovations at the strong-selling flagship store at Munich's Marienplatz could not reduce the sales trend. The main reasons behind this include strong customer loyalty, the further expansion of the "trading up" concept and good Christmas sales along with the continued concentration on an individual and exclusive product range.

Corporate structure

LUDWIG BECK's consolidated financial statements include LUDWIG BECK AG and its 100 % subsidiary LUDWIG BECK Beteiligungs GmbH.

LUDWIG BECK AG comprises of the richly traditional flagship store at Marienplatz, the LUDWIG BECK branches, the LUDWIG BECK Mono-label stores in Munich and Regensburg and the LUDWIG BECK fashion outlet in Parsdorf. At the end of the year the Group comprised a total of four branches, three Mono-labels and one fashion outlet. The LUDWIG BECK branch in the PEP was closed in December 2007.

LUDWIG BECK Beteiligungs GmbH has a 50.1 % interest in Feldmeier GmbH & Co. Betriebs KG and a 50.2 % interest in its general partner LUDWIG BECK Verwaltungs GmbH. Feldmeier GmbH & Co. Betriebs KG is the owner of the flagship store building at Munich's Marienplatz.

Product range structure and sales markets

The Group operates its over-the-counter retailing under the LUDWIG BECK brand and under third-party party brands (franchise/mono-label). The core business is the flagship store at Munich's Marienplatz. The product range comprises primarily clothing but also includes non-textile products such as cosmetics and music recordings.

Group strategy

Since the foundation of the flagship store in 1861 by the buttonmaker and dress trimmer Ludwig Beck, the company name has been associated with values such as creativity and quality, tradition and modernity, shopping as experience and sensuality.

Thanks to its one-off location at the center of Munich and an increasingly sophisticated target group marketing strategy LUDWIG BECK has become one of Germany's most popular retail companies, with its success founded on two defined pillars:

The flagship store at Munich's Marienplatz

Our flagship store in the heart of Munich generates more than 80 % of overall sales and continues to be the central pillar of our business. Our customers honor the perfect combination of department store and specialist retailer at our "Store of the Senses". They also enjoy our wide product range, high-quality expertise and personal advice. We have been pursuing the strategy of "trading up" for the last five years and continuously upgraded our product range by offering new, high-valued brands. Each visitor to the flagship store recognizes the sensual experience of slipping into this standard-setting brand world, time after time being swept away by our innovative sales concepts and in-store promotions.

The branch stores

The second pillar comprises our branch store concept and consists of three areas: LUDWIG BECK multi-label stores, LUDWIG BECK mono-label stores and the LUDWIG BECK fashion outlet. They generate additional sales potential in the Munich suburbs, Augsburg, Landshut and Regensburg. The medium-price fashion brands presented in these stores appeal to price-conscious customers. These stores build on the good quality image, for which the name LUDWIG BECK stands.

Internal control system

At the LUDWIG BECK AG we rely on enterprise resource planning analyses as a system of control on a daily basis. These are broken down with a cost center and article number and department and season sizes. This provides all the necessary information for controlling inventories, product ranges and the arrangement of sales floors in an efficient manner.

Personnel

On a yearly average, the LUDWIG BECK Group employed 544 workers in 2007. This figure was 543 for the previous year on an average basis. The number of trainees remained at the high level of 45 (53 in the previous year). The number of weighted employees remained at last year's level of 389 (previous year: 389).

Personnel expenses slightly reduced

In comparison to the previous year, personnel expenses dropped to € 17.2m in the 2007 fiscal year (previous year: € 17.4m). This represents a reduction of 1.6 % and is evidence of the success of the previous year's restructuring.

Our employees – the soul of our enterprise

Advisory and service skills are something very special at LUDWIG BECK. Being professionally advised, the customers are addressed on an emotional as well as a rational level, the opportunity for a rich shopping experience is awakened and the foundations for solid customer loyalty are laid. To maintain the very high level of advisory and service skills, we offer our trainees a qualified training program and an intensive support system in their working day alongside the vocational school. We also offer them high quality support and individual help from specially trained mentors.

Again in 2007 the close bond between our staff and the LUDWIG BECK company was highlighted by the loyalty reflected in exceptionally long service. We once again honored these contributions with a large party. Two employees celebrated their 40-year anniversaries, four employees their 35-year anniversaries and four employees celebrated 30 years with the Company.

Marketing

A department store unlike any other

It's not just its selected product range that makes the "Store of the Senses" a magnet to customers from far beyond the Munich region. Behind every purchase is an event that can be sensually experienced, that is continually reinvented through year-round promotions such as fashion shows, beauty events, readings, autograph sessions and music performances.

Creating ongoing stimulation – promotional events at LUDWIG BECK

In March our 'Scandinavian' motto formed the upbeat. LUDWIG BECK brought Nordic purity to Munich and presented its new spring/ summer collection with an emphasis on Scandinavian designer brands. The freshly renovated 1st floor (Modern Woman department) formed the focus of the communication. A celebration for classical fans was the July autograph session of Opera stars Anna Netrebko and Rolando Villazón in our renowned classical music department.

A further highlight in 2007 was the huge clearance sale preceding the renovation works at the flagship store. Huge placards on the façade were the talk of the town and lured countless visitors into the store. The exclusive opportunity to snap up top designer fashions at tempting prices was a total success and was enthusiastically taken advantage of by a broad spectrum of customers.

The absolute pinnacle was the autumn reopening of LUDWIG BECK at Marienplatz. For the very first time Munich retailers hosted a 'long night of shopping' on September 14 in which stores were able to remain open until midnight. It was the ideal atmosphere and occasion to present the redesigned, light-flooded premises to an enthusiastic audience until late in the night. There were celebration on each floor with fashion shows, beauty events and a whole range of surprises.

LUDWIG BECK – on everyone's lips

Each promotion and needless to say the hotly topical renovation works in the center of Munich were accompanied by an active communication and public relations effort, from unmistakable creative adverts in the relevant print media, eye-catching placards on prominent advertising columns to exclusive radio spots on classical stations.

Starting in 2007, we have been giving a clear signal at the start of each fashion season with our new fashion and lifestyle magazine "LUDWIG". In each 32 page issue we take the reader on a creative foray through the "Store of the Senses". At the focus are the current trends in men's and women's fashions, beauty, leather goods and accessories, books, wine and music. A print run of 360,000 copies is distributed through the Munich papers (Süddeutsche Zeitung and Münchner Merkur) at the end of February and the beginning of September.

As a real Munich institution LUDWIG BECK takes great pains to maintain a close, partnering contact to the media. Our prompt press releases, background discussions and an open, broad-minded dialogue ensure the Company's presence in all the important publications. Thus the LUDWIG BECK brand's experience value is carried over with a targeted and sensibly deployed marketing and PR budget that captivates and communicatively reaches our target groups.

Earnings Situation

Consolidated income statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period from January 1 to December 31, 2007 according to IASB

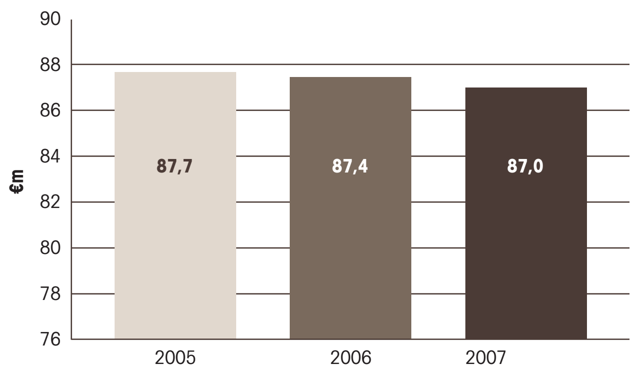
	2007		2006	
	€k	€k	€k	€k
1. Sales revenues				
Sales (gross)	103,487		101,347	
net of VAT	16,503	86,984	13,964	87,382
2. Other own work capitalized		164		127
3. Other operation income		2,649		2,952
		89,797		90,461
4. Cost of materials	45,991		46,074	
5. Personnel expenses	17,166		17,434	
6. Depreciation	3,804		3,415	
7. Other operating expenses	15,664	82,625	16,772	83,694
8. EBIT		**7,172**		**6,767**
9. Financial result		-3,327		-3,705
where of financial expenses € 3,420k *(previous year: € 3,711k)*				
10. Earnings before taxes		**3,846**		**3,062**
11. Income taxes		526		1,127
12. Consolidated net income		3,319		1,935
13. Other shareholders' minority interests in net income		731		537
14. Consolidated net income before minority interests		**2,588**		**1,398**
Earnings per share		0.76		0.42
average number of outstanding shares in thousands		3,388		3,360

Sales development

In 2007, LUDWIG BECK AG continued the positive development of the previous fiscal year. LUDWIG BECK managed to increase gross sales by € 2.2m as compared with last year's figures, from € 101.3m to € 103.5m. This represents absolute growth of 2.1 % or a 3.2 % increase on comparable area.

Increased VAT meant that net sales revenues reached just € 87.0m, thus remaining fairly stable as compared with the lapsed year's € 87.4m. This is particularly remarkable given that the Marienplatz fashion house at the center of the business – its draught horse – was the scene of 3 months of extensive refurbishment and modernization works. Sales activities were partially interrupted as sales floors were closed for renovation.

Consolidated sales development (net)



Despite these essential but time-consuming activities, the flagship store delivered, with a gross turnover of € 85.4m (previous year: € 82.6m), the biggest contribution of LUDWIG BECK's overall development.

The Marienplatz store once again dominated with an over 80 % share and increased its turnover on the previous year by 3.4 %. An increase of 2.1 % on comparable area was achieved by the LUDWIG BECK branches.

With that, LUDWIG BECK was able to confirm its growth forecasts as issued at the start of the year.

Operating profit situation

At € 41.0m, the net gross profit remained stable in comparison with the previous year (€ 41.3m). The net gross profit margin was 47.1 % (previous year: 47.3 %).

Accordingly, the cost of materials ratio remained at last year's level. Total material costs in 2007 amounted to € 46.0m (previous year: € 46.1m).

Other operating income, comprising of rent receipts and oncharged expenditure, administrative income proceeds and personnel earning as well as canteen earnings and company produced additions to property, plant and equipment, fell slightly as compared with the previous year (€ 3.1m) amounting to € 2.8m at the end of the 2007 fiscal year.

Operating expenses were reduced overall by € 1.0m, i.e. 2.8 %, from € 37.6m to € 36.6m in comparison to the preceding year. Personnel expenses sank by 1.6 % from € 17.4m to € 17.2m. The share of personnel expenses in net sales amounted to 19.7 % (previous year: 20.0 %) and thus fell by 0.6 % points.

The cost ratio (expenses against corresponding income) improved overall by 0.6 % points and at 38.9 % was clearly below the previous year (39.5 %).

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved to € 11.0m (previous year: € 10.2m). The EBITDA margin based on net sales reached 12.6 % in the lapsed fiscal year (previous year: 11.7 %).

Operative earning (EBIT) rose to € 7.2m after € 6.8m in the previous year. This corresponds to an increase of 6.0 %.

The financial result amounted to € -3.3m (previous year: € -3.7m). Based on net sales, this equals a ratio of 3.8 % (previous year: 4.2 %). This improvement resulted from a changed financing structure.

Earnings before taxes (EBT) amounted to € 3.8m (previous year: € 3.1m) and rose strongly by 25.6 %.

Changes to the rates of taxation as a result of the 2008 corporate tax reform (which through the evaluation of active and passive latencies had its effect on the current financial statements) caused positive effects to income tax expenditure. Running counter to this, though at a lower level, was the outcome of a fiscal tax audit for the years 2002 to 2005. These basically reduced the income tax expenditure in the year under review to € 0.5m (previous year: € 1.1m). The allowable loss carry forwards for corporate tax amounted to € 12.5m, for trade tax to € 5.1m as of December 31, 2007.

The consolidated net income for the year after minority interests rose by € 1.2m to € 2.6m (previous year: € 1.4m).

Financial Situation

The finance policy is directed at the securing of the Company's financing with simultaneous minimization of financing costs. Most of the non-operational risks are to be excluded.

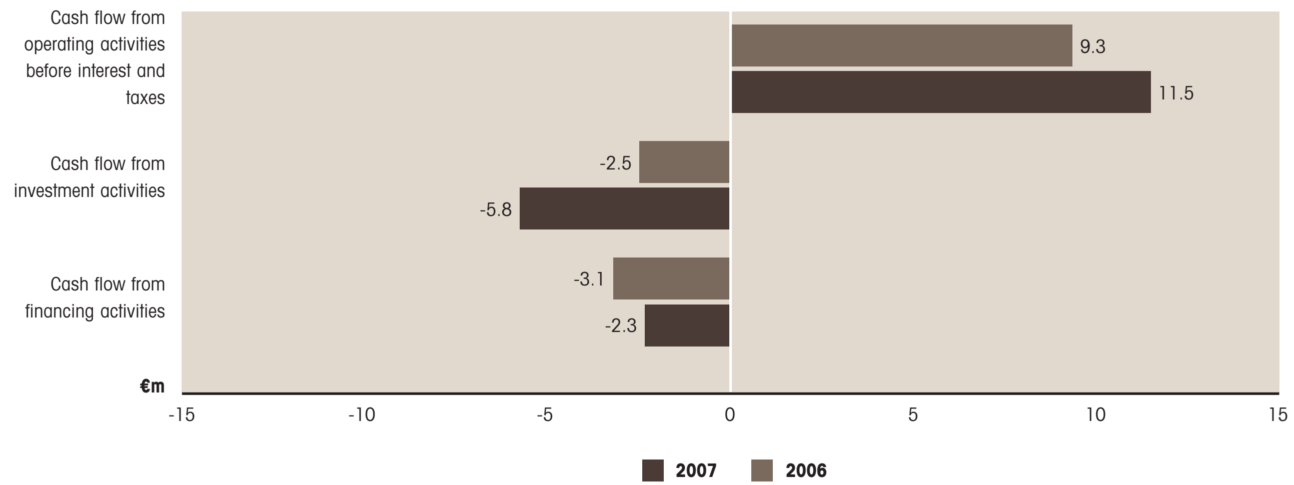
Liabilities to banks were substantially reduced in comparison with the previous fiscal year. These amounted to € 39.3m as of the balance sheet date (previous year: € 45.4m), representing a reduction of € 6.1m or 13.3 %. Of this, € 3.1m can be classified as short-term and € 36.2m as medium or long-term.

The reduction in bank liabilities can be attributed on the one hand to positive business development in 2007 and on the other hand to the November 2007 capital increase. In addition to this, another factor in this positive development was that in 2007 other € 2.5m of short-term liabilities were taken out from a major shareholder.

The short-term financing credit lines for the 2008 fiscal year are secured. The short-term credit line in the amount of € 19.0m was utilized at a rate of just roughly 15 % as of the balance sheet date.

Trade liabilities are capitalized at repayment value. Due to short terms of payment of these liabilities, this amount equals the market value of liabilities. Payment to suppliers is usually made within 10 days in order to make use of cash discount reduction, whereas the time for allowed payment usually comprises 60 days.

Cashflow



The cash flow from operating activities (before interest and taxes) increased to € 11.5m (previous year: € 9.3m).

The cash flow from investment activities in 2007 amounted to € -5.8m (previous year: € -2.5m) in total. These investments essentially relate to the redesign of the ground floor and exterior façades at the flagship store at Munich's Marienplatz.

The positive operating performance in conjunction with the capital increase at the end of November 2007 enabled us to make a repayment of bank liabilities in the amount of € 4.4m. Furthermore, € 0.7m was released for the 2006 dividend payments. Cash flow from financing activities reached a total of € -2.3m (previous year: € -3.1m).

Development of key liquidity figures as of December 31		2007	2006
		%	%
Cash ratio	Cash and cash equivalents / Short-term liabilities	11	4
Quick ratio	Monetary current assets / Short-term liabilities	17	14
Current ratio	Current assets / Short-term liabilities	87	67

Asset Situation

Balance sheet structure

As of the balance sheet date December 31, 2007, the LUDWIG BECK Group's balance sheet total stood at € 107.4m, representing a 0.9 % increase on the previous year (€ 106.5m). The increase in the balance sheet total is primarily attributable to the investments made in the flagship store.

Inventories accounted for € 9.1m as of the balance sheet date which was at a similar level compared to the previous year (€ 9.2m).

As of the balance sheet date the Company had cash and cash equivalents to the amount of € 1.7m (previous year: € 0.8m).

Shareholders' equity increased by about € 4.5m as a result of November's capital increase, of which € 0.9m can be attributed to subscribed capital and € 3.6m to capital reserves. As a result of this and ongoing performance shareholders' equity rose 18.9 % to € 40.2m (previous year: € 33.8m). Despite extensive investments and their associated balance sheet extensions, this lead to an 18 % increase in the equity ratio – points to 37.4 % (previous year: 39 %).

The positive business development and the capital increase allowed us to significantly reduce our liabilities in comparison to the previous year, despite the high investments in the Marienplatz flagship store. These dropped by 7.8 % to € 58.9m (previous year: € 63.8m).

Balance sheet structure as of December 31	2007		2006	
	€m	%	€m	%
Short-term assets	12.8	11.9	11.7	11.0
Long-term assets	94.6	88.1	94.8	89.0
Total assets	**107.4**	**100**	**106.5**	**100**
Short-term liabilities	14.7	13.6	17.4	16.3
Long-term liabilities	52.5	49.2	55.3	51.9
Shareholders' equity	40.2	37.1	33.8	31.8
Total liabilities	**107.4**	**100**	**106.5**	**100**

Key balance sheet figures as of December 31		2007	2006
		%	%
Equity ratio	Shareholder's equity / Balance sheet total	37.4	31.8
Structure of debt	Short-term liabilities / Liabilities	21.7	23.9

Supplementary Report

There were no significant events to report after the balance sheet date.

Information According to Sec. 289 Par. 4 HGB (German Commercial Code)

Composition of subscribed capital

The subscribed capital (share capital) of LUDWIG BECK AG is divided into 3,695,000 no-par shares (ordinary shares). The no-par shares are issued to bearer. The nominal value of the shares is € 2.56 per no-par share. Direct and indirect capital holdings which represent more than 10 in a hundred of the voting rights are listed below.

Direct and indirect holdings

The following individuals and companies directly or indirectly hold more than 10 in a 100 voting rights at LUDWIG BECK.

- Rudolf Wöhrl AG (Nuremberg) 26.6 % (direct)
- Mr. Gerhard Wöhrl (Nuremberg) 26.6 % (indirect)
- ATON GmbH (Fulda) 25.1 % (direct)
- Dr. Lutz Helmig (Fulda) 25.1 % (indirect)
- INTRO Verwaltungs GmbH (Reichenschwand) 10.1 % (direct)
- Mr. Hans Rudolf Wöhrl (Reichenschwand) 10.1 % (indirect)

Legal provisions and terms of the articles of association concerning the appointment and removal of members of the Executive Board as well as amendments to the articles of association

According to the articles of association and the relevant legal provisions, the members of the Executive Board are appointed and removed by the Supervisory Board. The number of members is determined by the Supervisory Board; however the Executive Board is composed of a minimum of two persons. Each amendment to the articles of association requires a resolution of general meeting (Section 170 par. 1 Joint Stock Corporation Act (AktG)). The resolution of the general meeting requires a majority of at least three quarters of the share capital represented at the general meeting passing the resolution (Section 170 par. 2 Joint Stock Corporation Act (AktG)).

Risk Report

In the course of business on its specified sales markets, LUDWIG BECK AG is exposed to a wide variety of risks as are involved in any business operation. These may affect the Group's assets, finances and earnings.

We have established modern controlling instruments to recognize, monitor and communicate such risks. These instruments ensure that our executives receive information about the development of such risks in time to launch suitable counter-measures. Responsibilities have been clearly defined within the organization.

The tools are subject to ongoing optimization in order to sufficiently accommodate structural changes.

In addition to the general business risk, the Company is also exposed to the following risks:

Competition/economic and sector risk

The development of the over-the-counter retail sector is still characterized by the continued growth of vertical sales systems, an increase in store selling space and the decline of traditional specialist stores. In addition to fiercer competition, the sector is also heavily dependent on consumer behavior.

Changes in consumer behavior, caused by the general economic situation, political conditions and changes in income, require constant realignment of our sales concept with the behavior and needs of consumers.

The choice of strategy results above all from careful market observation, analysis of the competitive situation and trends in consumer behavior as well as the particular behavior of relevant target groups.

With our clear positioning and corporate strategy, we use the opportunities resulting from this permanently changing market. Our high-quality advising service and depth of product range allow us to benefit from niches in the specialist store segment.

The flagship store at Marienplatz can use its city centre position to promote the development of new, high class retail locations.

LUDWIG BECK profits from the development in vertical sales strategy through its self-run mono-label stores selling renowned brands.

The direction of LUDWIG BECK is aimed at expanding the market position of our flagship store, while utilizing existing know-how to generate additional sales and earnings through new sales channels.

Seasonal risks

The LUDWIG BECK Group publishes quarterly reports on the Group's key figures which show the seasonal fluctuations. In particular, the Group generates a high proportion of sales and earnings during the Christmas season in the fourth quarter. Some 33 % of sales are generated during this period

As goods are purchased much earlier than the seasonal peak sales periods, this causes outflows of cash at times during which there are not necessarily corresponding inflows of cash from sales revenues. For such instances, we have established a variety of cash management instruments.

Financial risks

The LUDWIG BECK Group has a central financial risk management approach to identify, measure and control financial risks. An internal financial clearing between group companies is carried out. This internal clearing system helps reduce the amount of external finance required and optimizes cash deposits. As a result, the system has a positive impact on the interest result of the individual companies and the Group as a whole.

LUDWIG BECK's open and up-to-date information policy and equal treatment of all lenders is the basis for trust which creditors have in the Company and thus for their willingness to provide credit lines. The Company's own equity position, its current cash flows and the available bank loans form the basis for the Company's long-term financing. Interest risks are controlled through the mix of loan periods and through fixed and variable interest positions. In order to cover future capital requirements, the Company's financial management team also regularly checks alternative finance opportunities.

Loss of receivables risk

LUDWIG BECK is exposed to the risks of non-payment of receivables to only a very limited extent. The risks resulting from credit card payments are mainly borne by the credit card providers. As for other non-cash payment transactions, the risk in general is extremely low.

Legal and tax risks

To the best of the Company's knowledge the Company is not currently facing, nor expecting, legal proceedings or arbitration which might have an impact on LUDWIG BECK's economic situation. As a result, no impact on business development is expected. Should there be legal questions, the Company always seeks the help of external legal advisers.

The Company has sufficient insurance cover for risks from damages and liability claims.

The 2008 corporate tax amendments may result in the cancellation of tax-relevant loss carry forwards when buying/ selling shares. This will have an immediate effect on the financial standing as tax-relevant loss carry forwards were capitalized in the balance sheet.

IT risks

IT risks mainly concern our requirement for the no-fail availability of our cash register and computer systems and thus the necessary IT network, as well as the integrity of data in connection with potential external attacks on our IT systems.

The quality and security of processes in the field of data processing are guaranteed by a combination of external and internal services.

An effective IT management ensures that the Company's IT systems are permanently available and that measures to protect the system from external attacks are taken.

Personnel risks

Employees are one of the most decisive success factors.

Our human resources activities focus on providing effective training and advanced training measures and developing junior managers.

The development of staff, in combination with the application of our management principles, reduces the risk of personnel fluctuations and secures the high standards of our employees.

Weather risks

The worldwide climatic change has definitely become a risk factor for retail trade companies. Summers are too cool, winters too mild. There is too much snow or not enough. A rainy summer has a negative impact on the swim fashion collection, a mild winter curbs the demand for winter wear such as coats, gloves or caps.

Furthermore, the number of visitors is generally very closely related to the weather situation. Under extreme meteorological conditions experience-oriented department stores like LUDWIG BECK are clearly less frequented since people only shop for daily necessities such as food or household items.

Overall risk

With regard to the fiscal year 2008, the most significant risks lie in grossly misjudging the future development of sales. There are no recognizable risks which might endanger the Company's continued existence.

Remuneration Report

Remuneration of the Executive Board

The total remuneration of the members of the Executive Board consists of several remuneration components, i.e. a fixed remuneration, a bonus, fringe benefits and a pension commitment.

Upon proposal of the personnel committee, the structure of the remuneration system for the Executive Board is discussed and reviewed by the Supervisory Board on a regular basis. The personnel committee is the responsible body for fixing the remuneration of the Executive Board; it decides on the adequacy of the remuneration.

The criteria for adequacy of the remuneration are in particular geared towards the duties of the respective member of the Executive Board, his personal performance as well as the economic situation, the success and the future prospects of the Company taking into account a comparable environment.

Individual remuneration components: The remuneration of the members of the Executive Board is composed of both performance-related components and components that are independent from performance. The components which are not success-based include a fixed remuneration, fringe benefits and a pension commitment, while the performance-related component takes the form of a bonus.

The fixed remuneration is paid in the form of a monthly stipend as a performance-independent base remuneration. In addition, the members of the Executive board receive fringe benefits in the form of non-cash remuneration, primarily consisting of insurance premiums for the D&O insurance policy and the right to use a company car. Each member of the Executive Board has to pay personal tax on their company car. Loans or advance payments were not extended to any of the members of the Executive Board in the reporting year.

The performance-related remuneration component is a bonus. The bonus amount is determined by the development of the Group's sales success. Furthermore, the Supervisory Board can grant a special bonus to reward special accomplishments.

The total remuneration of the members of the Executive Board amounted to € 836k in the 2007 fiscal year.

Individual details are shown in the following chart:

The previous chart shows pension payments to the members of the Executive Board. Benefit payments commence upon attainment of age 63 or in case of a permanent inability to work.

Mr. Münch's pension is determined by the length of service as a member of the Executive Board of LUDWIG BECK AG. Pension payments will be increased by € 4k each year until attainment of age 63.

Current pension payments are adjusted annually in accordance with the consumer price index.

The pension claims of the members of the Executive Board are shown in the balance sheet pursuant to IFRS and the applicable provisions of the IAS 19 and are based on actuarial calculation procedures.

No member of the Executive Board has been promised additional benefits for the case of withdrawal from his position as member of the Executive Board. No member of the Executive Board has received benefits or has been promised benefits from third parties with regard to his services as a member of the Executive Board.

Remuneration of the Executive Board 2007 in €k (previous year)	Annual remuneration			Total	Pension
	Fixed	Value of fringe benefits	Bonus		Annual value upon initial date of pension payments (as of Dec. 31, 2007)
	€k	€k	€k	€k	€k
Dieter Münch	256 (223)	15 (15)	160 (154)	431 (392)	57 (53)
Oliver Haller	240 (0)	15 (0)	150 (0)	405 (0)	0 (0)

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is determined by the general meeting and is regulated by the articles of association. The remuneration depends on the duties and responsibilities of the members of the Supervisory Board and the economic success of the LUDWIG BECK Group.

The remuneration of the Supervisory Board consists of a fixed component and a variable component. In addition to a refund of their expenses, the members of the Supervisory Board receive a remuneration composed of the following elements: a fixed remuneration in the amount of € 10k and a bonus of € 1k for each dividend share as resolved by the general meeting in the amount of € 0.10 per no-par share, distributed to the shareholders in addition to € 0.25 per share for the lapsed fiscal year.

Total emoluments of the Supervisory Board:

Remuneration of the Supervisory Board 2007 in €k (previous year)	fixed	variabel	D&O	Total
	€k	€k	€k	€k
Dr. Joachim Hausser	23 (23)	0 (0)	3 (3)	26 (26)
Dr. Eva Annett Grigoleit	18 (17)	0 (0)	3 (3)	21 (20)
Dr. Lutz Helmig (pro rata)	6 (0)	0 (0)	2 (0)	8 (0)
Gabriele Keitel	10 (10)	0 (0)	3 (3)	13 (13)
Eva-Maria Stähle	10 (10)	0 (0)	3 (3)	13 (13)
Gerhard Wöhrl (pro rata)	6 (0)	0 (0)	2 (0)	8 (0)
Günter Bergmann (pro rata)	5 (11)	0 (0)	1 (3)	6 (14)
Steven Wilkinson (pro rata)	5 (12)	0 (0)	1 (3)	6 (15)

Furthermore, the Company pays premiums in the amount of € 3k for each member of the Supervisory Board on a Directors & Officers (D&O) insurance policy as part of the fixed remuneration component.

The Chairman of the Board receives double the amounts of the fixed remuneration and the bonus, his representative one and a half times the amounts. Chairmanship of and membership in the committees of the Supervisory Board are remunerated separately in accordance with the German Corporate Governance Code. Members of the Supervisory Board, who belong to the Supervisory Board for less than a full year, are remunerated on a pro rata basis.

Consultancy services were contracted from Viscardi AG in relation to the capital increase to the value of € 175k. Dr. Joachim Hausser is related to Viscardi AG.

LUDWIG BECK enlisted advisory services to the value of € 139k from CMS Hasche Sigle Lawyers and Tax Consultants. Dr. Eva Annett Grigoleit works with this law firm.

ATON GmbH, Fulda, furnished two low-interest short-term loans of a total of € 2,500k. Both loans are due to be repaid in the 2008 fiscal year. Dr. Lutz Helmig works with this company.

Forecast Report

Recession threat to world economy

According to calculations by the United Nations (UN) the world economy grew by 3.7 % in the last year. However, economic institutes are expecting a general slowdown in economic development for the current year since risks to the economic cycle have noticeably grown as a result of the turbulence in international finance markets.

It's not only the financial crisis caused by the US mortgage market that is responsible for the economic pessimism. The stock markets, tottering since January 21, threat to drag the world economy down. On this day the US and Asian stock markets slumped and the DAX suffered its biggest price drop since September 11, 2001. As a result, the US Federal Reserve (Fed) felt impelled to react to the share market panic over a globally extending recession with extraordinary and drastic interest reductions.

The UN thus also forecast a weakened growth in the world economy for the current fiscal 2008. In the worst case the UN reckons on growth of just 1.6 %. The more optimistic forecast of 3.4 % nevertheless hints at a slowdown. Analysts at the World Bank assume a 3.3 % world economic growth.

The consensus is clear. The economic dynamic of 2008 will be lower than that of the previous year. Whether this is indeed the start of a global and dramatic recession or simply a temporary downturn remains to be seen.

"Hold course!"

Even against the background of increased insecurity, the Federal Government remains basically confident in the further economic development in Germany, providing the future direction with its annual economic report title. Admittedly the recovery has slowed down, but the economic situation remains in tact. Thus the German economy is clearly better protected from shocks and the upswing will make itself felt in the form of improved income perspectives and creation of new jobs. Nevertheless the government has adjusted its GDP growth forecast down from 2 % to 1.7 %. The Federal Bank also cautioned for calm in respect of the fluctuations in the stock market and expects growth of 1.6 %. As such Germany remains within its parameter of medium and long-term growth opportunities.

According to the Gesellschaft für Konsumforschung (Association for Consumer Research) consumers are experiencing an emotional rollercoaster ride. On the one side are rising expectations in business activity and improved propensity to buy, on the other income prospect indicators have fallen. With these sentiments effectively canceling each other out, the consumer climate stagnated at the start of the year. The next few months will prove whether, as expected by the Federal Government, private spending can become a support to the economic cycle. According to the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW) private consumption in 2008 will profit from higher employment levels. Added to that, employees will at last be able to enjoy real increases in pay and also the huge increases in energy and food prices which characterized 2007 will not be repeated.

In their current test of economic activity the Institute for Economic Research (Institut für Wirtschaftsforschung, ifo) gives the all-clear, with the results lying clearly higher than the expectations. Thus the German economy presents itself in a robust condition and – given that the order books are still healthy – there is no perceptible sign of insecurity.

LUDWIG BECK upbeat

LUDWIG BECK shares this sentiment while at the same time trusting above all its own business dynamics in these turbulent times. Therefore we are expecting a clear continuation of our positive earnings development in the 2008 fiscal year.

Since the wide-ranging refurbishment of the "Store of the Senses" at Munich's Marienplatz, the tradition-rich top-selling "draught horse" has displayed itself in a new light: Transparent, generous and integrated – and with many new international brands. The complete redesign of the arcade into a display window netted a 200m² increase in the ground floor sales area. In addition we can now use 600m² of basement (where the former "Wirtshaus zur weiß-blauen Rose" was located) as storage space, freeing up 800m² on the 5th floor to use as attractive sales floor. We expect significant positive developments on turnover through this area increase.

It goes without saying that we will continue to pursue our tried and tested "trading up" strategy, concentrating on the upgrading of the product range in our flagship store. We will accordingly be supplementing our range of exclusive brands and modernize our sales areas on an ongoing basis.

Our unmistakable department concepts, such as HAUTNAH and our exclusive brand range, combined with an incomparable quality of advice will continue to form the basis of our success strategy in the future.

Cost management will continue to deliver positive contributions parallel to this.

We expect an increase in earnings (EBIT) for the LUDWIG BECK Group of about 10 % in 2008. Beyond this we are convinced that the LUDWIG BECK Group will continue to grow organically and healthily and that its turnover development will continue to exceed the sector average.

Munich, February 2008

The Executive Board

Financial Information

Consolidated Balance Sheet

Consolidated balance sheet of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, on December 31, 2007, acc. to IASB

Assets	Appendix	Dec. 31, 2007 €k	Dec. 31, 2006 €k
A. Long-term assets			
I. Intangible assets	(1)	3,343	2,792
II. Property, plant and equipment	(1)	88,910	87,806
III. Deferred taxes	(2)	2,200	3,993
IV. Other assets	(3)	177	182
		94,630	**94,772**
B. Short-term assets			
I. Inventories	(4)	9,112	9,236
II. Receivables and other assets	(5)	2,005	1,739
III. Cash and cash equivals	(6)	1,687	759
		12,804	**11,734**
		107,433	**106,506**

Shareholders' equity and liabilities	Appendix	Dec. 31, 2007 €k	Dec. 31, 2006 €k
A. Shareholders' equity			
I. Subscribed capital	(7)	9,446	8,590
II. Reserves	(7)	14,003	8,864
III. Net income	(7)	1,156	927
IV. Supplementary item from minority interests	(7)	15,619	15,436
		40,225	**33,817**
B. Potential compensation claim by minority shareholders	(8)	**8,813**	**8,859**
C. Long-term liabilities			
I. Liabilities to banks	(10)	36,234	34,444
II. Accruals	(9)	537	1,005
III. Other liabilities	(10)	4,258	6,527
IV. Deferred tax liabilities	(11)	2,681	4,467
		43,710	**46,442**
D. Short-term liabilities			
I. Liabilities to banks	(10)	3,108	10,959
II. Trade liabilities	(10)	1,926	1,823
III. Tax liabilities	(10)	571	332
IV. Other liabilities	(10)	9,080	4,274
		14,685	**17,388**
		107,433	**106,506**

Consolidated Income Statement

Consolidated income statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1–December 31, 2007, acc. to IASB

		Jan. 1. – Dec. 31, 2007		Jan. 1. – Dec. 31, 2006	
	Appendix	€k	€k	€k	€k
1. Sales revenues	(12)				
- sales (gross)		103,487		101,347	
- minus sales tax		16,503	86,984	13,965	87,382
2. Own work capitalized	(13)		164		127
3. Other operating income	(14)		2,649		2,952
			89,797		**90,461**
4. Cost of materials	(15)	45,991		46,074	
5. Personnel expenses	(16)	17,166		17,434	
6. Depreciation	(17)	3,804		3,415	
7. Other operating expenses	(18)	15,664	82,625	16,772	83,694
8. EBIT			**7,172**		**6,767**
9. Financial result of which financing expenses: € 3,421k *(previous year: € 3,711k)*	(19)		**-3,327**		**-3,705**
10. EBT			**3,846**		**3,062**
11. Taxes	(20)		526		1,127
12. Consolidated net income before minority interests			**3,319**		**1,935**
13. Minority interests	(21)		731		537
14. Consolidated income after minority interests			**2,588**		**1,398**
15. Accumulated income			927		451
16. Dividend payment			-672		-336
17. Transfers to/from reserves	(22)		-1,687		-586
18. Unappropriated consolidated net income			**1,156**		**927**
Earnings per share (undiluted and diluted) in €	(23)		0.76		0.42
Average number of outstanding shares in thousands			3,388		3,360

Consolidated Equity Statement

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1–December 31, 2007

	Subscribed capital	Capital reserves	Accum-ulated earnings	Supplemen-tary item from minority interests	Total
	€k	€k	€k	€k	€k
Balance as of Jan. 1, 2007	8,590	7	9,784	15,436	33,817
Consolidated net loss after minority interests	0	0	2,588	0	2,588
Dividend payment	0	0	-672	0	-672
Capital increase	856	3,452	0	0	4,308
Change in supplementary item	0	0	0	183	183
Balance as of Dec. 31, 2007	**9,446**	**3,459**	**11,700**	**15,619**	**40,225**

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1–December 31, 2006

	Subscribed capital	Capital reserves	Accum-ulated earnings	Supplemen-tary item from minority interests	Total
	€k	€k	€k	€k	€k
Balance as of Jan. 1, 2006	8,590	7	8,723	15,471	32,790
Consolidated net loss after minority interests	0	0	1,398	0	1,398
Dividend payment	0	0	-336	0	-336
Change in supplementary item	0	0	0	-35	-35
Balance as of Dec. 31, 2006	**8,590**	**7**	**9,784**	**15,436**	**33,817**

Consolidated Cash Flow Statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1–December 31, 2007, acc. to IASB

	Jan. 1, 2007 –Dec. 31, 2007	Jan. 1, 2006 –Dec. 31, 2006
	€k	€k
Group net income before minority interest and taxes	3,846	3,062
Adjustments for:		
Depreciation of fixed assets	3,804	3,415
Increase/decrease (+/-) in long-term accrurals	41	-257
Financial income	-94	-6
Interest expenses	3,421	3,711
Non-cash loss/profit (+/-) from disposal of fixed assets	272	134
Operating result before changes to working capital	**11,290**	**10,059**
Increase/decrease (+/-) in short-term assets:		
Inventories	124	84
Trade receivables	-140	-421
Other assets, prepaid expenses	-121	172
Increase/decrease (+/-) in liabilities:		
Trade payables	103	-294
Other liabilities	760	-247
Increase/decrease (-/+) in accruals:		
Other accruals	-468	-22
Net cash from operating activities (before interest payments)	**11,548**	**9,331**

(to be continued ...)

	Jan. 1, 2007 –Dec. 31, 2007	Jan. 1, 2006 –Dec. 31, 2006
	€k	€k
Net cash from operating activities (before interest payments)	**11,548**	**9,331**
Interest paid	-3,212	-3,510
Interest received	94	6
Taxes on income paid	-212	0
Net cash from operating activities	**8,218**	**5,827**
Proceeds from disposal of fixed assets	2	168
Disbursements for additions to fixed assets	-5,734	-2,498
Disbursements for additions to plan assets	-78	-181
Net cash used in investing activities	**-5,810**	**-2,511**
Disbursements to minority interests	-595	-652
Dividend payment	-672	-336
Capital increase	4,236	0
Acceptance of bank liabilities	5,000	1,900
Acceptance of interest-bearing loans	2,500	350
Settlement interest-bearing loans	-350	0
Repayment of bank liabilities	-11,922	-3,829
Repayment of finance leases	-532	-538
Net cash from financing activities	**-2,335**	**-3,105**
Change in cash and cash equivals	73	211
Cash and cash equivalents at beginning of fiscal year	759	548
Cash equivals at the end of fiscal year	**832**	**759**

Contents

A. General Data

LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich (hereinafter also referred to as LUDWIG BECK AG), the parent company of the LUDWIG BECK Group was founded on September 24, 1992 by means of transformation from the company LUDWIG BECK am Rathauseck – Textilhaus Feldmeier GmbH, Munich. The registered seat of the Beck AG is in 80331 Munich, Marienplatz 11. LUDWIG BECK AG is listed in the commercial register of the Local Court of Munich, Germany, under registration number HRB 100213.

The object of the LUDWIG BECK Group is the sale of all kinds of goods, especially the whole sale and retail of textiles, clothing, hardware and other merchandise, also by mail order, as well as the acquisition, holding and managing of investments in uncorporated and incorporated companies, especially such companies which own real estate or which themselves hold investments in such companies.

The consolidated financial statements of LUDWIG BECK AG as of December 31, 2007 have been prepared in accordance with International Financial Reporting Standards (concisely: IFRS) / International Accounting Standards (concisely: IAS) and the interpretations of the International Financial Reporting Interpretations Committee (concisely: IFRIC) / Standing Interpretations Committee (concisely: SIC). All of the mandatory aforementioned standards and interpretations were complied with in the fiscal year 2007. In line with Section 315a, German Commercial Code (HGB), additional data including the consolidated management report was added to the consolidated financial statements.

The consolidated balance sheet of LUDWIG BECK AG was drawn up as of the balance sheet dates December 31, 2007 and December 31, 2006. The relevant consolidated income statement, consolidated equity statement, consolidated cash flow statement and the notes to the consolidated financial statements cover the periods from January 1, 2007 to December 31, 2007 and from January 1, 2006 to December 31, 2006. The balance sheet dates of the consolidated companies are identical.

The amounts in the consolidated financial statements are stated in €k (thousand Euro).

Until the previous year, the presentation of items in the balance sheet was in line with the "Structured quarterly reports" scheme of the German stock exchange. As of this fiscal year, the layout complies with IAS 1 "Presentation of financial statements", i.e. follows the order of maturity of the assets. The amounts stated for the previous year were adjusted to the new layout. The present consolidated financial statements comply with the relevant IFRS standards in all respects and give an accurate picture of the actual asset, finance and earnings situation of the LUDWIG BECK Group.

The layout of items in the consolidated balance sheet, the consolidated income statement (total cost method), the equity statement and the cash flow statement is in accordance with IAS 1.

The preparation of the consolidated financial statements requires estimations and assumptions which may affect the amounts stated for assets, liabilities and financial commitments as of the balance sheet date, as well as income and expenses of the fiscal year. Actual amounts may differ from these estimations. The financial statements shall be released for publication on March 14, 2008. The release shall be effected by the Executive Board.

B. Consolidation Principles

I. Consolidated group

In addition to the parent company LUDWIG BECK AG, the following subsidiaries are included in the consolidated financial statements as of December 31, 2007:

Name	Country of domicile	Shareholding (also voting rights ratio)
Direct holdings:		
LUDWIG BECK Beteiligungs GmbH	Germany	100.0 %
Indirect holdings:		
LUDWIG BECK Verwaltungs GmbH	Germany	50.2 %
Feldmeier GmbH & Co. Betriebs KG	Germany	50.1 %

The aforementioned companies are all controlled by interests in the majority of their voting rights and are therefore fully consolidated.

II. Consolidated balance sheet date

The consolidated balance sheet of LUDWIG BECK AG was prepared as of December 31, 2007. The consolidated income statement, the equity statement and the cash flow statement include the period from January 1, 2007 to December 31, 2007. The fiscal years of all subsidiaries correspond with this period.

III. Consolidation methods

1. Capital consolidation

The capital of the fully consolidated companies is consolidated using the purchase method. The acquisition costs of the investment are offset against the proportionate shareholder's equity of the fully consolidated company at the time of purchase. In the course of consolidation, the hidden reserves and liabilities were distributed among the assets and liabilities of the acquired company. A complete revaluation of assets and liabilities was undertaken for the purpose of consolidation. In this way, the shares of other shareholders are also measured at the fair values of identifiable assets and liabilities attributable to the minority interests.

The capital of the Feldmeier GmbH & Co. Betriebs KG was consolidated at the date of acquisition, while for all other first-tier and second-tier subsidiaries capital consolidation was undertaken at the time of their foundation.

Within the scope of subsequent consolidation, uncovered hidden reserves and liabilities are treated in the same way as the corresponding assets and liabilities.

Other shareholders' minority interests in equity capital and net income were accounted for on the one hand by a potential compensation claim for minority shareholders as a liability and on the other hand by supplementary items for minority interests in equity. The accounting is in accordance with IAS 32 and IAS 1.

There were no credit balances resulting from capital consolidations.

2. Consolidation of receivables and liabilities

Receivables and liabilities between consolidated companies were eliminated during the consolidation of receivables and liabilities.

3. Consolidation of income and expenses

Inter-company sales and other operating incomes were offset against material expenses and corresponding other operating expenses. Interest income and expenditures within the group were also netted against each other.

4. Elimination of unrealized profits

There was no need for elimination of unrealized profits resulting from inter-company sales and services.

IV. Principles of foreign currency translation

No foreign currency translations were required during consolidation, as all subsidiaries are German.

The reporting currency is thousand euros (€k).

V. Accounting principles and valuation methods

1. General

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) / Standing Interpretations Committee (SIC), as valid on the balance sheet date.

The consolidated balance sheet and income statement of the companies included in the consolidated financial statements were mainly prepared according to the following accounting principles and valuation methods of the parent company.

2. First application of IFRS/IAS

The IASB issued several amendments to the existing IFRS and published new IFRS and interpretations of the International Financial Reporting Interpretation Committee (IFRIC).

The following interpretations and standards were to be applied for the first time in the 2007 fiscal year:

IFRS 7 "Financial instruments disclosure"
IFRIC 8 "Scope of IFRS 2"
IFRIC 10 "Interim financial reporting and impairment"

Of these standards, IFRS 7 had an effect on the information provided in the consolidated notes.

The following standards and interpretations have already been passed by the IASB but will only have to be applied in future fiscal years:

IFRS 8 "Operative segments"
IFRIC 11 "IFRS 2 – Group and treasury share transactions"
IFRIC 12 "Service concession arrangements"
IFRIC 13 "Customer loyalty programs"
IFRIC 14 "IAS 19 – The limit on defined benefit assets, minimum funding requirements and their interaction"

The group assumes that only IFRS 8 will have an effect on the information to be provided in the notes.

3. Currency translations used in the consolidated companies

There is no hedging for foreign currencies.

Receivables and payables in foreign currencies are always converted at the exchange rate valid on the day of the transaction pursuant to IAS 21.

Receivables and payables in foreign currencies are valued at the lower buying rate or higher selling rate valid at the balance sheet date.

4. Intangible assets

In accordance with IAS 38 improved, acquired intangible assets are capitalized at acquisition cost and amortized in scheduled amounts over their expected useful lives using the straight-line method (pro rata temporis).

No non-scheduled write-downs were made.

Concessions, industrial and similar rights and licenses in such other rights

These concern licenses and modifications to user software, which are written down over an expected useful life of 3 to 5 years, or 10 years in the case of essential software programs.

The brand name "Beck" (€ 2,038k) has been included under "concessions, industrial and similar rights and licenses in such rights", as it represents an identified brand name according to IAS 38. In line with the application of this standard, the scheduled amortization of the brand name ended as of January 1, 2004, as this right is not consumed over time (unlimited useful life). As of December 31, 2006, there was no indication of any impairment of the brand name.

5. Property, plant and equipment

With the exception of land and buildings, property, plant and equipment is carried at acquisition or production cost including any ancillary expenses, according to IAS 16.

Due to an acquisition through merger by LUDWIG BECK Beteiligungs GmbH, land and buildings of Feldmeier GmbH & Co. Betriebs KG are carried at their fair value in accordance with IAS 22. For the fair value measurement of land at initial consolidation in 2001, the acquisition costs and development of guideline land prices between 1998 and 2000 were considered. The building is depreciated in scheduled amounts over its expected useful life.

Depreciable objects of the fixed assets are written down in scheduled amounts (pro rata temporis) over their useful life (possibly limited by shorter leases) using the straight-line method. Depending on the asset, the following useful lives are applied:

Buildings	10–40 years
Buildings including buildings on third party land	10–40 years
Other fixtures and fittings, tools and equipment	3–10 years

Non-real-estate assets up to a value of € 410.00 are depreciated over a period of 3 years.

In the fiscal year two branches had to be fully written down due to permanent diminution in value.

Payments on account for assets under construction are capitalized with the amount paid.

Maintenance costs are expensed in the respective period.

Leasing

In those cases in which leasing agreements qualify as finance lease pursuant to IAS 17, the leasing object is capitalized and payment obligations with regard to future leasing installments carried as a liability in the balance sheet. Treatment as a finance lease results in depreciation charges in the consolidated income statement in relation to the useful life of the leasing object as well as the finance expense.

6. Deferred taxes

Deferred taxes are calculated in accordance with the balance sheet – oriented liability method (IAS 12). This requires deferred taxation items to be stated for all temporary accounting and valuation differences between assets and liabilities according to IFRS and tax balance sheet valuations. Deferred tax credits are only considered if recognition is expected.

A deferred tax asset is recognized for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available, against which the unused tax losses can be utilized.

The calculation of deferred taxes was based on the 32,975 % tax rate applicable to LUDWIG BECK AG as of the year 2008. For temporary differences resulting from Feldmeier GmbH & Co. Betriebs KG, the tax rate of 15,825 % (corporate tax and solidarity surcharge), applicable as of the year 2008 was applied to that part attributable to the majority shareholder (LUDWIG BECK Beteiligungs GmbH), as Feldmeier GmbH & Co. Betriebs KG is exempt from trade tax and, due to trade tax reduction regulations, LUDWIG BECK Beteiligungs GmbH is not subject to trade tax on the proportional income from Feldmeier GmbH & Co. Betriebs KG. There are no other group taxes for minority interests.

Deferred tax assets and liabilities were offset in accordance with IAS 12.

7. Inventories

In accordance with IAS 2, raw material, supplies and merchandise are always valued at acquisition cost. The FiFo principle was applied to the consumption of inventory if necessary.

Appropriate deductions to net realizable value were made for old stock and goods of reduced salability (marketability). In addition, lump-sum reductions for cash discounts were recognized. The cost of external capital was not capitalized.

8. Receivables and other assets

Trade receivables are carried at net book values which usually equal nominal values before valuation allowances. Doubtful receivables and recognizable risks are covered by appropriate valuation allowance; bad debts are written off.

Other receivables and other assets are carried at net book values.

Long-term receivables were not discounted, as there is already a market interest rate.

Prepaid expenses contain only prepaid operating expenses.

9. Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and short-term bank balances. The amounts are given at nominal values.

The cash disposition of LUDWIG BECK is based on the offset amounts of current account credits and liabilities. Current account liabilities are not considered as due at call.

10. Accruals

According to IAS 37, accruals are recognized when an enterprise has a present obligation (legal or constructive) as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation.

Other accruals cover all recognizable obligations. The valuation is based on the probable amount.

Long-term non-interest bearing accruals are discounted at their cash values.

Pension accruals
The actuarial assessment of pension accruals is based on the "projected unit credit method" as prescribed for old-age pension commitments in IAS 19. According to this method not only the pension benefits and accrued future pension benefits known at the balance sheet date but also expected increases of salaries and pensions are taken into account. Actuarial profits and losses are valued on the basis of the so-called corridor method pursuant to IAS 19.

11. Liabilities

Financial liabilities
Liabilities are always carried at net book values. Due to short maturities or basically unchanged market interest rates since the date of borrowing, there are no major differences between fair values and book values.

Long-term, non-interest-bearing liabilities were discounted at cash values.

Trade liabilities
Trade liabilities are always carried at net book values which basically equal fair values. Most of these fall due within one year. Other financial liabilities are carried at repayment value. They comprise a variety of individual items. There are no major differences between balance sheet values and current values.

12. Maturities

Asset and liability items with a term of less than one year were recognized as "short-term". Assets and liability items with a term of more than one year were recognized as "long-term".

13. Revenue realization

Revenue is recognized from the sale of goods when the goods are delivered. Revenue from rendering services is recognized when the service is performed. Sales revenues are disclosed net of sales tax, discounts and credit notes.

14. Cost of external capital

In accordance with the benchmark method of IAS 23, the cost of external capital was capitalized as expense for the period in which it occurred.

15. Financial instruments (IAS 32 and 39)

In the consolidated financial statements, financial assets and liabilities comprise cash and cash equivalents, trade receivables and payables, other receivables, other liabilities and liabilities to banks as well as potential compensation claims of minority shareholders. The accounting principles regarding carrying amounts and valuation of these items are described in the respective notes to the consolidated financial statements.

Financial instruments are classified as assets or liabilities, according to the economic content of the contractual terms. Interest, income and losses from these financial instruments are therefore carried as income and expenses.

Financial instruments are offset if the Group has a legally enforceable right to do so and intends to settle either just the difference or both the receivables and payables at the same time.

The LUDWIG BECK Group uses a centralized approach to financial risk management for the identification, valuation and control of risk. The Group is basically only subjected to interest risks.

Risks from planned incomings can only occur if sales plans are not realized, since the Group almost exclusively conducts cash transactions or dealings in cash equivalents. Exchange rate risks are generally not incurred, as all sales and most purchases are invoiced in Euro currency. Interest risks are controlled by mixed terms and the combination of fixed-interest and variable interest items.

Fixed interest is usually agreed for the Company's interest-bearing liabilities. Changes to the market interest rate would only have an effect if these financial instruments were carried at their fair values. Since this is not the case, the reported fixed-interest financial instruments are not subject to interest fluctuation risks within the meaning of IFRS 7.

The current account credit lines utilized as of the balance sheet date and during the year are subject to variable interest rates. Therefore, the development of interest rates affects the financial result.

C. Explanations to individual items of the consolidated balance sheet and the consolidated income statement

I. Consolidated balance sheet

(1) Fixed assets

Fixed assets comprise the following items shown in the consolidated balance sheet:

- Intangible assets
- Property, plant and equipment

The development of acquisition costs, cumulative depreciation and book values of fixed assets is presented in the 'development of fixed assets' schedule **on the following page**.

Development of fixed assets

	As of Jan. 01, 2007	Aquisition / manufacturing costs Additions	Disposals	Reclassifications	As of Dec. 31, 2007	Cumulative depreciation	Book value Dec. 31, 2007	Book value Dec. 31, 2006	Depreciation of fiscal year
	€k	€k	€k	€k	€k	€k	€k	€k	€k
I. Intangible assets									
Concessions, industrial and similar rights and assets as well as licenses in such rights and assets	**4,600**	**687**	**0**	**0**	**5,287**	**1,944**	**3,343**	**2,792**	**136**
previous year	*4,635*	*108*	*143*	*0*	*4,600*	*1,808*	*2,792*	*2,825*	*141*
II. Property, plant and equipment									
1. Land, land rights and buildings, including buildings on third party land	100,606	2,916	1,538	0	101,984	19,278	82,706	81,787	1,925
previous year	*100,679*	*1,055*	*1,128*	*0*	*100,606*	*18,819*	*81,787*	*82,686*	*1,803*
2. Other fixtures and fittings, tools and equipment	15,611	2,050	695	0	16,966	10,972	5,994	5,890	1,744
previous year	*15,740*	*1,351*	*1,480*	*0*	*15,611*	*9,722*	*5,890*	*6,164*	*1,471*
3. Payments on account and assets under construction	129	80	0	0	210	0	210	129	0
previous year	*19*	*111*	*0*	*0*	*129*	*0*	*129*	*19*	*0*
	116,346	**5,047**	**2,233**	**0**	**119,160**	**30,250**	**88,910**	**87,806**	**3,669**
previous year	***116,437***	***2,517***	***2,608***	***0***	***116,346***	***28,540***	***87,806***	***88,868***	***3,274***
	120,946	**5,734**	**2,233**	**0**	**124,447**	**32,194**	**92,253**	**90,598**	**3,804**
previous year	***121,072***	***2,625***	***2,751***	***0***	***120,946***	***30,348***	***90,598***	***91,693***	***3,415***

Intangible assets

Intangible assets only comprise assets acquired on a payment basis.

Intangible assets (industrial property rights and similar rights) include the following:

	Dec. 31, 2007	Dec. 31, 2006
	€k	€k
Software, industrial property rights and similar rights	1,305	754
Brand name	2,038	2,038
	3,343	**2,792**

The useful life of user software is 3–5 years, in the case of essential software programs 10 years. Software is depreciated pro rata temporis using the straight-line method. The additions during the year in the amount of € 687k mainly concerned a compensation payment due to the dissolution of a sub-tenancy agreement which LUDWIG BECK AG incurred within the scope of the refurbishment works at Marienplatz. The freed space can be productively used as storage and sales space. The compensation payment will be written back over the period of the acquired utilization.

The intangible asset originating from the purchase of the company name "LUDWIG BECK" in 1995 was amortized pro rata temporis in annual amounts of € 170k until December 31, 2003 using the straight-line method. By virtue of the applied IFRS 3, IAS 36 and IAS 38 standards, the annual scheduled amortization of this intangible asset ended on January 1, 2004.

The brand name is attributed to the "Retail" segment. However, it only concerns the cash-generating unit "Marienplatz Flagship Store". An impairment test is made annually. The achievable amount is the utility value, as there is no active market for the brand name. The utility value was derived from the planned cash flows of the flagship store (before financial items and income taxes), which were discounted at an interest rate before taxes of 9 %. The cash flows were based on previous years and were extrapolated within the Company's five-year plan. An increase in sales of 1.5 % was assumed. A gross margin of 45 % and cost indexation of 1.5 % were assumed.

There was no need to make unscheduled write downs

Property, plant and equipment

Land, land rights and buildings, including buildings on third party land

Building parts are depreciated over their expected useful lives of 10–40 years (pro rata temporis) using the straight-line method. Improvements are always depreciated by group companies over an expected useful life of 10 years (pro rata temporis) using the straight-line method.

The land was valued on September 1, 2001 at € 68,779k. The building (September 1, 2001: € 3,527k) will be depreciated from the point of revaluation at initial consolidation over 30 yeas in annual rates of € 118k (December 31,2007: € 2,782k). Hidden reserves amounting to € 66,661k were uncovered during revaluation. For the fair value measurement of land at initial consolidation in 2001, the acquisition costs and development of guideline land prices between 1998 and 2000 were considered.

The additions in fiscal year 2007 amounting to € 2,916k mainly concern improvements in LUDWIG BECK AG.

The property at Marienplatz is burdened with mortgages for reported bank liabilities in the amount of € 32,105k.

Finance leasing
Land and buildings include property from the Munich-Haar real estate leasing agreement. This agreement represents a finance lease as the lease term is approximately the same as the useful life of the leased object and all major risks and opportunities connected with the object were transferred from the lessor to LUDWIG BECK AG. The building has been capitalized and will be depreciated over a useful life of 29 years, according to the lease term.

The asset value of the initial costs was also capitalized. It will be written off over a term of 22.5 years according to the lease agreement.

The carrying value of the Haar property, including preliminary expenses incurred, developed as follows in the fiscal year 2007:

As of January 1, 2007	€k	3,105
Depreciation 2007	€k	233
As of December 31, 2007	€k	2,872

Other fixtures and fittings, tools and equipment
The assets listed under this item are all depreciated (pro rata temporis) over a useful life of 3 to 10 years using the straight-line method.

The additions in the fiscal year 2007 amounting to € 2,050k in total only apply to LUDWIG BECK AG.

Finance leasing
Other fixtures and fittings, tools and equipment include leasing objects representing finance leases as the lease terms are approximately the same as the useful life of the leased objects and all major risks and opportunities connected with the objects were transferred from the lessor to LUDWIG BECK AG. These leasing objects have been capitalized and will be depreciated over their useful working lives.

The carrying values of the leasing objects developed as follows in 2007:

As of January 1, 2007	€k	799
Depreciation 2007	€k	292
As of December 31, 2007	€k	507

Payments on account and assets under construction increased by um € 80k to € 210k compared to December 31, 2006.

Impairment
The Company defines each branch as well as the flagship store at Marienplatz as cash-generating unit (CGU) within the meaning of IAS 36. Due to ongoing losses in two branches the prerequisites for an impairment test according to IAS 36 have been established and all future cash flows of these branches were estimated and discounted.

The test result led to the write off of all fixed assets attributable to these branches. Diminution in value in the amount of € 296k was recognized for the relevant items of the fixed assets.

(2) Deferred taxes

The deferred tax assets and liabilities refer to the following items of the consolidated balance sheet or relevant facts and circumstances:

	Dec. 31, 2007		Dec. 31, 2006	
	Asset	Liability	Asset	Liability
	€k	€k	€k	€k
Building	17		34	
Tenant loans	149		174	
Loss carried forward	2,968		5,092	
Leasing		102		79
Other accruals		62		27
Brand name		635		774
Non-interest bearing liabilities		51		162
Land		2,747		4,578
Property, plant and equipment		17		152
Other		1		2
Total	3,134	3,615	5,300	5,774
Net balance of deferred taxes	-934	-934	-1,307	-1,307
Total stated in consolidated balance sheet	**2,200**	**2,681**	**3,993**	**4,467**

Deferred tax assets were recognized for the carry forward of unused tax losses of LUDWIG BECK AG and LUDWIG BECK Beteiligungs GmbH to the extent that it is probable that future taxable profits will be available, against which the unused tax losses can be utilized.

LUDWIG BECK AG has trade tax and corporate tax loss carry forwards, which can be carried forward for an indefinite period. A reduction of these loss carry forwards is expected in the future. Over 96 % of deferred tax assets on loss carry forward result from LUDWIG BECK AG.

LUDWIG BECK Beteiligungs GmbH is engaged in the holding of shares in unincorporated and incorporated companies, especially such companies which own real estate or which themselves hold or manage investments in such companies. Initially, the Company's interest expenses exceeded its income from investments. In the future, however, the Company is expected to generate earnings from its real estate business, which will then use up accrued corporate tax losses.

The deferred taxes for buildings (€ 17k), other accruals (€ 62k), leasing (€ 102k), non-interest-bearing liabilities (€ 51k), tenant loans (€ 149k) and property, plant and equipment (€ 17k) have resulted exclusively from temporary differences between the tax balance sheet and the IFRS balance sheet of the respective company (IAS 12.15). These temporary differences, and hence the deferred taxes, will be released over a corresponding period (until the recognition of the asset or liability).

In accordance with SIC 21, liabilities for deferred taxes were formed (€ 2,747k) for a "quasi-permanent" difference between the valuation of the real estate in the tax balance sheet of Feldmeier GmbH & Co. Betriebs KG and the IFRS balance sheet. In accordance with SIC 21, liabilities for deferred taxes (€ 635k) were also formed for the "quasi-permanent" difference between the valuation of the "LUDWIG BECK" brand name in the IFRS balance sheet and the valuation in the tax balance sheet.

(3) Other assets (long-term)

	Dec. 31, 2007	Dec. 31, 2006
	€k	**€k**
Loans to employees	33	39
Rent prepayment (deferred income)	143	143
	177	**182**

The deferred income item for rent prepayments (€ 143k) is to be released as of June 30, 2036. Rent prepayments will be offset against the last rent payment to the contractual partner upon termination of the lease agreement.

The loans bear interest at market conditions. The interest rate is between 6 % and 7 %.

(4) Inventories

Inventories consist of the following items:

	Dec. 31, 2007	Dec. 31, 2006
	€k	**€k**
Raw material and supplies (at cost)	161	163
Merchandise (at cost)	9,736	9,955
less impairment of merchandise	-785	-882
	9,112	**9,236**

The usual limitations of ownership apply to the disclosed inventories.

All merchandise is carried at cost less possible impairments. Appropriate deductions to the lower net realizable value are made for old stocks and goods of reduced salability (marketability). In addition, lump-sum reductions for cash discounts were recognized.

In the reporting period inventories in the amount of € 45,893k were carried as expense.

(5) Receivables and other assets (short-term)

Receivables and other assets comprise the following:

	Dec. 31, 2007	Dec. 31, 2006
	€k	**€k**
Trade receivables	1,406	1,266
Other assets	495	373
Prepaid expenses	104	99
	2,005	**1,739**

The disclosed carrying amounts correspond to market values. All maturities are less than one year. There are no further risks of default with the exception of the allowances considered.

Trade receivables (short-term)

Trade receivables contain the following:

	Dec. 31, 2007	Dec. 31, 2006
	€k	€k
Total receivables	1,434	1,302
less allowances	28	36
Inventory of trade receivables	**1,406**	**1,266**

Allowances refer to expected bad debts.

"Enforceable" receivables passed on to a collection agency were written down in full. There are no further loss risks or hedging activities.

Other assets (short-term)

Other short-term assets consist of the following:

	Dec. 31, 2007	Dec. 31, 2006
	€k	€k
Debit-side creditors	108	148
Loans to employees	41	20
Bonus receivables from suppliers	48	18
Others	298	187
	495	**373**

Prepaid expenses

Prepaid expenses concern various expenses representing cost for a specific period after the consolidated balance sheet date and amount to € 104k (previous year: € 99k).

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and bank balances. This item also represents the corresponding financial instruments of the cash flow statement according to IAS 7, whereas the offset amounts of current account credits and current account liabilities are considered.

Cash and cash equivalents contain the following items:

	Dec. 31, 2007	Dec. 31, 2006
	€k	€k
Cash-in-hand	588	691
Bank balances	1,099	68
	1,687	**759**

Bank balances receive interest of between 0.0 % and 3.0 % p.a. Cash-in-hand does not bear interest. There are no hedging activities.

(7) Shareholders' equity

With regard to changes in the shareholders' equity in fiscal year 2007, we refer to the equity statement.

The Company's main equity management objectives are as follows:

- Continuation of the Company's business,
- Adequate interest on equity
- Ensuring a befitting credit rating

The group monitors equity by means of various equity key figures such as equity ratio and return on equity. For the determination of the equity ratio the efficient equity is put in relation to the balance sheet total. The efficient equity of the LUDWIG BECK Group corresponds to the balance sheet equity. The supplementary item "Potential compensation claims of minority shareholder" is not included, as this item is subject to the outflow of contractually agreed distributions to minority shareholders independent of the Company's operative result.

Subscribed capital

The subscribed capital (share capital) of LUDWIG BECK AG is divided into 3,695,000 no-par shares (ordinary shares) as of December 31, 2007 (December 31, 2006: 3,360,000). The no-par shares are issued to bearer. The share capital was paid up in full. The nominal value of the shares is € 2.56 per no-par share. In the 2007 fiscal year 3,387,917 shares were outstanding on average.

In the lapsed fiscal year, subscribed capital developed as follows:

As of January 1, 2007	€k	8,590
Capital increase 2007	€k	856
As of December 31, 2007	**€k**	**9,446**

In the 2007 fiscal year all LUDWIG BECK share were outstanding and fully paid.

Conditional capital

At the AGM on May 30, 2005, the share capital of the Company was raised conditionally by up to € 4,290,000.00 through the issue of up to 1,678,102 no-par bearer shares (ordinary shares). The conditional capital increase is used to grant conversion rights to bearers of convertible bonds. The Executive Board was authorized to issue these by the resolution passed at the AGM on May 30, 2006. Up to now no convertible bonds have been issued.

Authorized capital

At the AGM on May 30, 2005, the Executive Board was authorized, with the approval of the Supervisory Board, to increase the Company's share capital through to May 30, 2010 through the issue of new no-par bearer shares (ordinary shares) in return for stock or cash once or many times, though by a maximum of € 4,290,000.00 (authorized capital). At its meeting on November 23, 2007, the Executive Board resolved to partly utilize the authorized capital and made the following decision:

1. The share capital of the Company in the amount of € 8,589,703.60 is increased by € 856,413.90 to € 9,446,117.50 through issue of 335,000 new no-par bearer shares representing a notional portion of the share capital in the amount of € 2.56 (rounded) per share. The shareholders' pre-emptive subscription right was excluded according to Sections 203 par. 1 and 2, 186 par. 3 sent. 4 AktG.

2. The issue price is € 13.30 per share.

3. The new shares are entitled to a portion of the profits for the fiscal year beginning on January 1, 2007.

4. The new shares were taken over by INTRO Verwaltungs GmbH, Reichenschwand.

The cost of this capital increase are borne by the Company.

The Supervisory Board had give its prior assent to the aforementioned resolutions of the Executive Board.

After the capital increase the remaining authorized capital amounts to € 3,433,586.10.

Reserves

	Dec. 31, 2007	Dec. 31, 2006
	€k	**€k**
Revenue reserves	10,544	8,857
Capital reserves	3,459	7
	14,003	**8,864**

Capital reserve

In the lapsed fiscal year, the capital reserves developed as follows:

As of January 1, 2007	€k	7
Capital increase 2007	€k	3,599
Cost of capital increase	€k	-147
As of December 31, 2007	**€k**	**3,459**

The cost of the capital increase includes corresponding income tax in the amount of € 72k.

Revenue reserves

In the lapsed fiscal year, the revenue reserves developed as follows:

Statutory reserves:

As of January 1, 2007	€k	852
Change 2007	€k	0
As of December 31, 2007	**€k**	**852**

Other revenue reserves:

As of January 1, 2007	€k	8,005
Additions	€k	1,687
As of December 31, 2007	**€k**	**9,692**

The purpose of the revenue and capital reserves is to secure the financing and liquidity of the Company.

Balance sheet profit

As of January 1, 2007	€k	927
Disposals	€k	-927
Additions	€k	1,156
As of December 31, 2007	**€k**	**1,156**

Supplementary item from minority interests

As of January 1, 2007	€k	15,436
Change	€k	183
As of December 31, 2007	**€k**	**15,619**

The supplementary item from minority interests is the result of the details under (8). This amount is equal to the share claim of Feldmeier GmbH & Co. KG against the minority shareholders. This claim has been released in the scope of the revaluation of property in a profit-neutral fashion against overall equity.

In case of a withdrawal of minority shareholders, this claim is offset against purchase price claims and thus automatically increases the equity portion attributable to shareholders of LUDWIG BECK AG.

The participation agreement earmarks an ordinary cancellation right up to December 31, 2030 at the earliest. The Company does not anticipate the withdrawal of minority shareholders for a lasting period.

Notifications pursuant to Section 21 par. 1 German Securities Trading Law (WpHG)

The shareholder structure of LUDWIG BECK AG as of December 31, 2007 is as follows:

Rudolf Wöhrl AG, Nürnberg	26.6 %
ATON GmbH, Fulda	25.1 %
INTRO Verwaltungs GmbH, Reichenschwand	10.1 %
Free float	38.2 %

The following notifications pursuant to Section 21 par. 1 WpHG were received by LUDWIG BECK AG in the 2007 fiscal year:

May 7, 2007
Direct Holdings:
On May 7, 2007, INTRO Verwaltungs GmbH (Reichenschwand) corrected its voting right notification of May 3, 2006 and gave notification that, as of April 14, 2006, its voting rights in LUDWIG BECK AG exceeded the 3 % threshold and it is currently holding 4.91 %. This equals 165,000 votes.

May 7, 2007
Indirect holdings:
On May 7, 2007, Mr. Hans Rudolf Wöhrl (Germany) corrected his voting right notification of May 2, 2006 and gave notification that, as of April 14, 2006, his voting rights in LUDWIG BECK AG exceeded the 3 % threshold and he is currently holding 4.91 %. This equals 165,000 votes. All of these voting rights are directly held by INTRO Verwaltungs GmbH.

May 7, 2007
Direct holdings:
Rudolf Wöhrl AG (Nuremberg) corrected his voting right notification of May 3, 2006 and gave notification that, as of April 14, 2006, his voting rights in LUDWIG BECK AG exceeded the 3 %, 5 %, 10 %, 15 %, 20 % and 25 % thresholds and he is currently holding 25 % (+ 1 share). This equals 840,001 votes.

May 7, 2007
Indirect holdings:
Mr. Gerhard Wöhrl (Germany) gave notification that, as of April 14, 2006, his voting rights in LUDWIG BECK AG exceeded the 3 %, 5 %, 10 %, 15 %, 20 % and 25 % thresholds and he is currently holding 25 % (+ 1 share). This equals 840,001 votes. All of these voting rights are directly held by Rudolf Wöhrl AG.

May 14, 2007
Direct holdings:
ATON GmbH (Fulda) gave notification that, as of April 24, 2007, its voting rights in LUDWIG BECK AG exceeded the 20 % threshold and it is currently holding 20.41 %. This equals 685,889 votes.

May 14, 2007
Indirect holdings:
Dr. Lutz Helmig (Germany) gave notification that, as of April 24, 2007, his voting rights in LUDWIG BECK AG exceeded the 20 % threshold and he is currently holding 20 %. This equals 685,889 votes. All of these voting rights are directly held by ATON GmbH.

June 13, 2007
Direct holdings:
INTRO Verwaltungs GmbH (Reichenschwand) gave notification that, as of June 6, 2007, its voting rights in LUDWIG BECK AG moved below the 3 % threshold and it is currently holding 0 %. This equals 0 votes.

June 13, 2007
Indirect holdings:
Mr. Hans Rudolf Wöhrl (Germany) gave notification that, as of June 6, 2007, his voting rights in LUDWIG BECK AG moved below the 3 % threshold and he is currently holding 0 %. This equals 0 votes. All of these voting rights are directly held by INTRO Verwaltungs GmbH.

June 25, 2007
Direct holdings:
ATON GmbH (Fulda) gave notification that, as of June 20, 2007, its voting rights in LUDWIG BECK AG exceeded the 25 % threshold and it is currently holding 26.98 %. This equals 906,544 votes.

June 25, 2007
Indirect holding:
Dr. Lutz Helmig (Germany) gave notification that, as of June 20, 2007, his voting rights in LUDWIG BECK AG exceeded the 25 % threshold and he is currently holding 26.98 %. This equals 906,544 votes. All of these voting rights are directly held by ATON GmbH.

July 12, 2007
Direct holdings:
Absolute European Catalyst Fund Limited (George Town, Cayman Islands) gave notification that, as of July 9, 2007, its voting rights in LUDWIG BECK AG exceeded the 3 % threshold and it is currently holding 3.274 %. This equals 110,000 votes.

July 12, 2007
Indirect holdings:
Absolute Capital Management Holdings Limited (George Town, Cayman Islands) gave notification that, as of July 9, 2007, its voting rights in LUDWIG BECK AG exceeded the 3 % threshold and it is currently holding 3.274 %. This equals 110,000 votes. All of these voting rights are directly held by Absolute European Catalyst Fund Limited.

September 11, 2007
Direct holdings:
Absolute European Catalyst Fund Limited (George Town, Cayman Islands) gave notification that, as of September 6, 2007, its voting rights in LUDWIG BECK AG moved below the 3 % threshold and it is currently holding 2.976 %. This equals 100,000 votes.

September 11, 2007
Indirect holdings:
Absolute Capital Management Holdings Limited (George Town, Cayman Islands) gave notification that, as of September 6, 2007, its voting rights in LUDWIG BECK AG moved below the 3 % threshold and it is currently holding 2.976 %. This equals 100,000 votes. All of these voting rights are directly held by Absolute European Catalyst Fund Limited.

November 29, 2007
Direct holdings:
INTRO Verwaltungs GmbH (Reichenschwand) gave notification that, as of November 28, 2007, its voting rights in LUDWIG BECK AG exceeded the 3 % and 5 % thresholds and it is currently holding 9.07 %. This equals 335,000 votes.

November 29, 2007
Indirect holdings:
Mr. Hans Rudolf Wöhrl (Germany) gave notification that, as of November 28, 2007, his voting rights in LUDWIG BECK AG exceeded the 3 % and 5 % thresholds and he is currently holding 9.07 %. This equals 335,000 votes. All of these voting rights are directly held by INTRO Verwaltungs GmbH.

December 10, 2007
Direct holdings:
INTRO Verwaltungs GmbH (Reichenschwand) gave notification that, as of December 7, 2007, its voting rights in LUDWIG BECK AG exceeded the 10 % thresholds and it is currently holding 10.01 %. This equals 369,806 votes.

December 10, 2007
Indirect holdings:
Mr. Hans Rudolf Wöhrl (Germany) gave notification that, as of December 7, 2007, his voting rights in LUDWIG BECK AG exceeded the 10 % thresholds and he is currently holding 10.01 %. This equals 369,806 votes. All of these voting rights are directly held by INTRO Verwaltungs GmbH.

(8) Potential compensation claim of minority shareholders

IAS 32 governs the classification of financial instruments. A distinction between equity instruments and financial liabilities must be made according to which shares of capital of partnerships not always represent equity capital like in the case of HGB but are financial instruments that need to be classified.

In accordance with IAS 32.18 such a financial instrument with an attached obligation to return of the bearer in return for cash or other financial assets represents a financial liability and not an item of equity. Therefore it is not allocated to equity.

Against the background of a securing of the Marienplatz location, LUDWIG BECK acquired 50.1% of Feldmeier GmbH & Co. Betriebs KG in the fiscal year 2006. In the course of the full consolidation, 49.9 % of minority interests were recognized in the balance sheet. A potential compensation claim by minority shareholders in the amount of € 8,813k would result from the underlying participation agreement on the balance sheet date (previous year: € 8,859k). This compensation claim is equal to the amount which all minority shareholders could claim upon withdrawal as of the balance sheet date. The amount of this potential compensation claim represents a financial liability and not equity in terms of the IAS 32. The compensation claim by minorities is a function of the value of Feldmeier GmbH & Co. Betriebs KG on the basis of contractually determined values for the property at Marienplatz.

(9) Accruals

The following details are provided on accruals in accordance with IAS 37:

	As of Jan 1, 2007	Use	Release	Additions	As of Dec. 31, 2007
	€k	€k	€k	€k	€k
Maintenance obligation	1,005	0	514	46	537

Maintenance obligation

This accrual concerns a maintenance obligation from a lease and was formed on the basis of an expert opinion. It mainly concerns deconstruction obligations upon termination of the lease. The amount of the obligation was estimated as of the date of performance (June 30, 2036). The value set down in the expert opinion was extrapolated on the basis of an average construction cost increase of 3 % and discounted at an interest rate of 5.5 %. In former periods these parameters were deemed balanced for the future. In line with a long-term observation of the construction cost development, this estimation has now been adjusted to the circumstances. As a result of this new estimation, the accrual was reduced by € 514k in the year under review. To the extent this estimation is not to be adjusted in the coming years, this accrual will be compounded proportionally.

Accruals for pension and similar commitments

Accruals for pension commitments are established for employee benefit schemes providing for retirement, disability and surviving dependants' benefits if the pension plan is to be qualified as performance-oriented plan according to IAS 19.

Pension accruals for Defined Benefit Plans are determined in accordance with the internationally accepted "projected unit credit method" pursuant to IAS 19. Future pension obligations are measured on the basis of the acquired underlying entitlements as of the balance sheet date.

The Company records so-called actuarial losses in accordance with the corridor method pursuant to IAS 19.92. Furthermore, the Company pays premiums to an external insurance company from which payments shall be made in the event giving rise to benefits.

The policy is a qualifying insurance policy within the meaning of IAS 19.104 b. The insurance policy is to be classified as plan assets.

Pension accruals are determined by the difference between the cash value of pension obligations, the corridor amount and the plan assets and are composed as follows:

	2007	2006
	€k	€k
Cash value of pension obligations as of the balance sheet date	1,026	1,127
Positive plan assets (-)	-1,007	-927
Actuarial profits (+)/losses (-) not shown in the balance sheet	-19	-214
Balance sheet value of pension obligations	**0**	**-14**

As of December 31, 2007 no accruals for pension obligations had to be formed.

The following actuarial assumptions form the basis for the determination of the balance sheet value of the commitments:

	2007	2006
	%	%
Discount factor	5.25	4.50
Pension trend	1.875	1.875

Since the pension entitlements of the members of the Executive Board are subject to contractually agreed rates of increase, the general salary trends are not to be taken into account as usual.

Actuarial profits and losses result from asset changes and deviations of the actual trends (e.g. income or interest increases) from the original calculation parameters.

At the end of the fiscal year the actuarial losses not carried as expense amounted to € 18k (previous year: € 214k).

The income statement for the fiscal year includes the following expenses for pension commitments:

	2007	2006
	€k	€k
Current service cost	32	97
Amortization of actuarial losses	10	23
Amortization of actuarial losses through settlement payments	0	57
Interest cost	51	57
	93	**234**

In the year under review pension commitments underwent the following changes:

	2007	2006
	€k	€k
Balance sheet value of pension commitments at the beginning of the year	-14	175
Cost during fiscal year	93	234
Contributions to plan assets	-79	-181
Settlement of existing claims	0	-242
	0	**-14**

(10) Liabilities

	Total	within 1 year	of which due between 1 and 5 years	over 5 years
	€k	€k	€k	€k
1. Liabilities to banks	39,342	3,108	6,151	30,083
previous year	*45,403*	*10,959*	*3,737*	*30,706*
2. Trade liabilities	1,926	1,926	0	0
previous year	*1,823*	*1,823*	*0*	*0*
3. Tax liabilities	571	571	0	0
previous year	*332*	*332*	*0*	*0*
3. Other liabilities	13,338	9,080	1,846	2,412
previous year	*10,801*	*4,274*	*2,269*	*4,258*
of which taxes: € 1,551k *(previous year: € 1,113k)*				
of which social security: € 0k *(previous year: € 2k)*				
Dec. 31, 2007	**55,177**	**14,685**	**7,997**	**32,495**
previous year	*58,359*	*17,388*	*6,006*	*34,964*

Liabilities to banks (€ 32,057k) referring to the "Marienplatz" property are secured as follows:

Mortgages	€k	31,930
Guaranties of minority shareholders	€k	176

Other liabilities to banks amounting to € 7,237k are not secured as of December 31, 2007.

According to IAS 32, liabilities to banks are classified as financial instruments. Liabilities to banks bear risks from interest rate changes with regard to overdraft facilities with variable interest rates. These interest rates are then adapted to current market rates. In case of loans with fixed-rate interest agreements, there is the risk that market interest rates may fall. The consolidated balance sheet amount corresponds to the present value of liabilities.

In order to minimize interest rate risks, fixed interest rates were agreed for a part of the real estate financing (currently short and long-term: € 32,057k) at an annual rate of 4.05 % for an initial period of 5 years and 6 % for an initial period of 20 years. No derivate (structured product) is to be separated or valued separately.

10 a) Liabilities to banks (long-term)

Liabilities to banks are carried at their repayment value. The interest rates were between 4.4 % and 7.6 %. A non-interest bearing loan (nominal value: € 176k) is discounted at 5.5 % (€ 49k) and has a book value as of December 31, 2007 of € 127k.

10 b) Verbindlichkeiten gegenüber Kreditinstituten (kurzfristig)

Die kurzfristigen Verbindlichkeiten gegenüber Kreditinstituten werden zum Rückzahlungsbetrag bilanziert und setzen sich wie folgt zusammen:

	Dec. 31, 2007	Dec. 31, 2006
	€k	€k
Loans	2,253	2,442
Overdrafts	855	8,517
	3,108	**10,959**

As of December 31, 2007, there were current account credit lines of € 19,000k in total, which bore interest at market rates when utilized.

The interest rates for loans were between 5.9 % and 6.7 % and for overdrafts between 4.05 % and 9.4 %.

10 c) Trade liabilities

Trade liabilities in the amount of € 1,926k (previous year: € 1,823k) are carried at their repayment values. Due to the short-term maturities of these liabilities, this amount corresponds to the market value of the liabilities. Suppliers are generally paid within 10 days in order to claim cash discounts, whereas the credit period is generally 60 days.

10 d) Other liabilities (long-term)

	Dec. 31, 2007	Dec. 31, 2006
	€k	€k
Leasing	2,441	3,011
Loans Schweizer Leben	0	1,500
Loans Buchanan Capital Partners II "Marienplatz" GbR	1,817	1,666
External capital	0	350
	4,258	**6,527**

The loan from Buchanan Capital Partners II "Marienplatz" GbR has a term until December 31, 2014. The loan from Schweizer Leben was paid back in February 2008 and is therefore disclosed under "Other liabilities (short-term)".

10 e) Other liabilities (short-term)

	Dec. 31, 2007	Dec. 31, 2006
	€k	€k
Wage and sales taxes	1,606	1,445
Social security contributions	0	2
Purchase vouchers	861	705
Leasing	570	532
Personnel expense	871	678
Audit and tax declaration fees	213	208
Accruals (accrued liabilities)	959	704
Loan from Schweizer Leben	1,500	0
External capital	2,500	0
	9,080	**4,274**

External capital refers only to two short-term, low-interest loans granted to LUDWIG BECK in the 2007 fiscal year which will fall due in 2008.

Liabilities from finance leasing

	Total	of which due within 1 year	between 1 and 5 years	over 5 years
	€k	€k	€k	€k
1. Liabilities from finance leasing	3,011	570	1,846	595
previous year	*3,542*	*532*	*1,919*	*1,092*
2. Minimum leasing payments	3,464	703	2,150	611
previous year	*4,159*	*695*	*2,316*	*1,148*
3. Interest	453	133	304	16
previous year	*617*	*164*	*396*	*57*
4. Amortization	3,011	570	1,846	595
previous year	*3,542*	*532*	*1,919*	*1,092*

In the fiscal year 2007, liabilities from finance leasing developed as follows:

Cash value, Jan 1, 2007	€k	3,542
Leasing rates 2007	€k	-695
Interest cost 2007	€k	164
Cash value, Dec. 31, 2007	**€k**	**3,011**

All leasing agreements of the Company qualifying as leasing contracts pursuant to German law, are to be classified as finance leasing contracts in line with IAS 17. There are operating leasing agreements within the scope of rental agreements concerning branches of the Group as well as car leasing; they are shown under "Other financial obligations".

10 f) Tax liabilities

Income tax liabilities amount to € 571k (previous year: € 332k) as of December 31, 2007.

(11) Deferred taxes (liability-side)

Liabilities-side deferred taxes were presented together with the assets-side deferred taxes (2).

II. Consolidated income statement

The consolidated income statement war prepared according to the total cost method.

(12) Sales revenues

	2007	2006
	€k	€k
Sales revenues	86,984	87,382

Sales revenues are explained in more detail in the segment reporting section. with the exception of an amount totaling € 6k (previous year: € 6k), all sales revenues of the LUDWIG BECK Group were generated in Germany.

(13) Other work capitalized

In the fiscal year 2007, own work capitalized amounted to € 164k (previous year: € 127k). This item concerns personnel expenses during rebuilding work at the flagship store in Munich.

(14) Other operating income

The other operating income consists of the following:

	2007	2006
	€k	€k
Rent receipts and on-charged expenditure on office space	922	864
Administrative earnings	10	27
Sales proceeds	796	1,149
Personnel earnings	294	297
Canteen earnings	351	354
Other	276	261
	2,649	**2,952**

The other operative earnings include aperiodic income in the amount of € 30k (previous year: € 208k).

(15) Cost of materials

	2007	2006
	€k	€k
Cost of raw material, supplies and merchandise	45,991	46,074

The expenses of this item contain merchandise at cost less discounts received as well as changes in opening and closing stock and reductions due to lack of salability.

(16) Personnel expense

	2007	2006
	€k	€k
Wages and salaries	14,236	14,356
Social security	2,624	2,728
Pension costs	306	350
	17,166	**17,434**

Pensions

The Company has set up so-called contribution-oriented and performance-oriented pension schemes (IAS 19) for employees of the LUDWIG BECK Group.

These are divided into two groups:

a) Pension schemes for all employees

As of January 1, 2001, employees have the possibility to apply for inclusion in the union-agreed pension scheme after 6 months of service.

For employees who joined the Company before March 31, 2000, the pension scheme is a direct insurance agreement concluded with an independent third party (with complete reinsurance cover). For employees who joined the Company after March 31, 2000, the contributions are paid into a pension fund.

The scheme is financed by employer contributions which are expensed to the consolidated income statement.

Employees who joined the Company before March 31, 2000, are older than 25 and have at least 5 years of service also receive a voluntary pension promise, whereby the union-agreed pension claims are offset.
This qualifies as contribution-oriented plan within the meaning of IAS 19.

The cost of these pension obligations in 2007 amounted to € 219k (previous year: € 173k).

A total of 367 employees participate in these pension schemes.

b) Pension scheme for members of the Executive Board

The Company gave the members of the Executive Board a commitment for old-age benefits. This commitment qualifies as performance-oriented plan within the meaning of IAS 19.

Expenses for the appropriation to pension accruals as well as for the reversal of actuarial losses are included in the aforementioned sum total in the amount of € 93k (previous year: € 177k). For further explanations we refer to sub-clause 9.

(17) Depreciation

For details concerning depreciation and amortization of intangible and tangible fixed assets, please refer to the "Development of fixed assets" schedule.

(18) Other operating expenses

Other operating expenses comprise the following items:

	2007	2006
	€k	€k
Write downs on short-term receivables	50	36
Cost of office and store space	7,686	8,626
Administration expenses	1,781	2,238
Sales expense	3,869	4,097
Other personnel expenses	1,212	703
Insurance/contributions	207	199
Other taxes	111	111
Others	748	762
	15,664	**16,772**

The aperiodic expenses in the fiscal year amounted to € 10k (previous year: € 65k).

(19) Financial result

	2007	2006
	€k	€k
Other interest and similar income	94	6
Interest and similar expenditure	3,421	3,711
Financial result	**-3,327**	**-3,705**

Other interest and similar income result from interest received on bank balances and interest yields from the performed interest swap transaction in the amount of € 75k. The interest portion for finance leases included under interest expenses amounts to € 164k, pension commitments € 51k (previous year: € 57k).

(20) Taxes

As a result of the minimum taxation in terms of corporate tax and trade tax and a fiscal tax audit carried out for the fiscal years 2002 to 2005, actual income taxes in the amount of € 450k (previous year. € 261k) accrued for 2007. As concerns deferred taxes, a non-recurrent tax yield in the amount of € 810k accrued due to the corporate tax reform and the fiscal tax audit.

	2007	2006
	€k	€k
Income taxes due to minimum taxation	389	261
Fiscal tax audit	58	0
Deferred tax yield due to corporate tax reform and fiscal tax audit	-810	0
Deferred tax expense due to creation and reversal of temporary differences	889	866
	526	**1,127**

Deferred tax expense	2007	2006
	€k	€k
From the change in loss carry forwards	864	760
From capitalizing finance lease assets	48	38
From temporary differences in the carrying of a tenant loan	-11	-11
From temporary differences in the amortization of goodwill	16	16
From temporary differences in non-interest bearing liabilities	-38	-25
From temporary differences in other accruals	41	0
From temporary differences in the depreciation of fixed assets	-103	17
From temporary differences in the treatment of capital increase costs	72	0
From non-recurrent adjustment due to corporate tax reform and fiscal tax audit	-810	0
Other	0	71
Total deferred tax expense	**79**	**866**

The calculation of deferred taxes for temporary differences and loss carry forwards of the LUDWIG BECK Group is based on a Group-wide tax rate of rounded 41 % applied for a trade tax percentage of 490 %. Due to the resolutions of the corporate tax reform the group-wide tax rate applicable to LUDWIG BECK AG will be rounded 33 % as of the year 2008. Deferred tax credits were adjusted accordingly as of December 31, 2007.

As Feldmeier GmbH & Co. Betriebs KG is exempted from trade tax, the tax rate for temporary differences applied to majority shareholdings (50.1 %) amounts to 26.375 %. There are no other group taxes for minority shares (49.9 %) of Feldmeier GmbH & Co. Betriebs KG. As a result of the corporate tax reform, the tax rate will be 15.83 % as of the year 2008. Deferred tax credits and liabilities for deferred taxes were adjusted accordingly as of December 31, 2007.

The following table represents a reconciliation between tax expense and income, resulting from the calculated application of a Group-wide tax rate of 41 % (corporate tax, solidarity surcharge, trade tax), and the tax expense or income disclosed in the consolidated financial statements according to IFRS:

	2007	2006
	€k	€k
Result before income taxes	3,846	3,062
Theoretical tax rate in %	41	41
Calculated tax expense	1,577	1,255
Change in the calculated tax expense by virtue of:		
Differences due to deviating tax rates	-46	21
Tax-neutral minority interests	-300	-220
Tax yield due to adjustment of corporate tax rate	-1,248	0
Tax expense due to fiscal tax audit	496	0
Deviating basis of assessment	47	71
Actual tax expense	**526**	**1,127**

(21) Interests of other shareholders in consolidated revenue

Minority interests in the fiscal year comprise the following:

	2007	2006
	€k	€k
Feldmeier GmbH & Co. Betriebs KG	-731	-537
LUDWIG BECK Verwaltungs GmbH	0	0
Total	**-731**	**-537**

Negative amounts are expenses from profit allocations, positive amounts are income from loss allocations to minority shareholders.

(22) Transfers to/from reserves

Transfers to/from reserves refer only to revenue reserves:

	2007	2006
	€k	€k
Capital contribution to revenue reserves	1,687	586

(23) Explanation of earnings per share

Earnings per share are calculated in accordance with IAS 33 by dividing consolidated net income by the average weighted number of outstanding shares during the period under review.

Earnings per share

	2007	2006
	€k	€k
Consolidated net income in €k	3,319	1,935
Consolidated net income after minority interests in €k	2,588	1,398
Weighted number of shares in thousands	3,388	3,360
Earnings per share in € (undiluted and diluted)	0.76	0.42

The undiluted and diluted results are identical. Contingent and authorized capital are among the instruments that might have a dilutive effect on the result per share (compare C.I.7).

(24) Dividend proposal

The Executive Board and Supervisory Board have proposed the distribution of a dividend in the amount of € 0.30 per share to shareholders with regard to the appropriation of profit. This equals a dividend in the amount of € 1,109k.

D. Explanations to Segment Reporting

The business segments of the LUDWIG BECK Group are reported as follows:

LUDWIG BECK AG	Over-the-counter retailing under the LUDWIG BECK brand (incl. general mail order)
	Monolabel

The division is made according to the varying opportunities and risks inherent in the above-mentioned activities.

As the flagship store at Marienplatz generates more than 80 % of turnover and branches are situated within a radius of less than 100 km, most of them in Munich, any secondary segment reporting would not be sensible for geographical reasons.

The consolidated **2007** figures relating to these segments are attributable to the individual segments as follows:

	Retail	Monolabel	Reconciliation	Group
	€k	€k	€k	€k
Sales revenues (net)	**80,550**	**5,832**	**0**	**86,382**
Inter-segment sales	0	0	0	0
Non-Group sales	80,550	5,832	0	86,382
Segment earnings (EBIT)	**6,578**	**594**	**0**	**7,172**
Interest income				94
Interest expenditure				3,421
Financial result				**-3,327**
Income taxes				526
Result				**3,319**
Depreciation included in segment	3,294	215	0	3,509
Depreciation included in segment according to IAS 36	204	92	0	296
Segment assets	106,590	843	0	107,433
Segment liabilities	67,208	0	0	67,208
Investment in long-term assets	5,729	5	0	5,734

Inter-segment transactions:
No inter-segment transactions were conducted in the fiscal year 2007. A reliable determination of segment debt as of December 31, 2007 would not have been possible without significant investment of time and effort and was therefore not effected for essentiality reasons.

The consolidated **2006** figures relating to these segments are attributable to the individual segments as follows:

	Retail	Monolabel	Reconciliation	Group
	€k	€k	€k	€k
Sales revenues (net)	**80,779**	**6,603**	**0**	**87,382**
Inter-segment sales	0	0	0	0
Non-Group sales	80,779	6,603	0	87,382
Segment earnings (EBIT)	**6,246**	**521**	**0**	**6,767**
Interest income				6
Interest expenditure				3,711
Financial result				**-3,705**
Income taxes				1,127
Result				**1,935**
Depreciation included in segment	3,155	260	0	3,415
Depreciation included in segment according to IAS 36	0	0	0	0
Segment assets	105,391	1,115	0	106,506
Segment liabilities	72,689	0	0	72,689
Investment in long-term assets	2,605	20	0	2,625

E. Explanations to the Consolidated Cash Flow Statement

The cash flow statement shows how the Group's liquid funds changed during the year under review as a result of inflows and outflows of cash. In accordance with IAS 7 (Cash Flow Statements) the Company distinguishes between cash flows from operating, investing and financing activities. Liquidity shown in the cash flow statement comprises cash-in-hand and bank balances.

Financial instruments within the meaning of IAS 7.6. et seq. equal the sum of cash-in-hand and short-term bank balances. However, short-term bank balances are only allocated to financial instruments to the amount there are no current account liabilities on the balance sheet date; otherwise the items are offset.

No offsets were made, as the Company considers current account overdrafts as daily due and payable. Therefore current account balances and liabilities are offset in the LUDWIG BECK financial instrument disposition.

IAS 7.45 requires transfer of the relevant balance sheet items to financial instruments:

Liquid funds	1,687 €k	(compare Clause 6)
net of current account liabilities	855 €k	(compare Clause 10b)
= Financial instruments acc. to IAS 7	**832 €k**	

LUDWIG BECK AG disposes of credit lines in the amount of € 19,000k, which will also be available in 2008. Current account credit lines were utilized in the amount of € 855k plus recourse guarantees as of the balance sheet date.

F. Explanations to the Equity Statement

The equity statement reflects the changes to the individual Group equity items in the course of the year under review. Presentation is in accordance with IAS 1.

G. Other Details

I. Contingent liabilities, contingent assets, other financial commitments

1. Contingent liabilities

In addition to actual commitments covered by accruals, there are contingent commitments subject to future events which cannot be influenced.

2. Contingent assets

There are no contingent assets pursuant to IAS 37.

II. Other financial commitments

The Group's other financial commitments are as follows:

	Annual commitment 2007	Annual commitment 2006	Total commitment 2007	Total commitment 2006
	€k	€k	€k	€k
Lease commitments incl. ground rent	6,369	6,588	91,285	98,473
Advertising contribution commitments	173	225	1.065	1.650

The maturities of the total commitment are as follows:

	within 1 year	1 to 5 years	over 5 years	total
	€k	€k	€k	€k
Lease commitments incl. ground rent	6,369	23,640	61,276	91,285
Advertising contribution commitments	173	613	279	1,065

LUDWIG BECK AG has a storage and shipping agreement with a logistics operator, which expires on March 31, 2010. Payment is linked to incoming goods.

III. Declaration of conformity according to section 161 AktG (Corporate Governance)

The Executive Board and Supervisory Board of LUDWIG BECK AG filed their declaration of conformity according to Section 161 AktG on November 19, 2007. The requirements of the Corporate Governance Code as amended on June 14, 2007 have been met since the last declaration of conformity on November 16, 2006, with the following exceptions:

1. The Executive Board of the Company has no chairman or spokesman (Code Clause 4.2.1 sent. 1).

2. The Supervisory Board has not formed a nomination committee (Code Clause 5.3.3).

The declaration of conformity is permanently available to shareholders at the Company's Internet page **www.ludwigbeck.de**.

IV. Relations to related companies and persons

The following lists those companies and persons related to the Company pursuant to IAS 24.

The members of the Executive Board both have sole power of representation. The members of the Executive Board are authorized to represent the Company in legal transactions with themselves as representatives of a third party without restrictions.

Executive Board

Dieter Münch
Oliver Haller

Total remuneration of the Executive Board of LUDWIG BECK am Rathauseck - Textilhaus Feldmeier Aktiengesellschaft in the fiscal year 2007 amounted to € 836k (previous year: € 922k).

As of December 31, 2007, the members of the Executive Board held 20,000 no-par shares (previous year: 19,000; purchase: 1,000; sale: 0).

Individualized details of Executive Board remuneration are included in the Remuneration report of the consolidated management report.

Supervisory Board

Dr. Joachim Hausser, businessman, Munich, Chairman
Dr. Eva Annett Grigoleit, lawyer, Berlin, Deputy Chairperson
Dr. Lutz Helmig, businessman, Fulda (since May 25, 2007)
Gabriele Keitel, commercial clerk, Munich*)
Eva-Maria Stähle, commercial clerk, Weßling*)
Gerhard Wöhrl, businessman, Nuremberg (since May 25, 2007)
Günter Bergmann, businessman, Munich (until May 25, 2007)
Steven Wilkinson, businessman, Starnberg (until May 25, 2007)

Total remuneration of the Supervisory Board in the fiscal year 2007 amounted to € 83k (previous year: € 83k). Furthermore, D & O insurance policies in the amount of € 3k (previous year: € 3k) have been taken out for each member of the Supervisory Board.

Consultancy services were contracted from Viscardi AG to the value of € 175k. Viscardi AG is related to Dr. Joachim Hausser within the meaning of IAS 24.

LUDWIG BECK enlisted advisory services to the value of € 139k from CMS Hasche Sigle Lawyers and Tax Consultants. Dr. Eva Annett Grigoleit works with this law firm.

ATON GmbH, Fulda furnished two low-interest short-term loans of a total of € 2,500k. Both loans are due to be repaid in the 2008 fiscal year.

The following members of the Executive Board and Supervisory Board hold seats on supervisory boards or similar executive bodies of further companies:

Herr Dr. Joachim Hausser:	
Advisory Council:	GETRAG Getriebe- und Zahnradfabrik
	Hermann Hagemeyer GmbH & Co. KG, Untergruppenbach
Administrative Council:	Kühne & Nagel Intern. AG, Schindellegi
Herr Dr. Lutz Helmig:	
Supervisory Board Chairman:	EDAG GmbH & Co KGaA, Fulda
	EDUCATIONTREND AG, Hamburg
	HAEMA AG, Leipzig
Herr Gerhard Wöhrl:	
Advisory Board Chairman:	TETRIS Grundbesitz GmbH & Co. KG, Reichenschwand
	TETRIS Grundbesitz Beteiligungs GmbH, Reichenschwand
Advisory Board:	Sparkasse Nuremberg, Nuremberg

V. Audit fees

The fee of the auditor for the lapsed fiscal year 2007 amounts to € 340k (previous year: 399).

The fee for the audit of the consolidated financial statements and the annual financial statements amount to € 170k (previous year: € 169k). For other authentication or valuation services, an amount of € 22k (previous year: € 88k) has accrued as well as € 48k (previous year: € 35k) for tax consultation and € 100k (previous year: € 106k) for other services.

VI. Personnel

The group members of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG employed an annual average of 544 people (previous year: 543), of which 190 (previous year: 185) were part-time staff and 124 (previous year: 124) temporary staff. Interns were not included in the calculation.

VII. Information according to sec. 297 par. 2 HGB (commercial code)

The Executive Board made the statement required by Section 297 par. 2 Commercial Code (HGB).

Munich, in February 2008

Dieter Münch Oliver Haller

Additional Information

Corporate Affidavit

"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 and loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group."

Munich, February 2008

Dieter Münch Oliver Haller

Auditor's Opinion

We have audited the consolidated financial statements prepared by LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich – consisting of the balance sheet, income statement, equity statement, cash flow statement and notes – as well as the consolidated management report for the fiscal year from January 1, 2007 to December 31, 2007. The preparation of the consolidated financial statements and the consolidated management report according to IFRS, as apply in the EU, and the applied commercial law regulations supplemented according to § 315a par. 1 HGB is the responsibility of the legal representative of the Company. Our responsibility is to deliver an opinion on the consolidated financial statements and the consolidated management report on the basis of our audit.

We have conducted our audit of the consolidated financial statements in accordance with § 317 HGB and in compliance with German principles of proper auditing of financial statements as laid down by the German Institute of Certified Public Accountants (IDW). These stipulate that the audit must be planned and executed in such a way that inaccuracies and infringements which have a significant effect on the presentation of the assets, financial and earnings position offered by the consolidated financial statements in compliance with the applicable accounting regulations and by the consolidated management report are identified with adequate security. In planning the audit, we also take into consideration knowledge of the business activity, economic and legal environment and expectations of possible errors. As a part of the audit's remit, the effectiveness of the accounting-related internal control system and as evidence for the estimated values and information in the consolidated financial statements the consolidated management report are largely assessed on the basis of random samples.

The audit includes an assessment of the annual financial statements of the companies included in the consolidated financial statements, the scope of the consolidated group, the accounting and consolidation principles applied and the legal representatives' principle assessments, as well as an appreciation of the overall presentation of the consolidated financial statements and the consolidated management report. We believe that our audit provides a sufficiently reliable foundation for our judgment.

Our audit has given rise to no objections.

As a result of the findings of the audit, the consolidated financial statements of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG are in compliance with IFRS, as apply in the EU, and the applied commercial law regulations supplemented according to § 315a par. 1 HGB as well as IFRS overall and, in compliance with these provisions, offers an accurate picture of the Group's assets, financial and earnings position in our assessment. The consolidated management report is in accordance with the consolidated financial statements and overall offers an accurate picture of the Group's position and describes the opportunities and risks of future development accurately.

Munich, February 29, 2008

AWT Horwath GmbH
Wirtschaftsprüfungsgesellschaft

ppa. J. Mayer	W. Zimmermann
Auditor	Auditor

Adresses & Opening Hours

LUDWIG BECK
"Store of the Senses" Munich
Marienplatz 11
80331 Munich
Fon +49 89 23691-0
Fax +49 89 23691-600
info@ludwigbeck.de
Monday - Saturday 10am - 8pm

LUDWIG BECK HAUTNAH
at the FÜNF HÖFE Munich
Theatiner Straße 14
80333 Munich
Fon +49 89 20604-280
info@ludwigbeck.de
Monday- Friday 10am - 7pm
Saturday 10am - 6pm

LUDWIG BECK
at the Riem-Arcaden Munich
Willy-Brandt-Platz 5
81829 Munich
Fon +49 89 95994-670
Fax +49 089 95994-896
info@ludwigbeck.de
Monday - Saturday 10am - 8pm

LUDWIG BECK at the pep Munich
(closed as of Dec. 31, 2007)
Thomas-Dehler-Straße 10
81737 Munich
Fon +49 89 6734-646
Fax +49 89 6378-722
info@ludwigbeck.de
Monday - Saturday 9:30am - 8pm

LUDWIG BECK
at the City-Galerie Augsburg
Willy-Brandt-Platz 1
86153 Augsburg
Fon +49 821 5671-980
Fax +49 821 5671-989
info@ludwigbeck.de
Monday - Saturday 9:30am - 8pm

LUDWIG BECK
at the City-Center Landshut
Am alten Viehmarkt 5
84028 Landshut
Fon +49 871 43019-465
Fax +49 871 43019-466
info@ludwigbeck.de
Monday - Saturday 9:30am - 8pm

LUDWIG BECK
fashion outlet Parsdorf/Munich
Heimstettener Straße 1
85599 Parsdorf
Fon +49 89 9047-6067
Fax: +49 89 9047-6069
info@ludwigbeck.de
Monday- Friday 10am - 7pm
Saturday 10am - 6pm

ESPRIT at the OEZ Munich
Hanauer Straße 68
80993 Munich
Fon +49 89 159076-17
Fax +49 89 159076-19
info@ludwigbeck.de
Monday - Saturday 9:30am - 8pm

s.Oliver Regensburg
Maximilianstraße 13
93047 Regensburg
Fon +49 941 5957-190
Fax +49 941 5957-199
info@ludwigbeck.de
Monday - Wednesday 10am - 7pm
Thursday- Friday 10am - 8pm
Saturday 10am - 7pm

s.Oliver at the Regensburg-Arcaden
Friedensstraße 23
93053 Regensburg
Fon +49 941 59579-240
Fax +49 941 59579-249
info@ludwigbeck.de
Monday - Saturday 10am - 8pm

Imprint

Issuer
LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG
Marienplatz 11
80331 Munich
Tel. +49 89 23691-0
Fax +49 89 23691-600
www.ludwigbeck.de
info@ludwigbeck.de

Auditor
AWT Horwath GmbH,
Wirtschaftsprüfungsgesellschaft, Munich

Legal team
CMS Hasche Sigle, lawyers tax accountants, Berlin

Concept, editing, text and design
esVedra consulting, Munich

Contact

Investor Relations/Financial PR
Metis-Corinna Tarta
Tel. +49 89 28808-133
Fax +49 89 28808-149
metis.tarta@esvedra-consulting.com

Controlling
Jens Schott
Tel. +49 89 23691-798
Fax +49 89 23691-600
jens.schott@ludwigbeck.de

Financial Calender

January 4, 2008	Sales figures for 2007
March 14, 2008	Annual press conference in Munich
March 14, 2008	Release of 2007 financial statement
March 17, 2008	Analyst's conference in Frankfurt
April 22, 2008	Three-month report 2008
May 9, 2008	Annual General Meeting in Munich
July 22, 2008	Half-year report for 2008
October 21, 2008	Nine-month report 2008