LUDWIG BECK

ANNUAL REPORT 2009

LUDWIG BECK

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

LUDWIG BECK Annual Report 2009

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LUDWIG BECK

Image front cover: Drawing façade "Store of the Senses".

Image above: Drawing New Town Hall and Marian column at the Marienplatz in Munich.

Picture gallery on the following pages: **Pages 2-3:** The façade of the "Store of the Senses" at Munich's Marienplatz I **Pages 4-5:** "Organic Spirit" in spring I **Pages 6-7:** Children's fashions I **Pages 8-9:** Traditional costume frenzy


LUDWIG BECK


NEUE
KOLLEKTION

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LUDWIG BECK AT A GLANCE

Highlights of the Year

+++ New evening wear department at the "Store of the Senses" – Elegance with cosmopolitan flair on newly designed and expanded sales space on 3rd floor +++

+++ "Trading up" strategy still on a winning streak – Branch-adjusted gross sales up 1.8 % again +++

+++ Costs further reduced – Cost ratio improved 0.5 percentage points to 38.1 % +++

+++ Best result in company history – Earnings before taxes (EBT) rise by more than 40 % up to € 6.4m (previous year: € 4.4m) +++

+++ Investing into the future – LUDWIG BECK increased number of apprenticeship places in the Company +++

+++ Change in shareholder structure – INTRO-Verwaltungs GmbH new major shareholder since May +++

+++ Share price still soaring high: plus 37 % +++

+++ Shareholder-friendly dividend policy – Dividend increases to € 0.35 (previous year: € 0.30) per non-par share +++

Left image: Elegant cocktail dresses in the new evening wear department on the 3rd floor.

REVIEW OF THE YEAR 2009

1st quarter

+ LUDWIG BECK is a jazz in the afternoon partner in the annual BMW Welt Jazz Award, with all participating artists performing live at the "Store of the Senses".
+ "LUDWIG" magazine presents the coming season's highlights for fashion, accessories and cosmetics.
+ February sees the launch of LUDWIG BECK's exclusive Personal Shopping Service. Three high profile top stylists look after every last detail for those seeking professional style coaching.
+ "Hello Kitty" meets M.A.C. With cute and wild "Hello Kitty" looks, March sees M.A.C make up artists in seductive mood at the highly successful evening event staged for our customers.
+ The 2008 annual financial statement are presented at the LUDWICK BECK AG Balance Sheet Press Conference on March 11. The Group ends the 2008 fiscal year with branch-adjusted sales up 1.8 %, against a 4 % minus in the sector as a whole. Earnings before taxes (EBT) are up 42.8 %.
+ The LUDWIG BECK Group once again stands out from the negative sector trend and achieves earnings at the previous year's levels, despite the worldwide slump, with € 21.4m branch-adjusted gross sales as at March 31, 2009. The EBT rises a significant € 0.5m.

2nd quarter

+ Waternymphs find everything needed to cut a good figure on the beach in the new enlarged swimwear department on the 4th floor.
+ Star pianist Lang Lang thrills his fans with an autograph session in the music department in April.
+ The elegant atmosphere of the new evening wear department is to be enjoyed since mid May. Extended and newly decorated with global city flair, it can be found on the 3rd floor.
+ The Annual General Meeting of LUDWIG BECK AG is held on May 15, 2009. The assembly accepts the Executive Board's and Supervisory Board´s proposal to pay a dividend of € 0.30 per share from the balance sheet profit.
+ The pulses of traditional costume lovers are sent racing in June in the enlarged traditional costume department.
+ The time limit for acceptance of the compulsory offer of INTRO-Verwaltungs GmbH expires on June 19, 2009 upon which they secure around 65.9 % of shares in LUDWIG BECK AG.
+ LUDWIG BECK lends the Munich National Theatre Picasso's Stage Curtain "L'Après-midi d´un Faune" for the "World of Russian Ballet" Gala.
+ LUDWIG BECK again stands out from the retail textile sector in the first half year with a branch-adjusted increase in sales of 2.1 %, while the sector as a whole suffers a minus of 3 %.

Images above: Large selection of products in the swimwear department I Men's wear LUDWIG SS 2009.

3rd quarter

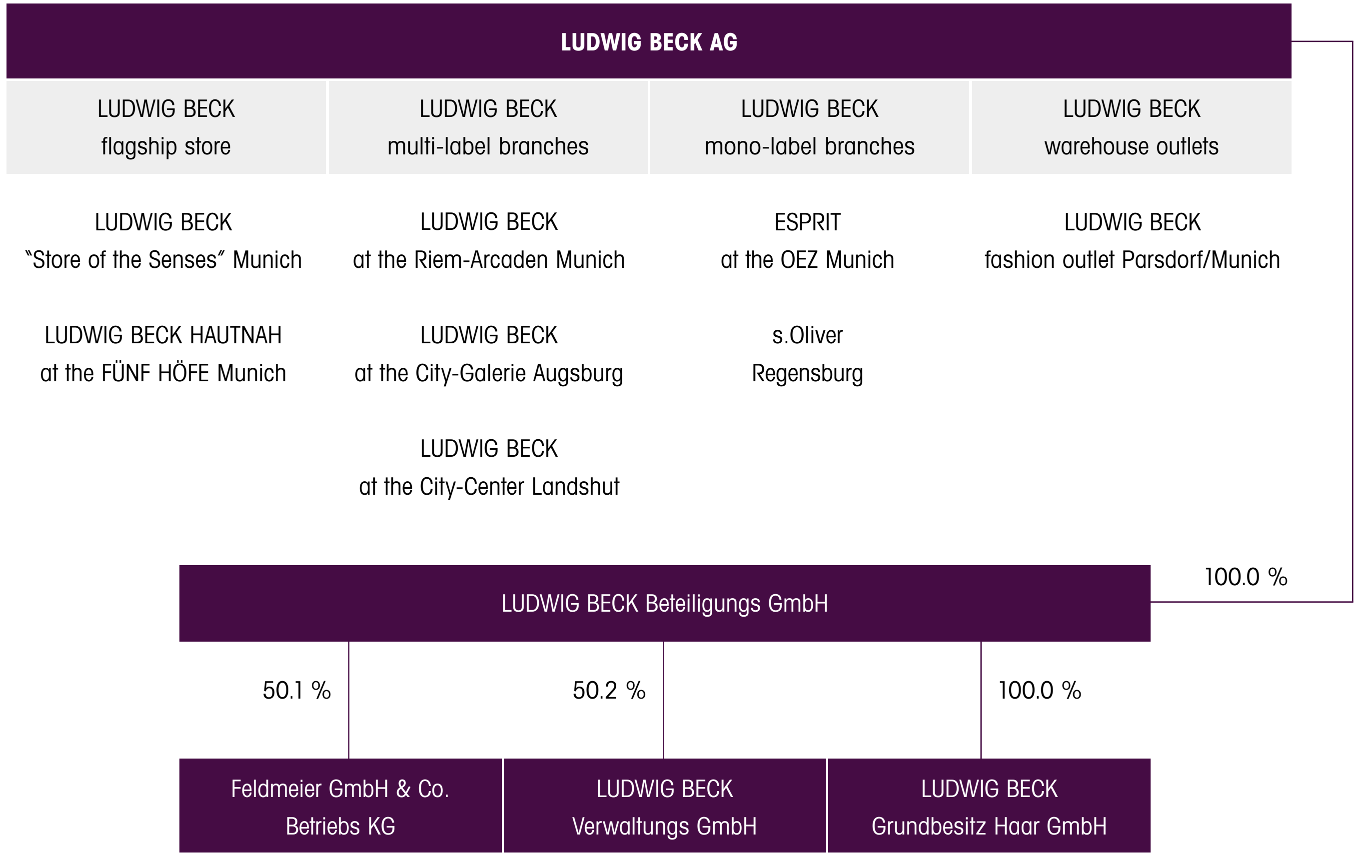
+ In July the successful international lingerie brand Elle Macpherson Intimates joins the wares at LUDWIG BECK – an exclusive in Munich.
+ LUDWIG BECK invites famous artists – including Jonas Kaufmann and Angela Gheorgiu – to autograph sessions as part of the opera festival taking place in Munich.
+ LUDWIG BECK sponsors celebrations for the 120th Jubilee of the Wendelstein Church. Christian Beck, son of Ludwig Beck, had donated the golden church cross at the foundation laying stage.
+ The new "LUDWIG" presents the new 2009/2010 autumn/winter collection in top quality photo-shooting.
+ The Group's 3rd quarter figures show significant EBT growth which is up 19.4 % against the previous year. At € 69.0m, the level of branch-adjusted gross sales can be maintained in the first nine months of 2009.

Images above: Modern Woman LUDWIG AW 2009/10 I Crash Couture evening wear by Anna von Griesheim.

4th quarter

+ At the end of October, LUDWIG BECK is the first retailer to exclusively present the Anna von Griesheim's Crash Couture collection in the new evening wear department. With Talbot Runhof that makes the second big designer name to have found their way into the premium department on the 3rd floor.
+ The new Clive Christian counter opens in October 2009. The name that caused a furore with the world's most expensive perfume is exclusively available in the HAUTNAH department.
+ The much loved Christmas Market opens its doors mid October on the 4th floor, inspiring with sensual Christmas decorations for the most wonderful season of the year.
+ The celebrated cellist Sol Gabetta graces the stage for a third time at the "Store of the Senses".
+ In November LUDWIG BECK welcomes counter tenor and ECHO 2008 winner Philippe Jaroussky for a live performance.
+ Oliver Haller announces that he will not extend his current contract (ending December 31, 2010) as LUDWIG BECK AG Executive Board member for a further period.
+ LUDWIG BECK increases branch-adjusted gross sales 1.8 % to € 103.7m in 2009 while the branch in general concludes the year on par with the previous year. EBIT rises 20.1 % to € 9.8m.

Group Structure



As of December 31, 2009

Key Figures of the Group

Key Figures of the Group		2009	2008	2007	2006	2005
		(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)
Result						
Sales (gross)	€m	103.7	102.6	103.5	101.3	101.7
VAT	€m	16.5	16.4	16.5	14.0	14.0
Sales (net)	€m	87.2	86.2	87.0	87.4	87.7
	%	100.0	100.0	100.0	100.0	100.0
Gross profit	€m	43.0	41.4	41.0	41.3	41.0
	%	49.3	48.0	47.1	47.3	46.7
Earnings before interest, taxes, depreciation & amortization	€m	13.3	12.2	11.0	10.2	9.6
(EBITDA)	%	15.3	14.2	12.6	11.7	10.9
Earnings before interest & taxes (EBIT)	€m	9.8	8.1	7.2	6.8	5.9
	%	11.2	9.4	8.2	7.7	6.6
Earnings before taxes (EBT)	€m	6.4	4.4	3.1	2.5	1.3
	%	7.3	5.2	3.6	2.9	1.4
Consolidated net profit	€m	2.2	2.7	2.6	1.4	0.7
	%	2.6	3.1	3.0	1.6	0.8
Balance sheet						
Equity	€m	42.8	41.8	40.2	33.8	32.8
Equity ratio	%	39.1	37.0	37.4	31.8	30.3
Return on equity before taxes	%	14.9	10.6	7.7	7.5	3.8
Investments	€m	2.2	8.6	5.8	2.5	1.6
Balance sheet total	€m	109.3	112.9	107.4	106.5	108.1
Personnel						
Employees	persons	529	538	544	543	540
Personnel expenses	€m	16.8	16.9	17.2	17.4	17.5
	%	19.3	19.7	19.7	20.0	20.0
Net sales per employee (weighted average)	€k	230.7	226.3	223.6	224.6	218.6
Per share						
Number of shares	m	3.70	3.70	3.39	3.36	3.36
Earnings per share undiluted and diluted	€	0.61	0.73	0.76	0.42	0.20
Dividend	€	0.35	0.30	0.30	0.20	0.10
Other details (as of Dec. 31)						
Sales area	sqm	16,669	16,669	16,428	17,709	17,867
Gross sales per square meter	€/sqm	6,224	6,154	6,299	5,723	5,693

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TO OUR SHAREHOLDERS

Dieter Münch, Member of the Executive Board, LUDWIG BECK AG
Dieter Münch first got to know the Munich fashion house as an intern during his university days. After graduating in economics (University of Applied Sciences) he started his LUDWIG BECK AG career in controlling. Following various positions in the company he was called to the Executive Board in April 1998. As Chief Financial Officer he has been responsible for Finance, Investor Relations und Human Resources since May 1999.

Oliver Haller, Member of the Executive Board, LUDWIG BECK AG
Oliver Haller's career in retail started in 1996 as a buyer at E. Breuninger GmbH & Co. where he subsequently rose to the position of Creative Director, also contributing to business communications and strategic orientation. The economics graduate (University of Applied Sciences) has been responsible for Purchasing, Sales and Marketing as Chief Operating Officer of LUDWIG BECK AG since 2007. He shares team-leadership of the company with Dieter Münch. At his own wish and with the best understanding of LUDWIG BECK company, he will be leaving on December 31, 2010.

Dieter Münch Oliver Haller

Left image: The LUDWIG BECK Executive Board: Oliver Haller (left) and Dieter Münch (right).

Directors´ Dialogue

LUDWIG BECK directors Dieter Münch and Oliver Haller in conversation about a strongly profitable 2009, a new major shareholder and the prospects for a retail company in ongoing insecure economic conditions.

Mr. Münch, Mr. Haller, Germany has lived through a second year of recession which was also a generally mixed year for retail. Share with us your personal summary.

Dieter Münch: The past fiscal year was very gripping, but also for many companies – particularly in retail – a year of huge challenges. As expected, the market cleansing which we already began to see last year continued apace. We experienced the insolvency of the Arcandor Group and the ensuing insolvency of the Quelle mail order business and Karstadt department stores. Closer to home other victims included the ESCADA Group. A company's weaknesses but also strengths are brought to the fore particularly in times of economic slump. In this respect the fact that LUDWIG BECK set the right course in good time has clearly paid off. Because a clear and believable company positioning is essential at times like these.

Oliver Haller: This is where we have once again been successful with our "trading up" strategy which we have been following for the past few years, the goal being to clearly position the "Store of the Senses" as an exciting shopping oasis at the center of Munich through the consistent upgrading of wares with national and international top brands and innovative young designers. At the same time we have been focusing on the redesign and modernization of our interiors – including of course the renovations of the years 2007 and 2008, which have been amongst the most comprehensive of the past decades – this created a totally new shopping atmosphere for our customers at the heart of Munich, which is without compare in Germany. We are particularly proud that our contemporary restoration of the historical façade to Marienplatz and in Dienerstraße were awarded the City of Munich's Façade Prize of 2008.

What exactly has been happening in the "Store of the Senses" over the past year?

Oliver Haller: We were again able to celebrate the opening of a redesigned and enlarged department in 2009. We are especially proud of our new premium evening wear department on the 3rd floor which sets the elegant evening dresses and sparkling accessories off against an appropriately luxurious architectonic interior. Customers are brought into the mood for shopping for luxury apparel on first stepping into the harmoniously selected dark and shimmering tones. Hand in hand with our "trading up" strategy we have attracted in Talbot Runhof and Anna von Griesheim two quite extraordinary brand highlights – and with top Berlin designer Anna von Griesheim's Crash Couture we also have an exclusive as first retailer! Our goal for 2010 is to extend and create a comparably high quality concept for the neighboring designer fashion department.

Dieter Münch: But a stroll through our store isn't just worth it for our new departments. We surprise our customers year on year with exciting sensual events. Luxurious fashions from renowned brands and designers, a paradise of delicious fragrances and cosmetic treatments from top stylists, a legendary music department which offers stars of the music world such as Lang Lang, Sol Gabetta, Philippe Jaroussky and many more a suitable stage. All this makes a visit to our "Store of the Senses" a shopping trip out of this world!

Have these measures had a positive effect on sales and profit developments in 2009

Dieter Münch: The figures confirm that we are on the right path. Whereas the TW-Testclub companies (the strongest participant panels in German textile retail) attained sales on a par with the previous year, ours very clearly exceeded our expectations and we are naturally very satisfied with that. We did not register consumer hold-back in 2009 and after a particularly strong end spurt the Group achieved a branch-adjusted sales increase of 1.8 %. In the light of the ongoing unfavorable conditions this is something we are especially proud of.

Oliver Haller: Sales however aren't everything. We are more interested in operative profits which are the business' focus parameter. And in what was by no means an easy year we were able to reach a significant rise of 20.1 % in comparison to the previous year. That represents an EBIT margin of nearly 11.2 % for the Group – and that is a peak value in our sector, particularly in the current difficult market situation.

Profits were to an extent clouded by tax influences. Why was this?

Dieter Münch: You're quite right, our period profits are down € 0.5m on what the good sales figures would lead us to expect. The reasons for this are the changes in our shareholder structure. At the end of June 2009, Hans Rudolf Wöhrl took the majority shareholding in our business through INTRO-Verwaltungs GmbH. This had the tax-relevant effect that we were not able to take advantage of loss carryforwards and thus had to write off asset-side deferred taxes in the amount of € 1.7m in the income statement.

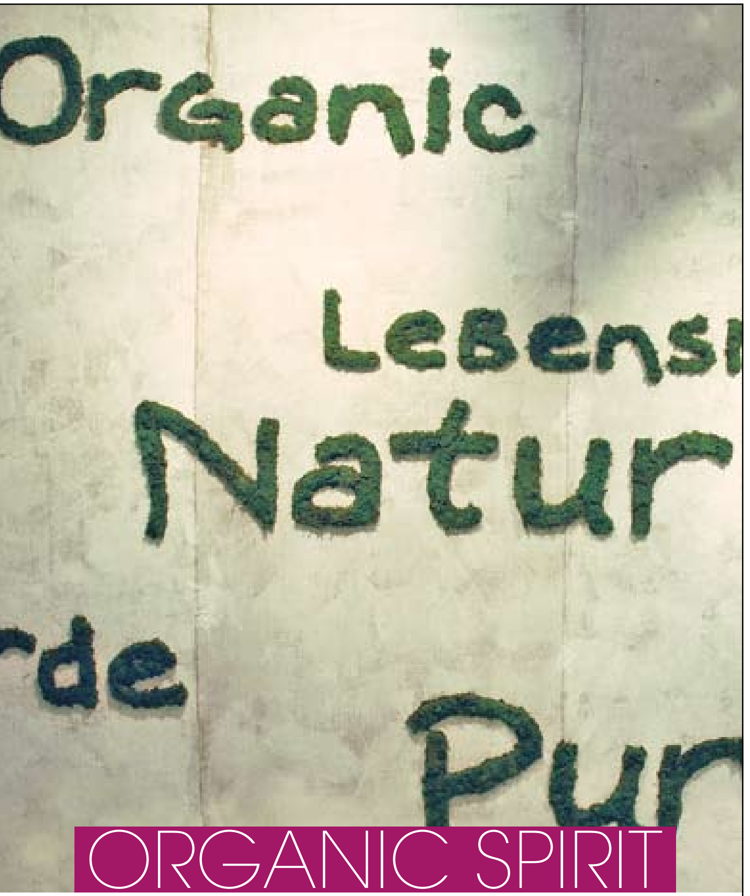
Explain to us briefly how the takeover offer from INTRO-Verwaltungs GmbH came about.

Dieter Münch: INTRO-Verwaltungs GmbH increased their holdings to 40.2 % in May 2009 through the purchasing of shares from Aton GmbH and Hans Rudolf Wöhrl Verwaltungs GmbH. In compliance with their legal duties (that a takeover offer must follow in the event that the 30 % share threshold is exceeded) INTRO-Verwaltungs GmbH were obliged to issue an offer to LUDWIG BECK shareholders to buy their shares. By the expiration of the time for acceptance on June 19, 2009, the investment company owned around 65.9 % of the shares in our Group. Rudolf Wöhrl AG sold the better part of their shares to INTRO-Verwaltungs GmbH.

How do you view the new shareholder structure?

Dieter Münch: In principle we are always interested in attracting investors with a long term outlook, and INTRO-Verwaltungs GmbH has been part of our shareholder circle for many years. Our experience so far has shown that the interests of our companies have always been in accordance. You'll find one example of our good cooperation in the November 2007 positioning of 335,000 new shares as part of a capital increase for cash with the investment company. We are confident that the future will see us proceeding along a common and positive path.

Oliver Haller: Another important signal for us was the huge interest shown by new investors in our company. We see the fact that we can still attract new investors to take a share in our business – despite the unfavorable economic conditions in the textile retail – as a confirmation of our successful business strategy, setting us clearly apart from our competition.



ORGANIC SPIRIT

ORGANIC LIFESTYLE AT LUDWIG BECK

Look great, feel great and make the world a better place in a sustained way – thoughts like this are increasingly taking hold also in the fashion world. Spring saw the entire "Store of the Senses" encapsulated under this theme. Collections of diverse labels sharing a vision of organic material usage or supporting international aid organisations through their revenue were showcased. The in-house BECK Munich Organic collection uses pure organic cotton produced under fair conditions. LUDWIG BECK will continue to support labels that are produced in harmony with nature and which focus on sustainability, environmental consciousness and fairtrade in the future.

Keyword shareholders: How does the LUDWIG BECK dividend policy sit?

Dieter Münch: We have to thank our investors for the trust and loyalty on which we have always been able to build – even when times were not so rosy. So we have always subscribed to the philosophy of sharing the business' success through the distribution of a fair dividend. As a result, the Annual General Meeting in May 2009 accepted our proposal of the paying out of a dividend of € 0.30 per share for the 2008 fiscal year.

Oliver Haller: We will continue to align our dividend payments with available cash flow and operative profits in the future. Thanks to the consistently carried out upgrading of our building and brand products as well as further cost optimization efforts in the Group as a whole, we were once again able to fully attain our goals in 2009. We have developed unmistakably better than the sector, even exceeding our sights of a 6.5 % EBT margin. So we will once again be proposing to this year's AGM the distribution of dividends which also take into account the company's earnings growth.

Looking into the future, what do you expect from the new fiscal year?

Dieter Münch: The signs are increasing that the German economy has the worst behind it. Growth expectations have been revised upwards earlier than anyone had thought. Thanks to reduced working hours in particular, developments in the employment market so far have shown themselves as amazingly robust. Nevertheless, we shouldn't break open the champagne too quickly. The deciding factor will be how the consumer mood develops in the light of poor employment market figures.

Oliver Haller: Private spending was significantly buoyed over the last year by economic interventions such as the car scrap bonus. The fact that many people who as a result were able to afford a new car subsequently put other purchases on hold could be registered by the retail market in its takings. Since retail has traditionally been an eco-nomic straggler, we must assume that these conditions will not ease as quickly as in other sectors.

How is LUDWIG BECK armed against insecurity in the consumer world?

Dieter Münch: Developments in the past months have unequivocally confirmed our business model, even in the face of the biggest economic crisis since the end of the 2nd World War. We settled on our strategic new vision for the much loved "Store of the Senses" early, and it was absolutely correct to focus our efforts here. Values such as quality, tradition and genuineness have always been characteristic of LUDWIG BECK brands. In addition to this we have managed to transpose these essential virtues into a modern environment, spanning a bridge between current trends and timeless individual values. In this way we are able to meet the ever increasing expectations of our customers.

Oliver Haller: We are convinced people seek places of retreat in times of crisis that enable them to escape the everyday. On walking through our doors customers sense the zest of life and sink into a world of sensual attractions, fantasy-rich styling and naturally an exclusive range of brand products. Not forgetting the friendly attention and professionalism of our committed staff which enables us to be an oasis in the everyday world of our clientele. We have been a solid institution in Munich for generations and we will continue in the future to concentrate our efforts in creating extraordinary shopping experiences for our customers, thereby consolidating and building on our market position.

Mr. Haller, a last word about your decision not to extend your current contract as Member of the Executive Board which ends on December 31, 2010.

Oliver Haller: Yes, this was a difficult personal decision that really wasn't easy to make. I've been part of LUDWIG BECK since the start of 2007, and the business has really grown close to my heart in this time. As you have seen over the past months and years, we have not only renovated and restructured the building, but have also repositioned and re-conceptualized the business for the long term. I would like to thank my colleague Dieter Münch and all our exceptional employees for the great time and inspiring work together. And I look forward to the remaining months in which Mr. Münch and I can successfully further develop "our" LUDWIG BECK.

Dieter Münch: I would also like to take this opportunity to thank Oliver Haller for his contributions over the past three years – although we still have quite a way to go together. We have together managed to power LUDWIG BECK's new positioning process forward and to broaden its successes. I very much regret Mr. Haller's decision not to extend his time with us, but naturally respect his desire to seek new challenges in his career. I wish him much luck and every success in his future endeavors.

Thanks to our employees

We would like to express our huge thanks to our staff, for their initiative, commitment and performance. Our staff have always taken the goals of the business to heart and pursued them unflaggingly. That is what makes us so successful! We also thank the employees' representatives for communications between the business leadership and staff. We look forward to another year of great cooperation and an exemplary working atmosphere!

Dieter Münch Oliver Haller

Supervisory Board´s Report

In the fiscal year 2009 the Supervisory Board gave particular attention to the development of the company in the reporting year and its strategic orientation for the coming years. A total of seven meetings took place during which the Supervisory Board together with the Executive Board discussed questions of business planning, group politics, business trends, risk position and risk management both for the main store as well as the subsidiaries. The Supervisory Board supported and monitored the Executive Board in its work.

The monitoring role included the following areas in particular:

+ The demand for and checking of monthly reports over the fundamental questions of business planning (in particular finance, investment and personnel planning), the course of the business (in particular sales and the Group's position) as well as dealings which could be of substantial importance for the profitability or liquidity of the Group (cf. Section 90 par. 1 Joint Stock Corporation Act (AktG));
+ Questioning of the business management in respect of presented reports, current developments and upcoming decisions;
+ Talks between the Chairman of the Supervisory Board and members of the Executive Board including follow-up on various occasions, and questioning of the business management during these talks in respect of current developments and upcoming decisions;
+ Inspection of the annual financial statements, consolidated financial statements, management report, consolidated management report including related clarifications with members of the Executive Board.

The Supervisory Board was involved in all significant strategic business decisions which were debated at length, scrutinized, and – as necessary - approved. The Executive Board fully fulfilled at all times its duties to inform in a timely manner. In particular, no additional or clarificational reports were required from the Executive Board. The Supervisory Board was able through its monitoring function to assure itself of the legitimacy and compliance of the business management through the Executive Board. The Supervisory Board discussed group organization with the Executive Board and was thus convinced of its efficiency. In addition, the Supervisory Board also concerned itself in the fiscal year 2009 with economic issues including the strengthening of earning power and the remediation of possible sources of loss as well as group-wide risk management and compliance regulations.

Incidentally, the Executive Board presented to the Supervisory Board all provisions and legal transactions requiring the Supervisory Board's approval.

Seven meetings in 2009

Members of the Executive Board also regularly attended the seven appointed Supervisory Board meetings in 2009, on March 11, March 27, May 15 (two meetings), May 28, July 21 and November 10, 2009. On May 15 an extraordinary meeting preceding the General Meeting of the same day and a regular meeting following the General Meeting were held. The company's auditor also took part in the balance sheet meeting according to Section 171 par. 1 Joint Stock Corporation Act (AktG) on March 11. The Chairman of the Supervisory Board was also in regular contact with the members of the Executive Board and was kept abreast of current business developments outside the meeting schedule.

The debates in the Supervisory Board essentially concerned ongoing business developments, business strategy and its implementation in the Group and its subsidiaries. In May and June of the year 2009 the Supervisory Board occupied itself intensively with the compulsory offer of INTRO-Verwaltungs-GmbH to the shareholders of LUDWIG BECK AG of May 19, 2009 according to Sections 35 par. 2, 14 par. 2 and 3 Securities Acquisition and Takeover Act (WpÜG) concerning the acquisition of all no-par bearer shares held by the company. The Supervisory Board discussed the offer within its own ranks and also with the Executive Board and the Group's legal consultants, satisfied itself that the compulsory offer was legally valid and in compliance with law, and in particular dealt with the question of appropriateness of the consideration offered by the offering company. At the Supervisory Board meeting on May 28, 2009, the Supervisory Board, after thorough debate, deemed the price offer adequate, and together with the company's Executive Board issued a joint declaration according to Sections 27 par. 3, sent. 1, 14 par. 3, sent. 1 in connection with Section 39 Securities Acquisition and Takeover Act (WpÜG), which was published in the electronic Federal Gazette on June 2, 2009. The Supervisory Board did not give a recommendation for the acceptance or rejection of the offer. The Supervisory Board's opinion was updated on June 16 and June 18, 2009. Topics of intensive consideration in the past year also included consequences of the financial crisis for the company, current business developments in yet another tough year for German retail trade, necessary strategic and operative measures and the further development of the flagship store and individual branches. The associated investments, middle and long term business planning and financing were debated often and comprehensively.

Supervisory Board affairs

Executive Board member Oliver Haller has not extended his contract and will leave LUDWIG BECK AG on December 31, 2010 at his own request and in mutual amicable agreement. Until that date Mr. Haller will continue to pursue his tasks with full commitment. Together with Executive Board co-member Dieter Münch, Mr. Haller has enthusiastically expedited the new positioning of the company and strongly fortified and enhanced the success trend of the last three years. The Supervisory Board regrets Mr. Haller's exit and wishes him the very best for his future career and new professional challenges. After having learnt of the upcoming resignation of Mr. Haller as per December 31, 2010 the Supervisory Board commenced succession planning for the Executive Board.

Audit committee

The audit committee comprised Mr. Christian Greiner (Chairman), Dr. Joachim Hausser and Dr. Lutz Helmig. The committee held a telephone meeting on March 4, 2009 to examine the consolidated financial statements and the consolidated management report as well as the annual financial statements and management report of LUDWIG BECK AG for the fiscal year 2008, and to confirm the auditors' declaration of independence. Furthermore, the committee decided on the recommendation to the Supervisory Board of Munich auditors BTU Treuhand Union München GmbH, Wirtschaftsprüfungsgesellschaft for the annual audit commission via tele-conference on March 27, 2009.

Personnel and management committee

The personnel and management committee comprised Dr. Joachim Hausser (Chairman), Dr. Lutz Helmig and Mr. Gerhard Wöhrl. The committee held no separate meeting in the fiscal year 2009.

German Corporate Governance Code

The Supervisory Board dealt at length with the standards of good and responsible governance as laid down in the German Corporate Governance Code. In accordance with the Code's recommendations, the Chairman of the Supervisory Board's audit committee obtained a statement from the auditors on March 24, 2009 which confirmed that no business, financial, personal or other relationship existed between the auditor and the company that could call the auditor's independence into question (statement of independence). The statement also extends to other consulting services performed for the enterprise in the lapsed financial year. The Supervisory Board decided on November 10, 2009 to update the declaration of conformity pursuant to Section 161 Joint Stock Corporation Act (AktG).

Consolidated financial statements and annual financial statements

The annual financial statements and the consolidated financial statements as per December 31, 2009, the management report and the consolidated management report including accounting have been audited by the elected auditors BTU Treuhand Union München GmbH who issued an unqualified auditor's opinion. All documents relating to the financial statements and audit reports were submitted to all the members of the Supervisory Board in due time before the balance sheet meeting on March 9, 2010 and were carefully reviewed by them. These documents were discussed in detail by the audit committee and the entire Supervisory Board in the presence of the auditor. The auditor could not detect any weaknesses in the internal control and risk management system relating to reporting. The Supervisory Board could assure itself that the auditor's report complies with the statutory requirements. In the meeting the auditor explained in detail the scope, focal points and costs of the audits and information regarding the auditor's independence was provided. The Supervisory Board approved the results of the auditor's reviews in its meeting on March 9, 2010. The Supervisory Board has verified the annual financial statements, the consolidated financial statements, the management report and the consolidated management report as well as the Executive Board's recommendation on the use of the balance sheet profit – after thorough review of the presented documents before the meeting. The statements contained in the management report and the consolidated management report are consistent with the assessment of the Supervisory Board. The review of the Executive Board's proposal on the use of 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 raised to the Executive Board's proposal for the use of the balance sheet profit. According to the conclusive results of the Supervisory Board's own analyses, no objections were raised regarding the annual financial statements, the consolidated financial statements, the management report and the consolidated management report and the Executive Board's proposal for the use of the balance sheet profit. The Supervisory Board approved and adopted the annual financial statements prepared by LUDWIG BECK AG. It also approved the consolidated financial statements and adopted the Executive Board's proposal for the use of the balance sheet profit.

The Supervisory Board also reviewed the Executive Board's report concerning relationships with associated companies in the past fiscal year ("Dependence Report") required by Section 312 Joint Stock Corporation Act (AktG). In this report, the Executive Board issued the following conclusive statement:

"According to our knowledge of circumstances at the time of the relevant legal transactions with associated companies or measures taken or not taken on the initiative or in the interest of these companies, the company received fair and reasonable consideration in each individual case and did not suffer any disadvantage as a result of measures taken or not taken."

BTU Treuhand-Union München GmbH has examined the dependence report and issued the following auditor's opinion on February 26, 2010:

"After diligent audit and assessment we confirm that

1. the facts and circumstances presented in the report are correct,

2. in the reported legal transactions the company's performance was not inadequately exceeding the other contracting party's contribution,

3. there were no circumstances regarding the measures mentioned in the report which would require a considerably deviating approach than the one taken by the Executive Board."

The Executive Board's dependence report as well as the auditor's report were forwarded to the Supervisory Board. The Supervisory Board discussed the audit report with the auditor. No concerns arose from the auditor's audit report. This being premised, the Supervisory Board approves the results of the auditor's examination. Based on its own analyses, the Supervisory Board does not raise objections to the Executive Board's conclusive statement regarding relationships with associated companies.

Personal thanks

The Supervisory Board would like to extend its thanks to the Executive Board, the works council and the employees of LUDWIG BECK AG for their extraordinary achievements and ongoing commitment also in the lapsed fiscal year. Their proficiency and great initiative are the cornerstones of our Group's success. We would also like to express our special thanks to Ms. Gabriele Keitel who has represented the employees in the Supervisory Board for 12 years and celebrated her 30-year employee anniversary with us in the past year. We are looking forward to continuing the pleasant and constructive cooperation with her.

Munich, March 2010

Dr. Joachim Hausser
Chairman of the Supervisory Board

Corporate Governance

Corporate Governance constitutes the basis for all our decision-making and supervision processes. The term stands for respon-sible, value-oriented management and supervision of the company aimed at sustained, long-term success. Transparency and responsibility in all entrepreneurial decisions and adequate handling of risks form the basis of good Corporate Governance. Not only the efficient and goal-oriented cooperation between Executive Board and Supervisory Board, but also the interests of shareholders and employees are main points of focus.

LUDWIG BECK feels committed to embrace these values, and has since 2003 complied with the recommendations of the German Corporate Governance Code of 2002 without significant modifications.

The exact wording of the German Corporate Governance Code as well detailed information around the subject of Corporate Governance can be found on our company's website **www.ludwigbeck.com** under Investor Relations/Corporate Governance.

Declaration of Conformity

The following statement valid for the period from November 15, 2008 until August 4, 2009 refers to the recommendations of the Code in its version from June 6, 2008, which was published on August 8, 2008 in the electronic German Federal Gazette (Edition 2008). The statement since August 5, 2009 refers to the recommendations of the Code in its version from June 18, 2009, which was published on August 5, 2009 in the electronic German Federal Gazette (Edition 2009).

The Executive Board and Supervisory Board of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft declare in accordance with Section 161 AktG that they currently and in the future will continue to conform to the recommendations of the "Government Commission for the German Corporate Governance Code", which was made public by the German Ministry of Justice in the official part of the electronic German Federal Gazette with the following exceptions

1. 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.

2. 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 the manageable six-member body.

3. Half-year and any quarterly financial reports were not discussed with the Executive Board by the Supervisory Board or its Audit Committee prior to publication (Code Clause 7.1.2). Supervisory Board and Executive Board are regularly in contact on the basis of a monthly reporting system. Therefore, an additional discussion prior to publication is dispensible.

4. The liability insurance (D&O) for the Supervisory Board does not contain any deductible as refered in Code section 3.8. It is planned to cancel the existing D&O insurance for the Supervisory Board and Executive Board at the end of the year 2009.

Munich, November 10, 2009

The Executive Board:
signed Dieter Münch
signed Oliver Haller

The Supervisory Board:
signed Dr. Joachim Hausser
signed Dr. Lutz Helmig
signed Gerhard Wöhrl
signed Christian Greiner
signed Gabriele Keitel
signed Dorothee Neumüller

German Corporate Governance Code

The following information concerns the implementation of the German Corporate Governance Code by LUDWIG BECK. A detailed commentary on individual recommendations and suggestions can be found on our company's website under Investor Relations/Corporate Governance.

The German Corporate Governance Code is divided into six chapters containing a total of 71 recommendations and suggestions. Recommendations of the Code are marked by use of the word "shall". Companies can deviate from them, but are then obliged to disclose this annually. Suggestions are marked by use of terms such as "can" or "should". Companies may decide at their discretion whether they want to implement them or not, and are not obliged to disclose non-compliance.

As a rule, the Code will be reviewed annually against the background of national and international developments and be adjusted if necessary; the last adjustment dates from June 18, 2009.

1. Shareholders and the General Meeting

Shareholders exercise their rights at the General Meeting and vote there. In principle, each share carries one vote. The Executive Board submits to the General Meeting the Annual Financial Statements and the Consolidated Financial Statements. The General Meeting resolves on the appropriation of net income and the discharge of the acts of the Executive Board and of the Supervisory Board. It elects the shareholders' representatives to the Supervisory Board and, as a rule, the auditors. Furthermore, the General Meeting resolves on the Articles of Association, the purpose of the company, amendments to the Articles of Association and essential corporate measures. The chair of the meeting provides for the expedient running of the General Meeting. At least once a year the shareholders' General Meeting is to be convened by the Executive Board giving details of the agenda.

Shareholders of LUDWIG BECK AG may inspect and download all information and document files relating to the company's General Meeting from the internet. Presentation and voting results are also made available on the internet at **www.ludwigbeck.com** immediately after the General Meeting.

More details on the General Meeting, the agenda items and the voting results can be found under "Share" in the "General Meeting" section on page 34 et seq.

Shareholders and the General Meeting	Implemented	Partly implemented	Not implemented
Recommendations			
Shareholders' rights	✓		
Notification	✓		
Proxy voting	✓		
Publishing	✓		
Suggestions			
Duration of the General Meeting	✓		
Internet broadcasting			✓
Proxy voting	✓		

Suggestion for internet broadcasting (Code Clause 2.3.4):
For cost-benefit reasons LUDWIG BECK did not follow the German Corporate Governance Code suggestion regarding the broadcasting of the General Meeting over the Internet.

2. 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 responsibilities are clearly split between the Executive Board and the Supervisory Board.

The Executive Board coordinates the enterprise's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with the Supervisory Board in regular intervals. The Executive Board informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the enterprise with regard to planning, business development, risk situation, risk management and compliance. If the company takes out a D&O (directors' and officers' liability insurance) policy for the Executive Board, a deductible of at least 10 % of the loss up to at least the amount of one and a half times the fixed annual compensation of the Executive Board member must be agreed upon. A similar deductible must be agreed upon in any D&O policy for the Supervisory Board.

Cooperation between Executive Board and Supervisory Board	Implemented	Partly implemented	Not implemented
Recommendations			
Reporting	✓		
Reporting duties	✓		
D&O insurance policy			✓
Suggestions			
Extraordinary General Meeting	✓		
Supervisory Board Meeting	✓		
Reporting	✓		
Codetermination	✓		

Recommendation D&O insurance policy (Code Clause 3.8):
The liability insurance (D&O) for the Supervisory Board does not contain any deductible.

3. Executive Board

The Executive Board manages the business of the company on its own responsibility. The Executive is committed to the interests of the company and the enhancement of sustained corporate value. The Executive Board develops the enterprise's strategy, coordinates it with the Supervisory Board and ensures its implementation. The total compensation of the individual members of the Executive Board is determined by the full Supervisory Board at an appropriate amount based on a performance assessment, taking into consideration any payments by group companies.

The detailed remuneration report for the year 2009 which has to be prepared by the Executive Board and the Supervisory Board within the scope of the Corporate Governance report is contained in the "Remuneration report" section of the consolidated management report on page 66 et seq.

Executive Board	Implemented	Partly implemented	Not implemented
Recommendations			
Stock options	✓		
Conflicts of interest	✓		
Structure		✓	
Compensation	✓		
Suggestions			
Compensation		✓	

Recommendation structure (Code Clause 4.2.1):
The Executive Board of the Company has no chairman or spokesman. 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.

Suggestion Compensation (Code Clause 4.2.3):
The contracts of the Executive Board do not include any severance pay cap.

4. Supervisory Board

The task of the Supervisory Board is to advise regularly and supervise the Executive Board in the management of the enterprise. It must be involved in decisions of fundamental importance to the enterprise. The Supervisory Board appoints and dismisses the members of the Executive Board. Depending on the specifics of the enterprise and the number of its members, the Supervisory Board shall form committees with sufficient expertise. They serve to increase the efficiency of the Supervisory Board's work and the handling of complex issues.

All information regarding the main foci of the Supervisory Board's activities and the work of the committees can be found in the Supervisory Board's report on page 22 et seq.

The detailed remuneration report for the year 2009 which has to be prepared by the Executive Board and the Supervisory Board within the scope of the Corporate Governance report is contained in the "Remuneration report" section of the consolidated management report on page 66 et seq.

Supervisory Board	Implemented	Partly implemented	Not implemented
Recommendations			
Committees		✓	
Efficiency	✓		
Conflicts of interest	✓		
Responsibilities	✓		
Structure	✓		
Independence	✓		
Compensation	✓		
Elections	✓		
Suggestions			
Committees	✓		
Appointment of members of Executive Board	✓		
Compensation	✓		

Recommendation Committees (Code Clause 5.3.3):
The Supervisory Board has not formed a nomination committee. 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 the manageable six-member body.

5. Transparency

The Executive Board must disclose insider information directly relating to the company without delay unless it is exempted from the disclosure requirement in an individual case. As soon as the company becomes aware of the fact that an individual acquires, exceeds or falls short of 3, 5, 10, 15, 20, 25, 30, 50 or 75 % of the voting rights in the company by means of a purchase, sale or any other manner, the Executive Board will disclose this fact without delay.

Beyond the statutory obligation to report and disclose dealings in shares of the company without delay, the ownership of shares in the company or related financial instruments by Executive Board and Supervisory Board members shall be reported if these directly or indirectly exceed 1 % of the shares issued by the company (Directors' Holdings). If the entire holdings of all members of the Executive Board and Supervisory Board exceed 1 % of the shares issued by the company, these shall be reported separately according to Executive Board and Supervisory Board.

The company shall treat all its shareholders equally. All new facts made known to financial analysts and similar addressees shall be disclosed by the company without delay (Fair Disclosure). Information on the enterprise which the company discloses shall also be accessible via the company's internet site. The internet site shall be clearly structured.

Detailed information about notifications published in the fiscal year 2009 according to statutory requirements can be found in the "Investor Relations" section of this report on page 35 et seq.

Transparency			
	Implemented	Partly implemented	Not implemented
Recommendations			
Directors' Holdings	✓		
Fair Disclosure	✓		
Financial calendar	✓		
Suggestions			
Publications	✓		

6. Reporting and audit of the annual financial statements

Shareholders and third parties are mainly informed by the consolidated financial statements. During the financial year they are additionally informed by means of a half-year financial report and, in the first and second halves, by interim reports or quarterly financial reports. The consolidated financial statements and the condensed consolidated financial statements in the half-year financial report and the quarterly financial report are prepared under observance of internationally recognised accounting principles. The consolidated financial statements must be prepared by the Executive Board and examined by the auditor and Supervisory Board. Half-year and any quarterly financial reports shall be discussed with the Executive Board by the Supervisory Board or its Audit Committee prior to publication. The consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year; interim reports shall be publicly accessible within 45 days of the end of the reporting period. The Supervisory Board commissions the auditor to carry out the audit and concludes an agreement on the latter's fee. The auditor takes part in the Supervisory Board's deliberations on the annual financial statements and consolidated financial statements and reports on the essential results of its audit.

The financial reporting of LUDWIG BECK is based on the International Financial Reporting Standards (IFRS) and fully complies with the requirements in Section 37w WpHG.

Reporting and audit of the annual financial statements			
	Implemented	Partly implemented	Not implemented
Recommendations			
Stock-based compensation	✓		
Investments	✓		
Publication term	✓		
Auditor	✓		
Independence	✓		
Discussion quarterly financial reports			✓
Suggestions			
No suggestions			

Recommendation discussion quarterly financial reports (Code Clause 7.1.2):
Supervisory Board and Executive Board are regularly in contact on the basis of a monthly reporting system. Therefore, an additional discussion prior to publication is dispensible.

Share

The 2009 stock exchange year

A year of extremes

The year following the historical crash experienced by a whole generation of investors held many surprises in store. Markets plummeted, quickly recovered, only to embark on a speedy roller coaster ride again. However, to their big surprise exchange centers taking stock of the year, found that they had scored positive results nevertheless.

Since prices had re-stabilized by the end of the year 2008 after the dramatic meltdown of stock markets worldwide at the beginning of that year, the branch commenced the new year with moderate optimism. In the spring of 2009 the crisis of the American automobile manufacturer General Motors (GM) triggered yet another severe downslide of share prices. Against all odds stock exchanges recovered at an astonishing pace in the summer of 2009 as many remedial measures in the field of monetary and fiscal politics began to show effect. The next downswing of the leading international stock markets occurred in November 2009 when, unexpectedly, the Emirate Dubai reported financial difficulties. The tailspin of the stock markets was short-lived however, since investors swiftly regained confidence in global economic performance. Towards the end of the year stock market gained momentum again.

The Dow Jones closed up 19 % in comparison to the previous year at 10,428 points (closing price 2008: 8,776). European stock markets also closed with a plus. Europe's leading share index EuroStoxx 50 closed the year 2009 at 2,966 points (closing price 2008: 2,441), which equals a 22 % increase.

Stock exchange year 2009 generally positive in Germany

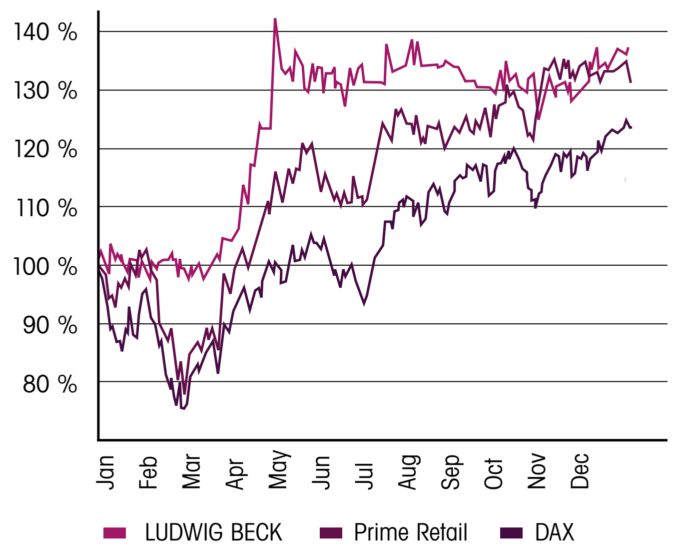
All in all, the year unfolded positively for German share indices despite challenging circumstances. The DAX could register a 24 % increase and had the best stock year since 2005 closing the year 2009 at 5,957 points (closing price 2008: 4,810). German second-line stocks showed an even more distinct upward trend. MDAX, the index reflecting the share price development of medium-sized enterprises (mid caps) closed the year up 34 % at 7,507 points (closing price 2008: 5,602). The German small cap index SDAX concluded trading on a clearly positive note at 3,549 points – equaling a 27 % increase in comparison to the previous year (closing price 2008: 2,801).

Prime Retail Index on a winning streak

The Prime Retail Index listing 22 major retail businesses of the German stock market and thus the most important competitors of LUDWIG BECK AG, posted positive results in the year 2009 and recorded 24 % growth (closing price 2009: 286) in comparison to the previous year (closing price 2008: 232) in spite of the fact that several renowned enterprises listed on that index like Arcandor, Schiesser or ESCADA had to file for insolvency in the year under report.

LUDWIG BECK share

Share details	
ISIN	DE0005199905
WKN	519990
Ticker symbol	ECK
Branch	Retail
Accreditation segment	Prime Standard
Number of shares	3,695,000
Market capitalization	€ 46.2m
Stock exchanges	Frankfurt/M., Stuttgart, Munich, Düsseldorf, Berlin/Bremen, Hamburg, XETRA
Year-end price	€ 12.50
Year-high price	€ 13.00
Year-low price	€ 8.80
Designated Sponsor	VISCARDI AG



LUDWIG BECK share again outperformed the DAX and branch

The Prime Standard listed share ended the year 2008 with a year-end price of € 9.14 in XETRA trade and recorded an end of the year price of € 12.50 on December 31, 2009. This represents a 37 % increase. The LUDWIG BECK share managed to outperform the DAX once again which, after a breath-taking roller coaster ride, had risen to almost 6,000 points and concluded the year 2009 up 24 %. In direct comparison to its competitors the LUDWIG BECK share performed clearly better. The Prime Retail Index listing the main competitors of LUDWIG BECK showed 24 % increase in the year 2009.

LUDWIG BECK share's highest price of € 13.00 was recorded on May 11, 2009, while the share sunk to its lowest value of € 8.80 on March 19, 2009. Market capitalization of the LUDWIG BECK share at the end of the fiscal year 2009 comprised € 46.2m (previous year: € 33.8m).

Earnings per share

The result per share is calculated by dividing LUDWIG BECK's group earnings by the average number of shares issued in the reporting period. The average number of shares (diluted and undiluted) was 3.695 million shares in 2009 (previous year: 3.695). Consolidated group earnings amounted to € 2.2m in aggregate in the fiscal year 2009 (previous year: € 2.7m). Accordingly, the result per share was € 0.61 (previous year: € 0.73), and the price-profit ratio was 20.5 at the end of the fiscal year (previous year: 12.5).

Earnings per share		2009	2008
Consolidated net profit	in €m	2.2	2.7
Average number of shares (diluted and undiluted)	in m	3.7	3.7
Earnings per share (diluted and undiluted)	in €	0.61	0.73

Dividends

Through dividends all shareholders participate in the growth success of LUDWIG BECK. LUDWIG BECK's approach is characterized by dividend continuity and a results-oriented distribution policy.

Against the background of the earnings development in the year 2009, the Executive Board and the Supervisory Board decided to propose the payment of a € 0.35 dividend per share to the General Meeting on May 11, 2010. The remaining profits will be transferred to other profit reserves. The share's dividend yield is thus 2.8 %.

Dividend payments		2009	2008	2007
Dividend per share	in €	0.35	0.30	0.30
Dividend yield	in %	2.8	3.3	2.2
Total sum paid out	in €m	1.3	1.1	1.1

Shareholder structure

The shareholder structure of LUDWIG BECK shares is analyzed annually. The research behind this comprises of a depository bank survey in which the sociological stratification of the shareholders is ascertained according to the parameters of the Federal Association of German Banks. As a rule, the results deliver an up to date reflection of the shareholder composition.

The study was carried out on behalf of LUDWIG BECK AG on September 30, 2009, based on 3.6 million returns. This represents a participation level of around 98 %.

The composition of the shareholder structure is as follows: Since INTRO-Verwaltungs GmbH had exceeded the 30 % voting rights threshold in May 2009, the company, in fulfillment of its statutory obligation, announced its intent to submit a takeover offer for the acquisition of its shares in LUDWIG BECK AG to the shareholders of LUDWIG at the cash acquisition price of € 11.90 per share. After expiry of the acceptance period in June 2009, the company held a total of approximately 65.9 % of shares in LUDWIG BECK.

As per the relevant date September 30, 2009, Rudolf Wöhrl AG held more than 4.0 % of the shares. Ost-West Beteiligungs- und Grundstücksverwaltungs AG held 5.0 % and Rheintex Verwaltungs AG held 3.0 % of the LUDWIG BECK shares.

On October 26, 2009, Rudolf Wöhrl AG reported the sale of 146,574 shares and therefore no longer ranges among the shareholders of LUDWIG BECK AG. On November 5, 2009 GVC Gesellschaft für Venture Capital Beteiligungen mbH reported the acquisition of 146,574 shares in LUDWIG BECK AG on October 26, 2009 increasing its shareholdings to approximately 4.0 % of voting rights. Assuming that additional purchases and no additional sales were made, INTRO-Verwaltungs GmbH held 70.2 % of the shares in LUDWIG BECK AG as per the relevant date December 31, 2009 (cf. information on corporate website www.introgroup.de). Hence, the company was the largest single shareholder. 17.8 % of the shares were in free float as per December 31, 2009.

General Meeting

LUDWIG BECK AG held its Ordinary General Meeting on May 15, 2009. More than 500 shareholders accepted the invitation. They represented 2,920,403 shares and 79.0 % of the share capital. The General Meeting was held in Munich. All the agenda items found great approval.

The General Meeting of LUDWIG BECK AG almost unanimously approved the proposal by the Executive Board and the Supervisory Board to pass a resolution on the rules of procedure motion concerning the cancellation of the agenda items 6, 7 and 8.

Furthermore, the General Meeting, with almost 100 % of the votes cast, approved the proposal by the Executive Board and Supervisory Board to distribute a dividend in the amount of € 0.30 per share. For 3.695m dividend-bearing shares this translates into a distributable amount of € 1.1m for the fiscal year 2008. The remaining € 0.8m of balance sheet profit will be allocated to profit reserves.

The Executive Board and the Supervisory Board were discharged and the other agenda items were approved by a large majority of the votes cast.

The auditing company BTU Treuhand Union München GmbH, Munich was appointed to audit the accounts for the fiscal year 2009.

The voting on the individual agenda items produced the following results:

Agenda item "Agenda Motion"
"Resolution concerning cancellation of agenda items 6, 7 and 8":
Affirmative votes: 2,830,825, negative votes: 200, abstention votes: 70,457. The proposal to cancel agenda items 6, 7 and 8 was accepted with 97.56 %.

Agenda item 2
"Allocation of balance sheet profit":
Affirmative votes: 2,920,123, negative votes: 109, abstention votes: 100. The proposal for the allocation of balance sheet profit was accepted with almost 100 %.

Agenda item 3
"Discharge of the members of the Executive Board":
Affirmative votes: 2,902,424, negative votes: 13,160, abstention votes: 650. The members of the Executive Board were discharged with 99.55 %.

Agenda item 4
"Discharge of the members of the Supervisory Board":
Affirmative votes: 974,548, negative votes: 13,160, abstention votes: 650. The members of the Supervisory Board were discharged with 98.67 %.

Agenda item 5
"Election of the auditors for the fiscal year 2009":
Affirmative votes: 2,901,143, negative votes: 19,260, abstention votes: 0. The proposal to appoint the auditing company BTU Treuhand Union München GmbH, Munich, to audit the accounts for the fiscal year 2009 was accepted with 99.34 %.

Agenda item 9
"Resolution on the amendment of Clause 13 and Clause 15 of the Articles of Association":
Affirmative votes: 2,918,646, negative votes: 1,507, abstention votes: 250. The proposal concerning the resolution on the amendment of Clause 13 and Clause 15 of the Articles of Association was accepted with 99.95 %.

Agenda item 10
"Resolution on the incorporation of the new Clause 20 (Duty to report) into the Articles of Association":
Affirmative votes: 2,917,153, negative votes: 3,050, abstention votes: 200. The proposal concerning the resolution on the incorporation of the new Clause 20 into the Articles of Association (duty to report) was accepted with 99.90 %.

Investor Relations

LUDWIG BECK AG cultivates close relationships and an open dialogue with shareholders, investors, analysts and financial media. Transparency, topicality and reliability lie at the heart of Investor Relations. LUDWIG BECK complies with the obligations incumbent upon companies listed in Prime Standard and the directives laid down in the German Corporate Governance Code. Detailed information about Corporate Governance at LUDWIG BECK can be found on page 25 et seq. of this report.

LUDWIG BECK AG considers capital market communication not only as the mere duty to provide information, but also as the basis for ongoing trust in the company and the fair assessment of its shares.

Also in the year 2009 LUDWIG BECK intensively cultivated the dialogue with investors and analysts. Like for every listed company, the Annual General Meeting which was convened on May 15, 2009 in Munich ranges among the most important opportunities for LUDWIG BECK to establish personal contacts with its shareholders. With 500 shareholders attending, the participation rate was high once again and illustrated the brisk interest in the company and the great solidarity of investors with their investment. More details can be found under "General Meeting" on page 34 et seq. of this report.

Last year LUDWIG BECK was present at various investor and analyst conferences. Like every year, the company's Executive Board explained the results of the fiscal year 2008 at the conference of analysts in Frankfurt and gave its estimate of the expected future development. For the first time LUDWIG BECK attended the 2nd Kitzbühel Capital Market Conference in Kitzbühel, an opportunity to share views with professional market participants and wealthy private persons.

High significance is attributed to the active dialogue with financial market oriented media since well-cultivated contacts with editors contribute to the strategic positioning of a company in the capital market, especially in times of economic uncertainties. Therefore, the LUDWIG BECK AG management presented the results of the lapsed fiscal year to journalists at the balance sheet press conference on March 11, 2009. In addition thereto, talks were held with investors, analysts and newspapermen in 2009 as usual to provide information about recent events and the future of the company. The finance director of LUDWIG BECK AG, Dieter Münch, gave an interview to Deutsches Anleger Fernsehen (DAF) on the occasion of the analysts' conference in Frankfurt. Various renowned daily newspapers and trade journals like Handelsblatt, die Welt kompakt or Börsen-Zeitung reported about the LUDWIG BECK investment.

The development of the LUDWIG BECK share has been positively assessed by a number of renowned, bank-independent researchers in their respective investment recommendation columns.
As an additional service, these reports were sent to interested parties per online newsletter and can also be found on the LUDWIG BECK website **www.ludwigbeck.com** under Investor Relations/ Financial Publications.

Nowadays, investors and institutions often resort to the Internet as their source of information. LUDWIG BECK utilizes this medium to provide up to date information about the company. Beside the German corporate website, all contents are available to interested foreign parties in English at **www.ludwigbeck.com**.

In 2009, LUDWIG BECK informed the public on an ongoing basis about capital market relevant topics and published nine corporate press releases and one ad hoc announcement. According to Section 15a Securities Trading Act (WpHG) all members of the Executive Board and Supervisory Board as well as certain executives and the persons closely related to them are obligated to disclose the acquisition or sale of LUDWIG BECK shares and relating financial instruments. In the past year, nine so-called Directors´ Dealings were published.

The following compilation provides an overview of the announcements published in the fiscal year 2009 in compliance with the transparency obligations set forth in the Securities Trading Act (WpHG):

Ad-hoc announcements according to Section 15 WpHG

May 6, 2009 - Obtainment of control by INTRO-Verwaltungs GmbH

Directors' Dealings

The following Directors´ Dealings were reported in the fiscal year 2009 and published at **www.ludwigbeck.com**:

Directors´ Dealings						
Name	**Function**	**Transaction date**	**Type**	**No. of shares**	**Share price**	**Value**
Dieter Münch	Managerial Body	December 11, 2009	Purchase	531	€ 12.26	€ 6,512.25
GVC Gesellschaft für Venture Capital Beteiligungen mbH	Administrative or Supervisory Body	October 26, 2009	Purchase	146,574	€ 11.99	€ 1,757,422.26
Rudolf Wöhrl AG	Administrative or Supervisory Body	October 26, 2009	Sale	146,574	€ 11.99	€ 1,757,422.26
Rudolf Wöhrl AG	Administrative or Supervisory Body	June 19, 2009	Sale	810,000	€ 11.90	€ 9,639,000.00
Rudolf Wöhrl AG	Administrative or Supervisory Body	June 2, 2009	Sale	3,342	€ 12.10	€ 40,438.00
Rudolf Wöhrl AG	Administrative or Supervisory Body	May 25, 2009	Sale	10,352	€ 12.10	€ 125,259.20
Rudolf Wöhrl AG	Administrative or Supervisory Body	May 22, 2009	Sale	17,130	€ 12.10	€ 207,273,00
Rudolf Wöhrl AG	Administrative or Supervisory Body	May 21, 2009	Sale	5,000	€ 12.10	€ 60,500.00
Rudolf Wöhrl AG	Administrative or Supervisory Body	May 20, 2009	Sale	4,164	€ 12.12	€ 50,467.68
ATON GmbH	Administrative or Supervisory Body	May 5, 2009	Sale	935,577	€ 11.90	€ 11,133,366.30

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

Content	Date
Gerhard Wöhrl exceeds 3 % threshold of voting rights (transaction date: October 26, 2009)	November 5, 2009
GVC Gesellschaft für Venture Capital Beteiligungen mbH exceeds 3 % threshold of voting rights (transaction date: October 26, 2009)	November 5, 2009
Rudolf Wöhrl AG moves below 3 % threshold of voting rights (transaction date: October 26, 2009)	November 5, 2009
Correction notification of July 29, 2009: Rudolf Wöhrl AG moves below 25 %/20 %/15 %/10 %/ and 5 % thresholds of voting rights (transaction date: June 26, 2009)	July 31, 2009
Anton Josef Dentler moves below 3 % threshold of voting rights (transaction date: July 23, 2009)	July 27, 2009
Hans Rudolf Wöhrl exceeds 50 % threshold of voting rights (transaction date: June 26, 2009)	July 1, 2009
INTRO-Verwaltungs GmbH exceeds 50 % threshold of voting rights (transaction date: June 26, 2009)	July 1, 2009
Rudolf Wöhrl AG moves below 25 %/20 %/15 %/10 % and 5 % thresholds of voting rights (transaction date: June 19, 2009)	June 29, 2009
Rheintex Verwaltung AG exceeds 3 % voting rights threshold (transaction date: June 18, 2009)	June 25, 2009
Ost-West Beteiligungs- und Grundstücksverwaltungs-AG exceeds 5 % of voting rights threshold (transaction date: June 18, 2009)	June 19, 2009
Ost-West Beteiligungs- und Grundstücksverwaltungs-AG exceeds 3 % threshold of voting rights (transaction date: June 2, 2009)	June 5, 2009
Anton Josef Dentler exceeds 3 % threshold of voting rights (transaction date: June 1, 2009)	June 3, 2009
Correction notification: Hans Rudolf Wöhrl exceeds 15 %/20 %/25 % and 30 % thresholds of voting rights (transaction date: May 5, 2009)	May 14, 2009
Dr. Lutz Helmig moves below 25 % to 3 % thresholds of voting rights (transaction date: May 5, 2009)	May 8, 2009
INTRO-Verwaltungs GmbH exceeds 15 %/20 %/25 % and 30 % thresholds (transaction date: May 5, 2009)	May 7, 2009
Hans Rudolf Wöhrl exceeds 15 %/20 %/25 % and 30 % thresholds (transaction date: May 5, 2009)	May 7, 2009
ATON GmbH moves below all thresholds from 25 % to 3 % (transaction date: May 6, 2009)	May 7, 2009

Investor Relations activities will remain a vital communication tool for LUDWIG BECK AG also in the future, aimed at responding to the information needs of capital market participants, and the transparent, concise and comprehensible presentation of key figures and business models. The decisive criteria for the assessment of a share lie in the quality of information.

All required information concerning scheduled dates of the financial calendar 2010 can be found on the last page of this annual report or on the Internet at **www.ludwigbeck.com**/Investor Relations/ Financial Calendar.

Contact:

LUDWIG BECK Investor Relations
esVedra consulting GmbH
Tel. +49. 89. 28 80 81 33
Fax +49. 89. 28 80 81 49
info@esvedragroup.com

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WHERE STYLE LIVES

The Company

From the exalted aesthetics of shopping

For many in our sector, sales success is a rational quantity that can be achieved with rational methods. Calculable values and situations should inevitably lead to equally calculable results – to results that are however usually as average as the concepts behind them.

We at LUDWIG BECK have another interpretation: For us a simply inexhaustible world of fantasy and desire, of sensuality and hunger for adventure lies between supply and demand. That's how we respond to our customers; we perceive their needs and offer them the realization of their shopping dreams. There is no formula for this. You need a sense for people, trend consciousness, a bent for perfection, a big heart and the craving for selected quality in the full range. This produces all by itself exclusivity without compare in the trade landscape.

This exclusivity begins with the unique location of the flagship store at Munich's Marienplatz. It penetrates our product range which is through and through of premium standard. It expresses itself in the quality of advice of our employees as well as in the almost magical flair that surrounds the presentation of our wares. It is only when we combine all these emotionally colored facets of the LUDWIG BECK brand that even we become rational and celebrate the first class business results. Because everybody knows: Style has just one home. And it's at Munich's Marienplatz.

Left image: Beautiful views in the chic evening wear department on the 3rd floor.

History

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 clothing 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". Some of the premises are rebuilt.

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

1986
125 years of Beck! The fashion business generates annual turnover of DM 132m and employs 860 staff. The anniversary year is fittingly celebrated with our customers.

1988
The ever successful classical music department is opened and enjoys a high profile beyond Munich's borders in a very short time.

1989
LUDWIG BECK expands its music department with "jazz is beck". Within a short time it climbs to 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 and the flagship store at Marienplatz is repositioned with the help of a brand re-launch as the "Store of the Senses".

1998
LUDWIG BECK goes public.

2001
LUDWIG BECK founds LUDWIG BECK Beteiligungs GmbH and takes a majority stake in the Marienplatz property.

2003
The launch of a new branch in the newly created FÜNF HÖFE Shopping Eldorado is another step to continue the success story of the cosmetics department HAUTNAH.

2006
After a comprehensive "face lift" of the HAUTNAH department at Marienplatz, a larger variety of high-quality care products, scents and decorative cosmetics can be displayed in the enlarged sales area.

2007
LUDWIG BECK sparkles afresh. The comprehensive renovation of the Marienplatz store and the refurbishment of the historical façade give the business a fresh face, increases its profile and represents the biggest investment in the company's history.

2008
The lavishly conceived renaissance of the Marienplatz store is furthered with the conversion of the 5th floor. LUDWIG BECK received the ECHO Classic special prize for the newly renovated music department. At the end of December, LUDWIG BECK founds the LUDWIG BECK Grundbesitz Haar GmbH as a 100 % subsidiary of LUDWIG BECK AG and buys the 8,000 sqm plot in Haar near Munich on which the company's logistics center is found.

2009
The renovations to the "Store of the Senses" continue: The new evening wear department shows off its elegant world city flair in newly designed and enlarged premises on the 3rd floor. 2009 is another year of awards: The renovations to the historical façades to Marienplatz and in Dienerstraße were awarded the City of Munich's Façade Prize. The new music department is honoured with 1st place in the Retail Renovation Award 2009 in the category "Specialty Stores with Sales Area under 10,000 Square Feet" awarded by the renowned US magazine VM/SD. The shareholding balance in LUDWIG BECK AG shifts as INTRO-Verwaltungs GmbH are obliged to issue an offer to LUDWIG BECK shareholders to buy their shares. As a result they become the new major shareholder with 65.9 %. LUDWIG BECK ends the year with increases in sales and earnings – the branch-adjusted gross sales rise by 1.8 % to € 103.7m. The EBIT is up 20.1 % to € 9.8m.

Strategy and Concept

The continuity of high quality

Six years ago that the Group decided on an extraordinary strategic step. The entire range would be subjected to "trading up" – and that strategy hasn't changed until today.

A short period of stagnation followed this deep reaching product upgrading, after which came an upswing which established the policy. The level of success of the "trading up" strategy is shown by the fact that since its incorporation LUDWIG BECK has shown a steady continuity in success.

What exactly is "trading up"? An online dictionary defines this strategy as the transition from a lower to a higher price range positioning, from classic brand product to premium branding. Others speak of a "democratization of luxury". We ourselves have a less academic view of "trading up" and see it more as a lived sales philosophy that envelopes our product range, quality of service, décor, communication and essentially every area of the Group with which the customer has contact.

Realizing a lasting profit from "trading up" requires a not to be underestimated dose of equanimity and absolute belief in one's own sales qualities and that of the products. We are therefore proud to set even higher standards in our work than our customers may expect.

The progression to a high class product range will never be over for us. "Trading up" is an ongoing process. This is especially true for a retail business that thrives on changing fashions and trends. Self criticism and pernickety watch over our range and its further optimization when we feel it necessary – that describes a large portion of our performance. It reveals itself through a dogged attitude to expired trends and a honed sense for new fashion developments. Our great strength is that we have a trained eye for both – within a complete spectrum from traditional brand values and future opportunities.

Image below: The lingerie department offers the prospect of seduction on the 1st floor.

"Store of the Senses"

A top address ...

If there wasn't a Marienplatz at the heart of Munich it would have to be invented: a picture perfect shopping location in the middle of catchment area of 2.7 million people, visited each year by around 5 million tourists, a unique tourist attraction in Europe all of which endow local businesses a substantial location bonus. There on the corner since 1861 can be found the "Store of the Senses" – LUDWIG BECK's flagship store.

A generous space concept ...

Around 500 employees generate 90 % of the Group's turnover on around 11,000 sqm sales floor in the centre of Munich. Alongside the seven storey main store on Marienplatz, we also attend to our customers' high demands in our HAUTNAH branch at the FÜNF HÖFE – another exclusive address just a few minutes' walk away.

A top ranking in sales ...

It's become a good tradition, year after year the Marienplatz store proves its' performance with one of the top positions for turnover in a ranking of German department stores. Several factors contribute to our consistent success; we can thank our long history together with the most modern thinking on brands, the sensual aura surrounding our high quality products and the unique loyalty of our Munich customers and those from around the world.

A particular customer profile ...

The typical LUDWIG BECK customer is female, between 29 and 59 years old, well situated with accordingly high expectations, is brand conscious and enjoys shopping. This urban lifestyle-elite who flow in and out of our doors on a daily basis is a much sought after target group – coveted without success by much of our competition.

Image above: HAUTNAH offers a celebration for the senses with sumptuous fragrances, sophisticated cosmetics and luxurious skin care products.

A range of fine brands ...

At LUDWIG BECK the exquisite is standard. Our brand spectrum includes established brands of international renown, and also young aspiring designers to whom we extend a ideal platform. As a result, our product range experiences an ongoing review and optimization – not just the clothing but from cosmetics, accessories and lifestyle products to wines, books and our enormous selection of classical and jazz CDs.

First class advice ...

Anyone who has been a customer at our main store will later recall something of the LUDWIG BECK service that has become a rarity in the hectic everyday sales life: Every member of staff takes the time to guide the customer in questions of style, brand connoisseur and as trustful helper in decision making. Each and every one of our sales team wears the LUDWIG BECK brand on his heart – that may sound sentimental, but it is one of the big secrets of our success.

A perfectly set scene ...

Every resident of Munich knows the display window gallery at the "Store of the Senses" as an attention grabbing platform of creativity, design delight and dramatic staging of our brand wares. Inside the store this sensual pleasure in the presentation of exclusive items accompanies you at every turn, locking the awe-struck customer into their reverie and pulling them deeper into ever changing settings that make the dream of the perfect shopping experience a reality.

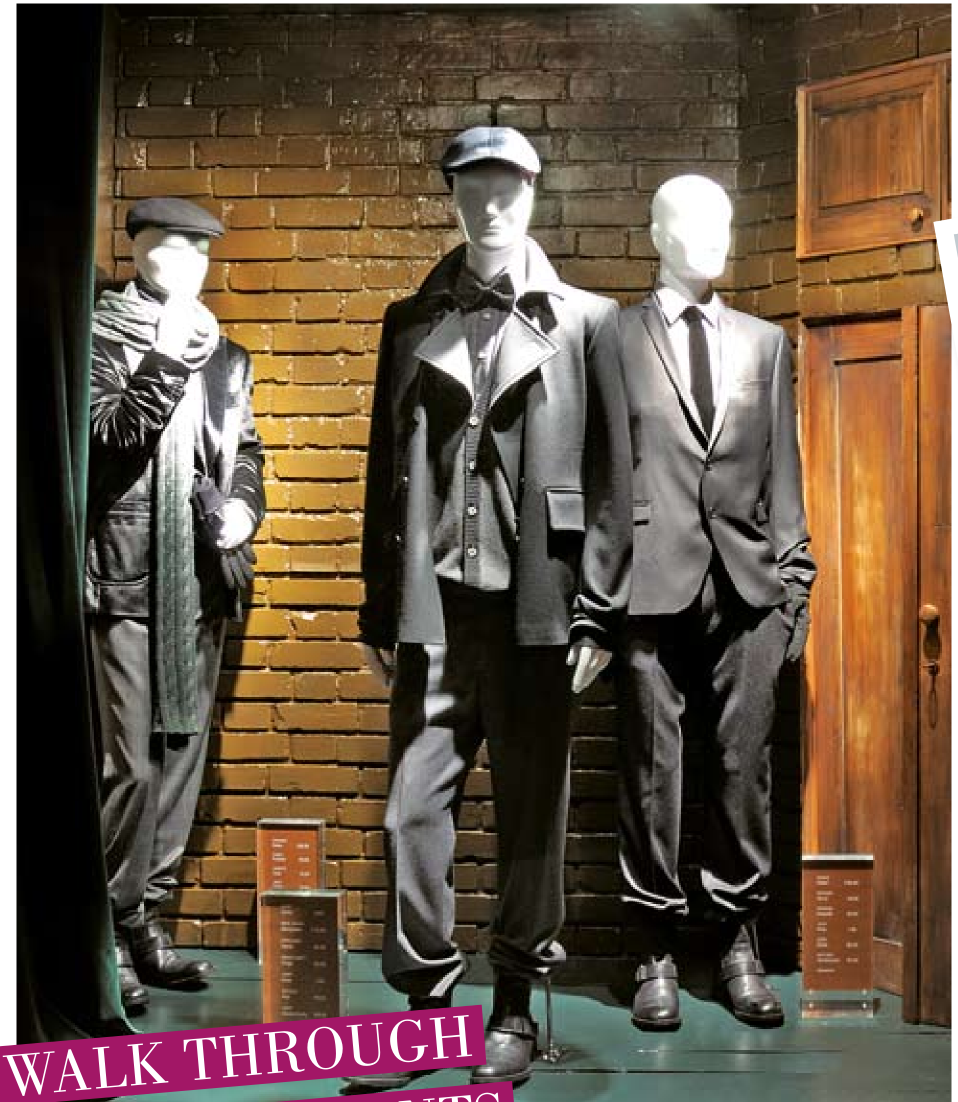
"Store of the Senses" as brand promise

"Store of the Senses" is the guiding principle in our entire communication and advertising strategy. It carries the special facets of LUDWIG BECK's merits, is an emotional promise to customers, strengthens the uniqueness of our fashion house and has the magic of mobilizing the public for LUDWIG BECK.

Quite simply, "Store of the Senses" means warmth, diversity of experience, surprise, proximity, creativity and the desire to buy. And this is what we strive to bring over each time anew through our communications.

Image above: "Green Spirit" at LUDWIG BECK: Complementing the organic collection, the window displays play with images from nature.

Right images: A surprise at every turn – the "Store of the Senses" invites you on a discovery tour.



A WALK THROUGH THE DEPARTMENTS

Lower ground floor:

At the base of the building – you could say as a real foundation – is the men's department. Stepping into the 1,000 sqm sales floor directly from the Marienplatz station concourse you find yourself surrounded by a palette of business, everyday and casual men's fashions. Earthy masculine hues dominate here. Large glass display tables allow you to easily find and try on what you are looking for whether it's a shirt, trousers or jumper. Men like to get right to the point, and here bathed in a striking lighting concept with niches fitted out in fine wood, that is easily and stylishly achieved.

Brand highlights: *Polo Ralph Lauren, René Lezard, Joop!, Napapijri, Gant*

„O'ZAPFT IS!"

LIMITED EDITION OKTOBERFEST BAG FROM GEORGE GINA & LUCY

The Hessian cult label George Gina & Lucy had a great idea for the 2009 Oktoberfest: A strictly limited edition bag in Oktoberfest style. With 46 of them on the shelves, the "Store of the Senses" managed to snap up the biggest stock in Munich. Queues of keen buyers formed in front of the doors hours before the store opened and the entire stock of the much sought after bags were sold out within two minutes.

Ground floor:

Up the escalator the experience continues into the ground floor. The eye is immediately caught by a distinguished wall of grey slate. Other walls are clad with mirrors or wood and there is even an "ancestral gallery". The customers are visibly at ease. There's lot to see, and those without a specific shopping plan can browse the fascinating products at their leisure. Perhaps in the exclusive accessories & leather goods department, where hot branded goods raise the female heartbeat. Silver jewelry is to be had in the Thomas Sabo Charm Club and the Thomas Sabo Sterling Silver Collection Shop.
Brand highlights: *Longchamp, Mulberry, Bogner, George Gina & Lucy, Coccinelle*

The Porsche Design Shop offers a wide range of lifestyle products, while the latest designer glasses await you in the stylish displays of Freudenhaus Eyewear.

Dienerstraße:

The Dienerstraße entrance brings one into a fragrant paradise with a dizzying range of perfumes, creams, and make-up collection. HAUTNAH – this department deserves its name. Here the insightful sales team promise intimacy and the assuredness of having made the right choice.
Brand highlights: *Clive Christian, Memo, Biocol, Jo Malone, Amala*

Incidentally, not far away, and sure to provide eye-catcher incidentally, the two-story men's and women's legwear department – home to the finest knits in Munich.
Brand highlights: *Falke, Burlington, Hudson, Fogal, Wolford*

Then one should really treat oneself to a tour of the building from the outside to let the magnificently refurbished façade take its effect. Reminiscences of Renaissance coffering and Regency scenes shine brick red on a pale background – a sensuously pictorial sight that is a joy to behold and is really not to be found in any other German city.

Burgstraße:

Two very special highlights of shopping culture à la LUDWIG BECK are to be found right next door and opposite the flagship store on Burgstraße. Geknöpft & Zugenäht – the haberdasher's is a nostalgic link to the 19th century origins of the business. Ribbons, buttons, trimmings, laces, cords, threads . . . even the professional tailor would not find the range wanting. An unusual pattern, a rare material? You can't go wrong here – it's a tradition.

Coming from Burgstrasse – or HAUTNAH – you enter one of the world's largest AGENT PROVOCATEUR stores. Here you find sensual "Lessons in Lingerie" and the whole product range of the British cult brand.

Old Munich arches on the other side of the road over an illustrious combination of wine dealership and book shop. LUDWIG BECK people would say, wrong. This is not home to just any old literature or colorful labels, at DICHTUNG & WAHRHEIT (Poetry & Truth) only the finest wines from the house of Garibaldi and a selective repertoire of books find a home. Which is why in 2007 the Frankfurter Allgemeine Zeitung newspaper crowned this harmonic symbiosis of intellectual and epicurean taste "Wine Shop of the Year".

1st floor:

Back in the flagship store, the tour attains altitude. Light and spaciousness surround the customer. The sales range lures with a kaleidoscopic diversity of attractions, fragrances and tones. In the lingerie & dessous department, elegant displays show their potential for seduction. Sensuality, silk, sexy designs invite couples to linger and lookout for something "sinful".
Brand highlights: *Elle Macpherson Intimates, Myla, Chantelle, Princesse Tamtam, Huit*

A real brand Eldorado is to be found in the modern woman department: This is where trends are launched, international brands are presented and the up-to-datedness of collections is continuously defined anew.
Brand highlights: *Patrizia Pepe, Tara Jarmon, Paul & Joe Sister, Vanessa Bruno Athé, Day Birger et Mikkelsen*

2nd floor:

Knitwear, shirts and trousers, woolen or cashmere, in the latest colors and cuts make this department an absolute must. If you want to cut a good figure in the latest apparel you just can't avoid this department. And for those men who feel their wives' and girlfriends' trying on just that little bit too . . . trying; there are extra comfy leather chairs in various designs. And should you fancy a coffee or pastry, just stroll over to Kaffee Wiener's.
Brand highlights: *Princess goes Hollywood, Sem per Lei, Oui moments, Cambio, Closed*

That provides a rather amusing parallel to children's fashion, where the little ones can let off steam in the play corner with Gameboys and Lillifees, while their parents get their fill of mini brand consciousness in peace and quiet.
Brand highlights: *Burberry, Polo Ralph Lauren, Tommy Hilfiger, DKNY, Kenzo*

The most beautiful, stylish and finest in paper– that's the Papeterie mission statement in a nutshell. Pretty boxes, fine writing paper or elegant notebooks and the biggest Semikolon range in town. Fancy your name embossed in leather? Or pore over the paper range until you find that perfect piece for your next love-letter. Not to forget the amazingly impressive selection of 1,800 postcard motives.
Brand highlights: *Semikolon, Moleskine, Filofax, Artebene, Samova Tea, SZ-Magazin-Shop*

3rd floor:

"The red carpet" in Munich – this is where you make your big entrance! In the newly designed premium department for evening wear glamour sets the tone. Outfits and sparkling accessories for those special occasions are set off to their best advantage in the elegant and distinguished interior.
Brand highlights: *Talbot Runhof, Anna von Griesheim, Max Mara Elegante*

When top international labels come to Munich, they head for designer fashion at LUDWIG BECK. All the big names are represented over 800 sqm – and ladies will be delighted to find on the hangers, with dependable regularity, the fashion highlights straight from the top glossy magazines.
Brand highlights: *High, René Lezard, Polo Ralph Lauren, Strenesse, MarcCain*

Plus Size Fashion showing their shapely silhouettes make a big entrance on the 3rd floor. The department is happily frequented by the target group.
Brand highlights: *Marina Rinaldi, Elena Miro, Samoon, Sallie Sahne, Via Appia Due*

4th floor:

Young designer fashion have found their home under black spotlights in a urban studio atmosphere. Distinguished shooting stars present their fan base with cult shirts, jeans and jackets. It's more than likely that some of them have just recently be discovered by LUDWIG BECK's design-scouts in some exciting spot on the planet.
Brand highlights: *Woolrich, Drykorn, Seven Jeans, Superdry, Scotch & Soda*

Whether at the beach or the pool – or even just for a lazy afternoon on your balcony – in designer swimwear you don't have to do without hot looks and trend labels.
Brand highlights: *Maryan Melhorn, La Perla, Seafolly, Calvin Klein, DKNY*

As part of the Oktoberfest celebrations the traditional costume department shows its new colours every year. Authentic dirndls of breathtaking materials, traditional shirts, scarves not to forget leather legwear always get a great welcome.
Brand highlights: *Trentini, Lollipop & Alpenrock, Sportalm, Schmitt und Schäfer, Himmel, Arsch & Zwirn, Almsach, Berwin & Wolf*

Customers have come to rely on the annual enlargement of the coats & jackets department in October to welcome the new winter season with a diverse range of warm brands.

Classy Christmas decorations for all tastes are to be found at the annual Christmas Market starting in October: Winter forests, Alpine atmosphere or snow-covered landscapes form the setting for a fascinating selection of Christmas tree balls, figurines, candles and fairy lights in a plethora of colors and forms.
Brand highlights: *Cinque, Fire & Ice, Hetregó, Cinzia Rocca, Geox*

5th floor:

100,000 available titles, excellent sales expertise, an elegant environment of warm wood, brass trims, candlesticks, ample space to browse and listen – create a superlative experience in our music department. Walk in with an unusual CD wish and it will be in your hand in minutes and you'll soon be a loyal regular. Another good sound: Classics fans can experience their stars up close, meeting top international artists such as Anna Netrebko, Lang Lang, Martin Stadtfeld and Zubin Mehta at the always well attended autograph sessions.

Branches

Our success is carried on two pillars

The heart of LUDWIG BECK's business is to be found at the flagship store at Munich's Marienplatz. This is where the customer finds an impressive range of up-market brands.

Our branch stores, on the other hand, expand the breadth and round off the LUDWIG BECK business model. These stores reach out to the target groups whose purchasing needs are not met by the "Store of the Senses" "trading up" sales concept.

Multi-label stores

The LUDWIG BECK fashion branches in Munich-Riem's, Augsburg's and Landshut's big shopping centers attract younger target groups seeking medium priced collections. The range is price conscious, fashion oriented and a good complement to LUDWIG BECK's brand image.

Mono-label stores

Our mono-label stores sport the internationally successful ESPRIT and s.Oliver brands. These two strongly growing brands under the LUDWIG BECK roof secure important market share in a vertical sales system that would otherwise not be reached in the Group.

Outlet sales

The LUDWIG BECK fashion warehouse outlet in Parsdorf near Munich creates provides additional turnover potential. The outlet additionally profits from its customer pulling neighbours; Käfer fine foods and the high turnover Segmüller furniture store. Offering LUDWIG BECK brand quality at great value prices the whole year round, the demand is persistently high.

PERSONAL SHOPPING

PROFESSIONAL STYLING FOR ALL

For everyone looking for the perfect outfit to give them that star allure, LUDWIG BECK now offers a very special service. Those booking the personal shopping offer will be individually advised in all questions of style and type by a professional fashion stylist.

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CONSOLIDATED MANAGEMENT REPORT

Business and General Conditions

Macro-economic development

Government stepping in as knight in shining armor

The year 2009 was a year of economic horrors as global economic performance dropped 1 % for the first time since 1946 according to the Institute for World Economics (IfW). At the same time, 2009 was a year of economic recovery because, after a disastrous first quarter, the world economy has been expanding again since spring 2009.

The world saw individual governments intervene on a hitherto unknown scale and almost simultaneously introduce economic policy programs, which would have been frowned upon at other times, but were gradually showing effect in the course of the year. In addition thereto central banks flooded the economies with their "cheap money" strategy.

Thanks to swiftly realized measures and the continuous fading away of the "paralytic shock" condition suffered by economic decision-makers at the beginning of the year, the collapse of the world's financial system was avoided and a new foundation for the recovery of production and trade was laid. Without intervention however,

Left image: Urban studio atmosphere with the young designers on the 4th floor.

vital impulses – in particular for heavily subsidized industries – will be missing. Time will tell whether other forces can step in and cope.

The Asian threshold countries were major drivers of the world economy. The world economy's gradual recovery is especially owed to them, with China taking center stage.

Euro area ends recession

After severe slumps suffered by the Euro area countries, in particular in the first quarter of 2009, the economy gradually recovered in the further course of the year. According to estimates of the EU Commission, Euro area economies grew 0.4 % in the third quarter in comparison to the previous quarter signaling the end of the recession after five negative quarters in a row. The brightening of the economy is considered to be due to intense stock reductions in the first six months of the year and the cumulative effect of economic policy programs. All in all, the Commission, in its fall forecast, expects a 4 % drop of the GDP for 2009 which would translate into the largest slump in production since World War II.

German economy digging its way out of crisis

The German economy had to cope with a major downslide, in particular at the beginning of the year 2009, but has been on the mend ever since. It is nevertheless too early to give the all-clear; all leading experts agree on that. Nevertheless the German economy re-embarked on a growth course in the second quarter of 2009 after five consecutive, low-performing quarters. The Hamburg-based Institute of International Economics (HWWI) reported that the uptrend was mainly owed to the economic policy programs implemented in Germany and also world-wide. Therefore, the fragile economic situation was still a far cry from self-supportive recovery and development. The Federal Statistical Office reported a 5 % decrease of the GDP, the most severe slump in post-war history.

Considering the depth of the crisis, the job market, a decisive indicator of economic development, has been affected to a relatively minor degree thanks to short-time work regulations and increased working hour flexibility. According to the calculations of the Federal Employment Agency the unemployment rate was 8.2 % on annual average, corresponding to a 0.4 % increase in comparison to the previous year.

According to the Association for Consumption Research (GfK) the consumer climate showed resilience amidst difficult economic parameters in 2009. As the preliminary figures issued by the Federal Statistical Office indicate, real private consumption expenses went up 0.4 % last year. Towards the end of the year however, the fear of unemployment was growing among Germans. As a result, economic expectations worsened and the propensity to make savings increased.

Retail development

A year of record-braking busts

The number of insolvencies and business crashes in fashion trade in 2009 was at an all time high. According to the trade journal TextilWirtschaft the collapse of the Arcandor Group marked the largest bust in the history of the Federal Republic of Germany. Pohland, Woolworth and fashion brands like Rosner, Schiesser and the luxury brand Escada followed suit and became insolvent. But 2009 wasn't an easy year for the winners either. Expanding chains like H & M, Takko or Bijou Brigitte shrank on a like for like basis, and Adidas and Puma faced adverse winds. Nevertheless, the overall development of textile retail business was better than feared, which was partly due to consumer-friendly pricing and the relatively crisis-proof consumer market according to the assessment of the German Retail Federation (HDE). According to TextilWirtschaft the branch concluded the fiscal year 2009 on a par with the previous year.

LUDWIG BECK – a winner despite the crisis

Also in the crisis-ridden year 2009, LUDWIG BECK convinced its customers with the successful "trading up" concept. LUDWIG BECK was not hit by consumer reticence in 2009, and sales could be increased once again. Not only the profitable Christmas business but also the unwaveringly implemented upgrading of the product range contributed to the pleasant results. Exclusive brands of national and international designers, a prize-winning and internationally renowned music department and the continuous refurbishing and modernization of sales rooms transformed the "Store of the Senses" at Munich's Marienplatz into a jewel among Germany's fashion houses.

Product range structure and sales markets

The group retails under the LUDWIG BECK brand as well as under third party brands (franchise, mono-label). The main focus of the business is the flagship store at Munich's Marienplatz. The product range consists largely of textiles, with non-textile elements such as cosmetics and recordings assuming an ever more important role.

Corporate structure

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

LUDWIG BECK AG comprises the core business with the traditions-rich store at Marienplatz and its HAUTNAH annex in FÜNF HÖFE, the LUDWIG BECK multi-label branches, the LUDWIG BECK mono-label stores in Munich and Regensburg and the LUDWIG BECK fashion outlet in Parsdorf. At the end of the fiscal year the group consisted of three multi-label branches, two mono-label stores and one fashion outlet.

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 as well as a 100 % interest in LUDWIG BECK Grundbesitz Haar GmbH. The plot of the flagship store at Munich's Marienplatz is owned by Feldmeier GmbH & Co, Betriebs KG. LUDWIG BECK Grundbesitz Haar GmbH owns operationally needed real estate in Haar near Munich acquired in 2008, where the logistics center of LUDWIG BECK AG is located.

Group strategy

Since its foundation in 1861 by the button-maker and dress trimmer Ludwig Beck, the flagship store has been associated with values such as quality and creativity, tradition and modernity, shopping as experience and sensuality. With its optimal location in the heart of Munich, a target-oriented marketing concept not to mention sustained customer loyalty, LUDWIG BECK managed to secure a top place amongst the favorite German retail businesses.

The flagship store at Marienplatz with its HAUTNAH annex in FÜNF HÖFE forms the corner stone of success. The "Store of the Senses" generates almost 90 % of overall sales. The enterprise's appeal lies in the perfect melting of specialized dealer and department store focusing on individual, professional advice and a large selection of products which hardly leave anything to be desired. As part of the consequently implemented "trading up" strategy the product range is upgraded on an ongoing basis offering customers exclusivity beyond comparison. LUDWIG BECK is the address for unique shopping experiences.

The internal control system

The LUDWIG BECK Group control system relies on daily resource planning analyses. These are detailed by cost centre and article number, department and season sizes, thus providing all the necessary information for controlling inventories, product ranges and the allocation of sales areas in an efficient manner.

Personnel

Our employees – fundamental to success

By bonding with the company and dedicating themselves to its goals our employees contribute considerably to the success of LUDWIG BECK. Qualification and motivation of employees are central elements of our corporate culture. LUDWIG BECK is committed to creating a working environment in which team spirit, passion, advisory and service skills and performance can thrive. Therefore, apprentices are offered a qualified training program and intensive support in their daily work through trained tutors alongside their vocational school studies.

Because of the high training standard of its apprentices LUDWIG BECK is able to recruit its employee base mainly from its own ranks. Thus the know-how taught during the training period is preserved for the company and can be further enhanced. Comprehensive training programs promoting the employees' potential skills are aimed at the specific improvement of the employees' professional attitude in dealing with customers and their customer-oriented leadership qualities.

Our efforts are rewarded with a very special working climate marked by cordiality and almost family-like connectedness. This is proven by exceptional company loyalty. In 2009, three employees celebrated their 45-year anniversaries, one employee his 40-year anniversary, two employees their 35-year anniversaries and four employees their 30 years with the company. To LUDWIG BECK the extraordinary length of employment is valid confirmation for the company's resolve to continue its "demand and promote" personnel policy. Without a content and loyal workforce there will be no content and loyal customers.

Over the year 2009 LUDWIG BECK employed an average of 529 workers. The comparable average for the previous year was 538. The number of apprentices remained at a high level and amounted to 43 (previous year: 42). In the period under report the number of weighted employees was 378 and almost reached last year's level (previous year: 381).

Marketing

The "Store of the Senses" – always an experience

Every single day the marketing and PR teams are challenged to further the value and popularity of the LUDWIG BECK brand, and to inspire sympathy and modernize the brand image on an ongoing basis through professional appearance and custom-tailored measures.

Thanks to creative marketing and eye-catching advertisements, LUDWIG BECK has succeeded again and again in making LUDWIG BECK and the "Store of the Senses" the talk of the town. The publication of the popular customer magazine "LUDWIG" which has reported about spring and fall trends in the fields of fashion, accessories and entertainment twice a year since 2007 is one way of successful costumer bonding. Regular attendance at important events in the Munich area adds to the marketing repertoire. In 2009, LUDWIG BECK once again participated in the 3rd Munich "Cult(ure) and Shopping Night" and, on the occasion of the BMW Jazz Awards 2009, provided a platform for various artists on the event stage in the Music department on the 5th floor.

Consolidated Earnings Situation

All sums in the following charts are calculated precisely and then rounded to €m. Percentages were derived from precise (not rounded) values.

Consolidated earnings situation for the period from January 1 – December 31, 2009

	2009		2008		Delta	
	€m	%	€m	%	€m	%
Gross sales	103.7	119.0 %	102.6	119.0 %	1.2	1.1 %
VAT	16.5	19.0 %	16.4	19.0 %	0.2	1.0 %
Net sales	**87.2**	**100.0 %**	**86.2**	**100.0 %**	**1.0**	**1.2 %**
Own work capitalized	0.1	0.1 %	0.2	0.3 %	-0.1	-62.9 %
Other operating income	3.0	3.4 %	3.3	3.8 %	-0.3	-9.5 %
	90.3	**103.5 %**	**89.7**	**104.1 %**	**0.5**	**0.6 %**
Cost of materials	44.2	50.7 %	44.8	52.0 %	-0.6	-1.4 %
Personnel expenses	16.8	19.3 %	16.9	19.7 %	-0.1	-0.6 %
Depreciation	3.5	4.1 %	4.1	4.7 %	-0.5	-13.2 %
Cost of office and store	7.7	8.8 %	8.1	9.4 %	-0.4	-5.0 %
Administrative expenses	1.6	1.8 %	1.7	2.0 %	-0.2	-9.6 %
Sales expenses	3.8	4.4 %	3.9	4.6 %	-0.1	-3.3 %
Other personnel costs	1.2	1.4 %	1.2	1.4 %	0.0	3.9 %
Insurances and contributions	0.2	0.2 %	0.2	0.2 %	0.0	-6.6 %
Other operating expenses	1.5	1.7 %	0.6	0.7 %	0.9	147.1 %
Sum total of other expenses	**15.9**	**18.3 %**	**15.7**	**18.3 %**	**0.2**	**1.2 %**
Earnings before interest and taxes (EBIT)	**9.8**	**11.2 %**	**8.1**	**9.4 %**	**1.6**	**20.1 %**
Financial result	-3.4	-3.9 %	-3.7	-4.3 %	0.3	-8.0 %
Earnings before taxes (EBT)	**6.4**	**7.3 %**	**4.4**	**5.2 %**	**1.9**	**43.5 %**
Taxes	4.1	4.7 %	1.7	2.0 %	2.4	139.2 %
Consolidated net profit	**2.2**	**2.6 %**	**2.7**	**3.1 %**	**-0.5**	**-17.6 %**
Gross profit	43.0	49.3 %	41.4	48.0 %	1.6	4.0 %
EBITDA	13.3	15.3 %	12.2	14.2 %	1.1	9.0 %
Operating margin (EBT/NS)	7.3 %		5.2 %			
Cost ratio (operating expenses minus corresponding proceeds/net sales)	38.1 %		38.6 %			
Operating expenses	36.3	41.7 %	36.8	42.7 %		

Sales development

In 2009 branch-adjusted gross sales of LUDWIG BECK went up € 1.8m to € 103.7m. The respective gross sales in the previous year had amounted to € 101.9m. Hence the total increase is 1.8 %. Branch-unadjusted sales also added up to € 103.7m (previous year: € 102.6m). Net sales amounted to € 87.2m (previous year: € 86.2m).

Once again LUDWIG BECK was able to contrast favorably against the general trend in textile retail trade which concluded the fiscal year 2009 on a par according to TextilWirtschaft.

Highly profitable Christmas sales contributed considerably to the welcome results. The 9.7 % plus scored in December by far exceeded the management's expectations. The branch in general reported a 2.0 % increase in the same period according to TextilWirtschaft.

The flagship store at Munich's Marienplatz accounted for approximately 87 % of sales. In the fiscal year 2009 the store at Marienplatz generated a 2.4 % sales increase.

Earnings situation

Gross profit could be increased by € 1.6m in comparison to the previous year (€ 41.4m) to € 43.0m. The 49.3 % gross profit margin lay clearly above last year's level (48.0 %).

Accordingly, the cost of sales ratio improved to 50.7 % (previous year: 52.0 %). Absolute costs of sales amounted to € 44.2m (previous year: € 44.8m).

Other operational income composed of rental proceeds, on-charged cost of office and store, proceeds generated by the administration, sales and personnel departments as well as canteen profits and own work capitalized reached € 3.1m at the end of the fiscal year 2009 and fell slightly short of last year's level (€ 3.5m).

Operating expenses (other operating expenses, depreciation, personnel expenses) in the amount of € 36.3m (previous year: € 36.8m) fell € 0.5m short of last year's level. LUDWIG BECK achieved cost reductions for almost all expense items or was able to keep them stable in comparison to the previous year. Only other operating expenses went up € 0.9m to € 1.5m due to restructuring costs incurred for branch establishments.

Personnel expenses amounting to € 16.8m also remained at last year's level with (€ 16.9m).

The cost ratio (expenses netted against corresponding proceeds) in comparison to net sales was 38.1 % and slightly under last year's level (38.6 %).

The result before interest, taxes and depreciation (EBITDA) rose to € 13.3m (previous year: € 12.2m). The EBITDA margin relating to net sales was 15.3 % in the lapsed fiscal year (previous year: 14.2 %).

The operative result (EBIT) reached € 9.8m in comparison to € 8.1m in the last year. This equals 20.1 % growth. The EBIT margin relating to net sales was 11.2 % (previous year: 9.4 %).

The financial result amounting to € -3.4m improved in comparison to the last year (€ -3.7m).

The result before taxes (EBT) was € 6.4m (previous year: € 4.4m) and thus accounted for a solid 43.5 % increase.

According to Section 8c German Corporate Income Tax Act (KStG) existing loss carryforwards for corporate income tax and trade tax on group level were forfeited due to the acquisition of more than 50 % of the shares in LUDWIG BECK by INTRO-Verwaltungs GmbH on June 20, 2009. Consequently, taxes in the aggregate amount of € 4.1m were incurred for the fiscal year 2009. The previous year's result was only encumbered with € 1.7m. Forfeited loss carryforwards and the related deletion of asset-side deferred taxes from the accounts led to the non-recurrent effect of € 1.7m in the year under review.

Consolidated total revenue amounted to € 2.2m and fell short of last year's result (€ 2.7m) due to the special tax situation.

Consolidated Asset Situation

Consolidated asset situation as of December 31, 2009

Assets	2009		2008	
	€m	%	€m	%
Long-term assets				
Intangible assets	3.0	2.8	3.2	2.9
Property, plant and equipment	92.0	84.2	93.3	82.6
Deferred taxes	0.0	0.0	1.1	1.0
Other assets	0.2	0.1	0.2	0.1
	95.2	**87.1**	**97.8**	**86.6**
Short-term assets				
Inventories	8.3	7.6	9.1	8.0
Receivables and other assets	1.4	1.3	5.5	4.9
Cash and cash equivalents	4.4	4.0	0.6	0.5
	14.1	**12.9**	**15.1**	**13.4**
Balance sheet total	**109.3**	**100.0**	**112.9**	**100.0**

The balance sheet total of the LUDWIG BECK Group stood at € 109.3m as of the balance sheet date December 31, 2009 (previous year: € 112.9m).

The decrease in the balance sheet total is primarily attributable to the reduction of tangible fixed assets, inventories, accounts receivable and other assets. The positive liquidity situation of LUDWIG BECK counteracted this effect.

In the fiscal year 2009 write-downs (€ 3.5m) clearly exceeded investments in tangible fixed assets (€ 2.1m). Investments mainly concerned the refurbishment of the evening wear department and the extension of the designer department on the 3rd floor of the department store at Marienplatz. All in all, tangible fixed assets went down € 1.3m.

As of the balance sheet date inventories amounted to € 8.3m and clearly dropped in comparison to the last year (€ 9.1m).

In the previous year the credit balance of € 3.6m deposited in the notary public's trust account for the acquisition price of the real estate in Haar near Munich had been reported under other short-term assets. The item was deleted upon conclusive payment of the acquisition price.

As per the balance sheet date, LUDWIG BECK had cash and cash equivalents in the amount of € 4.4m (previous year: € 0.6m).

Consolidated Financial Situation

Consolidated financial situation as of December 31, 2009

Liabilities	2009		2008	
	€m	%	€m	%
Equity	**42.8**	**39.1**	**41.8**	**37.0**
Potential compensation claim by minority shareholders	**9.0**	**8.2**	**8.8**	**7.8**
Long-term liabilties				
Liabilities to banks	37.0	33.9	36.5	32.3
Accruals	1.5	1.3	0.6	0.5
Other financial liabilities	3.7	3.4	4.0	3.5
Deferred tax liabilities	3.4	3.1	2.7	2.4
	45.6	**41.7**	**43.7**	**38.7**
Short-term liabilities				
Liabilities to banks	3.5	3.2	8.2	7.3
Other financial liabilities	0.4	0.4	0.4	0.4
Trade payables	1.3	1.2	5.2	4.6
Accrued taxes	2.1	1.9	0.4	0.4
Other liabilities	4.7	4.3	4.4	3.9
	12.0	**11.0**	**18.6**	**16.5**
Balance sheet total	**109.3**	**100.0**	**112.9**	**100.0**

As a result of ongoing performance, shareholders' equity increased from € 41.8m to € 42.8m. The equity ratio rose accordingly from 37.0 % to 39.1 %.

Increased accruals in the amount of € 0.9m were mainly attributable to the planned restructuring of the branch establishments in 2010.

As a result of excellent economic performance, the reduction of inventories and lower investments in the fiscal year 2009 LUDWIG BECK was able to cut short-term and long-term liabilities to banks by € 4.2m in aggregate.

As per the relevant date December 31, 2009 credit lines for short-term financing were secured. The short-term credit line in the amount of € 18.0m was utilized at a rate of roughly 15 % for bank guarantees. Interest on short-term current account overdrafts was on a variable basis.

Trade liabilities are capitalized at repayment value. Due to short terms of payment of these liabilities, this amount equals the market value of liabilities. Payments to suppliers are usually made within 10 days in order to make use of cash discount reduction, whereas the regular time allowed for payment usually comprises 60 days. In the previous year trade liabilities had included the acquisition price liability for the real estate in Haar near Munich in the amount of € 3.6m.

The finance policy is directed at securing the company's financing with simultaneous optimization of financing costs. Basically, non-operational risks are to be excluded.

Consolidated cash flow statement for the period January 1 – December 31, 2009

	2009	2008
	€k	€k
Net profit before taxes	**6,378**	**4,446**
Depreciation of fixed assets	3,544	4,082
Other non-cash loss/profit (+/-)	0	28
Financial income	-52	-77
Interest income	2,795	3,217
Minority interest	654	551
Loss/profit (+/-) from disposal of fixed assets	107	88
Operating result before changes to working capital	**13,426**	**12,335**
Increase/decrease (-/+) in assets	4,852	-3,440
Increase/decrease (-/+) in liabilities	-3,626	3,089
Increase/decrease (-/+) in accruals	879	38
Cash flow from operating activities (before interest payments)	**15,531**	**12,022**
Interest paid	-2,612	-2,997
Interest received	6	77
Disbursements to minority interests	-613	-617
Taxes on income paid	-682	-763
Cash flow from operating activities	**11,630**	**7,722**
Proceeds from disposal of fixed assets	2	83
Disbursements for additions to fixed assets	-2,090	-8,565
Disbursements for additions to plan assets	-79	-79
Cash flow from investing activities	**-2,167**	**-8,561**
Dividend payment	-1,109	-1,109
Repayment of interest-bearing loans	0	-4,000
Acceptance (+) of bank loans	5,000	4,000
Repayment (-) of bank loans	-3,890	-3,069
Acceptance/settlement (+/-) of bank liabilities	-5,194	5,259
Repayment (-) of finance leases	-428	-509
Cash flow from financing activities	**-5,621**	**572**
Change in cash and cash equivalents	3,842	-267
Cash and cash equivalents at the beginning of fiscal year	565	832
Cash and cash equivalents at the end of fiscal year	**4,407**	**565**

Cash flow

The cash flow from operating activities soared € 3.9m from € 7.7m to € 11.6m in the fiscal year. The reason lay in the distinct decrease of working capital.

The cash flow from investment activities amounted to € -2.1m in aggregate in the lapsed fiscal year (€ -8.6m). Investments mainly concerned payments for tangible fixed assets in the amount of € 2.1m for the extensions to the flagship store at Munich's Marienplatz.

In the fiscal year 2009 € 1.1m were spent on dividend distributions for 2008. The cash flow from financing activities reached a total of € -5.6m (previous year: € 0.6m). The strong drop in the cash flow from financing activities was due to a distinct decrease in payables subject to interest.

Supplementary Report

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

Details According to Sec. 289 Par. 4 HGB

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 companies and individuals directly or indirectly hold more than 10 in a 100 voting rights at LUDWIG BECK as of expiry of the compulsory offer of INTRO-Verwaltungs GmbH of June 19, 2009:

+ INTRO-Verwaltungs GmbH (Reichenschwand) 65.85 % (direct)
+ Mr. Hans Rudolf Wöhrl (Reichenschwand) 65.85 % (indirect)

Additional purchases were made between the date of expiry of the compulsory offer and December 31, 2009, which are documented on the website of INTRO-Verwaltungs GmbH (www.introverwaltung.de).

Dependence Report

Since no control and profit transfer agreement was concluded with the principle shareholder, the Executive Board of LUDWIG BECK was obligated to prepare a report about the relations with associated companies pursuant to Section 312 par. 3 Joint Stock Corporation Act (AktG). The dependence report contains the following conclusive statement:

"According to our knowledge of circumstances at the time of the relevant legal transactions with associated companies or measures taken or not taken on the initiative or in the interest of these companies, the company received fair and reasonable consideration in each individual case and did not suffer any disadvantage as a result of measures taken or not taken."

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 the 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 (Section 170 par. 2 Joint Stock Corporation Act (AktG)).

Details According to Sec. 289 a HGB

The "Corporate Governance Declaration" is publicly available on the Internet site of LUDWIG BECK under **www.ludwigbeck.de**.

Opportunity and Risk Report

In the course of its business in 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 in order to detect, 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, with the aim of steadily and sustainably increasing the value of the business. Responsibilities are 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 risks, the company is also exposed to the following risks:

Competition/ Economic and sector risk

The development of the over-the-counter retail sector is 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. The current macro-economic situation is also further affecting consumer spending behavior.

Changes in consumer behavior or the changing competitive climate in retail, caused by the general economic situation, political conditions and changes in income, require constant realignment of our sales concept with the needs of consumers in terms of product selection and service.

Corporate policy results above all from careful market observation, analysis of the competitive situation and trends in consumer behavior as well as the particular behavior patterns of our chosen target groups.

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

The Marienplatz store can use its city center 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.

LUDWIG BECK's orientation aims at expanding the market position of our flagship store, while utilizing existing know-how to generate additional sales and earnings potential through new sales channels.

Potential purchasing risks as a result of suppliers' financial difficulties can be minimized through the high number of suppliers and their careful selection as well as thorough product range analysis and planning.

Currency risks

Since LUWIG BECK operates as an over-the-counter retailer, there is no currency risk on the sales side of the operation. This also extends to procurement as almost all purchasing takes place in Euros.

Seasonal risks

LUDWIG BECK publishes quarterly reports on the Group's key figures which show the seasonal fluctuations. In particular, the Group regularly 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. These risks relating to cash flow fluctuations are monitored and controlled through our financial management. For such instances, we have established a variety of cash management instruments.

Financial risks

LUDWIG BECK AG operates a central financial clearing system for the Group to identify, measure and control financial risks. A financial resources balancing system between the various businesses in the Group means that short-term excess liquidity from one can be used to finance the capital needs of the other. 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. Loans are spread between several respected lenders to minimize risks of concentration. The company's own solid 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.

In the wake of the financial crisis unforeseeable difficulties and restrictions regarding the granting of credit facilities through banks may occur for industry and trade which could lead to liquidity bottlenecks in case of a further aggravation of the financials crisis.

Risk of bad debt

LUDWIG BECK is exposed to the risk of non-payment of receivables to only a very limited extent, as mail order sales are of so much lesser volume than over-the-counter sales. The risks resulting from credit card payments are mainly borne by the credit card providers. Monitoring of EC-card payments is outsourced externally. Mechanisms implemented for the monitoring of cash sales result in low risks for this method of payment. Risks arising from the physical movement of cash, the possibility of fraud and the insolvency of the provider are minimized through these services being distributed between several companies.

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 any 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, whose requirements and conditions are subject to continual assessment both internally and externally.

Description of the internal control system

LUDWIG BECK established internal controlling instruments to secure proper accounting in compliance with legal requirements.

LUDWIG BECK's accounting procedures are governed by standardized guidelines and rules as well as a clearly defined course of action. Therefore, standard account parameters and booking directions for various business transactions were established. Another control tool is the clear allocation of functions regarding various accounting processes. Accounting-relevant items are mainly recorded on an automated basis, e.g. all sales at LUDWIG BECK are controlled by automated cash register systems. For group accounting purposes all book-keeping data of the consolidated companies may be accessed. Furthermore, automated Excel consolidation aids for automatic controls were implemented.

To survey compliance with applicable rules, LUDWIG BECK basically relies on process integrated monitoring systems. These are divided into ongoing automated control mechanisms, like separation of functions or restricted access to certain sets of books for unauthorized personnel, and controls integrated into work processes which are secured through automated bookings, permanently stored codes, automated booking procedures and the recording of the entire sales process (cash register systems).

The internal accounting control system of LUDWIG BECK is implemented in a way that the internal recording system is directly linked to the accounting data base thus integrating the base into the controlling processes. Import accounting processes are carried out on a high level basis and are monitored and adjusted by external consultants.

LUDWIG BECK's accounting-related risk management system is set up in a way that the risk of misrepresentation could mainly ensue from new business processes or amendments to legal provisions. Risks are contained by transferring decisions on accounting-relevant data to the management level. Ongoing continuation training regarding the applicable accounting provisions from time to time is provided to the management. External service providers are called upon to teach the basic principles set forth in literature, and the services of external consultants for implementation and integration of these principles into existing processes are enlisted in case of doubt.

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.

Alongside the creation of a positive work environment, 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 qualification standards and service orientation of our employees.

Accessibility risk

The central location of the main store at Marienplatz requires to a great extent accessibility via the public transport system. Public service strikes can therefore hamper or even prevent the smooth transport of customers to the inner city. There is thus a risk of reduced sales, if normal business cannot compensate the loss in the following days.

Weather risks

The worldwide climatic change has definitely become a risk factor for retail trade companies. Summers are too cool and wet, winters too mild or too cold. 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 hats.

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

Real estate risk

The real estate crisis in the USA and some European countries led to a decay of real estate prices. So far, no negative effects on the German market in general and the Munich market in particular could be recorded. Since real estate prices in the center of Munich are currently at a stable level, the risk of a loss in value of the Marienplatz real estate is considered as low.

Overall risk

With regard to the 2010 fiscal year, the most significant risks lie in grossly misjudging the future development of sales. In contrast, there is also the opportunity that by coincidence of several positive factors sales and profit targets are met or even exceeded.

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 promise.

The structure of the remuneration system for the Executive Board as proposed by the personnel committee 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. Since the coming into effect of the Executive Compensation Act of August 5, 2009, decisions on remuneration are passed by the General Supervisory Board. These regard in particular the determination of the total emoluments including fringe benefits, retirement pensions, surviving dependents' benefits and similar benefits.

The criteria for the adequacy of remuneration are in particular the duties of the respective members of the Executive Board, their personal performance as well as the economic situation, the success and the future prospects of the company in a comparable business environment.

Individual remuneration components: The remuneration of the members of the Executive Board is composed of success-independent components and one success-dependent component. The success-independent components include fixed remuneration, fringe benefits and pension promise, while the success-dependent component takes the form of a bonus.

The fixed remuneration is the performance-independent base compensation paid in the form of a monthly salary. In addition, the members of the Executive Board receive fringe benefits in the form of benefits in kind, consisting of insurance premiums for the D&O insurance policy, and the right to use a company car. Use of the company car constitutes a component of the remuneration for which each member of the Executive Board has to pay personal tax. Loans or advance payments were not extended to the members of the Executive Board in the reporting year.

The success-dependent remuneration component is a bonus. The bonus amount depends on the development of the Group's sales success. Furthermore, the Supervisory Board can grant a special bonus to honor special accomplishments.

Remuneration of the members of the Executive Board amounted to € 1,105k in aggregate in the fiscal year 2009.

Individual details are shown in the following chart:

Remuneration of the Executive Board in €k

							Annual remuneration		Pension	
	Fixed		Value of fringe benefits		Bonus		Total		Annual value at initial date of pension payment (as of 12/31)	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Dieter Münch	259	260	15	16	223	223	497	499	62	66
Oliver Haller	240	240	15	16	223	350	478	606	0	0

The above chart also shows retirement annuities for the members of the Executive Board. Payment of retirement benefits commences upon attainment of age 63 or in case of a permanent inability to work. Mr. Münch's retirement pension is determined by the length of service as a member of the Executive Board of LUDWIG BECK AG. Accrued pension benefits will be increased by € 4k annually on a contractual basis until attainment of age 63.

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

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 activities as a member of the Executive Board.

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. Remuneration depends on the duties and responsibilities of the members of the Supervisory Board and the economic success of LUDWIG BECK. The remuneration of the Supervisory Board consists of a fixed component and a variable component.

Alongside the refund of their expenses, the members of the Supervisory Board receive remuneration composed of the following elements: fixed remuneration in the amount of € 10k and a bonus of € 1k for each € 0.10 dividend portion per no par share in excess of the € 0.25 dividend per share for the lapsed fiscal year as resolved by the General Meeting and distributed to the shareholders. 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.

The chairman of the Board receives double the amounts of the fixed remuneration and the bonus, the vice-chairman one and a half times the amounts. Chairing 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.

Individual details are shown in the following chart:

Remuneration of the Supervisory Board in €k

	Fixed		Variable		D&O		Total	
	2008	2009	2008	2009	2008	2009	2008	2009
Dr. Joachim Hausser	23	23	0	0	3	3	26	26
Gerhard Wöhrl	14	16	0	0	3	3	17	19
Dr. Lutz Helmig	11	12	0	0	3	3	14	15
Christian Greiner (2008 pro rata)	7	12	0	0	2	3	9	15
Gabriele Keitel	10	10	0	0	3	3	13	13
Felicitas Uhl (2008 and 2009 pro rata)	6	6	0	0	2	2	8	8
Dorothee Neumüller (2009 pro rata)	0	4	0	0	0	1	0	5
Dr. Eva Annett Grigoleit (2008 pro rata)	8	0	0	0	1	0	9	0
Eva-Maria Stähle (2008 pro rata)	4	0	0	0	1	0	5	0

Mr. Christian Greiner had been elected to the Supervisory Board by the General Meeting on May 9 2008; therefore his remuneration for the fiscal year 2008 had been calculated on a pro rata basis. Ms. Felicitas Uhl was elected as employee's representative to the Supervisory Board in fiscal year 2008. Her remuneration had been calculated on a pro rata basis.

Ms. Felicitas Uhl left the Supervisory Board in 2009. Her remuneration for the year 2009 was also calculated on a pro rata basis. Ms. Dorothee Neumüller took over her position as employee representative in the fiscal year 2009. Hence no comparison with the previous year is possible; the remuneration for the year 2009 was calculated on a pro rata basis.

Dr. Eva Annett Grigoleit and Ms. Eva-Maria Stähle had withdrawn from the Supervisory Board in the fiscal year 2008. Their remuneration for the year 2008 had been on a pro rata basis and amounted to € 0k for the fiscal year 2009.

Designated sponsoring services were contracted from Viscardi AG to the value of € 35k. Viscardi AG is closely related to Dr. Joachim Hausser and Mr. Dieter Münch.

Forecast Report

Light at the end of the tunnel

The economic landscape is obviously brightening and curbed optimism prevails. Nevertheless uncertainties and the fear of setback because of the protracted lack of transparency of the financial systems dim hopes. All in all, the experts of the Institute for World Economics (IfW) draw a positive picture in their forecast for the global economic development in 2010 and predict a 3.6 % rise in global production for the fiscal year 2010.

International trade and industrial production have been giving constant, positive signals for a while thus enabling many countries – above all the Asian threshold countries - to generate growth rates again. Nevertheless, the world-wide economic development is taking a lopsided course. While production in the threshold countries is expected to gain considerable momentum in the years 2010 and 2011, the economic recovery of the industrialized countries seems to be slow-paced. Therefore, growth rates for the global GDP in an order of magnitude of approximately 5 % like in the years 2004 to 2007 are nowhere insight.

Curbed optimism for the German economy

The Federal Ministry of Economics and Technology (BMWi) predicted that the economic recovery in Germany would continue and stabilize in the coming years as a result of the government's economic stimuli, continued expansion-oriented monetary policies and the general improvement of the global economy. According to the assessment of the Hamburg-based Institute of International Economics (HWWI) there is currently a lower risk of setback than a short time ago. HWWI expects the real gross domestic product (GDP) to go up 1.5 % in the year 2010 in continuation of the recovery process already under way. This means that the overall economic production at the end of the year 2010 would still fall 4 % short of the pre-crisis level at the beginning of 2008 which probably cannot be reached before 2012 even under favorable economic conditions.

The government assumes that the German job market situation will worsen considerably in the current year – after the consequences of the economic crisis had been mitigated through short-time work at first. Unemployment figures are expected to rise from 8.2 % to 8.9 % on the annual average.

Because of the afflicted job market, the tendency to consume will be weakened in 2010. The federal government expects private consumption to drop 0.5 %. The Association for Consumption Research (GfK) also observes that the economic slump is taking its toll on private consumers. The anticipated increase of the unemployment rate and the growing fear of job loss lead to curbed optimism in consumers' income expectations. All in all, the propensity to consume and the nominal per capita purchasing power will suffer in the current year. According to the assessment of GfK the year 2010 will be more challenging than the previous year from the point of view of consumption.

LUDWIG BECK braced and strong for the future

The LUDWIG BECK management endorses the experts' forecasts and expects the fiscal year 2010 to be another difficult year for the German economy. The Executive Board assumes that the unemployment level will rise with negative effects on the buying mood of consumers.

In the reporting period LUDWIG BECK recorded clear sales and earnings increases and was thus able to contrast favorably against the general branch trend despite the omnipresent mood of crisis. Also in the current fiscal year, the management will rely on the company's positive business development since the unique positioning of the "Store of the Senses" at Munich's Marienplatz has always been a vital factor for the company's sustained success.

This is the place where the LUDWIG BECK management has unwaveringly implemented its "trading up" strategy, implying continuous upgrading of product ranges and consistent modernization of sales rooms, for many years. Imaginative and versatile product range concepts, target group oriented approaches, high quality products, continuously improved service parameters and emotionally attractive customer contact are core elements of this strategy.

The next steps have already been predefined: The sales and earnings successes proved that the fashion house is following the right track with this strategy. Further innovative design concepts will contribute to the ongoing modernization and refurbishment of the "Store of the Senses" also in the future. This will enhance and fortify LUDWIG BECK's position in the upscale segment.

Also in the year 2010 the employees' admirable commitment, the reliability of LUDWIG BECK in the eyes of the customers as well as the stringent cost policy will guarantee the continuation of the company's successful business development.

Even in the face of the increasingly uncertain market environment the Executive Board of LUDWIG BECK expects earnings before taxes (EBT) in the amount of approximately 6.0 €m for the fiscal year 2010.

Munich, February 2010
The Executive Board

Contents

LUDWIG BECK

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CONSOLIDATED FINANCIAL STATEMENTS & NOTES

On the following pages you will find the consolidated financial statements and consolidated notes of LUDWIG BECK AG.

Left image: The new music department is renowned for listening pleasure and an enormous collection of classic, jazz and world music.

Consolidated Balance Sheet

Consolidated balance sheet of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, as of December 31, 2009, acc. to IASB

Assets		Dec. 31, 2009	Dec. 31, 2008
	Appendix	€k	€k
A. Long-term assets			
I. Intangible assets	(1)	3,025	3,224
II. Property, plant and equipment	(1)	91,977	93,341
III. Deferred taxes	(2)	0	1,079
IV. Other assets	(3)	152	156
Total long-term assets		**95,153**	**97,800**
B. Short-term assets			
I. Inventories	(4)	8,348	9,070
II. Receivables and other assets	(5)	1,382	5,507
III. Cash and cash equivals	(6)	4,407	570
Total short-term assets		**14,137**	**15,147**
		109,291	**112,946**

Shareholders' equity and liabilities		Dec. 31, 2009	Dec. 31, 2008
	Appendix	€k	€k
A. Shareholders' equity			
I. Subscribed capital	(7)	9,446	9,446
II. Capital reserves	(7)	3,459	3,459
III. Profit accrued	(7)	14,408	13,307
IV. Supplementary item from minority interests	(7)	15,439	15,542
Total shareholders' equity		**42,752**	**41,754**
B. Potential compensation claim by minority shareholders	(8)	**8,970**	**8,825**
C. Long-term liabilities			
I. Liabilities to banks	(10)	36,997	36,468
II. Accruals	(9)	1,454	575
III. Other financial liabilities	(10)	3,730	3,997
IV. Deferred tax liabilities	(11)	3,372	2,696
Total long-term liabilities		**45,553**	**43,735**
D. Short-term liabilities			
I. Liabilities to banks	(10)	3,492	8,217
II. Other financial liabilities	(10)	450	428
III. Trade liabilities	(10)	1,279	5,205
IV. Tax liabilities	(10)	2,096	403
V. Other liabilities	(10)	4,700	4,380
Total short-term liabilities		**12,016**	**18,633**
Total Debt (B. – D.)		**66,539**	**71,192**
		109,291	**112,946**

Consolidated Statement of Comprehensive Income

Consolidated statement of comprehensive income of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period from January 1 – December 31, 2009 acc. to IASB

		Jan. 1 – Dec. 31, 2009		Jan. 1 – Dec. 31, 2008	
	Appendix	€k	€k	€k	€k
1. Sales revenues	(12)				
- sales (gross)		103,742		102,578	
- minus VAT		16,538		16,372	
- sales (net)			87,204		86,206
2. Own work capitalized	(13)		81		219
3. Other operating income	(14)		3,002		3,318
			90,287		**89,742**
4. Cost of materials	(15)	44,188		44,836	
5. Personnel expenses	(16)	16,840		16,944	
6. Depreciation	(17)	3,544		4,082	
7. Other operating expenses	(18)	15,939	80,512	15,744	81,605
8. EBIT			**9,776**		**8,137**
9. Financial result	(19)		**-3,397**		**-3,691**
- Of which financing expenses: € 2,791k (previous year: € 3,217k) - Of which minority interests: € 654k (previous year: € 551k)					
10. Earnings before taxes on income			**6,378**		**4,446**
11. Taxes on income	(20)		4,142		1,731
12. Consolidated net profit			**2,237**		**2,715**
Earnings per share diluted and undiluted in €	(21)		0.61		0.73
Average number of outstanding shares in thousands			3,695		3,695
Statement of income and expenditure concerning consolidated shareholders' equity					
Derivative financial instruments			-26		0

Consolidated Equity Statement

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period from January 1 – December 31, 2009

	Subscribed capital (7)	Capital reserves (7)	Accumulated earnings (7)	Supplementary item from minority interests (7)	Total
	€k	€k	€k	€k	€k
As of Jan. 1, 2009	**9,446**	**3,459**	**13,307**	**15,542**	**41,754**
Consolidated net profit	0	0	2,237	0	2,237
Dividend payment	0	0	-1,109	0	-1,109
Change in supplementary item from minority interests	0	0	0	-103	-103
Change in income and expenditure concerning consolidated shareholders' equity	0	0	-26	0	-26
As of Dec. 31, 2009	**9,446**	**3,459**	**14,408**	**15,439**	**42,752**

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period from January 1 – December 31, 2008

	Subscribed capital (7)	Capital reserves (7)	Accumulated earnings (7)	Supplementary item from minority interests (7)	Total
	€k	€k	€k	€k	€k
As of Jan. 1, 2008	**9,446**	**3,459**	**11,700**	**15,619**	**40,225**
Consolidated net profit	0	0	2,715	0	2,715
Dividend payment	0	0	-1,109	0	-1,109
Change in supplementary item from minority interests	0	0	0	-77	-77
As of Dec. 31, 2008	**9,446**	**3,459**	**13,307**	**15,542**	**41,754**

Consolidated Cash Flow Statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period of January 1 – December 31, 2009, acc. to IASB (E)

	Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008
	€k	€k
Earnings before income taxes	6,378	4,446
Adjustments for:		
Depreciations	3,544	4,082
Other non-cash outgo/income (+/-)	0	28
Interest income	-52	-77
Interest expenses	2,795	3,217
Minority interest profit	654	551
Losses/profits (+/-) without effect on balance sheet results from disposal of fixed assets	107	88
Operating result before changes to working capital	**13,426**	**12,335**
Increase/decrease (-/+) in short-term assets:		
Inventories	722	42
Trade receivables	164	502
Other assets, prepaid expenses	3,965	-3,984
Increase/decrease (+/-) in liabilities:		
Trade payables	-3,926	3,279
Other liabilities	299	-190
Increase/decrease (+/-) in accruals:		
Other accruals	879	38
Net cash from operating activities (before interest and tax payment)	**15,531**	**12,022**
Interest paid	-2,612	-2,997
Interest received	6	77
Disbursements to minorities	-613	-617
Taxes on income paid	-682	-763
Net cash from operating activities	**11,630**	**7,722**

(to be continued ...)

	Jan. 1 – Dec. 31, 2009	Jan. 1 – Dec. 31, 2008
	€k	€k
Net cash from operating activities	**11,630**	**7,722**
Proceeds from disposal of fixed assets	2	83
Disbursements for additions to intangible asset and fixed assets	-2,090	-8,565
Disbursements for additions to plan assets	-79	-79
Net cash used in investing activities	**-2,167**	**-8,561**
Dividend payment	-1,109	-1,109
Repayment of interest-bearing loans	0	-4,000
Acceptance (+) of bank loans	5,000	4,000
Repayment (-) of bank loans	-3,890	-3,069
Acceptance/settlement (+/-) of bank liabilities	-5,194	5,259
Repayment (-) of finance leases	-428	-509
Net cash from financing activities	**-5,621**	**572**
Change in cash and cash equivals	3,842	-267
Cash and cash equivals at beginning of fiscal year	565	832
Cash equivals at the end of fiscal year	**4,407**	**565**

Notes

Notes to the IFRS-compliant consolidated financial statements for the fiscal year 2009 of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG Munich

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 LUDWIG 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 unincorporated 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, 2009 have been prepared in accordance with International Financial Reporting Standards (concisely: IFRS) / International Accounting Standards (concisely: IAS) as applicable in the EU, and the interpretations of the International Financial Reporting Interpretations Committee (concisely: IFRIC) / Standing Interpretations Committee (concisely: SIC). All of the aforementioned standards and interpretations as mandatorily applicable to the fiscal year 2009 were complied with. In line with Section 315a, German Commercial Code (HGB), additional information 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, 2009 and December 31, 2008. The relevant consolidated statement of comprehensive income, consolidated equity statement, consolidated cash flow statement and the notes to the consolidated financial statements cover the periods from January 1, 2009 to December 31, 2009 and from January 1, 2008 to December 31, 2008. The balance sheet dates of the consolidated companies are identical.

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

The present consolidated financial statements complying with the relevant IFRS / IAS standards in all respects give an accurate picture of the actual asset, finance and earnings situation of LUDWIG BECK AG.

The layout of items in the consolidated balance sheet, the consolidated statement of comprehensive income (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 future amounts may differ from these estimations. The most important future-related assumptions and other major sources of uncertainty regarding estimations involving the considerable risk that major adjustments of the book values of assets and debts will be required in the following fiscal year, are disclosed in the relevant explanations. The LUDWIG BECK Group made estimations and assumptions in particular with regard to the valuation of intangible assets, tangible fixed assets (cf. sub-clauses 4 and 5), inventories (cf. 7), accruals (cf. sub-clause 10) and deferred taxes (cf. sub-clause 6).

The financial statements shall be released for publication on March 9, 2010. 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, 2009:

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

All the aforementioned companies are fully consolidated since they are controlled by majority of voting rights.

II. 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 allocated to the assets and liabilities of the acquired company. A complete revaluation of assets and liabilities was undertaken for the purpose of consolidation. Consequently, the shares of other shareholders are also measured at the fair values of the identifiable assets and liabilities attributable to minority interests.

The capital of 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 foundation or acquisition of the enterprises.

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

Potential compensation claims of minority shareholders from minority interests in Feldmeier GmbH & Co. Betriebs KG on the one hand, and a supplementary item from minority interests on the other hand are reported under equity capital. Reporting is in accordance with IAS 32 and IAS 1.

No differences in amount resulted 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 expenses and income

Inter-company sales and other operating income were offset against cost of materials and corresponding other operating expenses. Interest income and interest expenditure 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.

III. Principles of foreign currency translation

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

The reporting currency is thousand Euros (€k).

IV. Accounting principles and valuation methods

1. General

The consolidated balance sheets and the consolidated statements of comprehensive income of the consolidated companies were generally prepared in accordance with the hereinafter described accounting principles and valuation methods applied by the parent company.

2. First-time application of IFRS / IAS

In the passed years the IASB made several amendments to existing IFRS, issued new IFRS and published the interpretations of the International Financial Reporting Interpretation Committee (IFRIC).

The following interpretations and standards were to be applied compulsorily by companies for the first time in the fiscal year commencing on January 1, 2009:

IAS 1 (revised)	"Presentation of financial statements"
IFRS 8	"Operative segments"
IAS 23 (revised)	"Borrowing costs"
Amendments to IFRS 1 and IAS 27	"Cost of investments in subsidiaries, jointly controlled entities and associates"
Amendments to IAS 32 and IAS 1	"Puttable financial instruments and obligations arising on liquidation"
Amendments to IFRS 2	"Vesting conditions and cancellations"
IFRIC 15	"Agreements for the construction of real estate"
IFRIC 16	"Hedges of a net investment in a foreign operation" (applicable to fiscal years commencing on or after October 1, 2008).

In addition to making amendments to existing standards, the IASB also carries out revisions in the course of the so-called "Annual Improvements Process". Amendments considered as minor, non-urgent, yet necessary by the IASB are compiled into a collective standard. The IASB issued a collective standard in May 2008. Many amendments are to be applied to fiscal years commencing on or after January 1, 2009. The collective standard was incorporated into European law. There is no temporal deviation of application rules for IASB standards from those of the EU.

In 2008 LUDWIG BECK AG voluntarily applied IFRS 8 "Operative segments" for the first time.

With the exception of IAS 1 all other obligatory standards and interpretations applicable as of January 1, 2009, respectively October 1, 2008, have no major effect on the consolidated financial statements of LUDWIG BECK AG.

LUDWIG BECK AG did not exercise the option to present tax effects for components of Other Comprehensive Income separately in the consolidated notes for the fiscal year 2009.

3. Currency translation 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 consolidated balance sheet date.

4. Intangible assets

With the exception of the brand name "Beck", intangible assets acquired on a payment basis are capitalized at acquisition cost and amortized in scheduled amounts over their expected useful lives using the straight-line method (pro rata temporis) in accordance with IAS 38.

Non-scheduled impairment losses were not recognized.

Software, industrial property rights and similar rights
These concern licenses and purchased or modified 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.

Brand name
The brand name "Beck" (€ 2,039k) has been included in the item "intangible assets", as it represents an identified brand name according to IAS 38. In line with the application of this standard, scheduled amortization of the brand name ended as per January 1, 2004, as this right is not consumed over time (unlimited useful life). For information about the impairment test performed please refer to page 24. As per December 31, 2009, there was no indication of any impairment of the brand name.

5. Property, plant and equipment

Property, plant and equipment are carried at acquisition or production cost including ancillary expenses if any, according to IAS 16.

Due to acquisition through merger by LUDWIG BECK Beteiligungs GmbH, land and buildings of Feldmeier GmbH & Co. Betriebs KG are carried at fair value. The fair value of the land at initial consolidation in 2001 was determined on the basis of the acquisition costs as well as the development of guideline land prices between 1998 and 2000. The building is depreciated in scheduled amounts.

Tangible fixed assets with limited useful lives are written down in scheduled amounts (pro rata temporis) over their average, customary useful lives (possibly limited by shorter rental / lease agreements) using the straight-line method.

Depending on the relevant assets, the following useful life spans are assumed:

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

Movable items of capital assets up to the value of € 150.00 are fully reported with effect on expenses outside of fixed assets in the year of acquisition. Movable items of capital assets above the value of € 150.00 and below € 1,000.00 are pooled for materiality reasons in the year of acquisition and depreciated over a useful life span of 5 years using the straight line method.

In the fiscal year complete impairment of the fixed assets of one branch was recognized due to permanent diminution in value. The reasons for the recognition of complete impairment of the fixed assets due to permanent diminution in value in the previous year continued to exist in the fiscal year.

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

Maintenance costs are expensed in the respective period.

Leasing
In cases in which leasing agreements qualify as finance leases within the meaning of IAS 17, the leased object is capitalized in the balance sheet while payment obligations regarding future leasing rates are carried as financial liabilities. As a consequence of categorization as finance leasing, depreciation charges in relation to the useful life of the leased object and financing expenses are carried in the consolidated income statement.

6. Deferred taxes

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

A deferred tax asset is recognized for the carry forward of unused tax losses as per December 31, 2008 to the extent that it is probable that future taxable profit will be available, against which the unused tax losses can be utilized. Due to a change in the shareholders of LUDWIG BECK AG of more than 50 % in the fiscal year 2009 loss carryforwards of all group companies were forfeited. Therefore value adjustments for asset-side deferred taxes as per December 31, 2008 were made in full amount in the year 2009 with effect on operating income.

In calculating deferred taxes, the tax rate of 32,975 % applicable to LUDWIG BECK AG as of the year 2008 was applied. 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 the 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 on 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 where necessary.

Appropriate deductions from 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 value which usually equal nominal values before valuation allowances. Adequate valuation allowances are made for doubtful receivables and receivables with recognizable risks; bad debts are written off.

Other assets are carried at net book value. There are no recognizable risks requiring valuation allowance.

The deferred item is a component of Other Assets and only concerns prepaid operating expenses.

The book values of trade receivables and other assets correspond to their fair values.

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. Fair value equals book value. There is no risk of default.

The cashflow statement of LUDWIG BECK is based on the offset amounts of current account credit balances and liabilities. As a rule, current account overdraft facilities are granted for a term of twelve months or until further notice.

10. Accruals

According to IAS 37, accruals are recognized when an enterprise has a current legal or constructive obligation 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.

The amount posted to accrual corresponds with the best estimate of the expense required to settle the current obligation as per the relevant date of the financial statements.

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

Pensions accruals

The actuarial valuation 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 value. In view of short terms or basically unchanged market interest rates since the date of borrowing, there are not major differences between fair values and book values. The attributable fair values of liabilities are presented under 10 d). Long-term non interest-bearing liabilities (term exceeding one year) were discounted at cash values. The effects on operating income are included in the financial results. As regards the determination of financial liabilities from leasing transactions acc. to IAS 17 please refer to Clause 5 Property, plant and equipment.

Trade and other liabilities

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

Derivative financial instruments

Derivative financial instruments used by LUDWIG BECK AG are interest rate swaps for the purpose of avoiding risks from potential interest rate increases. Derivative financial instruments are valued at acquisition cost at the date of conclusion of the contract, and later at fair value. Interest rate swap contracts concluded by LUDWIG BECK exclusively serve hedging purposes with regard to loans subject to variable interest rates and are in compliance with IAS 39 (Hedge Accounting). Accordingly, interest rate swaps are not reported in the income statement but as shareholders' equity items. Positive current values are shown as receivables, negative values as other liabilities.

12. Maturities

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

13. Revenue recognition

Revenue from sale of goods contracts is recognized when the goods are delivered. Revenue from services is recognized when the services are performed. Net sales are disclosed less sales rebates and refund credits, with deduced value added tax disclosed.

14. Financial instruments

Financial assets and liabilities included in the consolidated balance sheet comprise cash and cash equivalents, trade receivables and trade payables, other receivables, other payables, 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, profits and losses from these financial instruments are therefore carried as expenses or income.

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

Management of financial risks

The LUDWIG BECK Group uses a centralized approach to financial risk management for the identification, valuation and control of risk. No major risk are discernible as per the balance sheet date. Major risks from financial assets and liabilities can be subdivided into liquidity, credit, currency and interest risks.

Liquidity risk

The term generally describes the risk that the LUDWIG BECK Group could not be in a position to meet its obligations resulting from financial liabilities.

The management is constantly monitoring and planning required liquidity needs on the basis of up-to-date cashflow figures and schemes. The company depends on current account overdraft facilities and bank loans in order to be able to provide sufficient liquid funds. As per the relevant date, short-term credit facilities in the amount of € 18.0m were available and will be available until further notice; approximately 15 % were used for bank guarantees as per the balance sheet date.

As a result of cashflow planning for the future and available credit lines, no liquidity bottlenecks are discernible at present. Basically, risks may only occur in case of deteriorating credit standing or if payment flow forecasts within the scope of business planning fall considerably short of the estimates. The maturity structure of liabilities is illustration in connection with the relevant individual balance sheet items.

Credit risk

The credit risk concerns the default risk involved in financial assets. LUDWIG BECK generates original sales basically against cash or credit card or EC card receivables. Therefore LUDWIG BECK is exposed to the risk of bad debt only to a very limited extent. Mail order business plays a subordinate role in comparison to stationary trade. The risks involved in credit card payments are mainly borne by the credit card providers. Monitoring of claims from sales on EC card basis are outsourced to an external provider. Risks arising from physical movement of cash are minimized through implemented monitoring mechanisms.

Derivative financial instruments

As per the balance sheet date the following interest rate hedging activities (interest rate swaps) for loans subject to variable interest rates had been entered into:

Nominal value	Type	Term	Fair value
€ 4,200k	cash flow hedge	4 years	€ - 39k

Derivative financial instruments in the form of interest rate swap contracts are only concluded to reduce the risk involved in fixed-term loans subject to variable interest. The scope of the amount to be secured is related to the loan transaction which means that it decreases over the term. Current account overdraft facilities are not subject to interest rate hedging. Interest hedging contracts are termed as cashflow hedges.

In the fiscal year valuation losses in the amount of € 39k from current cashflow hedges were offset in consideration of asset-side deferred taxes and without profit/loss effect in the amount of € 13k against equity capital through newly concluded interest swap contracts. No profits or losses from ineffective cashflow hedges occurred in the fiscal year.

Currency risk

Since all sales places are in Germany, only minor turnover is generated through mail order business and invoices for delivered goods are issued in euro, there are no discernible currency risks.

Interest risk

The LUDWIG BECK Group also uses current account overdrafts and loans subject to variable interest. With regard to these items the group is exposed to interest risks from financial liabilities. This risk is reduced by converting variable interest rates into fixed interest rates through derivative financial instruments.

The group measures the interest rate risk by analyzing cashflow sensitivity on the basis of an assumed parallel shift in the interest curve by 100 basis points. If the assumed increase in interest rates would be 100 basis points, the effect on consolidated earnings as per December 31, 2009 without consideration of taxes would amount to € -50k (previous year: € -66k). If interest rates would drop 100 basis points, the effect on consolidated earnings as per December 31, 2009 without consideration of taxes would amount to € 50k (previous year: € 66k).

15. Changes in accounting and valuation methods

Accounting and valuation principles remained unchanged in the previous year.

C. Explanations to Individual Items of the Consolidated Balance Sheet and Consolidated Statement of Comprehensive Income

I. Consolidated balance sheet

(1) Intangible and tangible fixed assets

This term summarizes 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 intangible assets and tangible fixed assets is presented in the fixed asset schedule on the following page.

Development of fixed assets of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period from January 1 – December 31, 2009

	Acquisition / manufacturing costs					Depreciation					
	As of Jan. 1, 2009 *Jan. 1, 2008*	Additions	Disposals	Reclassifications	As of Dec. 31, 2009 *Dec. 31, 2008*	Cumulative depreciation	Book value Dec. 31, 2009 *Dec. 31, 2008*	Book value Dec. 31, 2008 *Dec. 31, 2007*	Total 2009 *2008*	thereof IAS 36 2009 *2008*
	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
I. Intangible assets										
1. Software, industrial and similar rights	**1,865**	**2**	**88**	**0**	**1,779**	**793**	**986**	**1,185**	**202**	**0**
previous year	*1,888*	*23*	*52*	*6*	*1,865*	*680*	*1,185*	*1,304*	*147*	*0*
2. Brand names	**3,399**	**0**	**0**	**0**	**3,399**	**1,360**	**2,039**	**2,039**	**0**	**0**
previous year	*3,399*	*0*	*0*	*0*	*3,399*	*1,360*	*2,039*	*2,039*	*0*	*0*
	5,264	**2**	**88**	**0**	**5,178**	**2,153**	**3,025**	**3,224**	**202**	**0**
previous year	*5,287*	*23*	*52*	*6*	*5,264*	*2,040*	*3,224*	*3,343*	*147*	*0*
II. Property, plant and equipment										
1. Land, land rights and buildings, including buildings on third property land	**107,092**	**824**	**381**	**145**	**107,679**	**21,337**	**86,342**	**87,104**	**1,692**	**65**
previous year	*101,984*	*6,501*	*1,586*	*194*	*107,092*	*19,987*	*87,104*	*82,706*	*2,261*	*366*
2. Other fixtures and fittings, tools and equipment	**16,925**	**978**	**784**	**10**	**17,129**	**11,781**	**5,349**	**6,082**	**1,650**	**54**
previous year	*16,966*	*1,886*	*1,938*	*10*	*16,925*	*10,844*	*6,082*	*5,994*	*1,673*	*105*
3. Payments on account and assets under construction	**155**	**286**	**0**	**-155**	**286**	**0**	**286**	**155**	**0**	**0**
previous year	*210*	*155*	*0*	*-210*	*155*	*0*	*155*	*210*	*0*	*0*
	124,172	**2,088**	**1,166**	**0**	**125,095**	**33,118**	**91,977**	**93,341**	**3,343**	**119**
previous year	*119,160*	*8,542*	*3,524*	*-6*	*124,172*	*30,831*	*93,341*	*88,910*	*3.935*	*471*
	129,436	**2,090**	**1,254**	**0**	**130,272**	**35,271**	**95,002**	**96,565**	**3,544**	**119**
previous year	*124,447*	*8,565*	*3,575*	*0*	*129,436*	*32,871*	*86,565*	*92,253*	*4,082*	*471*

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, 2009	Dec. 31, 2008
	€k	€k
Software, industrial property rights and similar rights	986	1,185
Brand name	2,039	2,039
	3,025	**3,224**

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 fiscal year in the amount of € 2k only concerned software programs.

The intangible asset originating from the purchase of the brand 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 IAS 36 and IAS 38 standards, the annual scheduled amortization of this intangible asset ended on January 1, 2004.

The brand name 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 cashflows of the flagship store (before financing activities and income taxes), which were discounted by an interest rate before taxes of 9 %. The interest rate was determined on the basis of the market interest rate plus risk surcharge. The cashflows were deduced from previous years and were extrapolated within the company's five-year plan. An increase in sales of 1.5 % was assumed. A gross profit margin of 45 % and cost indexation of 1.5 % were carried.

No adjustments for diminution in value had to be made as a result of the impairment tests.

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 depreciated by all group companies (pro rata temporis) over an expected useful life span of 10 years or shorter lease terms as the case may be using the straight-line method.

Additions in the fiscal year 2009 in the amount of € 824k mainly concern the building at Marienplatz.

Real estate at Marienplatz
The land was valued on September 1, 2001 at € 68,779k. The building (September 1, 2001: € 3,527k) is depreciated from the date of acquisition at initial consolidation over 30 years in annual rates of € 118k (December 31, 2009: € 2,547k). For the valuation of land at initial consolidation of Feldmeier GmbH & Co. Betriebs KG in 2001, hidden reserves amounting to € 66,661k were uncovered. For the fair value measurement of land at initial consolidation in 2001, the acquisition costs and the development of guideline land prices between 1998 and 2000 were considered.

The property at Marienplatz is burdened with mortgages for reported interest-bearing liabilities in the amount of € 34,468k (previous year: € 35,088k).

Real estate and building at Haar near Munich
The group operates a logistics center at Haar near Munich. The property on which the logistics center is operated, was acquired at € 3,610k plus ancillary costs in the fiscal year 2008.

The building located on the parcel is subject to a real estate leasing agreement qualifying as finance leasing, since the term of the leasing agreement approximately corresponds to the useful life of the building, and basically all chances and risks connected to the object were transferred to LUDWIG BECK AG by the lessor. The building has been capitalized and will be depreciated over a useful life period of 29 years. This sale-and-leaseback transaction will expire in 2014. LUDWIG BECK AG has the option to purchase the building in 2014. In lack of legal ownership rights, LUDWIG BECK has not been entitled to dispose freely of the building yet.

The carrying value of the Haar property, including preceding costs incurred, developed as follows in the fiscal year 2009:

As of January 1, 2009	€k	2,638
Depreciation 2009	€k	233
As of December 31, 2009	€k	2,405

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 2009 amounting to € 978k in aggregate mainly concern fixtures and fittings for the flagship store at Marienplatz.

Payments on account and assets under construction increased € 131k to € 286k in comparison to December 31, 2008.

Finance leasing
Other fixtures and fittings, tools and equipment include leasing objects subject to finance leasing, since the terms of the leasing agreements approximately correspond to the useful lives of the leasing objects, and basically all chances and risks connected to the leasing objects were transferred to LUDWIG BECK AG by the lessor. These leasing objects have been capitalized and will be depreciated over their useful life spans. The leasing objects cannot be freely disposed of.

The carrying values of the leasing objects developed as follows in 2009:

As of January 1, 2009	€k	330
Depreciation 2009	€k	265
As of December 31, 2009	€k	65

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. In case of negative business development of individual CGUs an impairment test within the meaning of IAS 36 will be carried out. All future cashflows of the relevant branches are estimated and discounted at the rate of 9 % after taxes as derived from market interest rate and risk surcharge. Cashflows are deduced from previous years and extrapolated within the company's five-year plan. The expected increase in sales ranges between 0.0 % and 1.5 %. Calculations are based on an assumed gross profit margin of 45 % and 1.5 % cost indexing.

The impairment tests carried out in 2009 led to the recognition of complete impairment of the fixed assets of the Augsburg branch. Impairment amounted to € 119k. Impairment-related, partial allowance for diminution in value of the fixed assets of the branch in the amount of € 89k was recorded in the previous year.

The reasons for recognition of complete impairment of the fixed assets of three other branches in the previous years continued to exist in the fiscal year.

(2) Deferred taxes

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

	Dec. 31, 2009		Dec. 31, 2008	
	Asset	Liability	Asset	Liability
	€k	€k	€k	€k
Buildings	10		14	
Tenant loans	167		159	
Loss carried forward	0		1,745	
Leasing		137		150
Other accruals		47		62
Brand name		660		647
Non interest-bearing liabilities		35		38
Land		2,747		2,747
Property, plant and equipment	64		129	
Other	13			20
Sum total	**254**	**3,626**	**2,047**	**3,664**
Net balance of deferred taxes	-254	-254	-968	-968
Total stated in consolidated balance sheet	**0**	**3,372**	**1,079**	**2,696**

Due to the acquisition of more than 50 % of the shares in LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG by INTRO-Verwaltungs GmbH the group's tax-related loss carryforwards for corporate tax and trade tax were forfeited as per June 20, 2009. Asset-side deferred taxes of the previous year in the amount of € 1,745k were fully released.

Deferred taxes for buildings (€ 10k), other accruals (€ 47k), leasing (€ 137k), non interest-bearing liabilities (€ 35k), tenant loans (€ 167k) and property, plant and equipment (€ 64k) 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 the corresponding period (until the recognition of the asset or liability).

Deferred tax liabilities 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. Deferred tax liabilities (€ 660k) 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, 2009	Dec. 31, 2008
	€k	€k
Loans to employees	9	13
Rent advance (prepaid expenses)	143	143
	152	**156**

For materiality reasons rent advances are reported as other assets.

Prepaid expense items concerning rent advances (€ 143k) will be released as per June 30, 2036. Rent advances will be offset against the last rent payment to the contractual partner upon termination of the rental 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, 2009	Dec. 31, 2008
	€k	€k
Raw material and supplies (at cost)	160	158
Merchandise (at cost)	9,313	10,203
less impairment of merchandise	*-1,125*	*-1,291*
	8,348	**9,070**

The usual retention of title applies to the disclosed inventories. It can be expected that most inventory items will be sold within the next 12 months.

All merchandise is carried at cost minus possible impairments. Appropriate deductions on the lower realizable net value are made for old stocks and goods of reduced salability (marketability). In addition, lump-sum reductions for cash discounts were recognized. In the fiscal year 2009 write-down dropped from € 1,291k to € 1,125k. Additional and reversed write-downs are netted (IAS 2.36 ef).

Net sales allowance for estimated wastage of merchandise in the period between inventory taking and December 31, 2009 was set at 0.6 % (previous year: 0.7 %); hence valuation allowance amounted to € 476k (previous year: € 331k).

In the reporting period inventories in the amount of € 44,354k (previous year: € 44,330k) were carried as expense (cost of goods sold before change of value adjustment on net realizable value).

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

Receivables and other assets comprise the following:

	Dec. 31, 2009	Dec. 31, 2008
	€k	**€k**
Trade receivables	740	904
Other assets	512	4,498
Deferred items	130	105
	1,382	**5,507**

The disclosed carrying amounts correspond to market values. All maturities are less than one year. There are no risks of default as per the relevant date.

Trade receivables (short-term)

Trade receivables contain the following:

	Dec. 31, 2009	Dec. 31, 2008
	€k	**€k**
Total receivables	741	906
less allowances	1	2
Inventory of receivables	**740**	**904**

All allowances are on lump-sum basis. Due to the sale of receivables from reversed debit items to a collection agency, no further allowances had to be made.

There were no further loss risks or hedging activities.

Other assets (short-term)

Other short-term assets consist of the following:

	Dec. 31, 2009	Dec. 31, 2008
	€k	**€k**
Escrow receivables	0	3,610
Debit-side creditors	110	158
Other	402	730
	512	**4,498**

Other assets mainly concern accounts receivable from rental agreements (€ 238k) and claims arising from cost sharing or cost refunds (€ 63k).

Prepaid expenses

Prepaid expenses concern various expenses representing costs in the amount of € 130k (previous year: € 104k) incurred for a specific period after the consolidated balance sheet date.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and bank balances. This item also represents the financial instruments relevant to the cash flow statement according to IAS 7; current account credit balances and current account liabilities are always presented in netted form.

Cash and cash equivalents contain the following items:

	Dec. 31, 2009	Dec. 31, 2008
	€k	**€k**
Cash-in-hand	427	404
Bank balances	3,980	166
	4,407	**570**

Bank balances receive interest between 0.0 % and 0.5 % p.a. Cash-in-hand is not subject to interest. There are no hedging activities.

(7) Shareholders' equity

As regards the presentation of changes in shareholders' equity in the fiscal year 2009, we refer to the equity statement.

The company's principal capital management objectives are as follows:

+ Safeguarding ongoing financing and liquidity
+ Adequate interest on equity
+ Ensuring befitting credit rating

The principal objective of capital management is the control of liquid funds and debt capital, whereas the provision of sufficient liquidity for the financing of planned investments and the ongoing business is paramount.

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 economic equity is put in relation to the balance sheet total. The economic equity of the LUDWIG BECK Group corresponds to the balance sheet equity.

Neither LUDWIG BECK AG nor one of its consolidated subsidiaries is subject to external minimum capital requirements.

Subscribed capital
The subscribed capital (share capital) of LUDWIG BECK AG is divided into 3,695,000 no-par shares (ordinary shares) as per December 31, 2009 (December 31, 2008: 3,695,000). The no-par shares are issued to bearer. The share capital was fully paid up. In the fiscal year 2009, 3,695,000 were outstanding on average. All ordinary shares are entitled to the profit distribution resolved by the General Meeting. In the fiscal year 2009 dividend payments for 2008 amounted to € 1,109k.

In the fiscal year, the subscribed capital amounted to € 9,446k (previous year: € 9,446k).

Conditional capital:
At the General Meeting 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. By resolution passed by the General Meeting on May 30, 2005 the Executive Board has been authorized to issue these bonds with the consent of the Supervisory Board through to May 30, 2010. Up to now no convertible bonds have been issued.

Authorized capital:
The General Meeting on May 30, 2005 authorized the Executive Board to increase the company's share capital with the approval of the Supervisory Board by up to € 4,290,000.00 (authorized capital), through to May 30, 2010 by issue of new no-par bearer shares (ordinary shares) in return for stock or cash, in one or several tranches. At its meeting on November 23, 2007, the Executive Board resolved to partly utilize the authorized capital and increase the capital by € 856,413.90. After the capital increase the remaining authorized capital is € 3,433,586.10. No changes were effected in the fiscal year 2009.

Capital reserve and accumulated profit
The development of capital reserve and accumulated profit is shown in the equity statement.

Capital reserve and accumulated profit serve to secure the financing and liquidity of the company.

Supplementary item from minority interests

As of January 1, 2009	€k	15,542
Change	€k	-103
As of December 31, 2009	€k	15,439

The supplementary item from minority interests is explained in clause (8). The amount concerns a partial claim of Feldmeier GmbH & Co. Betriebs KG against minority shareholders which had been released at initial consolidation of the real estate at the expense of the entire equity without profit / loss effect.

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 amount of the compensation item depends on the amount of the claim as per the relevant date on the one hand, and on the contractual compensation claim arising from the relevant shares on the other hand. The compensation claim is mainly marked by the compensable value of the real estate at Marienplatz.

Notifications pursuant to Section 21 par. 1 German Securities Trading Law (WpHG)
The shareholder structure of LUDWIG BECK AG as of December 31, 2009 is as follows:

INTRO Verwaltungs GmbH, Reichenschwand	
upon expiry of the compulsory offer of June 19, 2009	65.9 %
OST-WEST Beteiligungs- und Grundstückverwaltungs AG, Cologne	5.0 %
GVC Gesellschaft für Venture Capital Beteiligungen GmbH, Munich	4.0 %
Rheintex Verwaltungs AG, Cologne	3.0 %
Free float	22.1 %

LUDWIG BECK AG received the following notifications pursuant to Section 21 par. 1 Securities Trading Law in the fiscal year 2009:

May 7, 2009
Direct shareholding:
ATON GmbH (Fulda) reported on May 6, 2009 that the company went below all thresholds from 25 % to 3 % of voting rights in LUDWIG BECK AG on May 5, 2009 and held 0.0 % at that date. This corresponds to 0 votes.

May 7, 2009
Direct shareholding:
INTRO-Verwaltungs GmbH (Reichenschwand) reported on May 5, 2009 that the company exceeded the 15 %, 20 %, 25 % and 30 % thresholds of voting rights in LUDWIG BECK AG on May 5, 2009 and held 40.2 % at that date. This corresponds to 1,485.253 votes. INTRO-Verwaltungs GmbH submitted a compulsory offer to purchase shares in LUDWIG BECK AG to the shareholders of LUDWIG BECK AG on May 19, 2009.

May 7, 2009
Indirect shareholding:
Mr. Hans Rudolf Wöhrl (Germany) reported on May 5, 2009 that he exceeded the 15 %, 20 %, 25 % and 30 % thresholds of voting rights in LUDWIG BECK AG on May 5, 2009 and held 40.2 % at that date. This corresponds to 1,485,253 voting rights. All aforementioned voting rights are directly held by INTRO-Verwaltungs GmbH.

May 8, 2009
Indirect shareholding:
Dr. Lutz Helmig (Germany) reported that he went below the 25 % to 3 % thresholds of voting rights in LUDWIG BECK AG on May 5, 2009 and held 0.0 % at that date. This corresponds to 0 votes. All aforementioned voting rights are directly held by ATON GmbH.

June 3, 2009
Direct and indirect shareholding:
Mr. Anton Josef Dentler reported on June 2, 2009 that he exceeded the 3 % threshold of voting rights in LUDWIG BECK AG on June 1, 2009 and held 3.54 % at that date. This corresponds to 130,801 votes. 1.43 % (53,000 votes) thereof are attributed to him.

June 5, 2009
Indirect shareholding:
OST-WEST Beteiligungs- und Grundstücksverwaltungs AG (Cologne) reported on June 5, 2009 that it exceeded the 3 % threshold of voting rights in LUDWIG BECK AG on June 2, 2009 and held 3.004 % at that date. This corresponds to 110,999 votes. All aforementioned voting rights are held by subsidiaries.

June 19, 2009
Direct and indirect shareholding:
OST-WEST Beteiligungs- und Grundstücksverwaltungs AG (Cologne) reported on June 18, 2009 that it exceeded the 5 % threshold of voting rights in LUDWIG BECK AG on June 18, 2009 and held 5.007 % at that date. This corresponds to 185,000 votes. 4.87 % (180,000 votes) thereof are attributable to subsidiaries.

June 25, 2009
Direct and indirect shareholding:
Rheintex Verwaltungs AG (Cologne) reported on June 22, 2009 that it exceeded the 3 % threshold of voting rights in LUDWIG BECK AG on June 18, 2009 and held 3.019 % at that date. This corresponds to 111,550 votes.

July 1, 2009
Direct shareholding:
INTRO-Verwaltungs GmbH (Reichenschwand) reported on June 29, 2009 that it exceeded the 50 % threshold of voting rights in LUDWIG BECK AG on June 26, 2009 and held 65.85 % at that date. This corresponds to 2,433,174 votes.

July 1, 2009
Indirect shareholding:
Mr. Hans Rudolf Wöhrl (Germany) reported on June 29, 2009 that he exceeded the 50 % threshold of voting rights in LUDWIG BECK AG on June 26, 2009 and held 65.85 % at that date. This corresponds to 2,433,174 votes. All aforementioned voting rights are directly held by INTRO-Verwaltungs GmbH.

July 27, 2009
Direct and indirect shareholding:
Mr. Anton Josef Dentler reported on July 24, 2009 that he went below the 3 % threshold of voting rights in LUDWIG BECK AG on July 23, 2009 and held 0.01 % at that date. This corresponds to 100 voting rights.

July 31, 2009
Direct shareholding:
Rudolf Wöhrl AG (Nuremberg) reported on July 29, 2009 that he went below the 25 %, 20 %, 15 %, 10 % and 5 % thresholds of voting rights in LUDWIG BECK AG on June 26, 2009 due to acceptance of the compulsory offer of INTRO-Verwaltungs GmbH (Reichenschwand) of May 19, 2009 and held 3.97 % at that date. This corresponds to 146,574 votes.

05.11.2009
Direct shareholding:
Rudolf Wöhrl AG (Nuremberg) reported on November 4, 2009 that it went below the 3 % threshold of voting rights in LUDWIG BECK AG on October 26, 2009 and held 0.0 % at that date. This corresponds to 0 votes.

November 5, 2009

Direct shareholdings:

GVC Gesellschaft für Venture Capital Beteiligungen mbH (Munich) reported on November 5, 2009 that it exceeded the 3 % threshold of voting rights in LUDWIG BECK AG on October 26, 2009 and held 3.97 % at that date. This corresponds to 146,574 votes.

November 5, 2009

Indirect shareholding:

Mr. Gerhard Wöhrl (Germany) reported on November 5, 2009 that he exceeded the 3 % threshold of voting rights in LUDWIG BECK AG on October 26, 2009 and held 3.97 % at that date. This corresponds to 146,574 votes. All aforementioned voting rights are directly held by GVC Gesellschaft für Venture Capital Beteiligungen mbH.

(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 capital shares in partnerships not always represent equity capital as set forth in the Commercial Code (HGB) but are financial instruments that need to be classified.

In accordance with IAS 32.18 such a financial instrument with an attached obligation of the bearer to return it to the issuer against 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 securing the Marienplatz location, LUDWIG BECK acquired 50.1 % of Feldmeier GmbH & Co. Betriebs KG in the fiscal year 2001. In the course of full consolidation, 49.9 % of minority interests were recognized in the balance sheet. A potential compensation claim by minority shareholders in the amount of € 8.970k would result from the underlying articles of association on the balance sheet date (previous year: € 8.825k). 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 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.

The articles of association provide for the right of ordinary withdrawal from the company on December 31, 2030 at the earliest. Minority shareholders are not expected to withdraw from the company in the long run, and therefore payment of the potential compensation claims is not anticipated.

(9) Accruals

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

	As of Jan. 1, 2009	Use	Release	Addition	As of Dec. 31, 2009
	€k	€k	€k	€k	€k
Repair and maintenance obligation	575	0	0	13	588
Branch restructuring costs	0	0	0	866	866
Sum total	575	0	0	879	1,454
Previous year	*537*	*0*	*0*	*38*	*575*

Repair and maintenance obligation

This accrual concerns a repair and maintenance obligation from a rental agreement and was formed on the basis of an expert opinion. It mainly concerns deconstruction obligations upon termination of the rental agreement. The amount of the obligation was estimated as of the current date of performance. 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 %. Unless this estimation is to be adjusted in the coming years, the accrual will be compounded proportionally.

Branch restructuring costs

On the basis of an analysis of all branches of the LUDWIG BECK Group the branches which generate negative cashflows and are not expected to improve their results on a sustained basis in the medium term were identified. In cases where the estimated, cash-effective costs of branch shutdown are lower than the negative cashflows expected within the next one or two years, the exit approach is deemed conducive.

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 commitments are measured on the basis of the prorated acquired 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 company assumes that no pension benefits will fall due within the next 12 months.

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 commitments, the corridor amount and the plan assets and are composed as follows:

	2009	2008
	€k	€k
Cash value of pension commitments as of the balance sheet date	1,188	1,000
Actuarial profits (+)/losses (-) not shown in the balance sheet	-104	108
= Balance sheet value of pension commitments before offsetting	1,083	1,108
Cash value of positive plan assets (-)	-1,224	-1,109
= Balance sheet value of pension commitments (max. 0)	0	0
Negative difference (asset)	-141	-1
Offsetting of non recorded actuarial losses	104	0
Remaining negative balance	-35	-1

As of December 31, 2009 no accruals for pension commitments had to be formed since the sum total of plan assets exceeded the balance sheet value of pension commitments.

The cash values of pension commitments amounted to € 1,026k in 2007 and to € 1,127k in 2006. Plan assets amounted to € 1,007k in 2007 and to € 928k in 2006.

As of December 31, 2008 positive plan assets exceeded the cash value of pension commitments. Pursuant to IAS 19.58 b) ii) the excessive amount is only to be reported at the cash value of future utilization benefits to the company. These benefits could materialize as reduced future contributions, refund of contributions or other benefits. On account of the relevant contractual terms and conditions concerning plan assets, the company is not expecting major utilization benefits from excessive plan assets as per the balance sheet date. Therefore the excessive positive assets or any other utilization value are not capitalized.

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

	2009	2008
Discount factor	5.25 %	5.75 %
Pension trend	1.875 %	1.875 %

Since pension entitlements 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 € 104k (previous year's profit: € 108k).

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

	2009	2008
	€k	€k
Current service cost	27	28
Interest cost	57	54
	84	**82**

The company expects service costs in the amount of € 31k and interest costs in the amount of € 62k as well as plan asset yields in the amount of € 35k for the fiscal year 2010. Deposits to plan assets are expected to remain unchanged.

In the reporting year € 79k were deposited to plan assets. The netted yield from plan assets amounted to € 35k.

(10) Liabilities

	Total	Thereof due within one year	Thereof due between 1 and 5 years	over 5 years
	€k	€k	€k	€k
1. Liabilities to banks	40,489	3,492	8,577	28,420
previous year	*44,685*	*8,217*	*6,997*	*29,470*
2. Trade liabilities	1,279	1,279	0	0
previous year	*5,205*	*5,205*	*0*	*0*
3. Tax liabilities	2,096	2,096	0	0
previous year	*403*	*403*	*0*	*0*
4. Other liabilities	8,430	4,700	3,730	0
previous year	*8,805*	*4,808*	*1,941*	*2,056*
- Tax portion: € 1,728k (previous year: € 1,519k)				
- Social security portion: € 1k (previous year: € 5k)				
Dec. 31, 2009	**52,294**	**11,567**	**12,307**	**28,420**
previous year	*59,097*	*18,633*	*8,938*	*31,526*

Interest-bearing liabilities (€ 33,235k) referring to the "Marienplatz" property are secured as follows:

Land charge Hypothekenbank Hanover	€	31,068k
Land charge Buchanan Capital Partners II GbR	€	3,400k

Other liabilities to banks amounting to € 7.254k are not secured as of December 31, 2009.

Interest on real property financing (currently short-term and long-term: € 31,068k) is fixed at a rate of 4.05 % p.a. for an initial term of 5 years and 6.0 % p.a. for an initial term of 20 years. No derivate (structured product) has to be split off and valued separately.

10 a) Liabilities to banks (long-term)

Liabilities to banks are carried at net book value. Interest rates range between 1.3 % and 6.1 %.

10 b) Liabilities to banks (short-term)

Short-term liabilities to banks are carried at their repayment values and consist of the following:

	Dec. 31, 2009	Dec. 31, 2008
	€k	€k
Loans	3,419	2,967
Current account overdrafts and other liabilities to banks	73	5,250
	3,492	**8,217**

As of December 31, 2009, there were current account overdraft facilities granted by banks in the amount of € 18,000k in total, which bore interest at market rates when utilized.

The interest rates for loans were between 1.3 % and 6.1 % and for current account overdrafts between 1.5 % and 3.6 %.

10 c) Trade liabilities

Trade liabilities in the amount of € 1,279 k (previous year: € 5,205k) are carried at their repayment values. Due to the short-term maturities of these liabilities, this amount corresponds to the fair value of the liabilities. Suppliers are generally paid within 10 days in order to be able to claim cash discounts, whereas the credit period is generally 60 days.

10 d) Other financial liabilities (long-term)

	Dec. 31, 2009	Dec. 31, 2008
	€k	€k
Leasing	1,563	2,013
Loan Buchanan Capital Partners II "Marienplatz" GbR	2,167	1,984
	3,730	**3,997**

The loan from Buchanan Capital Partners II "Marienplatz" GbR has a term until December 31, 2014 and was subject to interest in the amount of € 183k (previous year: € 167k) in the fiscal year 2009. The fair value of this liability is € 2,396k (previous year: € 2,235k) due to interest rates deviant from the market interest level.

10 e) Other liabilities (short-term)

	Dec. 31, 2009	Dec. 31, 2008
	€k	€k
Wage and sales taxes	1,728	1,519
Purchase vouchers	960	889
Personnel expenses	1,138	958
Year-end closing and tax declaration costs	168	187
Other accrued liabilities	706	827
	4,700	**4,380**

Summary of long-term and short-term liabilities from finance leasing

	Total	Thereof due within one year	Thereof due between 1 and 5 years	Thereof due over 5 years
	€k	€k	€k	€k
1. Minimum leasing payments	2,222	537	1,684	0
previous year	*2,759*	*537*	*2,150*	*72*
2. Interest	209	88	121	0
previous year	*318*	*109*	*207*	*2*
3. Redemption (cash value of leasing obligations)	2,013	450	1,563	0
previous year	*2,441*	*428*	*1,943*	*70*

In the fiscal year 2009 liabilities from finance leasing developed as follows:

Cash value Jan. 1, 2009	€	2,441k
Leasing rates 2009	€	-537k
Interest cost 2009	€	109k
Cash value Dec. 31, 2009	**€**	**2,013k**

All leasing agreements of the company qualifying as leasing contracts pursuant to German law, are to be classified as finance leases in line with IAS 17. Operating leasing agreements mainly concern lease agreements concerning branches of the group; they are shown under "Other financial obligations". No purchase options were agreed within the framework of operating leasing contracts.

10 f) Tax liabilities

Income tax liabilities amounted to € 2.096k (previous year: € 403k) as of December 31, 2009.

10 g) Other financial liabilities (short-term)

Other financial liabilities (short-term) only concern liabilities from finance leasing in the amount of € 450k (previous year: € 428k).

(11) Deferred taxes (liabilities-side)

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

II. Consolidated statement of comprehensive income

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

(12) Sales revenues

	2009	2008
	€k	€k
Sales revenues	87,204	86,206

Sales revenues are explained in more detail in the segment reporting section. With the exception of an amount totaling € 8k (previous year: € 8k), all sales revenues of the LUDWIG BECK Group were generated in Germany.

(13) Other work capitalized

In the fiscal year 2009, own work capitalized amounted to € 81k (previous year: € 219k). This item concerns personnel expenses during refurbishing works at the flagship store in Munich.

(14) Other operating income

Other operating income consists of the following:

	2009	2008
	€k	€k
Rent receipts and on-charged expenditure on office space	1,594	1,470
Administrative earnings	0	4
Sales proceeds	533	744
Personnel earnings	325	282
Canteen earnings	370	378
Other earnings	180	440
	3,002	**3,318**

The other operative income includes aperiodic income in the amount of € 42k (previous year: € 214k).

(15) Cost of materials

	2009	2008
	€k	€k
Cost of merchandise	44,188	44,836

The expenses carried under 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 expenses

	2009	2008
	€k	€k
Wages and salaries	14,097	14,116
Social security contributions	2,527	2,587
Pension costs	216	241
	16,840	**16,944**

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 and are older than 25 and have worked for the company for a minimum of 5 years receive a voluntary pension promise by LUDWIG BECK against which union-agreed pension claims are offset.

The scheme qualifies as contribution-oriented plan within the meaning of IAS 19.

The cost of these pension commitments amounted to € 170k in 2009 (previous year: € 173k).

A total of 351 employees participate in these pension schemes.

b) Pension scheme for members of the Executive Board

The company gave active and former members of the Executive Board a pension promise. This commitment qualifies as performance-oriented plan within the meaning of IAS 19.

Expenses for the appropriation to pension accruals are included in the aforementioned sum total and amount to € 85k (previous year: € 82k). For further explanations please refer to sub-clause 9.

(17) Depreciation

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

(18) Other operating expenses

Other operating expenses comprise the following items:

	2009	2008
	€k	€k
Cost of office and store space	7,702	8,112
Administration expenses	1,556	1,722
Sales expenses	3,768	3,939
Other personnel expenses	1,235	1,188
Insurance/contributions	182	195
Other taxes	111	111
Other	1,385	477
	15,939	**15,744**

No aperiodic expenses were recorded in the fiscal year and the previous year.

(19) Financial result

	2009	2008
	€k	€k
Other interest and similar income	52	77
Interest and similar expenditure	2,795	3,217
Other shareholders' interest in the result	654	551
Financial result	**-3,397**	**-3,691**

Other interest and similar income concern interest received on bank balances and interest yields from a loan from Bayerische Landesbank with an original term until December 31, 2014 which was redeemed at cash value. The interest portion for finance leases included under interest expenses amounts to € 109k (previous year: € 133k), for pension commitments to € 57k (previous year: € 54k) and for performed interest swap transactions to € 0k (previous year: € 161k).

(20) Income taxes

	2009	2008
	€k	€k
Income tax	2,374	595
Deferred tax expense due to reversal of asset-side deferred taxes on loss carryforwards	1,727	1,223
Other deferred tax expense	41	-87
	4,142	**1,731**

As a result of lapsed tax-relevant loss carryforwards minimum taxation no longer applied in the fiscal year (previous year: € 595k). Income tax on the result in the amount of € 2,374k were incurred in the fiscal year 2009.

Deferred tax expense	2009	2008
	€k	€k
From change in loss carryforwards	1,745	1,223
From capitalizing finance lease assets	-13	48
From temporary differences in the carrying of a tenant loan	-9	-9
From temporary differences in the amortization of the brand name	13	13
From temporary differences in non interest-bearing liabilities	-4	-13
From temporary differences in other accruals	-15	0
From temporary differences in the depreciation of intangible and tangible fixed assets	67	-146
Other	-16	20
Total deferred tax expense	**1,768**	**1,136**

In calculating deferred taxes (corporate tax, solidarity surcharge, trade tax) on temporary differences and loss carry forwards of the LUDWIG BECK Group, a group-specific tax rate of exactly 32.975 % is applied, with the trade tax percentage being 490 %.

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 15.825 %. There are no other group taxes for minority shares (49.9 %) of Feldmeier GmbH & Co. Betriebs KG.

The following table represents a reconciliation between tax expense and income, resulting from the calculated application of a group-wide tax rate of 32.975 % (corporate tax, solidarity surcharge, trade tax), and the tax expense or income disclosed in the consolidated financial statements according to IFRS:

	2009	2008
	€k	€k
Earnings before income tax	6,378	4,446
Nominal group-wide tax rate in %	33	33
Calculated tax expense	2,103	1,466
Change in the calculated tax expense:		
- Differences due to deviating tax rates	0	-17
- Deviating basis of tax assessment	294	282
- Differences due to reversal of asset-side deferred taxes from loss carryforwards	1,745	0
Actual tax expense	**4,142**	**1,731**

(21) Explanations to earnings per share

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

Earnings per share

	2009	2008
Consolidated net income in €k	2,237	2,715
Weighted number of shares in thousands	3,695	3,695
Earnings per share in € (undiluted and diluted)	0,61	0,73

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

Dividend proposal

As regards the appropriation of profit, the Executive Board and Supervisory Board have proposed the distribution of a dividend in the amount of € 0.35 per share to the shareholders. This equals a dividend in the amount of € 1,293k.

D. Explanations to Segment Reporting

The following segment reporting complies with IFRS 8 "Operating Segments", which defines the requirements of reporting about the results of a company's operating segments in applying the so-called "Management Approach" which requests a company to report segment information on the basis of the internal reports that are regularly consulted by the so-called "Chief Operating Decision Maker" for the purpose of making decisions about the allocation of resources to individual segments and performance assessment.

The individual departments of the flagship store at Marienplatz and the branches are the defined individual segments for primary reporting. Each individual segment of the flagship store at Marienplatz accounts for less than 10 % thus falling below the quantitative threshold of IFRS 8.13.a).

According to IFRS 8.14. segments are aggregated in the second reporting stage. The cumulative conditions for aggregation as set forth in IFRS 8.12. are met.

Secondary reporting concerns the flagship store at Marienplatz including the LUDWIG BECK Hautnah (Up Close) annex in 5 Höfe on the one hand, and the branches on the other hand. Aggregation is made in compliance with the management approach, as individual branches are always separate segments.

Generally, the chief operating decision makers only examine cost elements on segment level as disclosed in the aforementioned reporting system. All other cost elements are regularly considered on group level.

The basic difference between segment results and consolidated results is that not all cost elements are carried on segment level. All other accounting principles and valuation methods correspond to those applicable to consolidated financial statements.

Other personnel expenses and other expenses concern expenditure which cannot be allocated to individual segments.

The consolidated **2009** key figures subject to segmentation are attributable to the individual segments as follows:

	Marienplatz	Branches	Group
	€k	€k	€k
Sales revenue (gross)	**91,132**	**12,610**	**103,742**
VAT	-14,525	-2,013	-16,538
Sales revenue (net)	**76,607**	**10,597**	**87,204**
Cost of sales	38,555	5,633	44,188
Gross profit	**38,052**	**4,964**	**43,016**
Personnel expenses	7,130	1,547	8,677
Cost of office and store space, administration and selling expenses	12,170	2,137	14,307
Interest	952	110	1,062
Segment result	**17,800**	**1,170**	**18,970**
Other operating income			3,083
Other personnel expense			8,163
Depreciation			3,544
Other expenses			1,632
Other financial result			-2,335
Income tax			4,142
Consolidated net income			**2,237**
Segment assets			
Intangible assets	3,025	0	3,025
Tangible fixed assets	91,737	240	91,977
Inventories	7,331	1,017	8,348
Segment assets total	**102,093**	**1,257**	**103,350**

The LUDWIG BECK Group has textile and non-textile product ranges. In the fiscal year 2009 sales in the amount of € 59,716k were generated from the textile product range and € 27,488k from the non-textile product range.

In the fiscal year, impairment loss was recognized for segment assets of the branches in the amount of € 119k in accordance with IAS 36.

The consolidated **2008** key figures subject to segmentation are attributable to the individual segments as follows:

	Marienplatz	Branches	Group
	€k	€k	€k
Sales revenue (gross)	**89,056**	**13,522**	**102,578**
VAT	-14,188	-2,184	-16,372
Sales revenue (net)	**74,868**	**11,338**	**86,206**
Cost of sales	38,679	6,157	44,836
Gross profit	**36,189**	**5,181**	**41,370**
Personnel expenses	7,124	1,646	8,770
Cost of office and store space, administration and selling expenses	12,547	2,327	14,874
Interest	963	120	1,083
Segment result	**15,555**	**1,088**	**16,643**
Other operating income			3,537
Other personnel expenses			8,174
Depreciation			4,082
Other expenses			870
Other financial result			-2,608
Income tax			1,731
Consolidated net income			**2,715**
Segment assets			
Intangible assets	3,224	0	3,224
Tangible fixed assets	92,576	774	93,341
Inventories	7,994	1,076	9,070
Segment assets total	**103,785**	**1,850**	**105,635**

The LUDWIG BECK Group has textile and non-textile product ranges. In the fiscal year 2008 sales in the amount of € 58,759k were generated from the textile product range and € 27,447k from the non-textile product range.

In the fiscal year 2008 impairment loss was recognized for segment assets of the branches in the amount of € 471k in accordance with IAS 36.

E. Explanations to Consolidated Cash Flow Statement

The cashflow 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 cashflows from operating, investing and financing activities. Liquidity shown in the cashflow 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 at 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 credit balances and liabilities are generally offset in the LUDWIG BECK financial instrument disposition.

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

Liquid funds	€k	4,407
Net of current account liabilities	€k	0
= Financial instruments acc. to IAS 7	€k	4,407

LUDWIG BECK AG disposes of current account overdraft facilities in the amount of € 18,000k, which will also be available in 2009. Current account overdraft facilities were utilized only for bank guarantees as of the balance sheet date.

F. Explanations to Equity Statement

The equity statement reflects the changes to the group's individual 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 no probably occurring commitments depending on future events.

2. Contingent assets

There are no contingent assets to be disclosed pursuant to IAS 37.

II. Other financial commitments

The Group's other financial commitments are as follows:

	Annual commitment		Total commitment	
	2009	2008	2009	2008
	€k	€k	€k	€k
Lease commitments incl. ground rent	6,025	6,177	91,084	96,702
Commitments from advertising cost contributions	170	170	727	897

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	6,025	19,325	65,734	91,084
Commitments from advertising cost contributions	170	412	145	727

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

The Executive Board and Supervisory Board of LUDWIG BECK AG issued the declaration of conformity according to Section 161 AktG on November 10, 2009. The requirements of the Corporate Governance Code in the version applicable between June 6, 2008 and August 4, 2009, and in the version of June 18, 2009 applicable as of August 5, 2009 have been met since the last declaration of conformity on November 14, 2008 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).

3. Semi-annual and quarterly reports were not discussed with the Executive Board by the Supervisory Board or the Audit Committee before publication (Code Clause 7.1.2).

4. D&O insurance for the Supervisory Board does not contain a deductible according to Clause 3.8. of the Code.

The declaration of conformity is permanently available to shareholders at the company's Internet site at (**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.

Each members of the Executive Board has 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, businessman
Oliver Haller, businessman

Total remuneration of the Executive Board of LUDWIG BECK am Rathauseck - Textilhaus Feldmeier Aktiengesellschaft amounted to € 1,105k (previous year: € 975k) in the fiscal year 2009.

As of December 31, 2009, the members of the Executive Board held 5,000 no-par shares (previous year: 4,469; purchase: 531; sale: 0).

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

Supervisory Board:	Dr. Joachim Hausser, businessman, Munich, Chairman
	Gerhard Wöhrl, businessman, Nuremberg, Deputy Chairman
	Christian Greiner, businessman, Nuremberg
	Dr. Lutz Helmig, businessman, Fulda
	Gabriele Keitel, commercial clerk, Munich*)
	Felicitas Uhl, salesperson, Unterhaching*) (until July 31, 09)
	Dorothee Neumüller, purchaser, Holzkirchen*) (since August 1, 09)

As of December 31, 2009, the members of the Supervisory Board held 247 no-par shares (previous year: 247; purchase: 0; sale: 0).

Total remuneration of the Supervisory Board in the fiscal year 2009 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.

Viscardi AG invoiced € 35k for Designated Sponsoring. Viscardi AG is to be treated as related person of Dr. Joachim Hausser and Mr. Dieter Münch.

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

Dr. Joachim Hausser:

Advisory Council:	GETRAG Getriebe- und Zahnradfabrik
	Hermann Hagenmeyer GmbH & Cie KG, Untergruppenbach
Administrative Council:	Kühne & Nagel Intern. AG, Schindellegi

Mr. Gerhard Wöhrl:

Advisory Board Chairman:	TETRIS Grundbesitz GmbH & Co. KG, Reichenschwand
	TETRIS Grundbesitz Beteiligungs GmbH, Reichenschwand
Advisory Board:	Sparkasse Nuremberg, Nuremberg

Mr. Christian Greiner:

Supervisory Board:	Rudolf Wöhrl AG, Nuremberg
Advisory Board:	TETRIS Grundbesitz GmbH & Co. KG, Reichenschwand
	Bültel International Fashion Group, Salzbergen

Dr. Lutz Helmig:

Supervisory Board Chairman:	EDAG GmbH & Co KGaA, Fulda
	HAEMA AG, Leipzig
Advisory Board Chairman:	Schmidt-Seeger GmbH, Beilngries

*) Worker representative

V. Audit fees

The fee of the auditor for the lapsed fiscal year 2009 amounts to € 138k (previous year: € 341k).

The fee for the audit of the consolidated financial statements and the annual financial statements amounted to € 130k (previous year: € 165k). The amount incurred for tax consulting was € 8k (previous year: € 13k) and for other services € 0k (previous year: € 163k).

Since the auditor of the previous year was also engaged for the audit of the subsidiaries, the audit fees for the consolidated financial statements and annual financial statements are comparable only to a limited degree.

VI. Personnel

LUDWIG BECK am Rathauseck - Textilhaus Feldmeier AG employed 529 people on annual average (previous year: 538) of which 219 (previous year: 227) were full-time staff, 183 (previous year: 184) were part-time staff and 127 (previous year: 127) were temporary staff. Apprentices were not included in the calculation.

VII. Information according to sec. 297 par. 2 HGB (Commercial Code)

The Executive Board issued the statutory declaration required by Section 297 par. 2 HGB (Commercial Code).

Munich, February 19, 2010

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LUDWIG BECK

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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 2010

Dieter Münch Oliver Haller

Left picture: A veritable brand Eldorado can be found in modern woman department on the 1st floor.

Auditors´ Report

We have audited the consolidated financial statements prepared by the LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, comprising the balance sheet, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2009 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a paragraph 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, February 26, 2010

BTU Treuhand Union München GmbH
Wirtschaftsprüfungsgesellschaft

Ulrich Schneider	p.p.a. Florian Bendel
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Addresses & Opening Hours

LUDWIG BECK
"Store of the Senses" Munich

Marienplatz 11
80331 Munich
Tel. +49. 89. 23691-0
Fax +49. 89. 23691-600
info@ludwigbeck.de
Monday - Saturday 10am - 8pm

DICHTUNG & WAHRHEIT (Poetry & Truth) Munich
Burgstraße 2
80331 Munich
Tel. +49. 89. 23691-390
Fax +49. 89. 23691-808
info@ludwigbeck.de
Monday - Saturday 10am - 8pm

GEKNÖPFT & ZUGENÄHT (Haberdasher's) Munich
Burgstraße 7
80331 Munich
Tel. +49. 89. 23691-402
Fax +49. 89. 23691-808
info@ludwigbeck.de
Monday - Saturday 9.30am - 7pm

LUDWIG BECK HAUTNAH
at the FÜNF HÖFE Munich
Theatinerstraße 14
80333 Munich
Tel. +49. 89. 20604-280
hautnah5hoefe@ludwigbeck.de
Monday - Friday 10am - 7pm
Saturday 10am - 6pm

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

LUDWIG BECK
at the City-Galerie Augsburg
Willy-Brandt-Platz 1
86153 Augsburg
Tel. +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
Tel. +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
Tel. +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
Tel. +49. 89. 159076-17
Fax +49. 89. 159076-19
info@ludwigbeck.de
Monday - Saturday 9.30am - 8pm

s.Oliver Regensburg
Maximilianstraße 13
93047 Regensburg
Tel. +49. 941. 5957-190
Fax +49. 941. 5957-199
info@ludwigbeck.de
Monday - Wednesday 10am - 7pm
Thursday - Friday 10am - 8pm
Saturday 10am - 4pm

www.ludwigbeck.com

Imprint

Editor

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

Contact

Investor Relations/Financial PR

Metis Tarta-Steck
Tel. +49. 89. 28 80 81-33
Fax +49. 89. 28 80 81-48
mts@esvedragroup.com

Group accounting

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

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More information about LUDWIG BECK is available on **www.ludwigbeck.com**. Sign up there for our financial newsletter, in order to receive all information promptly and comprehensively!

Financial Calendar

January 11, 2010
Sales figures 2009

March 9, 2010
Annual financial statements 2009

March 9, 2010
Balance sheet press conference 2010

March 10, 2010
Analysts' conference 2010

April 22, 2010
Quarterly report 2010

May 11, 2010
General Meeting 2010

July 21, 2010
Half-year report 2010

October 21, 2010
Nine months' report 2010

Image above: Drawing façade "Store of the Senses".

Image back cover: Drawing New Town Hall and Marian column at the Marienplatz in Munich.