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

LUDWIG BECK Annual Report 2010

LUDWIG BECK
Annual Report 2010

LUDWIG BECK
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Annual Report 2010

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LUDWIG BECK AT A GLANCE

Review of the Year 2010

1st quarter

+ Now it's official. The city of Munich awards their façade prize to LUDWIG BECK's "Store of the Senses".
+ New look. Trend magazine "LUDWIG" presents as usual the highlights of the spring/ summer collections.
+ LUDWIG BECK gets involved with the BMW World Jazz Awards for the second time as co-operation partner for the Jazz matinees, giving young jazz vocalists a suitable stage in the music department.

+ The 2nd phase of construction finishes and the designer fashions department presents a new seamless look with the next door evening wear department.
+ The lingerie department is honored with trade journal SOUS's "Stars of Lingerie 2010" award.
+ LUDWIG BECK presents its annual financial statements for 2009 at the Balance Sheet Conference. The company records its best ever results with an increase of earnings before taxes (EBT) of 43.5 % up to € 6.4m.
+ Ladies can learn the art of the perfect complexion at the new Laura Mercier Counter in the HAUTNAH department.
+ Christian Greiner is appointed to the Executive Board with effect as of January 1, 2011, responsible for Purchasing, Sales and Marketing (Chief Operating Officer). He will replace Oliver Haller who is leaving the company at his own wish on December 31, 2010.
+ LUDWIG BECK completes the first three quarters of 2010 with an increase of 4.4 % in gross sales. EBIT more than doubles at 117.2 % at a value of € 1.0m.

2nd quarter

+ The music department is awarded the ECHO Jazz-Award as "Retailer of the Year".
+ The 4th floor is transformed into an Eldorado of traditional costume from April.
+ The Annual General Meeting takes place on May 11 and supports unanimously the Executive and Supervisory Boards' recommendation to distribute a dividend of € 0.35 per share.

+ German-Polish pianist Joanna Michna reworks Frédéric Chopin concert pieces as solo versions creating a totally new sound experience at the house grand piano.
+ LUDWIG BECK continues with its success story with a 3.2 % increase in gross sales for the first half-year. EBIT is up 79.6 % on the same period in the previous year. On the basis of the positive half-year figures the Executive Board increases its earnings forecast for the 2010 fiscal year anticipating earnings before taxes on income (EBT) of over € 7.0m up from the earlier forecast of € 6.0m.

Picture above left: Sophisticated designs and voluptuous materials entice in the lingerie department.

Picture above right: The traditional costume department shows its colors in the run-up to the Oktoberfest.

3rd quarter

+ In conjunction with the Festival of Opera, baritone star Thomas Hampson gives one of his rare autograph appearances and star tenor Jonas Kaufmann is guest at the launch of his recently published biography.
+ In celebration of the 200th Oktoberfest LUDWIG BECK displays an authentic reproduction of the wedding outfits of Crown-Prince Ludwig von Bayern and his bride Therese von Hildburghausen.

+ International Lifestyle label THOMAS SABO and fashion magazine GLAMOUR host the exclusive preview of the new Diamond Charms in the "Store of the Senses".
+ The new "LUDWIG" introduces the latest fashions from the autumn/winter collection 2010/2011.
+ The luxurious and eye-catching cosmetic department HAUTNAH is showcased in the new VOUGE Beauty-Special.
+ SIR HENRY Luxury Pet-Care, the first dermatologically tested range of canine natural body care products, is exclusively available in Germany at LUDWIG BECK.
+ The LUDWIG BECK Group completes the first nine months of 2010 with an increase of 5.7 % in gross sales. EBIT leaps up 79.6 % in comparison with the previous year. On the basis of this perforqmance the management once again raises its forecast for EBT in excess of € 7.5m.

4th quarter

+ Piano virtuoso Ragna Schirmer once again enchants the audience at her concert in the music department with works of Brahms and Händel, finishing off the event with an autograph session.
+ The Christmas Market transforms the 4th floor into a snow-covered enchanted forest where dreams really can come true.

+ Swedish jazz-singer Fredrika Stahl accompanied by Rémi Decoutenhove on the guitar is guest of the music department for a live performance and signing event.
+ An exceptional start to the Christmas sales season raises the management's EBT expectations to over € 9m.
+ LUDWIG BECK closes the 2010 fiscal year with an increase of 5.3 % in branch-adjusted gross sales to € 107.2m. EBT is up 55.2 % to € 9.9m.

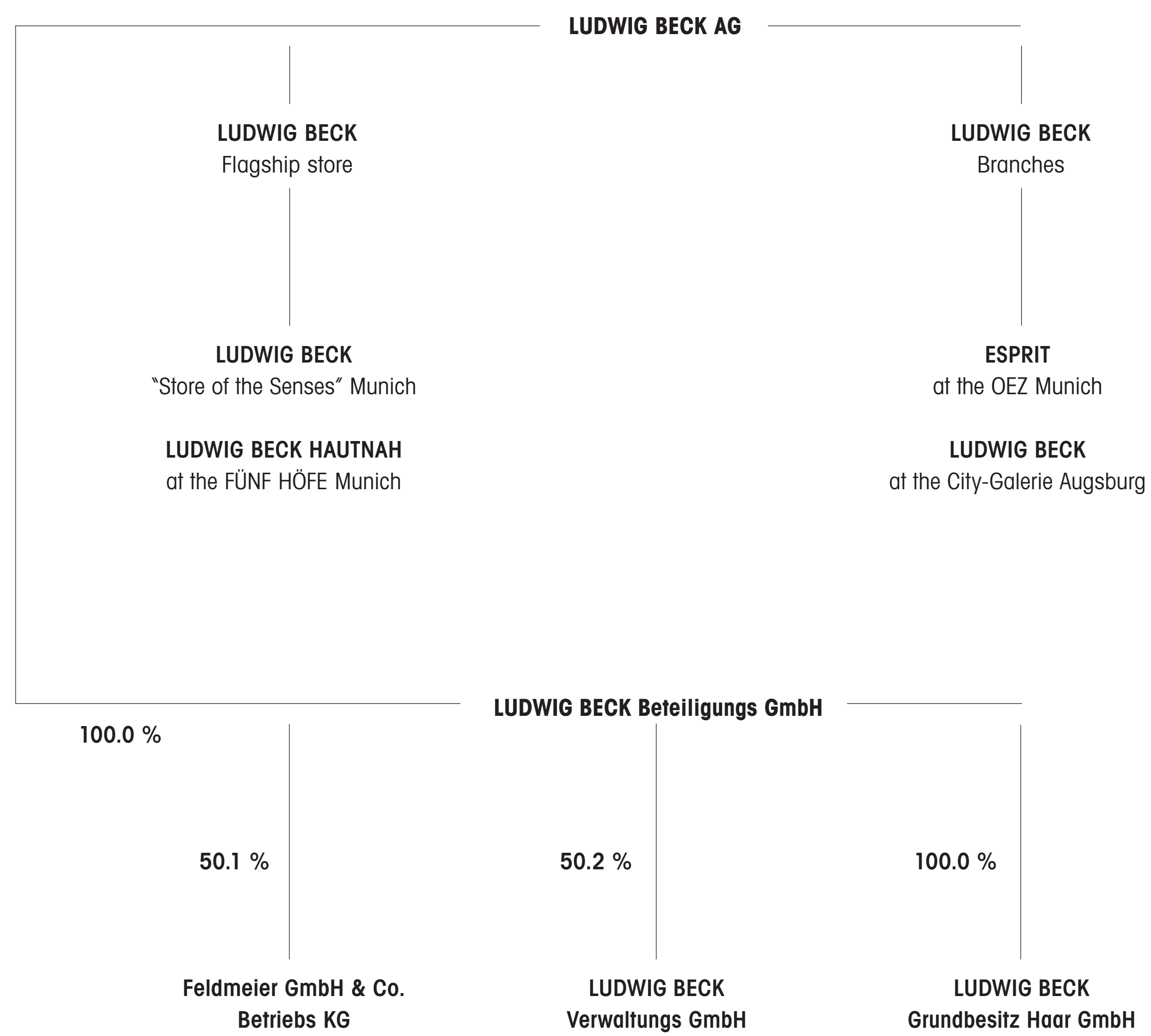
Picture above left: Munich's Master School for Fashion redefines according to LUDWIG BECK's specifications the historical wedding outfit of the Crown-Prince couple from 1810.

Picture above right: Stylish Christmas decorations to suit every taste can be found in the in-house Christmas market.

Key Figures of the Group

Key Figures of the Group		2010	2009	2008	2007	2006
		(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)
Result						
Sales (gross)	€m	107.2	103.7	102.6	103.5	101.3
VAT	€m	17.1	16.5	16.4	16.5	14.0
Sales (net)	€m	90.1	87.2	86.2	87.0	87.4
	%	100.0	100.0	100.0	100.0	100.0
Gross profit	€m	45.5	43.0	41.4	41.0	41.3
	%	50.5	49.3	48.0	47.1	47.3
Earnings before interest, taxes, depreciation & amortization	€m	16.9	13.3	12.2	11.0	10.2
(EBITDA)	%	18.7	15.3	14.2	12.6	11.7
Earnings before interest & taxes (EBIT)	€m	13.7	9.8	8.1	7.2	6.8
	%	15.2	11.2	9.4	8.2	7.7
Earnings before taxes (EBT)	€m	9.9	6.4	4.4	3.1	2.5
	%	11.0	7.3	5.2	3.6	2.9
Consolidated net profit	€m	6.4	2.2	2.7	2.6	1.4
	%	7.1	2.6	3.1	3.0	1.6
Balance sheet						
Equity	€m	47.6	42.8	41.8	40.2	33.8
Equity ratio	%	43.7	39.1	37.0	37.4	31.8
Return on equity before taxes	%	20.8	14.9	10.6	7.7	7.5
Investments	€m	1.9	2.2	8.6	5.8	2.5
Balance sheet total	€m	108.8	109.3	112.9	107.4	106.5
Personnel						
Employees	persons	513	529	538	544	543
Personnel expenses	€m	17.0	16.8	16.9	17.2	17.4
	%	18.9	19.3	19.7	19.7	20.0
Net sales per employee (weighted average)	€k	253.8	230.7	226.3	223.6	224.6
Per share						
Number of shares	m	3.70	3.70	3.70	3.39	3.36
Earnings per share undiluted and diluted	€	1.74	0.61	0.73	0.76	0.42
Dividend	€	0.35	0.35	0.30	0.30	0.20
Other details (as of Dec. 31)						
Sales area	sqm	13,785	16,669	16,669	16,428	17,709
Gross sales per square meter	€/sqm	7,777	6,224	6,154	6,299	5,723

Group Structure



As of December 31, 2010

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TO OUR SHAREHOLDERS

Christian Greiner

Member of the Executive Board of LUDWIG BECK AG

In 2004 Christian Greiner developed the young fashion concept U1 for Rudolf Wöhrl AG in Nuremberg, which he led as Managing Director until the end of 2007. Since 2008 he has been Managing Director of INTRO Retail & Media GmbH as well as co-owner and Managing Director of the Nuremberg-based creative agency nuts communication GmbH. He moved from the LUDWIG BECK AG Supervisory Board to the Executive Board at the change of the fiscal year, where he is concerned with Purchasing, Sales and Marketing.

Dieter Münch

Member of the Executive Board of LUDWIG BECK AG

Dieter Münch first got to know the Munich fashion house as an intern as part of his business economics studies at Munich's University of Applied Sciences. Freshly graduated and smitten by the very special LUDWIG BECK flair, he started his career in controlling at LUDWIG BECK AG in 1980. Following various positions in the company he was called to the Executive Board in April 1998, where he is responsible for Finance, Personnel and IT.

Picture above: The LUDWIG BECK Executive Board: Christian Greiner (left) and Dieter Münch (right)

Directors´ Dialogue

Members of the Executive Board Dieter Münch and Christian Greiner in conversation about a new record year, the "resurrection" of department stores and an outlook full of suspense.

Mr. Münch, Mr. Greiner, the German economy showed itself to be in good shape in 2010 with retail profiting from the positive consumer mood. How did the LUDWIG BECK Group develop in this context?

Dieter Münch: Before I answer that, could I first take this opportunity to welcome my colleague Mr. Greiner to his new position? He took over from Mr. Haller on January 1, 2011 – and could hardly have timed his move better; you're right, the German economy's current situation is unexpectedly upbeat with customers showing a renewed zest to consume. Nevertheless, our company also showed its strength during the financial crisis and recorded its best historic results in the 2009 fiscal year – which we have again trumped in 2010! The last fiscal year recorded an increase in branch-adjusted sales volume up 5.3 % to € 107.2m with earnings (EBT) increasing 55.2 % to € 9.9m. These figures talk for themselves, and I think we can be very proud of them.

Christian Greiner: Thank you Mr. Münch. My appointment to the LUDWIG BECK Executive Board fulfilled something of a personal dream. I've been closely associated with LUDWIG BECK for several years, for instance in my work on the Supervisory Board. So I am all the more excited about my new role and the opportunity to be more actively involved in shaping the successful business concept. The glittering sales and earnings figures for 2010 have been a very special welcome present - and they certainly raise the bar. It's also gratifying to see the current economic situation so positively positioned. Last year really saw the media portrayal of a "Department Store Renaissance" – after years of downward-spiraling sales in the sector. I would also like to take this opportunity to thank my predecessor Mr. Haller who handed over my areas of responsibility in such excellent condition.

What do you believe the reasons for the upswing in the department stores could be?

Christian Greiner: Well, it's not just the department stores that are recording growth in sales. Retail in general can look back over a very sound fiscal year. The positive employment situation improved consumer mood enormously. Aside from that we also saw a trend reversal which benefited the sector, with customer buying power being drawn back into the city center – to the heart of their towns.

Dieter Münch: This development is of course very welcome for our business, as we find ourselves in a unique position for a number of reasons. For a start there's our remarkable location at the heart of Munich. At the same time we have managed to firmly anchor ourselves over our almost 150 year history into the conscience of the people of Munich and its surroundings. If you're looking for something special you'll find it at LUDWIG BECK next to the Town Hall, which has been a byword for quality and the exceptional for generations. We set the right course early with this location, and this has once again been reconfirmed. We recognized that our local prominence is a value on which we can always rely. That's not to say we have sat on our laurels, we developed our "trading up" concept in good time to make our business all the more attractive to our customers.

What exactly does the term "trading up" stand for?

Dieter Münch: It is our stated aim to meet the modern and upmarket demands of our customers at the "Store of the Senses" at Marienplatz both architectonically and in the selection of wares. We have come some way along this path over the last few years and are particularly proud of our most recently opened premium department for designer fashions on the 3rd floor. We had already renovated and extended part of the designer fashions and evening wear departments in the previous year. Now since mid February 2010 the whole floor radiates its new seamless look.

Christian Greiner: The "trading up" concept doesn't just comprise the upgrading and modernization of the interiors, it also means we are continually striving to present our customers with the very latest international trends in top class fashion and designer labels, at times exclusively in Munich – or even Germany-wide. In this respect we are especially honored to receive the "Stars of Lingerie 2010" award from the trade journal SOUS for our lingerie department for a second time since 2006, with our very special customer service, exceptional advisory skills and an unrivalled selection of top brands commended. This award serves as further evidence that our exclusive range of brands is certainly, alongside our professional personnel team, one of our most outstanding qualities and will continue to be a focal point in the future.

Picture above: The finest materials and latest trends in the redesigned designer fashions department on the 3rd floor.

What else happened last year?

Dieter Münch: Oh, there was a long list of important highlights! There's something new to discover everyday on one of our seven floors: Beauty tips from Laura Mercier professionals in our cosmetics department HAUTNAH, a look at the faithful reproduction of princely wedding attire from 1810 in the designer fashions department, a cozy advent teatime in our papeterie department, or one of the many live star performances in our ECHO-award-winning music department – a visit to the "Store of the Senses" is never boring.

Christian Greiner: Exactly, and so that our customers can get in the mood for their visit before they've even left the house, our sophisticated internet site **www.ludwigbeck.com**, re-launched in November 2010, showcases and brings to life the key themes of fashion, beauty, lifestyle, music and service for our customers and fans at home. New features such as lookbooks, CD reviews and editorials reflect the many facets of our business and entice customers for on-site discovery. Subscribers are also regularly updated about their areas of interest through three themed e-newsletters; "Store of the Senses", music and investor relations.

So, it was all happening at the "Store of the Senses" in 2010. What else is there to report?

Christian Greiner: The store at Marienplatz is undoubtedly our flagship. We generate about 90 % of our sales here and saw those sales rise by some 5.8 % in the past fiscal year. Our strategy is one of concentration rather than expansion: Quality not quantity is the motto here too.

Dieter Münch: The fact that we are on the right track with our concept is reflected in the dynamics of growth in our sales and profits as well as being recognized in the equity market. Our shares experienced growth of 46 % in 2010 and the market experts don't see this as the peak of performance.

What are the prospects for 2011?

Christian Greiner: The good news from the German economy still has us rubbing our eyes. Few would have dared hope that German economic activity would recover so fast from the world-wide economic and financial crisis. What is especially important for us is that the recovery is also being felt by the people, resulting in demonstrably increased demand at home. The experts are optimistic that economic growth will continue in the coming year, though perhaps at a reduced rate. We see the favorable economic conditions coupled with the magnificent Christmas sales in 2010 as a terrific starting position for the 2011 business year.

Dieter Münch: We have two record-breaking years behind us and we simply couldn't be happier with LUDWIG BECK AG's development. Nevertheless, we won't be putting our feet up to enjoy the success – we have lots of plans for the future. The LUDWIG BECK name stands for tradition, quality and trustworthiness. Over the past few years we have succeeded in carefully repositioning the brand to reflect the changes of the times and our customers' increasing expectations – without losing sight of our longstanding values. This balancing act is a daily challenge, but one we enjoy. We will continue to walk this line and focus our energies on ensuring LUDWIG BECK at Marienplatz remains a jewel amongst German department stores. And since we celebrate our 150th anniversary on 2011, we naturally want to put another record year as the icing on the LUDWIG BECK anniversary cake.

Thanks to our employees and business partners

The Executive Board thanks all LUDWIG BECK AG colleagues for their outstanding performance and extraordinary commitment, without which further record results would not have been impossible. We are convinced that we can continue to guide our business along the path of success, fuelled by the professionalism, enthusiasm and energy of our staff. Our thanks are also extended to the employees' representatives, for their ever constructive co-operation. And our very special thanks of course to our customers and business partners, for their trust in our company.

Dieter Münch　　Christian Greiner

Supervisory Board´s Report

As in previous years also in fiscal year 2010 the Supervisory Board concerned itself regularly and in great depth with the situation and development of the LUDWIG BECK Group, fulfilling its responsibilities in controlling and advisory spheres with great diligence as stipulated by the law, the articles of association and internal rules of procedure.

In so doing, the Supervisory Board supported the Executive Board in its managerial tasks and was at hand for advice. The Supervisory Board was directly involved in all decisions key to LUDWIG BECK AG. Current strategic deliberations were debated with the Executive Board at regular intervals.

In essence, the work of the Supervisory Board comprised the verbal and written reports which came about through its activities both within and outside its formal meetings and those of its sub-committees, as defined by Section 90 Joint Stock Corporation Act (AktG). The Executive Board kept the Supervisory Board fully abreast of all relevant developments within the LUDWIG BECK Group in a regular and timely manner, whether verbally or in written form. In particular the reporting covered the projected policy setting and other fundamental issues of corporate planning. Other topics included the profitability of the company, ongoing business development, risk management, internal control systems, compliance, transactions having substantial impact on the profitability and liquidity of LUDWIG BECK AG as well as important investment and divestment decisions. The Executive Board presented the Supervisory Board with all issues requiring its endorsement, in accordance with the regulations for each body. The Supervisory Board duly scrutinized and discussed all submitted reports and documentation in an appropriate depth.

Specific points are further elaborated below. There were no objections to the work of the Executive Board.

Five meetings in 2010

Members of the Executive Board also regularly attended the five scheduled Supervisory Board meetings in 2010 which took place on March 9, March 24, May 11, July 21 and November 23.

The company's auditor also took part in the balance sheet meeting according to Section 171 para. 1 Joint Stock Corporation Act (AktG) on March 9, 2010, in which the company's annual financial statements were adopted and the management report and the consolidated financial statements approved. In addition consent was given to the Supervisory Board's report, the Supervisory Board's rules of procedure were revised to comply with new legal provisions and the detailed planning for 2010 as well as the medium-term planning for 2011/2012 were passed.

An extraordinary meeting took place on March 24, 2010 in the form of a tele-conference in which the agenda for the Annual General Meeting was approved and a resolution on the declaration on corporate governance was passed.

The Supervisory Board meeting of May 11, 2010 discussed amongst other issues the development in the 2010 fiscal year.

The meeting on July 21, 2010 focused on ongoing corporate development, the half-year results, the current revisions to the German Corporate Governance Code, along with the 150th company anniversary in 2011.

In its meeting of November 23, 2010, the Supervisory Board debated business development in the ongoing fiscal year and rough planning for the 2011 fiscal year, and approved the declaration of conformaty.

The Executive Board also stayed in regular contact with members of the Supervisory Board outside of these meetings, keeping them up to date with developments in the business.

Changes in the Executive Board

The subject of intensive discussion over the past year was the organization of a replacement for Mr. Oliver Haller who – as mentioned in the previous report – made the personal decision, with the best mutual amicable agreement, not to extend his contract but to leave the company on December 31, 2010. In his place, Mr. Christian Greiner was called to the Executive Board with effect of January 1, 2011, since when as Chief Operating Officer (COO) he has been responsible for Sales, Purchasing and Marketing. The Supervisory Board thanked Mr. Haller for his committed work with LUDWIG BECK and wished him every success for the future.

Changes in the Supervisory Board

The completion to the 2010 fiscal year saw change in the Supervisory Board as Mr. Gerhard Wöhrl resigned as a member of the Supervisory Board with effect from December 31, 2010. We thank Mr. Gerhard Wöhrl for his long and committed service and wish him the very best in future years. To take his place, Dr. Steffen Stremme was elected as shareholders' representative on the Supervisory Board (with effect from January 1, 2011) at the Annual General Meeting on May 11, 2010.

Mr. Christian Greiner's place on the Supervisory Board became vacant with his move onto the Executive Board. This place was occupied by the substitute member Mr. Hans Rudolf Wöhrl.

Audit committee

The principle tasks of the audit committee include questions of financial accounting and the annual auditing of the financial statements, as well as the areas of risk management and compliance. In the 2010 fiscal year the audit committee comprised Mr. Christian Greiner (Chairman), Dr. Joachim Hausser and Dr. Lutz Helmig. The committee convened by tele-conference on March 1, 2010 to examine the consolidated financial statements, the consolidated management report, the annual financial statements and the management report of LUDWIG BECK AG for the 2009 fiscal year, and to confirm the auditors` statement of independence. In addition, the committee decided on the recommendation to the Supervisory Board of Munich auditors BTU Treuhand GmbH, Wirtschaftsprüfungsgesellschaft for the annual audit commission for the following business year.

Personnel and management committee

The personnel and management committee is primarily concerned with questions of personnel in the Executive Board. The committee comprised – in the 2010 fiscal year – of Dr. Joachim Hausser (Chairman), Dr. Lutz Helmig and Mr. Gerhard Wöhrl, met by tele-conference on January 20, 2010 and was especially concerned with the preparation for the Supervisory Board's decision regarding changes to the Executive Board. In addition the compensation and system of compensation for members of the Executive Board was the subject of intensive debate.

German Corporate Governance Code and Declaration of Corporate Governance

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 5, 2010 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 thoroughly concerned itself with several revisions and amendments to the German Corporate Governance Code of May 26, 2010, for example the increased significance of the inclusion of women on Supervisory Boards, Executive Boards and in management positions, the education and further training of Supervisory Boards' members and the taking on of Supervisory Board mandates by persons who are on the management of a listed company.

The declaration of conformity pursuant to Section 161 Joint Stock Corporation Act (AktG) approved on November 23, 2010 can be found on page 27 of this report as well as on the company website.

Finally, the Supervisory Board and Executive Board, in accordance with Section 289a German Commercial Code (HGB), together issued the corporate governance statement in February 2011 and published it on the company website.

Consolidated financial statements and annual financial statements

The annual financial statements and the consolidated financial statements as per December 31, 2010, the management report and the consolidated management report including accounting have been audited by the elected auditor BTU Treuhand GmbH, Munich, who issued an unqualified auditor's opinion. All documents relating to the financial statements and audit reports were submitted to the members of the Supervisory Board in due time before their balance sheet meeting on March 14, 2011 and have been 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 find no shortcomings in the internal risk management and control systems with regard to the financial accounting process. The Supervisory Board could assure itself that the auditor's report complies with the statutory requirements. At this meeting the auditor also gave details on the scope, points of focus and costs of the audit as well as his impartiality and informed of services rendered above and beyond that of the audit. The Supervisory Board therefore approved the results of the auditor's review in its meeting of March 14, 2011. After thorough review of the accounts before the meeting, the Supervisory Board verified the annual financial statements, the consolidated financial statements, the management report, the consolidated management report as well as the Executive Board's recommendation on the use of the balance sheet profit. 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 balance sheet profit. On the basis of the conclusions of its own analyses, the Supervisory Board raised no objections to the annual financial statements, the consolidated financial statements, the management report, the consolidated management report and the Executive Board's recommendation on the use of the balance sheet profit. The Supervisory Board unanimously adopted the annual financial statements for LUDWIG BECK AG prepared by the Executive Board. The Supervisory Board approved the consolidated financial statement and accepted the Executive Board's proposal on the use of the balance sheet profit.

In addition, the Supervisory Board reviewed the Executive Board's report in accordance with Section 312 Joint Stock corporation Act (AktG) regarding relationships with associated companies for the past fiscal year ("Dependency Report"). 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 being taken."

BTU Treuhand GmbH, as company auditor for the 2010 fiscal year, has examined the dependency report and issued the following auditor's opinion on February 18, 2011:

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

The Executive Board's dependency report and the auditor's report were forwarded to the Supervisory Board. The Supervisory Board discussed the audit report with the auditor, through which it was satisfied in particular that all legal transactions and measures were fully captured. No concerns arose from the auditor's audit report. As a result of this, the Supervisory Board approves the results of the auditor's examination. On the basis of the conclusions of its own analyses, the Supervisory Board raised no objections to the Executive Board's conclusive statement regarding relationships with associated companies

Personal thanks

The Supervisory Board would like to extend its thanks and acknowledgement to the Executive Board, the works council as well as all employees of LUDWIG BECK AG for their successful work and huge personal dedication in the 2010 fiscal year.

Munich, March 2011

Dr. Joachim Hausser
Chairman of the Supervisory Board

Corporate Governance

The term Corporate Governance stands for responsible, value-oriented management and supervision of the company aimed at sustained, long-term success. LUDWIG BECK stands fully behind the German Corporate Governance Code which was first introduced by the government commission in 2002.

The Code includes nationally and internationally recognized standards of good, transparent and responsible entrepreneurial management and recommends stock exchange listed businesses to adopt its standards. The German Corporate Governance Code serves to make the rules applicable to business management and supervision in Germany transparent for national as well as international investors, in order to strengthen trust in the management of German companies. The Code addresses all significant – above all international – expectations in German business leadership, specifically

+ orientation towards shareholders interests;
+ a dual business constitution comprised of Executive Board and Supervisory Board;
+ the transparency of German business leadership;
+ the independence of German Supervisory Boards and auditors;
+ guidelines for financial reporting.

The Code is divided into six chapters and contains a total of 71 recommendations and suggestions. Recommendations of the code are identified with "shall". Companies may deviate from these, but must disclose this annually. Suggestions are identified with the term "may" or "should"; companies are thus free to decide whether or not they wish to implement these and are not obliged to disclose any non-observances. As a rule the Code is reviewed annually in the light of national and international developments and where necessary amended – as last happened on May 26, 2010.

The Executive Board and Supervisory Boards report on LUDWIG BECK's Corporate Governance as follows and in accordance with section 3.10 of the German Corporate Governance Code:

LUDWIG BECK has always accorded Corporate Governance a great weight. It provides an important instrument for the equity market oriented further development of business leadership and control and forms the basis for all decision-making and controlling purposes. The Executive Board and Supervisory Board of LUDWIG BECK AG have complied with the recommendations of the German Corporate Governance Code without significant modifications since 2003. The reasons behind the deviations from a small number of specific recommendations are discussed in the declaration of conformity.

The exact wording of the German Corporate Governance Code as well as detailed information around the subject of Corporate Governance can be found on our company's website **www.ludwigbeck.com** under Investor Relations/Corporate Governance. The individual chapters of the code are listed and explained along with the company's further comments and opinions on the specific recommendations and suggestions. The remuneration report for fiscal year 2010 can be found in the consolidated management report on page 59 et seq.

Declaration of conformity

Statement regarding the Corporate Governance Code pursuant to Section 161 Joint Stock Corporation Act (AktG).

The following statement as valid for the period from November 11, 2009 until July 2, 2010 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.

The statement as valid from July 3, 2010 refers to the recommendations of the Code in its version of May 26, 2010 which was published on July 2, 2010 in the electronic German Federal Gazette (2010 version).

The Executive Board and Supervisory Board of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft declare in accordance with Section 161Joint Stock Corporation Act (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. In the past, the liability insurance (D&O) for the Supervisory Board did not contain any deductible as referred to in Code section 3.8, since the Company was not of the opinion that the commitment and responsibility of the members of the Supervisory Board in their work would be improved by such a provision. The then existing liability insurance for the Executive Board and Supervisory Board was cancelled at the end of the 2009 calendar year. Therefore, this particular Code recommendation ceases to have ongoing significance to the Company.

2. 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 best reflects the equitable, reliable and close co-operation between the two members of the Executive Board.

3. In the composition of the Executive Board, the Supervisory Board does not specifically strive for an equitable representation of women (Code version 2010, Clause 5.1.2 sentence 1). The Supervisory Board is of the opinion that professional qualifications and experience alone should form the basis for a candidate's selection as Executive Board member of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft, and not the question of gender.

4. 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.

5. In respect to Clause 5.4.1 section 2 sentence 1 (Code version 2010), the Supervisory Board will not specifically aim to achieve a fair representation of women amongst its members. The decisive grounds for the composition of the Supervisory Board must be criteria such as professional qualifications and experience, not however the question of gender.

6. Neither the Supervisory Board nor its Audit Committee discussed any half-year or quarterly financial statements with the Executive Board prior to publication (Code Clause 7.1.2 sentence 2). The Supervisory Board and Executive Board are in regular contact on the basis of a monthly reporting system; therefore an additional discussion prior to publication is unnecessary.

Munich, November 23, 2010

The Executive Board:	**The Supervisory Board:**
signed Dieter Münch	signed Dr. Joachim Hausser
signed Oliver Haller	signed Dr. Lutz Helmig
	signed Gerhard Wöhrl
	signed Christian Greiner
	signed Gabriele Keitel
	signed Dorothee Neumüller

Share

The 2010 stock exchange year

Share markets continue along path of success

Despite the debt-induced turbulence on Europe's peripheries and the questions of a US recession over the summer months, international share markets could largely continue along their successful paths, as carved out in 2009.

The American Dow Jones Index closed 2010 at 11,577 points – up 11.0 % in comparison to the previous year (closing price 2009: 10,428). For the most part, the stock exchanges of the emerging markets also fulfilled expectations. The Indian share market climbed to 20,509 points on the last day of 2010 trading – up 17.4 % on the previous year (closing price 2009: 17,464). The Chinese Hang Seng Index in Hong Kong recorded a closing price of 23,035, an increase of 5.3 % on the previous year (closing price 2009: 21,872).

German share markets exceed expectations

However the German DAX share index performed exceptionally well and above expectations. It excelled with a close up 16.1 % on the previous year at 6,914 points (closing price 2009: 5,957). After a weak start to the year and a low of 5,433 recorded on February 5, the DAX recovered by December to reach the psychologically important 7,000 points mark for the first time in two and a half-years. The peak on December 21 reached almost 7,088 points. Car shares such as Volkswagen and BMW were particularly in demand, while the utility sector shares such as E.on and REW suffered the brunt with a decrease in value of over 20 %.

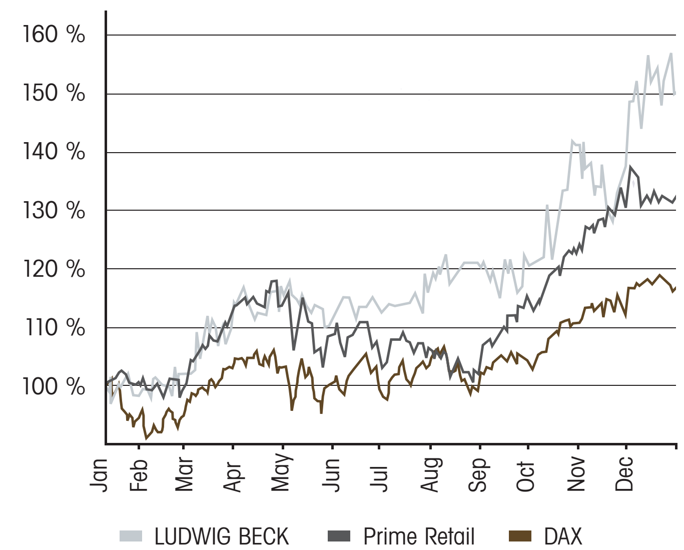
Outperforming even the DAX were the mid caps. The MDAX, which reflects market trends in the shares of medium sized companies, rose to 10,128 points on the last day of trading in 2010 – representing a year on year increase of about 35.0 % (closing price 2009: 7,507). The German Small-Cap Index SDAX closed at 5,173 points, giving growth of 45.8 % on the previous year (closing price 2009: 3,549).

Prime Retail Index on the road to success

The Prime Retail Index of the German Stock Exchange, which includes Germany's 22 largest retailers – forming the most important competition to LUDWIG BECK AG – also closed the year with positive results. The index recorded growth of 28.2 % (closing price 2010: 367) compared with the previous year (closing price 2009: 286).

The LUDWIG BECK share

Share details	
ISIN	DE0005199905
WKN	519990
Ticker Symbol	ECK
Branch	Retail
Accreditation segment	Prime Standard
Number of shares Year-	3,695,000
end market capitalization	€ 67.4m
Stock exchanges	Frankfurt/M., Stuttgart, Munich, Düsseldorf, Berlin/Bremen, Hamburg, XETRA
Year-end price	€ 18.24
Year-high price	€ 19.15 (December 28, 2010)
Year-low price	€ 11.80 (January 14, 2010)
Designated Sponsor	VISCARDI AG



LUDWIG BECK share again outperformed the DAX and branch

The Prime Standard listed share scored a clear 46.0 % increase in value in the lapsed fiscal year in comparison to the previous year and ended the year 2010 with a year-end price of € 18.24 in XETRA trade (2009 year-end price: € 12.50). The LUDWIG BECK share managed to outperform the DAX and the Prime Retail Index which grew 16.1 %, respectively 28.2 % in comparison to the previous year.

The highest price of the LUDWIG BECK share of € 19.15 was recorded on December 28, 2010, while the share sunk to its lowest value of € 11.80 on January 14, 2010. Market capitalization of the LUDWIG BECK AG comprised € 67.4m at the end of the fiscal year 2010 (previous year: € 46.2m).

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 3.695m in 2010 (previous year: 3.695m). Consolidated group earnings amounted to 6.4m in aggregate in the 2010 fiscal year (previous year: € 2.2m). Accordingly, the result per share was € 1.74 (previous year: € 0.61), and the price-profit ratio was 10.5 at the end of the fiscal year (previous year: 20.5)

Earnings per share		2010	2009
Consolidated net income	in €m	6.4	2.2
Average number of shares (diluted and undiluted)	in m	3.7	3.7
Earnings per share (diluted and undiluted)	in €	1.74	0.61

Dividends

LUDWIG BECK AG has been a profitable company pursuing a sustainable dividend policy for many years. Against the background of the earnings performance in the year 2010 and the deliberate reinforcement of equity the Executive Board and Supervisory Board decided to propose distribution of a € 0.35 per share dividend to the General Meeting on May 12, 2011. The remaining profits will be transferred to other profit reserves. The share's dividend yield is thus 1.9 %.

Dividend payments		2010	2009	2008
Dividend per share	in €	0.35	0.35	0.30
Dividend yield	in %	1.9	2.8	3.3
Total sum paid out	in €m	1.3	1.3	1.1

Shareholder structure

The shareholder structure of the LUDWIG BECK share 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.

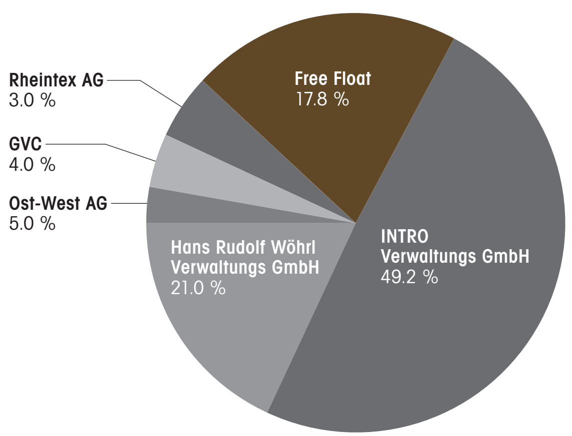
The study was carried out on behalf of LUDWIG BECK AG on September 30, 2010, based on 3.6 million returns. This represents a participation level of around 97.0 %.

The composition of the shareholder structure is as follows:

With a 70.2 % shareholding, INTRO Verwaltungs GmbH was the largest individual shareholder as per September 30, 2010. GVC Gesellschaft für Venture Capital Beteiligungen mbH held 4.0 % of the shares. Ost-West Beteiligungs- und Grundstücksverwaltungs AG held 5.0 % and Rheintex Verwaltungs AG held 3.0 % in LUDWIG BECK shares. 17.8 % of the shares were in free float.

On December 23, 2010, INTRO Verwaltungs GmbH reported that it had moved below the 50 % threshold of shares in LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG on December 22, 2010 and was holding 1,817,605 shares or 49.19 % in the company in aggregate. At the same time Hans Rudolf Wöhrl Verwaltungs GmbH reported that it had exceeded the 20 % threshold and was holding 775,000 shares in LUDWIG BECK AG (equaling 20.97 %).

The shareholder structure as of December 31, 2010 is composed as follows:



Investor Relations

For LUDWIG BECK AG the intensive and open dialogue with investors, analysts and financial media is more than the mere performance of duties encumbent upon a company listed in Prime Standard. The company has committed to the principles of fair disclosure: topicality, continuity, credibility and equality of treatment. Hence, the objective of LUDWIG BECK AG's Investor Relations is to pursue an ongoing dialogue with capital market participants and to assist them in the fair assessment of the company's situation.

In this context, the Annual General Meeting ranges among the most important events of a listed company and offers opportunities to establish personal contacts with shareholders. In the year under report the company invited its shareholders to join the Annual General Meeting in Munich on May 11, 2010. The large number of attending shareholders – approximately 500 shareholders and shareholders' representatives – illustrated the shareholders' close association with their investment. Approximately 87 % of the share capital and more than 3,200,000 of the votes were represented. The shareholders accepted unanimously the proposal of the Executive Board and Supervisory Board to distribute a € 0.35 dividend per share. The proposals of the management concerning the other agenda items found great approval by the majority of shareholders.

In addition to the General Meeting, the LUDWIG BECK AG also took advantage of the analysts' and balance sheet conferences to enter into an intense dialogue with the relevant interest groups. As every year, the company's Executive Board commented on the results of the lapsed fiscal year and gave its assessment of the company's expected future development at the balance sheet conference in Munich and the analysts' conference in Frankfurt. In various discussions conducted with investors, analysts and media representatives the Executive Board was able to address detailed questions more thoroughly. The outstanding business development in the fiscal year 2010 was reflected by the brisk interest of various renowned daily newspapers and weekly magazines like Focus Money or Süddeutsche Zeitung which reported on the LUDWIG BECK investment.

The development of the LUDWIG BECK share has been positively assessed by a number of renowned researchers in their respective investment recommendations. 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/Research & Media.

All in all, the Internet is gaining more and more importance as a means of communication between investors, shareholders and interested parties. In order to provide all shareholders simultaneously with the most important corporate releases, LUDWIG BECK offers current financial reports, company profiles, press releases, the current financial calendar, up-to-date share price information and key figures on the company's website. Detailed information on Corporate Governance and the Annual General Meeting are also available. In the course of the website relaunch with special emphasis on the redesign of the "Store of the Senses" section, new features were installed in the Investor Relations section, like an order service for financial reports or a reminder service to help interested shareholders with the retrieval of information. Beside the German corporate website, all Investor Relations contents are available to interested foreign parties in English at **www.ludwigbeck.com**.

The purposeful, ongoing and systematic cultivation of relations with the financial community will be of great importance to LUDWIG BECK also in the future and will be reflected in its Investor Relations.

The financial calendar for the year 2011 can be found on the last page of this annual report or on the LUDWIG BECK website under Corporate Events/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

3

LUDWIG BECK

The Company

The magic of exclusivity and added emotional value

Every coveted designer-label has its own secret, because the conventional understanding of sales success cannot explain the effect of the awakening of aspiration, aesthetic emotions, prestige mentality and brand loyalty. Just how much magic must be contained in the place where the most sought after brands in the world are gathered under one roof? A place which has for decades attracted customers like a magnet. How much magic is hidden in a brand like LUDWIG BECK which has earned a consistently good reputation that extends way beyond the limits of Munich?

Of course we could use the language of marketing to talk about our stable, clearly positioned and well tended brand essence, of uniqueness and steady expansion. But we don't view our success so clinically, because our customers don't come to us in a clinical or strictly rational frame of mind. They come to LUDWIG BECK in search of something that more and more people are longing for: sensuality, dreams, fantasy, passion, beauty, the individual, the special. And they know that they will only find it here, in this multifaceted abundance and in our almost proverbial culture of sales.

LUDWIG BECK offers emotions in fine materials, cuts and colors. Take one of our products in the hand and you will immediately sense a unique added emotional value. And we are delighted when our customers are drawn back season after season to the new Beck magic.

Picture right: Customers let themselves be pampered and professionally advised by our style experts in the Personal Shopping Lounge.

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 technical 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 12.4m DM

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 bis 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 center branch is opened - right on time for the Olympic Games at Munich's Olympia Shopping Center.

1974
With the collaboration of numerous craftsmen and artists, LUDWIG BECK presents the first "Christmas house" at Marienplatz, starting an Advent tradition which 30 years later is hard to imagine Munich without.

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 132 million DM and employs 860 staff. The anniversary year is fittingly celebrated with our customers.

1988 and 1989
The ever successful classical music department is opened and enjoys a high profile beyond Munich's borders in a very short time. 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, 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. The issue price lies at the upper end of the book building range at 34.00 DM. The near 1.8m shares are oversubscribed approximately ten-fold at the closing of the subscription.

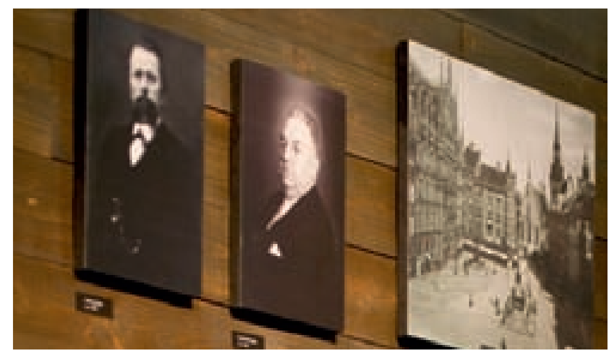
2001
LUDWIG BECK founds LUDWIG BECK Beteiligungs GmbH and takes a majority stake in the Marienplatz property.

2007
LUDWIG BECK sparkles afresh. The comprehensive renovation of the Marienplatz store including a new façade gives 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 into a new, exclusive music world. The flagship now presents itself in all its architectural details as fine as its offerings. LUDWIG BECK receives the ECHO Classic special prize for the new 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 plot in Haar near Munich on which the logistics center is found.

2009
LUDWIG BECK reveals the newly designed and enlarged 3rd floor in the "Store of the Senses", home to Designer Fashions and Evening Wear. The new music department is honored 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 become the new major shareholder.

2010
The now fully completed designer fashions department on the 3rd floor reveals its high class architectonic interior concept blending with that of the evening wear department. 2010 is another year of awards: LUDWIG BECK is awarded the City of Munich's Façade Prize. In April the music department is awarded the ECHO Jazz as dealer of the year, while the lingerie department is honored with trade journal SOUS's "Stars of Lingerie 2010" award. The record results of 2009 are topped, the company ends the year with an increase of 5.3 % in branch-adjusted gross sales, and EBT is up 55.2 % to € 9.9m.



Picture above: Ludwig Beck and Gustl Feldmeier next to the pre-war "Store of the Senses"

Strategy and Concept

"Trading up" – the ticket to a regular place at the top table

LUDWIG BECK AG is following a clear strategy: For the past seven years we have been comprehensively and methodically upgrading our wares to create a selection of the highest quality premium products. This "trading up" concept has brought the LUDWIG BECK brand consistent success in our market segment. We will therefore be continuing along this path with all our professional knowledge and wide experience in retail fashion.

"Trading up" demands nurture, foresight and fine-tuning. In the upmarket sales especially, the decision to buy is subject to competing influences for or against a label. You might compare our range with a share portfolio, containing blue chip stock as well as a few unknown names that promise great growth potential. Alongside exclusive and globally respected key brands we are always on the lookout to inject new dynamics into our product range.

Our strategic positioning is complemented with an impressive presentation of products and a similarly discerning shopping atmosphere. The perceptive attendance to the needs of well-heeled but sensitive customers and the unique advantages of a location at the heart of Munich vouch for the lasting success of the "trading up" strategy.

Picture above: Chose from between some 40 labels in the lavish premium designer fashions department on the 3rd floor.

"Store of the Senses"

Top address

LUDWIG BECK's flagship store can be found next to the town hall at Munich's Marienplatz – the kind of location that retailers the world over dream of. We serve customers from a catchment area of 2.7 million people against a picturesque backdrop. However some 5 million tourists also know us as personal visitors and not just from a postcard, rapt by the unique historical flair and singular atmosphere.

Capacious dimensions

Around 500 employees generate 90 % of the Group's sales on around 11,500 sqm sales area spread over the seven floors of our Marienplatz store. Additional destinations for exclusive customer demands in the beauty and cosmetic fields are just a few minutes' walk away in our HAUTNAH branch in the FÜNF HÖFE.

Potent numbers

Year after year the Marienplatz store occupies one of the top positions for turnover in a ranking of German department stores. While this has become something of a tradition for us it can by no means be taken for granted. We reach these remarkable numbers despite the ups and downs in the world economy, the vagaries of purchasing behavior and the local political climate and only thanks to superior offerings and a quality of advice that has garnered exceptional loyalty amongst our customers.

Sought after target group

We serve an attractive group of buyers who remain true to LUDWIG BECK despite being relentlessly wooed by our competitors. The characteristic LUDWIG BECK customer is female, between 29 and 59 years old, interested in lifestyle, enjoys shopping, is brand conscious and well-funded.

Premium brands

Our range represents everything – apart from the ordinary. We offer a constantly reviewed and expanded brand spectrum comprising the top labels as well as the up-and-coming brands of young trend designers. This principle is equally applied to cosmetics and lifestyle products, fashion accessories and not forgetting the huge range of classical and jazz music in our music department.

First class advice

Our sales team identify so strongly with the LUDWIG BECK brand that they become the customers' partner, their style advisor and brand specialist. They know that they will only earn the customers' time and respect through the passion and dedication that has all but disappeared in the retail hectic of our time.

Creative presentation and communication

It starts with our display windows. Hardly any Munich resident can fail to remember the incomparably staged brand worlds that are the signature of LUDWIG BECK. This creativity and richness of visual effect is carried through every square meter of the flagship store.

This is complemented by well interlocked communication activities through which the particular facets of LUDWIG BECK's services are presented to a wide public. Alongside attention stealing advertising campaigns in print and outdoor advertising, the latest seasonal fashion and lifestyle trends are for example presented in the twice-yearly "LUDWIG" magazine. The company's website **www.ludwigbeck.com** has undergone a complete re-launch to allow customers to take a virtual tour through the "Store of the Senses", inviting exploration of the unique product range and legendary LUDWIG BECK customer service. As a Munich institution LUDWIG BECK always strives to maintain close partnership with the Media. Our press releases, background discussions and an open dialogue ensure the company's presence in relevant publications.

On the move in the Marienplatz store

-1 LOWER GROUND FLOOR

The men's department in the basement offers on 1,000 sqm sales floor every clothing need whether for business, casual or cultural events. Experienced sales advisors who have what it takes guide customers through a world of top brands such as Joop, René Lezard or Cinque, combined with sporty chic from Drykorn, Napapijri, Marc O'Polo and Polo Ralph Lauren.

The 700 sqm of our HAUTNAH department entice with fragrant essences, nourishing lotions and make-up from the trend capitals of the world. The luxurious range includes products from Intelligent Nutrients, 3Lab, Kiehl's, REN, Amala, Elemental Herbology, Laura Mercier, Koh, Ellis Faas, Bois, Byredo, Kilian, Profvmvm Roma, Soud, Jo Malone, Welton – many of which are available in Germany exclusively at LUDWIG BECK.

0 GROUND FLOOR

The fashionable universe of handbags, wallets, belts, hats, scarves and gloves opens up in the accessories & leather goods department. Labels including Furla, Mulberry, Longchamp, DKNY, Liebeskind, David & Scotti are displayed over a generous 400 sqm along with accessories by Etro, Kenzo, UGG, Missoni, Mühlbauer and Röckl to name but a few. Which woman can really turn it down?

Three major brands cause a stir. Glittering sterling silver chains, pendants and accessories and the much sought after charms fill the Thomas Sabo Charm Shop and Thomas Sabo Sterling Silver Collection Shop. Designer glasses from von Prada, Calvin Klein, Tom Ford, Dolce & Gabbana, Dior and Miu Miu are to be had at Freudenhaus Eyewear and the Porsche Design Shop highlights exclusive designer items from a sophisticated lifestyle world.

Picture above left: International men's fashions and casual chic in the men's department on the lower ground floor.
Picture above right: World-class beauty in the HAUTNAH department on the ground floor.

Munich's best legwear department has it all, from silk to wool, from leggings to practical tights to suggestive suspenders as well as children's socks and traditional costume socks. From Falke, Burlington, Hudson, Fogal and Wolford, children's, men's or women's feet won't find better!

Next to the legwear department watch out for the alluring aroma of delicate chocolates from Düsseldorf's traditional confectioner Heinemann.

There's a hint of nostalgia at Geknöpft & zugenäht. Our haberdashery preserves the tradition of our business which grew from a trimmings and button-making origin. And you can still find all types of ribbons, buttons, trimmings, laces, cords, threads and other sewing and knitting equipment. Because who's to say you can't make your own fashions in the 21st century?

The AGENT PROVOCATEUR boutique is one of the biggest in the world. Paris Hilton, Amy Winehouse and Victoria Beckham swear by the English cult brand which whips up a storm with their bold lingerie, corsets and playful accessories.

1st FLOOR

Our modern woman department stands for trends and fashion innovations, for both established brands and new labels such as Paul & Joe Sister, Max Mara Weekend, Drykorn, Closed, Day Birger et Mikkelsen, Bruuns Bazaar and Patrizia Pepe. This is where trends are launched, international brands presented and the vogue of the collections constantly defined anew.

Whether high-waist, wide-legged or boyfriend-jeans, it's not always easy to find the perfect trousers. Thanks to a huge selection ranging from casual jeans from Closed, elegant business trousers from Cambio to sporty styles from Brax or Mac, our trousers department has the right legwear for every occasion.

After acclaim in 2006, the lingerie & dessous department was again awarded the "Stars of Lingerie 2010" by the trade journal SOUS. That doesn't come as a surprise, the vast range of exquisite lingerie, in fine materials, sophisticated styles and elegant colors are sure to provide a match for every taste. A feast for the eyes from much loved labels including La Perla, Malizia, Myla, Eres, Elle MacPherson, Chantelle, Princesse Tam Tam and Spanx.

2nd FLOOR

Cosy knits for cool days and warm hearts are to be found at knitwear & shirts. A selection of the finest cotton and silk creations; chose from polo shirts, cardigans and silky soft jumpers with labels such as Marc O'Polo, GC Fontana, Qui Moments, Lacoste, Mandala or our own house labels CLASSICS by LUDWIG BECK and BECK MUNICH Cashmere.

Top quality brands are naturally also to be found in children's fashions. Polo Ralph Lauren, Marc O'Polo, Tommy Hilfiger and Burberry have come up with exciting ranges for our smallest customers. And in case the little ones get tired of browsing the rails there's a well-stocked play corner waiting to entertain them.

A really special notepaper? A calendar that isn't run of the mill? A handmade gift box? Craft paper? Or perhaps one of the 1,500 postcards in stock? You'll find all that and then some more in the Papeterie, for instance the Süddeutsche Zeitung Magazin Shop full of lifestyle accessories. A selection of the best loved stationery supplies from Semikolon, Moleskine, Filofax and Samova Tea.

Picture above left: From classic to romantic to seductive – a wide range of styles is offered in the lingerie department on the 1st floor.
Picture above right: A potpourri of paper in the Papeterie on the 2nd floor.

3rd FLOOR

Paris – Milan – London – New York ... or simply designer fashions at LUDWIG BECK. Some 40 international designer labels including René Lezard, St. Emile, Strenesse, Akris punto, Max Mara, Laurèl and Polo Ralph Lauren transform the "Store of the Senses" into a catwalk of top world fashion trends. Contemporary classy looks in a relaxed upmarket atmosphere, where no discriminating desire remains unfulfilled.

The success of the next cocktail party can be ensured by a premium dress from our evening wear selection. Make your next appearance at a gala reception or the Opera a headturner with help from top designers like Anna von Griesheim, Barbara Schwarzer, Vera Mont, Max Mara Pianoforte and Talbot Runhof.

Samoon, Marina Rinaldi, Sallie Sahne convince that lavish feminine contours and trend fashion are indeed made for each other – take a look in our plus size fashions selection.

4th FLOOR

They're called Blauer, Nudie Jeans, Superdry, Rich & Royal, Elvis & Jesus and Scotch & Soda, and they're the young and adventurous labels stocked in our young fashion department. This is where fashion conventions are broken and classic elements of style are sent into retirement. The more youthful of our target group feel right at home on the 4th floor.

LUDWIG BECK's swimwear makes a splash in February each year. The bikinis, swimming trunks, airy sun hats and beach accessories from the new season collections from DKNY, La Perla, Fürstenberg, Maryan Mehlhorn, Rasurel, Roidal, Princesse Tam Tam, D&G and Spanx can't wait for the first sizzling days of summer.

Winter warmers from Max Mara, René Lezard, Allegri, Bogner, Cinque, Gil Bret and Fuchs & Schmitt are snuggled up on the rails of the coats & jackets department. Classic wool creations, down jackets and timeless casual parkas, the selection is expanded each year in October as the weather starts to bite.

LUDWIG BECK's traditional costume department is open from the beginning of March each year. Locals and visitors will find fetching dirndls, sexy lederhosen as well as traditional shirts and scarves to pep up a visit to traditional festivals, weddings and the crème de la crème of all costume events – Munich's Oktoberfest.

From October each year the Christmas Market transforms the 4th floor into a snow-covered enchanted forest. Christmas aficionados will find here unusual tree decorations and the widest range of Christmas decoration styles from woody rustical to colorful candy style to classic hand blown and decorated glass baubles. Christmas stationery inspires next door with a selection of cards and gift packaging which is unrivalled in Munich.

5th FLOOR

120,000 available classical, jazz and world music titles – that can only be found in Europe at LUDWIG BECK. Even the most obscure recording or interpretation will be in your hand in minutes, thanks to the aficionados of our sales team. Or perhaps you'd prefer to browse the vast range yourself, listening to the offerings in the audio stations. Our music department is also famous for star appearances and autograph sessions. In 2010 violinist Arabella Steinbacher accepted the ECHO Classic prize here. Also guests in 2010, whether performing or signing, were (amongst others) Olga Scheps, Joanna Michna, Thomas Hampson, Jonas Kaufmann, Quadro Nuveo, Ragna Schirmer, Wolfgang Haffner Trio, Fredrika Stahl and Simone Kermes.

Branches

The core of LUDWIG BECK's business is to be found at the "Store of the Senses" at Munich's Marienplatz. This is where, in line with the "trading up" strategy, we offer our customers an impressive range of up market brands which have traditionally secured the bulk of our earnings. Just a few minutes' walk away in the exclusive FÜNF HÖFE, our HAUTNAH branch attends to further discerning customer desires.

Our mono-label store carrying the internationally successful ESPRIT brand is found in Munich's OEZ shopping center. This venture secures access to market share in a segment otherwise not captured in the group's activities, under the advantages of a vertical sales system.

Picture above left: Full length evening gowns, breezy cocktail dresses and glamorous party outfits in the evening wear department on the 3rd floor.
Picture above center: The jeans and sportswear young fashions department on the 4th floor is all about fun, creativity and experimentation.
Picture above right: The finest listening pleasure for every situation can be found in the music department on the 5th floor.

4

CONSOLIDATED MANAGEMENT REPORT

Business and General Conditions

Macro-economic development

A year under the sign of "V" economics

2010, the year after the sharp downturn in the wake of the global financial crisis, was marked by a strong expansion of the world economy. The year may best be compared to the letter "V". After the economic crash in 2009 many charts only knew one direction – upward. The 0.9 % drop of the year 2009 was followed by a substantial increase of the gross domestic product which amounted to 4.8 % for the full year 2010 according to the analysis of the Kiel Institute for the World Economy (IfW).

2010 became the year of the "all-clear" signal instilling confidence that the world economy would recover from the financial crisis faster than anticipated. Economies developed very differently however. The IfW observed that emerging countries were able to return to their pre-crisis growth rhythm while production in industrialized countries still remained below pre-crisis levels. In the view of the Federal Association of German Banks the USA was the real problem child.

The effects of the crisis could still be felt – with public finances suffering from the enormous costs of the downturn. The examples of Greece and Ireland – which had to take to the euro rescue parachute – clearly illustrated that setbacks may happen any time. Unlike in 2008 the collapse could be averted however.

EU economy is gaining momentum

According to the autumn forecast of the European Commission the economic situation in the euro zone improved significantly in 2010. The growth of the gross domestic product (GDP) underwent a favorable development beyond expectations. Furthermore, the recovery seemed to spread to more and more countries. However, not all EU countries were able to recover from the recession in the same speedy manner. The causes can be found in the differing challenges the individual economies were faced with (like plummeting real estate prices, restructuring needs of several industries) and the ever shifting balance in the EU and the euro zone. All in all, the Commission assumes that the real GDP rose by 1.7 % in 2010.

German economy experiencing surprising boom

After Germany had witnessed the most severe recession of post-war times in the previous year with the GDP falling to -4.7 %, the German economy significantly recovered from the crisis in 2010. According to the calculations of the Federal Statistical Office the price-adjusted GDP scored a plus of 3.6 %, the strongest result since the German reunification.

It was remarkable that in 2010 growth incentives not only came from foreign trade but also from the domestic economy. Not only the market for equipment and systems but also the construction sector grew and consumer spending increased: According to the calculations of the Federal Statistical Office price adjusted consumer spending went up 0.5 % and government expenditure even rose by 2.2 %.

Foreign trade was the driving force of the German economy once again. After negative growth rates in the years 2008 and 2009 foreign trade once again became the backbone of the economic development in 2010. Price adjusted exports grew by 14.2 % while imports almost reached the same level with a growth rate of 13.0 %.

The German labor market benefitted from the sound economic recovery in 2010. As the Federal Employment Agency reported, the employment rate reached a new peak with 40.5m people in work. The unemployment rate was 7.7 % on an annual average, 0.5 percentage points below last year's level.

Retail development

A record-braking year for the retail trade

According to a survey of the TextilWirtschaft Testclub, the best attended panel in German textile retail business, the German retail trade concluded the lapsed year with a 3 % increase and thus enjoyed its strongest growth since 1992. The favorable weather conditions greatly contributed to this success. The spring/summer season was greeted with warm temperatures in March und the early winter set-in boosted demand for winter goods. Furthermore, sales were stimulated by the consumers' buying mood. The Association for Consumption Research (GfK) has reported on improved consumer sentiment with few interruptions since the beginning of the year. The stable macro-economic situation as well as positive signals from the labor market further improved the general mood. Merchants had used the crisis to streamline their product ranges and their staffing and cost structures and could benefit from these measures.

LUDWIG BECK still in the winning lane

After having achieved the best results in the company's history in 2009, LUDWIG BECK was able to continue its success story also in the fiscal year 2010, and the company significantly increased sales and earnings. LUDWIG BECK not only benefitted from the highly satisfying sales results in the course of the year but also from the final spurt at the end of the year. Also in 2010 the "Store of the Senses" at Marienplatz in Munich was the Group's pearl which generated sales and earnings based on its successful "trading-up" strategy. The branch network underwent site and cost optimization measures in 2010 which also contributed to the company's success.

Structured product range and sales markets

The company is engaged in retail store sales under the trademark LUDWIG BECK and also uses third party brands (franchise/monolabel). Activities center on the flagship store at Marienplatz in Munich. The product range is mainly composed of textiles. But non-textile articles like cosmetics or sound carrier also play an important role.

Corporate structure

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

The operative business of LUDWIG BECK AG comprises the core business with the flagship store at Marienplatz and its HAUTNAH annex in FÜNF HÖFE, the LUDWIG BECK multi-label branch in Augsburg and the LUDWIG BECK mono-label store at OEZ in Munich.

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 trademark LUDWIG BECK has been associated with values such as quality and creativity, tradition and modernity, shopping as experience and sensuality. With an innovative marketing concept, its optimal location in the heart of Munich, 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 the Group. The "Store of the Senses" generates approximately 90 % of overall sales. The enterprise's appeal lies in the perfect melting of specialized dealer and department store. Customers are offered individual, professional advice by trained salespersons and a large selection of exclusive fashion, beauty and lifestyle products on seven floors.

The internal control system

The LUDWIG BECK control system relies on daily resource planning analyses which 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

Committed and knowledgeable employees – fundamental to success

Excellently trained and highly motivated employees are the most precious success resource for an enterprise dedicated to customer service. Motivation, creativity and professionalism are prerequisites for excellent service. LUDWIG BECK AG can always rely on its qualified and motivated staff. The Group takes care of its employees by systematically implementing human resources development measures focusing on individual needs and potentials. Future-oriented personnel concepts and dedication to the training and continuation training of the company's employees are vital to secure competitiveness. This philosophy is based on the conviction that only well trained, motivated and healthy employees can respond to our customers and address their needs thus contributing to the company's success.

As LUDWIG BECK is a vocational training provider, the company is able to recruit its qualified skilled workers and executives mainly from its own ranks. Alongside their vocational school studies apprentices are offered a qualified training program and intensive support in their day-to-day work through trained tutors. Comprehensive training programs promoting the employees potential skills are aimed at the specific improvement of employees' professional attitude in dealing with customers and their customer-oriented leadership qualities. Open communication channels on all levels, short decision-making processes and a wide scope of action are values applied and lived.

The loyalty and commitment of the employees of LUDWIG BECK are proven by exceptionally long periods of employment with the company which are typical for our staff. In 2010 one employee celebrated her 45-year anniversary, six employees their 40-year anniversary and nine employees – including member of the Executive Board Dieter Münch – their 30 years with the company LUDWIG BECK. To the LUDWIG BECK management the extraordinary length of employment and the cordial and familiar atmosphere among employees are valid confirmations of the company's lived and applied "challenge and encourage" human resources policy.

In 2010 LUDWIG BECK employed an average of 513 persons. The comparable average for the previous year was 529. The number of apprentices remained at a high level and amounted to 51 (previous year: 43). In the period under report the number of weighted employees was 355 (previous year: 378).

Marketing

The "Store of the Senses" – always an experience with all senses

Marketing and public relations are high values for LUDWIG BECK. They serve to inform the public about the company and its multifarious eye-catching events, and also to enhance and update the brand image on an ongoing basis.

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 customer binding. The company's website has presented itself in a new look since November 2010 and invites customers to take a virtual tour through the worlds of the "Store of the Senses". With journalistic skill the company has elaborated on the fields of fashion, beauty, lifestyle, music and service and introduces itself as a joint stock corporation and employer at **www.ludwigbeck.de**.

Social networks are also actively used: At **www.facebook.com/ludwigbeck.hautnah** the company's beauty department HAUTNAH showcases itself and informs more than 600 fans about topical actions, products and tips from the world of beauty. For many years LUDWIG BECK has staged the BMW Jazz Award, book signing events and music nights with renowned authors and artists and exclusive beauty events.

Business Development

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

Consolidated earnings situation January 1 – December 31, 2010

	2010		previous year		Delta	
	€m	%	€m	%	€m	%
Gross sales	107.2	119.0 %	103.7	119.0 %	3.5	3.3 %
VAT	17.1	19.0 %	16.5	19.0 %	0.6	3.4 %
Net sales	**90.1**	**100.0 %**	**87.2**	**100.0 %**	**2.9**	**3.3 %**
Own work capitalized	0.1	0.1 %	0.1	0.1 %	0.0	-37.8 %
Other operating income	3.5	3.9 %	3.0	3.4 %	0.5	15.7 %
	93.6	**103.9 %**	**90.3**	**103.5 %**	**3.3**	**3.7 %**
Cost of materials	44.6	49.5 %	44.2	50.7 %	0.5	1.0 %
Personnel expenses	17.0	18.9 %	16.8	19.3 %	0.2	1.2 %
Depreciation	3.1	3.5 %	3.5	4.1 %	-0.4	-11.2 %
Cost of office and store	7.4	8.2 %	7.7	8.8 %	-0.3	-3.5 %
Administrative expenses	1.5	1.7 %	1.6	1.8 %	-0.1	-3.7 %
Sales expenses	3.8	4.3 %	3.8	4.4 %	0.0	0.7 %
Other personnel costs	1.2	1.3 %	1.2	1.4 %	0.0	-2.3 %
Insurance and contribution	0.2	0.2 %	0.2	0.2 %	0.0	9.6 %
Other operating expenses	0.9	1.0 %	1.5	1.7 %	-0.6	-39.3 %
Sum total of other expenses	**15.1**	**16.7 %**	**15.9**	**18.3 %**	**-0.9**	**-5.5 %**
Earnings before interest and taxes (EBIT)	**13.7**	**15.2 %**	**9.8**	**11.2 %**	**4.0**	**40.5 %**
Financial result	-3.8	-4.3 %	-3.4	-3.9 %	-0.4	12.9 %
Earnings before taxes (EBT)	**9.9**	**11.0 %**	**6.4**	**7.3 %**	**3.5**	**55.2 %**
Taxes	3.5	3.8 %	4.1	4.7 %	-0.7	-16.4 %
Comprehensive income	**6.4**	**7.1%**	**2.2**	**2.6 %**	**4.2**	**187.9 %**
Gross profit	45.5	50.5 %	43.0	49.3 %	2.4	5.7 %
EBITDA	16.9	18.7 %	13.3	15.3 %	3.6	26.8 %
Operating margin (EBT/net sales)	11.0 %		7.3 %			
Cost ratio (operating expenses minus corresponding proceeds/net sales)	35.2 %		38.1 %			
Operating expenses	35.3	39.1 %	36.3	41.7 %		

Sales development

In 2010 branch-adjusted gross sales of LUDWIG BECK went up € 5.4m to € 107.2m. Sales in the previous year had amounted to € 101.8m. Hence the total increase is 5.3 %. Branch-unadjusted sales also added up to € 107.2m (previous year: € 103.7m). Net sales amounted to € 90.1m (previous year: € 87.2m).

Once again LUDWIG BECK was able to contrast favorably against the general trend in textile retail trade which concluded the fiscal year 2010 with a 3.0 % increase according to TextilWirtschaft.

The company not only benefitted from the highly satisfying sales results in the course of the year but also from the year-end spurt. LUDWIG BECK recorded an adjusted plus of 2.5 % in Christmas sales despite the extreme weather conditions with lots of snow and ice. The branch in general reported a 1.0 % increase in the same period according to TextilWirtschaft.

Earnings situation

Gross profit could be increased € 2.5m in comparison to the previous year (€ 43.0m) to € 45.5m. The 50.5 % gross profit margin lay clearly above last year's level (49.3 %).

Accordingly, the cost of sales ratio improved to 49.5 % (previous year: 50.7 %). Absolute costs of sales amounted to € 44.6m (previous year: € 44.2m).

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 outperformed last year's results (€ 3.1m) and reached € 3.5m at the end of the fiscal year 2010.

Operating expenses (other operating expenses, depreciation, personnel expenses) in the amount of € 35.3m fell € 1.0m short of last year's level (€ 36.3m). LUDWIG BECK achieved absolute cost reductions for almost all expense items or was able to keep them stable in comparison to the previous year. Only other operating expenses slightly went up € 0.2m to € 17.0m (previous year: € 16.8m).

The cost ratio (expenses netted against corresponding proceeds) in comparison to net sales was 35.2 % and clearly could be cut below last year's level (38.1 %).

Earnings before interest, taxes and depreciation and amortization (EBITDA) rose to € 16.9m (previous year € 13.3m). The EBITDA margin relating to net sales was 18.7 % in the lapsed fiscal year (previous year: 15.3 %).

The operative result (EBIT) reached € 13.7m in comparison to € 9.8m in the last year. This equals a significant 40.5 % rise. The EBIT margin relating to net sales was 15.2 % (previous year: 11.2 %).

The financial result amounted to € -3.8m (previous year: € -3.4m). Non-recurring interest expenses due to prepayment penalty for premature redemption of a large portion of real estate financing amounted to € 0.7m.

Earnings before taxes (EBT) amounted to € 9.9m (previous year: € 6.4m) and thus accounted for a solid 55.2 % increase.

Comprehensive income amounted to € 6.4m (previous year: € 2.2m).

Consolidated asset situation

Consolidated asset situation as of December 31, 2010

Assets	2010		previous year	
	€m	%	€m	%
Long-term assets				
Intangible assets	3.0	2.8	3.0	2.8
Property, plant and equipment	90.7	83.4	92.0	84.2
Other assets	0.1	0.1	0.2	0.1
	93.9	**86.3**	**95.2**	**87.1**
Short-term assets				
Inventories	8.8	8.1	8.3	7.6
Receivables and other assets	1.3	1.2	1.4	1.3
Cash and cash equivalents	4.8	4.4	4.4	4.0
	14.9	13.7	14.1	12.9
Balance sheet total	**108.8**	**100.0**	**109.3**	**100.0**

The balance sheet total of the LUDWIG BECK Group stood at € 108.8m as of the relevant date December 31, 2010 (previous year: € 109.3m).

In the fiscal year 2010 depreciations (€ 3.1m) clearly exceeded investments in fixed assets (€ 1.9m) leading to an absolute reduction of fixed assets to € 93.7 m (previous year: € 95.0m).

Investments mainly concerned the refurbishment of the designer department on the 3rd floor of the department store at Marienplatz.

As of the balance sheet date inventories amounted to € 8.8m and slightly exceeded last year's level (€ 8.3m).

As per the balance sheet date, LUDWIG BECK had cash and cash equivalents in the amount of € 4.8m (previous year: € 4.4m).

Consolidated financial situation

Consolidated financial situation as of December 31, 2010

Liabilities	2010		previous year	
	€m	%	€m	%
Equity	**47.6**	**43.7**	**42.8**	**39.1**
Potential compensation claim by minority shareholders	**9.3**	**8.5**	**9.0**	**8.2**
Long-term liabilties				
Liabilities to banks	29.9	27.5	37.0	33.9
Accruals	0.6	0.6	1.5	1.3
Other financial liabilities	3.4	3.2	3.7	3.4
Deferred tax liabilities	3.5	3.2	3.4	3.1
	37.5	**34.4**	**45.6**	**41.7**
Short-term liabilities				
Liabilities to banks	3.4	3.2	3.5	3.2
Other financial liabilities	0.5	0.5	0.4	0.4
Trade payables	1.6	1.5	1.3	1.2
Accrued taxes	3.8	3.5	2.1	1.9
Other liabilities	5.2	4.7	4.7	4.3
	14.5	**13.3**	**12.0**	**11.0**
Balance sheet total	**108.8**	**100.0**	**109.3**	**100.0**

As a result of ongoing performance, shareholders' equity increased from € 42.8m to € 47.6m. The equity ratio rose accordingly from 39.1 % to 43.7 %.

The restructuring of the branch establishments in the fiscal year 2010 accounted for a € 0.9m reduction of accruals.

As a result of excellent economic performance in the fiscal year 2010, LUDWIG BECK was able to cut short-term and long-term liabilities to banks by € 7.1m in aggregate.

As per the relevant date December 31, 2010 credit lines for short-term financing were secured for 2011. The short-term credit facility in the amount of € 17.0m was utilized at a rate of roughly 24 % 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.

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

Consolidated cash flow statement for the period January 1 – December 31, 2010

	2010	previous year
	€k	€k
Net profit before taxes	**9,901**	**6,378**
Depreciation of fixed assets	3,147	3,544
Financial income	-11	-52
Interest income	3,224	2,795
Minority interest	624	654
Loss/profit (+/-) from disposal of fixed assets	-49	107
Operating result before changes to working capital	**16,836**	**13,426**
Increase/decrease (-/+) in assets	-335	4,852
Increase/decrease (-/+) in liabilities	772	-3,627
Increase/decrease (-/+) in accruals	-851	879
Cash flow from operating activities (before interest and tax payments)	**16,422**	**15,531**
Interest paid	-3,023	-2,612
Interest received	11	6
Disbursements to minority interests	-676	-613
Taxes on income paid	-1,512	-682
Cash flow from operating activities	**11,222**	**11,630**
Proceeds from disposal of fixed assets	53	2
Disbursements for additions to fixed assets	-1,904	-2,090
Disbursements for additions to plan assets	-93	-79
Cash flow from investing activities	**-1,944**	**-2,167**
Dividend payment	-1,293	-1,109
Acceptance (+) of bank loans	0	5,000
Repayment (-) of bank loans	-7,141	-3,890
Acceptance and repayment (+/-) in current accounts	0	-5,194
Repayment (-) of finance leases	-455	-428
Cash flow from financing activities	**-8,889**	**-5,621**
Change in cash and cash equivalents	389	3,842
Cash and cash equivalents at the beginning of fiscal year	4,407	565
Cash and cash equivalents at the end of fiscal year	**4,796**	**4,407**

Cash flow

The cash flow from operating activities slightly went down to € 11.2m in the fiscal year (previous year: € 11.6m).

The cash flow from investment activities amounted to € -1.9m in aggregate (€ -2.1 Mio. €). Investment expenses for fixed assets in the amount of € 1.8m mainly concerned the extensions of the flagship store at Munich's Marienplatz.

In the fiscal year 2010 € 1.3m were spent on dividend distributions for 2009. The cash flow from financing activities reached a total of € -8.9m (previous year: € -5.6m). The strong drop in the cash flow from financing activities was due to a distinct decrease in payables subject to interest.

Details Acc. to Sec. 315 Par. 4 HGB

Composition of subscribed capital

The subscribed capital (share capital) of LUDWIG BECK is divided into 3,695,000 no-par shares (ordinary shares). The no-par shares are issued to bearer. The nominal value of the each capital share 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 hundred voting rights at LUDWIG BECK:

+ INTRO-Verwaltungs GmbH (Reichenschwand) 49.19 % (direct)
+ Hans Rudolf Wöhrl Verwaltungs GmbH (Reichenschwand) 20.97 % (direct)
+ Hans Rudolf Wöhrl Vermögensverwaltungs GmbH & Co. KG (Reichenschwand) 20.97 % (indirect)
+ Hans Rudolf Wöhrl Beteiligungs GmbH (Reichenschwand) 20.97 % (indirect)
+ Herr Hans Rudolf Wöhrl (Reichenschwand) 70.16 % (indirect)

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

According to the articles of association and the relevant legal provisions, the members of the Executive Board are appointed and removed by the Supervisory Board. The number of members is determined by the Supervisory Board. However, the Executive Board is composed of a minimum of two persons.

Each amendment to the articles of association requires a resolution of the General Meeting (Section 179 par. 1 Joint Stock Corporation Act (AktG)). According to Section 16 par. 3 of the articles of association, the resolution of the General Meeting requires a simple majority of the votes cast or, as the case may be, also a simple majority of the represented share capital unless a larger majority or are prerequisites are mandatorily prescribed by law or the articles of association as is the case for resolutions on changes to the nature and purpose of the business or capital measures excluding shareholders' subscription rights. According to Section 12 par. 2 of the articles of association, the Supervisory Board is authorized to implement changes to the articles of association which only concern the wording.

Powers of the Executive Board, in particular authority to issue or repurchase shares

According to Section 5 par. 3 of the articles of association the Executive Board is authorized to increase the company's share capital with the Supervisory Board's consent by issue of new no-par bearer shares (ordinary shares) against contribution in cash or in kind in one or several tranches by a maximum of € 3,433,586.10 (authorized capital) until May 30, 2010. With the consent of the Supervisory Board, the Executive Board was able to exclude the shareholders' subscription rights against cash contribution up to a prorated portion of the share capital of € 2,556.10 in aggregate in order to issue the new shares at an issue price which does not significantly undercut the current stock exchange price (Section 186 par. 3 sentence 4 Corporation Act (AktG)). Furthermore, the Executive Board, with the Supervisory Board's consent, was able to exclude the shareholders' subscription rights up to a prorated portion of the share capital of € 3,000,000.00 in aggregate for the purpose of acquisition of companies or interests. If the Executive Board had not made use of the aforementioned authorization to exclude the shareholders' subscription rights, the shareholders' subscription rights would only be excludable for fractional shares.

According to Section 5 par. 4 of the articles of association the company's share capital has been contingently increased by up to € 4,290,000.00 (in words: Euro four million two hundred and ninety thousand) by issue of up to 1,678,102 no-par bearer shares (ordinary shares). The contingent capital shall be used to fulfill conversion rights of holders of convertible bonds the issue of which was authorized by resolution of the General Meeting on May 30, 2005. The contingent capital increase shall only be implemented as holders of the issued convertible bonds exercise their conversion rights. The new shares shall participate in the profits as of the beginning of the year of conversion.

Further details according to Section 315 par. 4 Commercial Code (HGB)

As the provisions of Section 315 par. 4 No. 2, No. 4, No. 5, No. 8 and No. 9 Commercial Code (HGB) don't apply, no details have to be provided in relation thereto.

Dependency Report

Since no control and profit transfer agreement was concluded with any principle shareholder, the Executive Board of LUDWIG BECK was obligated to prepare a report about the relations with associated companies pursuant to Section 312 Abs. 3 Joint Stock Corporation Act (AktG). The dependency 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."

Details Acc. to Sec. 289a HGB

The "Declaration on Corporate Goverance" has been published on the LUDWIG BECK website at **www.ludwigbeck.com** under "Investor Relations"/"Corporate Governance".

Supplementary Report

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

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

Changes in consumer behavior 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 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'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 for individual companies 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 are minimized through these services being distributed between several companies and the possibility of fraud or insolvency of providers by enlisting the services of several providers.

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.

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 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 2011 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.

Details Acc. to Sec. 315 Par. 2 No. 5 HGB

Description of the internal control and risk management 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 bookkeeping 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 resulting from unusual business transactions 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.

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. 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 the right to use a company car and contributions to health and nursing insurance. 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 € 1,094k in aggregate in the fiscal year 2010 (previous year: € 1,105k).

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 31/12)	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Dieter Münch	260	260	16	14	223	223	499	497	66	70
Oliver Haller	240	360	16	14	350	223	606	597	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. Directors & Officers (D&O) insurance for the members of the Supervisory Board and the Executive Board was terminated for the end of the calendar year 2009.

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:

Remunerationof the Supervisory Board in €k

	Fixed		Variable		D&O		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
Dr. Joachim Hausser	23	23	0	2	3	0	26	25
Gerhard Wöhrl	16	16	0	1,5	3	0	19	17.5
Dr. Lutz Helmig	12	12	0	1	3	0	15	13
Christian Greiner	12	12	0	1	3	0	15	13
Gabriele Keitel	10	10	0	1	3	0	13	11
Felicitas Uhl (2009 pro rata)	6	0	0	0	2	0	8	0
Dorothee Neumüller (2009 pro rata)	4	10	0	1	1	0	5	11

The employee representative Ms. Felicitas Uhl left the Supervisory Board in 2009. Her remuneration for the year 2009 was therefore calculated on a pro rata basis. Ms. Dorothee Neumüller took over her position as employee representative in the fiscal year 2009; therefore, her remuneration for the year 2009 was also calculated on a pro rata basis.

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

World economy on slow growth course

In view of the fading effect of the economic stimulus packages and the still lingering economic crisis the World Bank anticipates the global economy to recover at a curbed pace. Economic performance is expected to rise 3.3 % in 2011.

Industrialized nations may have to face setbacks while threshold and third world countries will be the growth engines according to the World Bank. Those countries are expected to account for 50 % of growth and to achieve increases of approximately 6.0 %. According to the bank's estimates those countries generated growth rates of about 7 % in 2010. China's economic performance was ranking first. After a 10.0 % increase in 2010, the Chinese economy is expected to settle at 8.7 %. Ongoing problems in the financial sector of some industrialized nations are considered as a growth risk and will have to be tackled as soon as possible. The World Bank therefore forecasts significantly lower growth rates for industrialized countries. Their economies are only expected to score increases in the order of magnitude of 2.4 % (previous year: 2.8 %). For the year 2012 World Bank experts predict that the world economy will gain increased momentum with an average growth rate of 3.6 %

German economic boom continuing

After the brisk upturn of the German economy in 2010, growth is expected to slow down temporarily according to the German Federal Bank. Even though the mood indicators for medium-term prospects of the German economy as derived from company surveys conducted by the ifo Institute and the German Chamber of Industry and Commerce (DIHK) reflect a high degree of confidence, and more personnel has been employed and investment activities have increased indicating future-oriented optimistic expectations, the order situation has calmed down and the expansion of industrial production has clearly lost momentum in the last months.

According to a similar assessment of the situation by the Federal Ministry of Economics and Technology (BMWI) in its annual economic report 2011 the real German gross domestic product will increase 2.3 % on an annual average in the year 2011. In 2010 the German economy posted the sharpest growth (3.6 %) of the gross domestic product since the country's reunification, and the BMWi reckons that the boom will continue this year. According to the analyses of Federal Bank experts, lively demand for domestic products in the world markets was the backbone of economic recovery in Germany. The fact that exporters recently started focusing on South and East Asian threshold countries thus benefitting greatly from the dynamic upswing in those countries further contributed to this trend.

Furthermore, the impetus created by foreign trade has sparked domestic demand which is gaining increasing significance as a prime mover of the economy. According to the BMWi the economic recovery had a particularly positive effect on the labor market. In 2010, 40.5 million individuals were in work, the highest number since the country's reunification. According to the estimates of Federal Bank experts the employment rate will grow at a similar pace as in 2010 and will surpass the 0.5 % mark in 2011.

The positive mood due to improved labor market conditions and the prospect of significantly rising incomes will also stimulate private consumption. The Federal Bank expects the upward trend in private consumption to continue with growth rates exceeding 1.5 %. According to the ifo Institute for Economic Research, German retailers consider their current business situation and their prospects for the first half of 2011 as excellent. The Association for Consumption Research (GfK) assessed the consumer confidence index as stable and anticipates that private consumption will gain increasing significance for the overall economic development in Germany and will form a cornerstone of success alongside exports. This will put the present boom on a broader and sounder basis and contribute to sustained economic growth in an even better consumption year 2011.

LUDWIG BECK still optimistic after two record years in a row

The management of LUDWIG BECK backs the forecasts of economic experts and expects the positive trend to continue after the surprisingly swift recovery of the German economy.

Even during economically rough times the LUDWIG BECK Group achieved above-average growth and recorded the best results since the company's foundation in the last two years. Alongside favorable signals from the general economic environment and positive forecasts for the development of private consumption, the future expectations of the management of LUDWIG BECK AG are based on the company's own success story. LUDWIG BECK AG is well positioned and the company's asset, financial and earnings situation is sound.

The flagship store of LUDWIG BECK AG at Munich's Marienplatz has developed into a unique identification symbol for all customers who enjoy an emotionally-oriented, top-class shopping experience. 150 years ago, Ludwig Beck opened a button making and dress hemming workshop at one of the Europe's most visited and popular squares which has developed into a solid institution at the heart of Munich in the course of the years. This is the place where customers look for and find exclusivity, diversity of brands, international cult labels and top quality – always put in an exciting setting. The successfully implemented "trading-up" strategy aims at forming the "Store of the Senses" into a highlight among German fashion department stores by constantly upgrading product ranges and displaying them with individual design concepts.

The management will always use its best endeavors to pursue the modernization of the flagship store at Marienplatz on an ongoing basis and to offer customers exciting and unique shopping worlds in fashion, beauty and lifestyle on seven floors. It will be our foremost concern to strengthen and expand the position of LUDWIG BECK in the premium segment.

The commitment of the employees of LUDWIG BECK AG will be genuinely appreciated as a major contributor to the company's success also in the future. By revising our branch network and realizing additional sales potentials through process optimization and stringent cost management the Group's further success can be greatly enhanced.

Based on the aforementioned factors the Executive Board of LUDWIG BECK expects branch-adjusted sales to rise 3 % to 4 % in the fiscal year 2011, and earnings before taxes (EBT) to reach between € 9m and € 11m.

Munich, in February 2011

The Executive Board

5

CONSOLIDATED FINANCIAL STATEMENTS & CONSOLIDATED NOTES

Consolidated Balance Sheet

Consolidated balance sheet of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, as of December 31, 2010, acc. to IASB

Assets		Appendix	Dec. 31, 2010 €k	Dec. 31, 2009 €k
A.	**Long-term assets**			
I.	Intangible assets	(1)	3,022	3,025
II.	Property, plant and equipment	(2)	90,733	91,977
III.	Other assets	(3)	143	152
	Total long-term assets		**93,898**	**95,153**
B.	**Short-term assets**			
I.	Inventories	(4)	8,773	8,348
II.	Receivables and other assets	(5)	1,300	1,382
III.	Cash and cash equivals	(6)	4,796	4,407
	Total short-term assets		**14,869**	**14,137**
			108,767	**109,291**

Shareholders' equity and liabilities		Appendix	Dec. 31, 2010 €k	Dec. 31, 2009 €k
A.	**Shareholders' equity**			
I.	Subscribed capital	(7)	9,446	9,446
II.	Capital reserves	(7)	3,459	3,459
III.	Profit accrued	(7)	19,556	14,408
IV.	Supplementary item from minority interests	(7)	15,094	15,439
	Total shareholders' equity		**47,555**	**42,752**
B.	**Potential compensation claim by minority shareholders**	(8)	**9,263**	**8,970**
C.	**Long-term liabilities**			
I.	Liabilities to banks	(10)	29,918	36,997
II.	Accruals	(9)	603	1,454
III.	Other financial liabilities	(10)	3,436	3,730
IV.	Deferred tax liabilities	(11)	3,511	3,372
	Total long-term liabilities		**37,467**	**45,553**
D.	**Short-term liabilities**			
I.	Liabilities to banks	(10)	3,431	3,492
II.	Other financial liabilities	(10)	490	450
III.	Trade liabilities	(10)	1,586	1,279
IV.	Tax liabilities	(10)	3,810	2,096
V.	Other liabilities	(10)	5,164	4,700
	Total short-term liabilities		**14,481**	**12,016**
	Total debt (B. – D.)		**61,212**	**66,539**
			108,767	**109,291**

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, 2010 acc. to IASB

	Appendix	Jan. 1, 2010 – Dec. 31, 2010		Jan. 1, 2009 – Dec. 31, 2009	
		€k	€k	€k	€k
1. Sales revenues	(12)				
- sales (gross)		107,208		103,742	
- minus VAT		17,100		16,538	
- sales (net)			90,109		87,204
2. Own work capitalized	(13)		50		81
3. Other operating income	(14)		3,475		3,002
			93,634		**90,287**
4. Cost of materials	(15)	44,645		44,188	
5. Personnel expenses	(16)	17,047		16,840	
6. Depreciation	(17)	3,147		3,544	
7. Other operating expenses	(18)	15,057	79,896	15,939	80,512
8. EBIT			**13,738**		**9,776**
9. Financial result	(19)		-3,837		-3,397
- Of which financing expenses: € 3,224k (previous year: € 2,795k) - Of which minority interests: € 624k (previous year: € 654k)					
10. Earnings before taxes on income			**9,901**		**6,378**
11. Taxes on income	(20)		3,462		4,142
12. Consolidated net income			**6,439**		**2,237**
13. Other comprehensive income					
Derivative financial instruments			2		-26
14. Comprehensive income			**6,441**		**2,211**
Earnings per share diluted and undiluted in €	(21)		1,74		0,61
Average number of outstanding shares in thousands			3,695		3,695

Consolidated Equity Statement

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period from January 1 – December 31, 2010

	Subscribed capital	Capital reserves	Accumulated earnings	Supplementary item from minority interests	Total
	(7)	(7)	(7)	(7)	
	€k	€k	€k	€k	€k
As of Jan. 1, 2010	**9,446**	**3,459**	**14,408**	**15,439**	**42,752**
Consolidated net income	0	0	6,439	0	6,439
Dividend payment	0	0	-1,293	0	-1,293
Change in supplementary item from minority interests	0	0	0	-345	-345
Change in income and expenditure concerning consolidated shareholders' equity	0	0	2	0	2
As of Dec. 31, 2010	**9,446**	**3,459**	**19,556**	**15,094**	**47,555**

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

	Subscribed capital	Capital reserves	Accumulated earnings	Supplementary item from minority interests	Total
	(7)	(7)	(7)	(7)	
	€k	€k	€k	€k	€k
As of Jan. 1, 2009	**9,446**	**3,459**	**13,307**	**15,542**	**41,754**
Consolidated net income	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 Cash Flow Statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period of January 1 – December 31, 2010, acc. to IASB

	Jan. 1, 2010 – Dec. 31, 2010	Jan. 1, 2009 – Dec. 31, 2009
	€k	€k
Earnings before taxes on income	**9,901**	**6,378**
Adjustments for:		
Depreciations	3,147	3,544
Interest income	-11	-52
Interest expenses	3,224	2,795
Minority interest profit	624	654
Losses/profits (+/-) without effect on balance sheet results from disposal of fixed assets	-49	107
Operating result before changes to working capital	**16,836**	**13,426**
Increase/decrease (-/+) in short-term assets:		
Inventories	-425	722
Trade receivables	83	164
Other assets, prepaid expenses	7	3,965
Increase/decrease (+/-) in liabilities:		
Trade payables	307	-3,926
Other liabilities	465	299
Increase/decrease (+/-) in accruals:		
Other accruals	-851	879
Net cash from operating activities (before interest and tax payment)	**16,422**	**15,531**
Interest paid	-3,023	-2,612
Interest received	11	6
Disbursements to minorities	-676	-613
Taxes on income paid	-1,512	-682
Net cash from operating activities	**11,222**	**11,630**

(to be continued ...)

	Jan. 1, 2010 – Dec. 31, 2010	Jan. 1, 2009 – Dec. 31, 2009
	€k	€k
Net cash from operating activities	**11,222**	**11,630**
Proceeds from disposal of fixed assets	53	2
Disbursements for additions to intangible asset and fixed assets	-1,904	-2,090
Disbursements for additions to plan assets	-93	-79
Net cash used in investing activities	**-1,944**	**-2,167**
Dividend payment	-1,293	-1,109
Acceptance (+) of bank loans	0	5,000
Repayment (-) of bank loans	-7,141	-3,890
Changes in current accounts	0	-5,194
Repayment (-) of finance leases	-455	-428
Net cash from financing activities	**-8,889**	**-5,621**
Change in cash and cash equivals	389	3,842
Cash and cash equivals at beginning of fiscal year	4,407	565
Cash equivals at the end of fiscal year	**4,796**	**4,407**

Consolidated Notes

to the IFRS-compliant consolidated financial statements for the fiscal year 2010 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 management of investments in unincorporated and incorporated companies, especially companies which own real estate or which themselves hold interests in such companies.

The consolidated financial statements of LUDWIG BECK AG as of December 31, 2010 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 which are mandatorily applicable to the fiscal year 2010 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, 2010 and December 31, 2009. The relevant consolidated income statement, consolidated equity statement, consolidated cash flow statement and the notes to the consolidated financial statements cover the periods from January 1, 2010 to December 31, 2010 and from January 1, 2009 to December 31, 2009. The balance sheet dates of the consolidated companies are identical.

The amounts contained 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 income statement (total cost method), the consolidated equity statement and the consolidated 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 consolidated financial statements will be submitted to the Supervisory Board for approval at the meeting on March 14, 2011. The Executive Board will then release the consolidated financial statements for publication.

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, 2010:

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, other operating income, costs of materials and other operating expenses were offset. 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 income statements 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 mandatorily applied by entities for the first time in the fiscal year commencing on January 1, 2010:

IFRS 1	Restructuring of reporting standard
IFRS 1	Additional optional exemptions for first-time adopters
IFRS 2	Cash-settled share-based payment transactions within the Group
IFRS 5	Non-current assets held for sale
IAS 32	Classification of rights issues
IAS 39	Admissible hedge accounting
IAS 39, IFRIC 9	Embedded derivatives
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedges of a net investment in a foreign operation
IFRIC 17	Distribution of non-cash assets to owners
IFRIC 18	Transfers of assets from customers

The following interpretations and standards may already be voluntarily applied by entities as of the fiscal year commencing on January 1, 2010:

IAS 24 (revised)	Related parties disclosure
IFRIC 19	Extinguishing financial liabilities with equity instruments
IFRC 14	Prepayments of a minimum funding requirement
Amendments to IFRS 1	Exemption from comparative IFRS 7 disclosures
Amendments to IFRS 7	Disclosures of transfers of financial assets

LUDWIG BECK AG assumes that the application of the aforementioned amendments will not have any major effect on the layout of the consolidated financial statements.

3. Currency translation applied by 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 exchange rate on 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 85. As per December 31, 2010, 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 - 30 years
Buildings including buildings on third party land	10 - 30 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.

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. In the fiscal year no impairments had to be reported.

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.

In calculating deferred taxes (corporate tax, solidarity surcharge, trade tax) the tax rate of 32.975 % applicable to LUDWIG BECK AG as of the year 2008 was applied. Calculations were based on the municipal trade tax factor 490 for Munich. 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 items were offset in accordance with IAS 12.74.

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 asses

Trade receivables are carried at amortized costs 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 amortized cost. 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 cash flow 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.

Pension 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 generally carried at amortized cost. 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 with the exception of one non interest-bearing liability. The attributable fair value of this liability is 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 transaction in accordance with IAS 17 please refer to Clause 5 Property, plant and equipment.

Trade and other liabilities

Trade and other liabilities are always carried at amortized costs 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, changes in value of 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 up to 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 deducted value added tax disclosed.

Rental revenue is only generated within the scope of sublease contracts and is recognized for surrender of use pro rata temporis.

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.

Financial assets and liabilities are carried as soon as the relevant contractual payment claims or contractual payment obligations arise. They are written off when payment is made, total loss of the payment claim has occurred or LUDWIG BECK AG is relieved from the obligation

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 cash flow 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 € 17.0m were available and will be available until further notice; approximately 24 % were used for bank guarantees as per the balance sheet date.

As a result of cash flow 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 illustrated in connection with the relevant individual balance sheet items.

Risk of bad debts
The risk of bad debt 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 transactions (interest rate swaps) for loans subject to variable interest rates were utilized:

Nominal value	Type	Term	Fair value
€ 1,950k	cash flow hedge	3 years	€ -36k

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 cash flow hedges.

In the fiscal year interest swap valuation losses in the amount of € 36k from current cash flow hedges were offset against equity capital, in consideration of asset-side deferred taxes in the amount of € 12k and without profit/loss effect. No ineffective cash flow hedges existed.

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 cash flow 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, 2010 without consideration of taxes would amount to € -24k (previous year: € -50k). If interest rates would drop 100 basis points, the effect on consolidated earnings as per December 31, 2010 without consideration of taxes would amount to € 24k (previous year: € 50k).

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, 2010

	Aquisition/ manufactoring costs								Depreciation	
	As of Jan. 1, 2010 *Jan. 1, 2010*	**Additions**	**Disposals**	**Reclassifications**	**As of Dec. 31, 2010** *Dec. 31,2009*	**Cumulative depreciation**	**Book value Dec. 31, 2010** *Dec. 31,2009*	**Book value Dec. 31, 2009** *Dec. 31,2008*	**Total 2010** *2009*	**Thereof IAS 36 2010** *2009*
	€k	**€k**	**€k**	**€k**	**€k**	**€k**	**€k**	**€k**	**€k**	**€k**
I. Intangible assets										
1. Software, industrial and similar rights	**1,779**	**143**	**0**	**0**	**1,923**	**940**	**982**	**986**	**147**	**0**
Previous year	*1,865*	*2*	*88*	*0*	*1,779*	*793*	*986*	*1,185*	*202*	*0*
2. Brand name	**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*
	5,178	**143**	**0**	**0**	**5,321**	**2,300**	**3,022**	**3,025**	**147**	**0**
Previous year	*5,264*	*2*	*88*	*0*	*5,178*	*2,153*	*3,025*	*3,224*	*202*	*0*
II. Property, plant and equipment										
1. Land, land rights and buildings, including buildings on third property land	**107,679**	**726**	**1,447**	**75**	**107,033**	**21,456**	**85,577**	**86,342**	**1,563**	**0**
Previous year	*107,092*	*824*	*381*	*145*	*107,679*	*21,337*	*86,342*	*87,104*	*1,692*	*65*
2. Other fixures and fittings, tools and equipment	**17,129**	**748**	**2,383**	**182**	**15,676**	**10,835**	**4,842**	**5,349**	**1,437**	**0**
Previous year	*16,925*	*978*	*784*	*10*	*17,129*	*11,781*	*5,349*	*6,082*	*1,650*	*54*
3. Payments on account and assets under construction	**286**	**286**	**0**	**-258**	**315**	**0**	**315**	**286**	**0**	**0**
Previous year	*155*	*286*	*0*	*-155*	*286*	*0*	*286*	*155*	*0*	*0*
	125,095	**1,761**	**3,831**	**0**	**123,025**	**32,291**	**90,733**	**91,977**	**3,001**	**0**
Previous year	*124,172*	*2,088*	*1,166*	*0*	*125,095*	*33,118*	*91,977*	*93,341*	*3,343*	*119*
	130,272	**1,904**	**3,831**	**0**	**128,346**	**34,591**	**93,755**	**95,002**	**3,147**	**0**
Previous year	*129,436*	*2,090*	*1,254*	*0*	*130,272*	*35,271*	*95,002*	*96,565*	*3,544*	*119*

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, 2010	Dec. 31, 2009
	€k	€k
Software, industrial property rights and similar rights	982	986
Brand name	2,039	2,039
	3,022	**3,025**

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 € 143k 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 cash flows 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 surcharges. The cash flows 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 - 30 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 2010 in the amount of € 726k mainly concern the building at Marienplatz.

Real estate at Marienplatz

The land was valued at € 68,779k on September 1, 2001. 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, 2010: € 2,429k). 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 € 30,709k (previous year: € 34,468k).

Real estate and building in Haar near Munich

The Group operates a logistics center in Haar near Munich. The land 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 2010:

As of January 1, 2010	€k	2,405
Depreciation 2010	€k	233
As of December 31, 2010	€k	2,171

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 2010 amounting to € 748k in aggregate mainly concern fixtures and fittings for the flagship store at Marienplatz.

Payments on account and assets under construction increased € 29k to € 315k in comparison to December 31, 2010.

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 2010:

As of January 1, 2010	€k	65
Depreciation 2010	€k	24
As of December 31, 2010	€k	41

(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, 2010		**Dec. 31, 2009**	
	Asset	**Liability**	**Asset**	**Liability**
	€k	**€k**	**€k**	**€k**
Buildings	7		10	
Tenant loans	177		167	
Leasing		213		137
Other accruals		7		47
Brand name		673		660
Non interest-bearing liabilities		30		35
Land		2,747		2,747
Property, plant and equipment		27	64	
Other	2		13	
Sum total	**186**	**3,697**	**254**	**3,626**
Net balance of deferred taxes	-186	-186	-254	-254
Total stated in consolidated balance sheet	**0**	**3,511**	**0**	**3,372**

Deferred taxes for buildings, other accruals, leasing, non interest-bearing liabilities, tenant loans and property, plant and equipment 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 for a "quasi-permanent" difference between the valuation of the land in the tax balance sheet of Feldmeier GmbH & Co. Betriebs KG and the IFRS balance sheet. Deferred tax liabilities 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, 2010	Dec. 31, 2009
	€k	€k
Loans to employees	0	9
Rent advance (prepaid expenses)	143	143
	143	**152**

For materiality reasons rent advances are reported as other assets.

The deferred item (prepaid expenses) concerns rent advances (€ 143k) will be released as per December 31, 2039. 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, 2010	Dec. 31, 2009
	€k	€k
Raw material and supplies (at cost)	142	160
Merchandise (at cost)	9,517	9,313
less impairment of merchandise	*-886*	*-1,125*
	8,773	**8,348**

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 2010 write-down dropped from € 1,125k to € 886k. 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, 2010 was set at 0.5 % (previous year: 0.6 %); hence valuation allowance amounted to € 351k (previous year: € 476k).

In the reporting period inventories in the amount of € 44,885k (previous year: € 44,354k) 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, 2010	Dec. 31, 2009
	€k	€k
Trade receivables	656	740
Other assets	477	512
Deferred item	167	130
	1,300	**1,382**

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

Trade receivables (short-term)
Trade receivables contain the following:

	Dec. 31, 2010	Dec. 31, 2009
	€k	€k
Total receivables	657	741
less allowances	1	1
Inventory of receivables	**656**	**740**

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, 2010	Dec. 31, 2009
	€k	€k
Debit-side creditors	79	110
Other	398	402
	477	**512**

Other assets mainly concern accounts receivable from rental agreements (€ 225k)

Deferred item

The deferred item concerns various expenses representing costs in the amount of € 167k (previous year: € 130k) 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 generally presented in netted form.

Cash and cash equivalents contain the following items:

	Dec. 31, 2010	Dec. 31, 2009
	€k	€k
Cash-in-hand	362	427
Bank balances	4,434	3,980
	4,796	**4,407**

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 2010, 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 any 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, 2010 (December 31, 2009: 3,695,000). The no-par shares are issued to bearer and represent a € 2.56 share of the equity capital. The share capital was fully paid up. In the fiscal year 2010, 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 2010 dividend payments for 2009 amounted to € 1,293k.

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 2010.

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 Jan. 1, 2010	€k	15,439
Change	€k	-345
As of Dec. 31, 2010	€k	15,094

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 value 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)
According to the company's knowledge, the shareholder structure of LUDWIG BECK AG as of December 31, 2010 is as follows:

INTRO Verwaltungs GmbH, Reichenschwand	49.2 %
Hans Rudolf Wöhrl Verwaltungs GmbH, Reichenschwand	21.0 %
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	17.8 %

LUDWIG BECK AG received the following notifications pursuant to Section 21 par. 1 Securities Trading Law in the fiscal year 2010:

December 27, 2010
Direct shareholding:
INTRO-Verwaltungs GmbH (Reichenschwand) reported on December 23, 2010 that the company went below the 50 % threshold of voting rights in LUDWIG BECK AG on December 22, 2010 and held 49.19 % at that date. This corresponds to 1,817,605 votes.

December 27, 2010
Direct shareholding:
Hans Rudolf Wöhrl Verwaltungs GmbH (Reichenschwand) reported on December 23, 2010 that it exceeding the 3 %, 5 %, 10 %, 15 % and 20 % thresholds of voting rights LUDWIG BECK AG on December 22, 2010 and held 20.97 % at that date. This corresponds to 775,000 votes.

(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 € 9,263k (previous year: € 8,970k) would result from the underlying memorandum of association on the balance sheet date. This compensation claim – measured at current value – 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.

Alongside the right of extraordinary termination, the memorandum of association provides for the right of ordinary termination for December 31, 2030 at the earliest.

(9) Accruals

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

	As of Jan. 1, 2010	Utilization	Release	Addition	As of Dec. 31, 2010
	€k	€k	€k	€k	€k
Repair and maintenance obligation	588	0	0	15	603
Branch restructuring cost	866	711	155	0	0
Sum total	1,454	711	155	15	603
Previous year	*575*	*0*	*0*	*879*	*1,454*

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 December 31, 2039, the anticipated 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.

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:

	2010	2009
	€k	€k
Cash value of pension commitments as of Jan. 1	1,188	1,000
Current service cost	31	27
Interest costs	62	57
Actuarial profits (-)/losses (+)	21	104
Cash value of pension commitments as of Dec. 31	1,302	1,188
Actuarial profits (+)/losses (-) not shown in the balance sheet	-21	-104
Carrying amount of pension commitments before offsetting	**1,281**	**1,083**

	2010	2009
	€k	€k
Cash value of plan assets as of Jan. 1	-1,224	-1,109
Contributions to plan assets	-93	-84
Return on plan assets	-35	-31
Cash value of plan assets as of Dec. 31	-1,352	-1,224
Remaining difference as of Dec. 31	**-50**	**-35**

As of December 31, 2010 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 € 1,000k as of December 31, 2008 and to € 1,026k as of December 31, 2007. Plan assets amounted to € 1,109k as of December 31, 2008 and to € 999k as of December 31, 2007.

As of December 31, 2010 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:

	2010	2009
Discount factor	5.15 %	5.25 %
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.

The company expects service costs in the amount of € 33k and interest costs in the amount of € 67k as well as plan asset yields in the amount of € 40k for the fiscal year 2011. Deposits to plan assets are expected to remain unchanged.

(10) Liabilities

	Total	Maturity within one year	between 1 and 5 years	over 5 years
	€k	€k	€k	€k
1. Liabilities to banks	33,349	3,431	*16,961*	12,957
previous year	*40,489*	*3,492*	*8,577*	*28,420*
2. Other financial liabilities	3,926	490	3,436	0
previous year	*4,180*	*450*	*3,730*	*0*
3. Trade liabilities	1,586	1,586	0	0
previous year	*1,279*	*1,279*	*0*	*0*
4. Tax liabilities	3,810	3,810	0	0
previous year	*2,096*	*2,096*	*0*	*0*
5. Other liabilities	5,164	5,164	0	0
previous year	*4,700*	*4,700*	*0*	*0*
- Tax-related: € 1,620k (previous year: € 1,728k)				
- Social security-related: € 3k (previous year: € 1k)				
12/31/2010	**47,835**	**14,481**	**20,397**	**12,957**
previous year	*52,743*	*12,016*	*12,307*	*28,420*

Interest-bearing liabilities (€ 27,309k) referring to the "Marienplatz" property are secured as follows:

Land charge Hypothekenbank Hanover	€k	27,309

Other liabilities to banks amounting to € 6,040k are not secured as of December 31, 2010.

Interest on real property financing (currently short-term and long-term: € 27,309k) is fixed at a rate of 6.0 % p.a. The loans were initially extended with the interest rate fixed for 20 years.

The outstanding part of a loan for real estate financing subject to 4.05 % interest, amounting to € 3,289k, was completely redeemed as per December 30, 2010 after scheduled repayment.

No derivatives (structured products) have to be split off and valued separately.

10 a) Liabilities to banks (long-term)

Liabilities to banks are carried at amortized cost. 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, 2010	Dec. 31, 2009
	€k	€k
Loan	3,391	3,419
Current account overdrafts and other liabilities to banks	40	73
	3,431	**3,492**

As of December 31, 2010, current account overdraft facilities granted by banks amounted to € 17,000k in total. They are subject to interest at market rates when utilized.

The interest rates for loans were between 1.3 % and 6.1 % and for current account overdrafts 1.8 % on average.

10 c) Trade liabilities

Trade liabilities in the amount of € 1,586k (previous year: € 1,279k) are carried at their repayment values. Due to the short-term maturities of these liabilities, this amount corresponds to their fair value. Suppliers are generally paid within 10 days in order to benefit from cash discounts, whereas the credit period is generally 60 days.

10 d) Other financial liabilities (long-term)

	Dec. 31, 2010	Dec. 31, 2009
	€k	€k
Leasing	1,068	1,563
Loan Buchanan Capital Partners II "Marienplatz" GbR	2,368	2,167
	3,436	**3,730**

The loan from Buchanan Capital Partners II "Marienplatz" GbR will expire on December 31, 2014 and was subject to interest in the amount of € 201k (previous year: € 183k) in the fiscal year 2010. The fair value of a new liability running until the maturity dated would amount to € 2,854k (previous year: € 2,396k) due to interest rates deviant from the market interest level.

10 e) Other liabilities (short-term)

	Dec. 31, 2010	Dec. 31, 2009
	€k	€k
Wage and sales taxes	1,620	1,728
Purchase vouchers	1,081	960
Personnel expenses	1,037	1,138
Branch restructuring	386	0
Year-end closing and tax declaration costs	189	168
Other accrued liabilities	851	706
	5,164	**4,700**

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

		Maturity		
	Total	within one year	between 1 and 5 years	over 5 years
	€k	€k	€k	€k
1. Minimum leasing payments	1,644	537	1,107	0
previous year	*2,222*	*537*	*1,684*	*0*
2. Interest	86	47	39	0
previous year	*209*	*88*	*121*	*0*
3. Redemption (cash value of leasing obligations)	1,558	490	1,068	0
previous year	*2,013*	*450*	*1,563*	*0*

In the fiscal year 2010 the total liabilities from finance leasing developed as follows:

Cash value Jan. 1, 2010	€k	2,013
Leasing rates 2010	€k	-537
Interest cost 2010	€k	82
Cash value Dec. 31, 2010	**€k**	**1,558**

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 for 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 € 3,810k (previous year: € 2,096k) as of December 31, 2010.

10 g) Other financial liabilities (short-term)

Other financial liabilities (short-term) only concern liabilities from finance leasing in the amount of € 490k (previous year: € 450k).

(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 statement of comprehensive income was prepared according to the total cost method.

(12) Sales revenues

	2010	2009
	€k	€k
Net sales	90,109	87,204

Net sales are explained in more detail in the segment reporting section. With the exception of an amount totaling € 9k (previous year: € 8k), all net sales of the LUDWIG BECK Group were generated in Germany.

(13) Other work capitalized

In the fiscal year 2010, other work capitalized amounted to € 50k (previous year: € 81k). 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:

	2010	2009
	€k	€k
Rental revenue and on-charged expenditure on office space	1,464	1,594
Sales proceeds	572	533
Personnel earnings	306	325
Canteen earnings	367	370
Other earnings	766	180
	3,475	**3,002**

The other operative income includes aperiodic income in the amount of € 51k (previous year: € 42k).

(15) Cost of materials

	2010	2009
	€k	€k
Cost of merchandise	44,645	44,188

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

	2010	2009
	€k	€k
Wages and salaries	14,341	14,097
Social security contributions	2,490	2,527
Pension costs	216	216
	17,047	**16,840**

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 € 161k in 2010 (previous year: € 170k).

A total of 352 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 explained in 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:

	2010	2009
	€k	€k
Rental expenses	5,311	5,491
Other occupancy costs	2,108	2,211
Administration expenses	1,499	1,556
Sales expenses	3,840	3,768
Other personnel expenses	1,206	1,235
Insurance/contributions	201	182
Other taxes	121	111
Other	771	1,385
	15,057	**15,939**

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

(19) Financial result

	2010	2009
	€k	€k
Other interest and similar income	11	52
Interest and similar expenditure	3,224	2,795
Other shareholders' interest in result	624	654
Financial result	**-3,837**	**-3,397**

Other interest and similar income concern interest received on bank balances. The interest portion for finance leases included under interest expenses amounts to € 82k (previous year: € 109k), for pension commitments to € 62k (previous year: € 57k) and for performed interest swap transactions to € 36k (previous year: € 0k).

(20) Taxes on income

	2010	2009
	€k	€k
Taxes on income	3,325	2,374
Deferred tax expense due to reversal of asset-side deferred taxes on loss carryforwards	0	1,727
Other deferred tax expense	137	41
	3,462	**4,142**

Deferred tax expense	2010	2009
	€k	€k
From change in loss carryforwards	0	1,745
From capitalization of finance lease assets	76	-13
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	-4
From temporary differences in other accruals	-40	-15
From temporary differences in the depreciation of intangible and tangible fixed assets	164	67
Other	-63	-16
Total deferred tax expense	**137**	**1,768**

The following table reflects the transition from the tax expenses or yields calculated on the basis of the group-specific tax rate of 32.975 % (corporate tax solidarity surcharge, trade tax to the tax expenses of yields carried in the IFRS-compliant consolidated financial statements:

	2010	2009
	€k	€k
Earnings before taxes on income	9,901	6,378
Nominal group-wide tax rate in %	33	33
Calculated tax expense	3,267	2,103
Change in calculated tax expense:		
- Differences due to deviating tax rates	0	0
- Deviating basis of tax assessment	195	294
- Difference resulting from reversal of asset-side taxes from loss carryforwards	0	1,745
Actual tax expense	**3,462**	**4,142**

(21) Explanations to earnings per share

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

Earnings per share

	2010	2009
Consolidated net income in €k	6,439	2,237
Weighted number of shares in thousands	3,695	3,695
Earnings per share in € (undiluted and diluted)	1.74	0.61

The undiluted and diluted results are identical.

Dividend proposal
As regards the appropriation of profit, the Executive Board and Supervisory Board have proposed to distribute 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 on the results of a company's operating segments. The applied method is the so-called "Management Approach" which requires a company to present segment information on the basis of internal reports that are regularly reviewed by the so-called "Chief Operating Decision Maker" for the purpose of deciding on 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 **2010** key figures subject to segmentation are attributable to the individual segments as follows:

	Marienplatz	Branches	Group
	€k	€k	€k
Sales revenue (gross)	**96,402**	**10,806**	**107,208**
VAT	-15,374	-1,725	-17,100
Sales revenue (net)	**81,028**	**9,081**	**90,109**
Cost of sales	39,659	4,986	44,645
Gross profit	**41,369**	**4,095**	**45,464**
Personnel expenses	7,205	1,305	8,510
Cost of office and store space, administration and selling expenses	11,910	1,801	13,711
Interests	908	76	984
Segment result	**21,346**	**913**	**22,259**
Other operating income			3,525
Other personnel expenses			8,537
Depreciation			3,147
Other expenses			1,346
Other financial result			-2,853
Taxes on income			3,462
Consolidated net income			**6,439**
Segment assets			
Intangible assets	3,022	0	3,022
Tangible fixed assets	90,636	97	90,733
Inventories	7,860	771	8,631
Segment assets total	**101,518**	**868**	**102,386**

The LUDWIG BECK Group has textile and non-textile product ranges. In the fiscal year 2010 net sales in the amount of € 61,405k were generated from the textile product range and € 28,704k from the non-textile product range.

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
Interests	952	110	1,062
Segment result	**17,800**	**1,170**	**18,970**
Other operating income			3,083
Other personnel expenses			8,163
Depreciation			3,544
Other expenses			1,632
Other financial result			-2,335
Taxes on income			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 net 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.

E. Explanations to Consolidated Cash Flow Statement

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

Financial instruments within the meaning of IAS 7.6. et seq. equal the sum of cash-in-hand and short-term bank balances. However, short-term bank balances are only allocated to financial instruments to the amount there are no current account liabilities 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	4,796
Net of current account liabilities	€k	0
= Financial instruments acc. to IAS 7	€k	4,796

LUDWIG BECK AG disposes of current account overdraft facilities in the amount of € 17,000k, which will also be available in 2011. Current account overdraft facilities were utilized only for bank guarantees as of the balance sheet date.

F. Explanations to Consolidated 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	
	2010	2009	2010	2009
	€k	€k	€k	€k
Lease commitments incl. ground rent	4,776	6,025	101,303	91,084
Commitments from advertising cost contributions	99	170	421	727

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. land rent	4,776	17,561	78,966	101,303
Commitments from advertising cost contributions	99	209	113	421

III. Declaration of conformity acc. to sec. 161 joint stock corporation act (AktG) (Corporate Governance)

The Executive Board and Supervisory Board of LUDWIG BECK AG issued the declaration of conformity according to Section 161 Joint Stock Corporation Act (AktG) on November 23, 2010. The requirements of the Corporate Governance Code in the version applicable between June 18, 2009 and July 2, 2010, and in the version of May 26, 2010 applicable as of July 3, 2010 have been met since the last declaration of conformity on November 10, 2009 with the following exceptions:

1. D&O insurance for the Supervisory Board did not contain a deductible (Code Clause 3.8). D&O insurance for the Executive Board and Supervisory Board were terminated for the end of calendar year 2009.

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

3. The Supervisory Board does not strive for an equitable representation of women on the Board (Code Clause 5.1.2 par. 1).

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

5. The goals to be specified by the Supervisory Board according to Clause 5.4.1 par. 2 sentence 1 will not include appropriate participation of women (Code Clause 5.4.1 par. 2 sentence 1).

6. The Supervisory Board or its Audit Committee did not discuss semi-annual and quarterly reports with the Executive Board before publication (Code Clause 7.1.2 sentence 2).

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 (until December 31, 2010)
Christian Greiner, Kaufmann (as of January 1, 2011)

Total remuneration of the Executive Board of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft amounted to € 1,094k (previous year: € 1.105k) in the fiscal year 2010.

As of December 31, 2010, the members of the Executive Board held 6,500 no-par shares (previous year: 5,000; purchased: 1,500; sold: 0).

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

At the Supervisory Board meeting on March 9, 2010 Mr. Christian Greiner was appointed as member of the Executive Board of LUDWIG BECK AG with effect as of January 1, 2011.

Supervisory Board:	Dr. Joachim Hausser, businessman, Munich, Chairman
	Gerhard Wöhrl, businessman, Nuremberg, Deputy Chairman (until December 31, 2010)
	Christian Greiner, businessman, Nuremberg (until December 31, 2010)
	Dr. Lutz Helmig, businessman, Fulda
	Gabriele Keitel, commercial clerk, Munich*)
	Dorothee Neumüller, purchaser, Holzkirchen*)
	Dr. Steffen Stremme, businessman, Erlangen (as of January 1, 2011)
	Hans Rudolf Wöhrl, businessman, Reichenschwand (as of January 1, 2011)

At the Annual General Meeting on March 11, 2010 Dr. Steffen Stremme was elected as successor of member of the Supervisory Board Gerhard Wöhrl who was to leave the Board on December 31, 2010. Mr. Hans Rudolf Wöhrl, who acted as a substitute member of the Supervisory until December 31, 2010 replaced Mr. Christian Greiner who changed to the Executive Board with effect as of January 1, 2011.

Total remuneration of the Supervisory Board in the fiscal year 2010 amounted to € 90k (previous year: € 83k). Furthermore, D&O insurance policies in the amount of € 3k were taken out for each member of the Supervisory Board in the previous year. D&O insurance was terminated for December 31, 2009.

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

The major shareholder INTRO Verwaltungs GmbH (49.2 %) and Hans Rudolf Wöhrl Verwaltungs GmbH (21.0 %) as well as Mr. Hans Rudolf Wöhrl who as shareholder of the aforementioned companies is an indirect shareholder, and all entities associated with the three are to be reported as related persons. In the fiscal year under review no transactions were conducted between the LUDWIG BECK companies and the aforementioned persons.

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

Dr. Joachim Hausser:

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

Mr. Gerhard Wöhrl (until December 31, 2010):

Supervisory Board:	Tom Tailor AG, Hamburg
Advisory Board Chairman:	TETRIS Grundbesitz GmbH & Co. KG, Reichenschwand
	TETRIS Grundbesitz Beteiligungs GmbH, Reichenschwand
Advisory Board:	Sparkasse Nürnberg, Nuremberg

Mr. Christian Greiner (until December 31, 2010):

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

*) Worker representative

Dr. Lutz Helmig:

Supervisory Board Chairman:	EDAG GmbH & Co KGaA, Fulda
	HAEMA AG, Leipzig

Dr. Steffen Stremme (as of January 1, 2011):

Aufsichtsrat:	BU-Holding AG, Nuremberg
Advisory Council:	Dresdner/Commerzbank AG, Nuremberg

Mr. Hans Rudolf Wöhrl (as of January 1, 2011):

Supervisory Board:	UFB/UMU AG, Nuremberg
Advisory Council:	Deutsche Bank AG, Nuremberg

70.2 % (2,592,605 shares) stake in LUDWIG BECK AG is indirectly attributable to Mr. Hans Rudolf Wöhrl.

The other members of the Supervisory held 206 no-par shares as of December 31, 2010 (previous year: 247).

V. Audit fees

The fee of the auditor for the lapsed fiscal year 2010 amounts to € 161k (previous year: € 138k).

The fee for the audit of the consolidated financial statements and the annual financial statements amounted to € 130k (previous year: € 130k). The amount incurred for tax consulting was € 9k (previous year: € 8k) and for other services € 22k (previous year: € 0k).

VI. Personnel

LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG employed 513 people on annual average (previous year: 529) of which 210 (previous year: 219) were full-time staff, 175 (previous year: 183) were part-time staff and 128 (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 14, 2011

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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 2011

Dieter Münch Christian Greiner

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, 2010 to December 31, 2010. 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 18, 2011

BTU Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

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

GEKNÖPFT & ZUGENÄHT Munich

Burgstraße 7 I 80331 Munich I Tel. +49. 89. 23691-402 I Fax +49. 89. 23691-436 I info@ludwigbeck.de
Monday - Saturday 9.30am - 7pm

LUDWIG BECK HAUTNAH at the FÜNF HÖFE Munich

Theatinerstraße 14 I 80333 Munich I Tel. +49. 89. 20604-280 I hautnah5hoefe@ludwigbeck.de
Monday - Friday 10am - 7pm
Saturday 10am - 6pm

LUDWIG BECK at the City-Galerie Augsburg

Willy-Brandt-Platz 1 I 86153 Augsburg I Tel. +49. 821. 5671-980 I Fax +49. 821. 5671-989 I info@ludwigbeck.de
Monday - Saturday 9.30 - 8pm

ESPRIT at OEZ Munich

Hanauer Straße 68 I 80993 Munich I Tel. +49. 89. 159076-17 I Fax +49. 89. 159076-19 I info@ludwigbeck.de
Monday - Saturday 9.30 - 8pm

www.ludwigbeck.com

Financial Calendar

January 10, 2011
Sales figures 2010

March 14, 2011
Annual financial statements 2010

March 14, 2011
Balance sheet press conference 2011

March 15, 2011
Analysts' conference 2011

April 20, 2011
Quarterly Report 2011

May 12, 2011
Annual General Meeting 2011

July 20, 2011
Half-year report 2011

October 20, 2011
Nine months' report 2011

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.de

Contact

Investor Relations/Financial PR

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

Group accounting

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

Concept, editing, text and design

esVedra consulting, Munich

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!