150 YEARS KAUFHAUS DER SINNE

Ludwig Beck

Annual Report 2011

LUDWIG BECK
seit 1861

LUDWIG BECK Annual Report 2011

150 JAHRE LUDWIG BECK

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Ludwig Beck

Annual Report 2011

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LUDWIG BECK
LUDWIG BECK
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LUDWIG BECK
RATSKELLER
TAXI

SETTING THE TONE

Every year the Christmas display windows in the "Store of the Senses" are a huge customer magnet. In 2011, classical musical instruments were fantastically staged in a distinguished winter look.

FASHION FEELING

The brand new designer fashion department on the 3rd floor features a selection of about 40 labels. The finest materials meet the newest designer trends. Chic from Paris, luxurious elegance from Milan, innovative design from New York or high fashion made in Germany.

COSMETICS COSMOS

The HAUTNAH beauty paradise brings together the cosmetics branch's cult labels in a Germany-wide unique collection. Since 2011, sophisticated customers have been able to find Germany's first Byredo counter here.

LUDWIG BECK AT A GLANCE

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Mission Statement

There are department stores, fashion houses and temples of consumerism, and there is LUDWIG BECK. Whether for our customers, business partners or investors, we strive to be as recognized for our uniqueness, honesty and desirability as the exclusive brands we offer. Style has a new home. LUDWIG BECK.

Goals 2011

- Branch-adjusted sales increase between 3% and 4% with earnings before taxes (EBT) between € 9.0m and € 11.0m.
- Further broadening of the "trading up" strategy and adoption of additional premium brands in the product range, exclusive German marketing rights for selected labels.
- Ongoing modernization of the Marienplatz store.
- Rewards for staff dedication.
- Impressing customers anew every day.

Results 2011

- LUDWIG BECK achieves a branch-adjusted increase in sales of 1.7%. Consolidated sales of the fashion group are at € 103.3m with earnings before taxes (EBT) of € 11.3m (+13.9%).
- The corporation's purchase of the Marienplatz store building is announced on October 21, 2011. In future, the "Store of the Senses" will entirely belong to the LUDWIG BECK Group.
- Successful "trading up": Renowned beauty brands such as Fornasetti Profumi, Ladurée and Byredo make LUDWIG BECK's selection even more exclusive.
- Departments including Young Fashion are modernized in the spirit of the "trading up" concept.
- In appreciation for their loyalty and performance, LUDWIG BECK staff members receive anniversary bonuses of € 0.5m.
- The 150th anniversary celebrations cause a stir throughout Munich. Countless in-store special offers wow customers and visitors alike.

Highlights 2011

1st Quarter

- LUDWIG BECK partners with BMW for a third time in the BMW World Jazz Awards 2011, this time under the slogan "Two horns and more", with participants in the matinee competition performing on stage in the music department.
- Trends magazine "LUDWIG" showcases the coming spring and summer fashions over 32 pages. With a publication run of 230,000 copies, it is available in the Marienplatz store and as an insert to ELLE magazine as well as the Süddeutsche Zeitung.
- Not just hip in Hollywood, Ciaté is the name of the new nail polish and hand care products label now exclusively presented in Germany at HAUTNAH in the "Store of the Senses".
- 2010's key financial data is presented at LUDWIG BECK's Balance Sheet Press Conference: a branch-adjusted increase in sales of 5.3% to a total of € 107.2m and a profit increase of € 4.2m to € 6.4m are the results of the record year 2010.
- Despite a significant reduction in its branch portfolio, LUDWIG BECK ends the first quarter with gross sales of € 22m – seamlessly building on the success of 2010 (€ 22.3m). Branch-adjusted, sales are up 3.9%. In spite of substantial costs for the 150th anniversary celebrations, EBIT at € 0.8m is only minimally below that of the previous year (€ 1.0m). The quarterly profit is also that of the preceding year, namely € 0.1m.

150 JAHRE LUDWIG BECK

2nd Quarter

- In April, the swimwear department on the 4th floor inspires maritime yearning. And the decorated display windows create dreams of tropical coats and fire-red sunsets.
- Happy Birthday! LUDWIG BECK celebrates its 150th anniversary from April 11 on. For the occasion, acclaimed industrial designer Christian Haas creates an interactive decor in the Marienplatz store. The artist Stefan Winter connects all floors through a sound installation.
- Numerous renowned authors, Munich "Originals" and contemporaries contribute to the glossy magazine "150 years of LUDWIG BECK - Style has a home", also published in April with 40,000 copies.
- The anniversary is underpinned by an advertising campaign in which celebrities such as Nina Ruge and Michael Mendl present their personal perspective on the term "style".
- Exclusive premium products await discovery in the anniversary world of LUDWIG BECK "Store of the Senses": From exclusive designer evening gown by Talbot Runhof to Kiehl's Limited Edition.
- May welcomes an exclusive anniversary Dirndl by Fräulein Trentini to the Traditional Costumes department on the 4th floor, together with numerous classics and novelties.
- As part of the anniversary celebrations, LUDWIG BECK donates € 50k to charity.
- The first half year brings sales volumes at the same high level as the preceding year with € 45.0m. Adjusted to account for the branch closures, this actually represents an increase in sales of 5.2%, clearly well ahead of the branch average at 2.0%. Thanks to the positive gross profit development, EBIT rises 3.4% to € 3.2m. Quarterly profits even increase by 46.8% from € 0.9m to € 1.4m.

3rd Quarter

- "Don't call it beige" is the theme of the new autumn display window. The decor concept inspires fascination through its purist look - the latest "sophisticated" lifestyle trend.
- 32 pages of the coming autumn/winter fashions fill LUDWIG BECK's trends magazine "LUDWIG". With a publication run of 230,000 copies, it is available in the Marienplatz store and as an insert to ELLE magazine as well as the Süddeutsche Zeitung.
- The exclusive and eye-catching cosmetic department is showcased in the new HAUTNAH magazine, in cooperation with VOGUE.
- After the first nine months of the year, LUDWIG BECK records a reduction in gross sales from € 72.9m to € 69.6m, due to the streamlining of the branch portfolio. However, this represents a like-for-like increase in sales of 2.2%. Quarterly profits reach € 2.4m (previous year € 2.7m).

Picture on the top left: The spring/summer edition of the in-store magazine LUDWIG.
Picture on the top right: Business founder Ludwig Beck and the anniversary logo.
Picture on the top left: Always an eye-catcher: the autumn/winter LUDWIG edition and the HAUTNAH magazine.
Picture on the top right: Creative Christmas decoration for the Christmas tree 2011.

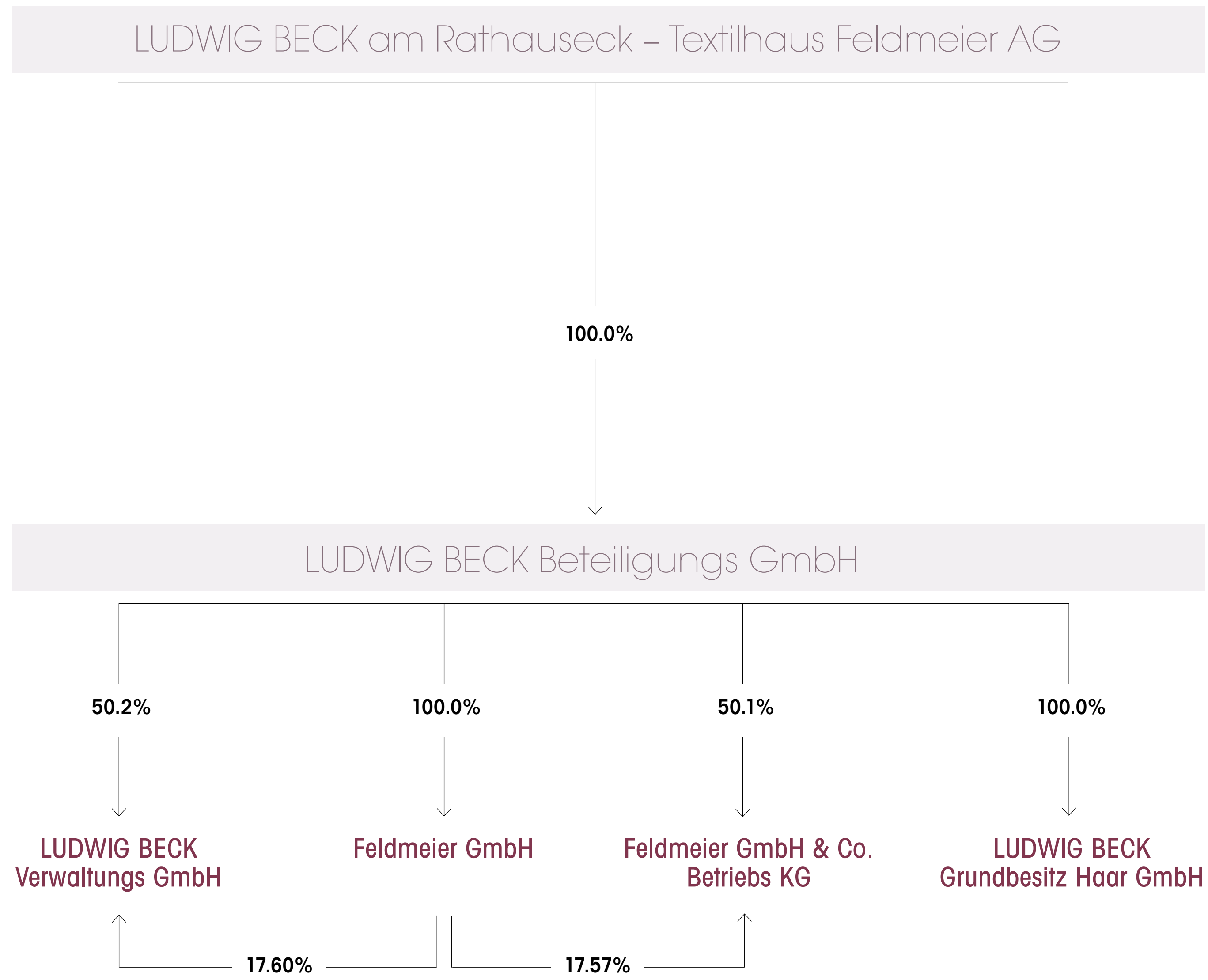
4th Quarter

- As just one of a handful of selected European stores, LUDWIG BECK offers the Profumi per la Casa home fragrance collection by Fornasetti.
- Ben Gorham personally opens the stylish new Byredo counter at HAUTNAH.
- In October, LUDWIG BECK becomes the sole retailer worldwide to offer the fragrance Numéro 3 from L'Artisan Parfumeur. This is one of a luxurious collection of eight fragrances, each of which is available from just one exclusive department store worldwide.
- Through its wholly owned subsidiary LUDWIG BECK Beteiligungs GmbH, LUDWIG BECK AG acquires all shares of Feldmeier GmbH, with the result that, in future, the Marienplatz premises will be fully owned by the Group.
- Nina Ruge, LUDWIG BECK celebrity endorser and long-standing UNICEF ambassador, opens the UNICEF Christmas card booth on the 1st floor, a tradition that is 30 years in the making.
- Year after year a feast for the eyes – the Christmas display windows in the Marienplatz store. "Golden Forest" is the theme for 2011, and the transformation is as traditional as it is refreshingly modern.
- LUDWIG BECK closes the 2011 fiscal year with a branch-adjusted increase in gross sales of 1.7% to € 103.3m. EBT grows by 13.9% to € 11.3m (previous year € 9.9m).

Key Figures of the Group

Key Figures of the Group		2011	2010	2009	2008	2007
		(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)
Result						
Sales (gross)	€m	103.3	107.2	103.7	102.6	103.5
VAT	€m	16.5	17.1	16.5	16.4	16.5
Sales (net)	€m	86.8	90.1	87.2	86.2	87.0
	%	100.0	100.0	100.0	100.0	100.0
Gross profit	€m	44.3	45.5	43.0	41.4	41.0
	%	51.1	50.5	49.3	48.0	47.1
Earnings before interest, taxes, depreciation & amortization	€m	15.6	16.9	13.3	12.2	11.0
(EBITDA)	%	18.0	18.7	15.3	14.2	12.6
Earnings before interest & taxes (EBIT)	€m	12.9	13.7	9.8	8.1	7.2
	%	14.8	15.2	11.2	9.4	8.2
Earnings before taxes (EBT)	€m	11.3	9.9	6.4	4.4	3.1
	%	13.0	11.0	7.3	5.2	3.6
Consolidated net profit	€m	8.8	6.4	2.2	2.7	2.6
	%	10.1	7.1	2.6	3.1	3.0
Balance sheet						
Equity	€m	53.7	47.6	42.8	41.8	40.2
Equity ratio	%	49.9	43.7	39.1	37.0	37.4
Return on equity before taxes	%	21.0	20.8	14.9	10.6	7.7
Investments	€m	11.6	1.9	2.2	8.6	5.8
Balance sheet total	€m	107.6	108.8	109.3	112.9	107.4
Personnel						
Employees	persons	473	513	529	538	544
Personnel expenses	€m	16.7	17.0	16.8	16.9	17.2
	%	19.2	18.9	19.3	19.7	19.7
Net sales per employee (weighted average)	€k	256.8	253.8	230.7	226.3	223.6
Per share						
Number of shares	m	3.70	3.70	3.70	3.70	3.39
Earnings per share undiluted and diluted	€	2.37	1.74	0.61	0.73	0.76
Dividends	€	0.45	0.35	0.35	0.30	0.30
Other details (as of Dec. 31)						
Sales area	sqm	12,486	13,785	16,669	16,669	16,428
Gross sales per square meter	€/sqm	8,271	7,777	6,224	6,154	6,299

Group Structure



As of December 31, 2011

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THE LUDWIG BECK EXECUTIVE BOARD

Picture: Dieter Münch (left) and Christian Greiner (right)

Dieter Münch

Member of the LUDWIG BECK AG Executive Board

It started with an internship. It was during his studies at Munich's University of Applied Sciences that Dieter Münch was first struck by the LUDWIG BECK flair. After graduating with a degree in Business Economics in 1980, he started to work in Controlling, where he was always fascinated by the magic of numbers. 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.

Christian Greiner

Member of the LUDWIG BECK AG Executive Board

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 CEO of the Nuremberg creative agency nuts communication GmbH. 2011 saw him move from the LUDWIG BECK AG Supervisory Board to the Executive Board, where he is responsible for Purchasing, Sales and Marketing.

Directors' Dialogue

A very special year
Executive Board members Dieter Münch and Christian Greiner in conversation about 150 years of LUDWIG BECK, the success story of a department store that touches the senses, and a future full of promise.

Mr. Münch, Mr. Greiner, how do you look back on the 2011 fiscal year, preceded as it was by two record breaking years?

Dieter Münch: 2009 was already an extraordinary year. And then we went on to raise the bar higher in 2010 with historic record sales of € 107.2m and a profit (EBT) of € 9.9m. However, we again managed to increase sales and profits in our 150th anniversary year. The group generated a like-for-like sales increase of 1.7%. EBT increased by 13.9% to € 11.3m. And so we raised the bar yet another notch higher in our anniversary year.
Christian Greiner: We also shouldn't forget that we were working with a significantly reduced portfolio of branches in 2011. Furthermore, we invested substantially in LUDWIG BECK's public profile to suitably mark our 150th anniversary. So, against this background we are very content! We managed, once again, to reach top results within our industry.

That brings us to the key topic: The 150th anniversary of LUDWIG BECK. What springs to mind? How did you and your customers experience the celebrations?

Dieter Münch: LUDWIG BECK is without any doubt a Munich institution with a big history and an even bigger future. I am delighted that after 150 years, the compliments are still overwhelming and a whole cosmos of emotions and values are projected onto us. I felt this again very clearly at our celebrations at the Prinzregenten Theatre. Over 1,000 employees and companions of the LUDWIG BECK company were our guests, and this resulted in many touching moments full of gratitude and pride in what we have achieved together. Future developments look especially exciting. We learnt, through the many small and large stories shared, what it took in terms of entrepreneurship, passion and courage to make LUDWIG BECK what it is today.

Christian Greiner: And we were able to experience how naturally LUDWIG BECK grew to become part of the heart of Munich – not simply geographically. Of course we shared this impressive realization with our customers in the "Store of the Senses". We transmitted exciting optical and acoustic signals to our customers through elaborate installations throughout the store to highlight that something really special was going on. We were able to hire renowned industrial designer Christian Haas and sound artist Stefan Winter for this project. We also added various special promotions and celebrity appearances. The fact that we won the worldwide exclusive right to sell Mon Numéro 3, a fragrance from L'Artisan Parfumeur, in our cosmetics department, is another example of our increased initiative for 2011 to make what we offer our customers a cut above the rest. This and more made us the talk of the town for the whole year.
Dieter Münch: People identify with us through our values, because these are values they share with us. If you unite the joy of life, fantasy, creativity, natural style consciousness and a sense for exclusivity, you will radiate a youthful freshness even after 150 years.

Europe is ensnared in a new financial crisis. Customers are confronted with new disaster scenarios on a weekly basis. How do you view the situation for 2012?

Dieter Münch: During the 2008 crisis, we were able to increase branch-adjusted gross sales by 1.8% compared to the previous year. We went on to improve the figures in 2009. 2010 and 2011 were absolute record years for LUDWIG BECK. Knowing that we can always set a distinct contrast to a middling branch trend means we can face a challenging year with due respect as well as confidence.
Christian Greiner: All this shows just how stable our position with our "trading up" strategy is. It proves itself in good years just as convincingly in difficult times, when customers carefully weigh every purchase decision. Our customers know that in our shopping world every purchase is an experience to be savored, something that they do not wish to miss even in these uncertain times. Now more than ever it becomes evident that shopping is more than browsing a range of products. Customers want to be able to feel in heart and mind that they are in good hands while they search for something extraordinary amidst general ordinariness. And they find it with us. And while others dither while watching the stock market indicators, we celebrate our 150th anniversary with our staff in real style. Because we're worth it!

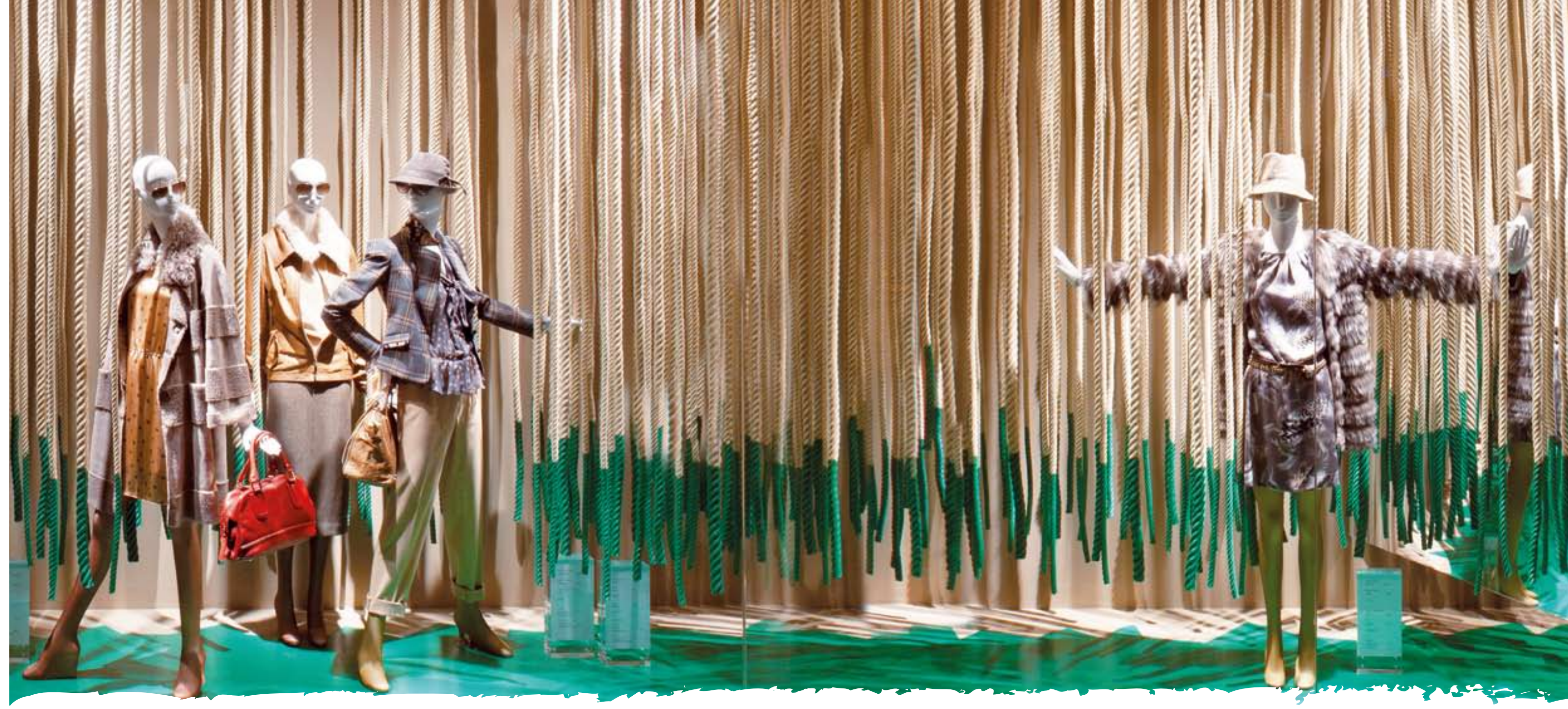
How do you generally view the Euro crisis?

Dieter Münch: Of course we are concerned. No one can really evaluate what is happening at the moment and what ramifications it may have. An increasing number of people are worried about inflation. Added to that, there are warning signs of a new recession which have to be taken seriously. We too are subject to these economic mechanisms – but we're not being passive. We are doing our homework and are carefully watching where further risks may lurk, but also what new opportunities may arise.
Christian Greiner: As unpredictable as the current situation is, we want LUDWIG BECK to remain the constant factor for both our customers and employees – as we have already proven during critical times in the past.

"Trading up" is and remains the secret of LUDWIG BECK's success. How is this challenging strategy actually implemented? And what further potential is still to be gained through such measures?

Christian Greiner: The short formula still is: Exclusivity in all areas. Exclusive contracts with renowned brands, the deployment of trend scouts and a constantly optimized range of premium wares enable us to meet the aspirations of our very special target group – style conscious, generally well-situated women between 29 and 49 who do not want to make any compromises in their lifestyle. Established brands with a sterling reputation are part of the mix, but also the trend setting newcomers we promote with a passion. "Trading up" will never be over for us, because all the measures we take harbor further growth potential, and we have in no way fully exploited all of them. With "trading up", we have a long-term dependable instrument to increase sales per square meter sales area and to achieve even better margins. By further emotionalizing what we have to offer, we set ourselves even further apart from our competitors.
Dieter Münch: There are other aspects in which the whole LUDWIG BECK sales culture is shaped by "trading up": the design of the departments, the Munich-wide famous window displays, the creative and unmistakable advertising and the appearance of our staff – all expressions of a value system that differentiates us from many other department stores.

Picture on the top right: "Don't call it beige" – the motto of the autumn/winter display windows.



What can be said about LUDWIG BECK share development?

Dieter Münch: LUDWIG BECK shares ended the year up 6.9%, once again outstripping the DAX which was down 15%, ending 2011 at 5,898 points. Investors prize our shares for consistent positive development, while "FOCUS Money" ranked us in 13th place in their list of the best german companies (12/2011 issue).

How does LUDWIG BECK differentiate itself from its local competition?

Dieter Münch: We respect our market environment, of course we do. Apart from what has already been said, another of our plus points is that we will never rest on the laurels of our success. The fashion world refreshes itself on an almost weekly basis. But there are other influences that set the pace, new media, entertainment and globalization play an ever greater role in shopping behavior – the customer also expects convincing products with faster availability, and has become more critical.
Christian Greiner: And that's how it should be because we get a higher frequency of new opportunities to make our mark and set ourselves apart from the market. Our creativity enables us to profit from the faster pace of life because we know we have customers to inspire today, tomorrow, and in the future. People talk about us. They point at our display windows. They dream about our products. There's no question.

Finally Mr. Münch, can you sum up the past year in just three words?

Dieter Münch: Performed, celebrated, succeeded!

... and Mr. Greiner, your forecast for 2012?

Christian Greiner: I am optimistic: new game, new opportunities, new records.

Thanks to our employees and business partners
The Executive Board thanks all LUDWIG BECK AG employees for their outstanding commitment during the 150th anniversary year of our business. We know this dedication cannot be taken for granted and are convinced that we can steer the LUDWIG BECK brand further along its path of success with the professionalism, individual skills, enthusiasm and energy of our staff. Our thanks also go 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

In the 2011 fiscal year, the Supervisory Board concerned itself with the current situation and development of the LUDWIG BECK Group as well as its strategic positioning for the upcoming years, exercising its advisory and controlling functions over the Executive Board with great care. There were a total of five meetings in which the Supervisory Board met with the Executive Board to discuss questions including corporate planning, corporate policy, business trends, risk position and risk management. In its advisory capacity, the Supervisory Board supported and monitored the work of the Executive Board.

In essence, the work of the Supervisory Board was based on verbal and written reports within the meaning of Section 90 Joint Stock Corporation Act (AktG), rendered by the Executive Board both within and outside the formal meetings of the Supervisory Board and its committees.

The Executive Board kept the Supervisory Board fully abreast of all relevant developments within the LUDWIG BECK Group in a regular and timely manner, both verbally and in written form. Reports particularly covered proposed corporate policy 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 submitted all issues requiring approval to the Supervisory Board for decision-making in accordance with the rules of procedure governing each body. The Supervisory Board duly scrutinized and discussed all submitted reports and documentation in appropriate depth.

The Supervisory Board was involved in all significant strategic corporate decisions, thoroughly discussing, checking and – where necessary – approving all issues. The Executive Board consistently complied with its duty to provide timely and complete information and there was never any need for the board to submit additional or supplementary reports. In executing its monitoring function, the Supervisory Board affirmed the lawfulness and correctness of the Executive Board's corporate management. The Supervisory Board discussed the organization of the Group with the Executive Board and thus affirmed its excellent performance and ability.

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

Five meetings in 2011

The members of the Executive Board also regularly attended the five scheduled Supervisory Board meetings in 2011, which took place on March 14, May 12, July 26, September 26 and December 2. Supervisory Board debates focused largely on ongoing business development and corporate strategy and its realization in the company and its subsidiaries.

The company's auditor also took part in the balance sheet meeting according to Section 171 par. 1 Joint Stock Corporation Act (AktG) on March 14, 2011, in which the company's annual financial statements were adopted and the management report and the consolidated financial statements were approved. In addition the Supervisory Board's report was compiled, the Supervisory Board's rules of procedure were revised to comply with new legal provisions and the detailed planning for 2011 as well as the medium-term planning for 2012/2013 were passed. A further topic for this meeting was approval of the agenda for the 2011 Annual General Meeting.

In its session on May 12, 2011, the Supervisory Board discussed development in the 2011 fiscal year amongst other topics, as well as personnel changes within the committees.

The meeting on July 26, 2011 focused on the on-going business development and the results of the first half of 2011.

A special meeting took place on September 26, 2011 regarding the possible purchase of a 17.57% share of the company's flagship store at Marienplatz. In this meeting the Executive Board was authorized to prepare and execute the transaction. On October 21, 2011, LUDWIG BECK AG purchased the share in the real estate company. As from this date the company holds a 67.67% share in the Munich premises.

The Supervisory Board debated the business development in the ongoing fiscal year, the rough planning for the 2012 fiscal year and approved the compliance statement in its meeting of December 2, 2011.

In addition, the chairman of the Supervisory Board maintained regular contact with the members of the Executive Board outside of these meetings, and was kept up-to-date with developments in the business.

Changes in the Executive Board

Mr. Christian Greiner took over Oliver Haller's seat on the Executive Board with effect from January 1, 2011 (Mr. Haller left the company on December 31, 2010 in the best mutual amicable agreement). Since that date, as Chief Operating Officer (COO), Mr. Greiner has been responsible for Purchasing, Sales and Marketing.

Changes in the Supervisory Board

A position became vacant on the Supervisory Board due to Mr. Greiner's move to the Executive Board on January 1, 2011, which was taken over by the substitute member Mr. Hans-Rudolf Wöhrl. In addition, on March 22, 2010 Mr. Gerhard Wöhrl had notified the Supervisory Board of his intention to leave the Board as of December 31, 2010. The Annual General Meeting on May 11, 2010 appointed Dr. Steffen Stremme as the shareholders` representative to the Supervisory Board with effect from January 1, 2011. We thank Mr. Gerhard Wöhrl for his long and committed service and wish him the very best in future years. Dr. Lutz Helmig resigned from his position as Supervisory Board member with effect as of the close of the Annual General Meeting on May 12, 2011. We would also like to take this opportunity to thank Dr. Helmig for his many years of dedication, wishing him all the very best in the future. Ms. Edda Kraft was elected to the Supervisory Board as his successor with immediate effect in the same meeting.

Audit Committee

The principle tasks of the audit committee include questions of financial accounting and the auditing of the annual financial statements, as well as the areas of risk management and compliance. Dr. Steffen Stremme was appointed as chairman of the audit committee on January 3, 2011 for the period of his tenure on the Supervisory Board, by written consent in lieu of a meeting. Dr. Stremme replaces Mr. Gerhard Wöhrl in this position, who left the company's Supervisory Board on December 31, 2010. The members of the audit committee for the 2011 fiscal year are Dr. Steffen Stremme, Dr. Joachim Hausser, Dr. Lutz Helmig (until May 12, 2011), and since her election to the audit committee on May 12, 2011, Ms. Edda Kraft. The committee convened by teleconference on March 2, 2011 to examine the consolidated financial statements, the consolidated management report, the annual financial statements and the management report of LUDWIG BECK AG for the 2010 fiscal year, and to confirm the auditors` statement of independence. In addition, the committee decided to recommend the Munich auditor BTU Treuhand Union München GmbH, Wirtschaftsprüfungsgesellschaft for the annual audit commission for the 2011 business year.

Personnel and management committee

The personnel and management committee is primarily concerned with the Executive Board's personnel matters. Until the company's Annual General Meeting on May 12, 2011, the committee was comprised of Dr. Joachim Hausser (chairman), Dr. Lutz Helmig, and Mr. Hans-Rudolf Wöhrl. After the Annual General Meeting, at which time Dr. Helmig's tenure on the Supervisory Board ended, the committee was reconstituted with Dr. Hausser as chairman, along with Mr. Hans-Rudolf Wöhrl and Dr. Steffen Stremme. The committee did not meet at any separate meeting but as part of the Annual General Meeting on May 12, 2011.

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 February 2, 2011. It was confirmed on February 15, 2011 and stated 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 previous fiscal year.

The declaration of conformity pursuant to Section 161 Joint Stock Corporation Act (AktG) was passed on December 2, 2011 and can be found on page 29 of this annual report as well as on the company website, under Investor Relations in the Corporate Governance section. Finally, the Supervisory Board together with the Executive Board submitted the Corporate Governance Declaration and published it on the company`s website on March 14, 2012. The declaration can be found under Investor Relations in the Corporate Governance section (currently under **http://www.ludwigbeck.de/english/ir-english/corporate-governance-en/declaration-conformity/**)

Consolidated financial statements and annual financial statements

The annual financial statements and the consolidated financial statements as per December 31, 2011, the management report and the consolidated management report including accounting have been audited by the elected auditors BTU Treuhand GmbH, Munich who issued the auditor's certificate. All documents and papers 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, 2012 and have been carefully reviewed. In the presence of the auditor, the audit committee and the entire Supervisory Board discussed these documents and papers in detail. Regarding the financial accounting process, the auditor couldn't find any weaknesses in the internal risk management and control systems. The Supervisory Board was able to affirm 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 provided information about 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, 2012. 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 the balance sheet profit also extended to financial and investment planning and the liquidity of the company. Having considered the interests of the company and the shareholders, no objections were raised to the Executive Board's proposal for the use of the balance sheet profit. As a conclusive result of the Supervisory Board's review, no objections were raised in regards 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 approved and thus adopted the annual financial statements the Executive Board had compiled. It also approved the consolidated financial statements and supported the Executive Board's proposal for the use of the profit.

Furthermore, 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 ("dependence 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 corporation received fair and reasonable consideration in each individual case and did not suffer any disadvantage as a result of measures being taken or not taken."

BTU Treuhand GmbH, as company auditor for the 2011 fiscal year, has examined the dependence report and issued the following auditor's certificate on February 23, 2012:

"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 dependence report and the auditor's report were forwarded to the Supervisory Board. The Supervisory Board also discussed the audit report with the auditor. Thus the Supervisory Board affirmed that particularly all legal transactions and measures were fully recorded. No concerns arose from the auditor's audit report. Having established this, the Supervisory Board approves the results of the auditor's examination. Based on the conclusions of its own analyses, the Supervisory Board raises no objections to the Executive Board's conclusive statement regarding relationships with associated companies.

Personal thanks
The Supervisory Board extends its thanks and appreciation to the Executive Board, the employees' representatives as well as all employees of LUDWIG BECK AG for their great personal commitment and successful work in the 2011 fiscal year.

Munich, in March 2012
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 abides by the German Corporate Governance Code. It was first passed in 2002, and recommends national and international standards to stock exchange-listed businesses, regarding good, transparent and responsible business leadership.

Besides an efficient and targeted cooperation between the Executive Board and the Supervisory Board, there is particular focus on the importance of employee and shareholder interests.

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

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.de** under Investor Relations/Corporate Governance.

Declaration of conformity

Statement on the Corporate Governance Code pursuant to Section 161 AktG.

The Executive Board and the Supervisory Board of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft declare in accordance with Section 161 Joint Stock Corporation Act (AktG) that since November 23, 2010, they have conformed and in the future will continue to conform with the recommendations of the "Government Commission for the German Corporate Governance Code" of May 26, 2010 ("Code"), which the German Ministry of Justice made public on July 2, 2010 in the official part of the electronic German Federal Gazette with the following exceptions:

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

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

3. 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 worked out in a plenary sitting of the manageable six-member body.

4. In respect to Clause 5.4.1 par. 2 sentence 1 of the Code, the Supervisory Board will not declare fair representation of women amongst its members as its goal (Code Clause 5.4.1 par. 2 sentence 2). The decisive grounds for the composition of the Supervisory Board must be criteria such as professional qualifications and experience, rather than the question of gender.

5. Neither the Supervisory Board nor its audit committee discussed any semi-annual or quarterly financial reports with the Executive Board prior to publication (Code Clause 7.1.2 sentence 2). The Supervisory Board and the Executive Board are in regular contact on the basis of a monthly reporting system; therefore an additional discussion on semi-annual or quarterly reports prior to publication is unnecessary.

Munich, December 2, 2011

The Executive Board:
signed Dieter Münch
signed Christian Greiner

The Supervisory Board:
signed Dr. Joachim Hausser
signed Hans Rudolf Wöhrl
signed Edda Kraft
signed Gabriele Keitel
signed Dorothee Neumüller
signed Dr. Steffen Stremme

Share

The 2011 stock exchange year

Worldwide stock exchange quake in March

After a promising start, international stock exchanges suffered only temporarily in the wake of the earthquake in Japan. Global share markets were unable to fully escape the undertow of fear, insecurity and disaster mood triggered by the subsequent reactor disaster at Fukushima. The Nikkei Index collapsed on March 15, 2011 and suffered a minus of 10.6% - the 3rd biggest stock market plunge in its history. This was followed shortly after by a cooling in global economic activity. However, the biggest influence on the worldwide stock markets was undisputedly the increasing debt crisis in the Eurozone.

The leading Chinese Hang Seng Index in Hong Kong closed in December, 2011 at 18,434 points – a minus of almost 20.0% (2010 closing price: 23,035). The BSE Sensex – the most important stock market in India – closed down 24.6% at the end of 2011 at 15,454 points. Only the American Dow Jones Index remained relatively unaffected by the worldwide crises and managed to close up 5.5% (2011 closing price: 12,217 compared to 11,577 in 2010).

Euro-crisis sends DAX into a tailspin

In Europe, the recovery period from the 2008 financial crisis experienced a sudden end. The first signs of the debt crisis, that Greece had drawn the other Euro-states into, were already showing in 2010. It escalated and held the European stock exchanges in its grip. Never-ending new reports of out of control Euro-states debt, downgrading of economies by the rating agencies, and the indecisive maneuvering of the politically responsible accounted for horror scenarios on the stock markets, despite Germany's healthy economic development. Registering 7,500 points in May, the DAX had fallen to almost 5,000 points by September 2011. It recovered only partially at the end of the year, closing at 5,898 points – down almost 15% (previous year: 6,914). Banking shares were hit especially hard. Commerzbank ended the fiscal year more than 75% down; shares in Deutsche Bank lost some 25%. Even the majority of German industrial companies were unable to profit from their positive order volumes.

Prime Retail hit even harder

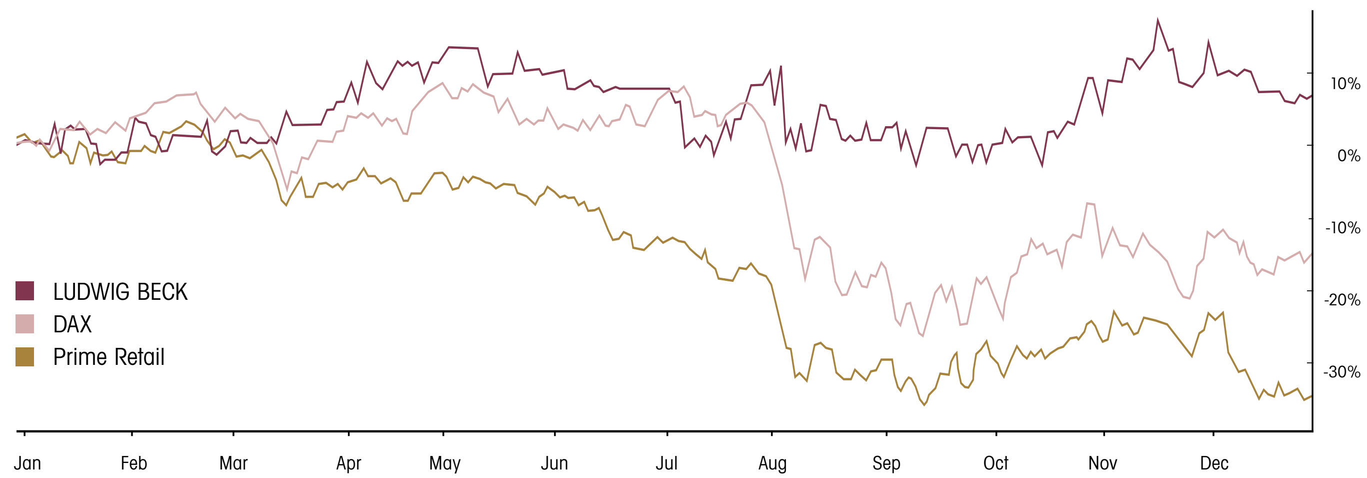
The 22 biggest retailers are listed on the Prime Retail Index of the German Stock Exchange. This index closed 2011 with a much larger loss than the DAX, with 239 points or about 35% down on the values for 2010 (367).

The LUDWIG BECK share

Share details	
ISIN	DE0005199905
WKN	519990
Ticker Symbol	ECK
Industry	Retail
Accreditation segment	Prime Standard
Number of shares	3,695,000
2011 Year-end market capitalization	€ 72.05m
Stock exchanges	Frankfurt/M., Stuttgart, München, Düsseldorf, Berlin/Bremen, Hamburg, XETRA
Year-end price (12/30/2011)	€ 19.50
Year-high price (11/17/2011)	€ 21.34
Year-low price (1/12/2011)	€ 18.29
Designated Sponsor	VISCARDI AG

Even in times of crisis the LUDWIG BECK share outperforms the DAX and sector index.

The share listed in the Prime Standard closed the 2011 fiscal year in XETRA trading at a year-end price of € 19.50 (2010 closing price: € 18.24). This reflects an increase in value of 6.9%. Once again, the LUDWIG BECK share managed to outperform its DAX and Prime Retail Index listed competition even in a crisis-ridden environment.



Earnings per share

Earnings per share are calculated by dividing LUDWIG BECK's group earnings by the average number of shares in circulation in the year under report. The average number of shares (diluted and undiluted) was 3.695m in 2011 (previous year: 3.695m). Consolidated comprehensive earnings amounted to € 8.8m in the 2011 fiscal year (previous year: € 6.4m). Accordingly, earnings per share amounted to € 2.37 (previous year: € 1.74), and the price-profit ratio was 8.2 (previous year: 10.5)

Earnings per share		2011	2010
Consolidated net income	in €m	8.8	6.4
Average number of shares (diluted and undiluted)	in m	3.7	3.7
Earnings per share (diluted and undiluted)	in €	2.37	1.74

Dividends

LUDWIG BECK AG regularly allows its shareholders to share in the success of the profitable company as part of a sustainable dividend policy. Even in a year, in which economic conditions are as difficult as in 2011, this approach can be maintained. As a result, at the Annual General Meeting on May 8, 2012, the Executive Board and the Supervisory Board will propose a dividend of € 0.35 per share plus a special dividend of € 0.10 per share to mark the 150th anniversary year of the company – in total € 0.45 per share. Remaining profits will be transferred to other profit reserves. The share's dividend yield is thus 2.3%.

Dividend payments		2011	2010	2009
Dividend per share	in €	0.45	0.35	0.35
Dividend yield	in %	2.3	1.9	2.8
Total sum paid out	in €m	1.7	1.3	1.3

Shareholder structure

LUDWIG BECK's shareholder structure is analyzed on an annual basis. The study consists of a depository bank survey in which the sociological stratification of the shareholders is determined, based on the parameters of the Federal Association of German Banks. As a rule, the results deliver an up-to-date reflection of the composition of the shareholder structure.

The study was carried out on behalf of LUDWIG BECK AG on September 30, 2011, based on 3.6m returns. This represents a participation level of around 97.0%.

The composition of the shareholder structure is as follows:

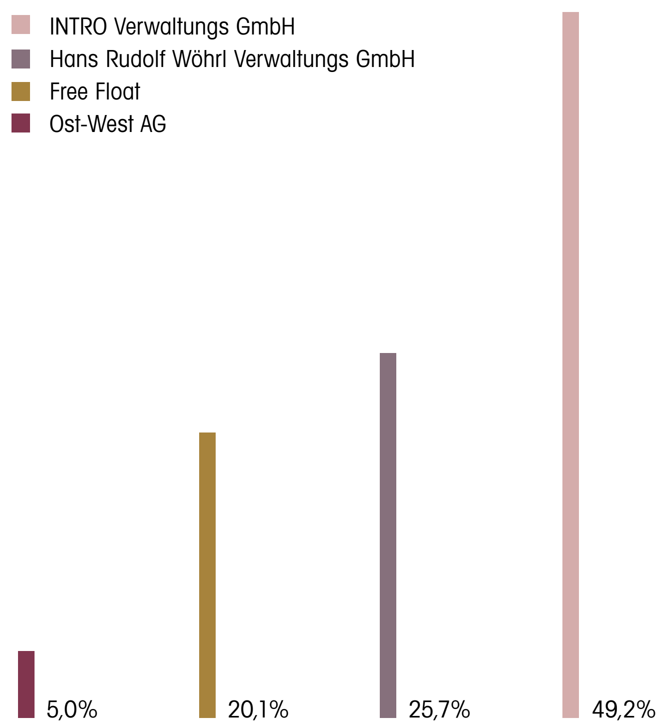
With a 49.2% shareholding, INTRO Verwaltungs GmbH was the largest individual shareholder as per September 30, 2011. Hans Rudolf Wöhrl Verwaltungs GmbH held 25.6% of the shares. Ost-West Beteiligungs- und Grundstücksverwaltungs AG held 5.0% and Rheintex Verwaltungs AG held 3.0% of LUDWIG BECK AG shares. 17.2% of the shares were held by small shareholders.

Changes in holdings since the shareholder structure census of September 30, 2011

On October 31 as well as November 2, 2011, Hans Rudolf Wöhrl Verwaltungs GmbH announced their acquisition of 3,530 shares in LUDWIG BECK AG. As a result, the company had 25.7% of the voting rights as of December 31, 2011.

At year's end, Ost-West Beteiligungs- und Grundstücksverwaltungs AG still held 5.0% and Rheintex Verwaltungs AG also maintained their 3.0% of LUDWIG BECK AG shares. 17.1% of the shares were held by small shareholders.

Thus, according to German Stock Exchange standards, 79.9% of LUDWIG BECK shares are in fixed ownership while 20.1% are in free float (shareholders under 5%).



Investor Relations

As a Prime Standard listed company, LUDWIG BECK feels fully committed to the three principles of "Fair Disclosure" – namely timeliness, continuity and equality of treatment. Thus the focus of LUDWIG BECK's Investor Relations is the intensive exchange with investors, analysts, and the financial media in an on-going open dialogue, to make the LUDWIG BECK brand as transparent as possible.

The most important forum for this activity is the Annual General Meeting in which direct personal contact is achieved between shareholders and the corporation. Some 600 shareholders attended the Annual General Meeting on May 12, 2011 – a clear reflection of the shareholders' close connection to the company. The shareholders approved the payment of a dividend of € 0.35 per share. Proposals made by the Executive Board and the Supervisory Board on other agenda items also found support from almost 100% of the shareholders. LUDWIG BECK reports these and other developments of greater public relevance in two languages and publishes Corporate News addressing and explaining specific facts and topics in detail. The much-used platform for all Investor Relations content is the German and English language LUDWIG BECK website where, besides all the other information about the LUDWIG BECK brand and the "Store of the Senses", a generous Investor Relations area is open to investors, the media, and capital market observers.

As every year, the LUDWIG BECK Executive Board used the balance sheet conference in Munich and the analysts' conference in Frankfurt to present the results of the previous fiscal year and the prospects for future development to an interested media.

Additional information published as reports and press releases, complementing targeted Investor Relations measures led to clear recommendations to BUY LUDWIG BECK shares by VISCARDI AG, Silvia Quandt Research GmbH, GBC AG and Montega GmbH as part of their analyst coverage. Focus Money ranked the LUDWIG BECK share in 13th place on the list of best German shares (edition 12/2011) – one of the consequences of promoting discussions on our innate success and bringing them to the financial media in an appropriate manner.

The financial calendar for 2012 can be found on page 124 of this annual report – as well as on the LUDWIG BECK website under Investor Relations in the section Corporate Events.

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LUDWIG BECK

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49 150 Years of LUDWIG BECK

Picture on the left: "LUDWIG BECK Staff members" - detail of an anniversary display window decoration.

The Company

A special kind of shopping
Tradition and modernity, variety and uniqueness, trends and timelessness under one roof – that's just how seductive retail at the heart of Munich can be. Even after 150 years, LUDWIG BECK still creates new magic no customer can resist.

Style has a home

150 years of LUDWIG BECK – 150 years in which science, technology and quality of life have made enormous bounds. A period in which customer needs have been constantly redefined, in which trends have been created, changed, and rediscovered. How can we explain the fact that in all this time the LUDWIG BECK brand has constantly increased its magnetism, without growing old? How can a business that, unlike any other in Munich, is founded on such changeable values as emotionality and style consciousness become a timeless institution? And where does its amazing ability to shine, even in challenging economic times, come from?

The answer is clear to us. Customer demands may be constantly changing, following the latest fashions, but the spectrum of desires to which they are connected has not changed over 150 years. And LUDWIG BECK caters to these longings: by featuring the most fascinating and respected international fashion labels, through the imaginative presentation of an exclusive brand range, through a culture of outstanding customer assistance – and last but not least, by creating an atmosphere that transports the customers to exactly the place where they wish to linger in their imagination. At LUDWIG BECK, fashion has found its home – and our customers are more than welcome to come in.

Every product purchased at LUDWIG BECK is connected to a multifaceted world of emotions. Confidence, prestige, the realization of one's own uniqueness – all these emotional values are prized by our customers as a right. They only get them at LUDWIG BECK, and the secret behind it is that we ourselves – the company, staff, products and atmosphere – are transported by the same magic that our customers want to take away in their shopping bags. The magic of a strong sense of self-value.

Picture on the left: The 150th anniversary was also celebrated in the display windows. Presented were, among other things, vintage items from the time the company was founded – a living piece of Munich history.

NOTHING IS LOST:
When the city of Munich was planning the celebrations for the 200th anniversary of the Oktoberfest in 2010, they were looking for some sumptuous original epaulettes for a historic uniform. And they found them at LUDWIG BECK. The 100 year old rarities were made for King Maximilian II of Bavaria and were awarded a prize in the 1892 World Exposition in Chicago.

MULTI-LINGUAL:
Thanks to Munich's 5 million tourists every year, our customers don't just come from Schwabing and Miesbach but from Hudson River, the Persian Gulf, from the banks of the Newa, and the Mekong. That's no problem for LUDWIG BECK staff – between them they speak 30 languages.

BY MASTER TOUCH:
Even the music department presents itself in a highly fashionable style. The Steinway grand piano there is designed by fashion star Karl Lagerfeld.

Strategy and Concept

Upswing through upgrading
"Trading up" is a holistic strategy in which the total portfolio is subjected to a constant upgrading process. Exclusive brands are presented in a sophisticated atmosphere with outstanding guidance – a process we constantly check and optimize.

"Trading up" – with premium products to the top position

LUDWIG BECK AG has been steadily pursuing the strategy of product upgrading for eight years now. In fact, the decision to adopt the comprehensive policy of "trading up" has been – together with the initial public offering in 1998 – one of the most significant milestones in the recent part of LUDWIG BECK's 150-year company history. We will continue to follow this path with great determination.

"Trading up" means that our selection is defined by carefully selected premium products, which in itself affords every label and individual product permanent optimization. Upgrading is no statistical strategy for us, but a dynamic process that continues to renew our portfolio and ensure its unmistakable exclusivity.

Part of the method of our "trading up" is that we integrate internationally established premium brands in just the same way we offer upcoming young labels an exciting opportunity. We send our trend scouts to the metropolises of the fashion world to explore the market.

Besides product quality, other key elements of the sustainable "trading up" approach include the high class display of the products, the great performance of our staff in assisting and consulting customers, marketing campaigns, and structural improvements to the Marienplatz store. It is a holistic strategy. The fact that, even in times of crisis, residents of and visitors to Munich from around the world continue to respond to it with their undiminished demand, confirms us in our approach even more.

Picture on the left: The Steinway grand piano in the Music department was designed by fashion star Karl Lagerfeld. It gets a lot of use at performances.

"Store of the Senses"

"Highest customer acceptance"
The "Store of the Senses" at Marienplatz occupies the European top position. Every day, up to 40,000 visitors browse its 7 floors and 11,500m². They find an unequalled and exclusive portfolio of fashion, accessories, lifestyle products, and audio media.

The flagship of LUDWIG BECK AG

Munich's top address

For decades, that corner next to the town hall has been the beating heart of LUDWIG BECK. Against a global scale of desirable retail addresses, it is one that offers almost immeasurable locational advantages. At the very center of a picturesque historic city, we draw customers from a catchment area with over 2.7 million people – up to 40,000 a day. Add to that some 5 million tourists yearly and we have another huge customer pool, thanks to the magnetic appeal of the historic heart of the Isar metropolis.

Impressive figures

With around 500 employees spread over seven floors and 11,500m², the Marienplatz store generates about 95% of the Group's sales. Our Wellness and Cosmetic branch HAUTNAH in FÜNF HÖFE provides us with another exclusive location in the center of Munich.

Top ranking

For years, the "Store of the Senses" has occupied one of the top positions in the sales volume ranking of European department stores. We have been able to maintain this position even in difficult periods during the 2008 financial crisis and during the latest Euro crisis of 2011. Our top quality product range, our innate sense of the desire for exclusivity – even and particularly in tough times – and above all the unwavering loyalty of our customers guarantee a continued upswing.

A sought after shopping elite

No one is wooed more passionately than LUDWIG BECK's core target group. They are female, between 29 and 49 years old, upper income class, and they enjoy spending. They are lifestyle oriented and brand loyal.

High class brands

Some of our customers may not be familiar with the term "trading up". But what they do recognize is our premium shopping atmosphere in which we present brands that demonstrate their very special exclusivity. We're not talking about decorative one-offs, at LUDWIG BECK brands sparkle on a huge stage. Our brand spectrum comprises of established top labels and up-and-coming young fashion designers, accessories, wellness and cosmetics products, through to jazz music.

More than simple advice

People who shop at LUDWIG BECK do not deal with classical sales assistants. Rather, they are guided and supported by coaches with impeccable sense of style and lifestyle consultants whose brand consciousness always finds the infallible answer to every customer desire. This is anything but typical for the retail sector, but in the "Store of the Senses" it's business as usual.

The talk of the town

Is there any Munich resident who has not at least once stood in front of one of our Marienplatz display windows with dreamy eyes? The remarkable level of creativity and rich fantasy in which the products are displayed is unmistakably LUDWIG BECK. This is matched by an equally attention grabbing décor on the sales floors, in the imagery of our publications and advertising, not to mention our internet presence. The LUDWIG BECK brand lives in all media with powerful visual persuasion.

A tour of the Marienplatz store

-1 Lower ground floor

For the style conscious appearance: 1000m^2 of spacious sales floor present leading *Men's Fashion* brands, proving that the right look for the business meeting, family outing or night at the opera is always an essential question. Looking for elegance? Try Cinque, René Lezard or Joop. Something more sporty? How about Polo Ralph Lauren, Drykorn or Napapijri – everything for the modern man.

0 Ground floor

An Eldorado behind the front door: Women's hearts quicken viewing Liebeskind, Lauren, DKNY, Longchamp, Michael Kors and Mulberry wares in the *Leather Goods and Accessories* department. And there's plenty of space on the 400m^2 sales floor for the latest handbags, belts, wallets, hats, scarves, and an exuberant spectrum of fashionable accessories.

Design as unusual: The finest adornment for necks are to be found in the *Thomas Sabo Charm Shop*, necklaces, bracelets and of course charms – much loved sterling silver accessories. Glasses from Prada, Calvin Klein, Dolce & Gabbana, Dior and Miu Miu grace the counters of Freudenhaus Eyewear. And the cream of design in a class of their own can be found at the *Porsche Design Shop*.

Picture on the top left: Times are changing – LUDWIG BECK stays true: Window displays for the 150th anniversary.

Just follow your nose: *HAUTNAH*, a temptress with enchanting perfumes, trend-setting make-up and pampering lotions. A cosmos of beauty products spread over 700m^2 awaits our customers with products from Peter Thomas Roth, Sepai, Amala, Fornasetti Profumi, Laura Mercier and L'Artisan Parfumeur to name but a few. New for 2011 was the stylishly minimalist *Byredo Counter* – the only one of its kind in Germany.

Munich's biggest selection: Stockings and tights for every day, leggings and sport socks for the kids, silken dreams or woolly legwear, socks for traditional costume and suspenders – the *Legwear* department offers the best selection in town with brands including Falke, Burlington, Hudson, or Wolford.

Because you deserve it: Right next door, Düsseldorf's tradition-rich *Confectioner Heinemann* offers the best in chocolate.

Provoking & sensual: Not only Paris Hilton and Victoria Beckham are smitten with this British cult label, many Munich residents also delight in the sometimes arousing, sometimes cheeky lingerie, corsets, and accessories by *AGENT PROVOCATEUR*.

Just like in the old days: *Geknöpft & Zugenäht* – the notions store in the Burgstrasse – maintains the heritage of the business which grew out of a trimmings and button-making workshop. Stocked, just as in those days, are ribbons, buttons, decorative braids, cords, lace and other sewing and knitting paraphernalia. The continued great demand shows how popular crafts remain today.

1st Floor

Modern times: The newest trends, the most innovative styles and the most happening brands are presented by *Modern Woman* with wares by Paul & Joe Sister, Max & Co, Patrizia Pepe, and other top labels. For those who want to know what we'll be wearing tomorrow, this is the place to be.

Stars for underneath: The *Lingerie* department was once again awarded SOUS magazine's "Stars of Lingerie" in 2010. The sophisticated lingerie by Calvin Klein, Princesse tam tam, Chantelle, and Elle Macpherson Intimates are eye candy indeed!

2nd Floor

Natty knits & perfect trousers: Luxury cotton polo shirts, snug soft cardigans and wonderful cashmere jumpers account for the warming moments in *Knits & Shirts*. The warm and cuddly pieces by Marc O'Polo, Passport, Oui Moments, and our own T-shirt brand CLASSICS by LUDWIG BECK. 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 by Closed, elegant business trousers by Cambio to sporty styles by Brax or Mac, our *Trousers Department* has the right legwear for every occasion.

Picture on the top center: Spring display window at the department "Geknöpft und Zugenäht".
Picture on the top right: The lingerie Christmas display window 2011.

Quality consciousness starts young: Labels such as Polo Ralph Lauren, Marc O'Polo, Kenzo, Woolrich, or Burberry in *Junior Fashions* prove that big names are just as popular in children's sizes. This is where finery can get grubby once in a while – and when the kids have had enough of trying on clothes, they can let off some steam in the play corner.

Paper fashions: Fine notepaper, handmade boxes, out of the ordinary calendars, and all manner of decorative gems come together in the *Papeterie*. Add to that about 1,500 available postcards as well as lifestyle accessories from the Süddeutsche Zeitung shop. Here, too, top brands are trump: Semikolon, Moleskine, Filofax and Samova Tea set the tone.

Beck STAGE

BUTTON TO BUTTON:
If you would place all the buttons sold last year in LUDWIG BECK's "Geknöpft & Zugenäht" end to end, the line would stretch for about 1.5 kilometres.

3rd Floor

From the Seine to the Isar: Our exclusive *Designer Fashions* from the big fashion capitals of the world meet the desires of even the most demanding of customers. Perusing the parade of outfits by René Lezard, St. Emile, Strenesse, Akris punto, Max Mara, Polo Ralph Lauren, Schumacher and others in a luxurious atmosphere is like being on a catwalk of some 40 most wanted high fashion labels.

The later the evening: The most alluring gown for a gala evening? It's to be found in LUDWIG BECK's *Eveningwear* department. The perfect look for a special occasion? Count on the designer outfits by Anna von Griesheim, Max Mara Pianoforte, and Talbot Runhof.

A big compliment: For rounder figures who don't want to miss any fashion development there is a whole range of exquisite top brands such as Samoon, Marina Rinaldi, and Sallie Sahne – beautifully presented in our department for *Plus Size Fashions*.

4th Floor

Wild young things: LUDWIG BECK is also known as a platform for young, creative and visionary designers. Here in *Young Fashion* on the 4th floor they get the opportunity which just may launch their big breakthrough. A lot of attention is guaranteed for the fresh new labels such as Nudie Jeans, Superdry, Closed, Denham, or Scotch & Soda. At the "Store of the Senses", we understand the fun of experimentation and the need to challenge accepted conventions all too well.

Beach life: Outside it may be snowing and blowing a storm, but inside, surrounded by the latest bikinis, trunks and beach accessories, our *Swimwear department* simply allows you to dream of sunsets on tropical beaches – in brand quality by Watercult, La Perla, Seafolly, and Sunseeker – naturally.

Outdoor is in: When days get shorter, we tend to dress longer – preferably in *Coats & Jackets* by Cinque, Gil Bret, Fuchs & Schmitt, or Max Mara Weekend. Set your own personal style in wool, quilted style, or with a timeless parka.

Munich celebrates: LUDWIG BECK's *Traditional Costume* department is a magnet for both longstanding and recent Munich residents. Not only do they appreciate Bavarian sociability in a snazzy dirndl or rustic lederhosen with coordinating shirt and scarf, they also love to demonstrate brand pride with style and finesse.

Joy to the world: Starting in October, the *Christmas Market* transforms the 4th floor into a snow-covered enchanted forest. This is the place to find unusual tree decorations and the widest range of Christmas decoration styles from woody rustic to colorful candy style to classic hand blown and decorated glass globes. Christmas stationery inspires next door with a selection of cards and gift packaging unrivaled in Munich.

5th Floor

Only top marks: With an unbelievable 120,000 available classical, jazz and world music titles – our *Music Department* is the biggest and perhaps most respected in Europe. The knowledgeable sales team are passionate music aficionados. However special or unusual your desire, you can count on our staff to locate the recording. Listen to a selection of your favorite artist – or look forward to an evening with a star guest.

Beck STAGE

AN ABSOLUTE CLASSIC:
Five per cent of all classical recordings sold in Germany are sold by LUDWIG BECK's music department – the biggest and most professional classical music dealer in continental Europe.

Picture on the top left: Evening-wear – one of the classics of the Christmas shopping season.

Picture on the top center: Every department in the Marienplatz store had its very own anniversary installation.

Picture on the top right: The wall of history: Names, events and anecdotes from 150 years of LUDWIG BECK.

Historie

Here's to the next 150 years!
What started in 1861 with buttons, braids and trimmings, is now talked about in the same breath as Harrods, Galeries Lafayette, Gum, or Bloomingdales. LUDWIG BECK has always reinvented itself – a success story based on exceptional imagination, heart and quality.

1861
The then 29 year-old button maker and dress trimmer Ludwig Beck opens a workshop in his father's property at Landschaftsgasse and a shop at Dienerstrasse 13 on May 1. The team includes 4 assistants, two saleswomen and two apprentices.

1874
To expand the premises, Beck buys properties at Dienerstrasse 23 and Burgstrasse 2, which still comprise the core of the department store today.

1876
A huge honor: The gold and silver trimmings made in the Beck workshops catch the eye of a very special customer, King Ludwig II, who decks his castles at Linderhof, Neuschwanstein and Herrenchiemsee with the gems – even the pompous sledges are trimmed with real silver and gold decorations. King Ludwig II bestows Beck with the title "Royal Bavarian Court Trimmer".

1885
Ludwig Beck dies at the age of 53; his widow Katharina now runs the business, supported by their sons Franz-Xaver and Christian Beck.

1892
The company LUDWIG BECK captures the world. The Bavarian handcrafts are lauded at the World Exposition in Chicago.

1901
Katharina Beck dies at the age of 63; her two sons continue the business.

1921
A staff of 61 is employed at the time of the company's 60-year anniversary.

1932
After the death of Christian Beck, his widow Franziska Beck takes the reigns.

1938
Franziska Beck sells LUDWIG BECK Trimmings to the 38 year-old textile salesman Gustl Feldmeier. His first change is to rename the company LUDWIG BECK am Rathauseck. The company now employs 138 workers.

1945
On the night of January 7, the commercial premises at Dienerstrasse 23 and Burgstrasse 2 are completely destroyed by an air strike.

1948
Fusion: The firms LUDWIG BECK am Rathauseck and Textilhaus Feldmeier und Sohn merge.

1951
The new five-floor premises in Dienerstrasse and Burgstrasse are opened amidst fine celebrations. Gustl Feldmeier has transformed the "Royal Bavarian Court Trimmer" and the so-called "Bindings Beck" into a fully stocked textile retailer. The following years see the company develop into a Munich institution.

1954
The economic miracle is alive and well. Gustl Feldmeier buys the neighboring property and thus acquires today's flagship store at Marienplatz, one of the most important steps for LUDWIG BECK in the company's history.

1961
Celebrations are held in the Prinzregenten and Cuvilliés Theatres to mark the company's 100th anniversary.

1968 – 1972
The Olympic Games and the associated extension of the underground network provoke comprehensive renovations to the Marienplatz store.

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.

1978
LUDWIG BECK as pioneer: individual working times are established for the now 840 full and part-time employees. The innovative working model becomes an archetype for many businesses all over Germany.

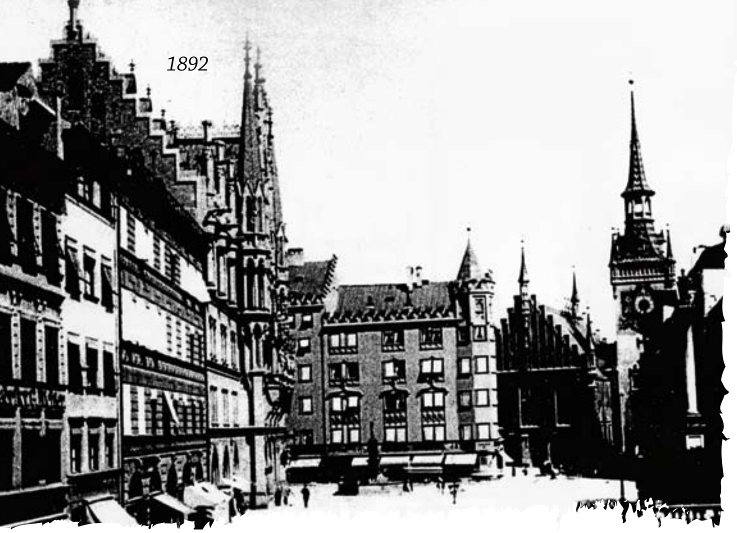
1982
A new business structure: "LUDWIG BECK am Rathauseck Textilhaus Feldmeier KG" divides into the operating company "LUDWIG BECK am Rathauseck – Textilhaus Feldmeier GmbH" and a holding company.

1983
Global expansion: in March, LUDWIG BECK opens a branch in New York's Fifth Avenue Trump Tower. But the Big Apple venture closes down after just 2 years.

1986
A loud fanfare! As part of the company's 125th birthday festivities, there is a celebration at the Gasteig with star guest Jazz pianist Oscar Peterson.

1988
There's music in the house. BECK opens its Classical Music department.

1989
New sounds. The "Jazz is Beck" project extends the company portfolio. The music department achieves number one status in Munich.



1892

1946

1961

2011

1861
LUDWIG BECK opens his workshop.

1892
Award-winning participation in the Chicago World Exposition.

1938
Textile merchant Gustl Feldmeier buys the workshop and continues trade under the name LUDWIG BECK am Rathauseck.

1946
The war leaves a gaping hole at Munich's center. Marienplatz is already free of rubble.

1954
Feldmeier acquires the current flagship store at Marienplatz.

1961
The store shines with a new glamor for its 100th birthday, showering customers with special anniversary offers.

1992
Stock market launch. The main store is positioned as the "Store of the Senses".

2011
150 years of LUDWIG BECK – a further record year in the company´s history.

1992
A very special year: LUDWIG BECK becomes a joint stock company and the flagship store at Marienplatz is re-launched as the "Store of the Senses".

1998
LUDWIG BECK goes public. The issue price is DM 34.00. The shares are almost ten times oversubscribed at the closing of the subscription.

2001
A new company. LUDWIG BECK Beteiligungs GmbH is founded and holds the Marienplatz property.

2007
LUDWIG BECK sparkles afresh. The renovation of the Marienplatz store gives the business a fresh face.

2008
A new exclusive world of music opens on the fifth floor. The renaissance of the Marienplatz store marches on, and the effort is amply rewarded, when LUDWIG BECK wins the Echo Classic special prize. At the end of December, LUDWIG BECK founds the LUDWIG BECK Grundbesitz Haar GmbH as a 100% subsidiary of LUDWIG BECK AG and buys the 8,000m^2 plot in Haar near Munich where the company's logistics center is located.

2009
Glamor and gloss: With its newly designed evening and designer wear sales areas, the 3rd floor of the "Store of the Senses" becomes a benchmark of the Munich fashion scene. Amongst other honors, LUDWIG BECK is awarded the City of Munich's Façade Prize. The music department wins first place in the Retail Renovation Awards for its selection and service.

2010
A golden age: The designer fashion and evening wear department is further renovated to reveal a modern high class interior concept. 2010 is another year of awards: The Music department brings LUDWIG BECK the ECHO Jazz prize as dealer of the year, while the Lingerie department is honored with trade journal SOUS's "Stars of Lingerie 2010" award. Even the financial figures share the spirit of the times. The record results of 2009 are topped, the company ends the year with an increase of 5.3% in gross sales and earnings before taxes up from € 6.4m to € 9.9m.

2011
LUDWIG BECK celebrates its 150th anniversary. Launched in April, an interactive interior concept by cult designer Christian Haas and fascinating sound installation by Stefan Winter put customers in the mood for a very special shopping experience. Munich designers, artists, entrepreneurs, supporters, and Munich Originals' congratulate the company within the covers of a glossy anniversary magazine. At the same time, LUDWIG BECK customers such as presenter Nina Ruge and actor Michael Mendl contribute to a celebrity backed advertising campaign. The highpoint of the celebrations is an event in the Prinzregenten Theatre to which 1000 friends of LUDWIG BECK were invited. Even the annual sales figure shared the festive spirit. The Group increased its branch adjusted sales by 1.7% to € 103.3m. Earnings before taxes amount to € 11.3m (+13.9%).

ANNIVERSARY

"We staged these anniversary appearances and events as a means to thank our customers, partners and employees for their loyalty. Above all, we wanted to demonstrate that we will continue to stand for exclusiveness, quality, and style in the future. Together, we are continuously working on offering something very special to our customers", members of the Executive Board Christian Greiner and Dieter Münch said.

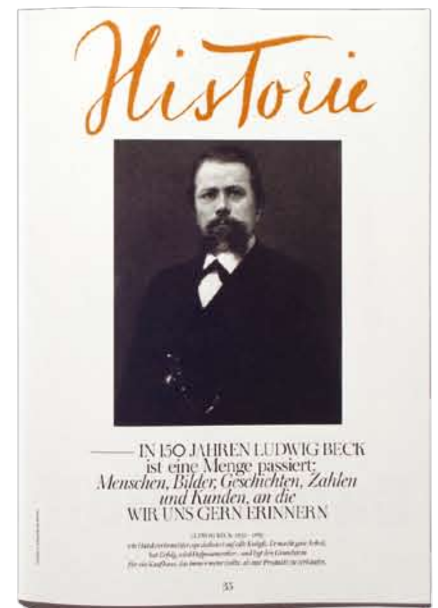
150 Years of LUDWIG BECK

The "Store of the Senses" celebrated a grand anniversary.
LUDWIG BECK combines tradition and modernity on seven sales floors and has gained renown as an institution of style in the heart of Munich. In April 2011, on the occasion of the 150-year anniversary, many interesting and amazing surprises were waiting to be discovered in keeping with the slogan: "Style has a home".

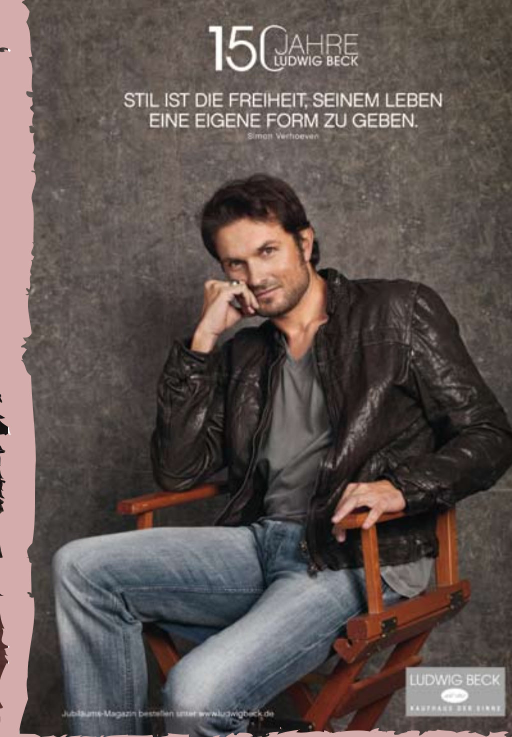
Together with interior designer Christian Haas an interactive decoration concept was developed, masterfully portraying our unique fashion house and its staff and particularly spotlighting the carefully selected products that were only and exclusively available at the "Store of the Senses" during the anniversary celebrations.

The glossy anniversary magazine was a special declaration of love to our Munich location: Renowned authors, illustrators and popular Munich designers, artists and entrepreneurs helped showcase our slogan "150 years of LUDWIG BECK – Style has a home" in a variety of ways.

At the same time, an advertising campaign featuring celebrities with a special interest in Munich attracted maximum attention: Nina Ruge, Jeanette Hain, Michael Mendl and Simon Verhoeven skillfully interpreted our anniversary with their own personal quotes.



Pictures: The anniversary magazine "150 years of LUDWIG BECK – style has a home". 40,000 copies of this especially luxurious publication were distributed and made available for download with multi-media elements on the company homepage. Renowned authors and contemporary witnesses had their say, as did Munich celebrities and employees past and present. A variety of respected photographers took care of the excellent quality of fashion images and portraits.



Jeanette Hain, **Actress**
"Good *style* means to me to be at home with myself. As a girl, I always liked to swim against the current in terms of fashion. In those days my mother used to spend days with me at LUDWIG BECK. I usually found something for myself in this universe of ideas."

Caroline Reiber, **Munich TV star**
"LUDWIG BECK am Rathauseck belongs to Munich like St. Peter's church. I'm really sad that so many *tradition-rich shops* have had to close over the past few years. Fortunately LUDWIG BECK is still going strong, a place where you can buy buttons as well as fashion."

Klaus Doldinger, **Composer and jazz musician**
"Above all, I am always so happy to see *familiar faces* amongst the staff. Usually, I already know what to buy before I go in."

Thiemo Brüll, **Head of the Music department at LUDWIG BECK**
"We see lots of *famous faces* here. One reason is of course the town's large orchestras. Conductors, soloists, orchestral musicians, when American jazz musicians are in town they often come to us. Recently it was the American keyboard-player George Duke. Many well-known musicians always return to the same member of staff for advice."

Nina Ruge, **TV presenter**
"It's great to have a sense for fashion, but you do need to try to adopt the right filter. Style is a debate between myself and the *vibrations* around me. It's a voice that speaks from the heart."

Paul Sahner, **Legendary reporter**
"I just realized that BECK could also be called "Store of the Spiders". You walk in and are immediately caught like in a spider's web. You want to escape, but you get assistance and you have no chance. Whoosh and you're on the escalator; it's always the same picture. You meet people on their way down, carrying bulging bags, *proud* like spiders displaying their prey."

Brigitte Hobmeier, **Actress**
"I love fashion! It's the most important unimportance in the world. But to find the right thing you do need time, which I often don't have. And, if I'm honest, sometimes also not the *courage*."

Konstantin Grcic, **Industrial designer**
"To me, fashion is, just like *design*, an evolutionary process that constantly hones itself in a circular manner. I prefer uniform-like clothing for myself – in that way I'm pretty boring!"

Michael Mendl, **Actor**
"A person's style is displayed through his *character*. Those who want style need to retain their composure and clearly define their values. We need to stay alert and inquisitive. As an actor I say: I understood something there, I saw something there. I need this, I can make use of this, I'll classify this. But I know: Style is an expression of character that you cannot play act."

Innegrit Volkhardt, **Hotelier**
"For me, style is less a brand and more a *mind-set* that pervades one's life – also when dealing with people. It is the sum of my experience and so something really rather personal that should never be artificial."

Christian Ude, **Lord Mayor of Munich**
"LUDWIG BECK is *responsible* for me being Lord Mayor."

Lisa-Maree Cullum, **Prima ballerina**
"I love classical fashion – I have a taste for champagne whilst living, as we'd say at home in New Zealand, "on a beer budget"! LUDWIG BECK has cost me a lot of money – but it was always *worth* it."

Simon Verhoeven, **Film director**
"Everybody wishing to develop themselves and their own style should regard this as a gift. My mother used to say: You have to give your life a form. It has to do with getting up in the morning and how you start your day. Style is the manner in which you put the chaos of the world into your *form*."

Patrick Mohr, **Fashion designer**
"Munich is a place that has found the *right proportions*. Other cities around the world have simply overwhelmed me with their variety and pace. But here I have been able to find my style, and created my own label. Clean and reduced, that's how I design and that's how the town is."

Pictures on the top: The 4 campaign themes were displayed on advertising columns, large billboards and city light posters all over Munich. Advertisements were placed in major daily newspapers and magazines. Our anniversary was well received by the press – all significant media reported about "150 years of LUDWIG BECK".

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Business and General Conditions

Macro-economic development

World economy riding a roller-coaster

Building on the boom year of 2010, the world economy got off to a good start in 2011. Having recovered from the world-wide economic crisis of 2009, everything looked well placed for a continuation of the recovery. However, the upswing soon lost its strength and in 2011 the increase in global production could not match the 5.1% figure of the previous year. According to calculations from the Institute of World Economics at the University of Kiel (IfW), the global gross domestic product nevertheless increased significantly reaching an estimated 3.8%.

The causes of the recovery's braking effect can be found spread over the year, especially in Asia and Europe. In spring, natural disasters in Japan caused an insecurity that was felt globally. This crisis was barely surmounted before the already simmering Euro crisis in Europe escalated, not only hitting the European economy like an avalanche but also negatively affecting demand in the emerging economies – causing a slight cooling, which was intensified by local inflationary tendencies in those markets.

In the USA, an obstructed government and fears of a looming debt crisis did not in fact result in the world-wide dreaded recession, but brought a light stabilization of the gross domestic product with growth of 1.7% and sinking unemployment figures by the year's end.

EU dominated by the Euro crisis

Meanwhile, a crisis with global influence was brewing in the Eurozone. The Euro debt crisis snowballed, gaining avalanche proportions as it rolled across national boundaries. First Greece and then Portugal attempted to master their state debt through austerity budgets, only to slip deeper into recession. The crisis swept over Italy, the third largest Euro-zone economy. The two leading European economies of Germany and France could not take the insecurity out of the markets, causing tangible repercussions on the hitherto positively developed economies. By the end of 2011 the door was wide open for a recession. All told, gross domestic product in the Euro countries rose by 1.5% in 2011.

German economy registers generally favorable figures

With a price-adjusted gross domestic product of 3.0% (according to preliminary calculations of the Federal Office for Statistics), in 2011, the German economy would appear to have continued its recovery (previous year: 3.7%). However, this growth must be attributed to the upswing in the first half of the year. This trend ended in June as, among others, the decrease in export orders shows.

Nevertheless, the German economy remained formidable in 2011 and again reached the same level as before the 2009 crisis. The economic situation was responsible for a minor national deficit: with 1.0% of the gross domestic product, the upper limit of the EU stability pact could once again be reached, after 3 years and in the middle of the Euro crisis.

The rise in private consumer spending was especially pleasing. Preliminary figures from the Federal Office for Statistics indicate it rose 1.6% in 2011 – the highest growth for 15 years.

There were also positive developments in the German employment market. The Federal Employment Office reported a reduction in the average annual unemployment rate, from 7.7% in 2010 to 7.1% in 2011 - that means a yearly average of 2,976,000 Germans was registered as unemployed, 263,000 fewer than in the previous year.

Textile retail trade development

Finishing at par

German textile retail trade did not profit from the general buying mood to the same extent, ending the year at par. According to TextilWirtschaft's Testclub, the panel with the highest membership in German textile retail, on par results were reached with incoming goods of -1%. This indicates equally good closing results as compared to 2010 and was widely considered an acceptable position amongst retailers.

After a promising start with high sales volumes, trade suffered especially from unseasonal weather in many areas. July was unusually cool whereas September was exceptionally warm; overall 2011 counted as one of the 5 warmest years since 1881. Customer insecurity brought on by the Euro-crisis and autumn price increases played their part in damping down the sporadic upswings in textile retail. Bright spots included the Christmas business and a new trend into color which proved lucrative and allowed differentiation of sales areas.

Developments at LUDWIG BECK

Fashion business continues its story of success

In the 2011 fiscal year, LUDWIG BECK succeeded in building on the record year of 2010, ending the year with a branch-adjusted increase in sales of 1.7%. Once again the "Store of the Senses" at Marienplatz generated over 95% of the Group's total sales, retaining its position as prime sales generator. Compared to the previous year the increase in sales rose disproportionally by 2.3%, allowing the Munich department store – thanks to its successful "trading up" strategy introduced in 2003 – to once again finish ahead of the sector.

Product range structure and sales markets

The business operates in retail store sales under the trademark LUDWIG BECK as well as the third party brand Esprit (franchise). The focal point of the business is the Marienplatz store. The product range comprises mostly textile items; in addition, non-textile elements such as cosmetics and audio recordings, also play an important role.

Corporate structure

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

The operative business of LUDWIG BECK AG includes the core business with the flagship store at Marienplatz and its HAUTNAH annex in FÜNF HÖFE as well as the Esprit mono-label store at OEZ in Munich.

After the acquisition of Feldmeier GmbH in October 2011, LUDWIG BECK Beteiligungs GmbH has a direct and indirect interest of 67.7% in Feldmeier GmbH & Co. Betriebs KG (previous year: 50.1%), 67.8% in its general partner LUDWIG BECK Verwaltungs GmbH as well as a 100% interest in LUDWIG BECK Grundbesitz Haar GmbH. The flagship store at Marienplatz in Munich is owned by Feldmeier GmbH & Co. Betriebs KG. Since 2008, LUDWIG BECK Grundbesitz Haar GmbH has owned the operationally essential real estate in Haar near Munich, where the logistics center of LUDWIG BECK AG is located.

Group strategy

Since its foundation by the button-maker and dress trimmer Ludwig Beck 150 year ago, the trademark LUDWIG BECK has been associated with values such as quality and creativity, tradition and modernity, shopping as experiences and sensuality. With an innovative marketing concept, its optimal location in the heart of Munich, not to mention sustained customer loyalty, LUDWIG BECK has managed to secure and maintain a top position amongst leading German retail businesses. With its share of around 95% of the Group's sales, the "Store of the Senses" at Marienplatz along with its HAUTNAH branch at FÜNF HÖFE forms the core of the business.

The enterprise's key appeal lies in the perfect combination of specialized dealer and department store. Customers are offered individual, professional advice by trained salespeople and a quality selection of exclusive fashion, beauty, and lifestyle brands spread over seven floors. LUDWIG BECK's guiding strategy is that of the consistent and comprehensive upgrading of the product range – a measure that has resulted in continual success at a high level since its implementation in 2003.

The internal control system

The LUDWIG BECK control system relies on daily resource planning analyses which provide all the necessary information for controlling inventories, product ranges and the allocation of sales areas in an efficient manner.

Personnel

People – the secret of our success

Figures and statistics can only give a rough guide to the value of a business's staff. LUDWIG BECK can rightly be proud of its workforce. With their loyalty, outstanding knowledge, dedication, immaculate professionalism and indispensable passion, they apply themselves every day to insure competitive capacity, promote customer loyalty, and maintain the distinguished position of their "Store of the Senses" in textile retail. LUDWIG BECK underpins this highly motivated attitude in every employee by implementing future-oriented personnel concepts. Individual strengths and potential are optimally harnessed, thanks to targeted training, advanced training programs, and individual support at the workplace. The company has always valued training, team strength, and the satisfaction of personal needs. All of these in combination guarantee the mutual success of the Group as a whole.

Many professional and managerial positions are held by employees with in-house training. In addition to their vocational school studies, trainees are offered a qualified training program and intensive support in their day to day work through trained mentors. Wide-ranging personnel development programs are specifically aimed at honing a professional attitude in customer relations, customer orientation and leadership qualities. Furthermore, employees benefit from lived values based on open communication, short decision-making processes and a wide scope of action.

In 2011, LUDWIG BECK had an average of 473 employees, the comparable average for the previous year was 513. The reduction can be explained by the closure of nearly all of the branches. With 52 apprentices in 2011, their number remained strong (previous year: 51). In the year under report the number of weighted employees was 338 (previous year: 355).

Marketing

The "Store of the Senses" as tempting brand experience

Marketing and public relations have always held a key function at LUDWIG BECK. Any business that is and wants to remain in public focus must promote its brand image with continuous activities. The 150th company anniversary of LUDWIG BECK in 2011 provided a welcome opportunity.

All year long, LUDWIG BECK was on everyone's lips in Munich. Thanks to intensive marketing, the anniversary celebrations in the Prinzregenten Theatre, the unique installations in the flagship store, or other events large or small to mark the 150th anniversary became the talk of the town. Another marketing feat was the publication of a glossy anniversary magazine. A number of top-class testimonials, promoting the LUDWIG BECK brand in text and images, guaranteed its great public appeal.

Added to that are many successful, ongoing measures to build customer loyalty. LUDWIG magazine is one example; published twice a year since 2007 it informs about the new spring and autumn trends, thus motivating the next visit to the "Store of the Senses". Customers can find everything about fashion, beauty, lifestyle, music, and service on the company's website **www.ludwigbeck.de** – investors, journalists, and others will find a clear picture of the public limited company LUDWIG BECK – its values, structure and business development. LUDWIG BECK AG is also active in social networks under **www.facebook.com/ludwigbeck.hautnah**, where it stages its cosmetics department HAUTNAH to a world-wide fan base. The classics department provided a respected stage for various events such as the BMW Jazz Award and book signings with renowned artists.

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 for the period January 1, 2011 – December 31, 2011

	2011		Previous year		Delta	
	€m	**%**	**€m**	**%**	**€m**	**%**
Gross sales	103.3	119.0	107.2	119.0	-3.9	-3.7
VAT	16.5	19.0	17.1	19.0	-0.6	-3.6
Net sales [NS]	**86.8**	**100.0**	**90.1**	**100.0**	**-3.3**	**-3.7**
Own work capitalized	0.1	0.1	0.1	0.1	0.0	1.4
Other operating income	3.1	3.6	3.5	3.9	-0.4	-11.2
	89.9	**103.6**	**93.6**	**103.9**	**-3.7**	**-3.9**
Cost of materials	42.5	48.9	44.6	49.5	-2.2	-4.8
Personnel expenses	16.7	19.2	17.0	18.9	-0.4	-2.2
Depreciation	2.8	3.2	3.1	3.5	-0.4	-11.3
Cost of office and store	6.5	7.5	7.4	8.2	-0.9	-12.7
Administrative expenses	2.0	2.3	1.5	1.7	0.5	31.9
Sales expenses	3.8	4.4	3.8	4.3	0.0	0.2
Other personnel costs	1.2	1.4	1.2	1.3	0.0	3.2
Insurance and contributions	0.2	0.2	0.2	0.2	0.0	0.3
Other expenses	1.4	1.6	0.9	1.0	0.5	55.7
Sum total of other operating expenses	**15.1**	**17.4**	**15.1**	**16.7**	**0.1**	**0.5**
Earnings before interest and taxes (EBIT)	**12.9**	**14.8**	**13.7**	**15.2**	**-0.9**	**-6.4**
Financial result	-1.6	-1.8	-3.8	-4.3	2.3	-58.8
Earnings before taxes (EBT)	**11.3**	**13.0**	**9.9**	**11.0**	**1.4**	**13.9**
Taxes on earnings	2.5	2.9	3.5	3.8	-1.0	**-27.7**
Comprehensive income	**8.8**	**10.1**	**6.4**	**7.1**	**2.3**	**36.2**
Gross profit	44.3	51.1	45.5	50.5	-1.2	-2.5
EBITDA	15.6	18.0	16.9	18.7	-1.2	-7.3
Operating margin (EBT/net sales) in %	13.0		11.0			
Cost ratio (operating expenses minus corresponding proceeds/net sales) in %	36.2		35.2			
Operating expenses	34.6	39.9	35.3	39.1		

Sales development

In the fiscal year 2011, LUDWIG BECK was able to raise branch-adjusted gross sales by € 1.7m from € 101.6m to € 103.3m. This represents an increase of 1.7%. Branch-unadjusted sales also added up to € 103.3m (previous year: € 107.2m). Net sales amounted to € 86.8m (previous year: € 90.1m). With a disproportionally strong improvement of 2.3% the flagship store at Marienplatz in Munich (incl. FÜNF HÖFE) made a considerable contribution to this result. On account of branch closures in 2010, sales in the textile segment dropped by 5.0% in the fiscal year 2011. Sales in the non-textile segments showed a contrary trend and went up 0.8%.

LUDWIG BECK was once again able to contrast favorably against the general trend in textile retail trade which concluded the fiscal year 2011 on a par with the previous year according to TextilWirtschaft.

Earnings situation

Gross profit came to € 44.3m (previous year: € 45.5m). The 51.1% gross profit margin was clearly above last year's level (50.5%). The gross profit in the textile segment declined 4.0%, while the non-textile segment saw a 1.6% improvement.

Accordingly, the cost of sales ratio improved to 48.9% (previous year: 49.5%). Absolute cost of sales dropped from € 44.6m to € 42.5m.

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 amounted to € 3.2m at the end of the fiscal year 2011 (previous year: € 3.6m).

Operating expenses (other operating expenses, depreciation, personnel expenses) of € 34.6m clearly fell short of last year's level (€ 35.3m) even though extraordinary cost in the amount of € 1.2m were incurred for the 150th anniversary of LUDWIG BECK and € 0.4m for the acquisition of Feldmeier GmbH.

The cost ratio (expenses against corresponding proceeds) relating to net sales was 39.9% (previous year: 39.1%).

Earnings before interest, taxes, and depreciation (EBITDA), including the aforementioned special items, added up to € 15.6m (previous year: € 16.9m). The EBITDA margin relating to net sales was 18.0% in the lapsed fiscal year (previous year: 18.7%).

The operative result (EBIT) was € 12.9m; it had been 13.7m in the previous. The EBIT margin relating to net sales was 14.8% (previous year: 15.2%).

The financial result amounted to € -1.6m (previous year: € -3.8m). In addition to improved financing conditions for the real estate at Marienplatz non-recurring net effects of € 0.8m from the acquisition of Feldmeier GmbH and an external tax audit were taken into account. It also has to be noted that the previous year had been burdened by non-recurring compensation for early discharge in the amount of € 0.7m.

Earnings before taxes (EBT) therefore came to € 11.3m (previous year: € 9.9m).

Taxes on income were also affected by non-recurring effects from the acquisition of Feldmeier GmbH and an external tax audit. The netted positive effect was € 1.1m. Taxes on income added up to € 2.5m in 2011 (previous year: € 3.5m).

Consolidated total revenue amounted to € 8.8m (previous year: € 6.4m).

Consolidated asset situation

Consolidated asset situation as of December 31, 2011

Assets	2011		Previous year	
	€m	%	€m	%
Long-term assets				
Intangible assets	3.2	3.0	3.0	2.8
Property, plant and equipment	89.1	82.8	90.7	83.4
Other assets	0.1	0.1	0.1	0.1
	92.5	**85.9**	**93.9**	**86.3**
Short-term assets				
Inventories	9.5	8.9	8.8	8.1
Receivables and other assets	1.7	1.6	1.3	1.2
Cash and cash equivalents	3.9	3.7	4.8	4.4
	15.2	14.1	14.9	13.7
Balance sheet total	**107.6**	**100.0**	**108.8**	**100.0**

The balance sheet total of the LUDWIG BECK Group stood at € 107.6m as of the effective date December 31, 2011 (previous year: € 108.8m).

In the fiscal year 2011, write-downs in the amount of € 2.8m clearly exceeded investments in fixed assets of € 1.4m leading to an absolute reduction of fixed assets to € 92.3m (previous year: € 93.7m).

Investments mainly concerned the remodeling on the 4th floor of the department store at Marienplatz and investments into a new cash register system.

As of the balance sheet date inventories amounted to € 9.5m thus slightly exceeding last year's level (€ 8.8.m) by € 0.7m.

Consolidated financial situation

Consolidated financial situation as of December 31, 2011

Liabilities	2011		Previous year	
	€m	%	€m	%
Equity	**53.7**	**49.9**	**47.6**	**43.7**
Potential compensation claims by minority shareholders	**0.0**	**0.0**	**9.3**	**8.5**
Long-term liabilities				
Liabilities to banks	27.6	25.7	29.9	27.5
Accruals	0.6	0.6	0.6	0.6
Other financial liabilities	4.1	3.8	3.4	3.2
Deferred tax liabilities	1.2	1.1	3.5	3.2
	33.5	**31.1**	**37.5**	**34.4**
Short-term liabilities				
Liabilities to banks	9.9	9.2	3.4	3.2
Other financial liabilities	0.6	0.5	0.5	0.5
Trade payables	1.4	1.3	1.6	1.5
Accrued taxes	3.6	3.3	3.8	3.5
Other liabilities	5.0	4.7	5.2	4.7
	20.4	**18.9**	**14.5**	**13.3**
Balance sheet total	**107.6**	**100.0**	**108.8**	**100.0**

As a consequence of the positive result achieved in the fiscal year, equity increased from € 47.6m to € 53.7m. Consolidation effects due to the acquisition of Feldmeier GmbH and dividend payments of € 1.3m, as decided by the Annual General Meeting on May 12, 2011, had equity reducing effects. The equity ratio rose from 43.7% to 49.9%.

Short- and long-term liabilities to banks went up € 4.2m from € 33.3m to € 37.5m in the fiscal year. LUDWIG BECK repaid loans in the amount of € 3.2m on schedule. The increase in liabilities was due to the acquisition of Feldmeier GmbH through LUDWIG BECK Beteiligungs GmbH at a price of € 10.1m.

As per effective date December 31, 2011, credit lines for short-term financing have been secured for 2012. Roughly 42% of the short-term credit facility of € 22.0m was utilized for bank guarantees and current account overdrafts. Interest on short-term current account overdrafts was on a variable basis.

Trade liabilities are reported at repayment value. Due to short terms of payment of these liabilities, these amounts equal the market value of liabilities. Payments to supplier are usually made within 10 days in order to make use of cash discount deductions, 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 cost. To the extent possible, non-operational risks are to be excluded.

Consolidated cash flow statement

Consolidated cash flow statement for the period January 1, 2011 – December 31, 2011

	2011	Previous year
	€k	€k
Net profit before taxes	**11,275**	**9,901**
Depreciation of fixed assets	2,793	3,147
Other expenses/income not affecting cash flows (+/-)	26	0
Interest income	-9	-11
Interest expenses	1,972	3,224
Minority interests	-383	624
Loss/profit (+/-) from disposal of fixed assets	23	-49
Operating result before changes to working capital	**15,697**	**16,836**
Increase/decrease (-/+) in assets	-1,077	-335
Increase/decrease (+/-) in liabilities	-395	772
Increase/decrease (+/-) in accruals	0	-851
Cash flow from operating activities (before interest and tax payments)	**14,226**	**16,422**
Interest paid	-1,683	-3,023
Interest received	9	11
Disbursements to minority interests	-79	-676
Taxes on income paid	-5,139	-1,512
Cash flow from operating activities	**7,334**	**11,222**
Proceeds from disposal of fixed assets	3	53
Disbursements for the acquisition of companies	-10,100	0
Disbursements for additions to fixed assets	-1,386	-1,904
Disbursements for additions to plan assets	-93	-93
Cash flow from investing activities	**-11,577**	**-1,944**
Dividend payments	-1,293	-1,293
Acceptance/repayment (+/-) of long-term bank loans	-3,152	-7,141
Acceptance/repayment (+/-) of short-term bank loans	7,313	0
Acceptance/repayment (+/-) of other loans	995	0
Repayment of finance leases	-490	-455
Cash flow from financing activities	**3,372**	**-8,889**
Changes in cash and cash equivalents not affecting cash flows	-871	389
Changes in cash and cash equivalents due to consolidation effects	13	0
Cash and cash equivalents at the beginning of fiscal year	4,796	4,407
Cash and cash equivalents at the end of fiscal year	**3,938**	**4,796**

Cash flow

The cash flow from operating activities went down to € 7.3m in the fiscal year (previous year: € 11.2m), basically on account of substantially increased tax payments of € 5.1m (previous year: € 1.5m).

The cash flow from investment activities added up to € -11.6m (€ -1.9m) in the previous fiscal year because the focus was on the acquisition of Feldmeier GmbH through LUDWIG BECK Beteiligungs GmbH for € 10.1m. In addition thereto, investments into the flagship store at Marienplatz and a new cash register system (€ 1.4m) were made.

In the fiscal year 2011 € 1.3m were spent on dividend distributions for 2010. The cash flow from financing activities reached a total of € 3.4m (previous year: € -8.9m). Bank loans were redeemed on schedule and current account overdrafts and long-term loans were taken out for the acquisition of Feldmeier GmbH.

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 each capital share is €2.56 per no-par share. Direct and indirect capital holdings which represent more than ten in a hundred of the voting rights are listed below.

Direct and indirect holdings

The following companies and individuals directly or indirectly held (at the time of the preparation of the annual financial statements) more than ten in a hundred of the voting rights at LUDWIG BECK:

- INTRO-Verwaltungs GmbH (Reichenschwand) 49.2% (direct)
- Hans Rudolf Wöhrl Verwaltungs GmbH (Reichenschwand) 25.7% (direct)
- Hans Rudolf Wöhrl Vermögensverwaltungs GmbH & Co. KG (Reichenschwand) 25.7% (indirect)
- Hans Rudolf Wöhrl Beteiligungs GmbH (Reichenschwand) 25.7% (indirect)
- Herr Hans Rudolf Wöhrl (Deutschland) 74.9% (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. The Executive Board is composed of a minimum of two persons. Each amendment to the articles of association requires a resolution of the Annual General Meeting (Section 179 pr. 1 Joint Stock Corporation Act (AktG)).

According to section 16 par. 3 of the articles of association, the resolution of the AGM requires a simple majority of the votes cast or, as the case may be, in addition a simple majority of the represented share capital, unless a larger majority or further prerequisites are stipulated by law or the articles of association. This 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.

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

Since the provisions of Sections 315 par. 4 No. 2, No. 4, No. 5, No. 8 and No. 9 of the Commercial Code (HGB) do not apply, no details have to be provided.

Dependency Report

Since no control and profit transfer agreement was concluded with the principle shareholder, the Executive Board of LUDWIG BECK was obligated to prepare a report about relations with associated companies pursuant to Section 312 par. 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 corporation 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 Governance" has been made available to the public on the LUDWIG BECK website at **www.ludwigbeck.de** 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 changes in the competitive climate in retail, caused by the general economic situation, political conditions, and changes in income, require constant realignment of our sales concept according to the needs of our customers in terms of product range and service.

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

With our clear positioning and corporate strategy, we use the opportunities resulting from this constantly 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 a supplier's 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 LUDWIG 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 30% of sales and over 50% of earnings 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/ sales revenues. The risks involved in cash flow fluctuations are monitored and controlled through our financial management section. 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 financial investments. 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.

As a result of the Euro debt crisis and with no end in sight, unforeseeable difficulties and restrictions may come into play for industry and commerce in terms of credit applications to banks. Further escalation and a banking sector under pressure could lead to liquidity constraints.

Risk of bad debt

LUDWIG BECK is exposed to the risks of non-payment of receivables to only a very limited extent, as mail order sales are of a far smaller 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. Mechanisms implemented for the monitoring of cash sales result in low risks for this method of payment. Risks arising from the physical movement of cash, the possibility of fraud and the insolvency of providers are minimized through these services being distributed between several companies.

Legal and tax risks

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

The company has sufficient insurance cover for risks from damages and liability claims, the requirements and conditions of which 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 critical success factors. Besides 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 risks

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

Weather risks

The world-wide climatic change has definitely become a risk factor for retail trade companies. Summers are too cool or 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 caps.

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 low.

Nuclear risks

Severe accidents can occur in any nuclear power plant as a result of technical defects, human errors, terrorist attacks or natural cataclysms, and large amounts of radioactivity can be released into the environment. According to the official "German Risk Study for Nuclear Power Plants – Phase B" which was compiled by order of the Federal Minister for Research and Technology, the probability of a worst case scenario occurring in a German nuclear power plant with a 40-year period of operation lies at 0.1%. More than 150 nuclear power plants are being operated in the European Union. There is a 16% probability of a worst case scenario in Europe. World-wide, approximately 440 nuclear power plants are being run, thus increasing the probability of a worst case scenario in 40 years to 40% on a global level. Potential damages from a nuclear disaster in a highly industrialized country are all but incalculable, as there is no historic data. A worst case scenario in a highly industrialized area would, however, certainly result in long-term damage with significant effects on the economic development of the region.

Macro-economic risks

The combination of comprehensive reflationary programs, rescue packages for financial institutions, and sinking tax receipts led to extraordinarily high budget deficits and record levels of national debt in most industrial nations in historical comparison. Recent developments in Greece and other European nations as well as the USA exemplified how easily investors' concerns about the situation of a country's public finances can spread to other countries as well. Furthermore, high levels of national debt can dampen economic growth in the long term, ultimately endangering monetary stability. The partial or cumulative effects are expected to be seen in a considerably worsening consumer mood as other topics gain much higher priority.

Overall risk

With regard to the 2012 fiscal year, the most significant risks lie in a gross misjudgment of future sales development. On the other hand, there is a chance that several positive factors coincide and 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 has 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 and 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 date base thus integrating the base into the controlling process. Import accounting processes are carried out on a high level basis and are monitored and adjusted by external consultants.

LUDWIG BECK's Group accounting-related risk management system is set up in a way that the risk of misrepresentation would 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 transaction to the management level. Ongoing training regarding changes to the applicable accounting provisions is provided to the management. Continuous advanced training regarding the applicable accounting provisions is provided to the management. Timely training in basic principles set out in the literature is carried out by external providers. External consultants are called in for the implementation and integration of these principles into existing processes 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.

The criteria for adequacy of the 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 contributions to health and nursing insurance and the right to use a company car. Use of the company car constitutes a component of the remuneration for which each member of the Executive Board has to pay personal tax. Loans or advance payments were not extended to the members of the Executive Board in the reporting year.

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

Remuneration of the members of the Executive Board amounted to € 982k in aggregate in the fiscal year 2011 (previous year: € 1,094k).

Individual details are shown in the following chart:

Executive Board remuneration in €k	Annual income								Pension annuity	
	Fixed		Fringe benefits		Bonus		Sum total		Annual value with annuity entitlement as of 12/31	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Dieter Münch	260	260	14	14	223	223	497	497	70	74
Christian Greiner (as of 1/1/2011)	0	260	0	2	0	223	0	485	0	0
Oliver Haller (until 12/31/2010)	360	0	14	0	223	0	597	0	0	0
Total	**620**	**520**	**28**	**16**	**446**	**446**	**1,094**	**982**	**70**	**74**

The above chart also shows pension 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 the age of 63 is reached.

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 a 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 services as a member of the Executive Board.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is determined by the Annual General Meeting and is regulated by the articles of association. The remuneration depends on the duties and responsibilities of the members of the Supervisory Board and the dividend amount distributed by LUDWIG BECK. The remuneration of the Supervisory Board consists of a fixed component and a variable component.

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

The chairman of the Board receives double the amount 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:

Supervisory Board remuneration in €k	Fixed		Variable		Total	
	2010	2011	2010	2011	2010	2011
Dr. Joachim Hausser	23	23	2	2	25	25
Gerhard Wöhrl	16	0	1.5	0	17.5	0
Dr. Lutz Helmig (2011 pro rata)	12	5	1	0	13	5
Christian Greiner	12	0	1	0	13	0
Hans Rudolf Wöhrl	0	16	0	1.5	0	17.5
Gabriele Keitel	10	10	1	1	11	11
Edda Kraft (2011 pro rata)	0	6	0	1	0	7
Dorothee Neumüller	10	10	1	1	11	11
Dr. Steffen Stremme	0	13	0	1	0	14
Total	**83**	**83**	**8**	**8**	**91**	**91**

Dr. Lutz Helmig ended his membership in the Supervisory Board with the completion of the General Meeting on May 12, 2011. Ms. Edda Kraft was elected to the Supervisory Board as his successor; thus their remuneration for the 2011 fiscal year was on a pro rata basis.

Member of the Supervisory Board Mr. Gerhard Wöhrl handed in his resignation from the Supervisory Board on March 22, 2010, effective at the end of December 31, 2010. In his place Dr. Steffen Stremme was elected to the Supervisory Board as shareholder representative effective January 1, 2011.

A position on the Supervisory Board became vacant with Mr. Christian Greiner's move from the Supervisory Board to the Executive Board. His position was taken by substitute member Mr. Hans Rudolf Wöhrl, who joined the Supervisory Board effective January 1, 2011.

Designated sponsoring services were contracted from Viscardi AG to the value of € 30k (previous year: € 35k). Viscardi AG is closely related to Dr. Joachim Hausser and Mr. Dieter Münch.

In addition to this, the instrumental shareholders INTRO Verwaltungs GmbH (49.2%), Hans Rudolf Wöhrl Verwaltungs GmbH (25.7%), and indirectly Mr. Hans Rudolf Wöhrl, being a shareholder of both companies, as well as all companies affiliated with the aforementioned three parties are to be reported as closely related parties. In the fiscal year, business to the value of € 29k (previous year € 20k) was conducted between companies of the LUDWIG BECK Group and a subsidiary of INTRO Verwaltungs GmbH. The business was conducted on an arm's length basis.

Forecast Report

World economy faces risk of recession

The World Bank is painting a pessimistic scenario for the current 2012 fiscal year as a result of the unforeseeable impact of the Euro crisis. According to their economic expectations, the world economy will grow by just 2.5% this year and 3.1% in the following year. The Euro zone risks entering recession with a reduction in economic output of 0.3% in the current year and slight growth of 1.1% in 2013.

Analysts agree that 2012 will be a tough year for industrial nations, as well as newly industrialized and emerging economies, which risks bringing a crisis like that of 2008/2009. No region of the world would be spared the impact.

The World Bank assumes that higher rates of value added growth will be experienced in less developed nations than in the leading industrial nations. In 2012, China will remain the world's economic motor with growth of 8.4% - although it will noticeably lose some momentum.

Europe may have managed to avoid the burning itself through the rescue umbrella of the EFSF and the intervention of the European Central Bank, but the incalculable risk remains that the capital markets continue freezing and the European crisis takes on global dimensions with serious implications as experienced during the meanwhile overcome Lehmann crisis.

A new financial crisis would affect banks and financial institutions on both sides of the Atlantic, if more countries are denied access to capital. Industrial and emerging economies have all but exhausted their reserves of counter-measures during the past crisis and would be unable to recover as quickly from a new onslaught as was possible in 2010.

Germany defies the crisis

Economic researchers from Kiel's Institute for World Economics reckon with economic growth of just 0.4% for the current year. Despite crisis driven lasting insecurity in German households and businesses and slowing impulses from export trade, Germany will remain spared from a recession.

In fact, German financial experts even believe positive economic development may bring stability to the markets at the current levels, at least in the first half of 2012. This optimism is based on the unexpectedly strong rise in the economic index released by the Centre for European Economic Research (ZEW). It rose by 32.2 points in January 2012 – the largest increase since the launch of the poll in 1991. This may have been the result of positive trends in the US economy and the fact that Italy and Spain were able to issue state loans at lower rates of return than expected. The risk, however, of debt crisis remains, according to ZEW experts, but rather than a recession, an economic slump is to be feared.

Deutsche Bank believes that Germany has the potential to solve the national debt crisis in the long term; however, this would affect the national economy throughout the year. While it is true that national finances are relatively healthy and private households are not excessively in debt, it serves to highlight dependence on exports. 60% of German exports are to European countries, at the same time demand from the emerging economies is flattening off. The effects of the debt crisis on inland demand can be felt. As a result, Deutsche Bank anticipates an average unemployment rate of 7.25%.

On the one hand, the bank sees a positive effect from low inflation which they forecast at 1.5% as well as a reduction in pension insurance contributions. These represent an actual increase in income for German citizens.

For 2012, the German Association of Chambers of Commerce and Industry (DIHK) expects Germans to maintain private consumption at the sound level of the previous year, despite the Euro debt crisis and anticipates robust inland demand. The German Federal Bank forecasts a price-adjusted increase in private spending of 1.25% in the current fiscal year and 1.5% in 2013 – following 1.5% in 2011.

The Association for Consumption Research (GfK) foresees increased consumer income expectancy for 2012, flowing into a shopping mood that is primarily targeted at value-holding consumer products, as the option of investing in savings is less attractive in times of low returns. Nevertheless, a very optimistic and stable consumer behavior is to be expected in any event.

LUDWIG BECK to continue its series of successes

The LUDWIG BECK management shares the cautiously optimistic expectations of the economic experts and sees the German economy on a good path, albeit in the shadow of the Euro crisis. The same goes for the German consumer climate, whereas LUDWIG BECK has already outperformed the branch index a number of times in the past years and fully expects to continue on the same path in the current year.

The Group's leadership can rely on the steady foundations of the company's own business trends, independent of the forecasts for private consumer spending development. LUDWIG BECK conducts its business under solid asset, finance, and earnings conditions and is well prepared even in times of a flagging disposition to buy.

The "Store of the Senses" – the LUDWIG BECK flagship at Munich's Marienplatz – is a department store without comparison for customers from around the world, a place where premium shopping is transformed into sensual experience: Located on one of Europe's most frequented squares, it showcases exclusive brands to create strong identification between the multiplicity of renowned labels and the top brand loyalty of its faithful customers. This goal is realized through the comprehensive upgrading of the complete product range through the "trading up" strategy, creative displays, and magnetic interior concepts. The management is committed to pursuing this path and further cementing LUDWIG BECK's leading position amongst German fashion department stores in the areas of fashion, beauty, and lifestyle.

In addition to this, sustainable cost optimization remains a central topic at LUDWIG BECK. The management is convinced that the implementation of efficient processes and structures forms an essential foundation for the future growth of the company.

LUDWIG BECK's employees will continue to provide a huge contribution to the security of the company's success in 2012. Their dedication, qualifications, and identification with the LUDWIG BECK brand are – and remain – the most important pre-requisites for reaching the traditionally highly placed goals.

Confident of this, the LUDWIG BECK Executive Board expects a branch-adjusted increase in sales of between 2% and 3%, and earnings before taxes (EBT) of between € 10.0m and € 12.0m. The management expects trading volumes to grow by approximately 2% in the textile segment and by approximately 3% in the non-textile segment.

Munich, February 3, 2012

The Executive Board

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Consolidated Balance Sheet

Consolidated balance sheet of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, as of December 31, 2011, acc. to IASB

Assets		Notes	12/31/2011 €k	12/31/2010 €k
A.	**Long-term assets**			
I.	Intangible assets	(1)	3,226	3.022
II.	Property, plant and equipment	(2)	89,096	90,733
III.	Other assets	(3)	143	143
	Total long-term assets		**92,465**	**93,898**
B.	**Short-term assets**			
I.	Inventories	(4)	9,530	8,773
II.	Receivables and other assets	(5)	1,694	1,300
III.	Cash and cash equivalents	(6)	3,938	4,796
	Total short-term assets		**15,162**	**14,869**
			107,627	**108,767**

Liabilities		Notes	12/31/2011 €k	12/31/2010 €k
A.	**Sharesholders`equity**			
I.	Subscribed capital	(7)	9,446	9,446
II.	Capital reserves	(7)	3,459	3,459
III.	Profit accrued	(7)	31,913	19,556
IV.	Equity participation acc. to "anticipated acquisition method"	(7)	8,922	15,094
	Total shareholders`equity		**53,740**	**47,555**
B.	**Potential compensation claim by minority shareholders**	(8)	**0**	**9,263**
C.	**Long-term liabilities**			
I.	Liabilities to banks	(10)	27,638	29,918
II.	Accruals	(9)	603	603
III.	Other financial liabilities	(10)	4,101	3,436
IV.	Deferred tax liabilities	(11)	1,161	3,511
	Total long-term liabilities		**33,502**	**37,467**
D.	**Short-term liabilities**			
I.	Liabilities to banks	(10)	9,872	3,431
II.	Other financial liabilities	(10)	552	490
III.	Trade liabilities	(10)	1,367	1,586
IV.	Tax liabilities	(10)	3,574	3,810
V.	Other liabilities	(10)	5,021	5,164
	Total short-term liabilities		**20,384**	**14,481**
	Total dept (B. – D.)		**53,886**	**61,212**
			107,627	**108,767**

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, 2011 – December 31, 2011, acc. to IASB

	Notes	1/1/2011 – 12/31/2011 €k	1/1/2011 – 12/31/2011 €k	1/1/2010 – 12/31/2010 €k	1/1/2010 – 12/31/2010 €k
1. Sales revenues	(12)				
- Sales (gross)		103,278		107,208	
- minus VAT		16,478		17,100	
- Sales (net)			86,800		90,109
2. Other own work capitalized	(13)		51		50
3. Other operating income	(14)		3,085		3,475
			89,936		**93,634**
4. Cost of materials	(15)	42,488		44,645	
5. Personnel expenses	(16)	16,673		17,047	
6. Depreciation	(17)	2,793		3,147	
7. Other operating expenses	(18)	15,128	77,081	15,057	79,896
8. EBIT			**12,855**		**13,738**
9. Financial result	(19)		-1,579		-3,837
- Of which financial expenses: € 1,972k (previous year: € 3,224k) - Of which minority interests: € - 384k (previous year: € 624k)					
10. Earnings before taxes on income			**11,276**		**9,901**
11. Taxes on income	(20)		2,504		3,462
12. Consolidated net income			**8,772**		**6,439**
13. Minority interests in consolidated net income			-1		0
14. Consolidated net income after minority interests			**8,771**		**6,439**
15. Expenditure and income recognized directly in equity					
Derivative financial instruments			6		2
16. Comprehensive income			**8,777**		**6,441**
Earnings per share diluted and undiluted in Euro	(21)		2.37		1.74
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, 2011 – December 31, 2011

	Subscribed capital (7)	Capital reserve (7)	Accumulated profit (7)	Equity participation acc. to "anticipated acquisition method" (7)	Total
	€k	€k	€k	€k	€k
As of 1/1/2011	**9,446**	**3,459**	**19,556**	**15,094**	**47,555**
Consolidated net income	0	0	8,772	0	8,772
Dividend payments	0	0	-1,293	0	-1,293
Reclassification of minority interests due to acquisition of Feldmeier GmbH	0	0	4,873	-4,873	0
Change in equity participation item acc. to "anticipated acquisition method"	0	0	0	-1,299	-1,299
Change in income and expenditure recognized in consolidated shareholders' equity	0	0	6	0	6
As of 12/31/2011	**9,446**	**3,459**	**31,913**	**8,922**	**53,740**

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

	Subscribed capital (7)	Capital reserve (7)	Accumulated profit (7)	Equity participation acc. to "anticipated acquisition method" (7)	Total
	€k	€k	€k	€k	€k
As of 1/1/2010	**9,446**	**3,459**	**14,408**	**15,439**	**42,752**
Consolidated net income	0	0	6,439	0	6,439
Dividend payments	0	0	-1,293	0	-1,293
Change in equity participation item acc. to "anticipated acquisition method"	0	0	0	-345	-345
Change in income and expenditure recognized in consolidated shareholders' equity	0	0	2	0	2
As of 12/31/2010	**9,446**	**3,459**	**19,556**	**15,094**	**47,555**

Consolidated Cash Flow Statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period from January 1, 2011 – December 31, 2011, acc. to IASB

	1/1/2011 – 12/31/2011	1/1/2010 – 12/31/2010
	€k	€k
Earnings before taxes on income	11,275	9,901
Adjustments for:		
Depreciation	2,793	3,147
Other expenditure/income not affecting cash flows (+/-)	26	0
Interest income	-9	-11
Interest expenses	1,972	3,224
Minority interest profit	-383	624
Losses/profits (+/-) from disposals of fixed assets and intangible assets	-3	-49
Operating result before changes to working capital	**15,697**	**16,836**
Increase/decrease (-/+) in assets:		
Inventories	-757	- 425
Trade receivables	-141	83
Other assets	-179	7
Increase/decrease (+/-) in liabilities:		
Trade payables	-219	307
Other liabilities	-175	465
Increase/decrease (+/-) in accruals:		
Other accruals	0	-851
Cash flow from operating activities (before interest and tax payment)	**14,226**	**16,422**
Interest paid	-1,683	-3,023
Interest received	9	11
Disbursements to minorities	-79	-676
Taxes on income paid	-5,139	-1,512
Cash flow from operating activities	**7,334**	**11,222**

(continued next page…)

	1/1/2011 – 12/31/2011	1/1/2010 – 12/31/2010
	€k	€k
Cash flow from operating activities	**7,334**	**11,222**
Proceeds from disposals of fixed assets	3	53
Disbursements for acquisition of companies	10,100	0
Disbursements for investments in intangible assets and fixed assets	-1,386	-1,904
Disbursements for investments in plan assets	-93	-93
Cash flow from investing activities	**-11,577**	**-1,944**
Dividend payments	-1,293	-1,293
Acceptance/repayment (+/-) of long-term bank loans	-3,152	-7,141
Acceptance/repayment (+/-) of short-term bank loans	7,313	0
Acceptance/repayment (+/-) of other loans	995	0
Repayment of finance leases	-490	-455
Cash flow from financing activities	**3,372**	**-8,889**
Changes in cash and cash equivalents not affecting cash flows	-871	389
Changes in cash and cash equivalents due to consolidation effects	13	0
Cash and cash equivalents at beginning of fiscal year	4,796	4,407
Cash and cash equivalents at the end of fiscal year	**3,938**	**4,796**

Consolidated Notes

to the IFRS-compliant consolidated financial statements for the fiscal year 2011 of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG Munich

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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 HR B 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, 2011 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 2011 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 per the balance sheet dates December 31, 2011 and December 31, 2010. 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, 2011 to December 31, 2011 and from January 1, 2010 to December 31, 2010. 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, 2012. The Executive Board will afterwards 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, 2011:

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	67.80%
Feldmeier GmbH & Co. Betriebs KG	Germany	67.67%
Feldmeier GmbH	Germany	100.0%
LUDWIG BECK Grundbesitz Haar GmbH	Germany	100.0%

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

By sale contract of October 21, 2011, 100% of Feldmeier GmbH, Munich, and consequently another 17.57% in Feldmeier GmbH & Co. Betriebs KG, the company holding the real estate at Marienplatz in Munich, were acquired by LUDWIG BECK Beteiligungs GmbH for the purchase price of € 10.100k.

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.

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.

In the previous year, potential compensation claims of minority shareholders from minority interests in Feldmeier GmbH & Co. Betriebs KG on the one hand, and an equity component were reported in line with the anticipated acquisition method. Reporting of the equity component was in accordance with IAS 32 and IAS 1. As a result of the acquisition of Feldmeier GmbH, potential compensation claims of minority shareholders no longer had to be recognized as per December 31, 2011. The supplementary item from minority interests was redefined as equity component in line with the "anticipated acquisition method".

No differences in amount resulted from other 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 past 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, 2011:

- IAS 24 (revised) — Related party disclosures
- IAS 32 — Financial instruments presentation
- Amendments to IFRS 1 — Exceptions concerning comparative disclosures required by IFRS 7
- Amendments to IFRS 7 — Details concerning transfer of financial assets
- IFRIC 19 — Extinguishing financial liabilities with equity instruments
- IFRIC 14 — Interaction between minimum funding requirements and the upper limits placed by IAS 19

- Annual Improvements Project, May 2010: Amendments to
  - IAS 1: — Presentation of financial statements
  - IAS 27: — Consolidated and separate financial statements, including resulting consequential amendments to IAS 21, IAS 31 and IAS 38
  - IAS 34: — Interim financial reporting
  - IFRS 1: — First-time application of International Financial Reporting Standards
  - IFRS 3: — Business combinations, including resulting consequential amendments to IFRS 7, IAS 32 and IAS 39;
  - IFRS 7: — Financial instruments disclosures
  - IFRIC 13: — Customer loyalty programs

Application of the aforementioned amendments had no major effect on the presentation of the consolidated financial statements.

The following standards and interpretations may already be voluntarily applied by entities as of the fiscal year commencing on January 1, 2011:

- IAS 19 (revised) — Employee benefits
- Amendments to IFRS 7 — Financial instruments: Disclosures about transfers of financial assets
- IFRS 10 — Consolidated financial statements
- IFRS 11 — Joint arrangements
- IFRS 12 — Disclosure of interests in other entities
- IAS 27 (amended in 2011) — Separate financial statements
- IAS 28 (amended in 2011) — Investments in associates and joint ventures
- IFRS 13 — Fair value measurement

LUDWIG BECK AG assumes that the application of the new standards will not have any major effect on the presentation of the assets, financial and earnings situation in the consolidated financial statements.

3. Currency translation applied by consolidated companies

There is no hedging for foreign currency.

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 relevant 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 93. As per December 31, 2011, 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.

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 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) was applied to the portions attributable to LUDWIG BECK Beteiligungs GmbH and Feldmeier GmbH. Due to trade tax reduction regulations relating to Feldmeier GmbH & Co. Betriebs KG trade tax was not taken into account for these temporary differences. There are no group taxes on profit/loss shares attributable to minority interests.

Deferred tax assets and liabilities were offset according to 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 assets

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.

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 obligations
The actuarial valuation of pension obligations 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 transactions 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 them 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 swaps 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 risks. No major risk are discernible as per the balance sheet date. Areas of risk from financial assets and liabilities can be subdivided into liquidity, credit and interest risks.

Liquidity risk

The term generally describes the risk that the LUDWIG BECK Group would 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 framework credit 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 € 22.0m were available until further notice; approximately 42% (including BANK GUARANTEES taken out) have been utilized 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 would only occur in case of deteriorating credit standing or if cash flows forecast 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 primary 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 is 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
€ 1,300k	cash flow hedge	2 years	€ -27k

Derivative financial instruments in the form of interest rate swaps are only concluded to reduce the risk involved in fixed-term loans subject to variable interest. The amount to be hedged is closely related to the development of the loan transaction meaning that it will decrease over the term. Framework credit facilities are not subject to interest rate hedging. Interest rate hedging contracts are termed as cash flow hedges.

In the fiscal year valuation losses from interest rate swaps in the amount of € 27k from current cash flow hedges were offset against equity capital without profit/loss effect; asset-side deferred taxes in the amount of € 9k were taken into account. There were no ineffective cash flow hedges.

Interest risk

The LUDWIG BECK Group also uses framework credit facilities 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, 2011 without consideration of taxes would amount to € - 25k (previous year: € - 24k). If interest rates would drop 100 basis points, the effect on consolidated earnings as per December 31, 2011 without consideration of taxes would amount to € 25k (previous year: € 24k).

15. Changes in accounting and valuation methods

Accounting and valuation principles remained unchanged in comparison to 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 comprises 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, 2011 – December 31, 2011

	Acquisition/production costs								Depreciation	
	As of 1/1/2011 *1/1/2010*	Addition	Disposal	Reclassification	As of 12/31/2011 *12/ 31/2010*	Cumulative Depreciation	Book value 12/31/2011 *12/31/2010*	Book value 12/31/2010 *12/31/2009*	total 2011 *2010*	thereof IAS 36 2011 *2010*
	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
I. Intangible assets										
1. Software, industrial and similar rights	**1,923**	**223**	**0**	**209**	**2,355**	**1,168**	**1,187**	**982**	**228**	**0**
Previous year	*1,779*	*143*	*0*	*0*	*1,923*	*940*	*982*	*986*	*147*	*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*
	5,321	**223**	**0**	**209**	**5,753**	**2,528**	**3,226**	**3,022**	**228**	**0**
Previous year	*5,178*	*143*	*0*	*0*	*5,321*	*2,300*	*3,022*	*3,025*	*147*	*0*
II. Property, plant and equipment										
1. Land, land rights and buildings, including buildings on third party land	**107,033**	**485**	**1,011**	**22**	**106,530**	**21,917**	**84,613**	**85,577**	**1,445**	**0**
Previous year	*107,679*	*726*	*1,447*	*75*	*107,033*	*21,456*	*85,577*	*86,342*	*1,563*	*0*
2. Other fixtures and fittings, tools and equipment	**15,676**	**540**	**3,402**	**84**	**12,898**	**8,552**	**4,346**	**4,842**	**1,120**	**0**
Previous year	*17,129*	*748*	*2,383*	*182*	*15,676*	*10,835*	*4,842*	*5,349*	*1,437*	*0*
3. Payments on account and assets under construction	**315**	**137**	**0**	**-315**	**137**	**0**	**137**	**315**	**0**	**0**
Previous year	*286*	*286*	*0*	*-258*	*315*	*0*	*315*	*286*	*0*	*0*
	123,025	**1,163**	**4,413**	**-209**	***119,565***	**30,469**	**89,096**	**90,733**	***2,565***	**0**
Previous year	*125,095*	*1,761*	*3,831*	*0*	*123,025*	*32,291*	*90,733*	*91,977*	*3,001*	*0*
	128,346	***1,386***	**4,413**	**0**	***125,319***	***32,997***	***92,322***	**93,755**	***2,793***	**0**
Previous year	*130,272*	*1,904*	*3,831*	*0*	*128,346*	*34,591*	*93,755*	*95,002*	*3,147*	*0*

Intangible assets
Intangible assets only comprise assets acquired on a payment basis.

Intangible assets (industrial property rights and similar rights) can be subdivided as follows:

	12/31/2011	12/31/2010
	€k	€k
Software, industrial property rights and similar rights	1,187	982
Brand name	2,039	2,039
	3,226	**3,022**

The useful life span 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. Additions during the fiscal year in the amount of € 223k 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". Impairment tests are made on an annual basis. The recoverable amount equals 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% as well as a gross profit margin of 45% and cost indexation of 1.5% were assumed.

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

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 compa-nies (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 2011 in the amount of € 485k mainly concern the building at Marienplatz.

Real estate at Marienplatz

The land was valued at € 68,779k on September 1, 2001. Within the scope of initial consolidation the building (September 1, 2001: € 3,527k) is depreciated over 30 years in annual rates of € 118k (December 31, 2011: € 2,312k) as of the date of acquisition. 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 € 30,350 (previous year: € 30,709k).

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 the real estate leasing agreement Haar 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 have been 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 2011:

As of 1/1/2011	€k	2,171
Depreciation 2011	€k	234
As of 12/31/2011	€k	1,937

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 2011 amounting to € 540k in aggregate mainly concern fixtures and fittings for the flagship store at Marienplatz.

Payments on account and assets under construction amounted to € 137k as per December 31, 2011 (previous year: € 315k).

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 have been 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 2011:

As of 1/1/2011	€k	41
Depreciation 2011	€k	25
As of 12/31/2011	€k	16

(2) Deferred taxes

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

	12/31/2011		12/31/2010	
	Asset-side	**Liability-side**	**Asset-side**	**Liability-side**
	€k	**€k**	**€k**	**€k**
Buildings	3		7	
Tenant loans	186		177	
Leasing		291		213
Other accruals		7		7
Brand name		673		673
Non-interest-bearing liabilities		33		30
Property		368		2,747
Plant and equipment		9		27
Other	31		2	
Sum total	**220**	**1,381**	**186**	**3,697**
Net balance of deferred taxes	-220	-220	-186	-186
Total stated in consolidated balance sheet	**0**	**1,161**	**0**	**3,511**

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 concerned (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 property in the tax balance sheet of Feldmeier GmbH & Co. Betriebs KG and the IFRS balance sheet. In the lapsed fiscal year the former share of 50.1% in Feldmeier KG was raised to 67.67%. Prior to the share transfer the remaining minority shareholders of Feldmeier KG, in their estate planning arrangements, have made provisions for their shares in Feldmeier KG (32.33% in aggregate) to pass to LUDWIG BECK Beteiligungs GmbH after their demise. Consequently, 100% of the property at Marienplatz, Munich, will be under the umbrella of LUDWIG ECK AG in the future. Under these circumstances, the sale of the real estate company is to be considered as the most probable realization proposition (instead of selling the property itself). As a result, previously formed deferred tax liabilities in the amount of € 2,747k were changed to € 368k.

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)

Other long-term assets exclusively concerning rent advances are shown under this item for materiality reasons. Said deferred item (prepaid expenses) in the amount of € 143k will be written back as per December 31, 2039. Rent advances will be offset against the last rent payments to the contractual partner upon termination of the rental agreement.

(4) Inventories

Inventories consist of the following items:

	12/31/2011	12/31/2010
	€k	**€k**
Raw material and supplies (at cost)	145	142
Merchandise (at cost)	*10,277*	9,517
less impairment of merchandise	*-892*	*-886*
	9,530	**8,773**

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 less 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, write-down amounted to € 892k (previous year: € 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 0.31% (previous year: 0.47%); hence valuation allowance amounted to € 227k (previous year: € 351k).

In the reporting period inventories in the amount of € 42,481 (previous year: € 44,885k) were carried as expense (cost of goods sold before adjustment of valuation allowance on net realizable value).

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

Receivables and other assets comprise the following:

	12/31/2011	12/31/2010
	€k	**€k**
Trade receivables	797	656
Other assets	725	477
Deferred item	171	167
	1,694	**1,300**

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:

	12/31/2011	12/31/2010
	€k	**€k**
Total receivables	801	657
less allowances	4	1
Inventory of receivables	**797**	**656**

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:

	12/31/2011	12/31/2010
	€k	€k
Debit-side creditors	86	79
Other	639	398
	725	**477**

Other assets mainly concern accounts receivable from rental agreements (€ 189k) and receivables from cost sharing schemes (€ 313k).

Deferred item
The deferred item concerns various expenses representing costs in the amount of € 171k (previous year: € 167k) 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.

Cash and cash equivalents contain the following items:

	12/31/2011	12/31/2010
	€k	€k
Cash-in-hand	302	362
Bank balances	3,636	4,434
	3,938	**4,796**

Bank balances receive interest between 0.0% and 0.5% p.a. as per the relevant date. 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 2011 we refer to the equity statement.

The company's capital management objectives focus mainly on:

- Safeguarding financing and liquidity on an ongoing basis
- Ensuring befitting credit rating
- Procuring adequate interest on equity

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 ongoing business is paramount.

The group monitors equity by means of various equity key figures such as equity ratio and return on equity. The equity ratio is determined by putting economic equity in relation to the balance sheet total. Economic equity of the LUDWIG BECK Group corresponds to 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, 2011 (December 31, 2010: 3,695,000). The no-par shares are issued to bearer and represent a € 2.56 share of the equity capital each. The share capital was fully paid up. In the fiscal year 2011, 3,695,000 shares were outstanding on average. All ordinary shares are entitled to the profit distribution resolved by the General Meeting. In the fiscal year 2011 dividend payments for 2010 amounted to € 1,293k.

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

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.

Equity participation according to the "anticipated acquisition method"

As of 1/1/2011	€k	15,094
Change	€k	-6,172
As of 12/31/2011	€k	8,922

As a result of the acquisition of all shares in Feldmeier GmbH the item "supplementary item from minority interests" was renamed "equity participation according to the anticipated acquisition method".

The item equity participation in accordance with the "anticipated acquisition method" describes the arithmetic capital share of minority shareholders in Feldmeier GmbH & Co. Betriebs KG exceeding the amount of their compensation claim pursuant to IAS 32.18. LUDIWIG BECK assumes that no compensation claims of minority shareholders will be asserted in the near future.

Minority shareholders of Feldmeier GmbH & Co. Betriebs KG, the company holding the real estate at Marienplatz in Munich, in their estate planning arrangements, have made provisions for their shares in Feldmeier GmbH & Co. Betriebs KG amounting to 32.33% in aggregate to pass to LUDWIG BECK Beteiligungs GmbH upon their demise.

By sale contract of October 21, 2011, all shares in Feldmeier GmbH, Munich, and consequently another 17.57% in the real estate at Marienplatz in Munich were acquired by LUDWIG BECK Beteiligungs GmbH for the purchase price of € 10.100k. As a result no compensation claim had to be carried in the consolidated balance sheet of LUDWIG BECK AG as per December 31, 2011 (see (8)). The decline in equity participation according to the "anticipated acquisition method" was basically due to the de-recognition of Feldmeier GmbH under minorities.

The arithmetic capital shares of the minority shareholders will automatically be added to the group's equity and thus to accumulated profits upon the minority shareholders' demise.

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, 2011 is as follows:

INTRO Verwaltungs GmbH, Reichenschwand	49.2%
Hans Rudolf Wöhrl Verwaltungs GmbH, Reichenschwand	25.7%
OST-WEST Beteiligungs- und Grundstückverwaltungs AG, Cologne	5.0%
Free float (investors holding less than 5%)	20.1%

LUDWIG BECK AG received the following notifications pursuant to Section 21 par. 1 Securities Trading Law in the fiscal year 2011:

Indirect shareholding:
Hans Rudolf Wöhrl Vermögensverwaltungs GmbH & Co. KG, Reichenschwand, Germany, reported on January 5, 2011 that it exceeded the 3%, 5%, 10%, 15% und 20% thresholds of voting rights in LUDWIG BECK AG on December 22, 2010 and held 20.97% at that date. This corresponds to 775,000 votes.

Indirect shareholding:
Die Hans Rudolf Wöhrl Beteiligungs GmbH, Reichenschwand, Germany, reported on January 5, 2011 that it exceeded the 3%, 5%, 10%, 15% und 20% thresholds of voting rights in LUDWIG BECK AG on December 22, 2010 and held 20.97% at that date. This corresponds to 775,000 votes.

Direct shareholding:
Hans Rudolf Wöhrl Verwaltungs GmbH, Reichenschwand, Germany, reported on March 25, 2011 that it exceeded the 25% threshold of voting rights in LUDWIG BECK AG on March 24, 2011 and held 25.35% at that date. This corresponds to 936,545 votes.

Indirect shareholding:
Hans Rudolf Wöhrl Vermögensverwaltungs GmbH & Co. KG, Reichenschwand, Germany, reported on March 25, 2011 that it exceeded the 25% threshold of voting rights in LUDWIG BECK AG on March 24, 2011 and held 25.35% at that date. This corresponds to 936,545 votes.

Indirect shareholding:
Hans Rudolf Wöhrl Beteiligungs GmbH, Reichenschwand, Germany, reported on March 25, 2011 that it exceeded the 25% threshold of voting rights in LUDWIG BECK AG on March 24, 2011 and held 25.35% at that date. This corresponds to 936,545 votes.

Direct shareholding:
GVC Gesellschaft für Venture Capital Beteiligungen mbH, Munich, Germany, reported on March 28, 2011 that it fell below the 3% threshold of voting rights in LUDWIG BECK AG on March 24, 2011 and held 0.0% at that date. This corresponds to 0 votes.

Indirect shareholding:
Mr. Gerhard Wöhrl, Germany, reported on March 29, 2011 that he fell below the 3% threshold of voting rights in LUDWIG BECK AG on March 24, 2011 and held 0.0% at that date. This corresponds to 0 votes.

(8) Potential compensation claim of minority shareholders

Since LUDWIG BECK Beteiligungs GmbH – subsidiary of the LUDWIG BECK AG Group - acquired the shares in Feldmeier GmbH, Munich, and thus another 17.57% of the real estate at Marienplatz in Munich on October 21, 2011, for the purchase price of € 10,100k, the item potential compensation claim of minority shareholders had to be amended as per the balance sheet date and is now carried at € 0k (previous year: € 9,263k).

(9) Accruals

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

	As of 1/1/2011	Utilization	Release	Addition	As of 12/31/2011
	€k	€k	€k	€k	€k
Repair and maintenance obligation	603	0	0	0	603
Previous year	*588*	*0*	*0*	*15*	*603*

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. No adjustment was required in the fiscal year.

Pension commitments
Pension commitments are established for employee benefit schemes providing for retirement, disability and surviving dependents' 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 bal-ance 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 which shall make payments 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 asset.

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

	2011	2010
	€k	€k
Cash value of pension obligation as of 1/1	1,302	1,188
Current service cost	33	31
Interest costs	67	62
Actuarial profits (-)/losses (+)	0	21
Cash value of pension obligation as of 12/31	1,402	1,302
Actuarial profits (+)/losses (-) not shown in the balance sheet	0	-21
Carrying amount of pension obligation before offsetting	**1,402**	**1,281**

	2011	2010
	€k	€k
Cash value of plan assets as of 1/1	-1,352	-1,224
Contributions to plan assets	-93	-93
Return on plan assets	-46	-35
Cash value of plan assets as of 12/31	-1,491	-1,352
Remaining difference as of 12/31	**-89**	**-50**

As of December 31, 2011 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 € 1.188k as of December 31, 2009 and to € 1,000k as of December 31, 2008. Plan assets amounted to € 1,224k as of December 31, 2009 and to € 1,109k as of December 31, 2008.

As of December 31, 2011 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. On account of the relevant contractual terms and conditions no exceeding asset value can be attributed to the company.

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

	2011	2010
Discount factor	5.14%	5.15%
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 variations) from the original calculation parameters.

The company expects service costs in the amount of € 35k and interest costs in the amount of € 72k as well as plan asset yields in the amount of € 40k for the fiscal year 2012. Deposits to plan assets are expected to remain unchanged.

(10) Liabilities

	Sum total	Residual term up to one year	between 1 and 5 years	over 5 years
	€k	€k	€k	€k
1. Liabilities to banks	37,509	9,872	2,385	25,252
previous year	*33,349*	*3,431*	*16,961*	*12,957*
2. Other financial liabilities	4,653	552	3,336	765
previous year	*3,926*	*490*	*3,436*	*0*
3. Trade liabilities	1,367	1,367	0	0
previous year	*1,586*	*1,586*	*0*	*0*
4. Tax liabilities	3,574	3,574	0	0
previous year	*3,810*	*3,810*	*0*	*0*
5. Other liabilities	5,021	5,021	0	0
previous year	*5,164*	*5,164*	*0*	*0*
- Tax-related: € 1,620k (previous year : € 1,728k) - Social security-related: € 3k (previous year : € 1k)				
12/31/2011	**52,124**	**20,386**	**5,721**	**26,017**
previous year	*47,835*	*14,481*	*20,397*	*12,957*

Interest-bearing liabilities (€ 26,950k) concerning the "Marienplatz" property are secured as follows:

Land charge, Hypothekenbank Hannover	€k	26,950
Rent assignment	€k	26,950

Other liabilities to banks amounting to € 10,559k are not secured as of December 31, 2011.

Interest on real property financing is currently at 6.00% p.a. for a portion of € 14,008k (original interest rate lock-in) and approximately 2.41% for a portion of € 12,942k (short-term interest rate agreement). The loans were initially extended with the interest rate fixed for 20 years. Debt rescheduling has been initiated for both loans. Rescheduling will take effect in May 2012. The new interest rate will be 4.09%, respectively 4.17%.

No loan 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 1.88% and 6.10%.

10 b) Liabilities to banks (short-term)

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

	12/31/2011	12/31/2010
	€k	€k
Loans	2,528	3,391
Short-term bank loans and liabilities to banks	7,344	40
	9,872	**3,432**

As of December 31, 2011 credit facilities granted by banks amounted to € 22,000k in aggregate. They are subject to interest at market rates when utilized.

The interest rates for loans were between 1.88% and 6.10% and for short-term bank loans between 2.35% and 4.59% on average.

10 c) Trade liabilities

Trade liabilities in the amount of € 1,367K (previous year: € 1,586k) 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)

	12/31/2011	12/31/2010
	€k	€k
Leasing	559	1,068
Loan Buchanan Capital Partners II "Marienplatz" GbR	2,590	2,368
Other loans	952	0
	4,101	**3,436**

The loan extended by Buchanan Capital Partners II "Marienplatz" GbR in the amount of € 3,403k expiring on December 31, 2014 was compounded by € 222k (previous year: € 201k) in the fiscal year 2011. The fair value of a new liability running until the maturity date would amount to € 3,119k (previous year: € 2,854k) due to interest rates deviant from the market interest level. The loan payable to Buchanan Capital Partners II "Marienplatz" GbR is collateralized by a land charge in the amount of € 3,400k.

Other loans have a term of 10 years each and are subject to 3.00%, respectively 3.50% interest. They were taken out to provide supporting funds for the acquisition of the shares in Feldmeier GmbH in the fiscal year 2011.

10 e) Other liabilities (short-term)

	12/31/2011	12/31/2010
	€k	€k
Wage and sales taxes	1,593	1,620
Purchase vouchers	1,143	1,081
Personnel expenses	830	1,037
Branch restructuring	0	386
Year-end closing and tax declaration costs	151	189
Other accrued liabilities	1,304	851
	5,021	**5,164**

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

	Sum total	Residual term up to one year	 between 1 and 5 years	 over 5 years
	€k	€k	€k	€k
1. Minimum leasing payments	*1,107*	537	569	0
previous year	*1,644*	*537*	*1,107*	*0*
2. Interest	39	29	10	0
previous year	*86*	*47*	*39*	*0*
3. Redemption (cash value of leasing obligations)	1,068	508	509	0
previous year	*1,558*	*490*	*1,068*	*0*

In the fiscal year 2011 total liabilities from finance leasing developed as follows:

Cash value 1/1/2011	€k	1,558
Leasing installments 2011	€k	-537
Interest costs 2011	€k	47
Cash value 12/31/2011	**€k**	**1,068**

The leasing agreement of the company qualifying as leasing contract pursuant to German law, is to be classified as finance lease in line with IAS 17. It concerns real estate leasing for the logistics center in Munich – Haar. Operating leasing agreements mainly concern rental agreements for branch establishments 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 € 3,574k (previous year: € 3,810k) as of December 31, 2011.

10 g) Other financial liabilities (short-term)

Other financial liabilities (short-term) concern liabilities from finance leasing (real estate leasing Haar) in the amount of € 508k (previous year: € 490k) and other loans of € 43k (previous year: € 0k).

(11) Deferred taxes (liabilities-side)

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

II. Consolidated statement of comprehensive income

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

(12) Revenues

	2011	2010
	€k	€k
Net sales	86,800	90,109

Net sales are explained in more detail in the segment reporting section. With the exception of an amount totaling € 2k (previous year: € 9k), all net sales of the LUDWIG BECK Group were generated in Germany.

(13) Other own work capitalized

In the fiscal year 2011, other own work capitalized amounted to € 51k (previous year: € 50k). This item concerns personnel expenses incurred during refurbishing works at the flagship store in Munich.

(14) Other operating income

Other operating income consists of the following:

	2011	2010
	€k	€k
Rental revenue and on-charged expenditure on office space	1,233	1,464
Sales proceeds	708	572
Personnel earnings	327	306
Canteen earnings	379	367
Other earnings	438	766
	3,085	**3,475**

Other operative income includes aperiodic income in the amount of € 48k (previous year: € 51k).

(15) Cost of materials

	2011	2010
	€k	€k
Cost of merchandise	42,488	44,645

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

	2011	2010
	€k	€k
Wages and salaries	13,938	14,341
Social security contributions	2,534	2,490
Pension costs	201	216
	16,673	**17,047**

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, contributions are paid into a pension fund.

The scheme is financed through 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 € 168k in 2011 (previous year: € 161k).

A total of 367 employees participate in these pension schemes.

b) Pension schemes 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 pension obligations 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:

	2011	2010
	€k	€k
Rental expenses	4,375	5,311
Other occupancy costs	2,117	2,108
Administration expenses	1,973	1,499
Sales expenses	3,846	3,840
Other personnel expenses	1,248	1,206
Insurance/contributions	201	201
Other taxes	121	121
Expenses for company anniversary	706	0
Other	541	771
	15,128	**15,057**

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

(19) Financial result

	2011	2010
	€k	€k
Other interest and similar income	9	11
Interest and similar expenditure	1,972	3,224
Other shareholders' interest in result	-384	624
Financial result	**-1,579**	**-3,837**

Other interest and similar income concern interest received on bank balances. The interest portion for finance leases included in interest costs amounts to € 47k (previous year: € 82k), for pension commitments to € 67k (previous year: € 62k) and for performed interest swap transactions to € 0k (previous year: € 36k).

(20) Taxes on income

	2011	2010
	€k	€k
Taxes on income	4,867	3,325
Other deferred tax income (-)/expense (+)	-2,363	137
	2,504	**3,462**

Deferred tax income/expense	2011	2010
	€k	€k
From capitalization of finance lease assets	78	76
From temporary differences in accounting a tenant loan	-9	-9
From temporary differences in the amortization of the brand name	0	13
From temporary differences in non-interest-bearing liabilities	-7	-4
From temporary differences in other accruals	0	-40
From temporary differences in the depreciation of intangible and tangible fixed assets	-18	164
From differences in the valuation of land	-2,379	0
Other	-28	-63
Total deferred tax income (-)/expense (+)	**-2,363**	**137**

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 or yields carried in the IFRS-compliant consolidated financial statements:

	2011	2010
	€k	€k
Earnings before taxes on income	11.276	9.901
Nominal group-wide tax rate in %	33	33
Arithmetic tax expense	3.721	3.267
Changes in arithmetic tax expense:		
- Trade tax arrears from audit	1.256	0
- Difference from release of deferred taxes for valuation of land variations	-2.379	0
- Deviating basis of tax assessment	-94	195
Actual tax expense	**2.504**	**3.462**

(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

	2011	2010
Consolidated net income in €k	8,771	6,439
Weighted number of shares in thousands	3,695	3,695
Earnings per share in € (undiluted and diluted)	2.37	1.74

Undiluted and diluted earnings are identical.

(22) Dividend proposal

As regards the appropriation of profit, the Executive Board has proposed to distribute a dividend in the amount of € 0.35 per share and a special anniversary dividend of € 0.10 per share, i.e. a total of € 0.45, to the shareholders. This equals a dividend sum of € 1,663k.

D. Explanations to Segment Reporting

The following segment reporting complies with IFRS 8 "Operating Segments", which defines the requirements for reporting on the financial 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 for performance assessment.

The individual sales 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.

In the fiscal year 2011, secondary reporting was redefined as the focus of entrepreneurial activities had shifted more towards the flagship store at Marienplatz. Aggregation is made in compliance with the management approach, with the new segments being subdivided in "textile" and "non-textile". For materiality reasons the adjustment of segment reporting is made for the end of the year 2011. The previous year's presentation has been adjusting accordingly to fit the new segmentation structure.

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 applied to consolidated financial statements.

Other cost of goods sold, other personnel expenses and other expenses concern expenditures not attributable to individual segments.

The segment-related consolidated 2011 key figures are attributable to the individual segments as follows:

	Textile	Non-textile	Group
	€k	€k	€k
Sales revenue (gross)	**78,345**	**24,933**	**103,278**
VAT	-12,500	-3,978	-16,478
Sales revenue (net)	**65,845**	**20,955**	**86,800**
Cost of sales	32,772	11,856	44,628
Gross profit	**33,073**	**9,099**	**42,172**
Personnel expenses	5,428	2,578	8,006
Cost of office and store space, administration and sales expenses	10,594	2,010	12,604
Interest	728	328	1,056
Segment result	**16,323**	**4,183**	**20,506**
Discounts, rebates, etc. on cost of goods sold			2,140
Other operating income			3,136
Other personnel expenses			8,667
Depreciation			2,793
Other expenses			2,524
Other financial result			-522
Taxes on income			2,504
Consolidated net income			**8,772**
Segment assets			
Inventories	5,921	3,609	9,530
Segment assets total	**5,921**	**3,609**	**9,530**

Detailed attribution of other assets and liabilities to individual segments seems hardly expedient as only proportional figures could be given.

The segment-related consolidated 2010 key figures are attributable to the individual segments as follows:

	Textile	Non-textile	Group
	€k	€k	€k
Sales revenue (gross)	**82,479**	**24,729**	**107,208**
VAT	-13,155	-3,944	-17,100
Sales revenue (net)	**69,324**	**20,785**	**90,109**
Cost of sales	34,883	11,827	46,710
Gross profit	**34,441**	**8,958**	**43,399**
Personnel expenses	5,389	2,561	7,950
Cost of office and store space, administration and sales expenses	10,903	2,009	12,912
Interest	658	298	956
Segment result	**17,491**	**4,090**	**21,581**
Discounts, rebates, etc. on cost of goods sold			2,065
Other operating income			3,525
Other personnel expenses			9,097
Depreciation			3,147
Other expenses			2,145
Other financial result			-2,881
Taxes on income			3,462
Consolidated net income			**6,439**
Segment assets			
Inventories	5,599	3,174	8,773
Segment assets total	**5,599**	**3,174**	**8,773**

Detailed attribution of other assets and liabilities to individual segments seems hardly expedient as only proportional figures could be given.

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.

Cash and cash equivalents within the meaning of IAS 7.6. et seq. equal the sum of cash-in-hand and short-term bank balances.

As per December 31, 2011, LUDWIG BECK AG has access to framework credit facilities of € 22,000k. Approximately 42% of said facilities have been utilized for bank guarantees and short-term bank loans.

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	
	2011	2010	2011	2010
	€k	€k	€k	€k
Lease commitments incl. ground rent	4,679	4,776	97,652	101,303
Commitments from advertising cost contributions	52	99	322	421

Maturities of the total commitment are as follows:

	within 1 year	1 to 5 years	over 5 years	Total
	€k	€k	€k	€k
Lease commitments incl. ground rent	4,679	17,727	75,246	97,652
Commitments from advertising cost contributions	52	209	61	322

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 December 2, 2011. The requirements of the Corporate Governance Code in the version of May 26, 2010 have been met since the last declaration of conformity on November 23, 2010 with the following exceptions:

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

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

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

4. 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 2).

5. 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 has been made available to shareholders at the company's Internet site at (**www.ludwigbeck.de**) under Investor Relations/Corporate Governance.

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
Christian Greiner, Businessman

Total remuneration of the Executive Board of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft amounted to € 982k (previous year: € 1.094k) in the fiscal year 2011.

As of December 31, 2011, the members of the Executive Board held 10,400 shares (previous year: 6,500; purchased: 3,900; sold: 0).

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

Supervisory Board:	Dr. Joachim Hausser, Businessman, Munich, Chairman Hans Rudolf Wöhrl, Businessman, Reichenschwand (Deputy Chairman) Dr. Lutz Helmig, Businessman, Fulda (until May 12, 2011) Gabriele Keitel, Commercial Clerk, Munich* Edda Kraft, self-employed Media Consultant, Berlin (as of May 12, 2011) Dorothee Neumüller, Purchasing Specialist, Holzkirchen* Dr. Steffen Stremme, Businessman, Erlangen

At the Annual General Meeting on May 12, 2011 Ms. Frau Edda Kraft was elected as successor of Dr. Lutz Helmig who left the Supervisory Board on May 12, 2011.

Total remuneration of the Supervisory Board in the fiscal year 2011 amounted to € 91k (previous year: € 91k).

Viscardi AG invoiced € 30k (previous year: € 35k) for Designated Sponsoring. Viscardi AG is to be treated as related person of Dr. Joachim Hausser and Mr. Dieter Münch.

Furthermore, the major shareholder INTRO Verwaltungs GmbH (49.2%) and Hans Rudolf Wöhrl Verwaltungs GmbH (25.7%) 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 transactions in the amount of € 29k (previous year: € 20k) were conducted between the LUDWIG BECK companies and a subsidiary of INTRO Verwaltungs GmbH. Business was transacted at arm's length.

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

Mr. Christian Greiner:

Advisory Board:	TETRIS Grundbesitz GmbH & Co. KG, Reichenschwand
	Bültel International Fashion Group, Salzbergen

Ms. Edda Kraft:

Supervisory Board:	Medienboard Berlin-Brandenburg, Potsdam
Advisory Board:	"Sabine Christiansen Kinderstiftung", Berlin

Dr. Steffen Stremme:

Supervisory Board:	BU-Holding AG, Nuremberg
Advisory Board:	Dresdner/Commerzbank AG, Nuremberg
	Menzerna-Werk GmbH & Co. KG, Oetigheim

Mr. Hans Rudolf Wöhrl:

Supervisory Board:	UFB:UMU AG, Nuremberg
	NÜRNBERGER Allgemeine Versicherungs-AG, Nuremberg
	AURUM-Project AG, Reichenschwand
Advisory Board:	Deutsche Bank AG, Nuremberg

*) Employee Representative

74.9% (2,767,004 shares) stake in LUDWIG BECK AG is indirectly attributable to Mr. Hans Rudolf Wöhrl.

The other members of the Supervisory held 206 shares as of December 31, 2011 (previous year: 206).

V. Audit fees

The fee of the auditor for the lapsed fiscal year 2011 amounts to € 156k (previous year: € 161).

The fee for the audit of the consolidated financial statements and the annual financial statements amounted to € 140k (previous year: € 130k). The amount incurred for tax consulting was € 0k (previous year: € 9k) and for other services € 16k (previous year: € 22k).

VI. Personnel

LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG employed 473 people on annual average (previous year: 513) of which 197 (previous year: 210) were full-time staff, 162 (previous year: 175) were part-time staff and 114 (previous year: 128) were temporary staff. Apprentices were not included in the calculation.

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

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

Munich, February 3, 2012

The Executive Board

ADDITIONAL INFORMATION

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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 2012

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, 2011 to December 31, 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRS 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 the 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 IFRS 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 the future development.

Munich, February 23, 2012

BTU Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

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

Addresses & Opening Hours

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Monday - Saturday 9.30am - 8pm

Picture on the top: The main entrance of the "Store of the Senses" at the Munich Marienplatz is attracting millions of visitors every year.

Financial Calendar

January 5, 2012
Sales Figures 2011

March 14, 2012
Annual Financial Statements 2011

March 14, 2012
Balance Sheet Press Conference 2012

March 15, 2012
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Quarterly Report 2012

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