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LUDWIG BECK Annual Report 2014

LUDWIG BECK

Annual Report 2014

LUDWIG BECK
seit 1861

ludwigbeck

ANNUAL REPORT 2014

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LUDWIG BECK ANNUAL REPORT 2014

store
OF THE SENSES

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AT A GLANCE

Mission statement

THERE ARE DEPARTMENT STORES, FASHION HOUSES AND TEMPLES OF CONSUMERISM – AND THEN THERE IS LUDWIG BECK. WHETHER FOR OUR CUSTOMERS, EMPLOYEES, INVESTORS AND BUSINESS PARTNERS, WE STRIVE TO BE RECOGNIZED AS MUCH FOR OUR HONESTY, UNIQUENESS AND DESIRABILITY AS FOR THE EXCLUSIVE BRANDS WE OFFER. STYLE HAS A NEW HOME: LUDWIG BECK.

PICTURE: THE CAMPAIGN THEME FOR LUDWIG BECK'S BEAUTY DEPARTMENT.

STYLE HAS A HOME.

GOALS 2014

- Consolidation and strengthening of our high earnings level
- Continuous modernization of the flagship store at Marienplatz and ongoing development of the trading up strategy
- Addition of more premium brands to our product selection
- Further expansion of the online business
- Acquisition of exclusive marketing rights for selected labels
- Continued cost optimization
- Offering our customers a shopping experience unique in Europe

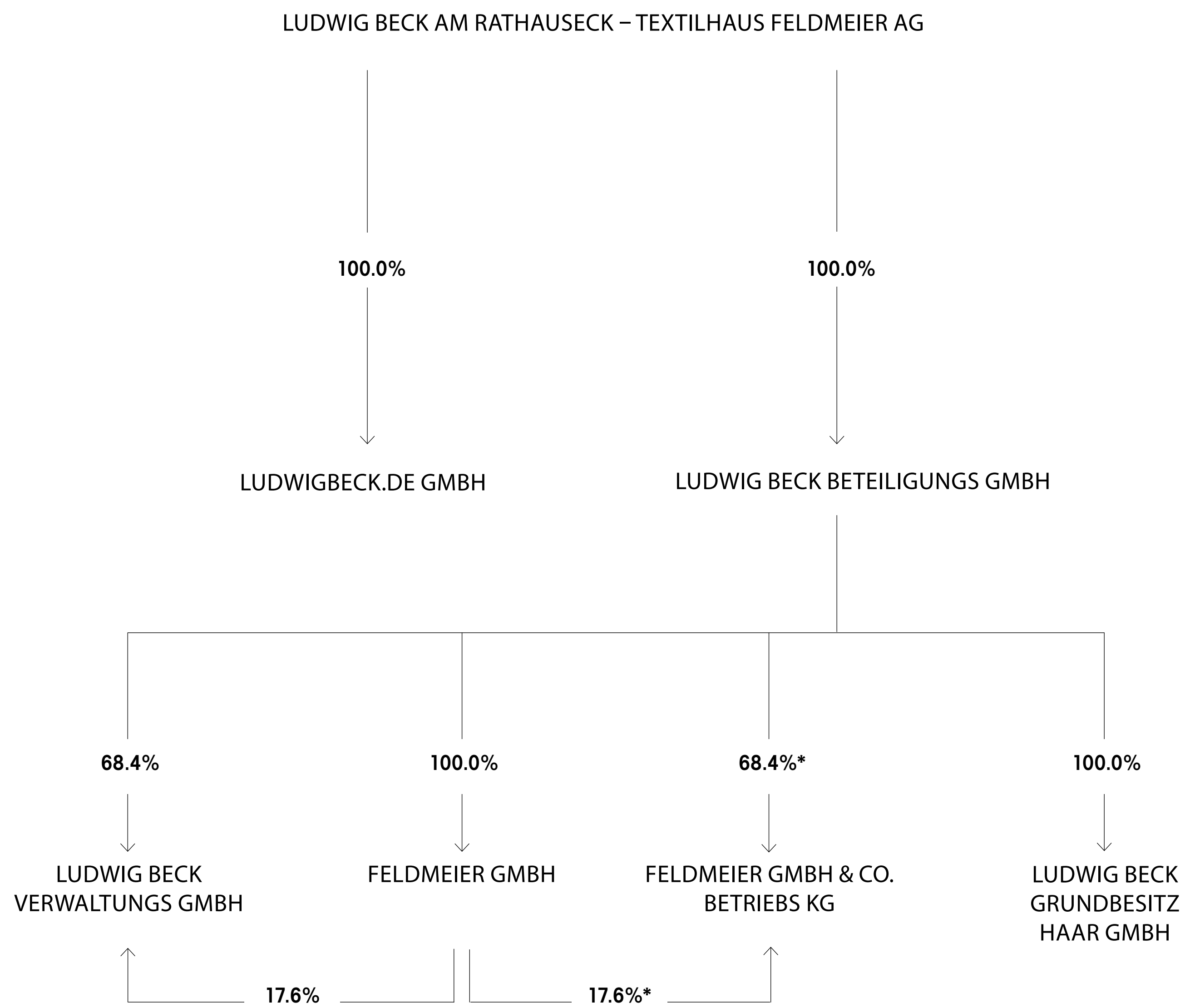
RESULTS 2014

- LUDWIG BECK generates gross sales of € 102.7m – an increase of 0.5% as compared to the previous year.
- Earnings before taxes of € 9.5m achieved.
- The online portal ludwigbeck.de increasingly develops as the second revenue source alongside the brick-and-mortar business, and is awarded the *INTERNET WORLD Business Shop-Award 2014* as best mobile shop.
- The Men's Fashion department on the lower ground floor is substantially enlarged and comprehensively modernized as part of the trading up concept.
- Exclusive brands including JIL SANDER NAVY, TALBOT RUNHOF DAYWEAR, PHILOSOPHY DI ALBERTA FERETTI, M MISSONI, COLMAR, MABRUN, PIERRE BALMAIN, EARNEST SEWN, PAIGE, ADRIANO GOLDSCHMIED, MCQ ALEXANDER MCQUEEN, COACH, CHANTAL THOMASS, REVIVE, DR. JACKSON and POZZO DI BORGO contribute to the upgrading of the product range in 2014.
- The expense ratio remains at an excellent level at 37.1%.
- Alongside product worlds staged in their unique ambience, LUDWIG BECK offers individualized services such as personal shopping that lift the shopping experience to new heights.

KEY FIGURES OF THE GROUP

Key figures of the Group		2014	2013	2012	2011	2010
		(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)	(IFRS/IAS)
Result						
Sales (gross)	€m	102.7	102.1	103.2	103.3	107.2
VAT	€m	16.4	16.3	16.5	16.5	17.1
Sales (net)	€m	86.3	85.8	86.7	86.8	90.1
	%	100.0	100.0	100.0	100.0	100.0
Gross profit	€m	42.7	43.4	43.8	44.3	45.5
	%	49.5	50.6	50.6	51.1	50.5
Earnings before interest, taxes, depreciation & amortization	€m	13.4	15.1	16.8	15.6	16.9
(EBITDA)	%	15.6	17.6	19.4	18.0	18.7
Earnings before interest & taxes (EBIT)	€m	10.6	12.3	13.9	12.9	13.7
	%	12.3	14.4	16.0	14.8	15.2
Earnings before taxes (EBT)	€m	9.5	10.8	12.1	11.3	9.9
	%	11.0	12.6	13.9	13.0	11.0
Consolidated net profit	€m	6.7	7.4	8.6	8.8	6.4
	%	7.8	8.6	9.9	10.1	7.1
Balance sheet						
Equity	€m	67.2	64.4	59.7	53.7	47.6
Equity ratio	%	60.5	60.6	56.5	49.9	43.7
Return on equity before taxes	%	14.2	16.8	20.2	21.0	20.8
Investments	€m	6.5	3.2	2.4	11.6	1.9
Balance sheet total	€m	111.1	106.3	105.6	107.6	108.8
Personnel						
Employees	Individuals	478	463	471	473	513
Personnel expenses	€m	17.7	17.0	16.4	16.7	17.0
	%	20.5	19.8	18.9	19.2	18.9
Net sales per employee (weighted average)	€k	255.3	259.3	257.3	256.8	253.8
Per share						
Number of shares	m	3.70	3.70	3.70	3.70	3.70
Earnings per share undiluted and diluted	€	1.81	2.00	2.32	2.37	1.74
Dividends	€	0.75	0.50	0.50	0.45	0.35
Other details (as of Dec. 31)						
Sales area	sqm	12,415	11,589	11,557	12,486	13,785
Gross sales per square meter	€/sqm	8,271	8,813	8,927	8,271	7,777

GROUP STRUCTURE



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As of December 31, 2014

PICTURE: THE DISPLAY WINDOW AS A STAGE: TRENDY COLORS AND SEASONAL LOOKS SHOWCASED AROUND AN *UPCYCLED* STORY LINE.

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PICTURE: DIETER MÜNCH AND CHRISTIAN GREINER, EXECUTIVE BOARD MEMBERS OF LUDWIG BECK AG.

Executive Board

DIETER MÜNCH

MEMBER OF THE EXECUTIVE BOARD OF LUDWIG BECK AG

Dieter Münch's first contact with LUDWIG BECK was as an intern during his business economics studies at Munich's University of Applied Sciences. Struck by the special LUDWIG BECK flair, he started his career in LUDWIG BECK AG's Controlling department on his graduation with a degree in Business Economics (UAS) in 1980. Following various positions in the company he was called to the Executive Board in April 1998, where he is responsible for Finance, Personnel and IT.

CHRISTIAN GREINER

MEMBER OF THE EXECUTIVE BOARD OF LUDWIG BECK AG

In 2004, Christian Greiner developed the Young Fashion concept U1 for Rudolf Wöhrl AG in Nuremberg which he managed as a director until the end of 2007. Since 2008 Christian Greiner has been the managing director of INTRO Retail & Media GmbH and co-owner and managing director of the Nuremberg-based Kreativagentur nuts communication GmbH. In 2010, he changed from the Supervisory Board to the Executive Board of LUDWIG BECK AG and is now responsible for Purchasing, Sales and Marketing.

new men 2014

PICTURE LEFT: A LOOK INTO THE REOPENED MEN'S FASHION DEPARTMENT ON THE LOWER GROUND FLOOR.

DIALOGUE

IN CONVERSATION WITH DIETER MÜNCH AND CHRISTIAN GREINER.

LUDWIG BECK Executive Board members Dieter Münch and Christian Greiner take stock of the fiscal year 2014 and comment on new challenges.

Mr. Münch, Mr. Greiner, what was the most important event for LUDWIG BECK in 2014?

Dieter Münch: It definitely was the reopening of our Men's Fashion department in the lower ground floor. With an enlargement of sales space to approx. 1,500 sqm and a financing volume of more than € 6m this renovation was one of the biggest and most ambitious projects ever realized in the history of our company.

Christian Greiner: It is our goal to take a new step every year in order to pursue optimization on an ongoing basis. In 2013, we put the Wool & Haberdashery department into a completely new setting. Last year, it was the Men's Fashion department's turn – a segment we would like to serve more intensively in the future. The fashion-conscious man focusing on exclusive branded products will play an increasingly important role in the premium segment. Therefore, we will show our strengths and provide our services to the new man, as we would like to call him, in an adequate manner.

Dieter Münch: As from now, we offer our male customers a similarly high outlay regarding service performance, brand portfolio and marketing as we have been offering our traditional core target group, high-earning, urban women with consistent brand loyalty. This is, if you will, a rapprochement of the genders in the field of high-end fashion. LUDWIG BECK will do its best to support this evolution of the buyers. At times, little nuances suffice to activate previously unused resources. The current trend in our target groups points to a considerable potential that can make the difference in the future development of sales.

Christian Greiner: 600 sqm of additional space, a largely extended range of products, fine international designer brands, many exclusive models and a shopping ambience that can only be termed noble, even from a purely visual point of view – these facts speak for themselves. It is our aspiration to be the prime address for modern-day men in the Munich metropolitan area.

Dieter Münch: However, we certainly don't want to forget the many other measures taken to improve our offer, even though they haven't taken center stage. Refurbishments in the Apartment 4, Lingerie, Trouser und Children's Fashion departments were important milestones as well. We celebrated live events with classical music stars in our Music department or invited renowned artists to our LUDWIG BECK Christmas market, like Nora Gres who caused quite a sensation with her traditional handiworks. Events of this kind enhance the experiential quality of the *Store of the Senses* and turn shopping at LUDWIG BECK into a truly outstanding event – thanks to constantly new surprises and creative ideas.

THE THEME FOR 2015: STABILITY, CREATIVITY, HEALTHY GROWTH.

Christian Greiner: This aspect is certainly highlighted by our seasonal shop window decorations – artistic visual spectacles, always vividly discussed by Munich citizens. Each shop window displays the current campaign motto. In the spring and summer season of 2014 the collections were staged in the midst of a lot of refashioned materials in line with the motto *Upcycled*. Twice a year we publish our high-circulation magazine LUDWIG to present international seasonal trends. With high-class photo series it gives our readers a foretaste of current fashion trends. In the fall of 2014 we launched our new Emag *LUDWIG BECK Stories* – featuring captivating stories about the brand, styling advice and new trends. With a large variety of photos and videos the new medium presents itself as an attention-grabbing marketing channel for the *Store of the Senses* and the beauty online shop.

So far you have only mentioned the brick-and-mortar business. How has the online shop ludwigbeck.de fared?

Christian Greiner: Its development has given us a lot of pleasure. Launched at the end of 2012, it may still be called young, yet it has already made its mark in the luxurious beauty segment. At that time we occupied fallow niches online. Meanwhile tough competition has developed in these fields as well, in which LUDWIG BECK is doing very well.

Dieter Münch: Sales are developing quite favorably, an indication that ludwigbeck.de is gradually growing into its role as the group's second marketing pillar.

Christian Greiner: The success of our web shop is not only reflected in positive figures. After having been granted the highly coveted Shop Usability Award as the branch's most innovative online portal in 2013, our shop was honored with the INTERNET WORLD Business Shop Award, an award for the best mobile shop, in 2014. In the honoring speech it was emphasized that the *Look & Feel* characteristic of the intuitively navigable shop never gets lost, even when displayed on a tiny smartphone screen. The shop's functionality features support an enjoyable shopping experience, available not only from behind the desk but also on many different kinds of end user devices at any time.

Dieter Münch: The Award has to be valued even more because it is a sector-straddling award, and LUDWIG BECK has been able to win out over other renowned, long-standing, well-established shops. Awards like this come as a result of hard work. In view of the fact that even reputable shops with illustrious names came away empty-handed, we take quite a bit of proud in it. To us as a traditional fashion store, the first steps on the online terrain felt like departing into a new world. However, by bringing to bear the know-how gained in brick-and-mortar business and the aspirations set for ourselves we were able to make the risks calculable and our success tangible.

WWW.LUDWIGBECK.DE

LUDWIG BECK'S ONLINE BEAUTY SHOP

ludwigbeck.de was launched in December 2012. As online counterpart to the brick-and-mortar presence, the in-house online beauty shop is the group's second marketing pillar.

The portal currently offers around 10,000 premium products from the luxury and niche cosmetic sector. From the 100 or so available brands, many are exclusively distributed. With a purchase in excess of € 40, the order is delivered free of charge within Germany and Austria.

Currently, there is a lot of discussion about the future of stationary trading ...

Christian Greiner: The retail sector is wide awake, no doubt about it. Several fashion stores seem to be on high alert. Many entrepreneurs, analysts and branch insiders expect the Internet wave to shake the very foundations of a not inconsiderable number of purely stationary traders in the years to come. This development, which cannot be overlooked any longer, has been in the making for quite some years. It has been one of the reasons to go online with ludwigbeck.de to proactively ride that wave. More and more people use their smartphones as mobile shopping assistants. Brick-and-mortar stores will have to get inventive to keep pace. Aesthetic presence, functionality and amazing configuration options are a must in the new field of online shopping. Our beauty portal received the 2014 award precisely because of these amenities.

Dieter Münch: We are observing these trends very closely and always try to learn from them. To us, the fact that many fashion customers turn to online shopping is confirmation that in walking new paths to accommodate nontypical shopping behavior, our store is on the right track. It is not easy to reproduce online the shopping experience that customers of LUDWIG BECK have in our store. Our culture of customer advising is absolutely unique despite all the technical progress made. People moving in the premium segment are still looking for ambience, attractiveness, and a display corresponding to the high quality of the products. Tourists love to stroll through our flagship store, and for many established Munich citizens visiting us is a must when they come to the city center.

Christian Greiner: One thing is for sure: We take this development seriously, and try to benefit from it. To give you just one example out of many: Our growing presence in social networks is not owed to these new circumstances but to our ability to intentionally amplify upcoming online trends. In our flagship store we offer a lot of individual service features like personal shopping or beauty treatments which make LUDWIG BECK very special. For our discerning customers they raise the quality of their shopping experience and accommodate their demands – demands that can only be satisfied in our store.

SERVICE OFFENSIVE

The *Store of the Senses* also offers premium quality service. Exceptional services result in customer satisfaction.

A SMALL SELECTION:

Personal Shopping
Trends, colors, cuts, brands – Personal Shopping means having a capable style advisor at your side, who always finds the outfit to match your personality.

Corporate Fashion Service
LUDWIG BECK offers companies comprehensive advice on unified staff clothing for the office, trade fairs, customer meetings as well as service personnel.

Makeup Service
LUDWIG BECK offers individual makeup advice and appointments at its MAC, Bobbi Brown, Laura Mercier and Benefit counters.

Beauty Treatments
A selection of beauty partners provide exclusive short introductory treatments in the beauty cabins at Marienplatz.

Hairstyling
Customers in the Beauty department can drop by the AVEDA counter for a fresh hair styling – or with an appointment, for a special occasion.

An overview of the full range of services is available under stories.ludwigbeck.de.

Let's put the future aside for a moment and talk about the previous year which was not an easy one for the German fashion trade. How did LUDWIG BECK cope with such a challenging fiscal year?

Dieter Münch: Sales in the German fashion trade fell by € 5.4bn between 1993 and 2013. The market volume shrank about 8%, while the number of market participants even went down by approximately 36%. This was due to many – temporary or permanent – factors. The German textile retail trade was once again hit quite hard; it had to face a drop in sales of 3% in comparison to the previous year.

Christian Greiner: Our branch has always been extremely weather-dependent. When fall brings mild weather, all plans get thrown to the wind. It is almost impossible to foresee the increasingly more chaotic weather patterns and to factor them into the rigid framework of the changing seasons. Over large parts, the fall of 2014 was way too mild for the usual seasonal offering. Even though typical German fashion traders may have taken counteracting measures, they were nevertheless confronted by the fact that many customers were mainly interested in bargain hunting. LUDWIG BECK was only slightly affected by this situation but felt challenged to respond adequately and adjust its product mix.

OUR INDIVIDUAL SERVICES ACCOMMODATE THE SHOPPING DEMANDS OF OUR CLIENTS.

Dieter Münch: The all-encompassing information networks influence purchasing habits. The retraction of the positive previous economic forecasts could be felt at the shop shelves the very next day. Later, this retraction was partly corrected by several economic researchers. Customers reacted with increasing irritation; they felt reluctant towards or abstained from shopping. The fear of a new recession is still on the customers' minds.

Christian Greiner: 2014 has been perceived as the year of terror and big international crises. In particular, the crisis in Eastern Europe gave LUDWIG BECK a hard time, as many of our customers are Russian. The uncertain situation there in connection with the devaluation of the ruble hit us in quite dolorous dimensions. Adding to these hard to contain, negative circumstances were long months of construction works at Marienplatz which partly inhibited access to our flagship store.

Dieter Münch: Nevertheless, LUDWIG BECK was able to steer a stable course, and to achieve better results than the branch average. In the last, certainly not easy year 2014 the group increased gross sales by 0.5% thus generating € 102.7m. In December, Christmas sales scored a 8.2% plus in comparison to the previous year. With € 7.3m, the result remained almost stable. Of course, we are not going to break into euphoria. Turbulent times like these require a little bit of humbleness, but allow us to enjoy our achievements. The LUDWIG BECK share will continue to be a safe investment, a dividend-paying instrument standing for healthy growth, continuity and reliability.

Christian Greiner: 2015 will be a challenging year as well. Geopolitical hotspots, currency crises and fear of terrorism will create uncertainty for many tourists who visit Munich and curb their desire to travel. Yet we are convinced that a good number of favorable factors will show up as well. Therefore, we have espoused the triad of stability, creativity and healthy growth as our motto for the coming year.

THANKS TO OUR EMPLOYEES AND BUSINESS PARTNERS

The Executive Board would like to take this opportunity to thank all employees of LUDWIG BECK AG for their great commitment in the year 2014. The modification and reopening of our Men's Fashion department provided occasions for demonstrating your exemplary willingness to perform, your expertise and your motivation which contributed immensely to our success. LUDWIG BECK is rightly proud of having you as our colleagues. Our thanks are also extended to the employees' representatives, for their ever constructive cooperation. We also thank our customers and business partners for their trust in our company.

Dieter Münch Christian Greiner

PICTURE TOP LEFT: THE PERSONAL SHOPPING LOUNGE AT LUDWIG BECK.

SUPERVISORY BOARD'S REPORT

In the year under report, the Supervisory Board dealt intensively with the situation and development of the company and the Group, as well as with their strategic positioning. The Supervisory Board exercised its advisory and controlling functions towards the Executive Board with care and diligence. In four sessions, the Supervisory Board together with the Executive Board discussed questions including corporate planning, corporate policy, risk position and risk management. The Supervisory Board provided the Executive Board with advisory support and monitored its work.

The Supervisory Board essentially based its work on the verbal and written reports, as defined by Section 90 Joint Stock Corporation Act (AktG), which were submitted by the Executive Board both within and outside formal meetings of the Supervisory Board and its committees.

The Executive Board kept the Supervisory Board fully abreast of all relevant developments concerning the company and the Group in a regular, direct and comprehensive manner, both verbally and in written form. In particular, the reporting covered proposed corporate policy and other fundamental issues of corporate planning. Other important topics included the profitability of the company, ongoing business developments, risk management, internal control systems, compliance, transactions having substantial impact on the profitability and liquidity of LUDWIG BECK AG as well as investment and divestment decisions.

The Executive Board submitted all issues requiring the Supervisory Board's endorsement in accordance with the rules of procedure for the Executive Board to the Supervisory Board for decision. The Supervisory Board discussed and duly scrutinized all submitted reports and documentation in an appropriate depth.

The Supervisory Board was involved in all significant strategic corporate decisions. The Supervisory Board thoroughly discussed, checked and – where necessary – approved all relevant decisions. The Executive Board complied at all times with its duty to provide timely and complete information. There was no need for additional or supplementary reporting from the Executive Board. Within the scope of its monitoring function, the Supervisory Board was fully satisfied of the legality and correctness of the Executive Board's corporate management. The Supervisory Board discussed the organization of the company and the Group with the Executive Board and was convinced of its efficiency.

Furthermore, the Supervisory Board and the Executive Board regularly discussed corporate opportunities and risks. The Executive Board informed the Supervisory Board of potential or occurred risk scenarios, and effective solutions were worked out in joint deliberations. Discussions also focused on engaging opportunities that best serve the company's economic interests.

There were no objections to the work of the Executive Board. Further details of the Supervisory Board's activities are elaborated below.

FOUR MEETINGS IN 2014

All six members of the Supervisory Board and also the members of the Executive Board regularly attended the four scheduled Supervisory Board meetings in the year under report, held on March 18, May 8, September 17 and December 3. Deliberations particularly concerned ongoing business developments as well as corporate strategy and its realization in the company and its subsidiaries.

According to Section 171 par. 1 Joint Stock Corporation Act (AktG), a representative of the company's auditor also took part in the balance sheet meeting on March 18, 2014, in which the company's annual financial statements were adopted, the management report and the consolidated financial statements approved, the Supervisory Board's report authorized and the detailed planning for 2014 and the medium-term planning for 2015/2016 agreed. Other items were the adoption of proposed resolutions for the agenda items of the General Meeting 2014.

As a follow-up to the company's Annual General Meeting on May 8, 2014, the second meeting of the Supervisory Board took place, in which developments in the fiscal year 2014 and general aspects of the progress in further building up the business structure were discussed.

The session on September 17, 2014 addressed current business developments and dealt with the development of the company in the third quarter of the year under report.

At the meeting on December 3, 2014, the Supervisory Board debated developments in the last quarter of the ending fiscal year and occupied itself with the Executive Board's preliminary planning for the 2015 fiscal year. Furthermore, the Corporate Governance Code Declaration of Conformity was approved.

The members of the Supervisory Board disclose potential conflicts of interest to the Supervisory Board. No conflicts of interest occurred in the 2014 fiscal year.

The Supervisory Board maintained regular contact with the members of the Executive Board also beyond the scope of these meetings, and was kept up to date on current business developments at all times.

AUDIT COMMITTEE

The Supervisory Board has established two committees, the audit committee and the personnel and management committee.

In the 2014 fiscal year, the audit committee held one meeting, which took place right before the balance sheet meeting on March 18. The committee was mainly concerned with financial accounting and the audit of the annual financial statements, as well as the areas of risk management and compliance. The audit committee is chaired by Dr. Steffen Stremme. The audit committee of the 2014 fiscal year also comprised Dr. Joachim Hausser and Ms. Edda Kraft. On the basis of a report by the chairman of the committee, the committee, in its meeting on March 18, resolved to propose to the Supervisory Board to approve the consolidated financial statements, the consolidated management report, the annual financial statements and the management report of LUDWIG BECK AG for the 2013 fiscal year, and to confirm the auditors' declaration of independence. In addition, the committee decided to recommend to the Supervisory Board commissioning Munich auditors BTU Treuhand GmbH for the annual audit for the 2014 fiscal year.

PERSONNEL AND MANAGEMENT COMMITTEE

The personnel and management committee was primarily concerned with personnel matters of the Executive Board. The committee comprised Dr. Joachim Hausser (chairman) along with Dr. Steffen Stremme and Mr. Hans-Rudolf Wöhrl. The committee did not hold any meetings in the 2014 fiscal year.

GERMAN CORPORATE GOVERNANCE CODE AND DECLARATION ON 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 audit committee obtained a statement from the auditors which confirmed that no business, financial, personal or other relationship existed between the auditor and the company that could call the auditor's independence into question (Statement of Independence). The auditor made this statement to the chairman of the audit committee by letter dated January 27, 2014. This statement also extended to consulting services the auditor performed for the company in the lapsed fiscal year and those that have been agreed for the current fiscal year.

The Declaration on Corporate Governance pursuant to Section 161 Joint Stock Corporation Act (AktG), approved on December 3, 2014, can be found in the corporate governance section of this annual report, as well as on the company's website under the navigation point Investor Relations in the Corporate Governance section.

The Supervisory Board and the Executive Board together issued the Declaration on Corporate Governance on March 30, 2015 and published it on the company's website.

CONSOLIDATED FINANCIAL STATEMENTS AND ANNUAL FINANCIAL STATEMENTS

The annual financial statements and the consolidated financial statements as per December 31, 2014, as well as the management report and the consolidated management report including accounting have been audited by the elected auditor BTU Treuhand GmbH, who issued an auditor's opinion without restriction. 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 the Supervisory Board's balance sheet meeting on March 30, 2015, and have been carefully reviewed by them. These documents and papers were discussed in detail by the audit committee and the entire Supervisory Board in the presence of the auditor. The auditor could find no shortcomings in the internal risk management and control systems with regard to the financial accounting process. The Supervisory Board could assure itself that the auditor's report complied with the statutory requirements. At this meeting the auditor also gave details on the scope, points of focus and costs of the audit as well as his impartiality, and informed of services rendered above and beyond performance of the audit. The Supervisory Board approved the results of the auditor's audit at said Supervisory Board meeting. After thorough review of the drafts 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 were consistent with the Supervisory Board's own assessments. In examining the Executive Board's proposal on the use of the balance sheet profit the Supervisory Board also took financial and investment planning and the liquidity of the company into account. Having considered the interests of the company and the shareholders, no objections were raised to the Executive Board's proposal on the use of balance sheet profit. In accordance with the final results of its own examinations, the Supervisory Board raised no objections against the annual financial statements, the consolidated financial statements, the management report, the consolidated management report and the Executive Board's proposal on the use of the balance sheet profit. The Supervisory Board unanimously approved the annual financial statements of LUDWIG BECK AG prepared by the Executive Board, which were thus adopted. It also approved the consolidated financial statements and endorsed the Executive Board's proposal on the use of the profit.

In addition, the Supervisory Board, in accordance with Section 312 Joint Stock Corporation Act (AktG), reviewed the Executive Board's report regarding relationships with associated companies for the past fiscal year *(Dependency Report)*. In this report, the Executive Board issued the following conclusive statement:

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

BTU Treuhand GmbH, as company auditor for the 2014 fiscal year, has examined the Dependency Report and issued the following auditor's opinion on February 20, 2015:

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 are no circumstances regarding the measures mentioned in the report which would require a significantly different approach than the one taken by the Executive Board.*

The Executive Board's Dependency Report and the auditor's report were forwarded to the Supervisory Board. The Supervisory Board also discussed the audit report with the auditor through which it was satisfied in particular that all legal transactions and measures were fully captured. No concerns arose from the auditor's audit report. This being premised, the Supervisory Board approves the results of the auditor's examination. On the basis of 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 gratitude and appreciation to the Executive Board, the employees' representatives as well as all employees of LUDWIG BECK AG for their great personal commitment, dedication and successful work in the 2014 fiscal year.

Munich, March 2015

Dr. Joachim Hausser, Chairman of the Supervisory Board

CORPORATE GOVERNANCE

The term Corporate Governance stands for responsible business management and control aimed at sustained, long-term success. LUDWIG BECK follows the German Corporate Governance Code, first introduced in 2002. The Code recommends national and international standards to stock exchange listed businesses, in respect of good, transparent and responsible business leadership. LUDWIG BECK has felt bound to these values and has complied with the recommendations of the German Corporate Governance Code without significant limitations since April 2003.

Alongside an efficient and targeted co-operation between Executive Board and Supervisory Board there is a particular focus on the importance of shareholder and employee interests. The Corporate Governance Report, the Declaration on Corporate Governance as well as further Corporate Governance relevant information can be found on the company's website in the Investor Relations/Corporate Governance section.

The Declaration on Corporate Governance is accessible via the direct link: http://kaufhaus.ludwigbeck.de/english/ir-english/corporate-governance-en/declaration-corporate-governance/

Declaration on the Corporate Governance Code pursuant to Section 161 Joint Stock Corporation Act (AktG)
For the time from November 28, 2013 to the expiry of September 29, 2014, the following declaration refers to the recommendations of the German Corporate Governance Code *(Code)* in its May 13, 2013 version, published in the German Federal Gazette on June 10, 2013.

Starting September 30, 2014, the declaration refers to the recommendations of the Code in its June 24, 2014 version, published in the German Federal Gazette on September 30, 2014.

The Executive Board and the Supervisory Board of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier Aktiengesellschaft declare in accordance with Section 161 of the Joint Stock Corporation Act (AktG) that they have conformed and will continue to conform to the recommendations of the *Government Commission for the German Corporate Governance Code,* as published by the Federal Ministry of Justice in the official section of the German Federal Gazette, with the following exceptions:

1. The Executive Board of the company has no chairman or spokesman (Code Clause 4.2.1, sent. 1). The Supervisory Board is of the opinion that this best reflects the close cooperation of the two members of the Executive Board, which is based on equality and trust.

2. The employment contracts of the acting members of the Executive Board limit the amounts of the fixed salary and most components of the variable compensation. Only the amounts of some of the variable components as well as the amount of the *overall compensation* are not limited in the contracts. Hence, the contracts do not fully comply with the recommendation of Clause 4.2.3 par. 2, sent. 6 of the Code. The reason for this deviation from the recommendation being that, in order to safeguard existing standards, the Supervisory Board and the Executive Board do not wish to interfere with the current contractual relationships. Apart from that, the compensation of the Executive Board members will not exceed reasonable margins on account of this lack of limits on certain compensation components.

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

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

5. With respect to Clause 5.4.1 par. 2, sent. 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, sent. 2). The decisive grounds for the composition of the Supervisory Board should be criteria such as professional qualifications and expertise, rather than the question of gender.

6. The performance-related compensation authorized for the Supervisory Board is not geared to sustainable business development (Code Clause 5.4.6 par. 2, sent. 2). The compensation of the Supervisory Board members consists of a fixed and a performance-related component linked to the dividend distributed for the respective fiscal year. The Executive Board and the Supervisory Board share the view that the existing compensation regulation provides sufficient incentive for the Supervisory Board members to execute their office with the company's long-term, successful development in mind.

7. Neither the Supervisory Board nor its audit committee discusses any semi-annual or quarterly financial reports with the Executive Board prior to publication (Code Clause 7.1.2, sent. 2). The Supervisory Board and the Executive Board are in regular close contact on the basis of a monthly reporting system. Therefore, a discussion on semi-annual or quarterly reports prior to publication is not necessary.

Munich, November 27, 2014

The Executive Board:
signed Dieter Münch, signed Christian Greiner

The Supervisory Board:
signed Dr. Joachim Hausser, signed Hans Rudolf Wöhrl,
signed Edda Kraft, signed Michael Neumaier,
signed Philip Hassler, signed Dr. Steffen Stremme

SHARE

THE 2014 STOCK EXCHANGE YEAR

Plummeting from high-flying euphoria to disillusionment
In June 2014, German stock exchange speculators were still in a bubbly mood. For the first time in their 26-year history they saw the DAX climb above the 10,000 mark. This high flight was triggered by the loose monetary policy of the European Central Bank (EZB), which had cut the base rate to a historical low of 0.15% that very same day. Yet the flare-up remained nothing but an interlude. In the further course of the year, the DAX embarked on quite a roller coaster ride. At the end of the year, the DAX stood at 9,805 points and closed with a scanty 2.65% plus. In November, the Dow Jones achieved a record high of 17,863 points gaining 4% in comparison to the end of the previous year – an indicator that the USA had found back into its role as a global growth driver.

A bunch of negative factors
In 2014, a troublesome mixture of political and economic conflicts kept importuning the stock exchanges. The conflict in Ukraine, the incessantly smoldering European debt crisis, the rapid decline in oil prices, the IS terrorist state and the expiry of the bond-buying program set up by the Federal Reserve, all put pressure on the stock markets world-wide. By introducing low interest rates, the European Central Bank (EZB) created a countertrend in the Euro zone, which however kept losing steam as alarming inflation figures surfaced at the end of the year.

DAXsector Retail in the red
The DAXsector Retail of the German stock exchange lists the 20 largest retail businesses in Germany. After a robust increase of approximately 47% in the previous year, the index dropped about 6.5% in 2014, closing at 170 points.

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
Market capitalization at year's end 2014	€ 107.9m
Stock Exchanges	Frankfurt/M., Stuttgart, Munich, Duesseldorf, Berlin/Bremen, Hamburg, XETRA
Year-end price (12/30/2014)	€ 29.20
Year-high price (7/22/2014)	€ 31.58
Year-low price (5/16/2014)	€ 28.45
Designated Sponsor	Lang & Schwarz

Stability and reliability
In a challenging year for the entire textile retail trade sector in Germany the LUDWIG BECK share yet again pointed the way by displaying stable continuity, and closing 2014 with as share price of € 29.20 (December 30, 2013: € 29.50), a development underscoring the group's constant focus on sustainability. Also in the future, the group will pursue a strategy based on continuity and reliability instead of heading for short-lived effects. Investors and partners appreciate the company exactly for its capability to firmly steer a reliable course.

Seen in a longer term perspective, the share was able to score nearly 135% plus in the last five years, clearly outperforming the DAX which gained 65% in the same period. On July 22, 2014, the share reached its peak at € 31.58. On May 16, 2014 it recorded its lowest point at € 28.45. At the end of the 2014 business year, the share's market capitalization value was at € 107.9m.

Earnings per share
Earnings per share are calculated by dividing LUDWIG BECK's group earnings by the average number of shares in circulation during the year being reported. The average number of shares (diluted and undiluted) was 3,695,000 in 2014.

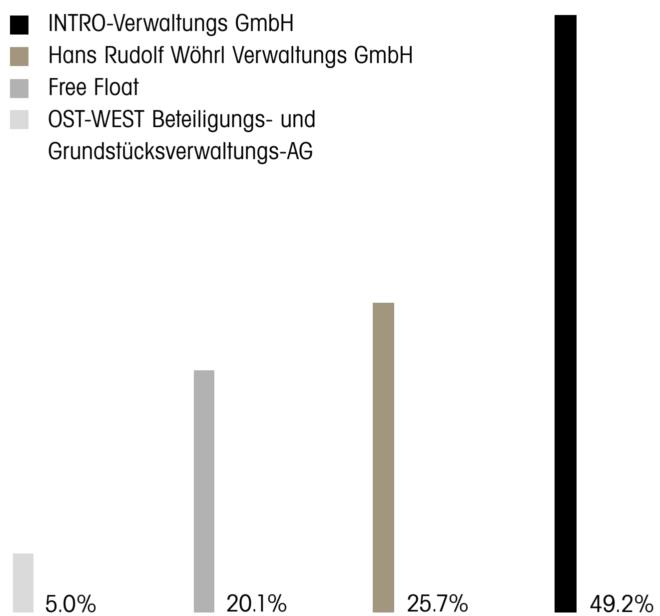
Consolidated net profit amounted to € 6.7m in the 2014 fiscal year (previous year: € 7.4m). Accordingly, earnings per share totaled € 1.81 (previous year: € 2.00); the end of year price-earnings ratio was 16.1 (previous year: 14.8).

Dividends
LUDWIG BECK AG shares are traditionally considered a reliable dividend stock. For the benefit of its shareholders, the company pursues a continuous dividend performance, ensuring an appropriate share in the business success for its shareholders. The suggested amount of dividends paid takes into consideration the company's financial goals, in particular securing a solid financial base for the implementation of the group's strategy. LUDWIG BECK AG has financed and will continue to finance its growth to a large part with available funds, thus further strengthening the company's balance sheet results and generating high added value for the business and its shareholders in the long run.

In order to emphasize and live up to this declared standard, the Executive Board and the Supervisory Board of LUDWIG BECK AG will propose to the company's General Meeting to increase the dividend to € 0.75 per share on May 13, 2015. By taking this step, LUDWIG BECK intends to send out a clear signal that the share will continue to set incentives with strong dividends. Based on this rate, the sum total of dividends paid for the 2014 fiscal year amounts to € 2.8m (previous year: € 1.8m). The remainder will be transferred to other revenue reserves. The dividend yield of the LUDWIG BECK share is thus 2.5%, as measured by the closing price of the last trading day in 2014.

Shareholder structure
LUDWIG BECK's shareholder structure is analyzed on an annual basis. The inquiry consists of a depository bank survey that determines the social stratification of the shareholders, based on the parameters set by the Federal Association of German Banks. In general, the results fairly reflect the current composition of the shareholder structure. The study commissioned by LUDWIG BECK AG was conducted on September 30, 2014, on the basis of 3.6m responses. This represents a participation level of about 96.0%.

The composition of the shareholder structure is as follows:
LUDWIG BECK AG has about 2,200 shareholders. With a shareholding of 49.2%, INTRO-Verwaltungs GmbH was the largest single shareholder as per the relevant date, September 30, 2014. Hans Rudolf Wöhrl Verwaltungs GmbH owned 25.7% of the shares. OST-WEST Beteiligungs- und Grundstücksverwaltungs-AG held 5.0%, Rheintex Verwaltungs AG 3.0% of the LUDWIG BECK shares. Foreign institutional investors were in possession of 0.7% of the shares in aggregate. 16.3% of the shares were in the hands of minor shareholders. All percentages were calculated on the basis of exact figures and then rounded.



INVESTOR RELATIONS

As a Prime Standard listed company, LUDWIG BECK is fully committed to the *Fair Disclosure* principles of currentness, continuity and equal treatment on which any and all of its communications are based. Thus, the goals of LUDWIG BECK Investor Relations are transparency, continuous exchange of information and an open dialogue with investors, analysts and journalists.

The annual General Meeting provides a welcome interface to promote personal contact between the corporation and its shareholders. On May 8, 2014, more than 500 shareholders used their votes to express their trust in a company which they perceive as a stable guarantor for value appreciation of their investment. By a broad majority of votes, the shareholders approved the suggested distribution of a dividend of € 0.50 per share for 2014. All other items on the agenda also found almost 100% approval.

LUDWIG BECK reports on the General Meeting and many other subjects of public interest in two languages. Fixed dates for regular reports provide the framework for capital market communications. A report on the 2013 sales figures, published at the beginning of January 2014, kicked off the year's news. The management presented the 2013 Annual Report reflecting the overall performance in the 2013 fiscal year at the annual results press conference in Munich in the middle of March 2014, as well as at an analyst conference in Frankfurt. LUDWIG BECK AG published quarterly reports and comprehensive Corporate News approximately three weeks after the end of each quarter to inform the capital market about the respective periods.

The presentations set up for these conferences are available online to every interested party at LUDWIG BECK's website http://kaufhaus.ludwigbeck.de/english/ir-english/ under Investor Relations. With its online presence the company also pursues the intention to offer explanations on business strategy, inform on all current publications, such as reports and Corporate News, publish recommendations made by analysts and make an archive of annual reports available, going back as far as the year 2000. In its regularly published shareholder letter LUDWIG BECK provides information about further corporate happenings. Furthermore, the Investor Relations team may be contacted directly at any time.

The financial calendar for 2015 can be found on page 115 of this Annual Report and on the LUDWIG BECK website under Corporate Events/Financial Calendar.

CONTACT

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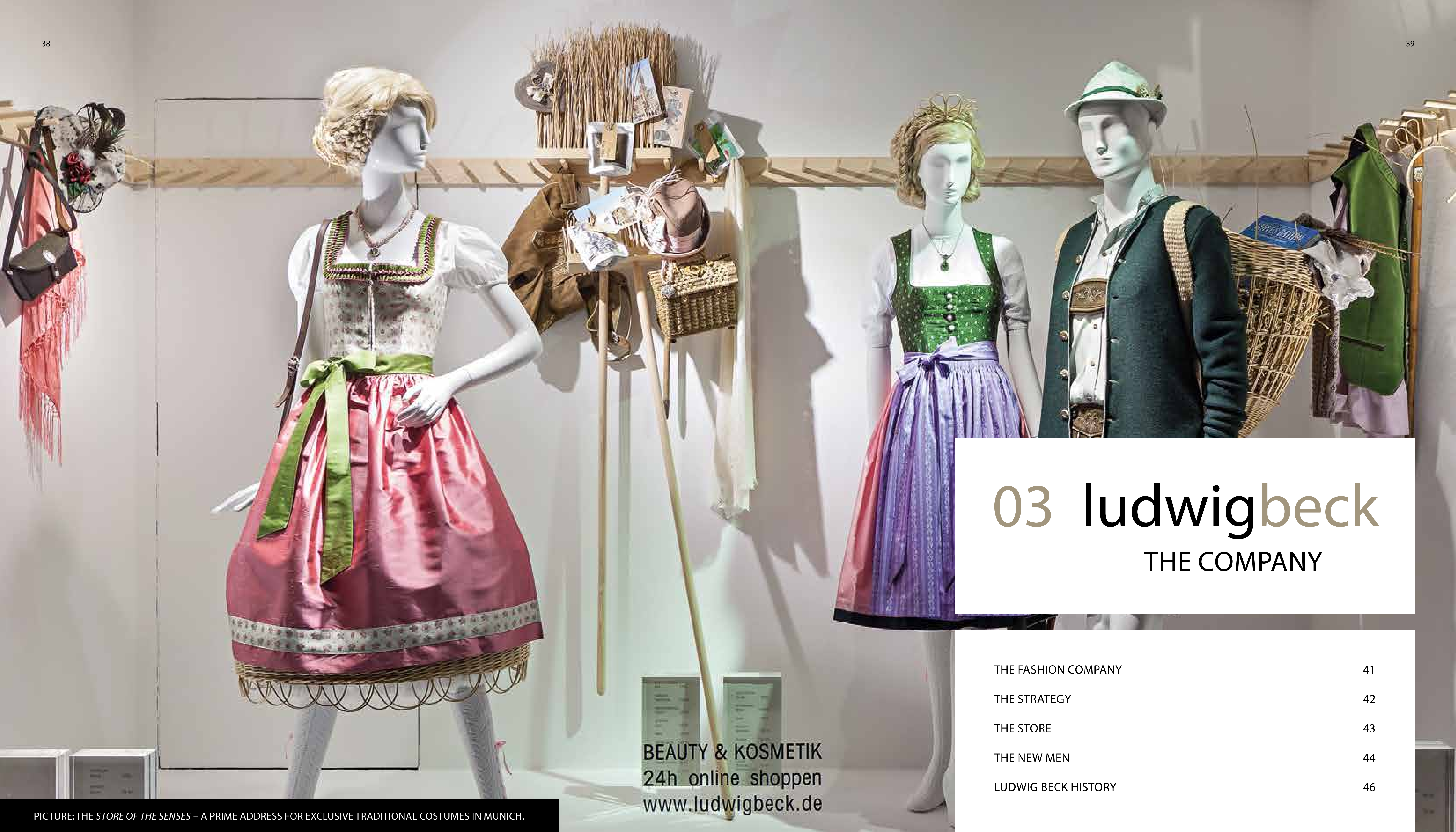


PICTURE: THE *STORE OF THE SENSES* – A PRIME ADDRESS FOR EXCLUSIVE TRADITIONAL COSTUMES IN MUNICH.

03 | ludwigbeck

THE COMPANY

PICTURE: CHARISMA IN ADVERTISING – AD FOR THE 2014 SPRING/SUMMER CAMPAIGN.

styleicon

ludwig beck

THE FASHION COMPANY

A MAGICAL BRAND

Through these challenging times in retail fashion, with its changing purchasing habits and awareness, just how does a long-standing department store like LUDWIG BECK manage to stay on its path to success and repeatedly delight its customers anew?

However far-reaching the change may be – there are customer wishes that never change: the desire for outstanding fashion, for exclusivity, for a sophisticated sales culture. LUDWIG BECK knows how to attend to these wishes. Whether through the exclusive product range, the artistic window displays, the expressive staging of products in the individual departments, the creative marketing campaigns or the star events on stage at the *Store of the Senses* – the aim is always the same: to give our customers an unparalleled shopping experience.

A heritage of over 150 years at one of the most sought-after locations in Europe, a fashion store that powers its own dynamism and designs its own future with an innovative growth strategy and an online beauty shop that promises success – this master plan will ensure LUDWIG BECK remains a unique fashion house well into the future.

the strategy

CLASSICALLY MODERN

Fashion plays by its own rules: it is part of a production based on singularity. It must be practical but also fire the emotions. Good fashion is exclusive. Above all, it always surprises with the new, rolling with the times unlike any other product. This development, always targeted at the next step, makes discerning fashion so precious. These are the benchmarks that bestow the LUDWIG BECK brand its magnetism – and form the basis of its strategic orientation.

The strategy of permanent upgrading stands for premium character and absolute modernity over the course of time. At LUDWIG BECK, trading up comprises a wealth of actions in constant flux, always tapping new points whose optimization opens new potential.

The launch of the extended and completely redesigned Men's Fashion department in 2014 started a new chapter in the sales culture of this segment. But much smaller modernizing interventions, right down to decisions about collections and product choice, are part of the consistently applied trading up strategy. This ever active process of renewal and improvement directly responds to customer demands and fulfils the high expectations of investors and partners.

Today, the trading up strategy has been extended way beyond the stationary store with the LUDWIG BECK's online beauty shop www.ludwigbeck.de. The increasing demand is a visible sign that modernity without compromise and intrinsic value also defines the digital sales route. Because if you want to create classics, you have to be future-oriented.

PICTURE CENTER: IN A DISTINCTIVE SETTING: PROMOTIONAL AREA WITH DESIGNER FASHIONS.

the store

FLAGSHIP AND HEART OF THE BRAND

A top location

The *Store of the Senses* is located directly at Munich's Marienplatz, the center of a catchment area of some 2.7 million people. Marienplatz attracts 20,000 passers-by hourly, added to which are some 5 million tourists every year. Complementing the main store is the beauty branch in the nearby FÜNF HÖFE.

A sales guarantee

Around 97% of the Group sales are generated in the *Store of the Senses*. In 29 permanent or seasonal departments spread over 7 floors and a sales area of about 12,400 sqm, the company showcases international fashions, leather goods and accessories, exclusive cosmetics and with over 120,000 titles, Europe's largest on-site collection of classical, jazz and world music and audiobooks. Since the end of 2012, the singular brand portfolio of the beauty branch has also been available through the online shop www.ludwigbeck.de, where a remarkable array of nearly 10,000 products from over 100 luxury and niche brands awaits our customers.

A sought-after target group

A predominantly female target group aged between 29 and 59 seeks an exclusive shopping experience in the *Store of the Senses*. They love to shop, enjoy a modern urban lifestyle and are characterized by a pronounced brand affinity. LUDWIG BECK has both a large percentage of loyal Munich patrons together with up to 30% sales generated from domestic and international tourists.

Well advised

Our ongoing sales success is the product of all our employees. The LUDWIG BECK sales team is able to win over even the most demanding of customers with their outstanding advisory expertise and high service orientation.

Stepping out

The flagship store radiates a distinctive visual presence both inside and out. The storefront was awarded the 2010 City of Munich Facade Award for its detailed restoration. Our window displays are as eye-catching as they are considered ground-breaking. In the store, products are artfully displayed according to the latest visual merchandising concepts. And the creative ways we communicate with our customers through fashion magazines, dialogue marketing as well as print and outdoor advertising emphasize the message of LUDWIG BECK's unmistakable brand.

the new
MEN

BETWEEN FUNCTIONALITY AND ELEGANCE – FOR MEN SEEKING A DRESSING STYLE BETWEEN WORK UNIFORM AND HIGH-FASHION STATEMENT.

An up and coming target group
On September 4, 2014, the Men's Fashion department was reopened on the lower ground floor of the *Store of the Senses* – one of the most significant renovations in LUDWIG BECK's history. The newly created department now offers substantially more room for the male customer and positions itself unmistakably closer to the center of the customer discourse. The reopening signals that exclusive men's fashion will play a major role in LUDWIG BECK's future. Over the past few years, German men have visibly joined the female customer base with respect to brand consciousness and attitude in their pursuit of carefully selected, style-conscious fashions. LUDWIG BECK has grasped this exciting development and offers every opportunity for its unfurling within its new store concept.

More space for big brands
The Men's Fashions department has grown by some 600 sqm. Fashion-savvy men now find a huge selection of stylish labels over 1,500 sqm. International trend brands dominate in the sectors Business Fashion, Loungewear, Accessories, Sportswear, Underwear and Swimwear, to which we have added a new section for Contemporary Fashion. Alongside familiar brands such as Armani Collezioni and Hugo Boss are a raft of newcomers including Pierre Balmain, Calvin Klein Jeans, Michael Kors, Adriano Goldschmied, John Smedley, Barbour International and Mauro Grifoni.

BOSS Orange T-Shirt

An overview of all brands from the Men's department are online at **stories.ludwigbeck.de**

Michael Kors Briefcase

Key feature: Exclusivity
Drykorn marked the opening with an exclusive and strictly limited Capsule Collection. The customer magazine LUDWIG offered among others a jumpstart with a men's special edition full of opening offers and gifts. A pop-up concept store on the ground floor grabbed attention on the theme of *New Men*. The unmistakable premium atmosphere in the new department is achieved through light oak wood, natural stone and classic furnishings. The beautifully designed ceiling panels, marble passages, timber partitions and countless other details are eye-catchers of a distinctively male aesthetic.

OUR ASPIRATION IS SIMPLE: WE WANT TO BE THE BEST DEPARTMENT STORE IN MUNICH.

Robots in the window displays
For the grand opening, two robots were installed in the display windows of the Marienplatz store, through a cooperation with Kuka Robotics. Two screens played an animated film about the new Men's department. Modernity, artistic aspiration and extravagant experience – the new men can be happy!

LUDWIG BECK MEN'S FASHION

Location: In the lower basement of the *Store of the Senses* at Marienplatz in Munich.

Size: approx. 1.500 sqm

Product selection: Accessories, business fashion, sportswear, underwear, swimwear, casual wear

Brands: Michael Kors, Hugo Boss, Ralph Lauren, Pierre Balmain, Mauro Grifoni and others.

Spacious sales areas, wide range of premium products, exclusive brands and collections – the new Men's Fashion department, a top draw for fashion-conscious men, has gained even more allure.

In the stylish setting of the new department the LUDWIG BECK team offers competent and individual advice to the new men of today.

PICTURES: SINCE SEPTEMBER 2014, LUDWIG BECK HAS OFFERED HIGH-END MENSWEAR ON AN EXPANDED APPROX. 1,500 SQM AREA.

ludwigbeck
HISTORY

1861

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

1874
To expand the premises, Beck buys properties at Dienergasse 23 and Burggasse 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. The king decks his castles at Linderhof, Neuschwanstein and Herrenchiemsee with the gems – even his pompous sledge is trimmed with real silver and gold decorations. King Ludwig II bestows Beck with the title *Royal Bavarian Court Trimmer.*

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. By now the company employs 138 workers.

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

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

1946

1954
Sometimes recovery happens under the surface: LUDWIG BECK opens the lower ground floor at Marienplatz. With a new level of convenience, shoppers can now enter directly from the suburban and underground train station.

1971
Sometimes recovery happens under the surface: LUDWIG BECK opens the lower ground floor at Marienplatz. With a new level of convenience, shoppers can now enter directly from the suburban and underground train station.

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 property 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 two years.

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

1992
A very special year: LUDWIG BECK becomes a joint stock company, and the flagship store at Marienplatz is relaunched as the *Store of the Senses.*

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

2001
A new company: LUDWIG BECK Beteiligungs GmbH is founded and takes a holding in the Marienplatz property.

2008
LUDWIG BECK launches LUDWIG BECK Grundbesitz Haar GmbH and buys the 8,000 sqm plot in Haar near Munich where the distribution center servicing the flagship store is located.

2010
2010 is another award-winning year: LUDWIG BECK receives the *ECHO Jazz* prize as dealer of the year for its Music department. In addition, the department store is awarded the City of Munich's Facade Award.

2011
LUDWIG BECK celebrates its 150th year anniversary i.a. with an exclusive anniversary magazine. Starting in April, the interactive interior design by designer Christian Haar and an extraordinary sound installation by Stefan Winter attune the customers to a very special shopping experience. The highlight is a ceremonial event at Prinzregenten Theater with 1,000 invited guests, employees and friends of the house.

2012
Onward at a breath-taking pace: LUDWIG BECK now also offers its beauty and cosmetics sortiment online. The Legwear department steps out with an exciting new design on the ground and first floors. With the sale of its Esprit branch in Munich's OEZ, the Group now focuses on the brick-and-mortar business in the flagship store and the internet venture.

2014
In September, the completely new designed Men's Fashion department opened on approx. 1,500 sqm of the lower ground floor in the Marienplatz store – one of the biggest building projects in the company's history. This brought the *male* target group stronger than ever into the LUDWIG BECK focus.

2011

PICTURES: A TRADITION OF MORE THAN 150 YEARS IN RETAIL BUSINESS – THE WAY TO ONE OF EUROPE'S LEADING FASHION DEPARTMENT STORES.

PICTURE: NEW AVENUES: LUDWIG BECK'S WINDOW DISPLAYS STAND FOR PIONEERING TRENDS IN EXTERNAL PRESENTATION.

04 | consolidated management report

I. GROUP FUNDAMENTALS

1. BUSINESS MODEL

Business activity
The fashion Group operates a textile retail business under the brand LUDWIG BECK. Its brick-and-mortar business centers on the flagship store at Munich's Marienplatz. The offered product range mostly consists of textile goods as well as non-textile goods such as cosmetics, sound recordings and paper products. In addition, the Group runs a beauty branch in nearby FÜNF HÖFE.

On its platform ludwigbeck.de the company operates an online store for exclusive cosmetics.

LUDWIG BECK AG runs operations for the Marienplatz department store as well as its branch. ludwigbeck.de GmbH coordinates the Group's e-commerce in the beauty division.

Report segments
The Group reports about its business activities in the *textile* segment and the *non-textile* segment. The *textile* segment covers all products pertaining to the apparel category; the *non-textile* segment includes all other products sold by LUDWIG BECK for various purposes, such as accessories, sound recordings and large range of cosmetics.

2. STRATEGY AND GOALS

The success targets set by LUDWIG BECK are based on exclusive product selections, creatively staged in a top location and presented with a high-end sales culture. Another relatively new, yet increasingly strong-selling expression of the company's business activity is the online shop launched at the end of the year 2012.

The Group's goals have evolved as outflux of its previous development. LUDWIG BECK aims at securing a permanent top position among Europe's leading fashion retail stores.

Furthermore, the Group endeavors to remain a sought-after employer for its staff, ranking as a career home. Shareholders shall permanently participate in LUDWIG BECK's business success and rest assured that their investment is secure. The company wants to grow in a healthy way and retain its stability.

The product line upgrade strategy results in regular improvements not only in product selection but also in sales areas, product presentation and interior design. This concept was applied to the 2014 reopening of the significantly enlarged Men's Fashion department in an exemplary manner. Cost management is under permanent supervision and, when indicated, further optimized.

3. INTERNAL CONTROL SYSTEM

LUDWIG BECK relies on exact to-the-date resource planning analyses, organized by categories, such as product group and article number through to department und season volume. This internal control system provides the company with all required information for controlling inventories, product selections and the allocation of sales areas in an efficient manner. These parameters serve as the basis for the constant monitoring of the company's financial scope of action by way of target-actual comparison, and allow the company to respond swiftly if significant deviations occur.

In addition to the financial performance indicators integrated into the aforementioned control system, the company uses a number of other key parameters to measure economic efficiency. These refer to developments in sales and earnings, working capital as well as investments in relation to tied capital.

The monthly reporting system provides the Executive Board with information on target-actual analyses reflecting the development of the key parameters. This is to make sure that immediate action can be taken if business performance results deviate from the plan. In parallel, a thorough cause analysis makes sure that risks are kept at a minimum and opportunities exploited.

II. ECONOMIC REPORT

1. GENERAL AND BRANCH-SPECIFIC ECONOMIC FRAMEWORK CONDITIONS

Disappointing global growth also in 2014
In 2014, the global economy was still weighed down by the economic crisis and its aftereffects. Even though the economic development was quite sluggish in the Euro zone, the loose monetary policy of the central banks, especially in the USA, triggered a growth spurt. The Chinese economy however was ailing. For the first time since 1998 it missed the central government's target and grew by only 7.4% – the lowest result in 24 years. According to the Institute for Economic Research (IfW), the global economy gained 2.6% in 2014, thus disappointing leading economists once again.

German economy on the rise
Due to the meagre results achieved in the previous year, the expectations placed in the German economy were relatively low. Nevertheless, the economy developed rather satisfactorily in 2014: According to the Federal Office for Statistics the growth rate was 1.5% – following the 2013 low of 0.1%. Thus, the German Gross National Product (GNP) braved all global crises and critical hotspots and emerged stronger than it has ever been since 2011.

This quite surprising and unexpected growth was basically owed to private consumption. Rising wages and a new employment record created ideal conditions. Exports were up 3.7% in comparison to the weak previous year. The hesitant maneuvering of many entrepreneurs seems to have come to an end for the time being, and despite all the imponderabilities investments in machinery and equipment increased significantly. While in 2013 a recession could barely be averted, the economic development got into high gear at the beginning of 2014, lost momentum later on, but stabilized towards the end of the year.

In 2014, the German state generated the second highest plus since its reunification. Thus, for the third time in a row, Germany could adorn itself with a more than balanced budget.

The fashion sector – third consecutive year in the red
In many ways the elevated consumer sentiment was lost on the German fashion trade. According to TextilWirtschaft (TW) brick-and-mortar businesses reported a decline in sales for the third consecutive year. On average, sales dropped 3% in 2014, in comparison to the weak previous year (-2%). As spokesmen of the industry stated, Germans were not in the mood for spending their money on fashion. The second half of the year was particularly disappointing. Fall fashion remained on the shelf, as September and October brought late-summer temperatures. Not even Christmas sales could cushion the massive price reductions that followed. The GfK Textile panel sees an unbroken trend towards convenient online shopping, a sector that keeps capturing more and more market shares, at the expense of stationary trade.

2. LUDWIG BECK BUSINESS DEVELOPMENT

Stable development
Anti-cyclical weather was a major topic also for LUDWIG BECK in the year under report. Other problematic factors influenced the company's business development as well. Ongoing construction work on the mezzanine subway/suburban train level at Munich's Marienplatz had a negative effect on the development of sales. The absence of many of the East European customers also weighed strongly. The Russian tourism association recorded a 70% decline in bookings for foreign destinations, due to the Ukraine crisis and the currency slump of the ruble. Nevertheless, the Group continued on its course of consolidation and was able to score moderate sales increases and to clearly outperform the branch average just like in the previous year.

LUDWIG BECK continued its progress and developed a basis for healthy growth on its own merits. Therefore, the company remained largely unaffected by many detrimental outer circumstances. This continuity is and has always been one of the Group's strengths. It has helped to reinforce shareholder confidence in the future viability of LUDWIG BECK.

In its second full fiscal year, the online shop ludwigbeck.de continued to achieve substantial sales increases. As evidenced by the results of 2014, the Group's online activities provide a large potential for further development as a stable sales guarantor to back up the stationary business.

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

3. CONSOLIDATED EARNINGS SITUATION

Consolidated comprehensive income statement

	1/1/ – 12/31/2014		1/1/ – 12/31/2013		Delta	
	€m	%	€m	%	€m	%
Gross sales	102.7	119.0	102.1	119.0	0.5	0.5
VAT	16.4	19.0	16.3	19.0	0.1	0.5
Net sales	**86.3**	**100.0**	**85.8**	**100.0**	**0.5**	**0.5**
Other own work capitalized	0.2	0.2	0.1	0.2	0.1	47.3
Other operating income	3.8	4.4	3.4	3.9	0.4	12.8
	90.3	**104.6**	**89.3**	**104.1**	**1.0**	**1.1**
Cost of materials	43.6	50.5	42.4	49.4	1.2	2.9
Personnel expenses	17.7	20.5	17.0	19.8	0.7	3.8
Depreciation	2.8	3.2	2.7	3.2	0.0	1.8
Cost of office and store space	6.2	7.2	6.2	7.2	0.1	0.9
Administrative expenses	2.0	2.3	2.1	2.4	-0.1	-4.2
Sales expenses	5.0	5.8	4.5	5.2	0.5	12.0
Other personnel costs	1.2	1.4	1.3	1.5	0.0	-1.0
Insurance and contributions	0.2	0.2	0.2	0.2	0.0	22.5
Other expenses	0.9	1.0	0.7	0.8	0.2	29.8
Sum total of other operating expenses	**15.6**	**18.1**	**14.8**	**17.3**	**0.7**	**5.0**
Earnings before interest and taxes (EBIT)	**10.6**	**12.3**	**12.3**	**14.4**	**-1.7**	**-13.8**
Financial result	-1.1	-1.3	-1.5	-1.8	0.4	-27.7
Earnings before taxes on income	**9.5**	**11.0**	**10.8**	**12.6**	**-1.3**	**-11.8**
Taxes on income	2.8	3.3	3.4	4.0	-0.6	-17.1
Consolidated net income	**6.7**	**7.8**	**7.4**	**8.6**	**-0.7**	**-9.4**
Expenses (-) and income (+) directly entered into equity	0.0	0.0	-0.1	-0.1	0.1	-72.6
Consolidated comprehensive income	**6.7**	**7.7**	**7.3**	**8.5**	**-0.6**	**-8.3**
Gross profit	42.7	49.5	43.4	50.6	-0.8	-1.7
EBITDA	13.4	15.6	15.1	17.6	-1.7	-11.0
Operating margin (EBT/net sales)	11.0		12.6			
Cost ratio (operating expenses less corresponding proceeds/net sales)	37.1		36.2			
Operating expenses	36.0	41.8	34.6	40.3		

Sales development

In the 2014 fiscal year, the LUDWIG BECK Group generated gross sales of € 102.7m (previous year: € 102.1m). This equals a 0.5% sales increase. When the nine-month figures were published, the Management adjusted the original forecast based on anticipated sales increases in the medium single digit percentage range, to the lower single digit percentage range. However, with sales up 8.2%, the Christmas business in December struck a conciliatory tone. The magazine TextilWirtschaft announced a sales performance of -4% for branch the during that time.

The online trade under www.ludwigbeck.de, launched in December 2012, achieved a significant growth in sales, thus making a valuable contribution to Group earnings. On account of many problematic influences, the brick-and-mortar business was only able to make a sideways move.

The textile retail trade sector had to face a 3% decline in sales in the elapsed fiscal year (source: TextilWirtschaft).

Earnings situation

Despite highly challenging conditions, LUDWIG BECK was able to maintain, in slightly extenuated form, the level of previous years.

Gross profits reached € 42.7m (previous year: € 43.4m), thus attaining the same level as in the previous year. The gross profit margin came to 49.5% (previous year: 50.6%). The absolute cost of sales amounted to € 43.6m, slightly above last year's level of € 42.4m. The cost of sales ratio was 50.5% (previous year: 49.4%). In addition to non-recurrent, positive special factors occurring in the previous year, the clearance sale launched in May and June 2014 in the Men's Fashion department had the effect of increasing the cost of sales. By granting additional discounts, the company was able to completely sell out all seasonal goods in stock in the course of this clearance sale. During the renovation and expansion works in the Men's Fashion department the lower ground floor remained closed for more than two months in July and August 2014.

Other operational income, composed of rental income, proceeds generated by administration, the sales and personnel departments, cafeteria profits and own work capitalized amounted to € 4.0m (previous year: € 3.5m) at the end of the 2014 fiscal year. Other operational income in the fiscal year included insurance income in the amount of € 0.7m (previous year: € 0.2m).

Basically due to a rise in personnel and distribution costs and other operating costs, operating expenses (personnel expenses, depreciation and other operating expenses) slightly exceeded last year's amount of € 34.6m and reached € 36.0m. The increase in personnel expenses resulted mainly from the 6.5% wage increase awarded to the LUDWIG BECK staff in the first half of 2013. Distribution costs went up in line with scheduled increases in marketing expenses for the reopening of the Men's Fashion department. The rise in other operating expenses was linked to the processing of the legacy of Mr Toni Feldmeier, the former co-owner of the business and minority shareholder of the company holding the real estate at Munich's Marienplatz, and other related transaction costs (including accessions tax) totaling € 0.3m. With this legacy executed, LUDWIG BECK's share in the real estate holding company has increased from 67.7% to 85.9%.

Accordingly, the cost ratio (expenses against corresponding proceeds) relating to net sales was 37.1%, thus exceeding the previous year's figure of 36.2%.

Earnings before interest, taxes and depreciation (EBITDA) came to € 13.4m (previous year: € 15.1m). The EBITDA margin relating to net sales amounted to 15.6% as compared to 17.6% in the previous year.

Earnings before interest and taxes (EBIT) came to € 10.6m (previous year: € 12.3m). The EBIT margin was 12.3% (previous year: 14.4%).

Due to further finance-related optimization measures concerning group financing, and a non-recurrent effect in the previous year, the financial result could be significantly improved by € 0.4m to € -1.1m (previous year: € -1.5m).

Earnings before taxes (EBT) amounted to € 9.5m (previous year: € 10.8m). The EBT margin was 11.0% as compared to 12.6% in the previous year.

Taxes on income totaled € 2.8m (previous year: € 3.4m).

Accordingly, consolidated net profits amounted to € 6.7m (previous year: € 7.4m). The result yielded in the fiscal year 2014 thus remained on a high level even though it could not quite match last year's mark on account of the aforementioned special items.

Segment development

Segment information 1/1/ – 12/31/2014	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
Gross sales	**75.2**	**119.0**	**27.4**	**119.0**	**102.7**	**119.0**
Previous year	*75.3*	*119.0*	*26.9*	*119.0*	*102.1*	*119.0*
VAT	-12.0	19.0	-4.4	19.0	-16.4	19.0
Previous year	*-12.0*	*19.0*	*-4.3*	*19.0*	*-16.3*	*19.0*
Net sales	**63.2**	**100.0**	**23.1**	**100.0**	**86.3**	**100.0**
Previous year	*63.2*	*100.0*	*22.6*	*100.0*	*85.8*	*100.0*
Cost of sales	-32.1	50.8	-13.2	57.2	-45.3	52.5
Previous year	*-31.5*	*49.8*	*-12.9*	*56.9*	*-44.4*	*51.7*
Gross profit	**31.1**	**49.2**	**9.9**	**42.8**	**41.0**	**47.5**
Previous year	*31.7*	*50.2*	*9.7*	*43.1*	*41.5*	*48.3*
Sales personnel expenses	-5.3	8.4	-3.1	13.5	-8.4	9.8
Previous year	*-5.2*	*8.1*	*-3.0*	*13.4*	*-8.2*	*9.5*
Imputed cost of office and store space	-10.2	16.1	-2.0	8.8	-12.2	14.1
Previous year	*-10.0*	*15.8*	*-2.0*	*8.9*	*-12.0*	*14.0*
Imputed interest	-0.8	1.2	-0.4	1.8	-1.2	1.4
Previous year	*-0.8*	*1.2*	*-0.4*	*1.8*	*-1.1*	*1.3*
Segment result	**14.8**	**23.5**	**4.3**	**18.7**	**19.2**	**22.2**
Previous year	*15.8*	*25.0*	*4.3*	*19.0*	*20.1*	*23.4*

In the fiscal year 2014, sales in the *textile* segment remained on last year's level, whereas the *non-textile* segment scored a 2.1% increase.

The *textile* segment includes sales of LUDWIG BECK's complete range of textile goods. The *non-textile* segment comprises all sales in HAUTNAH cosmetics, stationery, haberdashery and sound recordings.

On segment level, the *textile* gross profit fell 1.9% below last year's figure. In this regard, the clearance sale with special discount offerings in the Men's Fashion department in May and June 2014 clearly made a significant impact.

The gross profit margin in the *non-textile* segment could be increased by 1.3%. Earnings contributions by suppliers were considerably lower than in the previous year, but have not been assigned to individual segments.

The *textile* segment result showed a 6.3% decline as compared to the previous year, due to lower gross profits as well as higher personnel expenses, which had an adverse effect on profits. The *non-textile* segment result was up 0.4% in comparison to the previous year. Overall, segment results dropped 4.8% as compared to the previous year.

4. ASSET SITUATION

Assets	2014		2013	
	€m	%	€m	%
Long-term assets				
Intangible assets	2.8	2.5	3.0	2.9
Property, plant and equipment	92.8	83.5	89.0	83.7
Other assets	0.1	0.1	0.2	0.1
	95.7	**86.1**	**92.2**	**86.7**
Short-term assets				
Inventories	11.5	10.3	10.4	9.8
Receivables and other assets	3.1	2.8	3.0	2.8
Cash and cash equivalents	0.8	0.7	0.7	0.7
	15.4	13.9	14.1	13.3
Balance sheet total	**111.1**	**100.0**	**106.3**	**100.0**

The balance sheet total of the LUDWIG BECK Group stood at € 111.1m as at the balance sheet date (previous year: € 106.3m).

Investments in fixed assets amounted to € 6.4m, thus significantly exceeding write-downs of € 2.8m. This resulted in a book value increase in tangible and fixed assets. Overall, fixed assets were at € 95.6m (previous year: € 92.0m). More details about investments can be found in the cash flow section.

Working capital was € 15.4m, € 1.3m above last year's level of € 14.1m. Inventories alone increased by € 1.1m to € 11.5m (previous year: € 10.4m). This was basically the result of the reduction of stock in the Men's Fashion department in connection with the significant enlargement completed in the middle of the year.

Liquid funds came to € 0.8m as at the balance sheet date (previous year: € 0.7m).

5. FINANCIAL SITUATION

Liabilities	2014		2013	
	€m	%	€m	%
Shareholders' equity	**67.2**	**60.5**	**64.4**	**60.6**
Long-term liabilities				
Financial liabilities	20.5	18.4	24.3	22.9
Accruals	2.7	2.5	1.2	1.1
Deferred taxes	0.9	0.9	1.1	1.0
	24.2	**21.8**	**26.6**	**25.0**
Short-term liabilities				
Financial liabilities	13.9	12.5	9.0	8.5
Trade liabilities	1.3	1.2	1.8	1.7
Accrued taxes	0.1	0.1	0.0	0.0
Other liabilities	4.4	4.0	4.4	4.1
	19.7	**17.7**	**15.3**	**14.4**
Balance sheet total	**111.1**	**100.0**	**106.3**	**100.0**

In the 2014 fiscal year, shareholders' equity increased from € 64.4m to € 67.2m. Chief influences were the positive result of the year 2014 along with the dividend payments for the 2013 fiscal year as decided by the Annual General Meeting on May 8, 2014 which resulted in a cash outflow of € 1.8m. Acceptance of the legacy led to contractual obligations towards the surviving relatives which were recognized under reserves. The relevant amount of € 1.4m thus entered in the balance sheet had a reducing effect on shareholders' equity. On account of the higher balance sheet total the equity ratio amounted to 60.5% (previous year: 60.7%).

Short and long-term financial liabilities rose by € 1.1m from € 33.3m to € 34.4m. Investments in the amount of € 6.4m and inventory increases of € 1.1m could basically be funded from the free cash flows generated in 2014. Therefore, there was only a slight increase in financial liabilities.

At the balance sheet date, approximately 59% of the short-term credit facility of € 29.0m was utilized for bank guarantees and current account overdrafts. Interest on short-term current account overdrafts is variable. Overall, credit lines for short-term financing have been secured for 2015.

Aggregate short and long-term liabilities went up by € 2.0m from € 41.9m to. € 43.9m.

Trade liabilities were reported at repayment value. Due to short terms of payment of these liabilities, these amounts equal the market value of liabilities. Payments to suppliers were usually made within 10 days to take advantage of cash discount deductions, whereas the regular time allowed for payment was 60 days.

The finance policy is directed at securing the company's liquidity while simultaneously optimizing financing costs. To the extent possible, non-operational risks are to be excluded.

Cash flow

	2014	2013
	€m	€m
Cash flow from operating activities	7.5	9.2
Cash flow from investment activities	-6.5	-3.2
Cash flow from financing activities	-0.8	-6.3

The cash flow from operating activities amounted to € 7.5m (previous year: € 9.2m) in the 2014 fiscal year. The essential reasons therefor were the lower result as well as changes in the working capital sector.

The cash flow from investment activities amounted to € -6.5m (previous year: € -3.2m). Investments mainly concerned renovation and expansion works on the lower ground floor of the department store complex at Marienplatz. Investments in the years 2013 and 2014 totaled approximately € 6.1m, with the larger part of about € 4.6m attributable to the 2014 fiscal year. At the beginning of September 2014, the Men's Fashion department on the lower ground floor was reopened with a significantly expanded sales area. New space was also created for the Children's Fashion and Lingerie departments. Investments for these departments amounted to € 0.9m.

In the 2014 fiscal year, € 1.8m was spent on dividend distributions for 2013. The cash flow from financing activities reached a total of € -0.8m (previous year: € -6.3m). The 2014 free cash flow was exclusively utilized for investments and inventory reductions.

The consolidated cash flow statement lists more details about individual cash flow items.

6. SUMMARY STATEMENT ON BUSINESS DEVELOPMENT

The Management of LUDWIG BECK considers the economic situation quite satisfactory. The Group's sound foundation and the generation of new sales and earnings potentials have been and will be the factors supporting the company's further growth performance.

7. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

Employees

As highly professional intermediaries between customers and product range, the employees of LUDWIG BECK form the key pillar for the company's business success. Their competence and expertise, quality of advice and outstanding motivation may well be considered unique in the German retail trade. When selling emotionally highly appealing premium products to demanding customers, each employee proves his or her immense value to the company's ongoing growth and stability. LUDWIG BECK does whatever it takes to maintain its high level of staff development through future-oriented personnel policies, various continuation training measures and individual support.

LUDWIG BECK is committed to the principles of *Leading Healthy,* which include a whole range of holistic approaches, from offering balanced nutrition in its cafeteria and engaging cooperation partners for fitness training offers to subject-related workshops. This kind of modern-day *Corporate Health Management* is to reduce absences, improve motivation and enhance physical and mental well-being. In this way, LUDWIG BECK proactively strengthens staff loyalty, thus inspiring employees to identify more strongly with the company's goals.

In the 2014 fiscal year, LUDWIG BECK had 478 employees on average. Last year the average number was 463. With 49 apprentices, their number remained at the same high level as in the previous year (previous year: 52). The weighted number of employees stood at 338 (previous year: 331).

Marketing

Marketing activities and public relations work are important building blocks for creating the unreservedly positive image in public perception that LUDWIG BECK has enjoyed for many years. Throughout the whole fiscal year, the company initiates successful campaigns to ensure a consistent high level of attention from regular customers, Munich citizens and tourists.

Also in 2014, LUDWIG BECK continued pursuing its key goal: to convey the essence of its exclusive fashion department store to a wide public, and to keep the interest in its high-end product range, its creatively staged events, and last not least, its social commitment keen and alive at all times. The new Emag *LUDWIG BECK Stories* launched in 2014 is just one of many examples. Attention-grabbing window displays designed by renowned artists, autograph events with world stars of classical music or the reopening of the Men's Fashion department on the lower ground floor – there was no event that wasn't adequately appreciated by media and target groups.

III. REMUNERATION REPORT

REMUNERATION OF THE EXECUTIVE BOARD

The total remuneration of the members of the Executive Board consists of several remuneration components. Non-performance-related components include fixed remuneration, fringe benefits and pension promise. The performance-related component is a bonus. The bonus amount depends on the development of the Group's return on sales in the last three years. Furthermore, the Supervisory Board can, at its discretion, grant a special bonus to reward special accomplishments. Benefits in kind are valued in line with payroll tax regulations.

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.

The total remuneration of the members of the Executive Board amounted to € 1,199k in the 2014 fiscal year (previous year: € 1,054k).

Individual details are shown in the following chart:

Value of *remunerations granted* in the report year 2014:

Remunerations granted	**Dieter Münch**				**Christian Greiner**			
	Board member for Personnel, Finances, IT				**Board member for Purchasing, Sales, Marketing**			
in €k	**2013**	**2014**	**2014 (min)**	**2014 (max)**	**2013**	**2014**	**2014 (min)**	**2014 (max)**
Fixed salary	279	286	286	286	260	386	386	386
Fringe benefits	13	14	14	14	9	15	15	15
Subtotal	**292**	**300**	**300**	**300**	**269**	**401**	**401**	**401**
One-year variable pay	223	223	0	223	223	223	0	223
Subtotal	**515**	**523**	**300**	**523**	**492**	**624**	**401**	**624**
Pension annuities	47	52	52	52	0	0	0	0
Total remuneration	**562**	**575**	**352**	**575**	**492**	**624**	**401**	**624**

Inflow in/for the report year 2014:

Inflow	**Dieter Münch**		**Christian Greiner**	
	Board member for Personnel, Finances, IT		**Board member for Purchasing, Sales, Marketing**	
in €k	**2013**	**2014**	**2013**	**2014**
Fixed salary	279	286	260	386
Fringe benefits	13	14	9	15
Subtotal	**292**	**300**	**269**	**401**
One-year variable pay	223	223	223	223
Subtotal	**515**	**523**	**492**	**624**
Pension annuities	47	52	0	0
Total remuneration	**562**	**575**	**492**	**624**

The above chart also shows retirement benefit payments for the members of the Executive Board and their dependants. Retirement benefit payments commence 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 his service as a member of the Executive Board of LUDWIG BECK AG. As contractually agreed, accrued pension benefits will be increased by € 5k each year, until attainment of age 63. Pursuant to IAS 19R, the cash value of the promised retirement benefits for active Executive Board members amounted to € 1,934k on December 31, 2014.

The cash value of the promised retirement benefits for one former Executive Board member and his dependents was € 651k.

Current pension payments are indexed.

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 the performance of 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. It 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.

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.

The fixed remuneration for regular members of the Supervisory Board is € 15k per fiscal year. The chairman's fixed pay is € 30k; the vice chairman receives € 22.5k. The remuneration for serving in a committee is € 1.5k per fiscal year, and € 3k for the chairman. Starting in 2012, the members of the Supervisory Board have not received a performance-related bonus if the dividend resolved by the Annual General Meeting was up to € 0.25 per share. They received a bonus of € 0.5k for every Euro cent the dividend exceeded € 0.25 per share. The chairman receives double the bonus amount, the vice chairman one-and-a-half times the amount. In the 2014 fiscal year, the members of the Supervisory Board forwent one-third of their performance-related bonus for operational reasons.

Individual details are shown in the following chart:

	Fixed		**Variable**		**Total**	
in €k	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**
Dr. Joachim Hausser	35	35	25	33	60	68
Edda Kraft	21	24	16	25	37	49
Philip Hassler (2013 pro rata)	9	15	7	17	16	32
Gabriele Keitel (2013 pro rata)	6	0	5	0	11	0
Michael Neumaier (2013 pro rata)	9	15	7	17	16	32
Dorothee Neumüller (2013 pro rata)	6	0	5	0	11	0
Dr. Steffen Stremme	20	20	13	17	32	36
Hans Rudolf Wöhrl	20	17	15	17	35	33
Total remuneration	**125**	**125**	**94**	**125**	**218**	**250**

IV. RISK AND OPPORTUNITY REPORT

RISK REPORT

Evaluation – a core mission
Long-term business success in a dynamic market can only be achieved by recognizing and engaging opportunities early on. This necessity is one of the fundamental entrepreneurial obligations.

Fashion companies, such as LUDWIG BECK, are exposed to external and internal factors of influence that can have a direct or indirect impact on the business. LUDWIG BECK classifies these potentials by quantitative and qualitative indicators. The Management constantly examines the thus identified risks and opportunities, taking into consideration that almost a third of LUDWIG BECK's customers are tourists. Locally insignificant risks become more and more important from a trans-regional and global perspective. The same holds true for opportunities.

For the purpose of risk monitoring and evaluation, LUDWIG BECK has established the following risk categories:

Class A – significant risks: They include risks that, should they come to pass, would potentially endanger the company's existence. Diminishing or shifting these risks through controlling measures is only marginally possible – or not at all.

Class B – acceptable, yet relevant risks: Risks of this category have a high damage potential while probability is minor.

Class C – non-relevant risks: Based on their extent of damage or probability these risks can be classified as minor.

Constant evaluation enables the company to forestall and avert problems, and to utilize latent potentials to create value. Due to their size, DAX companies have the personnel and technical resources to measure and evaluate opportunities and risks on a daily basis. LUDWIG BECK, however, relies on communication structures. In order to make the analytical process as efficient as possible, the Group's employees are in constant communication with the Executive Board that pursues an *open door policy.* On a higher level, Executive Board and Supervisory Board discuss potential risks and opportunities, consider solutions and determine adequate sets of measures.

1. RISKS FROM THE ENVIRONMENT

Macro-economic and sociopolitical risks (class B)
The combination of comprehensive reflationary programs, rescue packages for financial institutions and states, and sinking tax receipts led to an exceptional historical high in budget deficits and to record levels of national debt in Western industrialized nations. The developments in Greece and other European countries exemplified quite plainly how easily investor concerns regarding 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 and cumulative effects to be considered may reverberate in a possibly significant worsening of the still upheld positive consumer sentiment, should other topics gain higher priority.

As LUDWIG BECK partially targets demand from international customers, it has to consider global, sociopolitical risks. Political crises, currency slumps, civil wars, revolutions and other sociopolitical upheavals in the customers' home countries can cause important target groups to stay away from the business location Munich.

Weather risks (class B)
The world-wide climatic change is one of the fundamental risks of a textile retail business. Summers are too cool and damp, winters too mild or extremely cold. Temperatures show anti-cyclical patterns; the macro weather situation is unpredictable. This uncertainty thwarts the consumers' propensity to buy. The familiar rules regarding desired shopping goods for a season are interrupted. 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 and hats. The past years were examples of the damage a sequence of unpredictable weather conditions can wreak to the entire fashion sector.

Risk of terrorism (class B)
In the wake of devastating attacks both past and present, counterterrorism measures of the police and terror alerts in many European countries, this type of risk has moved increasingly into focus. Munich, a location with cosmopolitan flair, could be a conceivable target for attacks. The potential consequences for the overall economic situation are difficult to assess. Not only real threats but also putative dangers may cause customers to avoid bustling places and the centers of cities.

In case of an actual terror alert, or immediately after a real terrorist attack someplace else, regular customers and tourists could stay away from the flagship store at Marienplatz, at least for a while. On account of the mere existence of this type of risk, an anxious population and people impelled to change their plans may well become significant factors to take into consideration.

Nuclear risks (class B)
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 commissioned by 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 to 40% in 40 years 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.

Accessibility risk (class B)
The central location of the flagship store at Marienplatz relies to a great extent on accessibility via the public transport system. Public service strikes or interruptions of the local transportation networks can therefore hamper or even prevent the unobstructed transportation of customers to the city center. Thus, there is a risk of reduced sales if normal business in the following days cannot compensate the loss. Obstructions by public renovation works in close proximity, such as the protracted construction measures at Munich's Marienplatz in 2014, also count as accessibility risks.

2. SECTOR RISKS

Online competition risks (class B)
Possible additional online vendors in the same sector can entail the risk of exacerbated competition in the segments LUDWIG BECK is operating in. A broader range of online vendors could create a situation of multiple choices for brick-and-mortar customers in regard to identical or similar products, due to the rising appeal, higher service quality and, if nothing else, enticing pricing of web portals. The company recognizes this risk, yet is able to face it with relative nonchalance. On the one hand, the company offers its customers a unique shopping experience with its second-to-none product presentation at one of Europe's best locations; on the other hand, the company has operated the successful, award-winning online shop ludwigbeck.de for more than two years, and this line of business will continue to complement and even stimulate the brick-and-mortar business in a meaningful way.

Risks through consumer behavior (class C)
Altered consumer behavior or a changing competitive situation in retail, triggered by the general economic situation, commercial framework conditions and income trends, require a constant realignment of the marketing concepts to meet the needs of customers in terms of product selection and service.

Above all, corporate policy results from targeted market observation, analysis of the competitive situation and trends in consumer behavior as well as particular behavioral patterns of the target groups. As a vendor of an exclusive product portfolio, LUDWIG BECK plays the role of a trendsetter with the ability to influence the shopping behavior of the target group to its benefit.

With a clear positioning and strategy, LUDWIG BECK uses all opportunities resulting from this permanently changing market. High quality service and depth of product ranges allow the company to benefit from niches in the specialist store segment. The Group can also compensate for possible customer migration trends by operating the online shop in addition to the brick-and-mortar business.

Seasonal risks (class C)
As goods are purchased much earlier than seasonal and sales peaks occur, this causes outflows of cash at times during which there are not necessarily corresponding inflows of cash from sales revenues. These cash flow fluctuation risks are monitored and controlled through the financial management using a variety of cash management tools.

3. ECONOMIC PERFORMANCE RISKS

Supplier risks (class C)
As a fashion retail business LUDWIG BECK depends on reliable external service providers. The resulting risk factors are interruptions in product supply, infringements of quality, security or social standards, ethical dubiousness or environmental exploitation. In order to supply its customers with high-quality products in sufficient amounts according to their desires, LUDWIG BECK selects its suppliers very carefully and scrutinizes them on a regular basis. Due to the large number of well-cultivated cooperation partnerships, the company does not depend on any individual supplier.

Logistic risks (class C)
Any interruption of the value creation chain at the level of product supply directly impacts the availability of the products offered by LUDWIG BECK. The broad spectrum of the product selection is vulnerable to risks that may threaten the inventory as a whole. This holds true for the brick-and-mortar business as well as the online shop. For this reason, LUDWIG BECK diligently observes the existing supply structures and takes corrective action if necessary.

4. FINANCIAL RISKS

Financial risks (class B)
As a result of the debt crisis in European countries, with still no end in sight, currently unforeseeable difficulties or reluctance of banks to grant loans may arise for industry and commerce. In case of a further exacerbation this could lead to liquidity constraints as the banking sector is already under pressure.

LUDWIG BECK AG operates a central financial risk management system to identify, measure and control financial risks. A financial resources balancing system between the various businesses in the Group means that short-term excess liquidity from one can be used to finance the capital needs of the other. This internal clearing system helps reduce the amount of external finance required and optimizes cash deposits, thus positively affecting 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 the trust which creditors have in the company and thus for their willingness to provide credit lines. Loans are spread between several lenders to minimize risks of concentration. The company's solid equity position, its current cash flows and the available 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 financial management team also regularly checks alternative financing opportunities.

Risk of bad debt (class C)
Currently, LUDWIG BECK is exposed to the risk of bad debt to only a very limited extent. The risks resulting from credit card payments are mainly borne by the credit card providers. Monitoring of EC-card payments is outsourced to an external service provider. Mechanisms implemented for the monitoring of cash sales result in low risks. Risks arising from the physical movement of cash, the possibility of fraud and the insolvency of the provider are minimized through these services being distributed between several companies.

Liquidity risk (class C)
A liquidity risk is the result of insufficient available funds to meet financial obligations in due time. LUDWIG BECK has such obligations, particularly for the repayment of financial liabilities. The LUDWIG BECK Group constantly monitors and plans its liquidity. The subsidiaries regularly have liquid funds available to be able to meet their current payment obligations. Furthermore, short-term lines of credit and overdraft facilities can be called upon. These are based on solid financing. The Group has a strong operative cash flow, considerable liquid funds and unutilized lines of credit. Forward-looking liquidity planning ensures that LUDWIG BECK is always solvent.

5. OTHER RISKS

IT risks (class C)
IT risks mainly concern the requirement for the no-fail availability of the cash register and computer systems including the necessary IT network, as well as the integrity of data in connection with potential external attacks on the 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 (class C)
Employees are one of the most decisive factors of success. Alongside the creation of a positive work environment, our human resources activities focus on providing training and advanced training measures and developing junior managers. The development of staff, in combination with the application of management principles, reduces the risk of personnel fluctuations and ensures the high standard of qualification and service orientation of the employees.

Legal and tax risks (class C)
LUDWIG BECK is exposed to legal and tax risks through possible breaches of legal provisions. The monitoring of the current legal position along with upcoming legislative amendments is kept within the focus of the company at all times. External legal advisors are employed to help minimize this risk and to make the adjustments necessitated by the ever-changing legal position on a regular basis. As a rule, all significant contracts are subject to legal checking.

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.

The company has sufficient insurance cover for risks from damages and liability claims, whose requirements and conditions are subject to continual assessment both internally and externally.

Real estate risk (class C)
In recent years, real estate prices rose significantly. Loans remained affordable due to the loose monetary policy pursued on account of high national debt. In times of low interest rates and lurking inflation threats, investors are on the lookout for alternative investments to protect their fortunes from looming monetary devaluation and to achieve secure, stable yields for a maximum long term. This gives rise to the risk of overheated demand and a subsequent price bubble, as experienced by the markets, especially in the USA, since 2008.

Compliance risks (class C)
For an internationally active business, complying with a multitude of legal systems and regulations requires a high degree of attention and the integrity of employees in every position. Compliance risks can result from corruption when dealing with authorities, breaches of data protection rules or non-observance of labor laws. In order to practically rule out infringements, LUDWIG BECK thoroughly educates its staff and ensures vigilant compliance awareness.

6. OVERALL RISK EVALUATION

The LUDWIG BECK management currently considers most of the aforementioned risks controllable or negligible due to their minute probability. No fundamental shift in the risk and opportunity situation is expected for the near future. At present, no risks that can threaten the company's existence are evident.

The Executive Board relies on the solid base of the Group's earning power which it considers an assuring factor for a positive further business development. It makes sure that arising opportunities can be enjoyed in all their diversity and turned into sustained successes.

LUDWIG BECK bears all entrepreneurial risks concerning the company's core and supporting processes, but only if they are controllable and the required effort contributes to the Group's increase in value. These areas include strategic models, decisions about new areas of enterprise or the purchasing and selling of products. Beyond that, LUDWIG BECK generally does not take risks.

OPPORTUNITIES REPORT

Numerous opportunities arise for LUDWIG BECK which bear potentials for a positive impact on business performance.

Seen from a broader perspective, the favorable economic prospects for Germany, as forecast by economic researchers for 2015, will bring new growth potentials.

Other opportunities can be found in the company's own sphere of influence. Significantly expanded sales areas in the flagship store, like in the new Men's Fashion department, will create improved conditions for sales and earnings increases in 2015 as compared to the previous year.

The steadily growing online shop www.ludwigbeck.de provides a valuable opportunity to establish an alternative marketing channel offering the potential for above-average growth, in addition to the brick-and-mortar store.

The trading up strategy is a unique operative feature of LUDWIG BECK. By continuously upgrading its range of products, the Group keeps generating new earnings opportunities out of its own resources.

The flagship's incomparable position at Marienplatz is so promising that it will play a leading role as earnings guarantor also in 2015. Its quality is derived from the fact that it counts among the prime sales locations in Europe.

Taking the opportunity to implement cost optimizations on a continuous basis is a way to better cost efficiency through identification of suitable potentials.

In the lapsed fiscal year, the company intensively analyzed and utilized arising opportunities. The expected results encourage the Management to assume an optimistic attitude regarding the year 2015.

V. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

LUDWIG BECK has established a system of internal controls 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 accounting parameters and booking directions for various business transactions were established. Another control tool is the clear allocation of functions regarding various accounting processes. Accounting-relevant items are mainly recorded on an automated basis, e.g. all sales at LUDWIG BECK are controlled by automated cash register systems. For group accounting purposes all book-keeping data of the consolidated companies may be accessed.

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 accounting-related risk management system of the LUDWIG BECK Group is set up in a way that the risks of misrepresentation, which mainly ensue from new business processes or amendments, or amendments to legal provisions, are constantly monitored. These risks are contained by transferring decisions on accounting-related data resulting from unusual business transactions to the management level. Ongoing training regarding changes to the applicable accounting provisions is provided to the Management. External providers carry out up-to-date training in the basic principles set out in literature. In case of doubt, external consultants are called in for the implementation of changes and their integration into existing processes.

VI. SUPPLEMENTARY REPORT

There were no significant events to report after the balance sheet date December 31, 2014 that could affect the company's financial, assets and earnings situation.

VII. FORECAST REPORT

GLOBAL ECONOMY FACING CHALLENGES

The International Monetary Fund (IMF) drafts a rather pessimistic scenario for the 2015 global economy. Despite falling oil prices, low interest rates and the recovering of the US economy, economists assume that the world will have to deal with a *complicated counter-current*. Bad, demand-curbing conditions in many parts of the world will counteract the positive effects of the oil price decline. They include in particular lower investment activities that dim economic prospects for the Euro zone. China's pace of growth is slowing down; Russia's economy is about to shrink. Nevertheless, the IMF anticipates a global growth rate of 3.5% – certainly a sharp increase in comparison to the previous year (2.6%). The Kiel-based Institute for World Economics (IfW) strikes an even more hopeful tone and forecasts 3.7% growth and an increased dynamism in worldwide production in the coming year.

GERMAN UPSWING HOLDING STRONG

Many economists expect that declining oil prices, favorable interest rates and the depreciation of the Euro will trigger a substantial economic boost in Germany. Therefore, the IfW predicts 1.7% economic growth for Germany. Other economic researchers take a more reserved stance and see growth rates slightly above one percent. In their opinion, the growth rate could climb even higher if the aforementioned positive conditions hold strong. However, a potentially sluggish recovery of the Euro zone as well as international crises like the one in Ukraine pose threats that should not be underestimated.

The IfW considers private consumption one of the enabling factors. Purchasing power is enhanced as a result of higher net incomes and the drastic decline in oil prices. Investments by enterprises will provide a positive stimulus for the economy. German exports are expected to remain robust, even in a challenging international environment, and to clearly benefit from the falling oil prices.

According to the Association for Consumption Research (GfK), the five-month downturn in economic outlooks has been halted. Even though many consumers are still uncertain, earnings prospects and propensity to buy are expected to create a consumer sentiment as favorable as it was over long periods of the previous year. GfK predicts that, per capita, Germans will have approximately 572 Euro more to spend in 2015 – a 2.7% rise in comparison to 2014.

LUDWIG BECK ON HEALTHY GROWTH TRAJECTORY

Even though the Management of LUDWIG BECK basically sides with these optimistic forecasts, it expects the crises of the year 2014 to continue having adverse effects on German retail businesses. Funneling German consumer enthusiasm into the textile sector will remain a highly challenging endeavor. Also, increasingly erratic weather patterns may prove to be bad companions for the fashion trade in 2015. However, positive economic prospects for Germany and a stable consumer sentiment form a sound and sustainable basis for the unfoldment of a healthy business trend.

In the year under report, LUDWIG BECK demonstrated that the adverse effects of freak weather, absent tourists and external construction works could for the most part be compensated. Investors, partners and employees of the Group felt validated as regards their trust in the Group's stability. The reopening of the Men's Fashion Department on the lower ground floor of the flagship store in September 2014 – one of the most extensive construction projects ever realized in the company's recent history – will go down in the annals of LUDWIG BECK as a further milestone. With the sales area expanded by 500 sqm and a generously increased premium selection of Men's Fashion articles this department is supposed to be one of the success factors in 2015.

The company expects the online shop ludwigbeck.de to provide a strong growth impulse and to solidify its role as a significant revenue contributor in 2015.

The principles of systematic trading up will be applied to all product ranges also in 2015. Furthermore, the Management counts on sustained cost optimization and increased process efficiency on all levels. On account of its location advantage, the emotional loyalty of its customers, the high quality of advice and its exclusive offer the Group is well equipped to successfully defend its top position among German fashion companies.

Backed up by the confidence in its own strengths, the Management expects Group sales to rise between 2% and 4% in 2015 and earnings before interest and taxes (EBIT) to come to approximately € 10m.

VIII. SUPPLEMENTARY DETAILS

1. DETAILS ACCORDING TO SECTION 315 PAR. 4 COMMERCIAL CODE (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 listed companies and individuals directly or indirectly held more than ten in a hundred of the voting rights at LUDWIG BECK at the time of the preparation of the annual financial statements:

- 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)
- Hans Rudolf Wöhrl, Germany, 74.9% (indirect)

Authorization of the Executive Board, in particular the possibility to issue and acquire own shares
By resolution passed by the Annual General Meeting on May 8, 2013, valid through May 7, 2018, the company was authorized to acquire own shares in the aggregate proportional amount of up to 10% of the capital stock existing at the time of the resolution. The company cannot use this authorization to trade own shares; for the rest, the determination of the acquisition purpose is at the Executive Board's discretion. Pursuant to the authorization, the Executive Board has the choice to acquire LUDWIG BECK shares via the stock exchange or through a public offering to all shareholders. The Executive Board has been authorized to also use shares, thus acquired or bought based on a previous authorization pursuant to section 71 par. 1 No. 8 Joint Stock Corporation Act (AktG), under exclusion of shareholders' statutory subscription rights, as set forth under agenda item 7 of the Annual General Meeting, published in the German Federal Gazette on March 27, 2013. Own shares acquired based on the authorizing resolution of May 8, 2013 or on any previous authorization granted pursuant to section 71 par. 1 No. 8 Joint Stock Corporation Act (AktG) may also be withdrawn.

The complete text of the General Meeting's resolution of May 8, 2013 can be found on the company's website under http://kaufhaus.ludwigbeck.de/content/documents/hauptversammlungen/2013/130327_LB_HVDokumente_TOP_7.pdf.

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. Any amendment to the articles of association requires a resolution of the Annual General Meeting (Section 179 par. 1 Joint Stock Corporation Act (AktG)).

According to Section 16 par. 3 of the articles of association, the resolution of the Annual General Meeting 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 315 par. 4 No. 2, No. 4, No. 5, No. 8 and No. 9 Commercial Code (HGB) do not apply, no details have to be provided.

2. DETAILS ACCORDING TO SECTION 312 JOINT STOCK CORPORATION ACT (AKTG) (DEPENDENCY REPORT)

Since no control and profit transfer agreement was concluded with the principal shareholder, the Executive Board of LUDWIG BECK was obligated to prepare a report about relations to 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 company received fair and reasonable compensation in each individual case and did not suffer any disadvantage as a result of measures taken or not taken.

3. DECLARATION ON CORPORATE GOVERNANCE ACCORDING TO SECTION 289A COMMERCIAL CODE (HGB)

The Declaration on Corporate Governance has been made publicly available on the company's website http://kaufhaus.ludwigbeck.de/english/ir-english/corporate-governance-en/declaration-corporate-governance/

Munich, February 5, 2015
The Executive Board

PICTURE: SETTING THE STAGE FOR CHRISTMAS – START OF THE YEAR'S MOST PROFITABLE SEASON.

05 | consolidated financial statements & CONSOLIDATED NOTES

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH, AS OF DECEMBER 31, 2014, ACCORDING TO IASB

Assets		Notes	12/31/2014 €k	12/31/2013 €k
A.	**Long-term assets**			
I.	Intangible assets	(1)	2,821	3,037
II.	Property, plant and equipment	(1)	92,763	88,983
III.	Other assets	(2)	145	151
	Total long-term assets		**95,728**	**92,170**
B.	**Short-Term assets**			
I.	Inventories	(3)	11,479	10,440
II.	Receivables and other assets	(4)	3,118	2,954
III.	Cash and cash equivalents	(5)	823	698
	Total short-term assets		**15,420**	**14,092**
			111,149	**106,262**

Liabilities		Notes	12/31/2014 €k	12/31/2013 €k
A.	**Shareholders'equity**			
I.	Subscribed capital	(6)	9,446	9,446
II.	Capital reserves	(6)	3,459	3,459
III.	Profit accrued	(6)	54,786	51,894
IV.	Other equity components	(6)	-442	-408
	Total shareholders'equity		**67,249**	**64,391**
B.	**Long-term liabilities**			
I.	Financial liabilities	(9)	20,489	24,300
II.	Accruals	(8)	2,745	1,192
III.	Deferred tax liabilities	(10)	946	1,101
	Total long-term liabilities		**24,181**	**26,594**
C.	**Short-term liabilities**			
I.	Financial liabilities	(9)	13,876	9,039
II.	Trade liabilities	(9)	1,291	1,798
III.	Tax liabilities	(9)	138	44
IV.	Other liabilities	(9)	4,414	4,396
	Total short-term liabilities		**19,719**	**15,278**
	Total debt (B. – C.)		**43,900**	**41,872**
			111,149	**106,262**

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, 2014 – DECEMBER 31, 2014, ACCORDING TO IASB

		1/1/2014 – 12/31/2014		1/1/2013 – 12/31/2013	
	Notes	**€k**	**€k**	**€k**	**€k**
1. Sales	(11)				
- Sales (gross)		102,685		102,135	
- minus VAT		16,384		16,296	
- Sales (net)			86,301		85,839
2. Other own work capitalized	(12)		205		139
3. Other operating income	(13)		3,782		3,354
			90,287		**89,331**
4. Cost of materials	(14)	43,620		42,399	
5. Personnel expenses	(15)	17,666		17,012	
6. Depreciation	(16)	2,791		2,743	
7. Other operating expenses	(17)	15,581	79,658	14,845	76,999
8. EBIT			**10,629**		**12,332**
9. Financial result	(18)		**-1,104**		**-1,527**
- Of which financial expenses: € 1,164k (previous year: € 1,587k)					
10. Earnings before taxes on income			**9,525**		**10,805**
11. Taxes on income	(19)		2,833		3,419
12. Consolidated net income			**6,692**		**7,386**
13. Expenditures and income entered directly into equity	(20)				
13a. Components, that can be reclassified in the income statement Derivative financial instruments			0		15
13b. Components, that cannot be reclassified in the income statement Actuarial profits (+)/losses (-) from pension commitments			-51		-200
			-51		**-185**
13c. Deferred taxes on expenditures (+) and income (-) entered directly into equity capital			**-17**		**-61**
Expenditures and income entered directly into equity in total			**-34**		**-124**
14. Consolidated comprehensive income			**6,658**		**7,262**
Diluted and undiluted earnings per share in Euros	(21)		1,81		2,00
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, 2014 – DECEMBER 31, 2014

	Subscribed capital (6)	Capital reserve (6)	Accumulated profit (6)	Other equity capital components*) (6)	Total
	€k	**€k**	**€k**	**€k**	**€k**
As of 1/1/2014	**9,446**	**3,459**	**51,894**	**- 408**	**64,391**
Consolidated net income	0	0	6,692	0	6,692
Dividend payments	0	0	-1,847	0	-1,847
Disbursements to other shareholders	0	0	-585	0	-585
Obligations towards surviving relatives of Toni Feldmeier on account of accepted legacy	0	0	-1,368	0	-1,368
Change in income and expenditures entered directly into consolidated shareholders' equity	0	0	0	-34	-34
As of 12/31/2014	**9,446**	**3,459**	**54,786**	**-442**	**67,249**

CONSOLIDATED EQUITY STATEMENT OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD FROM JANUARY 1, 2013 – DECEMBER 31, 2013

	Subscribed capital (6)	Capital reserve (6)	Accumulated profit (6)	Other equity capital components*) (6)	Total
	€k	**€k**	**€k**	**€k**	**€k**
As of 1/1/2013	**9,446**	**3,459**	**47,046**	**-284**	**59,667**
Consolidated net income	0	0	7,386	0	7,386
Dividend payments	0	0	-1,847	0	-1,847
Disbursements to other shareholders	0	0	-692	0	-692
Change in income and expenditures entered directly into consolidated shareholders' equity	0	0	0	-124	-124
As of 12/31/2013	**9,446**	**3,459**	**51,894**	**-408**	**64,391**

*) Other equity capital components mainly result from actuarial profits and losses which in the future cannot be reclassified in the income statement.

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD FROM JANUARY 1, 2014 – DECEMBER 31, 2014, ACCORDING TO IASB

	1/1/2014 – 12/31/2014	1/1/2013 – 12/31/2013
	€k	€k
Earnings before taxes on income	**9,525**	**10,805**
Adjustments for:		
Depreciation	2,791	2,743
Interest income	-60	-60
Interest expenses	1,164	1,587
Losses from the disposal of capital assets	66	7
Operating result before changes to working capital	**13,487**	**15,082**
Increase/decrease (-/+) in assets:		
Inventories	-1,039	-258
Trade receivables	197	490
Other assets	137	-542
Increase/decrease (+/-) in liabilities:		
Trade payables	-508	672
Other liabilities	18	-260
Increase/decrease (+/-) in accruals:		
Accruals	227	46
Cash flow from operating activities (before interest and tax payments)	**12,519**	**15,231**
Interest paid	-1,093	-1,225
Interest received	1	1
Disbursements to other shareholders	-585	-692
Taxes on income paid	-3,381	-4,128
A. Cash flow from operating activities	**7,461**	**9,187**

(continued on next page ...)

	1/1/2014 – 12/31/2014	1/1/2013 – 12/31/2013
	€k	€k
A. Cash flow from operating activities	**7,461**	**9,187**
Disbursements for investments in intangible assets and fixed assets	-6,421	-3,103
Disbursements for investments in plan assets	-93	-93
B. Cash flow from investing activities	**-6,514**	**-3,196**
Dividend payments	-1,848	-1,848
Acceptance/repayment (+/-) of long-term bank loans and loans from insurance companies	-3,526	-7,606
Acceptance/repayment (+/-) of short-term bank loans	4,949	3,728
Acceptance/repayment (+/-) of other loans	-231	-45
Repayment of finance leases	-166	-513
C. Cash flow from financing activities	**-822**	**-6,284**
Changes in cash and cash equivalents affecting cash flows (A.+B.+C.)	125	-292
Cash and cash equivalents at beginning of fiscal year	698	990
Cash and cash equivalents at end of fiscal year	**823**	**698**

CONSOLIDATED NOTES

TO THE IFRS-COMPLIANT CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2014 OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH

A. GENERAL DATA

LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich (hereinafter also referred to as LUDWIG BECK AG), the parent company of the LUDWIG BECK Group, was founded on August 13, 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 No. 100213.

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

The consolidated financial statements of LUDWIG BECK AG as of December 31, 2014 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 2014 were complied with. In line with sec. 315a German Commercial Code (HGB) certain 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, 2014 and December 31, 2013. The relevant consolidated statement of comprehensive income, the consolidated equity statement, the consolidated cash flow statement and the notes to the consolidated financial statements cover the periods from January 1, 2014 to December 31, 2014 and from January 1, 2013 to December 31, 2013. 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 consolidated financial statements have been set up on the basis of precise (unrounded) figures which were then rounded to €k. This may lead to summation-related rounding differences.

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

The layout of items in the consolidated balance sheet, the consolidated statement of comprehensive income (total cost method), the 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-oriented assumptions and other major sources of uncertainty regarding estimations as of the relevant date, 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. sub-clause 6), accruals (cf. sub-clause 9) and deferred taxes (cf. sub-clause 11).

The consolidated financial statements will be submitted to the Supervisory Board for approval at the meeting on March 30, 2015. The Executive Board will afterwards release the consolidated financial statements for publication. The Annual General Meeting cannot change the consolidated financial statements approved by the Supervisory Board.

B. ACCOUNTING AND 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, 2014:

Name	Country of domicile	Shareholding ratio (also voting rights ratio)
Direct shareholdings:		
LUDWIG BECK Beteiligungs GmbH	Germany	100.0%
ludwigbeck.de GmbH	Germany	100.0%
Indirect shareholdings:		
LUDWIG BECK Verwaltungs GmbH	Germany	86.0%
Feldmeier GmbH & Co. Betriebs KG	Germany	85.9%
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.

In connection with the acceptance of the legacy of the late Mr. Toni Feldmeier the indirect shareholding in LUDWIG BECK Verwaltungs GmbH was raised from 67.8% to 86.0%, and in Feldmeier GmbH & Co. Betriebs KG from 67.7% to 85.9%.

ludwigbeck.de GmbH is the only one among the aforementioned subsidiaries to be involved in market operations. Its risk profile as online retailer differs only slightly from the operative risks of the LUDWIG BECK Group as a whole. The consolidated group also comprises two real estate companies which only hold real estate exclusively used by the Group, thus merely being exposed to risks relating to the market value development of these properties.

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.

The equity components of other shareholders (limited partners) of Feldmeier GmbH & Co. Betriebs KG are reported in compliance with IAS 32 and IAS 1.

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 income and expenses
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 CURRENCY TRANSLATION

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

The reporting currency is thousand Euros (€k).

IV. ACCOUNTING PRINCIPLES AND VALUATION METHODS

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

2. First-time application of IFRS/IAS
In the past years the IASB made several amendments to existing IFRS and published new IFRS and 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, 2014:

- IAS 27 (amended in 2011) — Separate financial statements
- IAS 28 (amended in 2011) — Investments in associates and joint ventures
- IAS 32 and IFRS 7 — Financial instruments: asset and liability offsetting
- Amendment to IAS 36 — Recoverable amount disclosures for non-financial assets
- Amendment to IAS 39 — Novation of derivatives and continuation of hedge accounting
- IFRS 10 — Consolidated financial statements
- IFRS 11 — Joint arrangements
- IFRS 12 — Disclosure of interests in other entities
- Amendments to IFRS 10, 12 and IAS 27 — Investment entities

Application of the aforementioned standards had no major effect on the consolidated financial statements as per December 31, 2014.

The following standards and interpretations may be voluntarily applied ahead of time by entities as of the fiscal year commencing on January 1, 2014:

- IAS 39 (amended in 2013) — Employee contributions to defined benefit plans
- Annual Improvements Project, cycle 2010 – 2012: Amendments to
  - IAS 16 — Property, plant and equipment – revaluation method: proportionate restatement of accumulated depreciation
  - IAS 24 — Related party disclosures – clarification on key management personnel services
  - IAS 38 — Intangible assets – revaluation method: proportionate restatement of accumulated depreciation
  - IFRS 2 — Share-based payment – definition of vesting conditions
  - IFRS 3 — Business combinations – recognition of contingent consideration
  - IFRS 8 — Operating segment IFRS
    – Aggregation of operating segments
    – Reconciliation of the total of the reportable segments' assets to the entity's assets
  - IFRS 13 — Fair value measurement – short-term receivables and payables
- Annual Improvements Project, cycle 2011 – 2013: Amendments to
  - IAS 40 — Investment property – interrelationship of IFRS 3 and IAS 40
  - IFRS 1 — First-time application of IFRS – meaning of *effective* IFRSs
  - IFRS 3 — Business combinations – scope of the exception for joint ventures
  - IFRS 13 — Fair value measurement – portfolio exception for contracts recognized pursuant to IAS 39, respectively IFRS 9

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 currencies.

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

Receivables and payables in foreign currencies are valued at the 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 years, or 7 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 section C.I.(1). As per December 31, 2014, there was no impairment of the brand name required.

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 were assessed at fair value in 2001. 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	25 – 30 years
Buildings on third party land	10 – 15 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 five 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 statement of comprehensive income.

6. 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.

7. 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 costs. 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.

8. 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.

9. Accruals

According to IAS 37, accruals are recognized when an entity 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 commitments

Accounting for pension commitments was carried out in compliance with the provisions of IAS 19R *Employee Benefits*.

The actuarial valuation of pension commitments is based on the *projected unit credit method* as prescribed for old-age pension commitments in IAS 19R. 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 recognized directly in equity.

10. Liabilities

Financial liabilities

According to IFRS 13, financial liabilities are basically carried at their fair value. Fair values are determined by taking into consideration changes in market interest levels for financial liabilities with comparable conditions (term, repayment conditions, securities). In view of short terms or basically unchanged refinancing conditions since the date of borrowing, fair values basically equal amortized costs.

Trade and other liabilities

Trade and other liabilities are generally carried at amortized costs which basically equal fair values. Most of them fall due within one year. They comprise a variety of individual items.

Derivative financial instruments

LUDWIG BECK AG does not utilize any derivative financial instruments.

11. 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. Assets-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 throughout. The trade tax rate calculated on the basis of the municipal trade tax factor of 490% for Munich was 17.15%. 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.

Deferred tax assets and liabilities were offset in accordance with IAS 12.74.

12. Maturities

Asset and liability items with a residual term of up to one year were recognized as *short-term*. Asset and liability items with a residual term of more than one year were recognized as *long-term*.

13. Revenue recognition

Sales revenue is recognized when sales contracts are concluded. Revenue from services is recognized when the services are performed. Sales revenue is reported, less revenue reductions and refund credits, with deduced value added tax disclosed.

14. Financial instruments

Financial assets and liabilities included in the consolidated balance sheet comprise cash and cash equivalents, trade receivables and trade payables, other receivables, other payables and liabilities to banks. The accounting principles regarding carrying amounts and valuation of these items are described in the respective explanations to these consolidated notes.

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.

In accordance with IAS 32.18 (b), shareholdings of other shareholders in Feldmeier GmbH & Co. Betriebs KG are classified as borrowed capital.

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 risks 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 € 29.0m were available until further notice; approximately 59% (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 a deteriorating credit standing or if cash flows forecasted 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 debt

The risk of bad debt concerns the default risk involved in financial assets. LUDWIG BECK basically generates primary sales 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 and online trade still played 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, there were no derivative financial instruments to report.

Interest risk

The LUDWIG BECK Group uses current account overdraft facilities subject to variable interest. With regard to these items the Group is exposed to interest risks from financial liabilities.

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 an interest rate increase of 100 basis points was assumed for the future, the effect on results due to expected interest costs for the 2014 fiscal year without consideration of taxes would amount to € -108k. If interest rates dropped 100 basis points, the effect on results would be € 108k.

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 and tangible fixed assets is presented in the fixed asset schedule on the following page.

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:

	12/31/2014	12/31/2013
	€k	€k
Software, industrial property rights and similar rights	782	997
Brand name	2,039	2,039
	2,821	**3,037**

Development of fixed assets of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period from January 1 – December 31, 2014

	Acquisition/ production costs								
	As of 1/1/2014 *1/1/2013*	Addition	Disposal	Reclassification	As of 12/31/2014 *12/31/2013*	Cumulative depreciation	Book value 12/31/2014 *12/31/2013*	Book value 12/31/2013 *12/31/2012*	Depreciation 2014 *2013*
	€k	€k	€k	€k	€k	€k	€k	€k	€k
I. Intangible assets									
1. Software, industrial and similar rights	**2,552**	**81**	**0**	**0**	**2,633**	**1,852**	**782**	**997**	**297**
Previous year	*2,437*	*198*	*83*	*0*	*2,552*	*1,555*	*997*	*1,075*	*276*
2. Brand name	**3,399**	**0**	**0**	**0**	**3,399**	**1,360**	**2,039**	**2,039**	**0**
Previous year	*3,399*	*0*	*0*	*0*	*3,399*	*1,360*	*2,039*	*2,039*	*0*
	5,951	**81**	**0**	**0**	**6,032**	**3,211**	**2,821**	**3,037**	**297**
Previous year	*5,836*	*198*	*83*	*0*	*5,951*	*2,914*	*3,037*	*3,114*	*276*
II. Property, plant and equipment									
1. Land, land rights and buildings including buildings on third party land	**106,944**	**4,457**	**1,798**	**627**	**110,229**	**22,012**	**88,217**	**84,447**	**1,290**
Previous year	*105,526*	*1,597*	*206*	*27*	*106,944*	*22,497*	*84,447*	*84,172*	*1,349*
2. Other fixtures and fittings, tools and equipment	**13,003**	**1,851**	**571**	**6**	**14,289**	**9,776**	**4,513**	**3,902**	**1,204**
Previous year	*12,438*	*695*	*134*	*3*	*13,003*	*9,100*	*3,902*	*4,330*	*1,119*
3. Payments on account and assets under construction	**633**	**32**	**0**	**-633**	**32**	**0**	**32**	**633**	**0**
Previous year	*52*	*612*	*9*	*-30*	*633*	*0*	*633*	*52*	*0*
	120,580	**6,340**	**2,369**	**0**	**124,551**	**31,788**	**92,763**	**88,983**	**2,494**
Previous year	*118,016*	*2,904*	*340*	*0*	*120,580*	*31,597*	*88,983*	*88,553*	*2,468*
	126,531	**6,421**	**2,369**	**0**	**130,583**	**34,999**	**95,583**	**92,019**	**2,791**
Previous year	*123,851*	*3,103*	*423*	*0*	*126,531*	*34,511*	*92,019*	*91,667*	*2,743*

The useful life of user software is 3 years, in the case of essential software programs 7 years. Software is depreciated pro rata temporis using the straight-line method. The additions during the fiscal year in the amount of € 81k (previous year: € 198k) exclusively 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 carried out 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 3.2%. The interest rate was determined on the basis of weighted average capital costs. The cash flows were deduced from previous years and were extrapolated within the company's three-year plan. An increase in sales of 1.5% as well as a gross profit margin of 50% and cost indexation of 1.5% were assumed.

No adjustments for diminution of value had to be made as a result of the impairment test. LUDWIG BECK considers discount rate and sales growth-related assumptions as basic assumptions underlying the calculations for the performance of the impairment test. Alternative scenarios were calculated with a +1% discount rate difference, and a +1% sales growth variance. All scenarios showed that no impairment losses had to be taken into account.

Property, plant and equipment

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

Buildings are depreciated over their expected useful lives of 25 – 30 years (pro rata temporis) using the straight-line method. Improvements are depreciated by all Group companies (pro rata temporis) over an expected useful life span of 10 – 30 years, or shorter lease terms as the case may be, using the straight-line method.

Additions in the fiscal year 2014 in the amount of € 4,457k (previous year: € 1,597k) concern the department store complex at Marienplatz.

Real estate at Marienplatz

The land was valued at € 68,779k on September 1, 2001. As of the date of acquisition 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, 2014: € 1,959k). 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 land charges for reported interest-bearing liabilities in the amount of € 19,880k (previous year: € 23,370).

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 was subject to the Haar real estate leasing agreement expired on April 30, 2014, which qualified as finance leasing. At that date, LUDWIG BECK exercised an acquisition option for the building. Hence, the building has been owned by LUDWIG BECK since May 1, 2014. At the time the option was exercised, the remaining useful life was estimated at 20 years.

The carrying value of the Haar building amounted to € 1,398k (previous year: € 1,470k).

Other fixtures and fittings, tools and equipment

The assets listed under this item are basically depreciated (pro rata temporis) over a useful life of 3 – 10 years using the straight-line method.

The additions in the fiscal year 2014 amounting to € 1,851k in aggregate (previous year: € 695k) mainly concerned shop fixtures and fittings for the department store complex at Marienplatz.

Payments on account and assets under construction amounted to € 32k (previous year: € 633k) as per December 31, 2014.

(2) Other assets (long-term)

Other long-term assets basically concerning rent advances are shown under this item for materiality reasons. This deferred item (prepaid expenses) in the amount of € 143k will be written back in the 2042 fiscal year. Rent advances will be offset against the last rent payments to the contractual partner upon termination of the rental agreement. Other long-term assets amounted to € 145k in aggregate (previous year: € 151k).

(3) Inventories

Inventories consist of the following items:

	12/31/2014	**12/31/2013**
	€k	**€k**
Raw material and supplies (at cost)	186	238
Merchandise (at cost)	12,231	11,113
Less impairment of merchandise	-938	-911
	11,479	**10,440**

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.

Up until the date of inventory taking actual inventory differences were taken into account for stock determination. Between the date of inventory taking and December 31, 2014, goods on hand per department were reduced by a deduction for wastage based on the average of the last three years. This deduction led to a value allowance of € 222k (previous year: € 235k). All merchandise was carried at cost less value allowances. Appropriate deductions on the lower realizable net value are made for 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 € 938k (previous year: € 911k). Additional and reversed write-downs are netted (IAS 2.36 e, f).

In the reporting period, inventories in the amount of € 43,593k (previous year: € 42,366k) were carried as expense (cost of goods sold before adjustment of value allowance on net realizable value).

(4) Receivables and other assets (short-term)
Receivables and other assets comprise the following:

	12/31/2014	12/31/2013
	€k	€k
Trade receivables	1,045	1,242
Other assets	1,811	1,537
Deferred item	261	176
	3,118	**2,954**

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:

	12/31/2014	12/31/2013
	€k	€k
Total receivables	1,123	1,288
Less allowances	-78	-46
Inventory of receivables	**1,045**	**1,242**

There are specific and general allowances.

There were no hedging activities.

Other assets (short-term)

Other short-term assets consist of the following:

	12/31/2014	12/31/2013
	€k	€k
Debit-side creditors	169	151
Receivables due from tax authorities	829	337
Receivables from yield guarantees	172	355
Receivables under leases	102	107
Other	539	587
	1,811	**1,537**

Deferred item

The deferred item concerns various expenses representing costs incurred for a specific period after the consolidated balance sheet date.

(5) Cash and cash equivalents
Cash and cash equivalents comprise cash-in-hand and short-term bank balances.

Cash and cash equivalents contain the following items:

	12/31/2014	12/31/2013
	€k	€k
Cash-in-hand	479	581
Bank balances	344	117
	823	**698**

Bank balances were not subject to interest as of the relevant date. Cash-in-hand is not interest-bearing. There are no hedging activities.

(6) Shareholders' equity
As regards the presentation of changes in shareholders' equity in the fiscal year 2014, 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, and
- 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 the 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, 2014 (December 31, 2013: 3,695,000). The no-par shares are issued to bearer and represent an imputed € 2.56 share of the equity capital each. The share capital was fully paid up. In the fiscal year 2014, 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 2014, dividend payments for 2013 amounted to € 1,848k (€ 0.50 per share).

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

Shareholder structure

According to the company's knowledge, the shareholder structure of LUDWIG BECK AG as of December 31, 2014 is as follows:

INTRO-Verwaltungs GmbH, Reichenschwand	49.2%
Hans Rudolf Wöhrl Verwaltungs GmbH, Reichenschwand	25.7%
OST-WEST Beteiligungs- und Grundstücksverwaltungs-AG, Cologne	5.0%
Rheintex Verwaltungs AG, Cologne	3.0%
Minority shareholders (holdings below 3%)	17.1%

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

Indirect and direct shareholdings

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

Direct shareholding

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

Direct shareholding

INTRO-Verwaltungs GmbH, Reichenschwand, reported on December 23, 2010 that it fell below the 50% threshold of voting rights in LUDWIG BECK AG on December 22, 2010 and held 49.19% at that date. This corresponds to 1,817,605 votes.

Direct shareholding

Hans Rudolf Wöhrl Verwaltungs GmbH, Reichenschwand, 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, 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 voting rights.

Indirect shareholding

Hans Rudolf Wöhrl Beteiligungs GmbH, Reichenschwand, 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 voting rights.

In the fiscal year 2014, LUDWIG BECK AG did not receive any notifications pursuant to Section 21 par. 1 German Securities Trading Law (WpHG).

Capital reserve

The development of capital reserve is shown in the equity statement. Capital reserve serves to secure the long-term financing of the company.

Accumulated profit

The development of accumulated profit is shown in the equity statement. Accumulated profit serves to secure the short-term and long-term financing of the company.

Compensation claims resulting from limited partners' interests of other shareholders are basically to be classified as debt capital according to IAS 32.18 (b) (cf. explanations in clause (7) below).

(7) Compensation claim for other shareholders

The compensation claim for other shareholders of Feldmeier GmbH & Co. Betriebs KG is subject to the provisions set forth in the company agreement. The amount of the compensation claim is calculated on the basis of the market value of the relevant shares, whereas the carrying amount of the market value of the Marienplatz property was determined in the company agreement. Furthermore, the agreement provides that the company shall be entitled to set off payment claims against a withdrawing shareholder against this shareholder's compensation balance, if any, at any time. In the year under report, the following calculation was made:

	12/31/2014	12/31/2013
	€k	€k
Assumed market value of Feldmeier GmbH & Co. Betriebs KG for the purpose of computing a potential compensation claim according to the company agreement	76,837	76,837
Other shareholders' interest (14.06%)	10,803	24,841
Receivables from other shareholders	-14,829	-30,451
	-4,026	**-5,610**

Since receivables from the other shareholder exceed its share in the market value of the company, no compensation obligation had to be entered into the balance sheet.

According to the provisions set forth in the company agreement, the other shareholder is generally not obligated to settle the aforementioned receivables – with the exception of the aforementioned setoff option. Therefore LUDWIG BECK cannot claim receivables from the other shareholder on account of this excess.

The share of a late shareholder of Feldmeier GmbH & Co. Betriebs KG passed to LUDWIG BECK Beteiligungs GmbH upon acceptance of his legacy, with effect as of July 1, 2014.

(8) Accruals

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

	As of 1/1/2014	Utilization	Release	Addition	As of 12/31/2014
	€k	€k	€k	€k	€k
Repair and maintenance obligation	618	0	0	38	656
Previous year	*618*	*0*	*0*	*0*	*618*
Pension commitments	574	0	0	24	598
Previous year	*409*	*0*	*0*	*165*	*574*
Obligation from accepted legacy	0	0	0	1,491	1,491
Previous year	*0*	*0*	*0*	*0*	*0*
Total accruals	**1,192**	**0**	**0**	**1,553**	**2,745**
Previous year	*1,027*	*0*	*0*	*165*	*1,192*

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, 2042, the anticipated date of performance. The value set down in the expert opinion was extrapolated on the basis of an average construction cost increase and discounted at a normal market rate. Unless this estimation is to be adjusted in the coming years, the accrual will be compounded proportionally.

Pension commitments

Accruals for 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 19R.

Pension accruals for defined benefit plans are determined in accordance with the internationally accepted *projected unit credit method* pursuant to IAS 19R. Future pension commitments are measured on the basis of the prorated acquired entitlements as of the balance sheet date.

In these present consolidated financial statement, the company reports pension commitments in line with the provisions of IAS 19R. Accordingly, so-called actuarial profits and losses are recognized directly under shareholders' equity pursuant to IAS 19R for the first time. Furthermore, the company pays premiums to an external insurance company which shall make direct or indirect payments in the event giving rise to benefits. The company assumes that no pension benefits will fall due within the next 12 months. This insurance policy is to be qualified as plan asset.

The cash value of the pension commitment and the fair value of the plan asset have developed in the fiscal year as follows:

	12/31/2014	12/31/2013
	€k	€k
Cash value of pension commitments as of 1/1	2,365	2,046
Current service costs	53	46
Interest costs	71	72
Actuarial profits (-)/losses (+) to be accounted for directly in equity	97	201
Cash value of pension commitments as of 12/31	2,585	2,365
Carrying amount of pension commitments before offsetting	**2,585**	**2,365**

	12/31/2014	12/31/2013
	€k	€k
Cash value of plan assets as of 1/1	-1,790	-1,637
Contributions to plan assets	-93	-93
Return on plan assets	-58	-59
Actuarial profits (-)/losses (+)	-46	-1
Cash value of plan assets as of 12/31	**-1,987**	**-1,790**
Remaining difference as of 12/31	**598**	**574**

The cash values of pension commitments amounted to € 2,046k as of December 31, 2012 and to € 1.402k as of December 31, 2011; the cash values of plan assets to € 1,637k respectively € 1,402k.

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

	2014	2013
Discount factor	2.15%	3.0%
Pension trend	1.00%	1.875%

Based on the current pension progression, the pension trend was adjusted, and the assumed 7.5% increase every 4 years reduced to a 7.5% increase every 7 years.

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

The 2005 G Reference Tables by Klaus Heubeck served as biometric basis for the relevant calculations.

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.

A +0.5% actuarial rate change would result in a cash value decrease of benefit commitments to € 2,372k; a -0,5% cash value change would raise the cash value of benefit commitments to € 2,825k.

A 7.5% pension trend adjustment every 15 years would reduce the cash value of benefit commitments to € 2,400k; a 7.5% adjustment every 5 years would raise the cash value of benefit commitments to € 2,742k.

The company expects service costs in the amount of € 55k and interest costs in the amount of € 56k as well as plan asset yields in the amount of € 58k for the fiscal year 2015. Deposits to plan assets are expected to remain unchanged.

Obligation from accepted legacy

By accepting the legacy of a late shareholder, LUDWIG BECK incurred contractual obligations towards the surviving relatives of this former shareholder (December 31, 2014: € 1,270k). In return, LUDWIG BECK AG received the shareholder's interest in Feldmeier GmbH & Co. Betriebs KG. For the acquired share, inheritance tax in the amount of € 222k will arise for LUDWIG BECK.

Of the total amount of € 1,491k, the sum of € 391k (including settlement of inheritance tax in the amount of € 222k) is expected to be utilized within twelve months.

(9) Liabilities

As of the balance sheet date, liabilities are composed as follows:

		Residual term		
	Sum total	**Up to 1 year**	**1 – 5 years**	**Over 5 years**
	€k	**€k**	**€k**	**€k**
1. Financial liabilities	34,365	13,876	2,306	18,183
Previous year	*33,339*	*9,039*	*2,110*	*22,190*
2. Trade liabilities	1,291	1,291	0	0
Previous year	*1,798*	*1,798*	*0*	*0*
3. Tax liabilities	138	138	0	0
Previous year	*44*	*44*	*0*	*0*
4. Other liabilities	4,414	4,414	0	0
Previous year	*4,396*	*4,396*	*0*	*0*
- tax-related: € 1,626k (previous year: € 1,494k)				
- social security-related: € 2k (previous year € 2k)				
12/31/2014	**40,208**	**19,719**	**2,306**	**18,183**
Previous year	*39,578*	*15,278*	*2,110*	*22,190*

€ 19,880k of financial liabilities in the aggregate amount of € 34,365k were applied to financing the *Marienplatz* property. The liabilities are secured as follows:

Land charges SIGNAL Krankenversicherung a.G.	€	19,880k
Assignment of rents to SIGNAL Krankenversicherung a.G.	€	10,399k

The other liabilities are not secured as of 12/31/2014.

9 a) Financial liabilities (long-term)

Long-term financial liabilities are composed as follows:

	12/31/2014	12/31/2013
	€k	€k
Loan SIGNAL Krankenversicherung a.G.	19,383	22,940
Other loans	1,106	1,360
	20,489	**24,300**

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

Long-term financial liabilities are generally carried at amortized cost. Interest rates ranged between 4.09% and 4.17% in the year under report.

The other loans have terms of up to 7 years, and are subject to 2.00%, 3.00% or 3.50% interest.

9 b) Financial liabilities (short-term)

Short-term financial liabilities consist of the following:

	12/31/2014	12/31/2013
	€k	€k
Short-term bank loans and other liabilities to banks	13,342	8,393
Loan SIGNAL Krankenversicherung a.G.	496	431
Other loans and leases	38	215
	13,876	**9,039**

As of December 31, 2014, credit facilities granted by banks amounted to € 29,000k in aggregate. They were subject to interest at market rates when utilized.

Short-term financial liabilities are recognized at repayment value.

The interest rates for short-term financial liabilities ranged between 0.85% and 4.17% in the year under report.

Summarized presentation of long-term and short-term liabilities from finance leasing

		Residual term		
	Sum total	Up to 1 year	1 – 5 years	Over 5 years
	€k	€k	€k	€k
1. Minimum leasing payments	0	0	0	0
Previous year	*174*	*174*	*0*	*0*
2. Interest and administrative costs	0	0	0	0
Previous year	*2*	*2*	*0*	*0*
3. Redemption (cash value of leasing liabilities)	0	0	0	0
Previous year	*172*	*172*	*0*	*0*

The leasing agreement of the company qualifying as operating 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. The leasing agreement expired according to schedule on April 30, 2014. An acquisition option was exercised for the building. Operating leasing agreements mainly concern the Group's rental agreements reported under other financial commitments. No acquisition options were agreed within the framework of operating leasing contracts.

9 c) Trade liabilities (short-term)

Trade liabilities in the amount of € 1,291k (previous year: € 1,798k) 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.

9 d) Other liabilities (short-term)

	12/31/2014	12/31/2013
	€k	€k
Wage and sales taxes	1,626	1,494
Purchase vouchers	1,130	1,062
Personnel expenses	717	748
Year-end closing and tax declaration costs	172	77
Other accrued liabilities	769	1,015
	4,414	**4,396**

9 e) Tax liabilities (short-term)

Income tax liabilities amounted to € 138k (previous year: € 44k) as of December 31, 2014.

(10) Deferred taxes (assets-side and liabilities-side)

Deferred taxes are attributable to the following consolidated balance sheet items or matters:

	12/31/2014		12/31/2013	
	Assets-side	Liabilities-side	Assets-side	Liabilities-side
	€k	€k	€k	€k
Tenant loans	0		205	
Buildings/leasing		125		470
Accruals	197		182	
Brand name		673		673
Property		361		368
Other	16		23	
Sum total	**213**	**1,159**	**410**	**1,511**
Net balance of deferred taxes	-213	-213	-410	-410
Sum total according to consolidated balance sheet	**0**	**946**	**0**	**1,101**

Deferred taxes for tenant loans, buildings/leasing, accruals and other have resulted exclusively from taxable 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 periods (until the recognition of the respective asset or liability).

Deferred tax liabilities were formed for a *quasi-permanent* difference between the valuation of the real estate in the tax balance sheet of Feldmeier GmbH & Co. Betriebs KG and the IFRS balance sheet. The sale of the real estate company has been considered as the most probable realization proposition.

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.

The residual terms of the accrual-related deferred items attributable to both the *quasi-permanent* differences exceed 12 months.

The balance sheet item for deferred taxes relating to accruals includes assets-side deferred taxes in the amount of € 218k (previous year: € 189) attributable to income and expenses directly recognized in equity.

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

(11) Sales revenue

	2014	2013
	€k	€k
Net sales	86,301	85,839

Net sales are explained in more detail in the segment reporting section. With the exception of an amount totaling € 175k (previous year: € 99k), all net sales of the LUDWIG BECK Group were generated in Germany.

(12) Other own work capitalized

In the fiscal year 2014, other own work capitalized amounted to € 205k (previous year: € 139k). This item concerns personnel expenses incurred during refurbishing works at the flagship store at Marienplatz in Munich.

(13) Other operating income

Other operating income consists of the following:

	2014	2013
	€k	€k
Rental income	873	1,000
Sales proceeds	866	749
Personnel earnings	752	497
Cafeteria earnings	401	410
Insurance compensation	740	235
Other earnings	150	464
	3,782	**3,354**

Other operative income includes aperiodic income in the amount of € 157k (previous year: € 289k).

(14) Cost of materials

	2014	2013
	€k	€k
Cost of merchandise	43,620	42,399

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.

(15) Personnel expenses

	2014	2013
	€k	€k
Wages and salaries	14,799	14,236
Social security contributions	2,648	2,555
Pension costs	219	221
	17,666	**17,012**

Pensions

The company has set up so-called contribution-oriented and performance-oriented pension schemes (IAS 19R) 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 by employer contributions which are expensed to the consolidated profit and loss account.

Employees who joined the company before March 31, 2000, 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 19R.

The costs of these pension commitments amounted to € 152k in 2014 (previous year: € 159k).

A total of 362 employees participate in these pension schemes.

b) Pension scheme for members of the Executive Board

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

Expenses for pension obligations are explained in clause (8).

(16) Depreciation

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

(17) Other operating expenses

Other operating expenses comprise the following items:

	2014	2013
	€k	€k
Rental expenses	4,061	4,001
Other occupancy costs	2,146	2,153
Administrative expenses	1,993	2,079
Sales expenses	5,018	4,482
Other personnel expenses	1,246	1,259
Insurance/contributions	211	154
Other taxes	121	121
Other	785	598
	15,581	**14,846**

No aperiodic expenses were recorded in the fiscal year and the previous year. Rental expenses mainly concern four long-term rental agreements for building parts at Marienplatz not owned by the Group, as well as the rental agreement for the HAUTNAH annex in FÜNF HÖFE. The rental agreements are long-term; they will expire in 2042. Rental expenses are subject to rates of increase tied to the Consumer Price Index.

(18) Financial result

	2014	2013
	€k	€k
Interest income	60	60
Interest expenditure	1,164	1,587
Financial result	**- 1,104**	**-1,527**

Interest income basically concerning interest received on plan assets amounted to € 58k (previous year: € 59k). The interest portion of interest expenditure relating to pension commitments was € 71k (previous year: € 72k).

(19) Taxes on income

	2014	2013
	€k	€k
Taxes on income	2,971	3,348
Other deferred tax income (-)/expense (+)	-138	70
	2,833	**3,418**

Deferred tax income/expense	2014	2013
	€k	€k
From temporary differences in accounting for buildings (previous year: from capitalization of finance lease assets)	-150	92
From temporary differences in accounting for a tenant loan	-3	-9
From temporary differences in non-interest-bearing liabilities	0	-24
From temporary differences in accounting for pension accruals	21	11
Other	-6	0
Total deferred tax income (-)/expense (+)	**-138**	**70**

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

	2014	2013
	€k	€k
Earnings before taxes on income	9,525	10,804
Nominal Group-specific tax rate in %	32,975	32,975
Arithmetic tax expense	3,141	3,563
Changes in arithmetic tax expense:		
- Tax rate difference from Feldmeier KG and Grundbesitz Haar GmbH	-521	-435
- Deviating basis for tax assessment	227	213
- Other	-13	77
Actual tax expense	**2,833**	**3,418**

(20) Income and expenses directly recognized in equity

Income and expenses directly recognized in equity are subject to the following deferred tax expenses or income:

	2014	2013
	€k	€k
Derivative financial instruments		
- Return	0	15
- Deferred tax expense	0	-5
Net return	0	10
Net pension commitment		
- Expenses	-51	-200
- Deferred tax income	17	66
Net expenses	-34	-134
Sum total of income and expenses directly recognized in equity	**-34**	**-124**

(21) Explanations to earnings per share

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

Earnings per share

	2014	2013
Consolidated net profit in €k	6,692	7,386
Weighted number of shares in thousands	3,695	3,695
Earnings per share in € (undiluted and diluted)	1.81	2.00

Undiluted and diluted earnings are identical.

Dividend proposal

As regards the appropriation of profit, the Executive Board has proposed to distribute a dividend in the amount of € 0.75 per share to the shareholders. This equals a dividend sum of € 2,771k in aggregate.

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 requests a company to present segment information on the basis of the internal reports that are regularly reviewed by the so-called *Chief Operating Decision Maker* for the purpose of deciding on the allocation of resources to individual segments and performance assessment.

The individual sales departments of LUDWIG BECK are the defined individual segments for primary reporting. Secondary reporting concerns the individual spheres of responsibilities at LUDWIG BECK.

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

The third reporting stage relies on the subdivision into *textile* (clothing) and *non-textile* (accessories, papeterie, music, beauty).

The chief operating decision makers regularly examine cost elements on segment level as disclosed in the aforementioned reporting system only. 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.

Discounts, rebates, etc. as well as other personnel expenses and other expenses concern expenditure not attributable to individual segments.

The segment-related consolidated 2014 key figures are attributable to the individual segments as follows:

	Textile	Non-textile	Group
	€k	**€k**	**€k**
Sales revenue (gross)	**75,236**	**27,449**	**102,685**
Previous year	*75,250*	*26,885*	*102,135*
VAT	-12,005	-4,380	-16,384
Previous year	*-12,007*	*-4,290*	*-16,296*
Sales revenue (net)	**63,232**	**23,069**	**86,301**
Previous year	*63,244*	*22,595*	*85,839*
Cost of sales (without cash discounts, rebates, etc.)	-32,112	-13,206	-45,318
Previous year	*-31,520*	*-12,857*	*-44,377*
Gross profit	**31,120**	**9,863**	**40,983**
Previous year	*31,724*	*9,738*	*41,462*
Personnel expenses associated with sales	-5,324	-3,115	-8,439
Previous year	*-5,154*	*-3,030*	*-8,184*
Imputed costs of premises	-10,183	-2,023	-12,206
Previous year	*-9,991*	*-2,011*	*-12,002*
Imputed interest	-779	-408	-1,187
Previous year	*-752*	*-397*	*-1,149*
Segment result	**14,834**	**4,317**	**19,151**
Previous year	*15,827*	*4,300*	*20,127*
Discounts, rebates, etc. on cost of goods sold			1,698
Previous year			*1,978*
Other operating income			3,987
Previous year			*3,493*
Other personnel expenses			-9,227
Previous year			*-8,828*
Depreciation			-2,791
Previous year			*-2,743*
Other expenses			-3,375
Previous year			*-2,843*
Other financial result			83
Previous year			*-378*
Taxes on income			-2,833
Previous year			*-3,419*
Consolidated net profit			**6,692**
Previous year			*7,386*

	Textile	Non-textile	Group
	€k	**€k**	**€k**
Segment assets			
Inventories	7,052	4,427	11,479
Previous year	*6,173*	*4,267*	*10,440*
Segment assets total	**7,052**	**4,427**	**11,479**
Previous year	*6,173*	*4,267*	*10,440*

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, 2014, LUDWIG BECK has access to framework credit facilities of € 29,000k. Approximately 59% 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 RECEIVABLES

1. Contingent liabilities
In addition to actual commitments covered by accruals, there are no probably occurring commitments depending on future events.

2. Contingent receivables
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	
	2014	2013	2014	2013
	€k	€k	€k	€k
Rental commitments incl. ground rent and leasing	3,990	4,052	97,001	95,945
Commitments from advertising cost contributions	4	4	24	24

Maturities within the total commitment are as follows:

	Up to 1 year	1 – 5 years	Over 5 years	Total
	€k	€k	€k	€k
Rental commitments incl. ground rent	3,990	15,938	77,073	97,001
Commitments from advertising cost contributions	4	16	0	20

Furthermore, the company is bound by a purchase order commitment for merchandise in the value of € 8,488k (previous year: € 8,597k).

III. DECLARATION OF CONFORMITY ACC. TO SECTION 161 JOINT STOCK CORPORATION ACT (AKTG) (CORPORATE GOVERNANCE)

The Executive Board and Supervisory Board of LUDWIG BECK AG issued the Declaration of Conformity according to Section 161 Joint Stock Corporation Act (AktG) on November 27, 2014.

The Declaration of Conformity has been made permanently available to shareholders at the company's Internet site at http://kaufhaus.ludwigbeck.de/english/ir-english/corporate-governance-en/declaration-conformity/.

IV. RELATIONS TO RELATED COMPANIES AND PERSONS

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

Each member 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 € 1,199k (previous year: € 1.054k) in the fiscal year 2014.

As of December 31, 2014, the members of the Executive Board held 15,000 no-par shares (previous year: 15,000; purchased: 0; sold: 0).

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

Supervisory Board:
Dr. Joachim Hausser, Chairman, Businessman, Munich
Edda Kraft, Vice Chairwoman, Businesswoman, Leipzig
Philip Hassler, Sales Management Assistant, Munich*)
Michael Neumaier, Commercial Clerk, Grafrath*)
Dr. Steffen Stremme, Businessman, Erlangen
Hans Rudolf Wöhrl, Businessman, Reichenschwand

*) Employee Representative

Total remuneration of the Supervisory Board in the fiscal year 2014 amounted to € 250k (previous year: € 218k).

Viscardi AG invoiced € 0k for Designated Sponsoring (previous year: € 30k). Viscardi AG was to be treated as related person of Dr. Joachim Hausser and Mr. Dieter Münch.

nuts communication GmbH charged € 10k (previous year: € 0k) for campaign-related services. nuts communication GmbH is to be treated as related person of Mr. Christian Greiner.

In addition to this, mention has to be made of the leading shareholders INTRO-Verwaltungs GmbH (49.2%) and Hans Rudolf Wöhrl Verwaltungs GmbH (25.7%) as well as, indirectly, Mr. Hans Rudolf Wöhrl being a shareholder in both these companies, and all entities affiliated with these three parties as closely related persons. In the reporting year, business to the value of € 12k (previous year: € 15k) was conducted between the LUDWIG BECK Group and a subsidiary of INTRO-Verwaltungs GmbH. The business was conducted on an arm's length basis.

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

Mr. Christian Greiner

Supervisory Board:	TETRIS Grundbesitz GmbH & Co. KG, Reichenschwand
	DORMERO Hotel AG, Berlin
Advisory Board:	Bültel International Fashion Group, Salzbergen
	Deutsche Bank AG, Advisory Board for Bavaria

Dr. Joachim Hausser

Supervisory Board Chairman:	Turbina Energy AG, Unterhaching

Mrs. 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
	TETRIS Grundbesitz GmbH & Co. KG, Reichenschwand

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

The other members of the Supervisory Board held no no-par shares as of December 31, 2014 like in the previous year.

V. AUDIT FEES

The fee of the auditor for the lapsed fiscal year 2014 amounted to € 139k (previous year: € 137k).

The fee for the audit of the consolidated financial statements and the annual financial statements of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG amounted to € 118k (previous year: € 115k). The amount incurred for tax consulting was € 16k (previous year: € 4k) and for other services € 5k (previous year: € 18k).

VI. PERSONNEL

	2014	**2013**
Full-time	183	187
Part-time	179	178
Temporary	116	98
	478	**463**

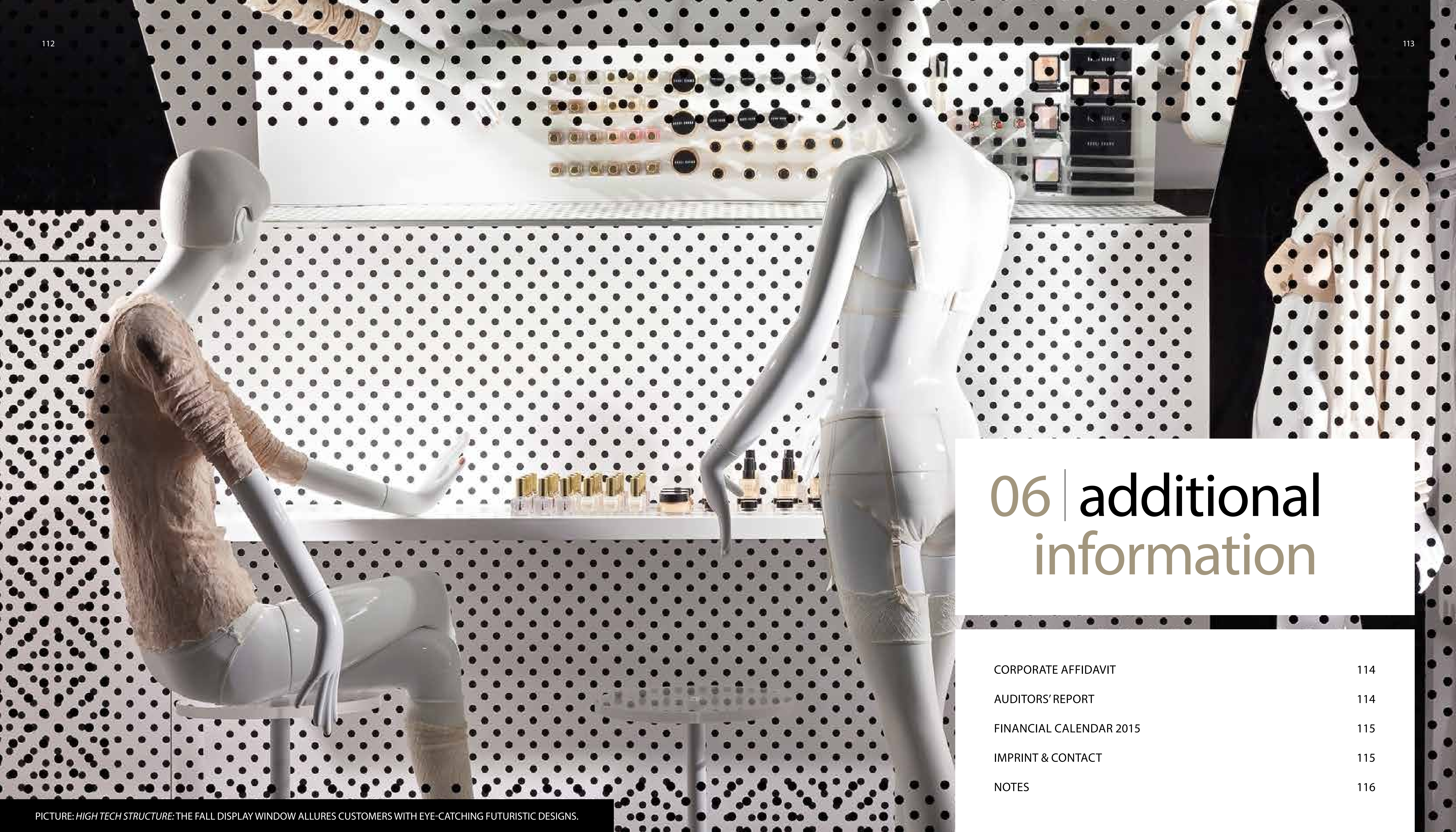
Apprentices were not included in the calculation.

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 5, 2015

The Executive Board



PICTURE: *HIGH TECH STRUCTURE:* THE FALL DISPLAY WINDOW ALLURES CUSTOMERS WITH EYE-CATCHING FUTURISTIC DESIGNS.

06 | additional information

CORPORATE AFFIDAVIT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group. 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 5, 2015

Dieter Münch Christian Greiner

AUDITORS' REPORT

We have audited the consolidated financial statements prepared by 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 to December 31, 2014. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a, par. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

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

Our audit has not led to any reservations.

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

Munich, February 27, 2015

BTU Treuhand GmbH
Audit Firm

Ulrich Scheider	Claudia Weinhold
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

financialcalendar 2015

Sales Figures 2014	**January 8, 2015**
Balance Sheet Press Conference for the Annual Report 2014 (Munich)	**March 30, 2015**
Publication of the Annual Report 2014	**March 30, 2015**
Analyst Conference for the Annual Report 2014 (Frankfurt)	**March 31, 2015**
Interim Report for the 1st Quarter 2015	**April 23, 2015**
Annual General Meeting 2015 (Munich)	**May 13, 2015**
Interim Report for the 2nd Quarter and the 1st six Months 2015	**July 21, 2015**
Interim Report for the 3rd Quarter and the 1st nine Months 2015	**October 20, 2015**

IMPRINT & CONTACT

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More information about LUDWIG BECK is available at **www.ludwigbeck.de/english**.
Sign up there for our financial newsletter and receive all information promptly and comprehensively!

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