



Annual Report 2008
Fielmann Aktiengesellschaft

fielmann

Annual accounts Fielmann Aktiengesellschaft for the financial year 2008

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Report of the Supervisory Board



Professor Dr. Mark K. Binz
Chairman of the
Supervisory Board

In financial year 2008, the Supervisory Board regularly obtained information on all important business developments and supervised the work of the Management Board, giving advice where necessary. It discussed in detail the business plan of the Management Board for 2009 and the medium-term planning until 2011 and adopted them in the form of an overall plan.

On the basis of written and oral reports from the Management Board, the Supervisory Board dealt with the business and financial position, corporate strategy, staff situation and the risks in detail in its discussions.

Other important topics discussed at the meetings of the Supervisory Board were the successful enforcement of multi-million claims against the RVO health insurance agencies, the potential offered by the hearing aid segment under new management, the possible increase in sales from further improvements in the quality of customer advice, the structure and key figures relating to the branches using a top/flop analysis, a survey and analysis of the willingness of glasses customers to switch opticians, the framework agreement with the AOK health insurance agency, the repercussions of the financial and economic crisis for the optical industry and Fielmann's successful performance.

The Supervisory Board also dealt with the impact of the first-time application of IFRS regulations, regard to financial instruments and the changes to be expected as a result of the German Accounting Law Reform Act (BilMoG).

In addition, the Chairmen of the Supervisory Board and the Management Board informed each other directly about any other important matters, as in previous years.

There were four meetings of the Supervisory Board in the past financial year and one meeting of the HR Committee. There was no need for a meeting of the Mediation Committee under Section 27 para. 3 of the Mitbestimmungsgesetz (Codetermination Act). In the year under review, the Supervisory Board formed a Nomination Committee to prepare candidate proposals for the formed. As in the previous year, the Supervisory Board submitted to an assessment of its efficiency.

Prof. Dr. Ing. Jobst Herrmann stepped down from the Supervisory Board in 2008 because of his age. His position is taken by Pier Paolo Righi who has been elected as a new member of the Supervisory Board for the remainder of the term of office. We would like to take this opportunity to thank Mr Herrmann for his invaluable cooperation.

The annual accounts of Fielmann AG and the consolidated accounts for financial year 2008 and the Management Report for Fielmann AG and the Group were audited by Susat & Partner, Hamburg, and passed without qualification.

These documents, including the Management Board's proposed appropriation of profits, were duly submitted to each member of the Supervisory Board and were discussed in detail in the accounts meeting of the Supervisory Board on 23 April 2009 in the presence of the auditors, Rainer Rudolph and Ulrike Deike. Following the final results of its examination, the Supervisory Board found no cause for objection.

With regard to the information in the Management Report pursuant to Section 289 para. 4 of the German Commercial Code (HGB) on the shareholder structure, on the rules regarding the appointment and dismissal of members of the Management Board and on changes to the Articles of Association as well as on the powers of the Management Board within the context of the authorised capital 2006, the Supervisory Board is convinced that this is pertinent, complete and sufficiently comprehensible as to require no explanation. The Supervisory Board approves the annual accounts, which are therefore adopted, as well as the consolidated accounts, and seconds the Management Board's proposed appropriation of profits.

The auditors also examined the report of the Management Board on transactions with related parties in financial year 2008 and passed it with the unqualified confirmation that the details in the report are correct and that the consideration of the company for the transactions outlined in the report was not inappropriately high.

The Supervisory Board has examined the report of the Management Board and in its meeting on 23 April 2009 heard a presentation of the key findings of the audit by the auditor. The Supervisory Board raises no objection to the report of the Management Board and the relevant audit conducted by the auditors.

The Supervisory Board would like to thank the Management Board and all the staff for their outstanding work during the past financial year.

Hamburg, April 2009

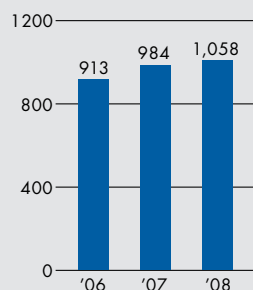


Professor Dr. Mark K. Binz
Chairman of the Supervisory Board

Combined Management Report for the Group and Aktiengesellschaft for financial year 2008

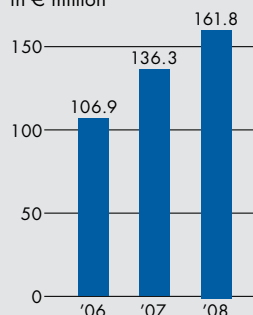
External sales

in € million



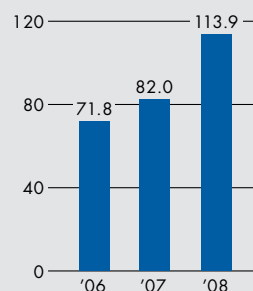
Pre-tax profit

in € million



Net income

in € million



Fielmann

Our expectations for financial year 2008 were met. Unit sales of glasses rose to 6.1 million pairs (previous year 6.0 million). External sales incl. VAT increased to € 1,057.6 million (previous year € 984.4 million), while consolidated sales grew to € 902.7 million (previous year € 839.2 million). Pre-tax profits rose to € 161.8 million (previous year € 136.3 million) and net income for the year went up to € 113.9 million (previous year € 82.0 million). Earnings per share stand at € 2.63 (previous year € 1.88). At the end of the year under review, Fielmann had 620 branches (previous year 599 branches).

Earnings		2008	2007
Consolidated net income for the year	€ m	113.9	82.0
Minority interest	€ m	3.3	3.0
Profit for the year	€ m	110.6	79.0
Number of shares	m pcs.	42.0	42.0
Earnings per share	€	2.63	1.88

General conditions

Europe The real estate crisis in the USA devastated the international finance world and its effects have also impacted on Europe's economy. In 2008, economic growth in the European area (EU 15) fell to 1.2 per cent (previous year 2.6 per cent). In the reporting period, export growth slowed to just 1.7 per cent (previous year 6.0 per cent), and private consumption rose by only 0.5 per cent (previous year 1.4 per cent). The average rate of unemployment at EU level ran at 8.0 per cent (previous year 7.2 per cent).

Germany Gross Domestic Product rose by only 1.3 per cent in 2008, compared with 2.5 per cent in 2007. This growth in 2008 is attributable to the positive development of the first months of the year.

Key Gross Domestic Product indicators did not develop uniformly in 2008. While growth in public-consumer spending in Germany matched the previous year's level of 2.0 per cent, exports increased by only 2.7 per cent in the year under review, compared with 7.5 per cent in 2007. Investment in plant and equipment rose by 5.9 per cent, down from 6.9 per cent in 2007. Private consumption stagnated at the previous year's level, while consumer prices rose by an average of 2.6 per cent during the year (previous year 2.2 per cent). Compared with the previous year, German retail recorded a further fall in sales which came to 0.4 per cent in real terms. Uncertainty about the further development of the global economy led to a marked deterioration in consumer sentiment at the year-end.

The annual average unemployment figure was 3.3 million and the unemployment rate stood at 7.8 per cent. The economic downturn that took hold in the second half of the year is also affecting the employment market. Although the number of those in work had risen by 1.6 per cent by the middle of the year, the increase at the year-end was just 1.0 per cent. The number of short-time workers stood at 30,000 per month in the first half of the year, but this figure rose to 400,000 in December.

Switzerland In 2008, economic growth in Switzerland slowed to 1.9 per cent in real terms, compared with 3.1 per cent in the previous year. Exports and private consumption rose by 2 per cent, and the average annual unemployment rate was 2.6 per cent (previous year 2.8 per cent). Over the course of the year, the Swiss franc displayed a high level of volatility against the euro, which lost around 10 per cent of its value in the period.

Austria The Austrian economy grew only slightly during 2008, with the Gross Domestic Product rising by 1.8 per cent, compared with 3.1 per cent in the previous year. Growth in private consumption slowed from 1.5 per cent in 2007 to 0.9 per cent in real terms. The average annual unemployment rate fell by 5.9 per cent during the year (previous year 6.2 per cent).

Poland Growth in the Gross Domestic Product slowed from 6.5 per cent to 5.4 per cent in 2008, and the unemployment rate stood at 9.5 per cent (previous year 11.2 per cent). The zloty decreased by around 16 per cent in value against the euro over the year as a whole.

The market Unit sales in the optical industry in Germany are stagnating. The Zentralverband der Augenoptiker (German central association of opticians) calculated unit sales of spectacles at 10.6 million pairs, the same figure as in the previous year. According to the association, total sales in the optical industry amounted to € 3.9 billion (previous year € 3.8 billion), representing an increase of 3.2 per cent (previous year 2.8 per cent). The number of optical stores grew to 10,072 (previous year 10,016).

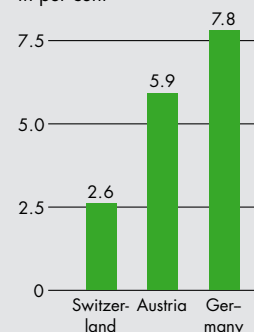
Unit sales in Switzerland remained unchanged, at 1.1 million pairs of glasses. Sales rose by 1.5 per cent to € 0.8 billion. Specialist optical stores in Switzerland totalled 1,050 (previous year 1,100 stores).

In Austria, unit sales grew by 3 per cent to 1.3 million pairs of spectacles (previous year 1.3 million) and sales rose by 5 per cent to € 0.4 billion (previous year € 0.4 billion). There were 1,100 specialist optical stores in Austria (previous year 1,100).

The German optical industry is highly fragmented. Traditional German opticians sell fewer than two pairs of glasses per day, whereas Fielmann branches sell 35 pairs, and the average optician sells fewer than 600 pairs of glasses per year, while Fielmann sells around 10,000 pairs per branch on average. In 2008, the average sales of a specialist optical store in Germany stood at € 0.3 million. In comparison, a single Fielmann branch in Germany generated average sales of € 1.6 million, with the figure amounting to € 2.3 million in Austria and € 3.7 million in Switzerland.

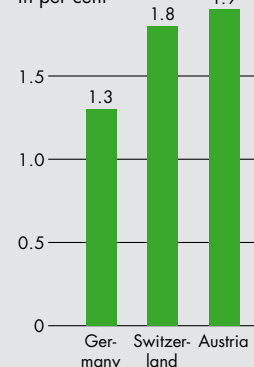
Unemployment rate

in per cent



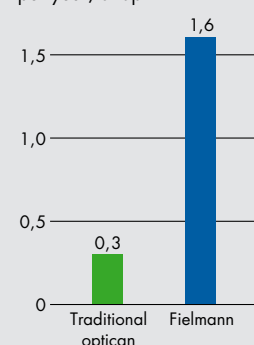
Growth rate GDP

in per cent



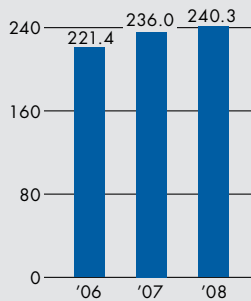
Average sales

Germany in € million per year/Shop

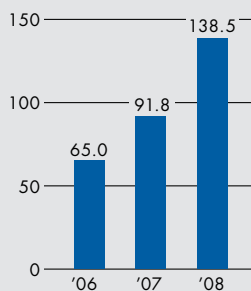


Sales revenue Fielmann AG

in € million

**Pre-tax profit Fielmann AG**

in € million

**Fielmann Group**

The name Fielmann is synonymous with fashion eyewear at a fair price. We are manufacturers, agents and opticians, covering the sector's entire value-added chain.

Our facilities in Rathenow, in Brandenburg state, is a centre of excellence of manufacturing and logistics expertise. We prepare mineral and plastic lenses to order, and then fit them into the frames in our grinding plant – all under one roof. In a two-shift operation, we produce more than 13,000 lenses per day on average, and process more than 30,000 orders. In 2008, we produced more than 3 million lenses of all levels of finish, and supplied over 6 million glasses frames.

Fielmann Aktiengesellschaft Fielmann Aktiengesellschaft, which is headquartered at Weidestraße 118 a, Hamburg, is the Group's listed parent company. Fielmann Aktiengesellschaft is involved in the operation of and investment in optical businesses, hearing aid companies and the manufacture and sale of visual aids and other optical products, in particular spectacles, spectacle frames and lenses, sunglasses, contact lenses, related articles and accessories, merchandise of all kinds and hearing aids and their accessories.

The company is represented by Mr Günther Fielmann, the Chairman of the Management Board, or two members of the Management Board acting jointly.

In financial year 2008, Fielmann Aktiengesellschaft employed an average of 515 members of staff (previous year 515). As at 31 December 2008, the company had 30 trainees (previous year 31). Sales rose by 1.8 per cent during the reporting period, to € 240.3 million (previous year € 236.0 million). Pre-tax profit increased by 50.8 per cent to € 138.5 million (previous year € 91.8 million), and the net income for the year went up by 69.2 per cent to € 110.6 million (previous year € 65.4 million). The total assets of Fielmann Aktiengesellschaft grew during the year, to stand at € 586.2 million (previous year € 505.1 million).

The reason for the disproportionately high increase in pre-tax profit is the significant rise in the income from investments of 72.1 per cent to € 91.6 million (previous year € 53.2 million), in particular, the special dividend paid by the Swiss subsidiary to Fielmann Aktiengesellschaft, as well as the first dividend of Fielmann GmbH, Vienna.

Corporate management The key statistics for corporate management are customer satisfaction, unit sales, sales revenue and profit. Customer satisfaction is paramount, and consequently, the company is managed in accordance with segment reporting in the German, Austrian and Swiss sales markets

Earnings

Consolidated results In financial year 2008, pre-tax profit rose to € 161.8 million (previous year € 136.3 million), while the net income for the year increased to € 113.9 million (previous year € 82.0 million).

The growth in pre-tax profit is the result of the rise in sales, as well as a disproportionately low increase in material costs and in other business expenses.

Since 1 January 2008, the reform of corporation tax has had a positive effect on the earnings of Fielmann Aktiengesellschaft and the Fielmann Group. The tax ratio of the Fielmann Group improved by 10.2 percentage points, to stand at 29.6 per cent.

The pre-tax return on consolidated sales amounted to 17.9 per cent (previous year 16.2 per cent) and the net yield was 12.6 per cent (previous year 9.8 per cent). The return on equity after tax was 29.5 per cent (previous year 23.2 per cent). Earnings before interest, tax, depreciation and amortization (EBITDA) improved to € 188.2 million (previous year € 164.8 million), and earnings per share rose to € 2.63 (previous year € 1.88). The result was achieved by 620 branches (previous year 599 branches), of which 536 are based in Germany (previous year 522), 30 in Switzerland (previous year 29), 25 in Austria (previous year 24) and 29 in other countries (previous year 24).

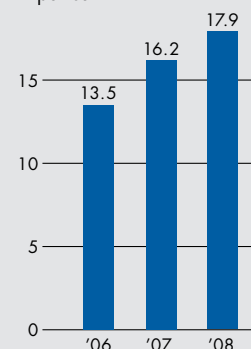
Germany, Switzerland and Austria In the reporting period, Fielmann generated sales of € 766.7 million in Germany (previous year € 713.1 million). Unit sales in 2008 totalled 5.1 million pairs of spectacles. With a share of 5 per cent of all opticians shops, Fielmann achieved a 22 per cent market share in terms of sales and a 48 per cent market share in terms of unit sales.

In Germany, Fielmann increased its income by 27.3 per cent to € 140.5 million (previous year € 110.4 million). Charging foreign companies in Switzerland and Austria a licence fee for use of the "Fielmann" brand name produced a one-off positive effect amounting to € 3.8 million in the German segment, since the fee was backdated to include previous years. In addition, licence fees amounting to € 0.7 million were collected for financial year 2008. At Group level, this aspect has a neutral effect on the pre-tax result. The pre-tax return on sales amounts to 18.3 per cent (previous year 15.5 per cent).

In Switzerland, unit sales rose to 365,000 pairs of glasses (previous year 350,000 pairs), while sales grew to € 97.4 million (previous year € 89.0 million). Pre-tax profit of € 15.3 million (previous year € 19.5 million) was influenced by the one-off impact of the brand licence fee, totalling € 2.6 million, backdated to the previous years and income for 2008 was consequently reduced by approximately € 0.5 million as a result of this. Taking the backdated brand licensing into account, the pre-tax return on sales totalled 15.7 per cent (previous year 21.9 per cent). With 3 per cent of all specialist optical stores in Switzerland, Fielmann generated an 13 per cent market share in terms of sales, and a 34 per cent market share in terms of unit sales.

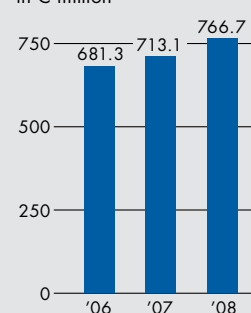
Pre-tax return on sales

in per cent



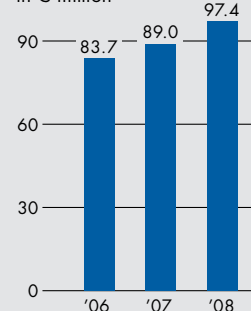
Sales revenue Germany

in € million



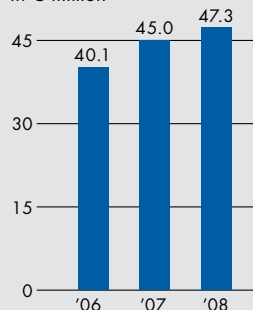
Sales revenue Switzerland

in € million

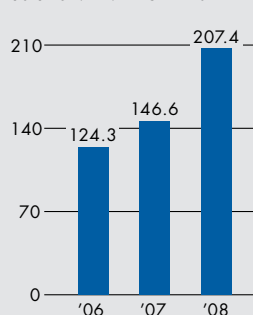


Sales revenue Austria

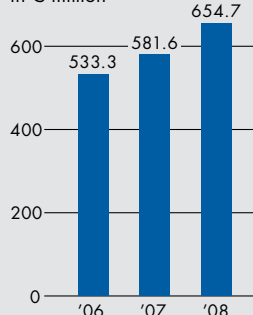
in € million

**Financial assets, cash and cash equivalents**

as at 31. 12. in € million

**Total Group assets**

in € million



Unit sales in Austria rose to 320,000 pairs of glasses (previous year 298,000 pairs). Sales increased to € 47.3 million (previous year € 45.0 million). The backdated application of the brand licensing had an effect totalling € 1.2 million on the subsidiary, and a further € 0.2 million in licence fees were deducted from income for 2008.

The pre-tax profit in the 2008 financial year, including the effect of the backdated brand licensing, amounted to € 6.7 million (previous year € 7.7 million) and the pre-tax return on sales totalled 14.2 per cent (previous year 17.1 per cent). With 2 per cent of all opticians shops in Austria, Fielmann achieved a market share in terms of sales of 13 per cent, and a market share in terms of unit sales of 24 per cent.

Financial position

Financial management The financial position of the Fielmann Group continues to be sound. At the end of the reporting year, financial resources amounted to € 124.5 million (previous year € 106.5 million). As at the reporting date, financial assets plus cash and cash equivalents totalled € 207.4 million (previous year € 146.6 million).

Liabilities to banks amounted to € 6.9 million (previous year € 4.7 million). Additional available short-term lines of credit were not utilised. The interest result of € 4.7 million (previous year € 3.6 million) was positive.

Cash flow trend and investments The gross cash flow amounted to € 148.9 million (previous year € 112.0 million). Cash flow per share totalled € 3.55 (previous year € 2.67). The cash flow from operations was € 114.7 million (previous year € 111.8 million).

Cash flow from investment operations amounted to € 36.8 million (previous year € 41.0 million). In the reporting year, the volume of investments amounted to € 37.7 million (previous year € 42.3 million). This was financed from cash flow. The funds were mainly used to expand and maintain the branch network. Investment by Fielmann Aktiengesellschaft amounted to € 8.7 million (previous year € 12.4 million), adjusted for capital contributions.

Assets

Assets and capital structure Total Group assets rose to € 654.7 million (previous year € 581.6 million) in the reporting year. Consolidated fixed assets increased by 2.2 per cent to € 259.6 million (previous year € 254.0 million).

Current assets amounted to € 362.3 million (previous year € 305.8 million). For the Group, tangible assets of € 202.3 million (previous year € 201.1 million) were reported. This corresponds to a share of 30.9 per cent of total Group assets. Depreciation totalled € 31.1 million (previous year € 32.0 million). Inventories under current assets rose by 8.5 per cent to € 104.5 million, while the inventory turnover within the Group was 9.0 (previous year 9.2).

Trade receivables decreased by € 9.8 million to € 11.4 million during the reporting period, while other receivables increased by € 3.8 million to € 34.9 million.

Consolidated equity capital amounted to € 386.4 million (previous year € 353.5 million), after deduction of the proposed dividend payout. This corresponds to an equity ratio of 59.0 per cent of the balance sheet total.

Accruals totalled € 51.0 million (previous year € 42.4 million). Current financial liabilities, trade receivables and other liabilities rose by 9.1 per cent to € 78.6 million (previous year € 72.1 million) in the year under review.

Value added The value added calculation determines the economic value achieved by a company via production and services. It also shows the share received by individuals directly or indirectly from the company.

Origin	€ '000	Application	€ '000	%
Sales including changes to inventories	903,931	Shareholders and other partners	85,189	16.9
Other income	71,711	Employees	344,634	68.4
Total sales	975,642	Public sector	47,883	9.5
Cost of materials	-254,437	Creditors	2,262	0.5
Depreciation	-31,059	Company	23,588	4.7
Other operating expenses	-186,432			
Other taxes	-158			
Total preliminary liabilities	-472,086			
Value added	503,556		503,556	

Non financial performance indicators

Staff Fielmann is the largest employer in the optical industry in Germany and Switzerland. In the year under review, an average of 12,170 staff (previous year 11,493) were employed in the Group. Staff expenditure totalled € 344.4 million, while the staff cost ratio in relation to consolidated total sales amounted to 38.1 per cent (previous year 37.5 per cent).

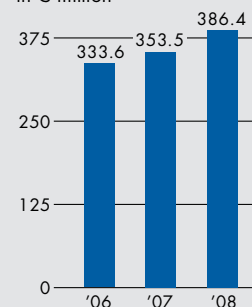
Fielmann training and continued professional development All Fielmann branches in Germany and abroad are managed by master opticians. Each of them is supported by a team of competent and friendly staff, mainly opticians' assistants.

Fielmann is the largest trainer in the optical industry. A total of 2,212 young people were trained in the Group during the period under review.

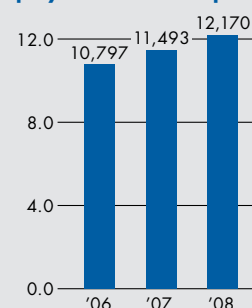
The non-profit Fielmann Academy at Schloss Plön trains young talent to become the new generation of specialist opticians and in 2008, more than 6,000 opticians qualified at the academy.

Equity capital

without dividend
in € million

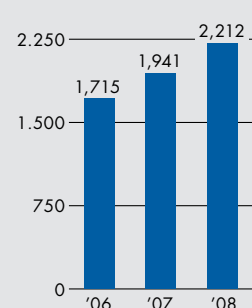


Average number of employees of the Group

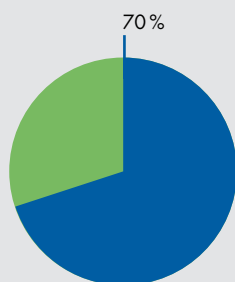


Apprentices

as at 31. 12.



Staff interest



Remuneration It is our strict customer focus that has taken us to the top of our field. Our philosophy is also reflected in the salaries we pay our staff. A significant part of our brand managers' bonuses depends on customer satisfaction.

Fielmann also offers its staff the opportunity to invest in the company. More than 70 per cent of staff take advantage of this opportunity and receive dividends, a share in the profits and interest in addition to their salaries. This provides motivation and our customers benefit as a result.

The remuneration paid to members of the Management Board for their work in the financial year under review is divided into a fixed component and a variable performance-related component, as well as a contribution to pensions. Please refer to item 29 in the notes to the consolidated accounts and to the remuneration report, which forms part of the declaration on Corporate Governance and in which the remuneration system is explained (cf. page 22 of the Annual Report).

The members of the Supervisory Board receive a fixed remuneration for their work. The Chairman of the Supervisory Board receives three times this amount, while his deputy receives one and a half times this amount.

Please refer to page 80 in the notes to the consolidated accounts.

Details pursuant to Article 289 para. 4 of the German Commercial Code (HGB)

Shareholder structure The subscribed capital of Fielmann Aktiengesellschaft amounted to T€ 54,600 as at 31 December 2008, and is divided into 42 million ordinary shares of no par value.

As at the time of preparing the annual accounts, the ownership structure of Fielmann Aktiengesellschaft is as follows*:

- Mr Günther Fielmann, Chairman of the Management Board, holds 36.80 per cent of the share capital directly.
- The Fielmann Family Foundation represents 11.36 per cent of the shares. The shareholding of Fielmann Interoptik GmbH & Co. KG amounts to 15.12 per cent.
- Mr Marc Fielmann holds 7.73 per cent of the subscribed capital of Fielmann Aktiengesellschaft directly.
- The free float amounts to 28.99 per cent.

No other shareholding of or exceeding 3 per cent has been notified.

* Otherwise we refer to the announcements in the Börsenzeitung stock exchange bulletin on 11 August 2006 and 3 May 2002 with regard to the attribution of direct and indirect holdings as well as the publication in accordance with Article 26 para 1. of the German Securities Trading Act (WpHG) of 10 December 2007.

Regulations on the appointment and dismissal of members of the Management Board and amendments to the Articles of Association

The statutory provisions on appointing and dismissing members of the Management Board are laid down in Article 84 of the German Stock Corporation Act. The Articles of Association of Fielmann Aktiengesellschaft provide the following regulation on the composition of the Management Board under Article 7 para. 1:

“(1) The Company’s Management Board shall consist of at least three persons. The Supervisory Board shall determine the number of Management Board members and the person who is to be the Chairman of the Management Board as well as his deputy if applicable.”

The statutory provisions on amending the Articles of Association are laid down in Article 119 of the German Stock Corporation Act (AktG) in conjunction with Article 179 of the AktG. The Articles of Association of Fielmann Aktiengesellschaft provide the following regulation on amending the Articles of Association under Article 14 para. 4:

“(4) The simple majority of the votes cast is required and sufficient – unless mandatory legal provisions conflict with this – to pass resolutions in the Annual General Meeting.”

Authorised capital The Management Board has the authority, subject to the consent of the Supervisory Board, to carry out new rights issues of ordinary bearer shares for cash and/or contributions in kind totalling up to € 25 million, in one or more stages up to 5 July 2011 (authorised capital 2006).

The new shares are to be offered to shareholders for subscription. However, the Management Board has the authority, subject to the consent of the Supervisory Board, to exclude shareholders’ subscription rights in the following cases:

- to make use of any residual amounts by excluding shareholders’ subscription rights;
- when increasing the share capital in return for cash contributions pursuant to Article 186 para. 3 (4) of the AktG, if the issue amount of the new shares does not fall far short of the market price for shares that are already listed at the time the issue amount is finally determined and the shares for cash contributions, excluding subscription rights, do not in total exceed 10 per cent of the share capital at the time the option is exercised; shares which were issued or sold in direct or analogous application of Article 186 para. 3 (4) of the AktG during the term of this authorisation until the date the option is exercised are to be included against the limit;
- for a capital increase in return for contributions in kind to grant shares for the purpose of acquiring companies, parts of companies or investments in companies.

Dependency report In accordance with Article 312 of the AktG, the Management Board of Fielmann Aktiengesellschaft has prepared a dependency report giving details of the company's relationships with Mr Günther Fielmann (Chairman of the Management Board of Fielmann Aktiengesellschaft), as well as with other companies affiliated to him and with companies belonging to the Fielmann Group. The Management Board has released the following closing statement in this report:

"In accordance with Article 312 para. 3 of the AktG, the Management Board declares that our company received an appropriate service or compensation in return for each transaction mentioned in the report on relationships with affiliated companies, on the basis of the circumstances of which we were aware at the time when the transactions were carried out, and that the company was not at a disadvantage as a result of the measures being implemented or omitted. No measures that are subject to reporting requirements occurred in financial year 2008."

Supplementary report At the time of producing this report, there had been no known significant events since 31 December 2008 which could have an effect on the assets, financial position and earnings of Fielmann Aktiengesellschaft.

Opportunities and risk management Fielmann's comprehensive risk management system enables the company to identify and make use of opportunities in good time, while also keeping in mind possible risks. The basis of this risk management is in detailed reporting, which comprises all planning and controlling systems. Using previously identified and defined thresholds, the company analyses whether concentrations of risk exist in the Group.

Monitoring takes place on a daily basis, and the early warning system is completed by monthly and annual reports, which take account of the likelihood of risks occurring and their impact. The effectiveness of the risk detection system is regularly assessed by internal audit and by the external auditors in accordance with the legal requirements. Fielmann faces the following risks:

Opportunities and risks inherent in future development The following information on the risks inherent in future development relates to the risks included in Fielmann's risk management system. To improve the quality of the information provided, the reporting of credit risks, exchange rate risks, interest rate risks, market risks and liquidity risks required under IFRS 7 is included in the Management Report under "financial risks". The reporting of the opportunities inherent in future development mainly relates to operating areas.

Operating risks By manufacturing our own products, we are able to control the flow of goods from checking the raw materials to putting together the finished spectacles. The interlocking of central and decentralised units would impair earnings in the event of disruptions to operations or long-term production shortages. Comprehensive precautionary measures have been implemented for this purpose:

- systematic training and qualification programmes for employees
- further development of the production processes and technologies
- comprehensive safeguards at the branches
- regular maintenance of installations and networks

Furthermore, our global business relationships allow us to clear any delivery bottlenecks rapidly. In the event of any loss that may nevertheless occur, the company is insured to an economically appropriate extent.

Financial risks Foreign exchange and interest rate fluctuations may result in significant profit and cash flow risks for the Fielmann Group. Where possible, Fielmann therefore approaches these risks on a centralised basis and controls them from a forward-looking perspective.

Business operations give rise to risks related to interest rates and currency fluctuations. The instruments used to prevent these financial risks are described in the explanatory notes on the respective balance sheet items.

Significant purchasing contracts are priced in euros. Fielmann finances the majority of its activities from its own funds, which means that it is largely independent of movements in interest rates. Risks to securities in current assets also arise from exchange rate fluctuations. These are controlled via an investment management system to monitor credit, liquidity, market and currency risks within the context of short and long-term financial planning.

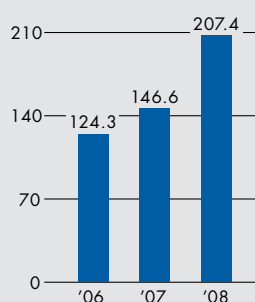
Credit risks exist in the form of default risks relating to financial assets. Liquidity risks represent funding risks and are therefore risks associated with the fulfilment of existing payment obligations of the Group by specific dates. Market risks arise within the Group in the form of interest rate risks, currency risks and other price-related risks.

Credit risks The maximum default risk within the Group corresponds to the amount of the book values of financial assets. Bad debt charges are applied to take account of default risks.

With regard to financing, the top priority of investment decisions is, in principle, to secure purchasing power on a sustained basis. Investment options are essentially limited to investment grade securities. Investment guidelines stipulate a maximum amount for all classes of financial instruments used for investment purposes.

Financial assets, cash and cash equivalents

as at 31. 12. in € million



As a result of the high level of uncertainty on the financial markets in 2008, Fielmann Aktiengesellschaft opted to invest, in particular, in government-backed securities, and the creditworthiness of the relevant business partner was also checked before any major investment decision was made. Setting an upper limit on investments for every counterparty limits the investment risk, as does the current focus of the investment horizon on terms of up to 3 months.

Non-rated securities are subject to an internal assessment, which takes into account aspects which include the existing rating of the issuer or of a comparable borrower and the features of the securities. Investments with a term of up to three months do not require a rating, although this is subject to the specified exemption limits.

There is no concentration of default risks relating to trade receivables, since retail activities do not result in a focus on individual borrowers. Equally, the restriction of liquidity investments to securities with a good rating reduces the credit risk. In view of this, the default risk is estimated to be low.

Liquidity risks Financial controlling is based on ensuring that the Management Board has the necessary flexibility to make entrepreneurial decisions and guaranteeing the timely fulfilment of the Group's payment obligations. The Fielmann Group's liquidity management is centralised for all subsidiaries. Currently, there are no liquidity risks. Moreover, the high level of liquidity provides sufficient leeway for further expansion. As at 31 December 2008, the Group held financial assets amounting to € 207.4 million (previous year € 146.6 million).

Financial instruments are exclusively used to hedge foreign exchange positions, in order to minimise currency risks resulting from currency fluctuations. The instruments that Fielmann Aktiengesellschaft uses are marketable currency forwards. Hedging is not for speculative purposes, but purely to secure the currency requirement for purchasing by the Group in general and to manage net interest income. Simulation on the basis of various scenarios is used to assess any risks identified. Market assessment of the financial instruments used is based on available market information. As at the year-end, there were three currency forwards.

Market risks The market risks that are relevant to the Fielmann Group are primarily interest rate and currency risks. Sensitivity analysis is used to illustrate how various developments resulted from the impact of past performance or events.

Interest rate risks The sensitivity analysis of interest rate risks is based on the following premises. Primary financial instruments are only subject to interest rate risks if they are valued at fair value. Financial instruments with floating rates are generally subject to market interest rate risks. As at the balance sheet date, the portfolio of financial instruments for the purposes of liquidity investment is representative for the full financial year in terms of maturities.

Sensitivity analysis – interest rate risks

	31. 12. 2008 € '000	31. 12. 2007 € '000
Financial instruments subject to interest rate risks	150,128	117,489
Interest +/- 2 per cent	502/-502	460/-460

In the event of a change in the interest rate of 2 per cent, the impact on net income would have amounted to T€ 502 (previous year T€ 460), taking into account the average time to maturity of the financial instruments that are subject to interest rate risks.

Currency risks Given its international focus, during the normal course of its business activities, the Fielmann Group is exposed to currency risks in connection with payment flows outside its functional currency. More than 90 per cent of the Group's payment flows are in euros, approximately 7 per cent in Swiss francs, with the rest divided between US dollars (USD), Polish zloty (PLN), Ukrainian hrywnja (UAH), Japanese yen (YEN) and Belarusian rouble (BYR). In order to limit currency risks on payments relating to purchasing goods, currency forwards with maturities of up to six months are mainly used.

Foreign exchange risks resulting from the translation of financial assets and liabilities of international subsidiaries into the Group's reporting currency, or which relate to the cash flow, are not generally hedged.

During the reporting period, hedge positions for the PLN, UAH and BYR currencies resulted in charges amounting to T€ 2,007. This was attributable to the drastic monetary erosion, particularly during the last two months of the financial year.

The only other factor resulting in currency risks for the Fielmann Group is represented by forward transactions used to hedge the regular payment flow in the USD currency. As at 31 December 2008, there were three currency forwards amounting to USD 4.5 million (previous year USD 0 million). The average amount of the secured portfolio in USD in financial year 2008 was USD 1.5 million with a medium-term maturity of 121 days.

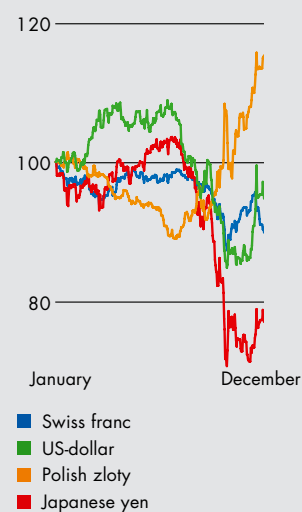
Interest rate development

2008 in per cent



Currency rate development

2008 in per cent



Sector and other external risks Economic fluctuations in the international market and increasingly intense competition constitute fundamental risks. This gives rise to risks related to price and unit sales. Constant decentralised and central monitoring of the competition enables us to identify trends early. The Management Board and other decision-makers are informed promptly of movements in the market. This means that risks are identified in good time and measures to limit them can be implemented promptly.

IT risks The operational and strategic management of the Group is integrated into a complex information technology system. The IT systems are regularly maintained and equipped with various safeguards. The maintenance and optimisation of the systems is assured through constant dialogue between internal and external IT specialists.

The Fielmann Group also has appropriate measures to counter risks arising from unauthorised access to data, its misuse or loss. Technological innovations and developments are continuously monitored and tested so that they can be implemented promptly.

Opportunities Increasing demand for spectacles and contact lenses is a consequence of an increasing awareness of health issues as well as demographic changes. The proportion of high-quality varifocals, particularly needed by people in later life, is set to grow strongly in the coming years.

The rate of growth Fielmann records with varifocals outperforms the sector growth rate. The reason for this is the customer structure of the company. From the age of 45, spectacle wearers usually require reading glasses as well as glasses to correct their short-sightedness. Instead of using two different pairs of glasses, one for close-up and one for distance, this group is increasingly opting for varifocals and therefore a single pair of spectacles.

Fielmann customers are younger than the average customers of traditional opticians. They appreciate the company's customer-friendly services and remain loyal to Fielmann in later life. Without acquiring a single new customer, the proportion of varifocal sales at Fielmann will therefore increase by more than 50 per cent in the coming years.

Fielmann can sell glasses at lower prices than its competitors because the company manufactures its own products and buys substantial quantities direct from suppliers of well-known brands. We pass on the procurement benefits, which we achieve by excluding wholesalers, to our customers. Since only 45 per cent of all glasses wearers also wear prescription sunglasses, Fielmann expects further growth from the increasing range of high-quality fashionable sunglasses available for individual prescriptions. Innovative contact lenses, such as the modern and comfortable dailies and customer-specific lenses, will also boost growth.

In addition to sales growth in the optical sector, we expect additional impetus from the continued expansion of our hearing aid implements. Our long-standing customers in the core catchment areas alone require more than 60,000 hearing aids per year.

We are expanding our branch network in Germany and shall press ahead with our expansion abroad. The markets in Austria, Switzerland, Poland and other neighbouring countries in Europe offer opportunities for substantial growth and earnings.

Summary of the risk situation The Group's market position, its financial strength and a business model that allows Fielmann to identify and act on growth opportunities earlier than the competition, reveal no identifiable risks to future development with any substantial effect on assets, financial positions or earnings.

Outlook

Fielmann is continuing its expansion in Germany and its neighbouring countries with a measured approach. We carefully consider every genuine merger and acquisition opportunity arising throughout Europe. In the medium term, we will operate 700 branches in Germany, selling more than 6.5 million pairs of glasses every year.

With 40 branches, we intend to sell some 400,000 pairs of glasses per year in Switzerland in the medium term. In Austria, we aim to sell 450,000 pairs of glasses a year through our 40 branches. We will also pursue our expansion in Poland in the future. In the medium term, our goal is to have a presence in all the major cities with a total of 40 locations.

In 2009, we will invest more than € 50 million in expanding and maintaining the branch network, as well as in production and infrastructure. This will be financed out of cash flow. € 31 million will be spent on our branches, either on opening new branches or maintaining the existing network. We intend to invest € 3 million on expanding production capacity and a further € 8 million on Group infrastructure. We will be undertaking similar levels of investment in 2010.

As at the time of producing the Annual Report, the German government expects a decrease in the Gross Domestic Product of 2.25 per cent in 2009, while economic research institutes are forecasting a reduction of more than 4 per cent. German retail will also suffer losses in 2009; for example, sales in January fell by 1.3 per cent in real terms, according to the Statistisches Bundesamt (Federal Statistical Office). At Fielmann, we are confident that we will improve our market position. In economically difficult times, consumers buy from companies that offer them high quality at favourable prices: in the optical industry, that company is Fielmann. We have a long-term outlook, rely on our strengths and are investing more in media and advertising. More than 25 new branches are planned for this year.

Given current economic trends and their effects on consumer behaviour, we can not provide precise forecasts for the 2009 and 2010 financial years. We will continue to pursue our growth strategy, and are confident that Fielmann will emerge from the economic crisis with new strength.

Fielmann Aktiengesellschaft, Hamburg

Balance sheet as at 31 December 2008

Assets	Ref. no. in notes	As at 31. 12. 2008 € '000	As at 31. 12. 2007 € '000
A. Fixed assets			
I. Intangible assets	(1)	8,164	7,650
II. Tangible assets	(2)	64,138	64,251
III. Financial assets	(3)	194,222	183,783
		266,524	255,684
B. Current assets			
I. Inventories	(4)	18,974	17,271
II. Receivables and other assets	(5)	116,942	119,092
III. Securities	(6)	51,100	75,578
IV. Cash on hand and in banks and cheques	(7)	132,487	37,387
		319,503	249,328
C. Prepaid expenses	(8)	158	67
		586,185	505,079
Equity and liabilities			
A. Equity capital			
I. Subscribed capital	(9)	54,600	54,600
II. Capital reserves	(10)	92,652	92,652
III. Profit reserves	(11)	138,653	109,909
IV. Balance sheet profit	(12)	81,900	58,800
		367,805	315,961
B. Special reserve item	(13)	4,004	4,134
C. Accruals	(14)	52,364	42,934
D. Liabilities	(15)	161,984	142,040
E. Prepaid income		28	10
		218,380	189,118
		586,185	505,079
F. Contingent liabilities	(16)	371	512

Fielmann Aktiengesellschaft, Hamburg

Profit and loss account for the period from 1 January to 31 December 2008

	Ref. no. in notes	2008 € '000	2007 € '000
1. Sales	(17)	240,307	236,036
2. Other operating income	(18)	63,917	63,522
3. Cost of materials	(19)	-168,161	-177,287
4. Personnel costs	(20)	-45,638	-39,994
5. Depreciation on intangible assets and tangible assets		-6,404	-6,705
6. Other operating expenses	(21)	-47,923	-45,498
7. Income from participations	(22)	91,634	53,237
8. Interest result	(23)	10,726	8,508
9. Result from ordinary activities		138,458	91,819
10. Income taxes	(24)	-27,794	-26,215
11. Other taxes		-55	-219
12. Net income for the year		110,609	65,385
13. Profit carried forward from the previous year		35	28
14. Withdrawal from profit reserves	(25)	0	388
15. Allocation to profit reserves	(26)	-28,744	-7,001
16. Balance sheet profit		81,900	58,800

Fielmann Aktiengesellschaft, Hamburg

Notes to the annual accounts as at 31 December 2008

General information

When preparing the annual accounts, the option under Article 265 para. 7 no. 2 of the German Commercial Code (HGB; abridged balance sheet and profit and loss account) was used. The structure of individual items and explanations are provided in the notes to the annual accounts.

Accounting and valuation principles

Transactions in foreign currencies are translated at the exchange rate prevailing on the reporting date. Foreign currency positions on the balance sheet date are translated at the lower exchange rate prevailing on the reporting date if applicable.

Intangible assets and tangible assets are valued at acquisition or production cost less straight-line scheduled amortisation or depreciation, or at the lower attributable value. Properties are valued at acquisition or production cost. The impairment requirement is established based on the gross rental method, using a rental income factor. Tenants' fittings and factory and office equipment are depreciated on a straight-line basis, with the typical useful life applied, which is at most the (residual) term of the tenancy agreement.

Depreciation is applied pro rata temporis for additions to tangible assets from the date they are added and calculated to the exact month. Low value assets with a value up to € 150 are charged as an expense immediately. Low value assets with a value from € 150 up to and including € 1,000 are recorded under a collective item, capitalised and written down over a useful life of five years.

The valuation of financial assets is at acquisition cost or the lower attributable value. Net income or loss for the year of the partnerships is recognised on the basis of the profit distribution specified in the partnership agreement.

In principle, merchandise is valued at the cost of acquisition or production, or where applicable, at the lower attributable value. Sales-related and other risks are accounted for by specific deductions where necessary, or by appropriate blanket charges.

Receivables and other assets are recognised at nominal value less specific and blanket charges that have been identified as appropriate.

Other securities are valued at acquisition cost, or the lower stock exchange or market prices as at the balance sheet date where applicable.

Unscheduled depreciation is recognised under the special reserve item.

Pension accruals and similar obligations are recognised on the basis of actuarial calculations at discounted value, applying an interest rate of 6.0 per cent, in accordance with Article 6a of the German Income Tax Act (EStG). The valuation of other provisions takes into account all discernible risks on the basis of prudent commercial assessment.

As at the balance sheet date, provisions for operating expenses of T€ 738 were recognised. Provisions for guarantees were determined on the basis of calculations and deferrals that are precise to the month as well as a distribution over the 36-month guarantee period. Moreover, provisions for dismantling obligations are rolled over. This accrues future expenses for dismantling installations and substantial conversions of rented property at the end of the contractual tenancy period as instalments over the period. Provisions for anniversary bonuses have been calculated on the basis of actuarial methods.

The valuation of liabilities is at their repayment amount. Contingent liabilities under guarantee agreements are valued depending on the residual amount of the relevant principal obligation.

Fielmann Aktiengesellschaft, Hamburg

Changes in fixed assets as at 31 December 2008

	Acquisition and production costs			
	As at 1. 1. 2008 € '000	Additions € '000	Disposals € '000	As at 31. 12. 2008 € '000
I. Intangible assets				
1. Rights of usufruct	2,660	209 344 B		3,213
2. Other rights	12,401	2,101	10	14,492
	15,061	2,310 344 B	10	17,705
II. Tangible assets				
1. Property and similar rights and buildings, including buildings on third-party land	82,806	31		82,837
2. Tenants' fittings	11,153		344 B	10,809
3. Factory and office equipment	24,258	4,159	3,495	24,922
4. Payments on account and assets under construction	830	793		1,623
	119,047	4,983 344 B	3,495 344 B	120,191
III. Financial assets				
1. Shares in affiliated Companies	178,272	9,540	97	187,715
2. Loans to affiliated companies	10,689	1,382	193	11,878
3. Other loans	1,708	27	220	1,515
	190,669	10,949	510	201,108
Total fixed assets	324,777	18,242 344 B	4,015 344 B	339,004

B = Book transfer

Accumulated depreciation				Book values	
As at 1. 1. 2008 € '000	Additions € '000	Disposals € '000	As at 31. 12. 2008 € '000	As at 31. 12. 2008 € '000	As at 1. 1. 2008 € '000
163	321 6 B		490	2,723	2,497
7,248	1,808	5	9,051	5,441	5,153
7,411	2,129 6 B	5	9,541	8,164	7,650
28,805	1,297		30,102	52,735	54,001
9,130	401		9,525	1,284	2,023
		6 B			
16,861	2,576	3,011	16,426	8,496	7,397
0			0	1,623	830
54,796	4,274	3,011 6 B	56,053	64,138	64,251
6,886			6,886	180,829	171,386
0			0	11,878	10,689
0			0	1,515	1,708
6,886	0	0	6,886	194,222	183,783
69,093	6,403 6 B	3,016 6 B	72,480	266,524	255,684

Explanatory notes to the annual accounts of Fielmann Aktiengesellschaft

Fixed assets

I. Explanations on the balance sheet

The changes in intangible assets, tangible assets and financial assets are shown in detail in the above statement of assets. Tenants' fittings are reported separately, which represents an expansion of the statutory itemisation.

(1) Intangible assets

The intangible assets essentially include computer software of Fielmann Aktiengesellschaft, which is written down on a straight-line basis over three to seven years. Rights of usufruct amounting to T€ 2,723 have also been capitalised. These resulted from the takeover of tenancy agreements in inner city locations. Branches of the Fielmann Group maintain stores in these properties.

(2) Tangible assets

The land and buildings of Fielmann Aktiengesellschaft relate to 41 properties, most of which are let to branches or subsidiaries of the Group.

The additions of Fielmann Aktiengesellschaft under the land and buildings item comprise subsequent costs of acquisition arising in the reporting year and amounting to T€ 33 (previous year T€ 22).

Tenants' fittings are written down on a straight-line basis, taking into account the duration of the tenancy agreement, whereas factory and office equipment is written down over a period of two to ten years (machinery and equipment predominantly five years, IT three years).

(3) Financial assets

Under financial assets, Fielmann Aktiengesellschaft primarily reports material shareholdings in Fielmann branches which are independent under company law and whose legal form is that of a limited partnership or general partnerships, as well as shares in production, services and holding companies. For details, please refer to the list of shareholdings as at 31 December 2008, which is published in the online Federal Gazette (Bundesanzeiger).

(4) Inventories

Inventories relate mainly to merchandise for glasses and sunglasses, as well as other merchandise stored in the central warehouse of Fielmann Aktiengesellschaft (T€ 18,974, previous year T€ 17,271).

The due dates of receivables are shown in the following schedule of receivables:

(5) Receivables and other assets

	31. 12. 2008		31. 12. 2007	
	Total € '000	Residual term of more than 1 year € '000	Total € '000	Residual term of more than 1 year € '000
Trade debtors	1,857		1,644	
Receivables from affiliated companies of which trade receiva- bles: T€ 18,029 (previ- ous year T€ 12,921)	83,707		93,251	
Other assets	31,378	3,514	24,197	2,955
	116,942	3,514	119,092	2,955

The trade receivables of Fielmann Aktiengesellschaft relate, in part, to Fielmann franchises (T€ 1,422, previous year T€ 1,198). Trade receivables of Fielmann Aktiengesellschaft due from Fielmann Group branches changed in line with sales.

Other assets relate, for example, to receivables from the tax office (T€ 7,179, previous year T€ 5,327) and credit card companies (T€ 2,383, previous year T€ 3,328). From 1 January 2004 onwards, receivables from the intermediary settlement company between Fielmann and the health insurance funds (T€ 1,860, previous year T€ 1,550) relate exclusively to deliveries of spectacles to minors and visually impaired customers. This item also comprises receivables due from Fielmann franchises (T€ 1,822, previous year T€ 1,667) and credit balances with suppliers (T€ 16,019, previous year T€ 11,596).

The imputation system of taxation relating to corporation tax, which was in force until 2001, resulted in a corporation tax credit of T€ 3,609, which was not yet utilised as at 31 December 2006. This was set to be paid in instalments as of 2008, but this has not yet been carried out to date because of a tax assessment that is still ongoing. In 2007 and 2008, interest of 4.1 per cent was added to the discounted claim as at 31 December 2006 of T€ 2,799 and the claim was capitalised with an amount of T€ 3,019 as at 31 December 2008.

The amount stated relates to low-risk fixed-income securities with short maturities and other securities (T€ 51,043, previous year T€ 75,578). It also includes treasury stock amounting to 1,235 shares. The book value as at 31 December 2008 was T€ 57 (previous year T€ 0.3).

(6) Securities

In detail, the changes in treasury stock held are as follows:

	Bought Pcs.	Sold Pcs.	Portfolio Pcs.	In % of subscribed capital	Share of sub- scribed capital in €
As at 1. 1. 08			8	0.00	10
Changes in the year under review	102,212			0.24	132,876
		100,985		0.24	131,281
As at 31. 12. 08			1,235	0.00	1,605

The Fielmann shares reported have been bought on an ongoing basis in accordance with Article 71 . para. 1 no. 2 of the German Stock Corporation Act (AktG), in order to offer them to employees of Fielmann Aktiengesellschaft and its affiliated companies as employee shares at the prevailing stock market price. The regrouping of treasury stock has resulted in income amounting to T€ 79 (previous year T€ 190), which has been reported under other operating income as well as expenses amounting to T€ 459 (previous year T€ 0).

**(7) Cash on hand and in banks
and cheques**

Liquid funds essentially relate to fixed-term deposits and current account credit balances.

(8) Prepaid expenses

Prepaid expenses related mainly to payments on account for IT-related repairs and maintenance.

**(9) Subscribed capital/
authorised capital**

As at 31 December 2008, the subscribed capital of Fielmann Aktiengesellschaft amounted to T€ 54,600 and was divided into 42 million ordinary shares of no par value.

As at the time of preparing the annual accounts, the ownership structure of Fielmann Aktiengesellschaft was as follows*:

- Mr Günther Fielmann, Chairman of the Management Board, has a direct shareholding of 36.80 per cent of the share capital.
- The Fielmann Family Foundation represents 11.36 per cent of the shares. The shareholding of Fielmann Interoptik GmbH & Co. KG amounts to 15.12 per cent.
- Mr Marc Fielmann holds 7.73 per cent of the subscribed capital of Fielmann Aktiengesellschaft directly.
- The free float amounts to 28.99 per cent.

No other shareholding exceeding 3 per cent has been notified.

* Otherwise we refer to the announcements in the Börsenzeitung stock exchange bulletin on 11 August 2006 and 3 May 2002 with regard to the attribution of direct and indirect holdings as well as the publication in accordance with Article 26 para. 1 of the German Securities Trading Act (WpHG) of 10 December 2007.

The amount shown relates exclusively to the premium from the 1994 new rights issue under Article 272 para. 2 no. 1 of the German Commercial Code (HGB). No legal reserve is therefore required (Article 150 para. 2 of the German Stock Corporation Act (AktG)).

(10) Capital reserves

As at 31 December 2008, the profit reserves comprised the following items:

(11) Profit reserves

	As at 1. 1. 2008 € '000	Allocations € '000	With- drawals € '000	As at 31. 12. 2008 € '000
Reserve for treasury stock		57		57
Other profit reserves	109,909	28,687		138,596
	109,909	28,744	0	138,653

The balance sheet profit of Fielmann Aktiengesellschaft results from net income for the year (T€ 110,609, previous year T€ 65,385) plus profit carried forward (T€ 35, previous year T€ 28) less changes in the profit reserves (T€ 28,744, previous year T€ 6,613).

(12) Balance sheet profit

The special reserve item relating to Article 4 of the German Development Areas Act (FörderGG) amounted to T€ 4,004 (previous year T€ 4,134).

(13) Special reserve item

	31. 12. 2008 € '000	31. 12. 2007 € '000
Pension accruals	1,381	884
Tax accruals	19,053	12,504
Other accruals	31,930	29,546
of which		
accruals related to personnel	(12,005)	(8,833)
accruals for merchandise	(13,810)	(13,515)
sundry accruals	(6,115)	(7,198)
	52,364	42,934

(14) Accruals

The pension accruals of Fielmann Aktiengesellschaft mainly relate to non-forfeitable pension commitments.

The tax accruals essentially relate to corporation taxes and trade taxes for Fielmann Aktiengesellschaft.

Staff accruals are set up, in particular, for liabilities arising from special payments/bonuses.

The accruals for merchandise essentially relate to stock maintenance of the branch inventories in an amount of T€ 2,615 (previous year T€ 4,805) as well as guarantee expenses of T€ 8,184 (previous year T€ 7,100).

The miscellaneous accruals relate among others to year-end and auditing costs, dismantling obligations and missing purchase invoices.

(15) Liabilities

The residual term of liabilities reported in the balance sheet are shown in the liabilities schedule below:

	31. 12. 2008			31. 12. 2007		
	Total	Residual term		Total	Residual term	
	€ '000	Up to 1 year € '000	Over 5 years € '000	€ '000	Up to 1 year € '000	Over 5 years € '000
Liabilities						
to banks	526	32		740	213	
trade debtors	16,823	16,823		15,772	15,772	
to affiliated companies	138,529	138,529		118,410	118,410	
Other liabilities	6,106	4,642		7,118	5,779	
of which tax-related: T€ 2,277 (previous year T€ 3,121)						
of which for social security contributions: T€ 0 (previous year T€ 5)						
	161,984	160,026	0	142,040	140,174	0

The liabilities to banks are collateralised by charges on property or similar rights amounting to T€ 526 (previous year T€ 740). The liabilities to franchises totalled T€ 1,723 (previous year T€ 1,533).

**(16) Contingent liabilities,
other financial obligations**

	31. 12. 2008 € '000	31. 12. 2007 € '000
Liabilities under warranties	227	266
of which in favour of affiliated companies T€ 227 (previous year T€ 266)		
Contingent liabilities from providing security for third-party liabilities	144	246
	371	512

On the basis of its status as partner, Fielmann Aktiengesellschaft is liable for the liabilities of the branches (general partnerships) of the Fielmann Group.

Other financial liabilities amounting to T€ 753 (previous year T€ 636) exist under lease transactions.

Fielmann Aktiengesellschaft is planning investments amounting to T€ 16,700 for financial year 2009, of which T€ 1,700 are earmarked for investments in new branches.

II. Explanations on the profit and loss account

The profit and loss account of Fielmann Aktiengesellschaft was compiled on the basis of the structure applied under the overall cost of production method in accordance with Article 275 para. 2 of the German Commercial Code (HGB).

	2008 € '000	2007 € '000	(17) Income from sales, including changes in inventories
Income from trading	116,613	115,926	
Income from services	123,694	120,110	
	240,307	236,036	
of which in Germany:			
Holding companies (Germany)	190,706	195,867	
Franchises and other customers in Germany	17,072	15,678	
	207,778	211,545	
of which abroad:			
Holding companies (abroad)	31,664	23,640	
Customers abroad (franchises and other)	865	851	
	32,529	24,491	

The sales revenue of Fielmann Aktiengesellschaft resulted from the wholesale function of the Company and from services supplied to affiliated companies, Fielmann franchises and third parties. As in the previous year, costs paid on behalf of branches were not treated as self-balancing items, but were instead, in principle, reported separately as expenses and income to be charged on (T€ 6,203, previous year T€ 10,866). Sales with affiliated companies outside Germany relate to income from brand licence fees for previous years amounting to T€ 3,794. User fees for IT services amounting to T€ 3,718 (previous year T€ 3,452) are reported here. In the previous year, these were reported under other operating income. The previous year's figures have not been restated.

Other operating income mainly comprises contributions received from suppliers, income from writing back provisions and income from currency differences. Income from writing back special reserve items from previous years amounted to T€ 131 (previous year T€ 179). Other operating income includes income from other periods of T€ 8,270. The user fees for IT services reported here in the previous year are now shown in income from sales.

(18) Other operating income

	2008 € '000	2007 € '000	(19) Cost of material
Cost of raw materials and supplies and merchandise brought in	109,234	112,057	
Cost of services brought in	58,927	65,230	
	168,161	177,287	

The expenses for merchandise purchased primarily relate to spectacle frames and lenses. Services purchased mainly reflect advertising and external services, which are charged on to the branches.

(20) Personnel costs

	2008 € '000	2007 € '000
Wages and salaries	40,276	35,301
Social security costs	4,864	4,486
Pension contributions	498	207
	45,638	39,994

The remuneration of Management Board members for their work during the financial year is divided into fixed components and variable components, which are based on the result, as well as an additional pension commitment for one Management Board member. The premium amount attributable to Management Board members for a Group accident insurance counted towards fixed remuneration on a pro rata basis. The variable components are based on the Fielmann Group's net income for the year. No stock option programmes are in place.

The total remuneration for the Management Board amounted to T€ 6,313 (previous year T€ 5,028) in the period under review. Fixed remuneration in 2008 totalled T€ 2,081 (previous year T€ 1,925). Of this, Mr Fielmann received T€ 849 (previous year T€ 849), Mr Schmid T€ 468 (previous year T€ 376), Dr. Thies T€ 371 (previous year pro rata: T€ 261) and Mr Zeiss T€ 394 (previous year T€ 363). Variable remuneration amounted to T€ 4,232 (previous year T€ 2,929). Of this, Mr Fielmann received T€ 2,350 (previous year T€ 1,708), Mr Schmid T€ 823 (previous year T€ 512), Dr. Thies T€ 471 (previous year pro rata: T€ 240) and Mr Zeiss T€ 588 (previous year T€ 384). T€ 0 (previous year T€ 161) was paid to former members of the Management Board. In addition, a pension commitment has been made to Mr Schmid, which guarantees him an entitlement of 40 per cent of his final gross monthly salary once he reaches the relevant age. The transfer to pension provisions amounted to T€ 480 (previous year T€ 174). Moreover, a commitment has been made to Mr Schmid that he will receive a lump sum payment based on his years of service, limited to the total gross remuneration for two years, in the event that his employment contract is not renewed for reasons for which he is not responsible.

(21) Other operating expenses

Other operating expenses include administrative and organisational costs, costs of premises and other personnel costs.

The breakdown of income from participations is as follows:

(22) Income from participations

	2008 € '000	2007 € '000
Income from participations	105,429	67,848
Income from profit transfer agreements	93	107
Expenses from the assumption of losses	-13,888	-14,718
	91,634	53,237

The income from participations relates to the results of the Fielmann companies. The income from participations relating to joint stock companies resulted from dividends for previous years paid during the reporting year as well as an extraordinary distribution from Fielmann Schweiz Aktiengesellschaft. The expenses from the assumption of losses essentially comprise the loss proportions of the general partnerships.

The breakdown of the interest result is as follows:

(23) Interest result

	2008 € '000	2007 € '000
Interest from loans	628	675
Other interest and similar income	12,953	13,280
Interest and similar expenses	-2,855	-5,447
	10,726	8,508

The interest income from affiliated companies amounted to T€ 9,814 (previous year T€ 9,965) and interest expenses to affiliated companies to T€ 2,422 (previous year T€ 4,791). Interest income was reduced for the first time by income generated with affiliated companies as a result of an investment commission agreed and passed on to these companies. This takes better account of the commercial situation which also formed the basis of cash pooling in the Group in previous years.

Trade income tax and corporation tax are reported under this item. Tax expenses amounting to T€ 1,896 (previous year T€ 471) related to tax for other periods.

(24) Income taxes

In the current year, an amount of T€ 0 (previous year T€ 388) was withdrawn from the profit reserves.

(25) Withdrawal from profit reserves

This item reflects the transfer to profit reserves by Fielmann Aktiengesellschaft totalling T€ 28,744 (previous year T€ 7,001).

(26) Allocation to profit reserves

Employees**III. Other details**

The average number of employees during the year was:

	2008	2007
Total staff	598	594
of which trainees	30	30
Staff (weighted)	515	515

Auditors' fees

The fees for the auditors are as follows:

	Expenses 2008 € '000	Expenses 2007 € '000
Auditing of accounts	225	235
Other qualification/valuation services		34
Tax advice	311	197
Other services provided	14	19
	550	485

Financial derivatives

As part of regular liquidity hedging, the USD requirement of Fielmann Aktiengesellschaft is covered by currency forwards. The amount in each case is based on the purchase commitment. As at 31 December 2008, there were three currency forwards with a total volume of USD 4.5 million hedging orders from January to March 2009. The market value at the spot rate of these off-balance sheet transactions amounted to T€ -392 as at the reporting date. A provision of the corresponding amount was recognised accordingly. The risk calculated by banks in a valuation at the currency future rate was T€ 182 lower. The transactions had already been settled at the time the financial statements had been approved and the risks covered by the provisions had not materialised. The use of financial derivatives and financing in foreign currency are systematically monitored and regulated in the Group by an investment directive.

The Management and Supervisory Boards of Fielmann Aktiengesellschaft have issued a declaration of compliance with the recommendations of the German Corporate Governance Code as at December 31, 2008, which is permanently available on Fielmann Aktiengesellschaft's website at www.fielmann.com.

German Corporate Governance Code

Information on the bodies of the Company

Management Board

Günther Fielmann	Chairman of the Management Board (Sales/Marketing/ Human Resources), Lütjensee
Günter Schmid	(Materials Management/Production), Kummerfeld
Dr. Stefan Thies	(IT/Controlling), Hamburg
Georg Alexander Zeiss	(Finance/Properties), Ahrensburg

Supervisory Board

Shareholder representatives

Prof. Dr. Mark K. Binz	Lawyer, Stuttgart, Chairman
Anton-Wolfgang Graf von Faber-Castell	Managing Director of Faber-Castell AG, Stein
Prof. Dr. Ing. Jobst Herrmann	Graduate Engineer, Aalen (until 10.7.2008)
Helmut Nanz Managing	Director of the Nanz Group, Stuttgart
Hans Joachim Oltersdorf	Managing Director of MPA Pharma GmbH, Rellingen
Prof. Dr. Hans-Joachim Priester	notary, retired, Hamburg
Pier Paolo Righi	General Manager REM Nike Europe, Amsterdam (since 10.7.2008)

Employee representatives

Uwe Martens	Union Secretary of ver.di, Hamburg, Deputy Chairman
Petra Bruning-Diekhöner	Technical Trainer at Aus- und Weiterbildungs- GmbH, Bielefeld
Johannes Haerkötter	Branch Manager at Fielmann AG & Co. Potsdam, Berlin
Karin Höft	Employee at Fielmann Aktiengesellschaft, Hamburg
Eva Schleifenbaum	Union Secretary of ver.di, Kiel,
Sabine Thielemann	Precision Optician at Fielmann AG & Co., Naumburg

The remuneration of the Supervisory Board in 2008 totalled T€ 185 (previous year T€ 185).

These members of the Supervisory Board are also active in the following supervisory bodies

Prof. Dr. Mark K. Binz:

- Chairman of the Supervisory Board of F. Kirchhoff AG, Stuttgart
- Chairman of the Supervisory Board of Wormland Unternehmensverwaltung GmbH, Hanover
- Member of the Supervisory Board of Faber-Castell AG, Stein
- Member of the Supervisory Board of Festo AG, Esslingen
- Member of the Supervisory Board of Festo AG, Vienna
- Member of the Supervisory Board of Sick AG, Waldkirch
- Member of the Supervisory Board of Mont-Schauberg GmbH & Co. KG, Cologne

Anton-Wolfgang Graf von Faber-Castell

- Chairman of the Supervisory Board of Bayern Design e.V., Nuremberg
- Member of the Supervisory Board of Nürnberger Beteiligungs AG, Nuremberg
- Member of the Supervisory Board of Nürnberger allgemeine Versicherungs AG, Nuremberg
- Member of the Supervisory Board of Nürnberger Lebensversicherung AG, Nuremberg
- Member of the Supervisory Board of GARANTA Versicherungs AG, Nuremberg
- Member of the Supervisory Board of UFB/UMU AG, Nuremberg

Helmut Nanz

- Chairman of the Advisory Board of the Südvers Group, Freiburg
- Member of the Advisory Board of Schoeller Packaging Systems GmbH, Pullach

Hans Joachim Oltersdorf

- Member of the Supervisory Board of Essanelle Hair Group AG, Düsseldorf (until 30.6.2008)
- Chairman of the Advisory Board of Parte GmbH, Cologne

Prof. Dr. Hans-Joachim Priester

- Member of the Supervisory Board of Freenet AG, Hamburg

Pier Paolo Righi

- Member of the Supervisory Board of Wormland Unternehmensverwaltung GmbH, Hanover
- Member of the Supervisory Board of Wein International AG, Burglayen

Eva Schleifenbaum

- Member of the Media Council of Medienanstalt Hamburg Schleswig-Holstein, Norderstedt

The Management Board proposes to the General Meeting that the balance sheet profit of Fielmann Aktiengesellschaft, amounting to T€ 81,900, should be appropriated as follows:

Proposed appropriation of profit

Payment of a dividend of	€ '000
€ 1,95 per ordinary share (42,000,000 shares)	81,900

We declare to the best of our knowledge that in accordance with the accounting principles to be applied, the annual accounts provide a true and fair view of the assets, finances and income of Fielmann Aktiengesellschaft and that the business performance, including the results and position of the Group and of Fielmann Aktiengesellschaft, is described in the combined Management Report for the Group and for Fielmann Aktiengesellschaft in such a way as to reflect the actual circumstances, as well as material risks and opportunities related to the forecast development of the Group and of Fielmann AG.

Declaration by the Management Board

Hamburg, 20 March 2009
Fielmann Aktiengesellschaft
The Management Board



Günther Fielmann

Günter Schmid

Dr. Stefan Thies

Georg Alexander Zeiss

Auditors' Report

Following the results of our audit, we have issued the present auditors' report for the annual accounts as at 31 December 2008 and the combined Management Report for the Group and for Fielmann Aktiengesellschaft, Hamburg:

We have audited the annual accounts, comprising the balance sheet, profit and loss account and notes to the annual accounts for the financial year from 1 January to 31 December 2008, taking into consideration the book-keeping and the report on the position of the Company and the Group of Fielmann Aktiengesellschaft, Hamburg. The book-keeping and preparation of the annual accounts and the report on the position of the Company and the Group in accordance with the provisions of German commercial law are the responsibility of the legal representatives of the Company. Our task is to provide an assessment of the annual accounts, taking into consideration the book-keeping, and of the report on the position of the Company and the Group, based on the audit conducted by us.

We have audited the annual accounts in accordance with Article 317 of the German Commercial Code (HGB) and in compliance with the principles of proper and correct auditing laid down by the IDW (German Institute of Auditors). These state that the audit must be planned and carried out in such a way that there is sufficient certainty that inaccuracies and infringements which have a material effect on the view of assets, finances and income presented by the annual accounts, in compliance with the applicable accounting regulations, and by the report on the position of the Company and the Group, will be recognised. Audit activities are planned in accordance with our knowledge of the Company's financial

and legal framework as well as the anticipated margin of error. Our audit has also assessed the effectiveness of the internal controlling system and the evidence for the disclosures in the annual accounts and the report on the position of the Company and the Group, mainly on the basis of random checks. The audit includes an assessment of the accounting principles applied and of the material estimates made by the legal representatives, as well as an assessment of the overall presentation of the annual accounts and the report on the position of the Company and the Group. We believe that our audit forms a sufficiently reliable basis for our opinion.

No objections were raised as a result of our audit.

According to our assessment based on the insight gained during the audit, the annual accounts comply with the legal provisions and give a true and fair view, taking into account the principles of proper book-keeping, of the assets, finances and income of the Company. The report on the position of the Company and the Group is consistent with the annual accounts and overall, provides a true and fair view of the position of the Company and accurately portrays the opportunities and risks inherent in future development.

Hamburg, 20 March 2009

Susat & Partner OHG
Wirtschaftsprüfungsgesellschaft



Rudolph
Wirtschaftsprüfer

Deike
Wirtschaftsprüferin



Fielmann plants a tree for every employee each year and is committed to protecting nature and the environment. To date, Fielmann has planted more than 950,000 trees and shrubs.

