ECCO Sko A/S
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Comp. Reg. No 43.088
VAT No 45 34 99 18

Supervisory Board

Hanni Toosbuy Kasprzak
Chairperson

Karsten Borch
Vice Chairman

Torsten E. Rasmussen

Mogens Munk-Rasmussen

Gitte Jochimsen
Employee representative

Jakob Møller Hansen
Employee representative

Managing Board

Dieter Kasprzak
President & CEO

Annemette Nøhr
EVP Finance / CFO

Michael Hauge Sørensen
EVP Global Sales

Jens Christian Meier
EVP Production

Andreas Wortmann
EVP Branding & Products

Auditors

KPMG

Banks

Danske Bank
Sydbank
Nordea

Contents

ECCO's Annual Report 2009

ECCO achieved acceptable profits in 2009

The global financial crisis affected sales, but under the prevailing conditions the profit is acceptable. At the end of 2009, ECCO was in the strongest financial position ever and continued its expansive development of the retail sector throughout the year.

ECCO's turnover fell by 6% and the pre-tax profit fell by 38% to DKK 460 million. This decrease was primarily due to ECCO's significant investment activity and high depreciation costs.

In spite of this, 2009 was also characterised by significant expansion and new initiatives, so ECCO finished the year in a stronger financial position than ever.

Inventories were reduced by 21% and cash flow improved substantially, which strengthened ECCO's financial stability. ECCO's solvency ratio increased from 56% to 58%.

The principal problem in 2009 was the rapidly falling turnover in key markets, such as the U.S. and Russia, which were further affected by the powerful swings in currency exchange rates. This is where ECCO's wide geographical spread proved to be an advantage, since the Scandinavian and Central European markets stabilised during the course of the year, while ECCO experienced growth in Asia, Poland and Canada.

The slowdown in economic activity meant that ECCO made an adjustment to production capacity as early as the beginning of 2009 and reduced costs throughout the business, except in the sales area.

This is where ECCO took an offensive position. ECCO's strategy is based on a desire to become even closer to the company's consumers, and one of the best methods is to open ECCO stores. In 2009 ECCO opened 140 new stores, making a total of 901 stores. At the same time, ECCO increased the number of shop-in-shops to 1,278. In total, ECCO invested over DKK 129 million in new stores, marketing and sales promotion measures. This remarkable expansion will continue in 2010.

The company launched strong new collections in 2009, and after years of development work, ECCO introduced a revolutionary new running shoe to the market: BIOM, which is based on the natural movements of the body.

The BIOM collection was very well received on the market and will be extended with additional models in 2010.

In 2009, ECCO opened a large new development centre in Thailand in order to complement ECCO's Research & Development centres in Denmark and Portugal.
2009 saw a strengthening of ECCO's strategy of providing lifelong education for the company's employees. ECCO continued its investment in training, and further investments are budgeted for 2010.

ECCO wishes to continue its aggressive expansion in the sales area in 2010, to maintain tight cost control and to bring exciting new products to the market.

The company expects modest growth in turnover and profits during the coming year, which will still be affected by the global financial crisis.

Dieter Kasprzak
President & CEO

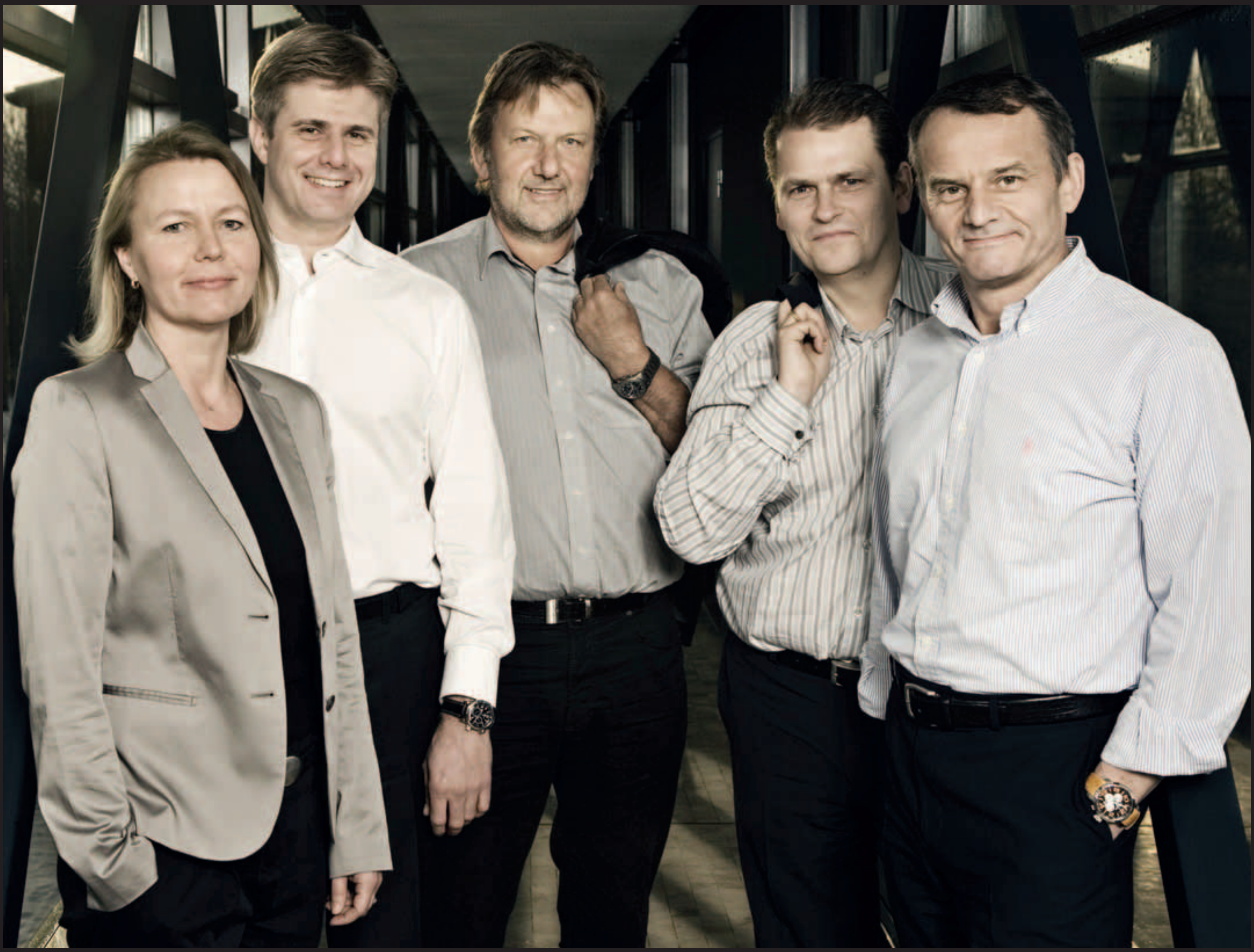
Annemette Nøhr
EVP Finance / CFO

Michael Hauge Sørensen
EVP Global Sales

Jens Christian Meier
EVP Production

Andreas Wortmann
EVP Branding & Products

ECCO´s Managing Board, from left: EVP Finance / CFO, Annemette Nøhr, EVP Global Sales, Michael Hauge Sørensen, President & CEO, Dieter Kasprzak, EVP Branding & Products, Andreas Wortmann and EVP Production, Jens Christian Meier.

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Consolidated financial highlights and key ratios

FINANCIAL HIGHLIGHTS DKK '000	2009	2008	2007	2006	2005
Net revenue	**5,041,200**	**5,374,142**	**5,219,525**	**4,470,403**	**3,830,546**
Profit before amortisation and depreciation	768,307	1,033,467	1,041,971	937,822	628,879
Amortisation and depreciation	(272,383)	(206,396)	(208,943)	(178,360)	(205,039)
Profit before financials	495,924	827,071	833,028	759,462	423,840
Net financials	(36,261)	(81,220)	(77,304)	(49,979)	(74,294)
Profit before tax	**459,663**	**745,851**	**755,724**	**709,483**	**349,546**
Income taxes	(114,306)	(171,982)	(194,314)	(209,423)	(124,512)
Group profit	345,357	573,869	561,410	500,060	225,034
Minority interests	(46,120)	(46,470)	(23,832)	(10,588)	697
Profit for the year	**299,237**	**527,399**	**537,578**	**489,472**	**225,731**
Fixed assets	1,441,468	1,502,268	1,217,827	1,121,303	1,075,306
Current assets	2,740,680	2,894,782	2,997,382	2,529,377	2,210,052
Assets	4,182,148	4,397,050	4,215,209	3,650,680	3,285,358
Equity	2,431,839	2,473,419	2,073,447	1,729,513	1,285,750
Other liabilities	152,820	102,747	73,193	57,079	87,358
Debt	1,597,489	1,820,884	2,068,569	1,864,088	1,912,250
Liabilities	4,182,148	4,397,050	4,215,209	3,650,680	3,285,358
Cash-flow from operating activities	984,524	788,592	263,610	427,374	515,078
Cash-flow from investing activities	(222,925)	(482,718)	(305,055)	(234,809)	(201,678)
Cash-flow from financing activities	(576,525)	(322,762)	(114,347)	(188,958)	(2,385)
Number of employees (as of 31 December)	14,781	16,328	14,957	12,670	10,534

KEY RATIOS					
Operating margin	9.8%	15.4%	16.0%	17.0%	11.1%
ROAIC	11.6%	19.2%	21.2%	21.9%	13.6%
Return on assets	10.7%	17.3%	19.2%	20.5%	11.2%
Investment ratio	0.8	2.3	1.5	1.3	1.0
Return on equity	12.2%	23.2%	28.3%	32.5%	19.5%
Solvency ratio	58.1%	56.3%	49.2%	47.4%	39.1%
Liquidity ratio	2.3	1.9	2.2	3.0	2.9

DEFINITIONS OF KEY RATIOS

Operating margin: $\frac{\text{Profit before financials x 100}}{\text{Net revenue}}$

ROAIC: $\frac{\text{Profit before financials x 100}}{\text{Average assets}}$

Return on assets: $\frac{\text{Profit before tax x 100}}{\text{Average assets}}$

Investment ratio: $\frac{\text{Investments for the year}}{\text{Amortisation and depreciation}}$

Return on equity: $\frac{\text{Profit for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\frac{\text{Equity x 100}}{\text{Assets}}$

Liquidity ratio: $\frac{\text{Current assets}}{\text{Short-term debt}}$

Annual result

Total income for 2009

The ECCO Group's profit before tax amounted to DKK 459.7 million compared to DKK 745.9 million in 2008, a decrease of DKK 286.2 million or 38%.

Turnover

In 2009, ECCO achieved total net turnover of DKK 5,041.2 million, a fall of 6% compared to 2008. Like the year before, 94% of net turnover consisted of shoe sales and the remaining 6% of sales of accessories as well as leather and wet blue.

Net turnover for shoe also fell by 6%, but despite difficult market conditions it was possible to increase the average price per pair by 2% by taking new initiatives such as investments in new ECCO stores. Exchange rates negatively affected net turnover by 0.7%. Sales of accessories rose by 10%, continuing the positive trend of previous years, albeit at a more moderate level. The Group's sales of leather and wet blue have been stable.

The Group's profit before financials, was DKK 496 million compared to DKK 827 million in 2008.

The operating margin was 9.8% in 2009 compared to 15.4% in 2008.

Altered market conditions meant that the Group took decisive measures to cut costs in all areas of the business.

As a consequence, the Group was forced to reduce staffing levels to adjust the capacity in the production units. Non-recurring costs of 54 million DKK were incurred in this respect.

Investment in opening Group stores continues, resulting in a rise in fixed costs.

Net financials totalled DKK -36.3 million compared to DKK -81.2 million in 2008. Factors contributing to this trend included exchange rate adjustments on debt in foreign currencies, which were positive in 2009 at 26.3 million DKK against a corresponding loss of DKK 6.5 million in 2008. Group interest expenses totalled DKK 62.6 million compared to DKK 75 million in 2008.

Income taxes amounted to DKK 114 million in 2009. The effective tax rate was therefore 24.9% compared to 23.1% in 2008.

The profit for the year after tax and minority interests totalled DKK 299.2 million compared to DKK 527.4 million in 2008.

Equity and cash flow

At the end of 2009, consolidated total assets amounted DKK 4,182 million, representing a fall of 4.9% or DKK 215 million.

Fixed assets totalled DKK 1,441 million, of which DKK 1,329 million were tangible fixed assets.

In 2009, the Group reduced its inventories of finished products by 21% or DKK 322 million which is in line with the Group's overall goal of reducing inventories and increasing turnover rate.

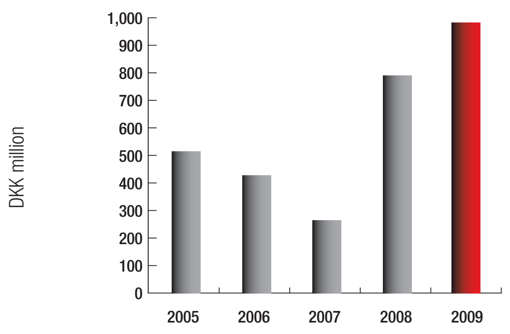
Equity as of 31 December 2009 was DKK 2,431.8 million, equivalent to a solvency ratio of 58.1%. The solvency ratio at the end of 2008 was 56.3%.

The cash flow from operating activities amounted to DKK 985 million, an increase of DKK 196 million despite a fall in total income. This was mainly due to the reduction in the Group's inventories.

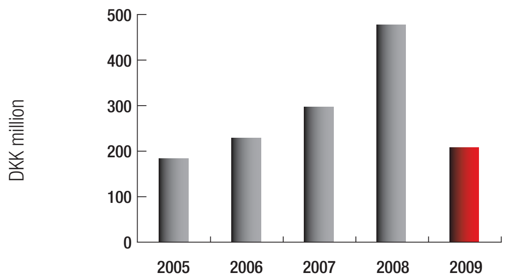
Net cash outflow for capital investments amounted to DKK 207 million in 2009 compared to DKK 477 million in 2008. Investments in 2009 were concentrated around the opening of new stores and the re-implementation of the Group's SAP ERP system.

In 2009, ECCO therefore achieved a free cash flow of DKK 762 million compared to DKK 306 million in 2008. This increase can be primarily attributed to the reduction in the Group's inventories and a reduction in the consolidated total investments which were unusually high in 2008 due to the expansion of production capacity and the opening of a tannery in China.

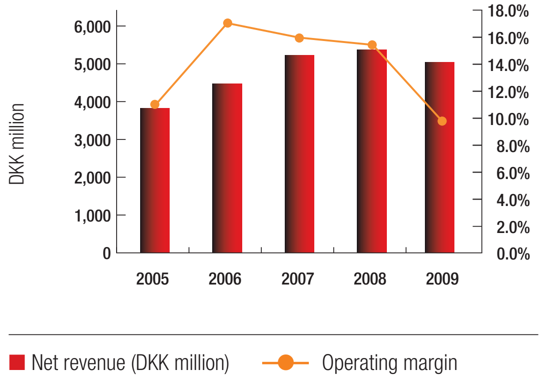
Cash Flow from operating activities (DKK million)



Tangible fixed asset investments (DKK million)



Net revenue / Operating margin



The ECCO organisation

The ECCO organisation is composed of nine business units consisting of the four sales regions - ECCO Europe, ECCO Asia/Pacific and ECCO Americas - together with ECCO's four shoe factories and the ECCO Leather Group.

In addition to the nine business units, ECCO's head office in Denmark has an important development and support function in the areas of branding, sales, design, products and concepts, together with the corporate functions of IT, Finance, HR, Logistics, Corporate Conduct, Communication and Legal Affairs.

Employees

Throughout ECCO's history, the employees have always been at the centre. Without the best employees, it would never have been possible to create the amazing products and achieve the success which ECCO has experienced for over 40 years.

When new employees start at ECCO, they are automatically enrolled in the "From Cow to Shoe" course. This course is a mixture of theory and practice, in which, amongst other things, people learn about the different types of leather and treatments, while at the same time producing their own special shoe from scratch. The exercise is designed to give people an insight into, and a high respect for, the manual work which is still required in modern shoe production.

The induction process also includes "Welcome to the World of ECCO", in which employees meet representatives from the organisation and are introduced to the company's particular culture and history. Employees learn about other important topics, from the structure of the organisation to ECCO's ethical guidelines.

After the initial introduction, education and development continue to be an integral part of work as an ECCO employee. The strategy is very simple: lifelong education for the approx. 15,000 employees of the company will ensure that ECCO's employees always have their finger on the pulse and especially in the areas in which they are working.

The educational programmes are selected in cooperation with the individual employee, and a high degree of importance is placed on combining theory with ECCO's business in practice. The various kinds of education span from ECCO's International Trainee Education program to graduate or masters courses at international universities.

Alongside training for administrative employees, ECCO is continuously developing training programmes for production and store employees.

The investment in education and upgrading of employee skills also continued at full strength during 2009, and ECCO expects to maintain this high level in 2010.

More effective systems

A new and improved version of the SAP system was implemented at ECCO on 1 November 2009, a culmination of 2 years' work on the largest IT project in the company's history.

The aim of the project was to closely integrate ECCO's core IT processes in production, purchasing, sales, warehousing and finance in order to give ECCO a competitive edge and achieve a stronger position as a united company by reacting and developing much faster in the future.

Like all large-scale IT projects, it takes time to implement and solve all the challenges in the transition phase from one system to another. However ECCO expects to be able to reap the benefits of the new system from the third quarter in 2010.

The new system also offers solutions for ECCO within Customer Relationship Management, Product Lifecycle Management, Supply Chain Management and Data Warehousing.

ECCO's Management

Michael Hauge Sørensen was appointed as a new member of ECCO's Managing Board at the end of 2009, effective from 1 January 2010. He assumes responsibility for ECCO's global sales activities.

Michael Hauge Sørensen replaces Flemming O. Nielsen, who has served on the Managing Board since 2008 and will reach the age limit for members of the Managing Board in 2010.

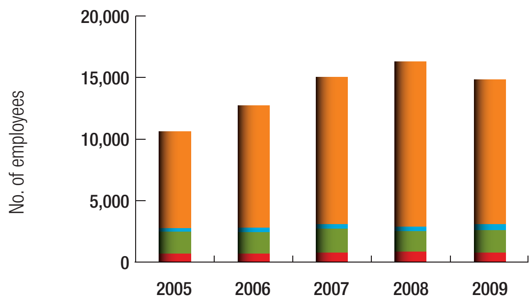
Supervisory Board

ECCO's Supervisory Board consists of Chairperson Hanni Toosbuy Kasprzak, Vice Chairman Karsten Borch, Torsten E. Rasmussen and Mogens Munk-Rasmussen together with employee representatives Gitte Jochimsen and Jakob Møller Hansen.

Managing Board

ECCO's Managing Board consists of President and CEO Dieter Kasprzak, EVP Production Jens Christian Meier, EVP Global Sales Michael Hauge Sørensen, CFO Annemette Nøhr and EVP Branding & Products Andreas Wortmann.

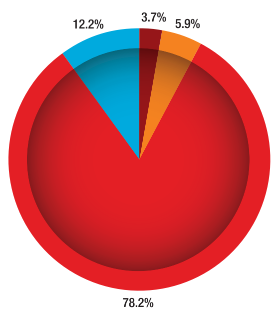
Composition of employees by geography 2005-2009



Europe Central　Europe West & East
Americas　Asia/Pacific

Composition of employees by function (End of year 2009 in %)

HQ **3.7%**
Tannery **5.9%**
Production **78.2%**
Sales **1.2%**



HQ　Tannery　Production　Sales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Group structure as of 31 December 2009

ECCO Sko A/S

Subsidiaries, Sales

Europe West & East

- **THE NETHERLANDS** ECCO Europe West B.V.
  - **THE NETHERLANDS** ECCO Shoes Netherlands B.V.
- **UK** ECCO Shoes UK Limited
- **BELGIUM** ECCO Belgium N.V.
- **FRANCE** ECCO France Diffusion S.a.r.l.
- **PORTUGAL** ECCO (Portugal) Sales Comercialização de Sapatos, Lda.
- **SPAIN** ECCO Shoes Iberica, S.L.
- **ITALY** ECCO Scarpe Italia S.r.l.

- **POLAND** ECCO Europe East and Middle East Sp. z o.o.
  - **POLAND** ECCO Shoes Poland Sp. z o.o.
  - **THE CZECH REP.** ECCO Boty Ceská republika s.r.o.
  - **SLOVAKIA** ECCO Shoes Slovakia, s.r.o.
  - **HUNGARY** ECCO Hungary Kft.
- **CYPRUS** ECCO Cyprus Limited
- **DENMARK** ECCO Middle East A/S
  - **UNITED ARAB EMIRATES** ECCO Middle East A/S (Branch)
- **LATVIA** ECCO Baltic SIA

Europe Central

- **SWEDEN** ECCO Sverige AB
- **DENMARK** Salgsselskabet ECCO Danmark A/S
  - **DENMARK** ECCO Retail A/S
- **NORWAY** ECCO Norge A/S
- **FINLAND** Oy ECCO-Suomi Ab
- **GERMANY** ECCO Schuhe GmbH
- **AUSTRIA** ECCO Trading GmbH
- **SWITZERLAND** ECCO Schuhe Schweiz GmbH

Americas

- **USA** ECCO USA, Inc.
  - **USA** ECCO Retail LLC
  - **USA** ECCO Internet, Inc.
- **CANADA** ECCO Shoes Canada, Inc.

Asia/Pacific

- **HONG KONG** ECCO Asia Pacific Limited
  - **HONG KONG** ECCO Shoes Hong Kong Limited
    - **MACAO** ECCO Macao Limited
    - **TAIWAN** ESHK Ltd. Taiwan Branch
  - **SINGAPORE** ECCO Singapore Pte. Ltd.
    - **AUSTRALIA** ECCO Shoes Pacific Pty. Ltd.
    - **NEW ZEALAND** ECCO Shoes (NZ) Limited
    - **INDIA** ECCO India Trading Private Limited
    - **SINGAPORE** ECCO China Wholesale Holding (Singapore) Pte. Ltd.
      - **CHINA** ECCO (Shanghai) Co., Ltd.
    - **JAPAN** ECCO Retail Japan Pte. Ltd.

Subsidiaries, Production

ECCO Shoe Factories

- **SLOVAKIA** ECCO Slovakia, a.s.
- **INDONESIA** PT. ECCO Indonesia
- **THAILAND** ECCO (Thailand) Co., Ltd.
- **SINGAPORE** ECCO China Holding (Singapore) Pte. Ltd.
  - **CHINA** ECCO (Xiamen) Co., Ltd.

ECCO Leather

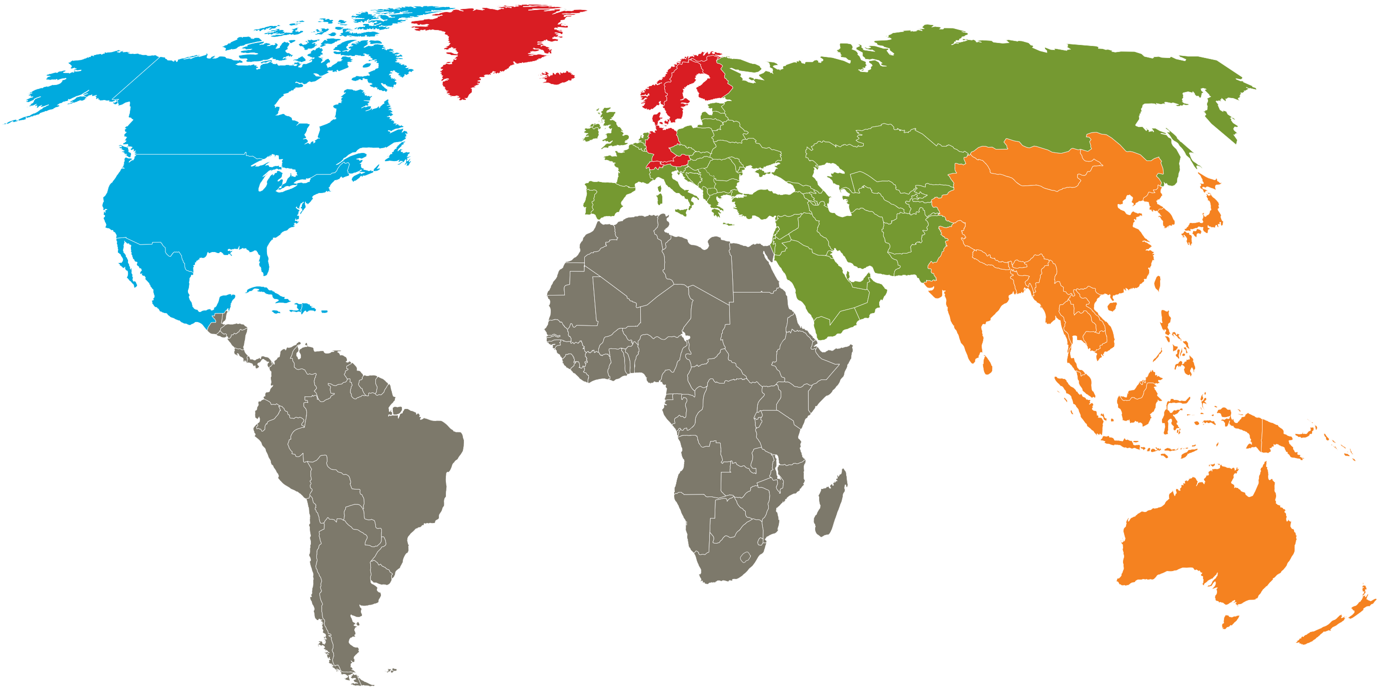
- **THE NETHERLANDS** ECCO Leather B.V.
  - **THE NETHERLANDS** ECCO Tannery (Holland) B.V.
  - **INDONESIA** PT. ECCO Tannery Indonesia
  - **THAILAND** ECCO Tannery (Thailand) Co., Ltd.
  - **SINGAPORE** ECCO Tannery Holding (Singapore) Pte. Ltd.
    - **CHINA** ECCO Tannery (Xiamen) Co., Ltd.
    - **CHINA** Danna Leather (Xiamen) Co., Ltd.

Accessories:
SWITZERLAND
ECCO Shoes International AG

E-store:
DENMARK
ECCO e-store ApS

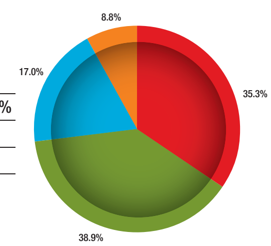
Product Development:
PORTUGAL
Ecco'let (Portugal) – Fábrica de Sapatos, Lda.

Dormant companies have been left out



Composition of sales by geography in 2009 (in %)

Europe Central **35.3%**
Europe West & East **38.9%**
Americas **17.0%**
Asia/Pacific **8.8%**



Europe Central
Europe West & East
Americas
Asia/Pacific

The Markets in 2009

The market conditions for global shoe sales have been very challenging throughout 2009. Although a degree of recovery was experienced in certain markets during the year, the negative impact of the economic crisis led to a slowdown in all ECCO's sales regions.

The main challenges included lower consumer traffic and spending in the markets, cash-flow constraints and fluctuating currencies.

In particular, the U.S. showed a significant downturn in consumer spending. The effects of the financial crisis not only led to lower spending but also to decreased average sale per customer.

ECCO recognised the same pattern in the UK where the market has also been very tough throughout the year.

Russia and the Ukraine were also deeply affected by the crisis. The local currencies of Russia and the Ukraine lost significant ground against the euro. Both currencies fluctuated with losses of 30% - 50% against the euro compared to the beginning of 2009.

On the positive side, markets such as Scandinavia and Asia recovered in the third quarter and increased sales by the end of the year.

The most positive highlights of the year were in Poland and Canada. The store expansion strategy of recent years was the main reason for record growth in these markets in 2009.

Another highlight from the smaller markets was ECCO Italy, which continued to expand its business in a very competitive and difficult market situation.

By the end of the year there were some indications that the economy might stabilise further, but ECCO expects that the market situation will still be difficult over the next few years.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The staff is trained to give the best possible service and guidance on products.

Closer to the consumer

Opportunities can still arise, even in times of financial crisis. During the year, attractive and reasonably priced store locations provided us with an entry into the market. These opportunities have been one of the key areas for ECCO in 2009, where we have used our financial strength to expand the retail business by 140 new stores.

ECCO also updated 126 stores to the new ECCO concept. Today, when a consumer visits different ECCO's stores they all look alike.

This retail expansion is one of the largest in the ECCO's history and is one of the main reasons why ECCO has been able to maintain reasonable net revenue during 2009.

The expansion is also a part of ECCO's clear strategy for becoming stronger and more visible on the market.

The branded stores are ECCO's most powerful tools for communicating the ECCO brand and values to the consumers.

The staff is trained to give the best possible service and guidance on products. Thus the expansion of branded stores is a clear path that ECCO will continue to follow in the future.

The total number of ECCO stores – both operated by ourselves and partner stores - reached 901 in 2009. In addition, ECCO has a portfolio of 1,278 Shop-in-Shops and 1,600 Shop Points, which give the company a total sales capacity of 3,779 branded sales locations throughout the world.

The total number of ECCO stores – both operated by ourselves and partner stores - reached 901 in 2009. In addition, ECCO has a portfolio of 1,278 Shop-in-Shops and 1,600 Shop Points, which give the company a total sales capacity of 3,779 branded sales locations throughout the world.

ECCO's new store concept started with a comprehensive survey in which ECCO asked over 5,000 consumers worldwide about their experience with ECCO.

A brand new ECCO experience

As a global shoe retailer, ECCO finds it important to listen to feedback from consumers all over the world when developing a new store concept. And that is exactly what ECCO did in 2009.

ECCO's new store concept started with a comprehensive survey in which ECCO asked over 5,000 consumers worldwide about their experience with ECCO.

Some of the topics in the survey were, for example, presentation of the shoes, store navigation, shoe displays and window displays, the level of staff service and, finally, suggested improvements.

The consumers' answers have been used to develop a trial concept that was introduced in a new store in Singapore in October. ECCO will use the experiences from this store and fine-tune the concept to introduce additional pilot stores.

In general, ECCO's new store concept is characterised by materials and colours that enhance the ECCO brand identity and its Scandinavian roots. It includes an improved lighting concept, as well as new music and ECCO TV. The middle section of the floor is covered by a visual runway of grey tiles that both welcomes the consumer into the store and draws them to the feature wall located at the back.

The lessons learned from the pilot stores will be used to determine the final store concept in 2010, which will then be implemented in ECCO stores all over the world.

The consumers' answers have been used to develop a trial concept that was introduced in a new store in Singapore in October. ECCO will use the experiences from this store and fine-tune the concept to introduce additional pilot stores.

Customer service is priority number one

Consumer expectations regarding service are at an all-time high. Today, consumers not only identify with the product they buy, but also to a large extent the store they visit and the specific brand they purchase. This demonstrates that the ability to service customers at a first-class level is directly related to ECCO's own success.

Everyone in ECCO is responsible for creating the best consumer service in the world and therefore every employee is invited to spend a day in an ECCO store.

ECCO has created the "Corporate Store Attachment" course that allows corporate personnel from all departments to actively participate in the practice of selling shoes at the store level.

The foundation of this concept is the "Brand Ambassador Selling Programme". This involves real life customer interaction and is mastered through training based on a read, write and role-play format. A similar programme is utilised in ECCO's more than 900 concept stores around the world.

Moving into 2010 and beyond, ECCO's ambition is for all employees to participate in the programme in order to broaden their business insight and the overall ECCO consumer experience in the stores.

Everyone in ECCO is responsible for creating the best consumer service in the world.

Moving into 2010 and beyond, ECCO's ambition is for all employees to participate in the programme in order to broaden their business insight and the overall ECCO consumer experience in the stores.

At all ECCO's factories, employees are involved with continuous improvements on a daily basis.

Cost adjustment and creativity in ECCO's factories

Since the global financial crisis proved to be a challenge in the majority of ECCO's markets at the end of 2008, in 2009 ECCO started to adjust production cost levels to the lower sales and to the changing market conditions.

This meant that ECCO had to reduce production from ECCO's factories in Indonesia, Thailand, China and Slovakia by approximately 1,150 employees during April.

This adjustment was to a large degree responsible for ECCO being able to achieve a sensible balance between supply and demand during 2009, but it was not the only thing which the company did to adapt to the changing market conditions.

In order to remain competitive, ECCO urgently needed to address the question of cost by introducing measures such as flexible working hours so as to reduce overtime.

Continuous improvement

Work practices in ECCO's factories are based on the lean manufacturing philosophy, in which the employees are highly involved in working with continuous improvements. And the results of this work are very tangible.

During 2009, work was carried out in order to develop and integrate collaboration with key suppliers. Another crucial area of focus for the shoe factories in 2009 was to reduce inventories to a minimum, which was very successful. This focus made a large contribution to the improvement in ECCO's cash flow.

Two strategic lean projects

ECCO's focus on training, education and constant optimisation of production equipment will be continued in 2010 through ECCO's two strategic lean projects.

The first project is a "laboratory" for the development of ECCO's production system. The goal is to reduce lead times and process losses while continuously testing new processes and systems with the intention of sharing experiences with all ECCO's factories. The second project focuses on securing and developing highly qualified employees.


15
14
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ECCO's designers work closely together with the local experienced staff in the new Research and Development Centre in Thailand.

New research and development centre

The new Research and Development Centre at ECCO Thailand is the main destination for designers from ECCO's headquarters in Denmark to visit and carry out full development of new ECCO shoes in Thailand.

Working with skilled local personnel, ECCO's designers can go from sketching an idea to very rapidly seeing it become a reality.

The modern facility was created with dedicated design rooms and a material showroom. The experienced staff is able to carry out rapid prototyping and fast production implementation in a very effective way.

Mould Workshop
ECCO has expanded its on-site mould workshop.

A last-making facility was also incorporated into the R&D centre.

ECCO's Thailand factory celebrated its 15th anniversary

In November 2009, 3,000 ECCO employees and 150 guests celebrated the 15th anniversary of ECCO's factory in Ayudhthaya in Thailand.

The factory in Ayudhthaya is the largest production unit among the ECCO shoe factories.

Since it is the tradition in Thailand to start celebrations with a religious ceremony, the anniversary started with a blessing of the factory by local monks. Later on, the anniversary programme offered a factory tour for guests, a press conference for news reporters and a huge party for all employees.

In November 2009, 3,000 ECCO employees and 150 guests celebrated the 15th anniversary of ECCO's factory in Ayudhthaya in Thailand.

A team of designers, leather buyers, product developers and sales and marketing specialists works together in creative workshops to generate new concepts and designs for leather.

What designers want

Leather is not just leather. It can be found in thousands of varieties, colours, structures, thicknesses, specially developed to meet the demands of the designers.

ECCO Leather uses personal inspiration and hands-on experiments to generate new and innovative leather types. A team of designers, leather buyers, product developers and sales and marketing specialists works together in creative workshops to generate new concepts and designs for leather.

Prior to the creative workshops, the participants are asked to think about what inspires them and to bring along objects and images to illustrate themes. To begin with, the participants present their themes in an informal "show and tell". Then, ideas and themes are discussed and debated and finally everyone gets a chance to transform their ideas into real leathers.


biom
ecco

New running shoe concept based on natural motion

After long and intense research in collaboration with the German Sport University in Cologne, ECCO launched the BIOM concept, a line of new high-end running shoes, in March 2009.

The new BIOM concept is based on a “Natural Motion” philosophy that allows the foot to move the way nature intended it to. That is why BIOM does not have excessive cushioning or movement control. With the new concept, the foot is free to move and therefore builds muscle and strength for optimal performance.

ECCO launched the new line in sports stores in six markets. The launch was extremely successful, and had a great coverage in the media where BIOM was referred to as one the most innovative running shoes on the market.

With a new segmentation of runners by running speed and a concept based on natural motion, the shoe is revolutionary in more ways than one. Consumers are able to choose a shoe fitted to their needs by taking into account training level, runner type and speed. BIOM A is for professional to semi-professional runners and BIOM B is suitable for fitness runners. 2010 will see the launch of BIOM C which is designed for the occasional runner.

The BIOM natural motion concept is unique and requires highly skilled, specialised staff to inform and educate the consumer. In 2009, the BIOM products were sold in sports stores in Denmark, Sweden, Germany, Holland, USA and Canada because running speciality retailers are able to explain the concept and idea behind the product and, last but not least, sell the right product to the right consumer.

In 2010, ECCO will expand the number of countries in which BIOM is sold, also launching them on the markets in Poland, China, Japan, Finland and Norway.

Hunting down imitation ECCO shoes

Awareness of the ECCO brand is increasing by the minute, and one of the effects is, unfortunately, that it is becoming more and more popular to copy ECCO shoes. Therefore ECCO has been busy in 2009 investigating and tracing shipments of imitation shoes.

Most raids took place in China, which is the main country for shoe piracy. ECCO has an excellent collaboration with the Chinese customs authorities who check the containers leaving China. On seven occasions during the year they have stopped the export of imitation shoes.

Another example was in April 2009, when the German customs authorities discovered 22,000 pairs of poor quality, Chinese copies of ECCO shoes in a container in the port of Hamburg. The shipment came from China by sea and was intended to enter the Russian market by lorry. ECCO seized the shipment and was then able to destroy the 22,000 pairs of imitation shoes.

In total, ECCO confiscated around 65,000 pairs of imitation shoes and soles in 2009.

In 2009 the German customs authorities discovered 22,000 pairs of poor quality, Chinese copies of ECCO shoes in a container in the port of Hamburg.


#90105
V. ZOLL BESCHLAGNAHMT

Financial matters

Financial risks
Due to the international scope of ECCO's business activities, a number of financial matters, which the Group evaluates on an ongoing basis, impact the Group's results of operations and its equity. The approach to handling financial risks is determined by the Supervisory Board and the Managing Board.

Foreign exchange risks
ECCO is exposed to more than 20 different currencies and the majority of these exposures are so substantial that they require hedging. Accordingly, the overall policy defines that all significant net currency positions are hedged when the currency exposure arises and aims for a hedging horizon of 9 to 18 months, corresponding to the Group's business model.

With a few exceptions, the currency used in transactions between the parent company and a sales subsidiary is the local currency of the sales subsidiary, thereby allocating the foreign exchange risk to the parent company, which sets up a corresponding hedge. The exceptions are handled individually in relation to the local market. The currency used in transactions with external distributors is either DKK, EUR or USD. ECCO's own production units are settled in EUR and the production units thus bear the risk relating to payment of local capacity costs. Such positions are hedged locally and to the extent permitted by local foreign exchange regulations. External suppliers are primarily paid in EUR or USD.

Interest rate risks
The Group's interest rate risks relate to fluctuations in interest rates on the Group's interest-bearing debt and refinancing of repayments. Interest rate risk is reduced by taking up fixed-interest loans or by entering into interest rate swaps. At year-end 2009, the Group had DKK 361 million of fixed rate debt (including floating rate debt swapped into fixed rate debt), representing 64% of the Group's long-term debt and 38% of the Group's total interest-bearing debt.

Credit risks
The Group has no material credit risks other than what has been recognised in the financial statements.

Letters of credit, bank guarantees or debtor insurance are used for selected markets/customers. However, permanent debtor insurance is not cost-effective, owing to the requisite diversification provided by the number, size and geographical spread of customers. Large customers, such as retail stores, wholesale societies or distributors are assessed individually on a regular basis.

Liquidity risk
It is the responsibility of the Group's financial function to ensure that the Group has adequate access to funding at all times. Even though the Group's aggregate credit facilities remained unchanged throughout 2009 at approx. DKK 1,860 million, the lower utilisation (DKK 960 million as of 31 December 2009 compared to DKK 1,262 million as of 31 December 2008) has led to a commensurate improvement in the Group's committed credit facilities from DKK 598 million at the end of 2008 to DKK 900 million at the end of 2009. Given the increased committed credit facilities and positive cash flow outlook for 2010, committed short-term credit facilities have been reduced from DKK 500 million as of 31 December 2008 to DKK 200 million as of 31 December 2009.

Material events after 31 December 2009

ECCO continually strives to optimise its processes and ensure the correct synergy in the organisation in order to improve the service ECCO offers to customers.

In February 2010, ECCO therefore decided to combine the markets of Europe East, Europe West and Europe Central into a single European region. Consequently, a number of back-office functions such as those in Germany will be transferred to the newly established European headquarters in Amsterdam.

Otherwise, the management believes no other events have occurred since the end of the financial year which will significantly affect the Group's financial status.

Outlook for 2010

ECCO expects that the anticipated incoming orders for the first half of 2010 will stabilise Group sales to a reasonable degree and earnings during the first 6 months of the year.

Expectations for the second half of 2010 are mildly positive, partly because ECCO aims to generate growth by opening up several stores, but also because the lead indicators from the markets offer grounds for moderate optimism.

The Group's investment level for 2010 will be on par with 2009 and focused on continued investment in developing the company's sales channels, including opening up its own stores.

ECCO's Annual Accounts 2009

Statement by the Management on the Annual Report

The Supervisory Board and Managing Board of ECCO Sko A/S have today considered and adopted the Annual Report for 2009.

The Annual Report is presented in accordance with the Danish Financial Statements Act. We consider the accounting policies to be appropriate to the effect that the Annual Report gives a true and fair view of the Group's and the Company's assets, liabilities and financial position as of 31 December 2009 and of the results of the Group's and the Company's operations and the consolidated cash flows for the financial year ended 31 December 2009.

The Supplementary Management Report and Environmental Statement from ECCO Sko A/S gives a true and fair view within the framework of generally accepted guidelines for the area.

We recommend that the Annual Report be adopted by the shareholders at the Annual General Meeting.

Bredebro, 18 March 2010

Managing Board

Dieter Kasprzak
President & CEO

Annemette Nøhr
EVP Finance / CFO

Michael Hauge Sørensen
EVP Global Sales

Jens Christian Meier
EVP Production

Andreas Wortmann
EVP Branding & Products

Supervisory Board

Hanni Toosbuy Kasprzak
Chairperson

Karsten Borch
Vice Chairman

Torsten E. Rasmussen

Mogens Munk-Rasmussen

Gitte Jochimsen
Employee representative

Jakob Møller Hansen
Employee representative

Independent auditors' report

To the shareholders of ECCO Sko A/S
We have audited the financial statements of ECCO Sko A/S for the financial year 1 January – 31 December 2009, pages 40-55. The financial statements comprise accounting policies, income statement, balance sheet, cash flow statement and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In addition to our audit, we have read the Management's review prepared in accordance with the Danish Financial Statements Act and issued a statement in this regard.

Management's responsibility
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare a Management's review that gives a fair review in accordance with the Danish Financial Statements Act.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Our audit did not result in any qualification.

Opinion
In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2009 and of the results of its operations and its cash flows for the financial year 1 January – 31 December 2009 in accordance with the Danish Financial Statements Act.

Statement on the Management's review
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the financial statements.

Esbjerg, 18 March 2010

John Lesbo
State Authorised Public Accountant

Søren Jensen
State Authorised Public Accountant

KPMG
Statsautoriseret Revisionspartnerselskab

Accounting policies

Basis of preparation
The financial statements of the Parent Company and the Group for 2009 are presented in accordance with the provisions of the Danish Financial Statements Act applicable to class C companies.

Basis of consolidation
The consolidated financial statements comprise ECCO Sko A/S and subsidiaries in which ECCO Sko A/S has a controlling influence on the company's operations. The consolidated financial statements are prepared on the basis of the audited financial statements of ECCO Sko A/S and its subsidiaries by adding items of a similar nature. The financial statements used for consolidation are adapted to the accounting policies of the Group.

On consolidation, intercompany income and expenses, intercompany accounts and gains on intercompany sales and purchases between the consolidated companies are eliminated. On acquisition of subsidiaries, the share of the acquired company's net asset value is determined based on the Group's accounting policies. If the acquisition price deviates from the net asset value, the difference is allocated, wherever possible, to the assets and liabilities or provisions that have a higher or lower value.

The income statements of foreign subsidiaries are translated at average exchange rates, and the balance sheet is translated at the exchange rates ruling on the balance sheet date. Exchange differences arising on the translation of the opening equity of foreign subsidiaries at the exchange rates ruling on 31 December, and differences between the net profit of subsidiaries at average exchange rates and the exchange rates ruling at 31 December are recognised in equity. As in previous years, property, machinery, plant and equipment in the production subsidiaries in Portugal, Indonesia, Thailand, Slovakia and China are measured at cost in DKK less accumulated depreciation. Currency translation of receivables from foreign subsidiaries, where the receivables are part of the total investment in the subsidiary, is recognised directly in equity.

Minority interests
Minority interests' share of profits and equity of subsidiary undertakings is stated separately.

Income statement
Net revenue: Sales are recognised on dispatch of products, and net revenue consists of amounts invoiced excluding VAT and less returned products, discounts and rebates.

Raw materials and consumables: Raw materials and consumables include raw materials and consumables used for in-house production. Cost also includes consumption of commercial products.
Other external costs: Other external costs comprise costs relating to the Company's primary, ordinary activity, including lasts, cutting dies, maintenance, rent of plant, premises, office expenses, sales promotion expenses, fees, etc.

Staff costs: Staff costs comprise remuneration to employees, including pension and social security costs.

Profit from subsidiaries: Profit from subsidiaries comprise the proportionate share of profit before tax. The proportionate share of tax in the companies is recognised in the line item "income taxes".

Unrealised intercompany profits: Unrealised intercompany profits comprise profits unrealised in the Group on trading in products and fixed assets between consolidated companies.

Income taxes: Estimated tax on the profit for the year is recognised in the income statement along with the year's change in deferred tax. No tax is set aside for investments in subsidiaries as it is intended to hold the investments for more than three years.

ECCO Sko A/S and the Danish subsidiaries are encompassed by the Danish regulations regarding mandatory joint taxation. Subsidiaries are part of the joint taxation from the moment where they are a part of the consolidation in the annual accounts to the moment where they are omitted from the consolidation.

ECCO HOLDING A/S is the administrative company in the joint taxation and settles all payments of corporate tax in the Danish subsidiaries with the tax authorities.

The current Danish corporate tax is allocated by paying a joint taxation contribution between the companies in the joint taxation. The contribution is allocated according to the taxable income in the companies. Companies in the joint taxation with a taxable deficit receive a joint taxation contribution from companies which have been able to use this deficit to reduce their taxable income.

The tax of this year, which consists of the current corporate tax, the joint taxation contribution and the change in deferred tax – also changes which are caused by reduction of the corporate tax rate – is part of the income statement with the share which can be allocated to profit of the year, and is part of the equity with the share which can be allocated to entries in equity.
According to the Danish regulations regarding mandatory joint taxation, the debt of ECCO Sko A/S and the Danish subsidiaries towards the tax authorities is settled when the companies have paid the joint taxation contribution to the administrative company.

Deferred tax is calculated as the difference between the carrying amounts and tax values of current assets and fixed assets. Furthermore, the tax value of tax losses carried forward is recognised in the amount at which they are expected to be used.

If, on a net basis, there is a tax asset, the amount of future tax savings is recognised, provided that it is deemed more likely than not that the deduction can be offset against future taxable profits.

Balance sheet
Intangible assets: Intangible assets are recognised at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over 5-10 years.
Development projects: Development projects which are clearly defined and identifiable and which are deemed to be marketable in the form of new products in a future potential market are recognised as intangible assets. Development costs are recognised at cost under intangible assets and are amortised over the expected useful life of the project, when the criteria for such treatment are met. Development costs that do not meet the criteria for recognition in the balance sheet are recognised as costs in the income statement when incurred.
Recognised development costs are measured at the lower of cost less accumulated amortisation and writedowns and the recoverable amount.

Patents and trademarks: The costs of registering new patents and trademarks are recognised and amortised over the term of the patent / trademark or its economic life (5 years).

Costs of maintaining existing patents / trademarks are recognised in the income statement when incurred.

Goodwill on consolidation: Goodwill on consolidation is determined at the date of acquisition as the difference between the cost and the net asset value of the acquired company applying the Group's accounting policies. Consolidated goodwill acquired from and including 1 January 2002 is capitalised and amortised on a straight-line basis over the expected useful economic life, determined on the basis of earnings projections for the individual business areas, not to exceed 10 years.

When the Parent Company acquires shares at a price higher than the value determined applying the equity method, such excess value is recognised as an intangible asset and amortised over the same period as goodwill on consolidation.

Property, plant, and equipment: Property, plant and equipment are recognised at cost plus any revaluation and less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful lives of the assets.

The expected useful lives are as follows:

- Buildings	20 years
- Plant and machinery, vehicles, fixtures and fittings	5 years
- Computer software	3 years

Depreciation is not charged on land and staff housing. Assets with a cost of less than DKK 12 thousand per unit are charged to the income statement in the year of acquisition. Investment grants are offset against the assets that form the basis for the grants.

If an asset type is revalued, this applies to all assets within that group of assets.

Investments: Investments in subsidiaries are recognised applying the equity method at the proportionate share of the equity of the companies, determined based on the Group's accounting policies, less unrealised intercompany profits.

Accounting policies

Dividend receivable in subsidiaries is recog-nis-ed in the balance sheet when adopted by the shareholders at the annual general meeting.

Dividends to be paid by the Parent Company are recognised as a liability in the financial statements at the time of adoption by the shareholders at the annual general meeting. Dividend proposed in respect of the financial year is stated as a separate line item in the equity note.

Inventories: Raw materials are measured at cost determined on the basis of the most recent purchases. Work in progress and finished products are measured at calculated cost, consisting of the cost of raw materials and consumables and manufacturing costs plus a share of production overheads. Commercial products are valued at acquisition price. Products with a net realisable value lower than the cost or acquisition price are written down to the lower value.

Receivables: Receivables are measured at amortised cost less provisions for anticipated losses determined based on an individual evaluation.

Securities: Securities are measured at the most recently quoted market price.

Financial instruments: Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently remeasured at their fair value. Derivative financial instruments are included in other receivables and other debt.

Changes in the fair value of derivative financial instruments that meet the criteria to be designated as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the fair value of the hedged asset or hedged liability.
Changes in the fair value of derivative financial instruments that meet the conditions for hedging future assets or liabilities are recognised in equity under retained earnings. Income and expenses relating to such hedge transactions are transferred from equity on realisation of the hedged item.

Treasury shares: The cost of treasury shares is recognised directly on the Company's share capital and is consequently not stated as an asset in the balance sheet.

Currency translation: Receivables and payables denominated in foreign currencies are translated to the exchange rate ruling at year-end.

Provisions
Provisions comprise anticipated costs of warranty obligations restructuring, etc. Provisions are recognised when, as a consequence of a past event, the Company has a legal or constructive obligation, and it is likely that the obligation will materialise.

Cash flow statement
The cash flow statement shows the Group's cash flow during the year and liquidity position at the beginning and end of the year. The cash flow statement is divided into three principal areas: operating, investing and financing activities. Cash and cash equivalents in the cash flow statement comprise cash and securities carried as current assets.

In the statements, figures in brackets represent losses or items deducted.

Income statement for the year ended 31 December 2009

Note	DKK '000	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
1	**Net revenue**	**5,041,200**	**5,374,142**	**3,326,366**	**3,744,638**
	Change in inventories of finished products and work in progress	(252,463)	51,529	(367,274)	40,078
	Costs of raw materials and consumables	(1,718,903)	(2,171,584)	(2,128,327)	(2,748,379)
	Other external costs	(1,165,306)	(1,132,674)	(352,268)	(404,929)
2	Staff costs	(1,136,221)	(1,087,946)	(275,675)	(260,157)
5,6	Amortisation and depreciation	(272,383)	(206,396)	(74,804)	(49,654)
	Profit before financials	**495,924**	**827,071**	**128,018**	**321,597**
3	Financial income	132,684	130,653	78,076	71,906
	Financial expenses	(168,945)	(211,873)	(103,453)	(83,048)
	Profit from subsidiaries	-	-	212,059	323,942
	Intercompany profit	-	-	17,645	(35,144)
	Profit before tax	**459,663**	**745,851**	**332,345**	**599,253**
4	Income taxes	(114,306)	(171,982)	(33,108)	(71,854)
	Group profit	**345,357**	**573,869**	**299,237**	**527,399**
11	Minority interests	(46,120)	(46,470)	-	-
	Profit for the year	**299,237**	**527,399**	**299,237**	**527,399**
	Proposed allocation:				
	Revaluation reserve for undistributed profit in subsidiaries			66,957	149,152
	Retained earnings			(107,720)	102,247
	Proposed dividend			340,000	276,000
				299,237	**527,399**

Balance sheet as of 31 December 2009

		Group		Parent Company	
	Assets	**2009**	**2008**	**2009**	**2008**
Note	DKK ’000				
	FIXED ASSETS:				
	Intangible rights	39,144	37,405	18,162	16,214
5	Total intangible assets	**39,144**	**37,405**	**18,162**	**16,214**
	Land and buildings	631,520	643,443	137,288	128,778
	Plant and machinery	248,600	301,721	5,347	5,711
	Other fixtures and fittings, tools and equipment	378,465	358,713	139,695	133,527
	Property, plant and equipment in progress	70,320	82,141	38,801	38,772
6	**Total property, plant and equipment**	**1,328,905**	**1,386,018**	**321,131**	**306,788**
7,8	Investments in subsidiaries	-	-	1,189,017	1,100,861
8	Receivables from subsidiaries	-	-	643,363	724,318
9	Deferred tax	73,419	78,845	27,823	34,392
	Total long-term financial assets	**73,419**	**78,845**	**1,860,203**	**1,859,571**
	TOTAL FIXED ASSETS	**1,441,468**	**1,502,268**	**2,199,496**	**2,182,573**
	CURRENT ASSETS:				
	Raw materials and consumables	190,746	260,228	-	-
	Work in progress	18,476	27,457	-	-
	Finished products and commercial products	970,218	1,213,699	402,594	769,868
	Total inventories	**1,179,440**	**1,501,384**	**402,594**	**769,868**
	Trade receivables	670,477	656,367	149,973	162,499
	Receivables from subsidiaries	-	-	449,241	432,742
	Other receivables	102,446	163,954	2,340	77,293
4	Income taxes	52,465	14,537	68,314	32,506
	Prepayments	60,803	68,565	29,362	29,326
	Total receivables	**886,191**	**903,423**	**699,230**	**734,366**
	Securities	**27,408**	**19,795**	**212**	**52**
	Cash	**647,641**	**470,180**	**134,673**	**56,882**
	TOTAL CURRENT ASSETS	**2,740,680**	**2,894,782**	**1,236,709**	**1,561,168**
	TOTAL ASSETS	**4,182,148**	**4,397,050**	**3,436,205**	**3,743,741**

Balance sheet as of 31 December 2009

		Group		Parent Company	
Equity and liabilities		**2009**	**2008**	**2009**	**2008**
Note	DKK '000				
	Share capital	5,500	5,500	5,500	5,500
	Revaluation reserve	-	-	738,869	672,491
	Retained earnings	2,426,339	2,467,919	1,687,470	1,795,428
10	**Total equity**	**2,431,839**	**2,473,419**	**2,431,839**	**2,473,419**
11	**Minority interests**	**132,990**	**86,266**	**-**	**-**
	Provisions	**19,830**	**16,481**	**-**	**-**
	Credit institutions	430,887	306,384	410,771	296,308
12	**Total long-term debt**	**430,887**	**306,384**	**410,771**	**296,308**
	Short-term part of long-term debt	136,951	345,622	136,951	341,174
	Credit institutions	392,210	610,305	127,034	320,311
	Trade payables	281,518	221,540	107,426	52,038
	Payables to subsidiaries	-	-	116,228	148,791
	Other payables	305,701	257,076	55,734	31,743
	Deferred income	50,222	79,957	50,222	79,957
	Total short-term debt	**1,166,602**	**1,514,500**	**593,595**	**974,014**
	Total debt	**1,597,489**	**1,820,884**	**1,004,366**	**1,270,322**
	TOTAL EQUITY AND LIABILITIES	**4,182,148**	**4,397,050**	**3,436,205**	**3,743,741**

13 Contingent liabilities and collateral security
14 Fees to auditors appointed at the annual general meeting
15 Related parties

Consolidated cash flow statement for the year ended 31 December 2009

DKK '000	2009	2008
Cash flow from operating activities		
Profit before tax	459,663	745,851
Adjustment for non-cash operating items:		
Amortisation and depreciation	272,383	206,396
Exchange rate adjustments	(60,035)	19,024
Tax adjustments	3,891	(2,334)
Working capital adjustments:		
(Increase)/Decrease in inventories	321,944	102,547
(Increase)/Decrease in receivables	55,160	(2,298)
Increase/(Decrease) in payables	59,978	(15,046)
Increase/(Decrease) in other payables	18,890	(53,907)
Increase/(Decrease) in provisions	3,349	697
Income taxes paid	(150,699)	(212,338)
	984,524	**788,592**
Cash flow from investing activities		
Payments to invest in fixed assets:		
Intangible assets	(15,585)	(5,610)
Property plant and equipment	(207,340)	(477,108)
	(222,925)	**(482,718)**
Cash flow from financing activities		
Change in minority interests	1,738	(10,805)
(Repayment of)/proceeds from new long-term debt	124,503	(377,701)
Increase/(Decrease) in short-term debt	(426,766)	216,744
Dividend paid	(276,000)	(151,000)
	(576,525)	**(322,762)**
Cash flow from operating, investing and financing activities	**185,074**	**(16,888)**
Cash and cash equivalents at beginning of year	489,975	506,863
Cash and cash equivalents at year-end	**675,049**	**489,975**
Breakdown of cash and cash equivalents:		
Securities	27,408	19,795
Cash	647,641	470,180
	675,049	**489,975**

Notes to the Group and Parent Company financial statements

1. Segment information

DKK '000	Group 2009	Group 2008
Segment information		
Shoes & accessories	4,846,352	5,129,113
Others	194,848	245,029
Total net revenue	**5,041,200**	**5,374,142**
Net revenue shoes & accessories		
ECCO Europe Central	1,521,987	1,640,168
ECCO Europe West & East	1,680,418	1,862,416
ECCO Americas	928,681	1,020,123
ECCO Asia/Pacific	715,266	606,406
Total shoes & accessories	**4,846,352**	**5,129,113**

Reference is made to the ECCO Group structure page 13 regarding the definition of the geographic regions.

2. Staff costs and management and staff information

	Group		Parent Company	
DKK '000	2009	2008	2009	2008
Salaries	1,010,866	969,555	259,872	242,603
Pensions	33,808	33,837	14,090	15,638
Other social security costs	91,547	84,554	1,713	1,916
Staff costs	**1,136,221**	**1,087,946**	**275,675**	**260,157**
Average number of employees	15,011	15,717	558	560
Number of employees at year-end	14,781	16,328	549	565
Fees to Managing Board and Supervisory Board:				
Managing Board	-	-	17,709	24,404
Supervisory Board	-	-	600	700

Notes to the Group and Parent Company financial statements

3. Financial income

DKK '000	Parent Company 2009	Parent Company 2008
In the Parent Company, interest income from subsidiaries amounted to	19.396	43.473

4. Income taxes

	Group		Parent Company	
	Cost	Debt	Cost	Debt
DKK '000	2009	2009	2009	2009
Income taxes payable as at 1 January		(14,537)		(32,506)
Income taxes paid in 2009		15,095		33,064
Prior-year adjustment	(558)	(558)	(558)	(558)
Estimated tax for 2009	113,329	113,329	23,989	23,989
of which paid		(165,794)		(92,303)
Year's adjustment of deferred tax	1,535		9,677	
	114,306	**(52,465)**	**33,108**	**(68,314)**

5. Intangible assets

DKK '000	Group	Parent Company
Cost at 1 January	135,956	40,561
Currency translation	(1,225)	-
Additions	17,149	5,935
Disposals	(9,442)	-
Cost at 31 December	**142,438**	**46,496**
Accumulated amortisation at 1 January	98,551	24,347
Currency translation	(939)	-
Amortisation	13,560	3,987
Amortisation on assets sold	(7,878)	-
Accumulated amortisation at 31 December	**103,294**	**28,334**
Carrying amount at 31 December	**39,144**	**18,162**
Amortised over	5-10 years	5-10 years

Notes to the Group and Parent Company financial statements

6. Property, plant and equipment

DKK '000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment in progress
GROUP				
Cost at 1 January	985,542	912,005	990,866	82,141
Currency translation	(4,354)	(2,741)	4,699	(499)
Additions	41,534	31,569	159,031	14,001
Disposals	(5,257)	(42,058)	(50,370)	(25,323)
Cost at 31 December	**1,017,465**	**898,775**	**1,104,226**	**70,320**
Accumulated depreciation at 1 January	342,099	610,284	632,153	-
Currency translation	(169)	(78)	2,982	-
Depreciation	47,351	77,648	133,824	-
Depreciation on disposals	(3,336)	(37,679)	(43,198)	-
Accumulated depreciation at 31 December	**385,945**	**650,175**	**725,761**	**-**
Carrying amount at 31 December	**631,520**	**248,600**	**378,465**	**70,320**
PARENT COMPANY				
Cost at 1 January	259,521	70,793	334,370	38,772
Additions	20,789	1,341	65,401	22,372
Disposals	(372)	(4,648)	(6,038)	(22,343)
Cost at 31 December	**279,938**	**67,486**	**393,733**	**38,801**
Accumulated depreciation at 1 January	130,743	65,082	200,843	-
Depreciation	12,094	1,691	57,032	-
Depreciation on disposals	(187)	(4,634)	(3,837)	-
Accumulated depreciation at 31 December	**142,650**	**62,139**	**254,038**	**-**
Carrying amount at 31 December	**137,288**	**5,347**	**139,695**	**38,801**
Depreciated over	20 years	5 years	3-5 years	-

Notes to the Group and Parent Company financial statements

7. Investments in subsidiaries

	Ovnership interest	Share capital	
ECCO (Thailand) Co., Ltd.	95%	200,000	t. THB
ECCO Slovakia, a.s.	100%	7,635	t. EUR
Ecco'let (Portugal) Fábrica de Sapatos, Lda.	100%	2,770	t. EUR
PT. ECCO Indonesia	100%	43,976,000	t. IDR
ECCO China Holding (Singapore) Pte. Ltd.	80%	26,000	t. USD
ECCO (Xiamen) Co. Ltd. (China)	80%	15,600	t. USD
Danna Leather (Xiamen) Co., Ltd. (China)	100%	75	t. USD
ECCO Tannery Holding (Singapore) Pte. Ltd.	100%	12,000	t. EUR
ECCO Tannery (Xiamen) Co. Ltd. (China)	100%	17,000	t. USD
ECCO Tannery (Thailand) Co. Ltd.	100%	185,000	t. THB
ECCO Tannery (Netherlands) B.V.	100%	1,000	t. EUR
ECCO Leather B.V. (Netherlands)	100%	400	t. EUR
PT. ECCO Tannery Indonesia	100%	37,403,550	t. IDR
ECCO Asia Pacific Limited (Hong Kong)	100%	21,500	t. HKD
ECCO Baltic SIA (Latvia)	50%	2	t. LVL
ECCO Belgium N.V.	100%	360	t. EUR
ECCO Boty Ceska republika s.r.o. (Tjekkiet)	100%	5,000	t. CZK
ECCO China Wholesale Holding (Singapore) Pte. Ltd.	50%	200	t. USD
ECCO Cyprus Limited	100%	2	t. EUR
ECCO e-store ApS (Denmark)	100%	125	t. DKK
ECCO Europe East and Middle East Sp. z o. o. (Poland)	100%	12,500	t. PLN
ECCO Europe West B.V. (Netherlands)	100%	23	t. EUR
ECCO Exportadora Ltda (Brazil) (dormant)	100%	48	t. BRL
ECCO France Diffusion S.a.r.l.	100%	50	t. EUR
ECCO Hungary Kft. (Hungary)	100%	500	t. HUF
ECCO India Trading Private Limited	100%	66,830	t. INR
ECCO Macao Limited	100%	25	t. MOP
ECCO Middle East A/S (Denmark)	50%	2,250	t. DKK
ECCO Internet, Inc. (USA)	100%	100	t. USD
ECCO Norge A/S (Norway)	100%	15,000	t. NOK
ECCO (Portugal) Sales-Comercilizacão de Sapatos, Lda.	100%	800	t. EUR
ECCO Retail A/S (Denmark)	100%	1,000	t. DKK
ECCO Retail LLC (USA)	100%	300	t. USD
ECCO Retail Japan Co., Ltd.	50%	400000	t. YEN
ECCO Scarpe Italia S.r.l.	100%	100	t. EUR
ECCO Schuhe GmbH (Germany)	100%	1,790	t. EUR
ECCO Schuhe Schweiz GmbH (Switzerland)	100%	170	t. CHF
ECCO Shoes Netherlands B.V.	100%	18	t. EUR
ECCO (Shanghai) Co. Ltd. (China)	50%	2,100	t. USD
ECCO Shoes (NZ) Limited (New Zealand)	100%	100	t. NZD
ECCO Shoes Canada, Inc.	100%	6,502	t. CAD
ECCO Shoes Hong Kong Ltd.	100%	3,000	t. HKD
ECCO Shoes International AG (Switzerland)	100%	2,250	t. CHF
ECCO Shoes Pacific Pty. Ltd. ((Australia)	100%	3,250	t. AUD
ECCO Shoes Poland Sp. z o.o.	100%	10,000	t. PLN
ECCO Shoes Slovakia s.r.o.	100%	166	t. EUR
ECCO Shoes UK Limited	100%	4,000	t. GBP
ECCO Singapore Pte. Ltd.	100%	2,510	t. SGD
ECCO Shoes Iberica, S.L. (Spain)	100%	4	t. EUR
ECCO Sverige AB (Sweden)	100%	1,000	t. SEK
ECCO Trading GmbH (Austria)	100%	400	t. EUR
ECCO USA, Inc.	100%	7,500	t. USD
ECCO Wholesale Limited (UK) (dormant)	100%	1,200	t. GBP
Eccolet Portugal ApS (Denmark)	100%	200	t. DKK
Oy ECCO-Suomi Ab (Finland)	100%	102	t. EUR
Salgsselskabet ECCO Danmark A/S	100%	1,000	t. DKK

Notes to the Group and Parent Company financial statements

8. Investments in subsidiaries

DKK '000	Investments in subsidiaries 2009	Investments in subsidiaries 2008	Receivables from subsidiaries 2009	Receivables from subsidiaries 2008
Cost at 1 January	666,019	665,890	724,318	666,174
Additions	4,132	129	83,097	179,160
Disposals	-	-	(164,052)	(121,016)
Cost at 31 December	**670,151**	**666,019**	**643,363**	**724,318**
Accumulated revaluation at 1 January	672,491	501,989	-	-
Currency translation of foreign subsidiaries	(4,818)	(8,740)	-	-
Regulation in connection with foreign currency hedging of future sales of subsidiaries	4,239	30,090	-	-
Profit after tax of subsidiaries	212,059	323,942	-	-
Dividend	(145,102)	(174,790)	-	-
Net revaluation	66,378	170,502	-	-
Accumulated revaluation at 31 December	**738,869**	**672,491**	**-**	**-**
Intercompany gains	**(220,003)**	**(237,649)**	**-**	**-**
Carrying amount at 31 December	**1,189,017**	**1,100,861**	**643,363**	**724,318**

9. Deferred tax

DKK '000	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Deferred tax comprises:				
Inventories, unrealised intercompany gains	56,210	55,984	56,210	48,929
Other assets	17,209	22,861	(28,387)	(14,537)
Recognised at 31 December	**73,419**	**78,845**	**27,823**	**34,392**
Recognised at 1 January	**(78,845)**	**(68,467)**	**(34,392)**	**(29,729)**
Total adjustment	**(5,426)**	**10,378**	**(6,569)**	**4,663**
Of which adjusted in equity	(3,891)	2,334	3,109	2,334

Notes to the Group and Parent Company financial statements

10. Equity

	Group		Parent Company	
DKK '000	2009	2008	2009	2008
The share capital consists of:				
112 shares (in amounts from DKK 500 to DKK 1,658,200)				
Total share capital	**5,500**	**5,500**	**5,500**	**5,500**
Reserve for net revaluation according to the equity method				
Reserve for net revaluation at 1 January	-	-	672,491	501,989
Net revaluation	-	-	66,378	170,502
Reserve for net revaluation at 31 December	**-**	**-**	**738,869**	**672,491**
Brought forward from prior years/revaluation reversed	2,467,919	2,067,947	1,795,428	1,565,958
Proposed dividend in respect of the financial year	340,000	276,000	340,000	276,000
Dividend paid	(276,000)	(151,000)	(276,000)	(151,000)
Exchange rate adjustment to year-end exchange rates	(4,818)	(8,740)	-	-
Currency translation of subordinated loan capital in subsidiaries	(577)	943	(577)	943
Gain on financial swap	(2,493)	(10,279)	(2,493)	(10,279)
Retained from profit for the year	(40,763)	251,399	(107,720)	102,247
Adjustment of currency hedges of future sales	(56,929)	41,649	(61,168)	11,559
Total retained earnings	**2,426,339**	**2,467,919**	**1,687,470**	**1,795,428**
Total equity	**2,431,839**	**2,473,419**	**2,431,839**	**2,473,419**

The nominal value of treasury shares is DKK 550 thousand; they were acquired in 1989 at DKK 6,875 thousand. The treasury shares are carried at DKK 0.

Notes to the Group and Parent Company financial statements

11. Minority interests

DKK '000	Group 2009	Group 2008
Minority interests at 1 January	86,266	57,409
Additions	22,602	1,013
Disposals	(20,864)	(11,818)
Share of profit for the year	46,120	46,470
Currency translation	(1,134)	(6,808)
Minority interests at 31 December	**132,990**	**86,266**

12. Long-term debt

	Group		Parent Company	
DKK '000	2009	2008	2009	2008
Long-term debt due more than five years after the end of the financial year	38,383	78,083	38,383	78,083

13. Contingent liabilities and collateral security

	Group		Parent Company	
DKK '000	2009	2008	2009	2008
CONTINGENT LIABILITIES				
Rent and lease liabilities	725,399	618,729	19,821	25,543
Guarantees and letters to suppliers and subsidiaries	7,362	52,897	1,223	45,148
Litigation	-	2,000	-	2,000
Sponsorships	13,531	14,082	13,531	14,082
COLLATERAL SECURITY				
The following assets have been lodged in security of the Group's loans from credit institutions and other long-term debt:				
Bearer mortgages on property, plant and equipment	148,261	169,547	80,000	80,000
Guarantee for import duty	6,574	9,482	-	-

Notes to the Group and Parent Company financial statements

14. Fees to auditors appointed at the annual general meeting

	Group		Parent Company	
	2009	2008	2009	2008
DKK '000				
Total fees to auditors appointed at the annual general meeting:				
KPMG	8,692	8,484	1,954	1,812
Others	1,766	1,508	55	159
	10,458	**9,992**	**2,009**	**1,971**
KPMG				
Auditor's fee	5,799	5,625	1,041	1,082
Tax consulting	1,974	1,634	612	470
Others	919	1,225	301	260
KPMG in total	**8,692**	**8,484**	**1,954**	**1,812**
Others				
Auditor's fee	1,008	961	-	-
Tax consulting	568	284	-	-
Others	190	263	55	159
Others in total	**1,766**	**1,508**	**55**	**159**

Notes to the Group and Parent Company financial statements

15. Information about shareholder conditions

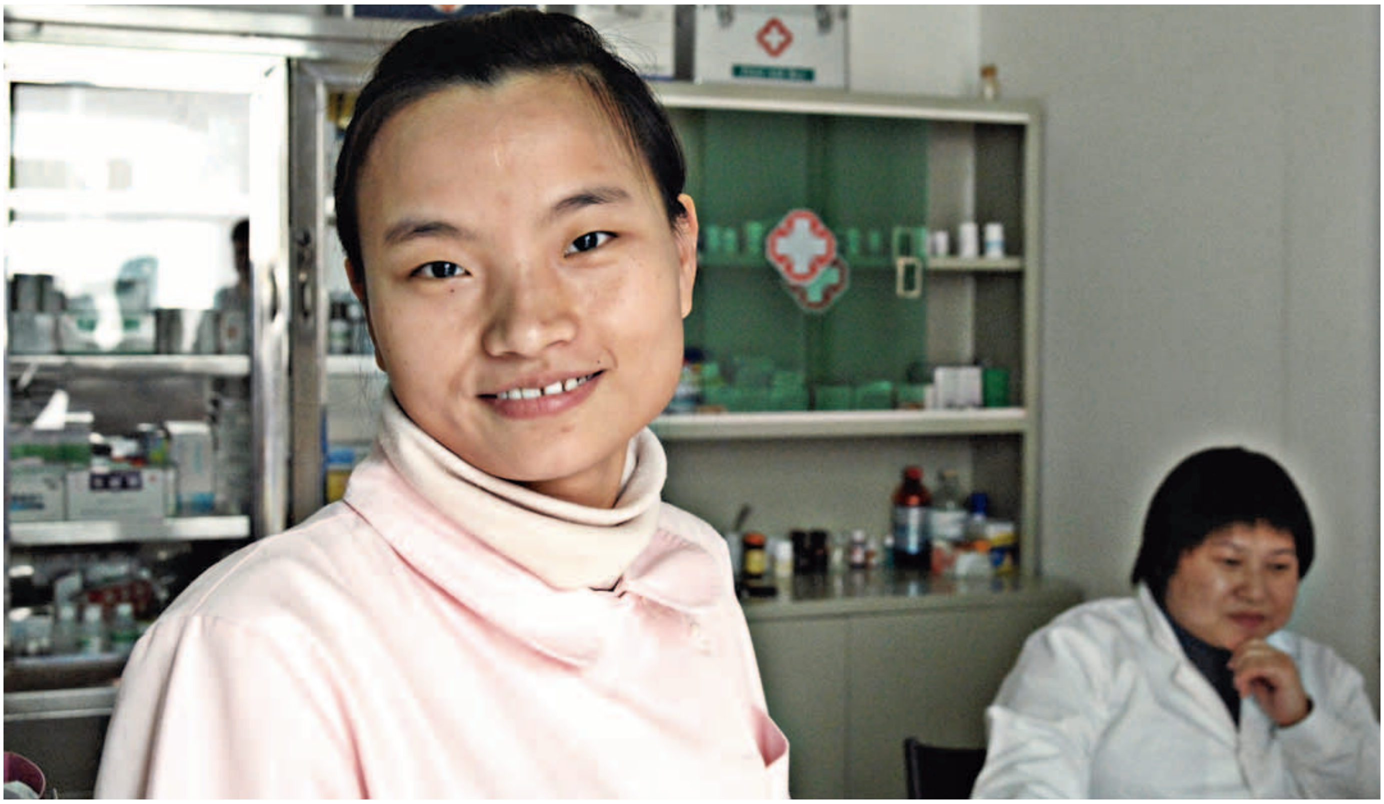
The Company's list pursuant to section 28 of the Danish Companies Act of shareholders with more than 5% of the votes or more than 5% of the nominal value of the share capital includes:

- ECCO HOLDING A/S, Bredebro, Denmark (Parent Company)
- Kasprzak Holding ApS, Bredebro, Denmark

ECCO's Code of Conduct & Environmental Statement 2009

At all ECCO's factories, the ECCO Code of Conduct is translated into local languages and the factories are audited continuously in relation to the ten commitments.

Health and safety is highly prioritised at the factories. One example is ECCO Xiamen which has its own manned medical clinic on the premises.



Putting responsibility to the test

ECCO's Code of Conduct consists of ten ethical undertakings which focus on areas such as employee relations, safety at work, environmental considerations, religion, culture and diversity. One of the most important requirements for work is to have well-informed employees and suppliers. Therefore, we are constantly making considerable efforts to communicate the content of ECCO's Code of Conduct.

In 2009, ECCO not only placed special emphasis on topics regarding the environment, working environment, culture and diversity, but also worked intensively on implementing its obligations. This entailed integrating them into the company's auditing processes.

All of ECCO's shoe factories and tanneries were audited in 2009 by the ECCO global internal audit team, and then supplementary audits were carried out by external auditors. The result is an audit score which reflects the overall performance of the production unit with respect to the Code of Conduct. This enables the factory to see where they have to make improvements and where they are performing well.


ecco

ECCO's internal audits are supplemented by external audits, which help ensure that the work is carried out professionally.

Not just words and bits of paper

It is ECCO's experience that working with the Code of Conduct is most successful when local employees are involved. Therefore ECCO has trained up a global audit team. The internal audits are an essential part of the business, but ECCO can also learn a lot from external auditors. Therefore the process is supplemented by external audits, who help ensure that the work is carried out professionally.

ECCO's audits are implemented by measuring the shoe factories and tanneries against 150 different points related to ethical commitments. These points include handling of chemicals, energy saving, waste handling, accident prevention, training in fire fighting, working hours, wages and working conditions, discrimination, training of temporary workers and much more.

In practice, the audit is carried out by means of a thorough inspection of the entire factory area, from the storage facilities and production lines right through to the canteen and toilet areas, including the waste management facilities. This analysis is cross-checked by reviewing main documents and by interviewing employees. Finally, all the points are compiled for a meeting in which a status report is delivered and decisions can be made together with the local management.
Final results are then later reported to other factories, where the information can be used for motivation and comparison.

High demands on suppliers

Before becoming a supplier to ECCO, suppliers must undertake to observe ECCO's Code of Conduct as part of the contract. And at the same time, the supplier must be prepared to be assessed accordingly. For ECCO, it is just as important that the supplier have control over the environment and the working conditions of his employees as it is for ECCO to have control in its own factories.

Audits on suppliers of components and materials such as shoelaces and sole inserts are just a couple of examples of the many audits carried out. The individual auditing processes for the suppliers are the same as for ECCO's own production units. This means, for example, that ECCO's own audit team ensures that ethical commitments are being met by suppliers on a local level. So when a supplier in Indonesia is being audited, this is carried out by ECCO employees from ECCO's Indonesian shoe factory.

The philosophy behind ECCO's audits is based on partnership, openness and training. With this approach, ECCO hopes to achieve a long and mutually rewarding collaboration with the suppliers.

In 2009, the participants of ECCO Walkathons used their feet to raise a total of more than EUR 400,000 which ECCO donated to selected charity programmes.

ECCO Walkathon 2009

Do something good for others while doing something good for yourself. This is the basic idea behind the ECCO Walkathon, and people participating in one of the ECCO walks do just that – they enjoy a day filled with healthy exercise and great entertainment, and help others with every step they take. For each kilometre covered by each participant, ECCO donates EUR 1 to charity.

In 2009, ECCO Walkathon events in Copenhagen, Odense, Århus, Aalborg and Kolding in Denmark, Hamburg in Germany and Warsaw in Poland were joined by over 48,000 people. Participants used their feet to raise a total of more than EUR 400,000 which ECCO donated to selected charity programmes. In its 11th year, the ECCO Walkathon is still gaining popularity in cities across Northern Europe, especially among families with children.

Important charity projects

For many years, the World Wildlife Fund (WWF) has been a partner to ECCO's programme. A new project of great urgency was chosen for the partnership in 2009. ECCO and the Walkathon participants are now contributing to the WWF project for the protection of polar bears from the consequences of climate change. This year, WWF's organisations in Denmark, Germany and Poland received over EUR 146,500 for their Arctic climate protection programmes.

Street Kids International's "Street Work" programmes in Poland and Kenya received EUR 110,000. In cooperation with local NGOs and authorities, nearly 2,000 teenagers and young adults in the two countries have now been trained in how to earn a living safely and legally, e.g. by way of micro-loans and starting their own businesses. Hundreds more will have the opportunity to achieve economic independence during the remainder of the programme which is to conclude in early summer 2010.

A number of local charities also received funding via our ECCO Walkathon events, among them the Danish Heart Children's Fund (EUR 86,500) for maintaining a heart disease register and supporting families of sick children, Poland's "Mimo Wszystko" Foundation (EUR 64,800) for building a rehabilitation centre near Krakow, and Hamburg's NestWerk association (EUR 8,700) for their work with youngsters in the city.


ecco walk for life
TEILNAHME-
KARTE

Åsne Seierstad donated the largest part of the EUR 33,000 prize to building a kindergarten linked to a school in Afghanistan, while a smaller portion went to a school project in Uganda.

The ECCO Walk IN Style Award pays homage to women known to the public for having developed their own personal style and showing great dedication to the causes they advocate.

ECCO's Walk IN Style Award 2009

In February 2009, Norwegian journalist Åsne Seierstad received the second ever ECCO Walk IN Style Award, an exclusive prize successfully connected with the Copenhagen Fashion Week and the Scandinavian fashion press.

The ECCO Walk IN Style Award pays homage to women known to the public for having developed their own personal style and showing great dedication to the causes they advocate. Starting out as a partnership with Danish IN magazine in 2008, the award concept was expanded to Sweden and Norway for 2009, and one candidate from each Scandinavian country was nominated.

In February 2009, under the auspices of Crown Princess Mary of Denmark, Åsne Seierstad chose to donate the largest part of the EUR 33,000 prize to building a kindergarten linked to a school in Afghanistan, while a smaller portion went to a school project in Uganda.

"Åsne is distinguished by her unique personality. She is one of a kind and has crossed boundaries both figuratively and literally. She has shown courage like few others, and has been prepared to expose herself to danger. Her ability to tell a story and share it with the rest of the world is formidable. In her reports for television and newspapers she has told stories from war zones in her own unique way by focusing on the way in which the victims live through war and unrest. Furthermore, she has focused on the group of children and women living in parts of the world to where most of us would never dare venture," says Ellen Armstad, chairman of ECCO's jury and chief editor of the Norwegian edition of Henne.

The environment and working environment in ECCO's factories

ECCO shoes are designed and manufactured to last a long time. This is an obvious environmental benefit as durable, high-quality products reduce the environmental impact in the lifecycle aspect of the product.

The manufacturer of ECCO's shoes uses a long list of resources, including leather, textiles, chemicals and other raw materials, as well as water and energy. Shoe factories affect the environment, for example, by consuming energy and through the waste products which they generate. For tanneries, the environmental impact also includes the waste water which is produced.

Both the consumption of energy and the use of raw materials are closely supervised, so that in all ECCO's factories there is as little waste as possible. This includes the use of modern technologies, production equipment and manufacturing processes.

ECCO's tanneries have a purification plant so that the waste water is cleaned, and does not merely fulfil the local effluent requirements, but also complies with Scandinavian standards. At the same time ECCO is constantly working to optimise the use of various resources from an environmental point of view.

Restriction of chemical substances

All industrial production is dependent on chemicals. ECCO focuses on optimising production technologies aimed at developing new and more environmentally friendly processes.

The tanning process – making final leather from raw hides – uses a variety of chemicals in order to achieve the right structure and appearance as well as durability of the leather. Similarly, within the shoe manufacturing processes, chemicals are used, e.g. light, comfortable PU-soles are made from chemicals which are injected into a mould to produce the final sole.

ECCO makes an effort to minimise the content of chemical substances in ECCO products. Requirements are based on relevant legislation in the markets where ECCO products are sold, as well as on common industry codes and practices.

ECCO's tanneries have a purification plant so that the waste water is cleaned, and does not merely fulfil the local effluent requirements, but also complies with Scandinavian standards.

ECCO group policy on the environment and the working environment

The ECCO Code of Conduct states in one of the 10 commitments that “ECCO aims to be a leading company in the area of environment, health and safety and aims to promote sustainable development”. This targets all ECCO’s activities and business units in as much as ECCO owns the whole value chain from tanneries and shoe factories to sales subsidiaries and shops. In this way, the ECCO Group controls the whole process from rawhides to consumer.

External Environment

The ECCO Group’s objective is actively to minimize the environmental impact taking technological and financial conditions into consideration. To ensure an appropriate environmental development, all ECCO business units shall continuously:

- Promote the four R’s: Reduce, Re-use, Repair, Recycle.
- Optimize the use of raw materials and energy and keep consumption of resources and waste to a minimum.
- Contribute to the global climate strategy by focusing on the company’s CO2 impact (’Carbon footprint’).
- Minimize and – wherever possible – substitute the content of restricted chemical substances in ECCO products. Since ECCO aims for a uniform standard, the ’ECCO Criteria for Restricted Chemical Substances in ECCO Products’ are as a minimum based on the relevant legislation in the markets where ECCO products are sold.
- Train and educate employees to minimize the environmental impact.

The continuous development is followed and promoted by key performance indicators (KPI’s), which are determined on an annual basis.

Health & Safety

The ECCO Group’s most important resource is its employees. The ECCO Group wishes to promote and strengthen a physically, psychologically and socially healthy working environment for all employees. This is among other things done by actively involving employees in preventing work accidents and by minimizing health and safety impact for all employees. To ensure an appropriate development in terms of health and safety issues, all ECCO business units shall continuously:

- Reduce the health and safety impact for the individual employee to a minimum.
- Minimize and – wherever possible – substitute the use of restricted, chemical substances in the production processes. Since ECCO aims for the same standard in the entire Group, the ’ECCO Criteria for Restricted Chemical Substances in ECCO Production Processes’ are as a minimum based on EU legislation.
- Strengthen, prevent and improve health and safety impact to prevent any kind of work accident and avoid repetition.
- Ensure the employees’ job satisfaction and health at the workplace.
- Establish one or more organisations to handle health and safety issues and hereby ensure a high level of employee involvement.
- Train and educate employees to ensure an optimum working environment.

Involvement & dialogue

The ECCO Group will engage the employees in environmental, health and safety issues by means of information, training and education. It rests with the employee to take responsibility and make an active effort to achieve a continuous improvement of environmental, health and safety issues.

The ECCO Group will openly co-operate with authorities, customers and neighbours and at all times observe the legislation related to environmental, health and safety issues. The ECCO Group will on a yearly basis re-assess the ECCO Group’s Policy for Environment, Health & Safety.

Bredebro, 18 November 2009

Dieter Kasprzak
President & CEO

Annemette Nøhr
EVP Finance / CFO

Flemming O. Nielsen
EVP, Int. Sales & Retail

Jens Christian Meier
EVP Production

Andreas Wortmann
EVP Branding & Products

2009 Statements from ECCO units - Shoe factories

ECCO Sko A/S

Location: ECCO facilities in Denmark (Bredebro, Tønder) **Activity:** Development and preparation of new articles and prototype testing. **Year of establishment:** 1963/1996 **Number of employees:** 549

Ecco'let (Portugal) Fábrica de Sapatos, Lda.

Location: Santa Maria da Feira, Portugal **Activity:** Research & Development Centre. Production of sales samples and prototypes. **Year of incorporation:** 1984 **No. of employees:** 126

ECCO Slovakia, a.s.

Location: Martin, Slovakia **Activity:** Shoe factory. Production of finished shoes. **Year of incorporation:** 1998 **No. of employees:** 604

ECCO (Thailand) Co., Ltd.

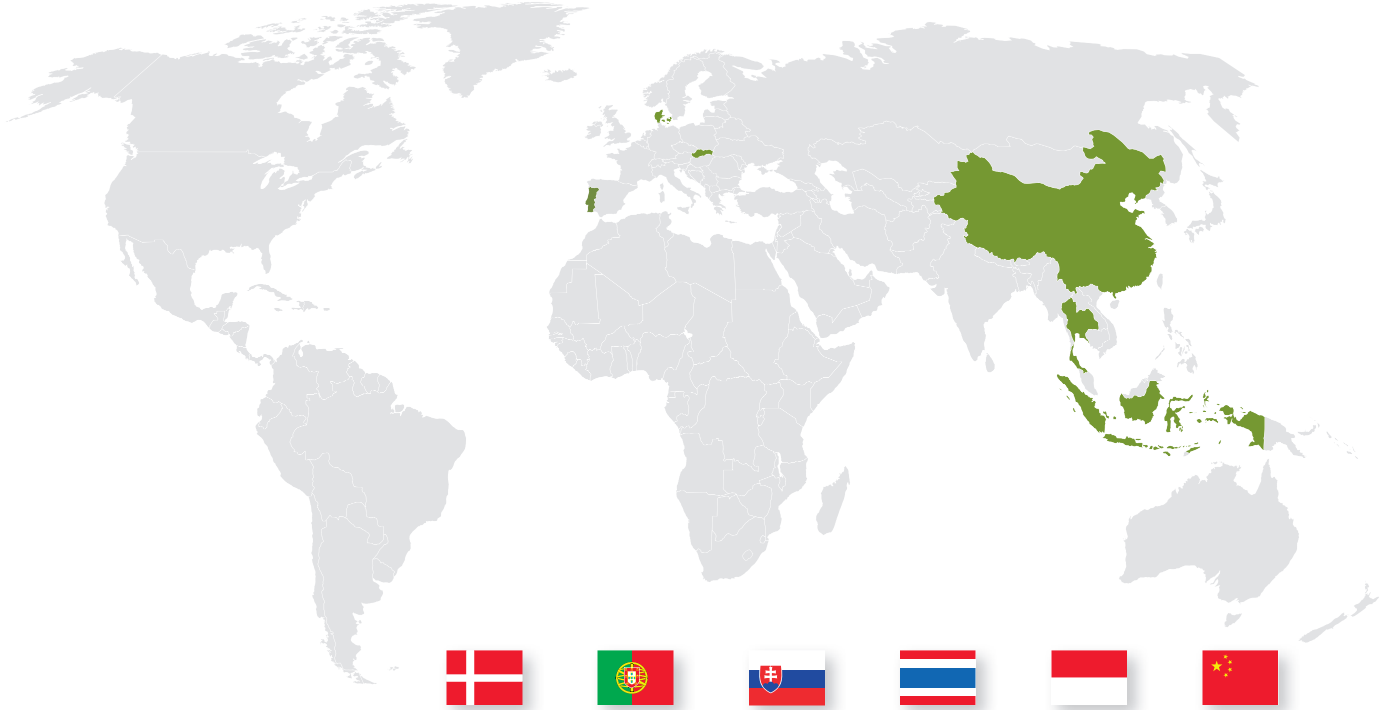
Location: Ayudhthaya, Thailand **Activity:** Production of uppers and finished shoes. **Year of incorporation:** 1993 **No. of employees:** 3,097 **Special environmental information:** ECCO Thailand is ISO 14001 certified

PT. ECCO Indonesia

Location: Surabaya, Indonesia **Activity:** Production of uppers and finished shoes. **Year of incorporation:** 1991 **No. of employees:** 5,005

ECCO Xiamen

Location: Xiamen, China **Activity:** Production of uppers and finished shoes. **Year of incorporation:** 2005 **No. of employees:** 2,726



Energy consumption						
Natural gas [m^3]	289,072	32,845	153,495	-	-	-
Liquefied petroleum gas (LPG) [l]	-	1,915	-	-	-	-
Gas/diesel oil [l]	-	2,033	200	6,650	48,744	2,382
Heavy fuel oil [l]	-	-	-	8,203	-	-
Electricity consumption						
Electricity [MWh]	3,732	1,795	4,940	17,089	12,361	5,744
Water consumption						
Water [m^3]	7,514	1,414	9,728	66,202	150,248	59,094
Consumption of sole material						
Polyol and isocyanate [kg]	7,510	56,478	634,065	891,922	472,641	286,181
TPU [kg]	2,000	5,025	43,768	147,074	145,382	21,000
Hardener [kg]	140	7,295	41,350	92,429	34,955	15,991
Waste						
Total waste [tons]	397	224	412	1,422	1,036	846
Recyclable waste [%]	57	68	33	26	51	43
Oil and chemical waste [%]	2	7	8	2	2	<1
Waste incineration [%]	41	-	6	40	4	-
Waste depository / landfill [%]	-	25	53	32	43	56

In 2009 ECCO chose to extend the environmental parameters concerning energy usage and waste. At the same time ECCO took the opportunity to present the figures in a more accessible manner, and therefore it is not possible to make a direct comparison between these figures and the previous ones. As a result, ECCO has only chosen to show the figures for 2009 in this annual report.

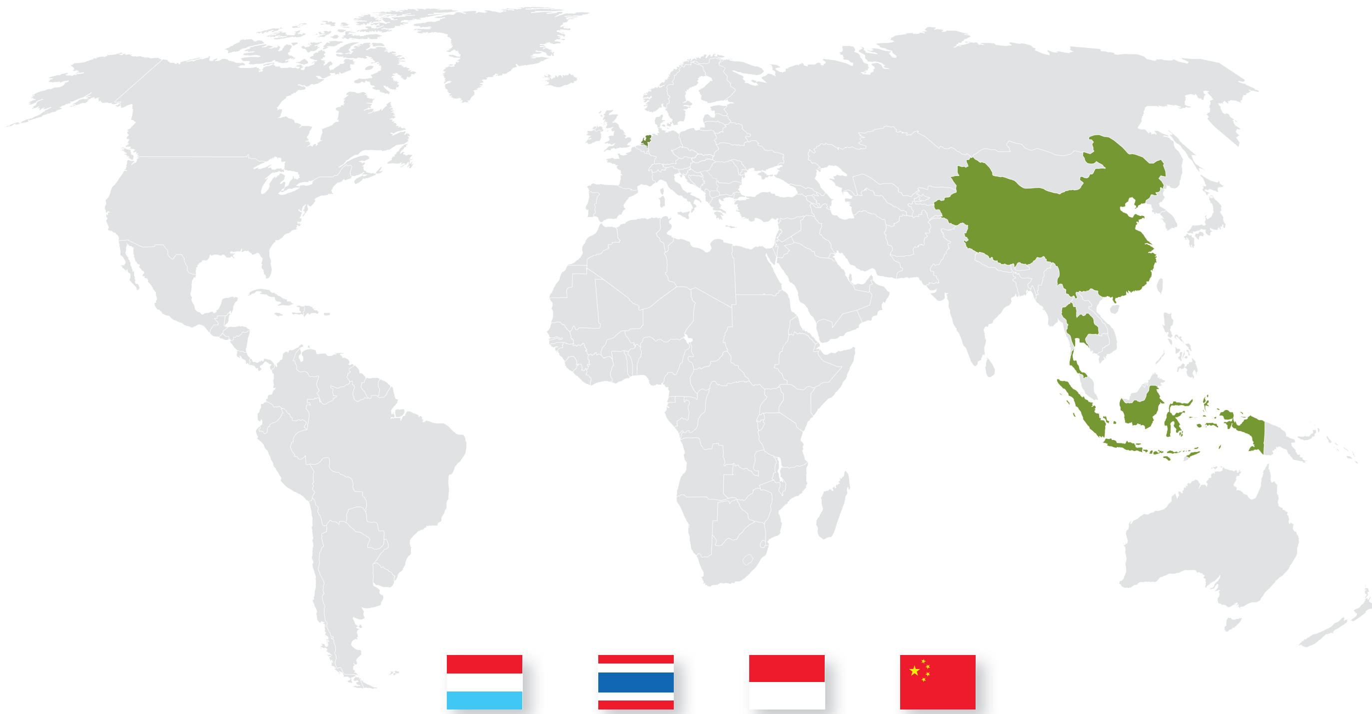
2009 Statements from ECCO units - Tanneries

ECCO Tannery (The Netherlands) B.V.
Location: Dongen, The Netherlands **Activity:** Tannery. Production of wet blue. Development centre for leather.
Year of incorporation: Acquired by ECCO in 2001 **No. of employees:** 97

ECCO Tannery (Thailand) Co. Ltd
Location: Ayudhthaya, Thailand **Activity:** Tannery. Production of crust and finished leather.
Year of incorporation: 1993 **No. of employees:** 171

PT. ECCO Tannery Indonesia
Location: Surabaya, Indonesia **Activity:** Tannery. Production of wet blue, crust and finished leather.
Year of incorporation: 1991 **No. of employees:** 328

ECCO Xiamen Tannery (China)
Location: Xiamen, China **Activity:** Tannery. Production of crust and finished leather.
Year of incorporation: 2008 **No. of employees:** 275



Energy consumption				
Natural gas [m³]	756,709	-	-	-
Liquefied petroleum gas (LPG) [l]	-	508,773	14,000	1,063,900
Gas/diesel oil [l]	-	8,260	483,668	7,800
Heavy fuel oil [l]	-	-	103,716	-
Electricity consumption				
Electricity [MWh]	5,031	5,392	7,862	7,096
Water consumption				
Water [m³]	279,770	95,035	252,837	151,092
Waste				
Total waste [tons]	14,642	1,481	3,117	1,283
Recyclable waste [%]	60	16	29	50
Oil and chemical waste [%]	<1	6	<1	<1
Waste incineration [%]	1	3	-	-
Waste depository / landfill [%]	38	75	70	49
Wastewater				
Volume [m³]	254,789	84,134	242,449	118,469
BOD [mg/l]	4.78-36.5	11.8-25.1	12-21	18.4-45
Chromium [mg/l]	0.09-6.3	0.13-0.29	0.1-0.18	0.19-0.22
pH	7.8-7.9	7.5-7.7	7.2-7.4	7.5-7.8

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