LUDWIG BECK

REPORT FOR THE FIRST 9 MONTHS OF 2002

Sales_ Continued slump in consumer spending leads to dip in sales_ **Earnings**_ EBIT already balanced in third quarter_ **Outlook**_ Successful launch in Olympia shopping center (OEZ)_ Full impact of cost optimizing processes from 2003 onwards_ Subdued optimism for Christmas season

Due to the continuing weakness of the German economy and the slump in consumer spending, Ludwig Beck suffered a decline in sales during its third quarter of fiscal 2002: at € 63.7 (67.2) million, sales in the first nine months were down on the same period last year. Despite a fall in sales of 6.9% to € 22.3 (23.9) million in the third quarter, however, the company's timely introduction of cost optimizing measures helped it achieve an almost balanced EBIT result.

Key Figures

		01.01.-30.09.2002	01.01.-30.09.2001
Gross sales (incl. VAT)	€ million	63.7	67.2
Net trading margin[1)]	€ million	25.2	27.7
Earnings before interest, taxes and depreciation (EBITDA)	€ million	1.1	3.6
Operating result (EBIT)	€ million	- 1.4	1.1
Net income HGB	€ million	- 2.7	0.4
Net income IAS	€ million	- 1.2	0.7
Earnings per share DVFA[2)]	€	- 0.58	0.08
Earnings per share IAS[2)]	€	- 0.38	0.21
Cash flow	€ million	- 1.2	3.4
Capital expenditures	€ million	4.9	2.6
Employees (as of Sep. 30)[3)]		503	609
Apprentices		87	103
Employees (weighted)		411	461
Apprentices		41	51

Sales_ In the third quarter of 2002 Ludwig Beck AG was unable to escape the effects of a sluggish German economy and the continuing slump in consumer spending. The Group's gross sales for the first nine months were down 5.3% on the previous year at € 63.7 (67.2) million. Sales were thus in line with the general sector development: according to the trade magazine "Textil-Wirtschaft", total sales in the German retail clothing sector fell by 8% during the period under review.

The decline in sales affected almost all key product ranges. There were encouraging exceptions, however, such as the wellness department "Hautnah" (featuring an extensive range of skincare, make-up and perfumes, as well as an innovative spa area), which also benefited from an extension of sales space in early August, as well as the ladies lingerie department with its new designer label range ("Dessous & Lingerie") opened in late August. Both departments succeeded in escaping the negative trend in consumer spending by offering innovative product ranges targeted at clearly defined customer groups.

The Group's new subsidiary, Ludwig Beck Vertriebs GmbH, also made encouraging progress during the past period. Founded in late February with the aim of marketing well-known fashion brands through monolabel stores, the subsidiary contributed sales of € 2.3 million.

Sales of ludwigbeck-online GmbH (closed as of September 30) reached € 0.265 (0.250) million. Due to high costs, the company's catalogue business has been suspended, whereas the existing Internet shop for classical music and jazz (www.onlybeck.de) will be continued under the roof of Ludwig Beck AG.

Following its relaunch with a new, younger product range in early 2002, the new "Beck" store in the Perlach shopping center (pep) has proved a sustained success. With growth in sales of 4.2% in the first nine months, the store performed much better than the sector average. The company's new store in Augsburg, opened in Septem-

1) Net sales minus material expenses 2) Outstanding shares 2001: 3.20 million; 2002: 3.12 million 3) Without apprentices

ber 2001, also succeeded in improving sales and firmly establishing itself in its new environment.

Earnings_ Although the German economy remains weak and sales throughout the entire retail sector continue to fall, Ludwig Beck was able to present a balanced EBIT result in its third fiscal quarter. Cumulated EBIT for the first nine months, however, remained negative at € -1.4 (+1.1) million. The fourth quarter is traditionally the company's most important period for both sales and earnings. The Group's subsidiary ludwigbeck-online GmbH contributed a loss, for the last time, of € 0.182 million.

Consolidated earnings already include total, once-only costs for restructuring – including personnel measures – of around € 0.8 million. The number of employees (excluding apprentices) was reduced to 503 (609) as of September 30. The weighted number of full-time staff also fell by more than 10% to 411 (461), with a reduction of 30 in the third quarter alone. This number is expected to fall to around 400 by the end of 2002. From the beginning of 2003, these savings in personnel will lead to a permanent reduction in operating costs of € 1 million.

The financial result of € -1.2 (-0.3) million contains a scheduled increase in interest and similar charges, which rose to € 2.3 (0.7) million following the consolidation of the Group's real estate interests (flagship Marienplatz store). These higher interest charges are offset by a corresponding fall in other operating income. There was also a once-only effect from the sale of 238,438 ordinary, no-par value shares held by Ludwig Beck AG to the institutional investor Buchanan Holdings Ltd., Isle of Man (Great Britain). The shares were sold at a price of € 9.55 each. The third quarter financial result was thus burdened for the last time by an amount of € 0.35 million.

Net loss for the quarter therefore amounted to a total of € -2.7 (+0.4) million. This figure is typical for earnings in the retail trade, where the results of even highly profitable companies – especially store retailers – generally do not turn positive until the fourth quarter.

The reconciliation chart from HGB to IAS accounting methods produces an adjustment to earnings after tax of € 1.5 million and thus a reduction in net loss according to IAS for the period to € -1.2 million.

The interim accounts were prepared in accordance with German Accounting Standard (DRS) No. 6. The same accounting and valuation methods were applied as for the consolidated annual financial statements for the fiscal year ending December 31, 2001. Earnings per share were calculated by dividing the result for the period by the average weighted number of outstanding common shares during the period. As of December 31, 2002 the entire consolidated accounting system will be changed completely to IAS methods.

Capital expenditures_ In the first nine months of 2002 Ludwig Beck invested a total of € 4.9 (2.6) million in fixed assets. Of this total, an amount of € 2.5 million was invested in the successful expansion of floor space at the company's flagship store (Wellness, Ladies' Lingerie) and € 1.5 million in the establishment of the new vertical sales channel subsidiary (Vertriebs-GmbH).

Outlook_ Following an extremely difficult year in 2001, the German retail clothing sector is currently facing a further lean year with an even more dramatic fall in sales. An end to the current slump in consumer spending, brought about by the economic downturn and the announcement of tax increases at all levels, is not expected before 2003.

Ludwig Beck has used the lull in business during 2002 to realign its business concept in order to successfully face the expected challenges of 2003. In an extensive package of internal measures, the company has streamlined processes, introduced outsourcing solutions, further enhanced utilization of floor space and adapted costs at all levels.

In the light of increased year-on-year sales in October, Ludwig Beck is approaching the forthcoming Christmas season (always strongly influenced by the prevailing consumer mood) with subdued optimism. In order to support the positive emotions of shoppers during the coming season, the company has decided to make its traditional "Christmas House" in the flagship Marienplatz store even more attractive this year. Under the motto "South Africa", the house will feature up to 50 traditional artists presenting their handicrafts and offering their products for sale. Ludwig Beck also aims to boost sales in the fourth quarter by increasing its marketing activities.

The space management measures planned for this year were all successfully completed in time for the all-important fourth quarter. The flagship Munich store is thus well prepared for the forthcoming Christmas season. The company's lease with telecom company Quam has been terminated (following the transfer of a release payment by Quam), allowing the Munich store to use the highly frequented ground floor area for special offers again. The space rented by Quam in Hamburg has been successfully sub-let, as of October 1, to the Scandinavian Varner Group (Dressman GmbH).

The newly opened "Esprit" store of subsidiary "Vertriebs GmbH" in Munich's Olympia shopping center (OEZ) got off to an extremely successful start with sales in October well ahead of expectations. Opened on October 16, the monolabel store boasts almost 1,000 square metres of floor space. Vertriebs GmbH now operates a total of six stores. A further five stores are planned in the coming year for Kempten (Hilfiger, S.Oliver, Gerry Weber) and Landshut (Bestseller, S.Oliver).

Following the successful launch of the company's "Fashion Warehouse Outlet" in Munich-Parsdorf, Ludwig Beck is currently searching for suitable premises for a second Munich site for this additional sales channel.

Despite the continuing weakness of the German economy, Ludwig Beck expects that the measures it has introduced so far will help the Group achieve the same level of sales as in the previous year.

Munich, November 2002
The Executive Board

IAS Reconciliation Table

€ million	01.01.-30.09.2002	01.01.-30.09.2001
Result acc. to HGB before minority interest	**- 2.7**	**0.4**
Adjustments to IAS		
Fixed assets	0.2	0.0
Own shares	0.6	0.4
Non-interest bearing liabilities	- 1.2	0.0
Deferred taxes	1.9	- 0.2
Others	0.0	0.1
Result acc. to IAS before minority interest	**- 1.2**	**0.7**
Minority interest	0.6	- 0.2
Result acc. to IAS after minority interest	**- 1.8**	**0.9**

Income Statement of Ludwig Beck am Rathauseck – Textilhaus Feldmeier AG, Munich acc. to HGB

€ million	01.01.-30.09.2002	01.01.-30.09.2001	01.07.-30.09.2002	01.07.-30.09.2001
Sales revenues				
- gross sales	63.7	67.2	22.3	23.9
- minus VAT	8.8	9.2	3.1	3.3
- net sales	54.9	58.0	19.2	20.6
Other capitalized costs	0.2	0.1	0.1	0.0
Other operating income	2.3	2.0	0.8	1.3
	57.3	**60.1**	**20.1**	**21.9**
Material expenses	29.8	30.3	10.7	11.0
Personnel expenses	14.4	14.4	4.6	4.8
Depreciation	2.4	2.5	0.8	1.1
Other operating expenses	12.1	11.7	4.0	3.9
	58.7	**59.0**	**20.1**	**20.8**
Operating result (EBIT)	**- 1.4**	**1.1**	**0.0**	**1.1**
Financial result	- 1.2	- 0.3	- 1.1	0.2
Results from ordinary activities	**- 2.6**	**0.8**	**- 1.2**	**1.3**
Extraordinary result	0.0	- 0.4	0.0	0.5
Taxes	0.1	0.0	0.0	0.0
Net income	**- 2.7**	**0.4**	**- 1.2**	**1.8**
Minority interests	0.4	- 0.2	0.1	- 0.1
Net income after minority interests	**- 3.1**	**0.6**	**- 1.3**	**1.9**

Balance Sheet

€ million	30.09.2002	31.12.2001
ASSETS		
A. FIXED ASSETS	80.6	78.2
B. CURRENT ASSETS	17.0	15.2
C. PREPAID EXPENSES	0.4	0.2
	98.1	**93.6**
SHAREHOLDERS' EQUITY AND LIABILITIES		
A. SHAREHOLDERS' EQUITY	33.1	38.9
B. ACCRUALS	2.6	1.9
C. LIABILITIES	62.4	52.7
	98.1	**93.6**

Cash Flow Statement Ludwig Beck am Rathauseck – Textilhaus Feldmeier AG, Munich

€ million	01.01.-30.09.2002	01.01.-30.09.2001
Net loss/income	- 2.7	0.4
Depreciation	2.4	2.5
Non-cash income/expenses	- 1.0	0.5
Cash flow	**- 1.2**	**3.4**
Increase in working capital	- 3.2	- 5.6
Net cash used for operating activities	**- 4.4**	**- 2.2**
Disbursements for purchases of fixed assets	- 4.9	- 2.6
Disbursements for the acquisition of consolidated companies	- 0.1	- 10.4
Net cash used for investing activities	**- 4.9**	**- 13.0**
Dividend payment	- 2.7	- 2.8
Sale/Purchase of own shares	2.3	- 0.8
Disbursements to/contributions of minority shareholders	- 0.4	0.0
Increase in interest-bearing liabilities	10.9	21.1
Net cash provided by financing activities	**10.1**	**17.5**
Changes in cash funds	0.7	2.3
Cash, beginning of period	1.0	0.9
Cash, end of period	**1.7**	**3.1**

Segment Reporting for the first 9 months 01.01.2002 - 30.09.2002

€ k	Ludwig Beck	online	Monolabel	Real Estate	Reconciliation	Group
Net sales	52,701	228	2,074	3,702		58,705
Inter-segment sales	- 146		- 77	- 3,564		- 3,787
Non-group sales	**52,555**	**228**	**1,997**	**138**		**54,918**
Segment result	**- 3,918**	**- 182**	**- 459**	**347**	**1,551**	**- 2,661**

Segment Reporting Quarter 01.01.2002 - 30.09.2002

€ k	Ludwig Beck	online	Monolabel	Real Estate	Reconciliation	Group
Net sales	18,291	66	900	1,234		20,491
Inter-segment sales	- 42		- 59	- 1,188		- 1,289
Non-group sales	**18,249**	**66**	**841**	**46**		**19,202**
Segment result	**- 1,049**	**- 72**	**- 188**	**125**	**- 9**	**- 1,193**