



# Report > for the first 6 months of 2003

- > **SALES** ... Improved sales performance in 2<sup>nd</sup> quarter ...
- > **EARNINGS** ... Positive result before interest and depreciation (EBITDA) after 6 months ...
- > **OUTLOOK** ... Additional revenues expected from longer opening hours

## Key figures > Group

€m	01.01.-30.06.2003	01.01.-30.06.2002
Gross sales (incl. sales tax)	40.4	41.4
Gross profit <sup>1</sup>	16.0	16.6
EBITDA	1.1	0.8
EBIT	-0.7	-1.0
Net loss	-1.5	-1.1
Earnings per share <sup>2</sup> (€)	-0.52	-0.50
Cash flow acc. to DVFA	-0.7	-0.8
Capital expenditures	1.3	2.9
Employees (number, as of 30.06.) <sup>3</sup>	496	563
Apprentices (number)	71	87

1) Net sales - cost of materials 2) Basis 2002: 3.12 million shares; 2003: 3.36 million shares 3) Without apprentices

... > Stable sales in the second quarter helped balance out the previous decline in the early months of 2003 ... > Cost reduction measures conceived at the beginning of the year and launched on May 1, 2003 have also begun to take hold ... > The newly introduced extension of shopping hours on Saturdays got off to a promising start and is expected to boost sales in the second half of the year

■ > **SALES** In the first six months of 2003 consolidated gross sales amounted to € 40.4 (prior year: 41.4) million – a decline of 2.4% compared with the same period last year. Increased sales in the second quarter significantly improved the Group's overall performance for the first six months. In the first quarter sales were down 4.8% on the previous year. Gross sales in the second quarter amounted to € 20.2 (20.2) million and were thus equal to the previous year's level. A strong increase of 6.3% in June played a major role in this development.

According to the trade journal »TextilWirtschaft«, total sales in the German retail clothing sector fell by an average

of 5% in the first six months. The continuing problem of unemployment, discussions about imminent reforms and dismal economic prospects for the year all combined to depress the market.

One ray of hope for the German retail trade are the new, extended opening hours. As of June, shops are now allowed to stay open until 8 pm also on Saturdays. It is mainly stores in premier locations and large shopping centres which will benefit from the new opening hours. Ludwig Beck is fully utilizing the extended shopping hours on Saturdays. With its unique location in the heart of Munich, Ludwig Beck is well placed to benefit more than most from the new reg-

ulations. Saturday sales have grown by an average of 30%. A constant third of daily takings are achieved in the period between 4 pm (former closing time) and 8 pm. The situation is similar at the other Beck branches in the »pep« shopping centre in Neuperlach and the »City-Galerie« in Augsburg.

The number of employees (excluding apprentices), according to § 267 (5) HGB (German Commercial Code), decreased to 496 (563) as at the end of the second quarter of 2003. The weighted number of full-time employees fell by 12.7% to 390 (441). As of June 30, Ludwig Beck employed 71 (87) apprentices.

■ > **EARNINGS** Earnings before depreciation (EBIT-DA) were already strongly positive after the first six months of 2003 at € 1.1 (0.8) million. As depreciation of fixed assets remained at the prior-year level of € 1.8 (1.8) million, there was a marked improvement in pre-tax earnings (EBIT) at € -0.7 (-1.0) million. The company's cost saving efforts have already taken full effect and led to a reduction in expenditure of € 1.7 million to € 36.6 (38.3) million. This development was due mainly to the measures effective as of the second quarter: the Executive Board accepted a 10% cut in fixed salaries and no variable remuneration for 2003, the management team renounced its right to fixed salary components and staff will receive no wage increases this year. The 40-hour week was also re-introduced without full pay compensation.

Earnings in the retail sector are generally negative in the first three quarters as fixed costs are spread evenly throughout the year, while sales are strongest in the last quarter.

At € -1.8 (-1.3) million, the financial result can only be partly compared with the previous year, as the prior-year figure benefited from non-recurring consolidation income.

■ > **CAPITAL EXPENDITURES** In the first half of 2003 Ludwig Beck invested a total of € 1.3 (2.9) million. In addition to improvements of third-party properties, the main focus of investment were fixtures and fittings totalling € 1.1 (2.5) million.

■ > **OUTLOOK** In consideration of the ongoing economic difficulties and unemployment situation in Germany, as well as the continuing discussion about the need to reform the nation's social security system, a major improvement in the general mood and thus in consumer

spending can only be expected before 2004, if the public debate about tax reform is soon ended. In this case, the prospect of imminent tax relief could already translate into improved sales during the traditionally strong Christmas period. The promising start to the new Saturday shopping hours also indicates that sales may well improve in the second half of the year.

Our major priority, however, remains the improvement of earnings (EBIT). The cost reduction measures already introduced will also improve earnings in the second half of 2003.

Due to the positive experience made with our warehouse outlet in Munich-Parsdorf, we intend to open a further outlet in Kuchen (Baden-Württemberg) in October. The outlet not only allows the company to market excess stock but also special offers, which are sold directly, quickly and profitably to a completely different target group than Ludwig Beck's traditional customers.

Ludwig Beck recognizes in full the recommendations of the »German Corporate Governance Code«. In July 2003, the Executive Board and Supervisory Board filed a declaration of conformity acc. to § 161 AktG (German Stock Corporation Act). The company will follow the recommendations of the Government Commission without exception. The declaration of conformity is based on the Code version dated May 21, 2003.

Ludwig Beck will continue to focus on its major strengths of high quality, product range expertise and exceptional service. Our efforts are tailored fully to the central needs of our customers: an enjoyable shopping experience and high-value goods.

Munich, July 2003

The Executive Board

As of December 31, 2002 Ludwig Beck changed its entire consolidated accounting system to IFRS (IAS) methods. The annual financial statements as of December 31, 2002 acc. to IFRS (IAS) are published on the Internet at [www.ludwigbeck.de/Investoren](http://www.ludwigbeck.de/Investoren), where investors can also find notes to the auditing of the quarterly reports.

# Consolidated > profit and loss account

for Ludwig Beck am Rathauseck – Textilhaus Feldmeier AG, Munich  
for the period 01.01.–30.06.2003 acc. to IAS

€m	01.01.– 30.06.2003		01.01.– 30.06.2002		01.04.– 30.06.2003		01.04.– 30.06.2002	
1. Sales revenues								
– sales (gross)	40.4		41.4		20.2		20.2	
– minus sales tax	5.6	34.8	5.7	35.7	2.8	17.4	2.8	17.4
2. Own work capitalized		0.0		0.1		0.0		0.1
3. Other operating income		1.0		1.5		0.6		0.7
		35.9		37.3		18.0		18.2
4. Cost of materials	18.9		19.1		9.1		8.9	
5. Personnel expenses	8.6		9.8		4.2		4.9	
6. Depreciation	1.8		1.8		0.9		0.9	
7. Other operating expenses	7.3	36.6	7.5	38.3	3.7	17.9	3.7	18.5
8. EBIT		-0.7		-1.0		0.1		-0.3
9. Financial result		-1.8		-1.3		-0.9		-0.8
– of which financial expenses 1.8 (2002: 1.7)								
10. Result before taxes		-2.5		-2.3		-0.8		-1.1
11. Deferred taxes		-1.1		-1.1		-0.4		-0.6
12. Net loss before minority interests		-1.5		-1.1		-0.5		-0.5
13. Minority interests		0.3		0.4		0.1		0.1
14. Net loss		-1.8		-1.6		-0.6		-0.7
Earnings per share (undiluted and diluted) in €		-0.52		-0.50		-0.18		-0.22
Average number of outstanding shares in thousand (diluted and undiluted)		3,360		3,122		3,360		3,122

## Segment reporting

T€	Retail	online	Franchise	Real estate	Reconc.	Group
Half-year 01.01.2002–30.06.2002						
Non-Group sales	34,306	162	1,156	92	0	35,716
Segment result (EBIT)	-1,962	-127	-223	1,333	0	-979
Quarter 01.04.2002–30.06.2002						
Non-Group sales	16,374	75	893	46	0	17,388
Segment result (EBIT)	-778	-69	-133	645	0	-335
Half-year 01.01.2003–30.06.2003						
Non-Group sales	32,017	0	2,738	92	0	34,847
Segment result (EBIT)	-1,895	0	-260	1,419	0	-736
Quarter 01.04.2003–30.06.2003						
Non-Group sales	15,834	0	1,519	46	0	17,399
Segment result (EBIT)	-578	0	-16	714	0	120

# Consolidated > balance sheet

for Ludwig Beck am Rathauseck - Textilhaus Feldmeier AG, Munich  
as at 30.06.2003 acc. to IASC

ASSETS	€m	30.06.2003	31.12.2002
A. Current assets			
I. Cash and cash equivalents		1.5	1.1
II. Receivables and other assets		0.8	1.8
III. Inventories		10.7	10.5
		13.0	13.4
B. Fixed assets			
I. Tangible assets		92.3	92.7
II. Intangible assets		2.3	2.4
III. Deferred taxes		5.9	4.8
IV. Other assets		0.2	0.1
		100.6	100.0
		113.7	113.3

SHAREHOLDERS' EQUITY AND LIABILITIES	€m	30.06.2003	31.12.2002
A. Short-term liabilities			
I. Bank liabilities		13.2	10.2
II. Trade payables		0.8	2.0
III. Other liabilities		3.1	4.0
		17.1	16.3
B. Long-term liabilities			
I. Bank liabilities		43.4	42.0
II. Accruals		1.0	1.0
III. Other liabilities		5.0	5.1
IV. Deferred taxes		4.6	4.7
		54.0	52.8
C. Minority interests		24.7	24.7
D. Shareholders' equity		17.8	19.6
		113.7	113.3

■ > **NOTES** ... Accounts according to International Financial Reporting Standards (IFRS) ... This quarterly report of the Ludwig Beck AG group of companies as at June 30, 2003 has been prepared according to International Financial Reporting Standards (IFRS, formerly IAS) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC, formerly SIC). ... **Methods of presentation** ... The quarterly accounts are prepared in

accordance with IAS 34 (Interim Financial Reporting). ... **Accounting and valuation methods** ... The quarterly accounts apply the same accounting and valuation methods as used for the annual financial statements as at December 31, 2002. A full description of these methods is presented in the notes to the consolidated financial statements according to IFRS (IAS) as at December 31, 2002.

## HGB reconciliation chart

	€m	01.01.-30.06.2003	01.01.-30.06.2002
EBIT acc. to IFRS (IAS)		-0.7	-1.0
Fixed assets		-0.2	-0.3
Other assets		0.3	0.0
EBIT acc. to HGB		-0.6	-1.3

# Consolidated > cash flow statement

for Ludwig Beck am Rathauseck – Textilhaus Feldmeier AG, Munich  
for the period 01.01.-30.06.2002 and 01.01.-30.06.2003

€m	2003	2002
<b>Cash flow from operating activities:</b>		
Net loss before minority interests, taxes and special items	-2.5	-2.2
Adjustments for:		
+ depreciation of fixed assets	1.8	1.8
- financial income	0.0	-0.4
+ interest expenses	1.8	1.7
Operating result before changes to working capital	1.1	0.9
Increase/decrease (-/+ ) in assets	0.6	-0.7
Increase/decrease (+/-) in liabilities	-1.8	-0.5
Net cash from operating activities (before interest payments)	-0.1	-0.3
Interest paid	-1.8	-1.7
<b>Net cash from operating activities</b>	<b>-1.9</b>	<b>-2.0</b>
Disbursements for additions to fixed assets	-1.3	-2.9
<b>Net cash in investing activities</b>	<b>-1.3</b>	<b>-2.9</b>
Disbursements for dividends	0.0	-2.7
Disbursements to minority interests	-0.3	-0.3
Proceeds/disbursements (+/-) from the acceptance/repayment of bank liabilities	4.3	7.8
Balance of proceeds/disbursements from the reduction of other long-term borrowing (financial leasing)	-0.4	-0.4
<b>Net cash from financing activities</b>	<b>3.6</b>	<b>4.4</b>
Change in cash and cash equivalents	0.4	-0.5
Cash and cash equivalents at beginning of period	1.1	1.3
<b>Cash and cash equivalents at end of period</b>	<b>1.5</b>	<b>0.8</b>

# Consolidated > equity statement

for Ludwig Beck am Rathauseck – Textilhaus Feldmeier AG, Munich  
for the period 01.01.-30.06.2002 and 01.01.-30.06.2003

T€	Share capital	Capital reserves	Generated capital	Total
Balance as at 01.01.2002	7,981	7	12,323	20,311
Dividend			-2,716	-2,716
Net loss			-1,559	-1,559
Balance as at 30.06.2002	7,981	7	8,048	16,036
Stand 01.01.2003	8,590	7	10,994	19,591
Net loss			-1,751	-1,751
Balance as at 30.06.2003	8,590	7	9,243	17,840