[REPORT FOR THE FIRST THREE MONTHS 2005]

LUDWIG BECK

\\ **SALES** – Increase despite fewer shopping days

\\ **EARNINGS** – Significant growth in result

\\ **OUTLOOK** – Continued progress in sales and earnings with strict focus on cost management and optimization of branch store portfolio

Despite difficult economic conditions, LUDWIG BECK succeeded in outperforming the general sector in its first quarter of 2005. Sales, gross margin and earnings are all above their prior-year levels. In the assumption that the German economy will once again fail to recover this year and that retail sales remain unchanged, LUDWIG BECK will continue to focus on generating its own in-house demand and targets a strongly positive result for the year.

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KEY FIGURES – GROUP

in € million	01.01.-31.03.2005	01.01.-31.03.2004
Gross sales (incl. sales tax)	21.9	21.7
Gross profit 1)	8.6	8.3
EBITDA	0.6	0.3
EBIT	-0.4	-0.6
Net loss	-0.8	-0.9
Earnings per share (in €) 2)	-0.27	-0.30
Capital expenditures	0.8	1.4
Employees (as of 31.03.) 3)	528	569
Apprentices (no.)	57	58

1) Net sales minus cost of materials   2) Basis 2004 and 2005: 3.36 million shares   3) Without apprentices

[*SALES*] Although there were three shopping days less than in the same period last year, the LUDWIG BECK Group succeeded in raising year-on-year sales slightly in the first quarter of 2005. Gross sales revenues amounted to € 21.9 (21.7) million, representing growth of 0.9%. On a like-for-like basis, sales grew by as much as 1.5%.

Following a strong drop in demand after the Christmas 2004 season, the new year got off to a very subdued start. The situation extended beyond the winter sales of late January, which fell significantly short of expectations. This may be an indication that such sales are losing their appeal to consumers.

Following a weak February, which suffered from harsh winter conditions lasting into the following month, LUDWIG BECK posted strong sales in March as a whole which more than compensated for the deficits of the preceding months. Our Easter business and the »Japanese Cherry Blossom Festival« event produced high store traffic and correspondingly strong sales figures.

[*EMPLOYEES*] The number of employees (excluding apprentices), according to § 267 (5) HGB (German Commercial Code), amounted to 528 (569) at the end of the first quarter. The weighted number of full-time employees in the Group thus fell by 7.6% to 403 (436). As of March 31, there were 57 (58) apprentices.

[*EARNINGS*] In the first quarter of 2005, LUDWIG BECK improved gross profit to € 8.6 (8.3) million. Gross margin also improved by 1.1 percentage points to 45.7% (44.6%).

As a result of measures introduced in 2004 and continued in 2005, the cost ratio (expenses against the corresponding incomes) fell by 0.4 percentage points to 47.6% (48.0%).

Taken together, the effects combined to improve our operating result (EBIT) by € 0.2 million to € -0.4 (-0.6) million. Compared with the same period last year, our EBIT margin grew by 1.5%.

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

[*CAPITAL EXPENDITURES*] In the first quarter of 2005, LUDWIG BECK invested € 0.8 (1.4) million in its flagship store in Munich's »Marienplatz« square. Investments focused on the revamping of sales areas.

[**OUTLOOK**] Due to high oil prices and record unemployment, no significant improvement in the German domestic economy is expected at present. The German retail clothing sector will have to face further difficult months this year.

LUDWIG BECK views the current economic situation with cautious optimism and will continue to generate its own in-house demand. The Group's overall strategy is based on two pillars:

1. An expansion of our traditional core business in the upper segment and the related trading-up process at our flagship Marienplatz store.

2. Additional sales and earnings potential from our branch store concept with its three channels: the LUDWIG BECK fashion stores, the monolabel stores and the fashion warehouse outlets.

With its unique »Store of the Senses« strategy, LUDWIG BECK's flagship Marienplatz store is well positioned on the market. The store responds to the high expectations of its customers with traditional strengths, such as its wide variety of ranges and brands, top-quality products, expert and friendly advice as well as improved service. An emotionally appealing »value-for-money« campaign in April, titled »As Green As It Gets« (Grüner wird's nicht), aims to make shopping a fascinating and enjoyable experience for customers.

As part of the streamlining process of our brand portfolio, LUDWIG BECK Vertriebs GmbH will return its three Tommy Hilfiger stores in Riem, Regensburg and Kempten to TOMMY HILFIGER Deutschland GmbH as of May 1, 2005.

Our main objective remains a return to profitability. In order to reach this target, LUDWIG BECK will focus on improving its gross margin and lowering its cost ratio. We are constantly monitoring and optimizing our portfolio of stores and brands.

Munich, April 2005

The Executive Board

[**NOTES**] *Accounts according to International Financial Reporting Standards (IFRS)…* This quarterly report of the Ludwig Beck AG group of companies as at March 31, 2005 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).

Method 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, 2004.

A full description of these methods is presented in the notes to the consolidated annual financial statements according to IFRS (IAS) as at December 31, 2004.

This quarterly report applies for the first time the standards IFRS 3 (Business Combinations) and the revised IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets) first adopted at the beginning of 2004.

As a result of the application of these standards, scheduled amortization of goodwill ceased as of 01.01.2004. As of March 31, 2005 there was no evidence of any impairment of goodwill.

As a result of this change, earnings before taxes improved by € 42k. In accordance with the transitory regulations of IFRS 3, the income statement of the previous year has not been adjusted. In connection with the change in regulations, the figures of the consolidated equity statement have been adjusted.

The quarterly accounts have been audited.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

ACC. TO IASB FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH
FOR THE PERIOD 01.01.-31.03.2005

in €k	01.01.-31.03.2005		01.01.-31.03.2004	
1. Sales revenues				
– sales (gross)	21,861		21,661	
– minus sales tax	3,013	18,848	2,981	18,680
2. Own work capitalized		19		5
3. Other operating income		541		671
		19,408		**19,356**
4. Cost of materials	10,228		10,349	
5. Personnel expenses	4,356		4,642	
6. Depreciation	924		949	
7. Other operating expenses	4,253	19,761	4,048	19,988
8. **EBIT**		**-353**		**-632**
9. Financial result		-1,022		-882
– of which financing expenses € -1,023k (prior-year: € -882k)				
10. EBT		**-1,375**		**-1,514**
11. Deferred taxes		-600		-637
12. **Net loss before minority interests**		**-775**		**-877**
13. Minority interests		142		131
14. **Net loss after minority interests**		**-917**		**-1,008**
Earnings per share (undiluted and diluted) in €		-0.27		-0.30
Average number of outstanding shares in thousand		3,360		3,360

SEGMENT REPORTING

in €k	Retail	Franchise	Group
First quarter of 2005 as of 31.03.05			
Non-Group sales (net)	17,162	1,686	18,848
Segment result (EBIT)	-236	-117	-353
First quarter of 2004 as of 31.03.04			
Non-Group sales (net)	16,904	1,776	18,680
Segment result (EBIT)	-414	-218	-632

CONSOLIDATED BALANCE SHEET

FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH
AS AT 31.03.2005 ACC. TO IASB

ASSETS *in € million*	31.03.2005	31.12.2004
A. SHORT-TERM ASSETS		
I. Cash and cash equivalents	1.3	0.6
II. Receivables and other assets	2.2	1.6
III. Inventories	13.0	10.2
	16.5	**12.4**
B. LONG-TERM ASSETS		
I. Property, plant and equipment	91.4	92.1
II. Intangible assets	2.6	2.6
III. Deferred taxes	6.0	5.4
IV. Other assets	0.2	0.2
	100.2	**100.2**
	116.6	**112.6**

SHAREHOLDERS' EQUITY AND LIABILITIES *in € million*	31.03.2005	31.12.2004
A. SHORT-TERM LIABILITIES		
I. Liabilities to banks	20.9	16.0
II. Trade liabilities	3.5	2.3
III. Other liabilities	3.7	4.3
	28.1	**22.5**
B. LONG-TERM LIABILITIES		
I. Liabilities to banks	37.2	37.6
II. Accruals	1.0	1.0
III. Other liabilities	5.5	5.7
IV. Deferred tax liabilities	4.5	4.6
	48.2	**48.9**
C. SHAREHOLDERS' EQUITY		
I. Subscribed capital	8.6	8.6
II. Reserves	7.3	8.2
III. Minority interests	24.5	24.5
	40.3	**41.3**
	116.6	**112.6**

CONSOLIDATED CASH FLOW STATEMENT

ACC. TO IASB FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH
FOR THE PERIOD 01.01.-31.03.2005

in € million	01.01.- 31.03.2005	01.01.- 31.03.2004
Cash flow from operating activities:		
Net loss before minority interests and taxes	-1.4	-1.5
Adjustments for:		
+ depreciation of fixed assets	0.9	0.9
+ interest expenses	1.0	0.9
Operating result before changes to net working capital	0.5	0.3
Increase/decrease (-/+) in assets	-2.9	-3.6
Increase/decrease (+/-) in liabilities	0.7	-0.5
Net cash from operating activities (before interest payments)	-1.7	-3.8
Interest paid	-1.0	-0.9
Net cash from operating activities	**-2.7**	**-4.7**
Disbursements for additions to fixed assets	-0.8	-1.4
Net cash used in investing activities	**-0.8**	**-1.4**
Disbursements to minority interests	-0.1	-0.1
Proceeds/disbursements (+/-) from the acceptance/repayment of bank liabilities	4.5	6.1
Balance of proceeds/disbursements from the reduction of other long-term borrowing (finance leases)	-0.2	-0.2
Net cash from financing activities	**4.2**	**5.8**
Change in cash and cash equivalents	0.7	-0.3
Cash and cash equivalents at beginning of period	0.6	1.1
Cash and cash equivalents at end of period	**1.3**	**0.8**

CONSOLIDATED EQUITY STATEMENT

FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH

in €k	Share capital	Capital reserves	Generated capital	Minority interests	Total
Balance as at 01.01.2005	8,590	7	8,193	24,463	41,253
Net loss after minority interests			-917		-917
Profits pertaining to minority interests				142	142
Disbursements to minority intertests				-128	-128
Balance as at 31.03.2005	**8,590**	**7**	**7,276**	**24,477**	**40,350**
Balance as at 01.01.2004	8,590	7	8,986	24,586	42,169
Net loss after minority interests			-1,008		-1,008
Profits pertaining to minority interests				131	131
Disbursements to minority intertests				-137	-137
Balance as at 31.03.2004	**8,590**	**7**	**7,978**	**24,580**	**41,155**