



- \\ **SALES** – Like-for-like growth in sales
- \\ **EARNINGS** – EBIT up € 1.0 million
- \\ **OUTLOOK** – Continuation of measures aimed at raising earnings;
optimal positioning for fall and Christmas seasons

Despite an ongoing slump in the German retail clothing sector, LUDWIG BECK posted slightly higher revenues for the first half of its 2005 fiscal year. As measures to enhance profitability continued to take hold, EBIT improved by € 1.0 million. The continuation of this development in the second half of the current year will contribute toward a positive result for the year as a whole.

KEY FIGURES – GROUP

in € million	01.01.-30.06.2005	01.01.-30.06.2004
Gross sales (incl. sales tax)	43.7	43.6
Gross profit ¹⁾	17.7	17.5
EBITDA	1.9	0.9
EBIT	0.1	-0.9
Net loss	-1.0	-1.6
Earnings per share (in €) ²⁾	-0.39	-0.57
Capital expenditures	1.0	2.9
Employees (as of 30.06.) ³⁾	522	570
Apprentices (no.)	51	53

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

[SALES] Compared with the same period last year, the LUDWIG BECK Group was able to raise sales slightly in the period under review. Gross sales revenues amounted to € 43.7 (43.6) million. This development of sales is all the more encouraging when one considers that LUDWIG BECK has streamlined its network of stores. On a like-for-like basis, sales grew by 1.0%. This development is all the more encouraging against the backdrop of a general sector decline of 2.0% in the same period.

In comparison with the same period last year, LUDWIG BECK continued to optimize its portfolio of stores and brands. In fall 2004 the Gerry Weber franchise stores were returned. On April 30, 2005 the Tommy Hilfiger franchise stores in Regensburg, Kempten and Munich-Riem were transferred over to Tommy Hilfiger Deutschland GmbH.

As of the reporting date, LUDWIG BECK has 13 locations in addition to its flagship store in Munich's central Marienplatz square: five multi-label stores, three fashion warehouse outlets and five mono-label stores.

[EMPLOYEES] The number of employees (excluding apprentices), according to § 267 (5) HGB (German Commercial Code), amounted to 522 (570) at the end of the first half-year. The weighted number of full-time employees in the Group thus fell by 9.1% to 391 (430). As of June 30, there were 51 (53) apprentices.

[EARNINGS] In the first half of 2005, LUDWIG BECK greatly improved earnings. EBIT was € 1.0 million higher than the prior-year figure and is already positive after the first six months. The net loss for the period improved by € 0.6 million over the prior-year figure.

The gross margin was raised by a further 0.4 percentage points to 47.1% (46.7%).

The sustained impact of various measures introduced to reduce costs resulted in a fall in operating expenses of € 1.2 million.

The cost ratio (expenses against the corresponding incomes) was thus reduced significantly by 1.9 percentage points to 40.3% (42.2%).

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

[CAPITAL EXPENDITURES] In the first half of 2005, LUDWIG BECK invested € 1.0 (2.9) million, mainly in its flagship Marienplatz store.

[OUTLOOK] No significant improvement in the German retail sector is expected for the second half of 2005. The general election in the fall and discussions concerning a possible sales tax increase and the course of the new government are not expected to improve consumer spending.

LUDWIG BECK is modestly optimistic about the general sector development and is confident it can maintain its own dynamic growth. The company continues to focus on the implementation of its general strategy: the trading-up process at the flagship Marienplatz store is beginning to bear fruit while the company continues to optimize sales and earnings potential from its branch store concept. As a consequence of this streamlining process, LUDWIG BECK AG will close its fashion warehouse outlet in Hechingen as of August 31, 2005.

At its Marienplatz store, LUDWIG BECK is looking forward to a successful start to its fall season, as well as to strong store traffic and sales during the so-called »5th season« (the »Oktoberfest« beer festival in Munich) and to brisk Christmas shopping. The store's traditional and emotionally charged »Christmas House«, with artisans, will once again underline the unique positioning of the »Store of the Senses«.

Increased sales are also expected from the store's HAUTNAH cosmetics department, which continues to display high growth rates: with the exclusive launch of the cult British brand Jo Malone, LUDWIG BECK has set a further signal with regard to uniqueness and exclusivity in the fiercely contested German cosmetics market. The product range is already highly successful in Great Britain and will only be available in Germany from September onwards through LUDWIG BECK. In mid-October, the store plans to run a »HAUTNAH Feelgood Week at LUDWIG BECK«: accompanied by a high-profile advertising campaign, the event is expected to further enhance the awareness and image of the store's cosmetics department while generating high store traffic and sales.

The Leather Goods and Accessories department, which was newly positioned last fall as part of our trading-up concept, continues to make strong progress: in the first half of 2005, sales grew by 65%. This development shall substantially support revenue performance in the second half of 2005.

We shall continue to focus on meeting the high expectations which our customers have in the traditional strengths of LUDWIG BECK.

Our main objective remains the return to profitability. In the first half of 2005, we have established a strong basis for the achievement of this objective. In the second half of the year, LUDWIG BECK will continue to focus on generating sales growth while strictly adhering to its cost reduction program. As a consequence, we expect a marked improvement in earnings also in the second half of the current fiscal year.

Munich, July 2005

The Executive Board

[NOTES] *Accounts according to International Financial Reporting Standards (IFRS)...* This half-year report of the LUDWIG BECK AG group of companies as of June 30, 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 half-year accounts are prepared in accordance with IAS 34 (Interim Financial Reporting).

Accounting and valuation method... The half-year 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 half-year report applies 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 June 30, 2005 there was no evidence of any impairment of goodwill.

An examination of the half-year accounts has been carried out.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

ACC. TO IASB FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH
FOR THE PERIOD 01.01.-30.06.2005

in € million	01.01.2005- 30.06.2005	01.01.2004- 30.06.2004	01.04.2005- 30.06.2005	01.04.2004- 30.06.2004
1. Sales revenues				
– sales (gross)	43.7	43.6	21.9	22.0
– minus sales tax	6.0	37.7	6.0	37.6
			3.0	18.8
2. Other operating income		1.2	1.5	0.6
				0.8
	38.9	39.1	19.5	19.7
3. Cost of materials	20.0	20.1	9.7	9.7
4. Personnel expenses	8.7	9.3	4.4	4.7
5. Depreciation	1.8	1.8	0.9	0.9
6. Other operating expenses	8.2	38.8	8.7	40.0
			3.9	19.0
7. EBIT	0.1	-0.9	0.5	-0.2
8. Financial result		-2.0	-2.0	-1.0
– of which financing expenses € 2.0 (prior-year: 2.0) million				-1.1
9. EBT	-1.9	-2.8	-0.5	-1.3
10. Deferred taxes	-0.8	-1.2	-0.2	-0.6
11. Net loss before minority interests	-1.0	-1.6	-0.3	-0.8
12. Minority interests	0.3	0.3	0.1	0.1
13. Net loss after minority interests	-1.3	-1.9	-0.4	-0.9
Earnings per share (undiluted and diluted) in €				
(undiluted and diluted) in €	-0.39	-0.57	-0.12	-0.27
Average number of outstanding shares in thousand (diluted and undiluted)	3,360	3,360	3,360	3,360

SEGMENT REPORTING

in €k	Retail	Franchise	Group
Half-year 01.01.-30.06.2005			
Non-Group sales (net)	34,322	3,368	37,690
Segment result (EBIT)	167	-45	122
Quarter 01.04.-30.06.2005			
Non-Group sales (net)	17,160	1,682	18,842
Segment result (EBIT)	403	72	475
Half-year 01.01.-30.06.2004			
Non-Group sales (net)	33,805	3,822	37,627
Segment result (EBIT)	-591	-283	-874
Quarter 01.04.-30.06.2004			
Non-Group sales (net)	16,901	2,046	18,947
Segment result (EBIT)	-177	-65	-242

CONSOLIDATED BALANCE SHEET

FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH
AS AT 30.06.2005 ACC. TO IASB

ASSETS <i>in € million</i>	30.06.2005	31.12.2004	30.06.2004
A. SHORT-TERM ASSETS			
I. Cash and cash equivalents	0.6	0.6	0.9
II. Receivables and other assets	1.7	1.6	1.3
III. Inventories	10.2	10.2	11.7
	12.4	12.4	14.0
B. LONG-TERM ASSETS			
I. Property, plant and equipment	90.6	92.1	93.3
II. Intangible assets	2.6	2.6	2.2
III. Deferred taxes	6.2	5.4	6.1
IV. Other assets	0.2	0.2	0.2
	99.5	100.2	101.8
	112.0	112.6	115.8

SHAREHOLDERS' EQUITY AND LIABILITIES <i>in € million</i>	30.06.2005	31.12.2004	30.06.2004
A. SHORT-TERM LIABILITIES			
I. Liabilities to banks	18.9	16.0	21.1
II. Trade liabilities	2.3	2.3	0.9
III. Other liabilities	3.3	4.3	3.2
	24.6	22.5	25.3
B. LONG-TERM LIABILITIES			
I. Liabilities to banks	36.6	37.6	40.5
II. Accruals	1.0	1.0	1.0
III. Other liabilities	5.3	5.7	4.2
IV. Deferred tax liabilities	4.5	4.6	4.6
	47.5	48.9	50.3
C. SHAREHOLDERS' EQUITY			
I. Subscribed capital	8.6	8.6	8.6
II. Reserves	6.9	8.2	7.1
III. Minority interests	24.5	24.5	24.6
	39.9	41.3	40.2
	112.0	112.6	115.8

CONSOLIDATED CASH FLOW STATEMENT

ACC. TO IASB FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH
FOR THE PERIOD 01.01.-30.06.2005

in € million	01.01.- 30.06.2005	01.01.- 30.06.2004
Cash flow from operating activities:		
Net loss before minority interests, taxes and special items	-1.9	-2.8
Adjustments for:		
+ depreciation of fixed assets	1.8	1.8
+ interest expenses	2.0	2.0
Operating result before changes to net working capital	2.0	1.0
Increase/decrease (-/+) in assets	0.0	-1.4
Increase/decrease (+/-) in liabilities	-0.8	-1.3
Net cash from operating activities (before interest payments)	1.2	-1.7
Interest paid	-2.0	-2.0
Net cash from operating activities	-0.8	-3.7
Proceeds from disposal of fixed assets	0.7	0.0
Disbursements for additions to fixed assets	-1.0	-2.9
Net cash used in investing activities	-0.3	-2.9
Disbursements to minority interests	-0.3	-0.3
Proceeds/disbursements (+/-) from the acceptance/repayment of bank liabilities	1.9	7.1
Balance of proceeds/disbursements from the reduction of other long-term borrowing (finance leases)	-0.5	-0.4
Net cash from financing activities	1.1	6.4
Change in cash and cash equivalents	0.0	-0.2
Cash and cash equivalents at beginning of period	0.6	1.1
Cash and cash equivalents at end of period	0.6	0.9

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			-1,320		-1,320
Profits pertaining to minority interests				287	287
Disbursements to minority interests				-276	-276
Balance as at 30.06.2005	8,590	7	6,873	24,474	39,944
Balance as at 01.01.2004	8,590	7	8,986	24,586	42,169
Net loss after minority interests			-1,908		-1,908
Profits pertaining to minority interests				268	268
Disbursements to minority interests				-300	-300
Balance as at 30.06.2004	8,590	7	7,078	24,554	40,229