



- \\ **SALES** – Growth in sales of 5.5% in third quarter – sustained growth trend continues
- \\ **EARNINGS** – EBITDA almost doubled – EBIT up € 1.7 million to € +1.1 million
- \\ **OUTLOOK** – Successful start to fall/Christmas season despite adverse economic climate

In the third quarter of its fiscal year, LUDWIG BECK continued its growth strategy for sales and earnings and once again outperformed the sector average. As a result, the Group took a further significant step toward achieving its target of returning to profitability.

KEY FIGURES – GROUP

<i>in € million</i>	01.01.-30.09.2005	01.01.-30.09.2004
Gross sales (incl. sales tax)	68.5	67.9
Gross profit ¹⁾	27.2	26.9
EBITDA	4.0	2.1
EBIT	1.1	-0.7
Net loss	-1.0	-2.1
Earnings per share (in €) ²⁾	-0.44	-0.74
Capital expenditures	1.4	3.9
Employees (as of 30.09.) ³⁾	532	581
Apprentices (no.)	60	66

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

[SALES] In the third quarter, the LUDWIG BECK Group succeeded in continuing the positive development of sales. In total, the Group has generated sales revenues of € 68.5 (67.9) million in the first nine months – an increase of 0.9%. On a like-for-like basis, sales grew by 2.6%. Particularly encouraging is the like-for-like increase in sales of 5.5% in the third quarter (July 1 - September 30, 2005), despite the fact that there was one sales day fewer. Sales in this period reached a total of € 24.8 (24.3) million.

Following a modest start to the third quarter in July, sales began to pick up strongly in August and September. LUDWIG BECK continues to perform better than the textile sector as a whole. Whereas overall sales in the sector are still developing at around minus 2.0% on a cumulative basis, LUDWIG BECK can boast a marked increase in revenues.

Our decision to revise the layout concept of various store departments is proving highly successful. We shall continue to pursue this strategy in the coming years. In the first nine months of 2005 we relaunched both our Fashion Combinations and Trousers departments. The continuing strong progress of our cosmetics business was bolstered further in September by the addition of the cult brand Jo Malone, which is sold exclusively by LUDWIG BECK in Germany.

At the end of the period under review, LUDWIG BECK operated 13 stores. In Hechingen, LUDWIG BECK closed the first of its two fashion warehouse outlets in Baden-Württemberg during the third quarter.

[EMPLOYEES] The number of employees (excluding apprentices), according to § 267 (5) HGB (German Commercial Code), fell by 48 compared with last year to 525 (573). The weighted number of full-time employees in the Group thus fell by 9.5% from 431 to 390. As of September 30, LUDWIG BECK had 60 (66) apprentices.

[EARNINGS] The positive trend in sales of the first nine months of 2005 also impacted gross profit, which was up 1.3% over the prior-year result to stand at € 27.2 (26.9) million. Gross margin improved by 0.2 percentage points from 45.9% to 46.1%.

The earnings figures as of September 30 already include costs of € 0.3 million from the closure of stores. The streamlining of the Group's store portfolio is expected to positively impact earnings especially in the next fiscal year. The company's permanent cost management efforts have led to a cost ratio (expenses against the corresponding incomes in proportion to net sales) of 44.3% – an improvement over the prior-year figure (47%) of 2.7 percentage points. Adjusted for special items included in this figure, the improvement was as much as 3.3 percentage points.

These positive developments resulted in almost a doubling of EBITDA, from € 2.1 to € 4.0 million. EBIT improved by € 1.7 million to stand at € 1.1 (-0.7) million.

Net income (loss) so far this year has improved by more than € 1.0 million.

[CAPITAL EXPENDITURES] In 2005 LUDWIG BECK has invested mainly in its flagship Marienplatz store in Munich. Total spending in the first nine months amounts to € 1.4 (3.9) million.

[OUTLOOK] Due to the strong progress of the first nine months, LUDWIG BECK expects further positive earnings at year-end. The traditionally strong sales and earnings of the last three business months will play a major role in this development. LUDWIG BECK is convinced that it can maintain its own dynamic growth.

Although the result of the German election has made a difficult economic situation perhaps even worse, LUDWIG BECK remains confident that it can meet its own forecasts.

During the advent period, our famous Christmas House at the Marienplatz will once again draw numerous customers and provide strong store traffic and takings. Further positive effects for sales and earnings are expected from the revised layout of our Leather Goods and Accessories department as well as the Ladies Trousers and Ladies Fashion Combinations departments.

As part of its ongoing streamlining process, LUDWIG BECK will close its Memmingen store on December 31, 2005. Following the closure of the fashion warehouse outlet in Hechingen, the Kuchen store will also be closed at the end of the current year.

Our primary objective for the current year remains a significant improvement in earnings and thus a return to profitability. This aim continues to be supported by the strict observance of our current cost-cutting program and the successful development of sales.

With its traditionally high standards with regard to product quality, customer service and targeted marketing, the LUDWIG BECK Group is well prepared for the last quarter of its fiscal year.

At our flagship Marienplatz store, we will continue to uphold our unique »Store of the Senses« concept. This clear, distinctive and highly credible brand positioning provides a solid basis for securing and retaining the trust of our customers over the long term. The driving motivation of all our efforts is to meet the high expectations of our customers on a daily basis.

Munich, October 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 September 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 quarterly accounts are prepared in accordance with IAS 34 (Interim Financial Reporting).

Accounting and valuation method...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 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 September 30, 2005 there was no evidence of any impairment of goodwill.

The quarterly accounts have been audited.

CONSOLIDATED PROFIT AND LOSS ACCOUNT *

ACC. TO IASB FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMIEIER AG, MUNICH
FOR THE PERIOD 01.01.-30.09.2005

<i>in € million</i>	01.01.2005- 30.09.2005		01.01.2004- 30.09.2004		01.07.2005- 30.09.2005		01.07.2004- 30.09.2004	
1. Sales revenues								
– sales (gross)	68.5		67.9		24.8		24.3	
– minus sales tax	9.4	59.1	9.4	58.6	3.4	21.4	3.4	21.0
2. Other operating income		1.8		2.1		0.6		0.6
	60.9		60.7		22.0		21.6	
3. Cost of materials	31.8		31.7		11.9		11.6	
4. Personnel expenses	12.9		13.9		4.2		4.6	
5. Depreciation	2.9		2.8		1.1		1.0	
6. Other operating expenses	12.2	59.8	12.9	61.3	4.0	21.1	4.2	21.4
7. EBIT	1.1		-0.7		0.9		0.2	
8. Financial result	-3.0		-2.9		-1.0		-1.0	
– of which financing expenses € 3.0 (prior-year: 2.9) million								
9. EBT	-1.9		-3.6		-0.1		-0.8	
10. Deferred taxes	-0.9		-1.5		-0.1		-0.3	
11. Net loss before minority interests	-1.0		-2.1		0.0		-0.4	
12. Minority interests	0.4		0.4		0.2		0.1	
13. Net loss after minority interests	-1.5		-2.5		-0.2		-0.6	
Earnings per share (undiluted and diluted) in €	-0.44		-0.74		-0.05		-0.17	
Average number of outstanding shares in thousand (diluted and undiluted)	3,360		3,360		3,360		3,360	

SEGMENT REPORTING

<i>in € k</i>	Retail	Franchise	Group
Nine-months 01.01.-30.09.2005			
Non-Group sales (net)	54,048	5,029	59,077
Segment result (EBIT)	1,177	-126	1,051
3rd Quarter 01.07.-30.09.2005			
Non-Group sales (net)	19,726	1,661	21,387
Segment result (EBIT)	1,010	-81	929
Nine-months 01.01.-30.09.2004			
Non-Group sales (net)	52,649	5,930	58,579
Segment result (EBIT)	-264	-394	-658
3rd Quarter 01.07.-30.09.2004			
Non-Group sales (net)	18,844	2,108	20,952
Segment result (EBIT)	327	-111	216

CONSOLIDATED BALANCE SHEET*

FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH
AS AT 30.09.2005 ACC. TO IASB

ASSETS <i>in € million</i>	30.09.2005	31.12.2004	30.09.2004
A. SHORT-TERM ASSETS			
I. Cash and cash equivalents	0.5	0.6	1.4
II. Receivables and other assets	3.2	1.6	1.6
III. Inventories	13.1	10.2	14.3
	16.8	12.4	17.3
B. LONG-TERM ASSETS			
I. Property, plant and equipment	89.7	92.1	93.4
II. Intangible assets	2.6	2.6	2.2
III. Deferred taxes	6.3	5.4	6.5
IV. Other assets	0.2	0.2	0.2
	98.7	100.2	102.2
	115.5	112.6	119.5

SHAREHOLDERS' EQUITY AND LIABILITIES <i>in € million</i>	30.09.2005	31.12.2004	30.09.2004
A. SHORT-TERM LIABILITIES			
I. Liabilities to banks	20.3	16.0	21.8
II. Trade liabilities	3.6	2.3	2.3
III. Other liabilities	3.5	4.3	4.0
	27.4	22.5	28.1
B. LONG-TERM LIABILITIES			
I. Liabilities to banks	36.2	37.6	41.7
II. Accruals	1.0	1.0	1.0
III. Other liabilities	6.7	5.7	4.4
IV. Deferred tax liabilities	4.5	4.6	4.6
	48.3	48.9	51.7
C. SHAREHOLDERS' EQUITY			
I. Subscribed capital	8.6	8.6	8.6
II. Reserves	6.7	8.2	6.5
III. Minority interests	24.5	24.5	24.6
	39.8	41.3	39.7
	115.5	112.6	119.5

* Amounts were calculated exactly and subsequently rounded to the nearest € million.

All percentage figures given in the text were calculated on the basis of the exact (non-rounded) amounts.

CONSOLIDATED CASH FLOW STATEMENT

ACC. TO IASB FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH
FOR THE PERIOD 01.01.-30.09.2005

<i>in € million</i>	01.01.- 30.09.2005	01.01.- 30.09.2004
Cash flow from operating activities:		
Net loss before minority interests, taxes and special items	-1.9	-3.6
Adjustments for:		
+ depreciation of fixed assets	2.9	2.8
+ interest expenses	3.0	2.9
Operating result before changes to net working capital	4.0	2.1
Increase/decrease (-/+) in assets	-3.1	-4.4
Increase/decrease (+/-) in liabilities	0.9	1.1
Net cash from operating activities (before interest payments)	1.8	-1.2
Interest paid	-3.0	-2.9
Net cash from operating activities	-1.2	-4.1
Proceeds from disposal of fixed assets	0.7	0.0
Disbursements for additions to fixed assets	-1.4	-3.9
Net cash used in investing activities	-0.7	-3.9
Disbursements to minority interests	-0.5	-0.4
Proceeds/disbursements (+/-) from the acceptance/repayment of bank liabilities	2.9	8.9
Balance of proceeds/disbursements from the reduction of other long-term borrowing (finance leases)	-0.6	-0.2
Net cash from financing activities	1.8	8.3
Change in cash and cash equivalents	-0.1	0.3
Cash and cash equivalents at beginning of period	0.6	1.1
Cash and cash equivalents at end of period	0.5	1.4

CONSOLIDATED EQUITY STATEMENT

FOR LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH

<i>in €k</i>	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			-1,473		-1,473
Profits pertaining to minority interests				438	438
Disbursements to minority intertests				-440	-440
Balance as at 30.09.2005	8,590	7	6,720	24,461	39,778
Balance as at 01.01.2004	8,590	7	8,986	24,586	42,169
Net loss after minority interests			2,470		-2,470
Profits pertaining to minority interests				405	405
Disbursements to minority intertests				-429	-429
Balance as at 30.09.2004	8,590	7	6,516	24,562	39,675