Quarterly Report I
January 1 – March 31, 2006

+ Sales increase despite negative industry trend
+ Balanced EBIT as early as first quarter
+ Positive outlook for the future, continuation of sales and earnings trend

LUDWIG BECK

Ludwig Beck

+ ISIN DE0005199905 + LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG + Marienplatz 11 + 80327 Munich +
+ Fon +49 89 23691-0 + Fax +49 89 23691-600 + www.ludwigbeck.de + info@ludwigbeck.de +

Key figures of the group

€m	Jan. 1 - Mar. 31, 2006	Jan. 1 - Mar. 31, 2005
Gross sales (incl. sales tax)	21.9	21.9
Gross profit[1)]	8.6	8.6
EBITDA	0.9	0.6
EBIT	0.0	-0.4
Net loss	-0.5	-0.8
Earnings per share (in €)[2)]	-0.19	-0.27
Capital expenditures	0.4	0.8
Employees (no. as of March 31)[3)]	521	528
Apprentices (no. as of March 31)	58	57

[1)] Net sales minus cost of materials [2)] Basis 2005 and 2006: 3.36 million shares [3)] Without apprentices

Sales

Having finished the financial year 2005 with an increase in sales that exceeded all expectations, the LUDWIG BECK Group also made a successful start in 2006. Despite the persistently difficult market environment, LUDWIG BECK posted a positive sales trend in the first quarter of 2006. Its gross sales totalled € 21.92m (previous year: € 21.86m). This represents a slight increase of 0.3 %. Adjusted for changes in floor space, sales increased by 3.9 %.

In the months of January and February 2006, to be more precise, LUDWIG BECK generated sales growth of 1.4 % compared with the same period the previous year. This took its gross sales to € 13.1m (previous year: € 12.9m). Adjusted for changes in floor space, sales showed a considerably stronger growth rate of 5.1 % compared with 2005. In March, calendar-related factors – the high-sales Easter period was in April this year (last year it was in March) – led to a slight drop of -1.3 % in LUDWIG BECK's sales. Sales in the industry as a whole, however, decreased far more sharply. According to the trade journal TextilWirtschaft, the textile retail business saw its sales drop by 6 % in the same period.

All in all, LUDWIG BECK can look back on a successful conclusion to the first quarter. A positive contribution to developments was made by the spring campaign "Enchanting India – Shiva or Diva?", which attracted many LUDWIG BECK customers to the "Kaufhaus der Sinne" department store between 24 February and 18 March 2006 and whisked them off to an emotionally appealing world of experience.

Earnings

In the first quarter of 2006, the group posted unchanged net gross earnings of € 8.6m (previous year: € 8.6m). The net gross earnings ratio of 45.6 % was almost unchanged compared with the previous year (45.7 %).

The cost ratio (expenses set off against the corresponding income) improved by 2.0 percentage points over the previous year (47.6 %) to 45.6 %.

Thanks to the improved cost structure, LUDWIG BECK generated balanced earnings as early as the first quarter. Its operating earnings (EBIT) showed a disproportionate increase, totalling € 0.0m (previous year: € -0.4m). This represents an increase of € 0.4m.

Employees

At the end of the quarter, the number of employees in the group (excluding trainees) in accordance with §267 para. 5 HGB (German Commercial Code) totalled 521 (previous year: 528). Weighted to take account of full-time staff, the number of employees at group level fell to 371 (previous year: 403). This represents a decrease of 7.9 %. With 58 trainees as of 31 March (previous year: 57), LUDWIG BECK continues to maintain its high standard of training.

Investments

In the first quarter of 2006, investment expenditure in the LUDWIG BECK Group totalled € 0.4m (previous year: € 0.8m).

Outlook

A new survey by the German retailing association HDE reveals that in its forecast for developments in the current financial year, the retail industry is more optimistic than it had been in the preceding years. According to the survey, two thirds of respondents are expecting a revival in the consumer climate in 2006, while just under half are hoping that this trend will also have a positive impact on their sales.

First and foremost, the impact of the FIFA World Cup and the effects of the planned VAT increase for 2007 in bringing spending forward are specified as positive factors. The HDE is forecasting a nominal sales increase of 0.5 to 1 % for 2006. A lasting turnaround, however, is still being hampered by the country's record unemployment figures.

LUDWIG BECK is reacting optimistically to the general economic situation, and is assuming that its positive business trend will continue in the current financial year.

To ensure that this happens, LUDWIG BECK is going to intensify its concentration on growth at its flagship store at Marienplatz, where it will continue to bank on the implementation of its "trading up" strategy. The increasing orientation towards higher-quality textiles and matching accessories, for example from the HAUTNAH range (perfumery and wellness) and in leather goods and accessories is a crucial cornerstone of this strategy. In the course of this quality enhancement process, the group is planning to completely redesign the sales areas on the store's ground floor in 2006 and 2007. Additional attractions and emotional shopping experiences will again be ensured by the in-store promotions that LUDWIG BECK has long been staging several times a year. Furthermore, LUDWIG BECK will be relaunching its whole Internet presence from the end of April 2006. The company's website will be appearing in a completely new format under **www.ludwigbeck.de** and will fulfil all of the technical and content requirements demanded of a professional communication.

This will continue to be accompanied by stringent cost management, which as before will be maintained to convert the positive business trend into disproportionately high profit growth.

The focal point of all these efforts, in addition to the rigorous pursuit of a continued upward trend, will be the desires and needs of LUDWIG BECK's customers: pleasure and sensual experiences as they shop!

The shareholder structure at LUDWIG BECK underwent a significant change on April 19, 2006. The longstanding major shareholder Karl Schleicher sold all of his shares to the Nuremberg-based fashion house Rudolf Wöhrl AG. As a result, Rudolf Wöhrl AG now holds 29.91 % of the share capital, including further acquisitions.

In Wöhrl we have gained a competent and long-term partner with more than 70 years of experience in retail trading. This holding offers both companies highly promising prospects for the future and also ensures the continued independence of our company.

Munich, April 2006

The Management Board

Annex

Accounting in accordance with International Financial Reporting Standards (IFRS)

These quarterly financial statements of the Ludwig Beck AG group as of March 31, 2006 have been prepared in accordance with the rules of the International Financial Reporting Standards (IFRS, formerly IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC, formerly SIC).

Presentation method

The quarterly financial statements accounts have been prepared in compliance with IAS 34 (Interim Financial Reporting).

Accounting and valuation methods

In the quarterly financial statements, the accounting and valuation methods used are the same as those used for the consolidated financial statements for the year ending December 31, 2005. A comprehensive description of these methods has been published in the notes to the IFRS/IAS consolidated financial statements as of December 31, 2005.

The quarterly financial statements were subjected to a professional audit.

Amounts have been calculated exactly and then rounded off to the nearest million euros. Figures expressed in per cent in the text represent the exact values (not rounded off).

Consolidated income statement

Consolidated income statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 - March 31, 2006, acc. to IASB

	Jan. 1 - Mar. 31, 2006		Jan. 1 - Mar. 31, 2005	
	€k	€k	€k	€k
1. Sales revenues				
- sales (gross)	21,924		21,861	
- minus sales tax	3,021	18,903	3,013	18,848
2. Other operating income		1		19
3. Own work capitalized		733		541
		19,637		**19,408**
4. Cost of materials	10,276		10,228	
5. Personnel expenses	4,297		4,356	
6. Depreciation	905		924	
7. Other operating expenses	4,156	19,634	4,253	19,761
8. EBIT		**3**		**-353**
9. Financial result of which financing expenses € 0.9m (previous year: € 1.0m)		**-892**		**-1,022**
10. EBT		**-889**		**-1,375**
11. Deferred taxes		-413		-600
12. Consolidated net loss before minority interests		**-476**		**-775**
13. Minority interests		158		142
14. Consolidated net loss after minority interests		**-633**		**-917**
Earnings per share (undiluted and diluted) in €		-0.19		-0.27
Average number of outstanding shares in thousands		3,360		3,360

Segment reporting

	Retail	Franchise	Group
	€k	€k	€k
Jan. 1 - Mar. 31, 2006			
Non-Group sales (net)	17,596	1,307	18,903
Segment result (EBIT)	**31**	**-28**	**3**
Jan. 1 - Mar. 31, 2005			
Non-Group sales (net)	17,162	1,686	18,848
Segment result (EBIT)	**-236**	**-117**	**-353**

Consolidated balance sheet

Consolidated balance sheet of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, as at March 31, 2006, acc. to IASB

Assets	Mar. 31, 2006	Dec. 31, 2005	Mar. 31, 2005
	€k	€k	€k
A. Short-term assets			
I. Cash and cash equivalents	0.6	0.5	1.3
II. Receivables and other assets	1.8	1.5	2.2
III. Inventories	12.9	9.3	13.0
	15.2	11.4	16.5
B. Long-term assets			
I. Property, plant and equipment	88.4	88.9	91.4
II. Intangible assets	2.8	2.8	2.6
III. Deferred taxes	5.2	4.8	6.0
IV. Other assets	0.2	0.2	0.2
	96.6	96.7	100.2
	111.8	108.1	116.6

Shareholders´ equity and liabilities	Mar. 31, 2006	Dec. 31, 2005	Mar. 31, 2005
	€k	€k	€k
A. Short-term assets			
I. Liabilities to banks	16.7	12.2	20.9
II. Trade liabilities	3.2	2.1	3.5
III. Other liabilities	3.7	4.7	3.7
	23.6	19.1	28.1
B. Long-term liabilities			
I. Liabilities to banks	35.0	35.1	37.2
II. Accruals	1.0	1.0	1.0
III. Other liabilities	6.5	6.6	5.5
IV. Deferred tax liabilities	4.5	4.5	4.5
	47.0	47.1	48.2
C. Potential compensation claim by minority shareholders	9.0	8.9	9.0
D. Shareholders´ equity			
I. Subscribed capital	8.6	8.6	8.6
II. Reserves	7.7	8.4	7.3
III. Net income	0.5	0.5	0.0
IV. Supplementary item from minority interests	15.5	15.5	15.5
	32.2	32.9	31.4
	111.8	108.1	116.6

Consolidated cash flow statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 - March 31, 2006, acc. to IASB

	Jan. 1 - Mar. 31, 2006	Jan. 1 - Mar. 31, 2005
	€k	€k
Cash flow from operating activities:		
Net loss before minority interests and taxes	-0.9	-1.4
Adjustments for:		
+ depreciation of fixed assets	0.9	0.9
+ interest expenses	0.9	1.0
Operating result before changes to net working capital	**0.9**	**0.5**
Increase/decrease (-/+) in assets	-3.8	-2.9
Increase/decrease (+/-) in liabilities	0.1	0.7
Net cash from operating activities (before interest payments)	**-2.8**	**-1.7**
Interest paid	-0.9	-1.0
Net cash from operating activities	**-3.7**	**-2.7**
Disbursements for additions to fixed assets	-0.4	-0.8
Net cash used in investing activities	**-0.4**	**-0.8**
Disbursements to minority interests	-0.1	-0.1
Proceeds/disbursements (+/-) from the acceptance/repayment of bank liabilities	4.4	4.5
Balance of proceeds/disbursements from the reduction of other long-term borrowing (finance leasing)	-0.1	-0.2
Net cash from financing activities	**4.1**	**4.2**
Change in cash and cash equivalents	0.0	0.7
Cash and cash equivalents at beginning of period	0.5	0.6
Cash and cash equivalents at end of period	**0.6**	**1.3**

Consolidated equity statement

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 - March 31, 2006, acc. to IASB

	Share capital	Capital reserves	Generated capital	Supplementary item from minority interests	Total
	€k	€k	€k	€k	€k
Balance as of Jan. 1, 2006	8,590	7	8,826	15,471	32,894
Net loss after minority interests			-633		-633
Change in supplementary item				-15	-15
Balance as of Mar. 31, 2006	**8,590**	**7**	**8,193**	**15,456**	**32,246**
Balance as of Jan. 1, 2005	8,590	7	8,195	15,530	32,321
Net loss after minority interests			-917		-917
Change in supplementary item				-13	-13
Balance as of Mar. 31, 2005	**8,590**	**7**	**7,278**	**15,517**	**31,391**