

Interim Report for the 1st Quarter of 2008

for the Period from January 1 to March 31, 2008



+ ISIN DE0005199905 + LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG + Marienplatz 11 + 80331 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, 2008 -Mar. 31, 2008	Jan. 1, 2007 -Mar. 31, 2007
Gross sales (incl. sales tax)	21.6	23.0
Gross profit ¹⁾	8.4	8.9
EBITDA	1.1	1.1
EBIT	0.2	0.2
Net loss	-0.4	-0.3
Earnings per share (in €) ²⁾	-0.15	-0.14
Capital expenditures	1.0	0.5
Number of employees (as of Mar. 31) ³⁾	524	516
Apprentices (no.)	39	46

¹⁾ Net sales minus cost of materials

²⁾ Basis 2007: 3.4m shares; basis 2008: 3.7m shares

³⁾ Without apprentices

Introduction

LUDWIG BECK's financial reporting is based on the International Financial Reporting Standards (IFRS) and conforms to § 37w Securities Trading Act (WpHG). Generally, the interim report is prepared as an update of the business report focusing on the current reporting period. The group accounts prepared in addition thereto in accordance with IFRS serve as a fundamental basis for LUDWIG BECK's financial reporting in compliance with IFRS as leading accounting system. Therefore, the interim report should be read together with the IFRS-compliant group accounts and the business report published for the fiscal year 2007.

Report on the earnings, financial and asset situation

Earnings situation

Development of sales

In the first two months of the fiscal year 2008, LUDWIG BECK AG achieved an increase in sales in comparison to the previous year and, with a like-for-like gross sales plus amounting to 4.5 % (unadjusted: 1.6 %) in January and 4.0 % (unadjusted: 1.3 %) in February, could continue the positive development of the previous fiscal year.

In March 2008, LUDWIG BECK was not able to disconnect from the general branch trend. According to the inquiries of 'TextilWirtschaft' the branch reported a drop in sales by 12 % in March. Main causes for this setback were the return of winter with storm, rain and snow and the Easter holidays which accounted for three lost days of sale in the month of March in comparison to the previous year. Furthermore, the ongoing reconstruction works on the 5th floor of the flagship store at Marienplatz which will serve as additional sales space as of May 2008, also affected the development of sales.

Therefore, LUDWIG BECK reports a sales decline of 15.3 % in the month of March (unadjusted: -17.3 %). As per March 31, 2008 the group generated gross sales in the amount of € 21.6m (previous year: € 23.0m) equaling a turnover drop on a like-for-like basis of 3.9 % (unadjusted: -6.4 %). The textile retail trade in general scored a minus of 3.0 % in the first quarter according to 'TextilWirtschaft'.

Earnings situation

In the 1st quarter of the fiscal year 2008 the group's net profits came to € 8.4m (previous year: € 8.9m). The net profit margin amounting to 46.3 % could be increased by 0.5 percentage points in comparison to the previous year with 45.8 %.

Even though the expense ratio (expenses against corresponding proceeds) came to 45.4 % in the 1st quarter of 2008 (previous year: 44.7 %), the absolute amount of

expenses in comparison to corresponding proceeds could be reduced to € 8.2m (previous year: € 8.7m).

Due to the sales development, the group reported a slight drop in EBIT; rounded to € 0.2m it remained on last year's level however (previous year: € 0.2m). The annual loss after minority interests amounting to € -0.5m in the 1st quarter of 2008 showed a similar development (previous year: € -0.5m).

Financial situation

Cash flow

The cash flow from current business declined to € -3.3m in the 1st quarter of 2008 (previous year: € -2.1m). The cash outflow from investments amounted to € 1.0m (previous year: € 0.5m). The cash inflow from financing activities slightly increased in comparison to the last year and amounted to € 3.1m (previous year: € 2.9m).

Investments

In the first three months of the fiscal year 2008 investment expenses went up to € 1.0m. This increase in comparison to the last year (€ 0.5m) is due to the reconstruction works at the 'Store of the Senses' at Munich's Marienplatz. The funds were mainly applied to expand the sales area on the 5th floor.

Asset situation

Balance sheet structure

The balance sheet total of the LUDWIG BECK Group amounted to € 108.2m as of the relevant date, March 31, 2008, 0.7 % above the level at the end of the fiscal year 2007 (December 31, 2007: € 107.4m). The seasonal increase in stocks and asset-side deferred taxes on the results were offset by a reduction of accounts receivable, other assets and liquid funds.

As a consequence of the results achieved in the 1st quarter of 2008, equity capital slightly went down by € 0.5m. As of the relevant date, the LUDWIG BECK Group's equity capital amounted to € 39.7m (December 31, 2007: € 40.2m) equaling an equity ratio of 36.7 % (December 31, 2007: 37.4 %).

The higher liabilities were mainly due to larger stocks. All in all, liabilities increased by € 1.3m and amounted to € 59.7m (December 31, 2007: € 58.4m). As regards short-term liabilities, two loans in the amount of € 2.5m were paid back to banks by debiting short-term liabilities.

Employees

In the 1st quarter, the number of employees (without apprentices) was 524 (previous year: 516) in accordance with Section 267 par. 5 Commercial Code (HGB). The weighted number of full-time employees at group level remained at 376 (previous year: 376). At the relevant date, March 31, 2008, 39 apprentices (previous year: 46) were employed by LUDWIG BECK.

Risk report

Within the scope of its activities in the sales markets, the LUDWIG BECK Group is exposed to various risks connected with entrepreneurial transactions. A detailed description is contained in our current business report for the year 2007 (page 63 et seq.). It can also be found on our website www.ludwigbeck.de under Investor Relations/financial publications.

Forecast report

Despite of the financial crisis and the booming euro the mood over the German economy surprisingly improved in March. According to the assessment of the economic researchers of the German Institute for Economic Research DIW in Berlin, the German economy is still in a robust condition and, despite of troubled circumstances, a 0.4 % economic growth rate is expected for the 2nd quarter. The buying mood of private consumers seems to be brighter entailing a positive consumption development. Even though, according to the Company for Consumption Research (GfK), German citizens are still somewhat insecure about the future economic situation, the stable development shows a slightly upward trend. The financial experts of the Centre for European Economic Research (ZEW) are expecting an improvement of the economic situation as of September 2008.

According to the German Retail Federation (HDE), most retail stores started the new year with some optimism and are expecting a nominal sales plus of 2.0 % for the current fiscal year which equals a modest real plus of approximately 0.5 %.

The start into the new fiscal year 2008 did not fully meet the expectations of LUDWIG BECK. The causes can be found in the prevailing weather conditions and the strained mood of consumers due to strong price increases for basic commodities. Furthermore, the world-wide bank crisis has also led to general uncertainty.

However, with the opening of 1,000 m² of new space on the 5th floor of our 'Store of the Senses' in the middle of May we will be able to offer our customers an additional attractive shopping area. Therefore we are still optimistic about the current fiscal year and expect a continuation of the positive earnings development.

Traditionally, the 1st quarter of a calendar year is always a low-selling, low-yielding period of the year. This circumstance was taken into consideration in the plans for the current year. We will continue to adhere to our forecasts for the current fiscal year and confirm the already communicated target figures anticipating an EBIT increase of approximately 10.0 %.

Of course we will continue to consequently implement our trading-up strategy like we have done for about five years now, which means that we not only refurbish and expand our sales rooms, but also include many new brands into our premium assortment. Trading-up as practiced by LUDWIG BECK is an ongoing process of inventory check and selection but also includes turning away from brands which no longer comply with the trends.

The focus of all our actions is on our customers' wishes and needs and it will always remain our goal to create an exclusive shopping experience for all your senses!

Munich, in April 2008

The Executive Board

Appendix

Accounting in compliance with International Financial Reporting Standards (IFRS)

The present quarterly accounts of the LUDWIG BECK AG Group as per March 31, 2008 have been prepared in compliance with the provisions of the International Financial Reporting Standards (IFRS) and the interpretations by the International Financial Reporting Interpretation Committee (IFRIC).

Presentation method

The quarterly accounts are prepared in compliance with IAS 34 (Interim reporting).

Methods of accounting and valuation

The quarterly accounts are based on the same methods of accounting and valuation as the group accounts as per December 31, 2007. A comprehensive description of these methods is contained in the Appendix to the published IFRS group accounts as per December 31, 2007.

Relationships with closely related enterprises and persons

Beside the relationships with closely related enterprises and persons named in the group accounts as of December 31, 2007, it has to be mentioned that LUDWIG BECK AG paid back a short-term loan in the amount of € 1.0m to ATON GmbH, Fulda.

The sums were exactly computed and then rounded to € m. The percentages given in the text were determined on the basis of the exact (not rounded) values.

Consolidated Income Statement

Consolidated income statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1–March 31, 2008, acc. to IASB

	Jan. 1–Mar. 31, 2008		Jan. 1–Mar. 31, 2007	
	€m	€m	€m	€m
1. Sales revenues				
- sales (gross)	21.6		23.0	
- minus sales tax	3.4	18.1	3.7	19.4
2. Other operating income		0.8		0.6
		18.9		20.0
3. Cost of materials	9.7		10.5	
4. Personnel expenses	4.1		4.3	
5. Depreciation	0.9		0.9	
6. Other operating expenses	4.0	18.8	4.2	19.8
7. EBIT		0.2		0.2
8. Financial result		-0.8		-0.8
of which financing expenses € 0.8m (previous year: € 0.8m)				
9. EBT		-0.6		-0.6
10. Deferred taxes		-0.2		-0.3
11. Consolidated net loss before minority interests		-0.4		-0.3
12. Minority interests		0.1		0.2
13. Consolidated net loss after minority interests		-0.5		-0.5
Earnings per share (undiluted and diluted) in €		-0.15		-0.14
Average number of outstanding shares in million		3.70		3.36

Consolidated Segment Reporting

Consolidated segment reporting of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1–March 31, 2008, acc. to IASB

	Multi-label	Mono-label	Group
	€m	€m	€m
Jan. 1–Mar. 31, 2008			
Non-Group sales (net)	17.0	1.2	18.1
Segment result (EBIT)	0.2	0.0	0.2
Jan. 1–Mar. 31, 2007			
Non-Group sales (net)	18.1	1.2	19.4
Segment result (EBIT)	0.2	0.1	0.2

Consolidated Balance Sheet

Consolidated balance sheet of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich,
as at March 31, 2008, acc. to IASB

Assets	Mar. 31, 2008	Dec. 31, 2007	Mar. 31, 2007
	€m	€m	€m
A. Long-term assets			
I. Intangible assets	3.3	3.3	2.8
II. Property, plant and equipment	89.0	88.9	87.5
III. Deferred taxes	2.5	2.2	4.3
IV. Other assets	0.2	0.2	0.2
	95.0	94.6	94.7
B. Short-term assets			
I. Inventories	11.3	9.1	11.2
II. Receivables and other assets	1.3	2.0	2.2
III. Cash and cash equivalents	0.6	1.7	1.0
	13.2	12.8	14.4
	108.2	107.4	109.1
Shareholders' equity and liabilities	Mar. 31, 2008	Dec. 31, 2007	Mar. 31, 2007
	€m	€m	€m
A. Shareholders equity			
I. Subscribed capital	9.4	9.4	8.6
II. Reserves	13.5	14.0	8.4
III. Net income	1.2	1.2	0.9
IV. Supplementary item from minority interests	15.6	15.6	15.4
	39.7	40.2	33.3
B. Potential compensation claim by minority shareholders	8.8	8.8	8.9
C. Long-term liabilities			
I. Long-term liabilities to banks	35.9	36.2	35.8
II. Accruals	0.5	0.5	1.0
III. Other liabilities	4.2	4.3	6.4
IV. Deferred tax liabilities	2.7	2.7	4.5
	43.4	43.7	47.7
D. Short-term liabilities			
I. Liabilities to banks	9.3	3.1	11.7
II. Trade liabilities	1.6	1.9	2.3
III. Tax liabilities	0.1	0.6	0.2
IV. Other liabilities	5.3	9.1	5.0
	16.3	14.7	19.2
	108.2	107.4	109.1

Consolidated Cash Flow Statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1–March 31, 2008, acc. to IASB

	Jan. 1, 2008 – Mar. 31, 2008	Jan. 1, 2007 – Mar. 31, 2007
	€m	€m
Cash flow from operating activities:		
Net loss before minority interests and taxes	-0.6	-0.6
Adjustments for:		
+ depreciation of fixed assets	0.9	0.9
+ interest expenses	0.8	0.8
Operating result before changes to net working capital	1.1	1.1
Increase/decrease (-/+) in assets	-1.5	-2.4
Increase/decrease (+/-) in liabilities	-2.1	0.1
Net cash from operating activities (before interest payments)	-2.5	-1.3
Interest paid	-0.8	-0.8
Net cash from operating activities	-3.3	-2.1
Disbursements for additions to fixed assets	-1.0	-0.5
Net cash used in investing activities	-1.0	-0.5
Disbursements to minority interests	-0.1	-0.1
Acceptance/repayment of bank liabilities	5.9	2.1
Acceptance/repayment of other net interest-bearing liabilities	-2.5	1.0
Acceptance/repayment of other long-term borrowing (finance leasing)	-0.1	-0.1
Net cash from financing activities	3.1	2.9
Change in cash and cash equivalents	-1.1	0.3
Cash and cash equivalents at beginning of period	1.7	0.8
Cash and cash equivalents at end of period	0.6	1.0

Consolidated Equity Statement

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1–March 31, 2008, acc. to IASB

	Share capital	Capital reserve	Generated capital	Supplementary item from minority interests	Total
	€m	€m	€m	€m	€m
Balance as of Jan. 1, 2008	9.4	3.5	11.7	15.6	40.2
Net loss after minority interests			-0.5		-0.5
Balance as of Mar. 31, 2008	9.4	3.5	11.2	15.6	39.7
Balance as of Jan. 01, 2007	8.6	0.0	9.8	15.4	33.8
Net loss after minority interests			-0.5		-0.5
Balance as of Mar. 31, 2007	8.6	0.0	9.3	15.4	33.3