

Consolidated Interim Report for the 3rd Quarter and the First Nine Months of the Fiscal Year 2009

for the Period from January 1 to September 30, 2009



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Key Figures of the Group

in €m	Jan. 1 – Sept. 30, 2009	Jan. 1 – Sept. 30, 2008
Gross sales (incl. VAT)	69.0	69.5
Gross profit ¹⁾	28.3	27.9
EBITDA	6.3	5.9
EBIT	3.7	3.1
EBT	1.1	0.4
Net profit or loss for the period	-1.1	0.1
Earnings per share (in €)	-0.31	0.02
Investments	1.7	4.3
Employees (as of Sept. 30) ²⁾	528	525
Apprentices (no.)	52	45

¹⁾ Net sales minus cost of materials

²⁾ Without apprentices

Introduction

LUDWIG BECK's financial reporting is based on the International Financial Reporting Standards (IFRS) and conforms to § 37w WpHG. Generally, the interim report is prepared as an update of the business report focusing on the current accounting 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 2008.

Report on earnings, financial and asset situation

Earnings situation

Development of sales

The number of hope-conveying news keeps growing. In the summer of 2009, the world economy started to recover. Economic experts of the German Institute for Economic Research (DIW) reckoned that the German economy would probably grow 0.8 % in the 3rd quarter as compared to the previous quarter. Adding the growth rate of the 2nd quarter, in which the German economy scored a

0.3 % plus, this would have meant that approximately one third of the production slump of the first three months of the year 2009 could be recouped. Nevertheless, the members of the TW-Testclub, the German textile retail trade's panel with the largest memberships, recorded a 3 % drop in sales in the first nine months of 2009. In particular the extended, mild, late summer weather period negatively affected the shopping mood of consumers who obviously didn't feel like buying winter clothes when outside temperatures were still high.

Contrary to the trend, the LUDWIG BECK Group reported branch-adjusted gross sales in the amount of € 69.0m for the first nine months of 2009. This corresponds to a 0.3 % growth as compared to the previous reporting period (€ 68.8m).

Branch-unadjusted gross sales were also € 69.0m (previous year: € 69.5m). The slight decline in sales was due to the fact that the sales of the previous year included sales generated by the s.Oliver branch (which had been sold at the end of the 3rd quarter in September 2008).

Sales of the flagship store at Marienplatz amounted to € 60.2m thus exceeding last year's results (€ 59.8m) by € 0.4m.

The company is satisfied with the development of sales, in particular because the company, relying on its successful business performance, was able to contrast considerably against the branch trend also in the 2009 reporting period.

Earnings situation

In the first nine months of the fiscal year 2009 the LUDWIG BECK Group scored a 1.6 % increase in gross profits from € 27.9m in last year's reporting period to € 28.3m. The gross profit ratio could be improved by solid 1.1 percentage points from 47.8 % in the previous year to 48.9 %.

The cost ratio (expenses in comparison to corresponding proceeds) remained on last year's level in the first nine months of 2009 and amounted to 42.5 % (previous year: 42.5 %). Absolute expenses in comparison to corresponding proceeds amounted to € 24.7m in the first nine months of 2009 as compared to € 24.8m in the previous year.

The EBIT could be improved significantly from € 3.1m in the previous year to € 3.7m, equaling a 19.4 % plus. The EBIT margin was 6.3 % as compared to 5.3 % in the previous year. Earnings before taxes (EBT) showed a clear € 0.7m plus and went up from € 0.4m to € 1.1m.

According to Section 8c of the Corporation Income Tax Act (KStG) of the German revenue statutes LUDWIG BECK's loss carryforwards for corporate income tax and trade tax existing as per June 30, 2009 became forfeited due to the acquisition of shares in INTRO-Verwaltungs GmbH exceeding 50 %. Therefore, LUDWIG BECK's asset-side deferred taxes in the amount of € 1.7m had to be written down and expensed. The amount was presented under the item income tax.

This tax-relevant circumstance resulted in a net loss for the first nine months of 2009 in the amount of € -1.1m (previous year: € 0.1m).

Financial situation

Cash flow

The LUDWIG BECK Group was able to close the first nine months of 2009 with a positive cash flow from operating activities in the amount of € 2.0m as compared to € -0.7m in the previous year. The outflow of funds from investing activities, which had gone up to € 4.3m in the previous year as a result of the investment initiative, amounted to € 1.7m in the period under review. The inflow of funds from financing activities dropped significantly in comparison to the previous year and amounted to € 0.1m (previous year: € 4.3m).

Investments

Investment expenses went down to € 1.7m in the first nine months of the fiscal year 2009 (previous year: € 4.3m). The funds were mainly used for refurbishment and extension measures on the 3rd floor.

Asset situation

Balance sheet structure

The balance sheet total of the LUDWIG BECK Group amounted to € 109.8m as of the relevant date September 30, 2009 in comparison to € 112.9m as of December 31, 2008.

The lower balance sheet total is mainly due to a significant reduction of accounts receivable and other assets, and the valuation allowance for asset-side deferred taxes as a result of lapsed loss carryforwards. The seasonal increase in stock had a contrary effect.

As of the relevant date 2009, the company's equity capital amounted to € 39.5m in comparison to € 41.8m as of December 31, 2008, equaling an equity ratio of 36.0 % (December 31, 2008: 37.0 %). The reduction was mainly due to the distribution of dividends to shareholders in the amount of € 1.1m as resolved by the General Meeting on May 15, 2009, and the expensed release of asset-side deferred taxes on loss carryforwards in the amount of € 1.7m. Net profit for the period amounting to € 0.6m without the special tax effect contributed positively to the result (previous year: € 0.1m).

The Group's total liabilities could be reduced by € 1.0m and amounted to € 61.4m in comparison to € 62.4m at last year's relevant date December 31, 2008. The significant reduction of trade liabilities was opposed by an increase in liabilities to banks for stocks of merchandise.

The reduction of other short-term assets and liabilities resulted from the payment of the price for the real estate in München-Haar acquired in the fiscal year 2008 and the related closure of the notary's trust account.

Employees

In the first nine months of 2009, the number of employees (without apprentices) was 519 in accordance with Section 267 par. 5 Commercial Code (previous year: 523). The weighted number of full-time employees at group level dropped slightly to 363 (previous year: 374). At the relevant date September 30, 2009, 52 apprentices were employed by LUDWIG BECK (previous year: 45).

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 2008 (page 62 et seq.). It can also be found on our website www.ludwigbeck.de under Investor Relations/ Financial Publications.

Forecast report

The German economy is gaining momentum again; most of the leading economic experts agree on that. However, despite the upward tendency they still hesitate to sound the "all clear" signal. According to the experts of the Rhine-Westphalia Institute for Economic Research (RWI), the gradually fading effects of special measures pose a risk for the economic development in Germany. New car registrations are expected to slump next year since the car scrap scheme has expired. Furthermore, increased unemployment figures will take their toll on the domestic economy. However, the recovering world trade is expected to have a positive effect on German exports. Further setbacks during the economy's stabilization process cannot be excluded, in particular in view of the economic risks harbored by the financial sector. All in all, RWI researchers predict a 5 % decline in economic performance for the year 2009, whereas 1.2 % growth is expected for the year 2010.

According to the Association for Consumption Research (GfK), buyer confidence will continue to improve even though changes will still be marginal in long-term comparison. This year, private

consumption will remain the most important support for the German economy. The further development of the labor market will determine whether domestic demand can still exercise this function in the future. Should unemployment rates rise significantly in the months to come this will have a negative effect on consumers' behavior. Accordingly, the German Retail Federation (HDE) confirmed its downgraded forecast of July 2009 and now expects a nominal -2 % loss for the retail trade in 2009.

In this economically unstable environment, the LUDWIG BECK Group will continue to focus on its traditional strengths, and intends to further develop its competence in the fields of quality, assortments and services. Especially in times of burdensome branch conditions, the company's unique, distinct and credible positioning proves its worth. For years, the company has successfully pursued its trading up strategy at the flagship store at Marienplatz and has continuously upgraded sales rooms and product selections. The driving motivation behind all endeavors of LUDWIG BECK and its highly committed staff is to always satisfy customers' high expectations and to provide them with a range of products and brands in an exclusive ambience in the heart of Munich that is second to none.

The development of earnings in the first nine months of 2009 exceeded the expectations of LUDWIG BECK. Therefore the LUDWIG BECK management upgraded its 2009 forecast and is now expecting an EBT margin exceeding 5 %. Former forecasts for 2009 foresaw an EBT margin of more than 4 %. LUDWIG BECK is confident that the company will continue to develop more favorably in 2010 than the branch in general.

The financial calendar for the coming fiscal year 2010 will be published on the company's website under www.ludwigbeck.de as of December 2009. The company's next General Meeting will be held in Munich on May 11, 2010.

Munich, in October 2009
The Executive Board

Appendix

Accounting in compliance with International Financial Reporting Standards (IFRS)

The present quarterly accounts of the LUDWIG BECK AG Group as of September 30, 2009 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 of December 31, 2008. A comprehensive description of these methods is contained in the Appendix to the published IFRS group accounts as of December 31, 2008.

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 – September 30, 2009, acc. to IASB

in €m	Jan. 1 – Sept. 30, 2009		Jan. 1 – Sept. 30, 2008		Jul. 1 – Sept. 30, 2009		Jul. 1 – Sept. 30, 2008	
1. Sales revenues - sales (gross) - minus VAT	69.0 11.0	58.0 2.3	69.5 11.1	58.4 2.5	24.7 3.9	20.7 0.8	25.7 4.1	21.6 0.8
2. Other operating income		60.3		60.9		21.5		22.4
3. Cost of materials	29.6		30.5		10.7		11.3	
4. Personnel expenses	12.6		12.6		4.2		4.3	
5. Depreciation	2.7		2.8		0.8		1.0	
6. Other operating expenses	11.7	56.6	11.8	57.8	3.9	19.6	4.0	20.6
7. EBIT		3.7		3.1		1.9		1.8
8. Financial result - of which financial expenses € 2.1m (previous year: € 2.3m) - of which minority interest € 0.5m (previous year: € 0.4m)		-2.5		-2.7		-0.8		-0.9
9. EBT		1.1		0.4		1.1		0.8
10. Deferred taxes		2.3		0.3		0.4		0.4
11. Net profit or loss for the period		-1.1		0.1		0.7		0.5
Earnings per share (undiluted and diluted) in €		-0.31		0.02		0.18		0.13
Average number of outstanding shares in million		3.70		3.70		3.70		3.70

Consolidated Balance Sheet

Consolidated balance sheet of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, as at September 30, 2009, acc. to IASB

Assets	Sept. 30, 2009	Dec. 31, 2008	Sept. 30, 2008
	€m	€m	€m
A. Long-term assets			
I. Intangible assets	3.1	3.2	3.3
II. Property, plant and equipment	92.5	93.3	90.5
III. Deferred taxes	0.0	1.1	2.1
IV. Other assets	0.2	0.2	0.2
	95.8	97.8	96.0
B. Short-term assets			
I. Inventories	12.0	9.1	12.8
II. Receivables and other assets	1.0	5.5	1.4
III. Cash and cash equivalents	1.0	0.6	1.1
	14.0	15.1	15.3
	109.8	112.9	111.3

Shareholders' equity and liabilities	Sept. 30, 2009	Dec. 31, 2008	Sept. 30, 2008
	€m	€m	€m
A. Shareholders' equity			
I. Subscribed capital	9.4	9.4	9.4
II. Reserves	15.7	14.8	14.1
III. Net profit or loss for the period	-1.1	0.0	0.1
IV. Net income	0.0	1.9	0.0
V. Supplementary item from minority interests	15.5	15.5	15.6
	39.5	41.8	39.1
B. Potential compensation claim by minority shareholders	8.9	8.8	8.8
C. Long-term liabilities			
I. Liabilities to banks	39.0	36.5	38.5
II. Accruals	0.6	0.6	0.6
III. Other liabilities	3.8	4.0	4.1
IV. Deferred tax	3.6	2.7	2.7
	47.0	43.7	45.8
D. Short-term liabilities			
I. Liabilities to banks	7.7	8.2	11.2
II. Trade liabilities	1.8	5.2	2.2
III. Tax liabilities	0.2	0.4	0.1
IV. Other liabilities	4.7	4.8	4.2
	14.4	18.6	17.6
	109.8	112.9	111.3

Consolidated Segment Reporting

Consolidated segment reporting of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period of January 1 – September 30, 2009, acc. to IASB

in €m	Marienplatz	Branches	Group
Jan. 1 – Sept. 30, 2009			
Sales (gross)	60.2	8.8	69.0
VAT	-9.6	-1.4	-11.0
Net sales	50.6	7.4	58.0
Cost of sales	25.6	4.0	29.6
Gross profit	25.0	3.4	28.4
Personnel expenses	5.1	1.1	6.3
Cost of occupancy	9.1	1.6	10.7
Interests	0.7	0.1	0.8
Segment results	10.1	0.6	10.7
Other operational income			2.3
Other personnel expenses			6.3
Depreciation			2.7
Other expenses			1.0
Other financial result			-1.7
Income tax			2.3
Net loss for the period			-1.1

in €m	Marienplatz	Branches	Group
Jul. 1 – Sept. 30, 2009			
Sales (gross)	21.7	3.0	24.7
VAT	-3.5	-0.4	-3.9
Net sales	18.2	2.6	20.7
Cost of Sales	9.3	1.4	10.7
Gross profit	8.9	1.2	10.0
Personnel expenses	1.7	0.4	2.1
Cost of occupancy	3.1	0.5	3.6
Interests	0.3	0.0	0.3
Segment results	3.9	0.2	4.0
Other operational income			0.8
Other personnel expenses			2.1
Depreciation			0.8
Other expenses			0.3
Other financial result			-0.6
Income tax			0.4
Net loss for the period			0.7

Consolidated segment reporting of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG,
Munich, for the period of January 1 – September 30, 2008, acc. to IASB

in €m	Marienplatz	Branches	Group
Jan. 1 – Sept. 30, 2008			
Sales (gross)	59.8	9.7	69.5
VAT	-9.5	-1.5	-11.1
Net sales	50.2	8.1	58.4
Cost of Sales	26.1	4.4	30.5
Gross profit	24.2	3.7	27.9
Personnel expenses	5.2	1.2	6.4
Cost of occupancy	9.3	1.8	11.1
Interests	0.7	0.1	0.8
Segment results	9.0	0.6	9.6
Other operational income			2.5
Other personnel expenses			6.2
Depreciation			2.8
Other expenses			0.7
Other financial result			-1.9
Income tax			0.3
Net loss for the period			0.1

in €m	Marienplatz	Branches	Group
Jul. 1 – Sept. 30, 2008			
Sales (gross)	22.2	3.4	25.7
VAT	-3.5	-0.5	-4.1
Net sales	18.7	2.9	21.6
Cost of Sales	9.7	1.6	11.3
Gross profit	9.0	1.3	10.3
Personnel expenses	1.8	0.4	2.2
Cost of occupancy	3.1	0.6	3.7
Interests	0.3	0.0	0.3
Segment results	3.8	0.2	4.0
Other operational income			0.8
Other personnel expenses			2.1
Depreciation			1.0
Other expenses			0.2
Other financial result			-0.6
Income tax			0.4
Net loss for the period			0.5

Consolidated Cash Flow Statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 – September 30, 2009, acc. to IASB

in €m	Jan. 1 – Sept. 30, 2009	Jan. 1 – Sept. 30, 2008
Cash flow from operating activities:		
Net profit for the period before taxes	1.1	0.4
Adjustments for:		
+ depreciation of fixed assets	2.7	2.8
+ interest expenses	2.1	2.2
+ minority interest profit	0.5	0.4
Operating result before changes to net working capital	6.4	5.9
Increase/decrease (-/+) in assets	1.5	-3.3
Increase/decrease(-/+) in liabilities	-3.7	-1.0
Net cash from operating activities (before interest payments)	4.2	1.5
Interest paid	-2.0	-2.1
Tax on earnings paid	-0.3	-0.2
Net cash from operating activities	2.0	-0.7
Disbursements for additions to fixed assets	-1.7	-4.3
Net cash used in investing activities	-1.7	-4.3
Disbursements to minority interests	-0.5	-0.5
Dividend payment	-1.1	-1.1
Acceptance/repayment of bank liabilities	2.0	10.3
Acceptance/repayment of other net interest-bearing liabilities	0.0	-4.0
Acceptance/repayment of other long-term borrowing (finance leasing)	-0.3	-0.4
Net cash from financing activities	0.1	4.3
Change in cash and cash equivalents	0.4	-0.6
Cash and cash equivalents at beginning of period	0.6	1.7
Cash and cash equivalents at end of period	1.0	1.1

Consolidated Equity Statement

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 – September 30, 2009, acc. to IASB

in €m	Share capital	Capital reserve	Generated capital	Supplementary item from minority interests	Total
Balance as of Jan. 1, 2009	9.4	3.5	13.4	15.5	41.8
Net loss for the period			-1.1		-1.1
Dividend payment			-1.1		-1.1
Balance as of Sept. 30, 2009	9.4	3.5	11.2	15.5	39.5
Balance as of Jan. 1, 2008	9.4	3.5	11.7	15.6	40.2
Net profit for the period			0.1		0.1
Dividend payment			-1.1		-1.1
Balance as of Sept. 30, 2008	9.4	3.5	10.7	15.6	39.1