CONSOLIDATED INTERIM REPORT

for the 2nd quarter and the first six months of the fiscal year 2011
for the period from January 1 to June 30, 2011

LUDWIG BECK
seit 1861

+ ISIN DE0005199905 + LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG + Marienplatz 11 + 80331 Munich +
+ Tel. +49. 89. 23691-0 + Fax +49. 89. 23691-600 + www.ludwigbeck.com + info@ludwigbeck.de +

Key Figures of the Group

€m	01/01/2011 – 30/06/2011	01/01/2010 – 30/06/2010
Sales (gross)	45.0	45.7
Sales (net)	37.8	38.4
Gross profit [1]	19.3	18.9
Earnings before interests, taxes on income, depreciation and amortisation (EBITDA)	4.7	4.7
Operational result (EBIT)	3.2	3.1
Earnings before taxes on income (EBT)	2.0	1.5
Net profit for the period	1.4	0.9
Earnings per share (in €)	0.37	0.25
Investments	0.6	1.3
Employees (as of 30/06) [2]	453	518
Apprentices (no.)	46	44

[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 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 2010.

Report on earnings, financial and asset situation

Earnings situation

Macroeconomic development

The German economy is still in the middle of a robust upturn since the real gross domestic product (GDP) exceeded the pre-crisis level in the 1st quarter of 2011 and scored a 1.5 % plus in comparison to the same period last year according to the Rhenish-Westfalian Institute for Economic Research (RWI). The recovery process was due to foreign demand on the one hand, but to a large degree to domestic demand as well. Not only constantly improving consumer spending, but also investments were particular driving forces of this economic development according to the RWI. Notably, the building industry benefitted from extraordinary low real interest rates. The labor market gained from the stable upswing of the German economy as well. According to the Federal Employment Agency unemployment figures, reaching their lowest level in almost twenty years, fell below the 3-million threshold (2,893,000) in June. However, there are numerous external risks which could thwart economic recovery. The Euro zone was still suffering from the national debt crises of many member states, and in the USA public debt reached devastating proportions.

Retail trade development

The favorable economic framework conditions strengthened the consumer climate. According to a study on consumer confidence compiled by the GfK, the consumption mood improved in June after a slight decline in the previous four months. Income expectations as well as consumer inclination to purchase rose considerably. Negative factors like the debt crisis in Greece, the political upheavals in the Arab region and the nuclear reactor disaster in Japan have retreated into the background. This positive environment was increasingly reflected in the fashion industry. The participants of the TW-Testclub, the most frequented panel in German textile retail trade, reported a sales increase exceeding 2.0 % for the first six months of the year 2011.

Development of sales of LUDWIG BECK

In spite of the significant streamlining of the branch portfolio during the periods under report to be compared, the LUDWIG BECK Group was able to keep gross sales at last year's level in the 1st half of the year 2011. All in all, the Group produced sales of € 45.0m in the months from January to June 2011 (previous year € 45.7m). Adjusted for the closed branches in comparison to the previous year, sales were even increased by 5.2 % thus clearly exceeding the branch's average 2.0 % growth. With sales amounting to € 42.3m (previous year: € 40.1m) the flagship store at Marienplatz (incl. FÜNF HÖFE) contributed a disproportionately large share to this top result, corresponding to a 5.7 % increase in comparison to the previous year. The flagship store meanwhile accounts for 95 % of overall sales. Hence, the Group consequently implemented its optimization of locations concept which provided for the company's focusing on the flagship store at Marienplatz and the simultaneous upgrading of product range and sales spaces, as well as the closure of unprofitable branches.

Earnings situation

The gross profit of the LUDWIG BECK Group rose from € 18.9m to € 19.3m in the 1st half of the year 2011, corresponding to 1.8 % increase in comparison to the same period last year. Accordingly, the gross profit margin could be increased by 1.7 percentage points to 51.0 % (previous year: 49.3 %).

The Group's expense ratio was 42.5 % (previous year: 41.2 %) in the 1st half of the year 2011. The absolute amount of expenses against corresponding proceeds was € 16.1m and slightly exceeded last year's level of € 15.8m. It should to be noted that the company incurred special direct costs in the amount of € 1.2m for the 150th company anniversary this year. Adjusted for these non-recurring costs, the expense ratio would have been 39.3 %.

Despite the neutral sales development due to cuts in the branch portfolio and the slightly worsened expense structure owed to the anniversary, the company's EBIT improved by 3.4 % and went up from € 3.1m to € 3.2m on account of the positive gross profit development. The EBIT margin rose once again and reached 8.5 % (previous year: 8.1 %).

Earnings before taxes (EBT) could be increased due to a considerable improvement of the financial result from € 1.5m to € 2.0m, corresponding to an impressive rise by € 0.5m or 36.8 %. The EBT margin skyrocketed to 5.4 % in comparison to 3.9 % in the 1st half of the previous year.

The net profit for the period for the 1st half of the year rose even more, i.e. by 46.8 %, and came to € 1.4m in aggregate in the 1st half of the period under report (previous year: € 0.9m).

Financial situation

Cash flow

The cash flow from operating activities amounted to € -1.1m in the 1st half of the year 2011 (previous year: € 1.0m). The large cash outflow was due to a significant increase in taxes on income. They reached a total of € 2.1m as per June 30, 2011 while they had amounted to only € 0.3m in the same period last year.

The cash outflow from investing activities could be more than halved in comparison to the previous year (€ 1.3m) and dropped to € 0.6m in the period under report. This strong decline was basically due to the fact that clearly less refurbishing measures were carried out at the flagship store in the 1st half of the current fiscal year. The cash flow from financing activities amounted to € -1.8m and almost reached last year's level (€ -1.9m).

Asset situation

Balance sheet structure

The balance sheet total of the LUDWIG BECK Group amounted to € 104.9m as per June 30, 2011 thus declining by € 3.9m in comparison to the end of the year 2010 (December 31, 2010: € 108.8m).

As usual, the aggregate amount of long-term assets of € 93.1m accounted for the largest portion (December 31, 2010: € 93.9m). The largest asset-side item concerns tangible fixed assets of € 90.0m (December 31, 2010: € 90.7m), mainly consisting of the real estate at Marienplatz in Munich.

Short-term assets came to € 11.8m thus falling below last year's level of € 14.9m as per December 31, 2010. Inventories amounted to € 9.7m in line with a seasonal € 0.9m increase (December 31, 2010: € 8.8m). The reduction of the balance sheet total was basically owed to declining liquid funds of the company which went from € 4.8m at the end of the year 2010 to € 1.2m as per June 30, 2011.

On account of the lower balance sheet total the equity ratio went up as compared with the relevant date of the previous year and amounted to 45.3 % (December 31, 2010: 43.7 %). The company's equity remained unchanged at last year's level of € 47.6m (December 31, 2010: € 47.6m).

The Group's aggregate liabilities could be cut by € 3.9m as a result of the company's positive economic development. All in all, liabilities amounted to € 48.1m (December 31, 2010: € 52.0m). Within the scope of the refinancing of the real estate loan for the flagship store at Marienplatz 11 in the fiscal year 2010, liabilities of approximately € 13.0m had to be transferred from long-term assets to short-term liabilities.

Employees

In the 1st half of 2011 the number of employees (without apprentices) was 460 in accordance with Section 267 par. 5 Commercial Code (previous year: 514). The weighted number of full-time employees at Group level dropped to 328 (previous year: 352). The staff reduction was due to the closing or sale of branches.

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 annual report for the year 2010 (page 56 et seq.). It can also be found on the company's website **www.ludwigbeck.de** in the "Investor Relations" section under "Financial publications".

On account of current events this risk report is supplemented by the following risks:

Nuclear risks

"Severe accidents can occur in any nuclear power plant as a result of technical defects, human errors, terrorist attacks or natural cataclysms, and large amounts of radioactivity can be released into the environment. According to the official "German Risk Study for Nuclear Power Plants - Phase B", compiled by order of the Federal Minister for Research and Technology, the probability of a worst case scenario occurring in a German nuclear power plant in 40 years' operation time is 0.1 %. More than 150 nuclear power plants are being operated in the European Union. Hence, the probability of a worst case scenario in Europe is 16 %. World-wide, approximately 440 nuclear power plants are being run thus increasing the probability of a worst case scenario in 40 years to 40 %. The potential damages caused by nuclear disasters in highly industrialized countries are hardly assessable, as no historical data is available for such incidents. A worst case scenario in a highly industrialized area would certainly have significant effects on the economic development of that region."

Macro-economic risks

"The combination of comprehensive reflationary programs, rescue packages for financial institutions and lower tax receipts led to extraordinarily high budget deficits and record debt levels in many industrialized countries in historical comparison. The recent developments in Greece and other European countries as well as in the USA exemplified how easily investors' concerns about the situation of a country's public finances can spread to other countries as well. Furthermore, the long-term economic growth may be inhibited by high national debt endangering monetary stability. The partial or cumulative effects are expected to be seen in a worsening consumer mood as other topics gain higher priority."

Forecast report

Business and general conditions

On the basis of leading indicators the RWI anticipates continued expansion in Germany in the 2nd half of the year even if the growth rate is expected to decline in comparison to the 1st half. The slowing dynamics of world-wide economic activities slightly curbing foreign demand are assumed to contribute to this trend among other factors. By contrast, domestic demand will continue to rise. RWI experts expect the employment rate to go up, disposable income to increase and the profit situation to improve. These trends will sustain the upswing of private consumer spending. As the German economy proved to be stable and strong in an unanticipated scope, the forecast for 2011 was once again adjusted upwards in June. For the year 2011 as a whole, RWI expects the real GDP to rise by 3.7 %; yet the Institute warns of still imminent, considerable risks like national debts in the Euro zone and in the USA and increasing inflation triggered by extended liquidity supply by the central banks.

Retail trade development

According to a survey of the TW Testclub the majority of fashion retailers display cautious optimism for the 2nd half of the year. The negative impulses of the debt crisis in the Euro zone as well as imminent price increases handed down by the fashion industry are considered as detrimental factors. All in all, the majority of textile retailers nevertheless expect to conclude the full year 2011 with an increase in sales.

LUDWIG BECK 2011

2011 is a very special year for the LUDWIG BECK Group. LUDWIG BECK is celebrating its 150th anniversary.

At all times the name LUDWIG BECK has been synonymous with quality, an optimal interplay of tradition and modernity and an extraordinary shopping atmosphere at one of Europe's most attractive locations. The flagship store at Marienplatz in Munich and its HAUTNAH branch in FÜNF HÖFE forms the core of this success, as approximately 95 % of overall sales are generated there. In line with the "trading-up" policy consequently pursued for years, the offer will be expanded also in the future to include additional national and international top brands, and at the same time the sales rooms will be carefully adjusted to customers' superior demands. Having fully internalized this premium concept the committed LUDWIG BECK staff is in a position to offer high quality consulting and service expertise for unparalleled shopping experiences.

The aforementioned measures will be accompanied by further process optimizations and stringent cost management. The streamlining of the branch network carried out for this reason was completed with the closure of the Augsburg branch in April 2011.

It is the company's main goal for the future to realize new earning potentials of the existing portfolio and to outperform its own record result of 2010 in this anniversary year. Impressed by the 150th company anniversary and pleasantly surprised by the company's economic development and the business and general conditions which can be assessed as quite favorable, seen as a whole, the management, after conclusion of the first six months, is looking rather confidently to the 2nd half of the current fiscal year.

Accordingly, the company definitely confirms its forecast for the current fiscal year and expects branch-adjusted sales growth to reach 3 % to 4 % and earnings before taxes (EBT) to amount to € 9m to € 11m (2010: € 9.9m) in the year 2011. In the first six months of the fiscal year the company has already taken giant strides towards a further record result.

Munich, July 2011
The Executive Board

Notes

Accounting in compliance with International Financial Reporting Standards (IFRS)

The present quarterly accounts of LUDWIG BECK AG as per June 30, 2011 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, 2010. A comprehensive description of these methods is contained in the Appendix to the IFRS group accounts published as per December 31, 2010.

The half-year financial statement was not reviewed or audited according to § 317 Commercial code (HGB).

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.

Affirmation of the legal representatives § 37y Securities Trading Act (WpHG) in connection with § 37w par. 2 No. 3 Securities Trading Act (WpHG)

„To the best of our knowledge we affirm that the interim group accounts are conforming to the applicable accounting principles for interim reporting and reflect the actual asset, financial and earnings situation of the Group, and the group interim management report describes the course of business including the operating result and the situation of the Group as to give an accurate picture of the actual state of affairs and the opportunities and risks of the Group's future development in the further course of this fiscal year."

Consolidated Statement of Comprehensive Income

Consolidated statement of comprehensive income of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 – June 30, 2011, acc. to IASB

€m	**01/01/2011 – 30/06/2011**		**01/01/2010 – 30/06/2010**		**01/04/2011 – 30/06/2011**		**01/04/2010 – 30/06/2010**	
1. Sales revenues								
- sales (gross)	45.0		45.7		23.0		23,4	
- minus VAT	7.2		7.3		3.7		3,7	
- sales (net)		37.8		38.4		19.3		19.7
2. Other work capitalized		0.0		0.0		0.0		0.0
3. Other operating income		1.4		1.7		0.6		1.0
		39.2		**40.1**		**19.9**		**20.6**
4. Cost of materials	18.5		19.5		9.1		9,8	
5. Personnel expenses	8.4		8.3		4.4		4,2	
6. Depreciation	1.5		1.6		0.7		0,8	
7. Other operating expenses	7.6	36.0	7.7	37.0	3.2	17.5	3,8	18.5
8. EBIT		**3.2**		**3.1**		**2.4**		**2.1**
9. Financial result		-1.2		-1.6		-0.6		-0.8
- of which financing expenses € 0.9m (previous year: € 1.3m)								
- of which minority interests € 0.3m (previous year: € 0.3m)								
10. Earnings before taxes on income (EBT)		**2.0**		**1.5**		**1.8**		**1.3**
11. Taxes on income		0.7		0.6		0.6		0.5
12. Net profit for the period		**1.4**		**0.9**		**1.2**		**0.8**
Earnings per share (undiluted and diluted) in €		0.37		0.25		0.33		0.23
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 of June 30, 2011, acc. to IASB

Assets		30/06/2011	31/12/2010	30/06/2010
		€m	€m	€m
A.	**Long-term assets**			
I.	Intangible assets	2.9	3.0	3.0
II.	Property, plant and equipment	90.0	90.7	91.8
III.	Other assets	0.1	0.1	0.2
	Total long-term assets	**93.1**	**93.9**	**94.9**
B.	**Short-term assets**			
I.	Inventories	9.7	8.8	8.5
II.	Receivables and other assets	1.0	1.3	1.0
III.	Cash and cash equivalents	1.2	4.8	2.1
	Total short-term assets	**11.8**	**14.9**	**11.6**
		104.9	**108.8**	**106.5**

Shareholders´ equity and liabilities		30/06/2011	31/12/2010	30/06/2010
		€m	€m	€m
A.	**Shareholders` equity**			
I.	Subscribed capital	9.4	9.4	9.4
II.	Capital reserves	3.5	3.5	3.5
III.	Profit accrued	19.6	19.6	14.0
IV.	Supplementary item from minority interests	15.0	15.1	15.1
	Total shareholders` equity	**47.6**	**47.6**	**42.1**
B.	**Potential compensation claim by minority shareholders**	**9.3**	**9.3**	**9.2**
C.	**Long-term liabilities**			
I.	Liabilities to banks	16.8	29.9	36.7
II.	Accruals	0.6	0.6	1.5
III.	Other financial liabilities	3.3	3.4	3.6
IV.	Deferred tax liabilities	3.1	3.5	3.6
	Total long-term liabilities	**23.8**	**37.5**	**45.4**
D.	**Short-term liabilities**			
I.	Liabilities to banks	16.3	3.4	3.4
II.	Other financial liabilities	0.5	0.5	0.5
III.	Trade liabilities	1.4	1.6	1.3
IV.	Tax liabilities	2.8	3.8	1.8
V.	Other liabilities	3.4	5.2	2.9
	Total short-term liabilities	**24.3**	**14.5**	**9.9**
	Total debt (B. - D.)	**57.3**	**61.2**	**64.4**
		104.9	**108.8**	**106.5**

Consolidated Segment Reporting

Consolidated segment reporting of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 – June 30, 2011, acc. to IASB

€m	Marienplatz complex	Branches	Group
01/01/2011 – 30/06/2011			
Sales (gross)	42.3	2.6	45.0
VAT	-6.8	-0.4	-7.2
Sales (net)	**35.6**	**2.2**	**37.8**
Cost of sales	17.2	1.3	18.5
Gross profit	**18.4**	**0.9**	**19.3**
Personnel expenses	3.5	0.3	3.9
Cost of occupancy	6.0	0.4	6.4
Interests	0.5	0.0	0.5
Segment results	**8.3**	**0.2**	**8.6**
Other operational income			1.4
Other personnel expenses			4.5
Depreciation			1.5
Other expenses			1.3
Other financial result			-0.7
Taxes on income			0.7
Net profit for the period			**1.4**

€m	Marienplatz complex	Branches	Group
01/04/2011 – 30/06/2011			
Sales (gross)	22.0	1.0	23.0
VAT	-3.5	-0.2	-3.7
Sales (net)	**18.5**	**0.8**	**19.3**
Cost of sales	8.7	0.5	9.1
Gross profit	**9.8**	**0.4**	**10.2**
Personnel expenses	1.8	0.1	2.0
Cost of occupancy	3.0	0.1	3.1
Interests	0.2	0.0	0.2
Segment results	**4.7**	**0.1**	**4.8**
Other operational income			0.6
Other personnel expenses			2.4
Depreciation			0.7
Other expenses			0.1
Other financial result			-0.4
Taxes on income			0.6
Net profit for the period			**1.2**

Consolidated Segment Reporting

Consolidated segment reporting of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 – June 30, 2010, acc. to IASB

€m	Marienplatz complex	Branches	Group
01/01/2010 – 30/06/2010			
Sales (gross)	40.1	5.6	45.7
VAT	-6.4	-0.9	-7.3
Sales (net)	**33.7**	**4.7**	**38.4**
Cost of sales	16.7	2.8	19.5
Gross profit	**17.0**	**1.9**	**18.9**
Personnel expenses	3.4	0.7	4.2
Cost of occupancy	5.9	1.1	7.0
Interests	0.4	0.1	0.5
Segment results	**7.2**	**0.1**	**7.3**
Other operational income			1.7
Other personnel expenses			4.1
Depreciation			1.6
Other expenses			0.7
Other financial result			-1.1
Taxes on income			0.6
Net profit for the period			**0.9**

€m	Marienplatz complex	Branches	Group
01/04/2010 – 30/06/2010			
Sales (gross)	20.4	3.0	23.4
VAT	-3.3	-0.5	-3.7
Sales (net)	**17.1**	**2.5**	**19.7**
Cost of sales	8.2	1.6	9.8
Gross profit	**9.0**	**0.9**	**9.9**
Personnel expenses	1.8	0.4	2.1
Cost of occupancy	3.0	0.5	3.5
Interests	0.2	0.0	0.2
Segment results	**4.0**	**0.0**	**4.0**
Other operational income			1.0
Other personnel expenses			2.0
Depreciation			0.8
Other expenses			0.2
Other financial result			-0.6
Taxes on income			0.5
Net profit for the period			**0.8**

Consolidated Cash Flow Statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 – June 30, 2011, acc. to IASB

€m	01/01/2011 – 30/06/2011	01/01/2010 – 30/06/2010
Cash flow from operating activities:		
Earnings before taxes on income	2.0	1.5
Adjustments for:		
+ depreciation of fixed assets	1.5	1.6
+ interest expenses	0.9	1.3
+ minority interest profit	0.3	0.3
Operating result before changes to net working capital	**4.7**	**4.7**
Increase/decrease (-/+) in assets	-0.6	0.2
Increase/decrease (+/-) in liabilities	-2.0	-2.0
Net cash from operating activities (before interest and tax payments)	**2.1**	**2.9**
Interest paid	-0.8	-1.2
Disbursement to minorities	-0.4	-0.4
Taxes on income paid	-2.1	-0.3
Net cash from operating activities	**-1.1**	**1.0**
Disbursements for additions to fixed assets	-0.6	-1.3
Net cash used in investing activities	**-0.6**	**-1.3**
Dividen payment	-1.3	-1.3
Acceptance/settlement of bank liabilities	-0.3	-0.4
Acceptance/settlement of other liabilities (finance lease)	-0.2	-0.2
Net cash from financing activities	**-1.8**	**-1.9**
Change in cash and cash equivalents	-3.6	-2.3
Cash and cash equivalents at beginning of period	4.8	4.4
Cash and cash equivalents at end of period	**1.2**	**2.1**

Consolidated Equity Statement

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 – June 30, 2011, acc. to IASB

€m	Share capital	Capital reserve	Generated capital	Supple-mentary item from minority interests	Total
Balance as of 01/01/2011	**9.4**	**3.5**	**19.6**	**15.1**	**47.6**
Net profit for the period			1.4		1.4
Dividend payment			-1.3		-1.3
Change in supplementary item from minority interests				-0.1	-0.1
Balance as of 30/06/2011	**9.4**	**3.5**	**19.6**	**15.0**	**47.6**
Balance as of 01/01/2010	**9.4**	**3.5**	**14.4**	**15.4**	**42.8**
Net profit for the period			0.9		0.9
Dividend payment			-1.3		-1.3
Change in supplementary item from minority interests				-0.3	-0.3
Balance as of 30/06/2010	**9.4**	**3.5**	**14.0**	**15.1**	**42.1**