CONSOLIDATED INTERIM REPORT

for the 3rd quarter and the first nine months of the fiscal year 2011
for the period from January 1 to September 30, 2011

LUDWIG BECK
seit 1861

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Key Figures of the Group

€m	01/01/2011 – 30/09/2011	01/01/2010 – 30/09/2010
Sales (gross)	69.6	72.9
Sales (net)	58.5	61.3
Gross profit [1]	29.5	30.4
Earnings before interests, taxes on income, depreciation and amortisation (EBITDA)	8.3	9.0
Operational result (EBIT)	6.2	6.6
Earnings before taxes on income (EBT)	5.0	4.2
Net profit for the period	2.4	2.7
Earnings per share (in €)	0.64	0.73
Investments	1.0	1.6
Employees (as of 30/09) [2]	470	500
Apprentices (no.)	58	57

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

Until the middle of the year, the cyclical forces driving the upswing in Germany seemed to be relatively sound. Following a 1.3 % increase in the gross national product in the 1st quarter of the current fiscal year (initially, the Institute for Economic Research (IfW) had reported 1.5 %) the gross domestic product only grew 0.1 % in the 2nd quarter of 2011 according to the IfW. This was attributed to the weak progress of private consumer spending which declined considerably in comparison to the previous quarter.

In the course of the 3rd quarter economic growth perspectives cooled off perceptibly. Experts anticipate retarded economic dynamics for this period and forecast an almost stagnating development of the gross national product. Even though the indicators of market sentiment remained on a high level, turbulences in the financial markets due to the debt crisis as well as intensifying consolidation endeavors are expected to further contribute to the downward tendency in the Euro zone.

The Ifo Business Climate Index which reflects the sentiment of German entrepreneurs dropped considerably in September. Nevertheless, the current business situation is being assessed as relatively favorable. So far the German economy has been able to successfully decouple from all political turbulences. However, entrepreneurial hopes concerning the development of business in the next half of the year have diminished substantially.

Inconsistency in the consumer mood also continued in September according to the GfK (Association for Consumption Research). While income expectancy remained on a stable level, economic expectations and the propensity to invest were clearly affected.

Retail trade development

According to the Ifo Index the business climate in retail and wholesale trade improved towards the end of the 3rd quarter after both levels of trade had undergone a phase of considerable degradation. All in all, the current business situation in retail trade is invariably being assessed as positive. Most retailers look ahead to the business development in the next six months with optimism.

Participants of the TW-Test Club, the best-attended panel in German textile retail trade, reported that they benefitted from the relatively cool fall weather in July which stimulated the trade in new fall and winter fashions. By the same token these weather conditions put additional pressure on retailers to reduce their stock of summer fashions. The return of summer in the month of September with exceptionally mild temperatures had a negative effect on sales however. While the branch recorded a neutral or slightly improved trend in the development of sales in July, the month of September was concluded with a double-digit drop in sales of 13 %. Consequently, the German fashion trade's sales loss in the first nine months amounted to 1 % on average.

Development of sales of LUDWIG BECK

Even in the face of negative economic framework conditions and the disadvantageous weather situation for the retail trade LUDWIG BECK AG was able to outperform the general branch trend. Gross sales of the company – as a result of the distinct streamlining of the branch portfolio – fell 4.6 % below the level of the same period last year in the first nine months of the fiscal year 2011 and came to € 69.6m (previous year: € 72.9m). On the other hand, like-for-like sales increased 2.2 % thus demonstrating the company's real strength. Also the flagship store at Marienplatz (including FÜNF HÖFE) impressed with a 2.8 % plus and generated sales in the amount of € 66.1m (previous year: € 64.3m).

Earnings situation

As a consequence of declining (branch-unadjusted) sales the Group's gross profit slid below the level of the previous year and reached € 29.5m (previous year: 30.4m). This corresponds to a 2.8 % decline. The gross profit ratio went up from 49.6 % to 50.5 %, a rise of 0.9 percentage points in total.

In the reporting period the Group's expense ratio was 40.0 % (previous year: 38.8 %). On the basis of absolute costs however, LUDWIG BECK once again succeeded in further optimizing its cost management. Despite special direct costs in the amount of € 1.2m which were incurred on occasion of the company's 150th anniversary, expenses against corresponding proceeds were reduced by a total of € 0.4m and went down from € 23.8m to € 23.4m. Adjusted for these non-recurring costs, the expense ratio was 37.9 %.

The company's EBIT amounted to € 6.2m corresponding to a € 0.4m decline in comparison to the previous year (€ 6.6m). Accordingly, the EBIT margin with 10.6 % fell slightly short of last year's figure of 10.8 %.

Earnings before taxes on income (EBT) could be enhanced on account of the significant improvement of the financial result from € 4.2m to € 5.0m, which equals a € 0.8m increase. In this regard a one-time positive effect of € 0.6m to the financial result due to the tax audit has to be noted. The EBT margin skyrocketed from 6.8 % in the same period last year to 8.6 %.

Taxes on income amounted to € 2.6m exceeding last year's level (€ 1.5m) by € 1.1m. A non-recurring effect resulting from the tax audit, which took place in the 3rd quarter, contributed to this result. It amounted to € 1.3m.

Hence, the net profit for the period of the first nine months was € 2.4m (previous year: € 2.7m).

Financial situation

Cashflow

The cashflow from operating activities was € -2.3m in the first nine month of 2011 (previous year: € 3.0m). This planned decline was basically due to considerably increased taxes on income paid in comparison to the last year which came to € 4.0m (previous year: € 1.3m). These higher tax payments were triggered by the positive results achieved in the preceding years and the ensuing back duty. In comparison to the previous year the cash outflow from investment activities went down from € 1.6m to € 1.0m. The cashflow from financing activities was € - 1.0m in comparison to € -3.0m in the previous year.

Asset situation

Balance sheet structure

The balance sheet total of the LUDWIG BECK Group dropped to € 107.1m as per the relevant date September 30, 2011. (December 31, 2010: € 108.8m)

As usual, the asset side of LUDWIG BECK's balance sheet was marked by tangible assets representing a value of € 89.6m in total, with the real estate at Marienplatz in Munich ranking first among long-term assets. Overall, long-term assets went down to € 92.7m (December 31, 2010: € 93.9m). Short-term assets in the value of € 14.4 also slid slightly below last year's level. (December 31, 2010: € 14.9m). The most significant change on the asset side concerned the increase in inventories from € 8.8m to € 12.7m due to seasonal influences. This was matched by the decline in liquid funds, which dropped from € 4.8m to € 0.5m.

As per September 30, 2011, the traditionally sound balance sheet of the fashion group presented itself with an increased equity ratio of 45.3 % as compared to 43.7 % in the previous year. The company's equity climbed to € 48.6m (December 31, 2010: € 47.6m) – on account of a € 1.0m increase in accumulated profits from € 19.6m to € 20.6m in total.

The Group's aggregate liabilities could be cut € 1.9m and amounted to € 50.1m (December 31, 2010: € 52.0m). In the course of the refinancing of the real estate loan for the flagship store at Marienplatz 11 which was initiated in the fiscal year 2010, liabilities in the amount of approximately € 13.0m had to be shifted from long-term liabilities to short-term liabilities.

Employees

In the first nine months of 2011 the number of employees (without apprentices) was 463 in total (previous year: 509) in accordance with Section 267 par. 5 Commercial Code (HGB). The weighted number of full-time employees at group level dropped from 353 to 332. This staff reduction was the result of the closure 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 company's 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 topical 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."

Macroeconomic risks

"The combination of comprehensive reflationary programs, rescue packages for financial institutions and lower tax receipts led to extraordinarily high budged 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

Economic framework conditions

At present, the German economy is on the brink of another slow patch, and experience shows that the dynamic forces acting during such periods are hard to assess. The IfW would not fully exclude the possibility of Germany plunging into recession, should the uncertainties in the financial markets last or intensify. According to the IfW, the biggest risk lies in the exacerbation of the sovereign debt crisis for which no solution is in sight for the time being. A potentially severe downturn abroad would additionally dampen the economic development of Germany as an export nation. Exports are expected to decline and imports to further increase as a result of the comparatively robust domestic market. Corporate investment and private consumption will probably grow slower than before. Generally, economic expansion is expected to slow down noticeably in the coming quarters. Nevertheless, the anticipated increase in the price-adjusted gross domestic product is 2.8 % on annual average, due to the strong development at the beginning of the year.

Retail trade development

Even though the first half of the year 2011 largely met the expectations of the German Retail Federation (HDE), the Federation, on the basis of the development of private consumption, is seeing little scope for the retail trade in the 2nd half of the year 2011. In addition thereto, consumer mood and consumption will still be threatened by certain risks like the financial crisis or rising energy prices. Overall, the HDE sticks to its sales forecast and expects a nominal increase in sales of 1.5 % for the year 2011.

LUDWIG BECK in 2011

The LUDWIG BECK management is very pleased with the unfolding of the anniversary year so far and expects the company's own positive developments to continue in the remaining three months as well. Certainly, the unique positioning of the `Store of the Senses' at Marienplatz in Munich is a vital element for the Group's sustained favorable development.

LUDWIG BECK has managed to position its flagship store at Marienplatz in Munich as one of the top ranking department stores in Germany. In the 150 years since its inauguration the department store has established itself as a 'Temple of Style` at one of Europe's most visited and popular locations. The premium concept, coined into the „trading-up" strategy pursued by the management for many years, is reflected on all seven floors of the department store which display an exclusive variety of brands and product ranges, after the comprehensive modernization works have been completed. The employees of LUDWIG BECK also make a vital contribution to the success of the fashion house. Their passion for the company combined with their excellent consultation and service competence helps to consistently recreate an incomparable shopping atmosphere.

Process optimization and stringent cost management are also important components of the growth strategy enabling the management to regularly cut down on the Group's expense ratio.

On the basis of the economic performance of the first nine months as well as the sound asset, financial and earnings situation of the Group the LUDWIG BECK management confirmed its forecast for the current fiscal year. It is the unaltered goal to outperform the record result of the year 2010 in this anniversary year. Accordingly, the management expects branch-adjusted sales to grow between 3 % and 4 % in the year 2011 as a whole and earnings before taxes on income (EBT) to range between € 9.0m and € 11.0m (2010: € 9.9m).

The financial dates for the coming fiscal year 2012 will be published on the company's website under **www.ludwigbeck.de** as of December. The company's next General Meeting will be held in Munich on May 8, 2012.

Munich, in October 2011
The Executive Board

Notes

Accounting in compliance with International Financial Reporting Standards (IFRS)

The present quarterly accounts of LUDWIG BECK AG as per September 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 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 Statement of Comprehensive Income

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

€m		**01/01/2011 – 30/09/2011**		**01/01/2010 – 30/09/2010**		**01/07/2011 – 30/09/2011**		**01/07/2010 – 30/09/2010**	
1.	Sales revenues								
	- sales (gross)	69.6		72.9		24.6		27.2	
	- minus VAT	11.1		11.6		3.9		4.3	
	- sales (net)		58.5		61.3		20.7		22.9
2.	Other work capitalized		0.0		0.0		0.0		0.0
3.	Other operating income		2.3		2.7		0.9		1.0
			60.8		**64.0**		**21.6**		**23.9**
4.	Cost of materials	28.9		30.9		10.4		11.4	
5.	Personnel expenses	12.4		12.5		4.0		4.3	
6.	Depreciation	2.2		2.4		0.7		0.8	
7.	Other operating expenses	11.1	54.6	11.6	57.4	3.5	18.6	3.9	20.4
8.	**EBIT**		**6.2**		**6.6**		**3.0**		**3.5**
9.	Financial result		-1.2		-2.4		0.0		-0.8
	- of which financing expenses € 1.5m (previous year: € 2.0m)								
	- of which minority interests € -0.3m (previous year: € 0.5m)								
10.	**Earnings before taxes on income (EBT)**		**5.0**		**4.2**		**3.0**		**2.7**
11.	Taxes on income		2.6		1.5		2.0		0.9
12.	**Net profit for the period**		**2.4**		**2.7**		**1.0**		**1.8**
	Earnings per share (undiluted and diluted) in €		0.64		0.73		0.28		0.48
	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 September 30, 2011, acc. to IASB

Assets		30/09/2011	31/12/2010	30/09/2010
		€m	€m	€m
A.	**Long-term assets**			
I.	Intangible assets	2.9	3.0	2.9
II.	Property, plant and equipment	89.6	90.7	91.2
III.	Other assets	0.1	0.1	0.2
	Total long-term assets	**92.7**	**93.9**	**94.3**
B.	**Short-term assets**			
I.	Inventories	12.7	8.8	10.9
II.	Receivables and other assets	1.2	1.3	1.4
III.	Cash and cash equivalents	0.5	4.8	2.8
	Total short-term assets	**14.4**	**14.9**	**15.0**
		107.1	**108.8**	**109.4**

Shareholders´ equity and liabilities		30/09/2011	31/12/2010	30/09/2010
		€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	20.6	19.6	15.8
IV.	Supplementary item from minority interests	15.0	15.1	15.1
	Total shareholders' equity	**48.6**	**47.6**	**43.8**
B.	**Potential compensation claim by minority shareholders**	**8.5**	**9.3**	**9.2**
C.	**Long-term liabilities**			
I.	Liabilities to banks	16.7	29.9	36.0
II.	Accruals	0.6	0.6	1.0
III.	Other financial liabilities	3.2	3.4	3.5
IV.	Deferred tax liabilities	2.9	3.5	3.6
	Total long-term liabilities	**23.5**	**37.5**	**44.2**
D.	**Short-term liabilities**			
I.	Liabilities to banks	17.2	3.4	3.1
II.	Other financial liabilities	0.5	0.5	0.5
III.	Trade liabilities	2.1	1.6	2.7
IV.	Tax liabilities	3.0	3.8	2.0
V.	Other liabilities	3.8	5.2	3.8
	Total short-term liabilities	**26.6**	**14.5**	**12.1**
	Total debt (B. - D.)	**58.5**	**61.2**	**65.5**
		107.1	**108.8**	**109.4**

Consolidated Segment Reporting

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

€m	Marienplatz complex	Branches	Group
01/01/2011 – 30/09/2011			
Sales (gross)	66.1	3.5	69.6
VAT	-10.5	-0.6	-11.1
Sales (net)	**55.6**	**2.9**	**58.5**
Cost of sales	27.3	1.7	28.9
Gross profit	**28.3**	**1.2**	**29.5**
Personnel expenses	5.4	0.4	5.8
Cost of occupancy	9.0	0.5	9.5
Interests	0.8	0.0	0.8
Segment results	**13.1**	**0.3**	**13.4**
Other operational income			2.3
Other personnel expenses			6.6
Depreciation			2.2
Other expenses			1.6
Other financial result			-0.4
Taxes on income			2.6
Net profit for the period			**2.4**

€m	Marienplatz complex	Branches	Group
01/07/2011 – 30/09/2011			
Sales (gross)	23.8	0.8	24.6
VAT	-3.8	-0.1	-3.9
Sales (net)	**20.0**	**0.7**	**20.7**
Cost of sales	10.0	0.4	10.4
Gross profit	**9.9**	**0.3**	**10.3**
Personnel expenses	1.9	0.1	2.0
Cost of occupancy	3.0	0.1	3.1
Interests	0.3	0.0	0.3
Segment results	**4.8**	**0.1**	**4.9**
Other operational income			0.9
Other personnel expenses			2.0
Depreciation			0.7
Other expenses			0.4
Other financial result			0.3
Taxes on income			2.0
Net profit for the period			**1.0**

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

€m	Marienplatz complex	Branches	Group
01/01/2010-30/09/2010			
Sales (gross)	64.3	8.6	72.9
VAT	-10.3	-1.4	-11.6
Sales (net)	**54.0**	**7.2**	**61.3**
Cost of sales	26.7	4.2	30.9
Gross profit	**27.3**	**3.1**	**30.4**
Personnel expenses	5.2	1.1	6.3
Cost of occupancy	8.9	1.6	10.5
Interests	0.7	0.1	0.7
Segment results	**12.5**	**0.4**	**12.9**
Other operational income			2.7
Other personnel expenses			6.2
Depreciation			2.4
Other expenses			1.1
Other financial result			-1.7
Taxes on income			1.5
Net profit for the period			**2.7**

€m	Marienplatz complex	Branches	Group
01/07/2010-30/09/2010			
Sales (gross)	24.2	3.0	27.2
VAT	-3.9	-0.5	-4.3
Sales (net)	**20.4**	**2.5**	**22.9**
Cost of sales	10.1	1.3	11.4
Gross profit	**10.3**	**1.1**	**11.4**
Personnel expenses	1.8	0.4	2.2
Cost of occupancy	3.0	0.5	3.5
Interests	0.2	0.0	0.2
Segment results	**5.3**	**0.3**	**5.6**
Other operational income			1.0
Other personnel expenses			2.1
Depreciation			0.8
Other expenses			0.4
Other financial result			-0.5
Taxes on income			0.9
Net profit for the period			**1.8**

Consolidated Cash Flow Statement

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

€m	01/01/2011 – 30/09/2011	01/01/2010 – 30/09/2010
Cash flow from operating activities:		
Earnings before taxes on income	5.0	4.2
Adjustments for:		
+ depreciation of fixed assets	2.2	2.4
+ interest expenses	1.5	2.0
+ minority interest profit	-0.3	0.5
Operating result before changes to net working capital	**8.3**	**9.0**
Increase/decrease (-/+) in assets	-3.8	-2.5
Increase/decrease (+/-) in liabilities	-0.9	0.1
Net cash from operating activities (before interest and tax payments)	**3.6**	**6.6**
Interest paid	-1.3	-1.8
Disbursement to minorities	-0.5	-0.5
Taxes on income paid	-4.0	-1.3
Net cash from operating activities	**-2.3**	**3.0**
Disbursements for additions to fixed assets	-1.0	-1.6
Net cash used in investing activities	**-1.0**	**-1.6**
Dividend payment	-1.3	-1.3
Acceptance/settlement of bank liabilities	0.6	-1.4
Acceptance/settlement of other liabilities (finance lease)	-0.4	-0.3
Net cash from financing activities	**-1.0**	**-3.0**
Change in cash and cash equivalents	-4.3	-1.6
Cash and cash equivalents at beginning of period	4.8	4.4
Cash and cash equivalents at end of period	**0.5**	**2.8**

Consolidated Equity Statement

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

€m	Share capital	Capital reserve	Generated capital	Supplementary 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			2.4		2.4
Dividend payment			-1.3		-1.3
Change in supplementary item from minority interests				-0.1	-0.1
Balance as of 30/09/2011	**9.4**	**3.5**	**20.6**	**15.0**	**48.6**
Balance as of 01/01/2010	**9.4**	**3.5**	**14.4**	**15.4**	**42.8**
Net profit for the period			2.7		2.7
Dividend payment			-1.3		-1.3
Change in supplementary item from minority interests				-0.3	-0.3
Balance as of 30/09/2010	**9.4**	**3.5**	**15.8**	**15.1**	**43.8**