Nine-months report 2007

for the period from January 1, 2007 to September 30, 2007

+ Like-for-like turnover increased 3.6 % in the midst of a renovation phase
+ 14.4 % EBIT rise from € 1.7m to € 1.9m
+ 'Store of the Senses' in new splendor

LUDWIG BECK

Ludwig Beck

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Key figures of the group

€m	Jan. 1, 2007 –Sept. 30, 2007	Jan. 1, 2006 –Sept. 30, 2006
Gross sales (incl. sales tax)	69.5	67.8
Gross profit [1]	27.3	27.3
EBITDA	4.5	4.3
EBIT	1.9	1.7
Net profit/loss	0.5	-0.5
Earnings per share (in €) [2]	0.06	-0.28
Capital expenditures	4.4	2.1
Employees (as of Sept. 30) [3]	541	548
Apprentices (no.)	46	50

[1] Net sales minus cost of materials [2] Basis 2006 and 2007: 3.36 million shares [3] Without apprentices

Introduction

LUDWIG BECK's financial reporting is based on the International Financial Reporting Standards (IFRS) and conforms to 37w of the 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 2006.

Report on the earnings, financial and asset situation

Earnings situation

Development of sales
LUDWIG BECK could continue the dynamic business development of the previous year in the first nine months of 2007. In the first three quarters of the current fiscal year the Group's gross turnover rose from € 67.8m in the previous year to € 69.5m, equaling a turnover increase of 2.4 %. Gross turnover on comparable areas rose even more distinctly by a total of 3.6 %.

In comparison to the German textile retail trade which scored an average sales growth of 2 % in the months from January to September 2007 according to 'TextilWirtschaft', LUDWIG BECK was able to contrast favorably against the general trend.

Net turnover showed neutral development. The Group's net sales amounted to € 58.4m thus remaining on last year's level (€ 58.5m). This is especially noteworthy in view of the fact that the flagship store at Marienplatz being the top-selling store of LUDWIG BECK AG underwent the most extended renovation in years from the middle of June to the middle of September 2007.

For the first time LUDWIG BECK presented its new look on the occasion of the first 'Munich Cult(ure) Shopping Night'. On that day the 'Store of the Senses' hosted celebrations on all floors until the midnight hour: fashion shows, a beauty event with exquisite cocktails, DJ and live jazz presentations, relaxing massages, tombolas and much more attracted a lot of shoppers thus generating excellent sales figures for the popular fashion house at Marienplatz. Transparent, spacious and homogeneous – these are the new characteristics of the 'Store of the Senses'.

A short survey of the renovation works: All façades of the LUDWIG BECK building complex were refurbished to give them a uniform appearance. Parts of the passage in front of the store were removed and the sales floor on the ground level expanded by a total of 200 square meters.

The passage at Marienplatz now looks transparent and brighter. „Café Wiener's" left the mezzanine floor and is now spoiling its customers on the 2nd floor as "Wiener's Kaffeeserie" so that the mezzanine floor could be completely removed. The 4.9-meter high entrance area on the ground floor is now flooded with light, elegant and spacious. In the course of the renovation program various departments were thoroughly modernized and embellished.

Earnings situation
As a consequence of the neutral net turnover development and equal cost of materials the net profits at group level remained on last year's level and amounted to a total of € 27.3m (previous year: € 27.3m).

The cost management was further optimized and therefore the expense ratio (expenses in comparison to corresponding proceeds) could be cut by 0.4 percentage points and dropped from 43.9 % in the previous year to 43.5 %.

This led to an improved operative result (EBIT), which rose by 14.4 %, climbing from € 1.7m in the same period in the previous year to € 1.9m in the year 2007. In comparison to the previous year, the EBIT margin rose by 0.4 percentage points, from 2.8 % to 3.2 %.

The results from ordinary activities (EBT) improved by € 0.5m (+ 49.0 %) and amounted to € -0.6m after nine months (previous year € -1.1m). The positive tax development in the wake of the corporate tax reform further contributed thereto and the LUDWIG BECK Group could increase its surplus in the stated period after minorities by a total of € 1.2m to € 0.2m (previous year: € -1.0m).

Financial situation

Cash flow
The cash flow from current business also showed a positive development in the first nine months of the fiscal year 2007 and rose by a total of € 1.7m, from € -3.1m in the same period in the previous year to € -1.4m. Investment expenses went up from € 2.0m to € 4.4m as a result of the investment offensive at the flagship store at Marienplatz. In this context also the cash flow from financing activities rose by € 0.8m, from € 5.1m to € 5.9m in comparison to last year's level.

Investments
In the current fiscal year, LUDWIG BECK has launched the largest renovation offensive in decades. In the first nine months of 2007, the fashion house invested in a new façade and entrance area and carried out a number of reconstruction measures in various departments of the 'Store of the Senses', the flagship store of the company. Consequently, the expenses for investments on group level were increased by € 2.4m from € 2.0m in the previous year to € 4.4m.

Asset situation

Balance sheet structure

The balance sheet total of the LUDWIG BECK Group remained on last year's level of € 112.0m as of the relevant date, September 30, 2007.

As usual, the assets side of the LUDWIG BECK balance sheet was characterized by fixed assets in the aggregate value of € 89.0m which include the real estate situated at Munich's Marienplatz constituting a part of these long-term assets. All in all, long-term assets slightly went down by € 0.6m to € 95.9m (previous year: € 96.5m). Short-term assets were increased by € 0.6m from € 15.5m in the previous year to € 16.1m.

On the liabilities side, the company's equity capital went up to € 33.3m (previous year: € 31.6m).

Long-term accounts payable amounted to a total of € 47.0m as of the relevant date, September 30, 2007 (previous year: € 46.6m). Short-term accounts payable could be reduced by 8.3 %, from € 24.9m in the previous year to € 22.8m. This development is due to the optimized financial structure and the related regrouping of said accounts payable. In the first nine months of the fiscal year 2007, the company exchanged short-term credit lines for new medium-term bank loans.

Employees

At the end of the third quarter of 2007, the number of employees (without apprentices) was 530 (previous year: 531) in accordance with Section 267 para 5 Commercial Code (HGB). The weighted number of full-time employees at group level went up to 381 (previous year: 379). At the relevant date, September 30, 2007, 46 apprentices (previous year: 50) 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 2006 (page 42 et seq.). It can also be found on our website **www.ludwigbeck.de** under Investor Relations / financial publications.

Forecast report

In the first nine months of the year 2007 the economic climate showed a very positive development and the climate indicator rose according to the Ifo Institute for Economic Research. Therefore, the Hamburg-based Institute of International Economics (HWWI) forecasts an unbroken continuation of the upswing for the years 2007 and 2008 and a 2.5 % growth of the gross national product for this year and 2.3 % for the coming year. The German Institute for Economic Research (DIW) also noticed that the upswing in Germany, increasingly boosted by growing domestic demand, is expected to last.

According to the expectations of the Institute for World Economy in Kiel, the prospects are dampened by considerable default of payments causing turmoil in the American mortgage market which led to a crisis in international and national financial markets. So far the turbulent developments had no detrimental effect on the enterprises. Rising food prices are also responsible for a less euphoric consumption mood. Nevertheless future business expectations are still on a good level with the prevailing mood still in the positive range according to the Company for Consumption Research (GfK).

LUDWIG BECK is looking forward to a traditionally profitable fourth quarter of 2007 featuring the fashion house's own Christmas fair which is famous beyond the borders of Munich and is expected to attract large numbers of customers as every year.

Of course the last three months of the year 2007 will be highlighted by the newly presented look of the 'Store of the Senses' at Marienplatz. Beside the completely reconstructed passage and the refurbished façade, the freshly designed entrance area with its luminous and spacious ambience and many newly styled departments will welcome visitors. LUDWIG BECK presents itself as the new point of attraction at Munich's famous Marienplatz right next to the renowned Munich City Hall.

In the year 2008 LUDWIG BECK will continue to optimize its sales areas and is also planning for considerable enlargements. The company will remodel the fifth floor presently used as storage space and create a modern sales area there. The stockroom will be transferred to the basement. 800 square meters of new sales areas will be created opening up more space for individual shopping and brand worlds for the enfoldment of completely new sales potentials.

Thanks to the extremely favorable business development the projected growth of the annual surplus after minorities from € 1.5m to € 2.5m can be confirmed. The tax-relevant special income in the amount of € 0.8m has been considered.

Munich, in October 2007

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 September 30, 2007 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, 2006. A comprehensive description of these methods is contained in the Appendix to the published IFRS group accounts as per December 31, 2006.

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, 2006, it has to be mentioned that LUDWIG BECK AG received two short-term, low-interest loans in the aggregate amount of € 2.5m from ATON GmbH, Fulda.

The quarterly accounts were audited and no objections found.

All 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, 2007, acc. to IASB

	Jan. 1, 2007 –Sept. 30, 2007		Jan. 1, 2006 –Sept. 30, 2006		Jul. 1, 2007 –Sept. 30, 2007		Jul. 1, 2006 –Sept. 30, 2006	
	€m		€m		€m		€m	
1. Sales revenues								
- sales (gross)	69.5		67.8		23.2		23.9	
- minus sales tax	11.1	58.4	9.3	58.5	3.7	19.5	3.3	20.6
2. Other operating income		2.0		2.0		0.9		0.6
		60.4		**60.5**		**20.4**		**21.2**
3. Cost of materials	31.1		31.2		10.4		11.1	
4. Personnel expenses	12.8		12.9		4.3		4.4	
5. Depreciation	2.6		2.6		0.9		0.8	
6. Other operating expenses	12.0	58.5	12.1	58.8	4.0	19.6	4.1	20.4
7. EBIT		**1.9**		**1.7**		**0.8**		**0.8**
8. Financial result of which financing expenses € 2.5m (previous year: € 2.8m)		-2.5		-2.8		-0.8		-0.9
9. EBT		**-0.6**		**-1.1**		**0.0**		**-0.1**
10. Deferred taxes		-1.1		-0.6		-0.8		-0.1
11. Consolidated net profit/loss before minority interests		**0.5**		**-0.5**		**0.8**		**-0.1**
12. Minority interests		0.3		0.4		0.1		0.1
13. Consolidated net profit/loss after minority interests		**0.2**		**-1.0**		**0.7**		**-0.2**
Earnings per share (undiluted and diluted) in €		0.06		-0.28		0.20		-0.04
Average number of outstanding shares in thousands		3.36		3.36		3.36		3.36

Segment reporting

	Retail	Franchise	Group
	€m	€m	€m
Jan. 1, 2007–Sept. 30, 2007			
Non-Group sales (net)	54.3	4.1	58.4
Segment result (EBIT)	**1.5**	**0.4**	**1.9**
Quarter Jul. 1, 2007–Sept. 30, 2007			
Non-Group sales (net)	18.1	1.4	19.5
Segment result (EBIT)	**0.7**	**0.2**	**0.8**
Jan. 1, 2006–Sept. 30, 2006			
Non-Group sales (net)	53.9	4.6	58.5
Segment result (EBIT)	**1.4**	**0.3**	**1.7**
Quarter Jul. 1, 2006–Sept. 30, 2006			
Non-Group sales (net)	18.9	1.7	20.6
Segment result (EBIT)	**0.7**	**0.2**	**0.8**

Consolidated balance sheet

Consolidated balance sheet of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, as at September 30, 2007, acc. to IASB

Assets	Sept. 30, 2007	Dec. 31, 2006	Sept. 30, 2006
	€m	€m	€m
A. Long-term assets			
I. Intangible assets	3.4	2.8	2.8
II. Property. plant and equipment	89.0	87.8	88.2
III. Deffered taxes	3.3	4.0	5.4
IV. Other assets	0.2	0.2	0.2
	95.9	**94.8**	**96.5**
B. Short-term assets			
I. Inventories	13.2	9.2	13.0
II. Receivables and other assets	2.1	1.7	1.9
III. Cash and cash equivalents	0.8	0.8	0.6
	16.1	**11.7**	**15.5**
	112.0	**106.5**	**112.0**

Shareholders' equity and liabilities	Sept. 30, 2007	Dec. 31, 2006	Sept. 30, 2006
	€m	€m	€m
A. Shareholders equity			
I. Subscribed capital	8.6	8.6	8.6
II. Reserves	9.3	8.9	7.5
III. Net income	0.0	0.9	0.0
IV. Supplementary item from minority interests	15.4	15.4	15.4
	33.3	**33.8**	**31.6**
B. Potential compensation claim by minority shareholders	**8.8**	**8.9**	**8.9**
C. Long-term liabilities			
I. Long-term liabilities to banks	37.5	34.4	34.9
II. Accruals	1.0	1.0	1.0
III. Other liabilities	5.8	6.5	6.2
IV. Deferred tax liabilities	2.6	4.5	4.5
	47.0	**46.4**	**46.6**
D. Short-term liabilities			
I. Liabilities to banks	13.1	11.0	18.8
II. Trade liabilities	2.6	1.8	2.4
III. Tax liabilities	0.2	0.3	0.0
IV. Other liabilities	6.9	4.3	3.7
	22.8	**17.4**	**24.9**
	112.0	**106.5**	**112.0**

Consolidated cash flow statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1–September 30, 2007, acc. to IASB

	Jan. 1, 2007 –Sept. 30, 2007	Jan. 1, 2006 –Sept. 30, 2006
	€m	€m
Cash flow from operating activities:		
Net loss before minority interests, taxes and extraordinary items	-0.6	-1.1
Adjustments for:		
+ depreciation of fixed assets	2.6	2.6
+ interest expenses	2.5	2.8
Operating result before changes to net working capital	**4.5**	**4.3**
Increase/decrease (-/+) in assets	-4.3	-3.9
Increase/decrease (+/-) in liabilities	0.9	-0.6
Net cash from operating activities (before interest payments)	**1.0**	**-0.3**
Interest paid	-2.5	-2.8
Net cash from operating activities	**-1.4**	**-3.1**
Disbursements for additions to fixed assets	-4.4	-2.1
Net cash used in investing activities	**-4.4**	**-2.0**
Disbursements to minority interests	-0.4	-0.4
Dividend payment	-0.7	-0.3
Acceptance/repayment of bank liabilities	5.2	6.3
Acceptance/repayment of other net interest-bearing liabilities	2.1	0.0
Acceptance/repayment of other long-term borrowing (finance leasing)	-0.4	-0.4
Net cash from financing activities	**5.9**	**5.1**
Change in cash and cash equivalents	0.1	0.0
Cash and cash equivalents at beginning of period	0.8	0.5
Cash and cash equivalents at end of period	**0.8**	**0.6**

Consolidated equity statement

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1–September 30, 2007, acc. to IASB

	Share capital	Generated capital	Supplementary item from minority interests	Total
	€m	€m	€m	€m
Balance as of Jan. 1, 2007	8.6	9.8	15.4	33.8
Net loss after minority interests		0.2		0.2
Dividend payment		-0.7		-0.7
Balance as of Sept. 30, 2007	**8.6**	**9.3**	**15.4**	**33.3**
Balance as of Jan. 01, 2006	8.6	8.8	15.5	32.9
Net loss after minority interests		-1.0		-1.0
Dividend payment		-0.3		-0.3
Changes in supplementary item			-0.1	-0.1
Balance as of Sept. 30, 2006	**8.6**	**7.6**	**15.4**	**31.5**