Consolidated Interim Report

for the 1st Quarter of the Fiscal Year 2012
for the Period from January 1 to March 31, 2012

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Key Figures of the Group

€m	1/1/2012 – 3/31/2012	1/1/2011 – 3/31/2011
Sales (gross)	22.9	22.0
Sales (net)	19.2	18.5
Gross profit [1)]	9.4	9.1
Earnings before interests, taxes on income, depreciation and amortisation (EBITDA)	2.6	1.5
Operational result (EBIT)	1.8	0.8
Earnings before taxes on income (EBT)	1.4	0.2
Net profit for the period	0.9	0.1
Earnings per share (in €)	0.26	0.03
Investments	0.3	0.5
Employees (as of 3/31) [2)]	443	466
Apprentices (no.)	51	46

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). 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 2011.

Report on earnings, financial, and asset situation

Earnings situation

Macroeconomic development

Even though many of the other EU countries are slipping into a recession, after starting at a moderate pace, the German economy is expected to grow again. In its spring economic forecast, the Kiel Institute for the World Economy (IfW) predicts that the economy will pick up over the course of the year and thus overcome the slow months of fall and winter. However, the momentum is already decreasing. The interviewed businesses expect only a slight improvement for the coming months and assess the current business situation as neutral. During the 1st quarter of 2012, austerity measures of many debt-ridden euro countries and a weak job market curbed consumer spending. Furthermore, the price of oil went up and could continue to climb, thus contributing to a slowing of the economy.

Retail trade development

In the retail trade, however, a positive mood prevails. After a good start in January, followed by a minor setback in February, consumer mood continued to stabilize in spring of the current fiscal year, so the Association for Consumption Research (GFK). Economic confidence rose slightly, propensity to buy remained at a very good level. Overall, businesses report an improved business situation and look at the development for the coming six months with confidence.

LUDWIG BECK development of sales

During the first three months of the current fiscal year, LUDWIG BECK, once again, expanded its 2011 success. Branch-unadjusted sales reached € 22.9m, an increase of 3.9% compared to the 1st quarter of the previous year (€ 22.0m). In the previous year, the now closed Augsburg branch contributed € 0.8m to the sales volume of the 1st quarter. Branch-adjusted, gross sales even recorded a remarkable 7.8% increase, thus not only clearly exceeding the expectations of the management, but also the growth of the retail industry. It ended the 1st quarter with a modest 1% increase (source: TWTestclub). The Munich flagship store at Marienplatz (incl. FÜNF HÖFE) achieved a disproportionately high increase in sales of 8.4% (€ 22.1m compared to € 20.4m in the previous year), once again proving to be the most important success factor for the fashion group's future development. This positive development in sales is primarily due to the successful "trading up" strategy implemented in the "Store of the Senses". It is distinguished by a unique blend of goods in its selection, extraordinary competence in service, and exquisite product presentation.

Earnings situation
In the 1st quarter of the 2012 fiscal year, the Group's gross profit also grew - from € 9.1m in the previous year to € 9.4m (+2.7%). The gross profit margin was at 48.7% (previous year: 49.3%).

During the 1st quarter of 2012, the expense ratio (expenses against corresponding income) decreased by a strong 6.0%-points to 39.1% (previous year: 45.1%). With € 7.5m, the absolute amount of expenses netted against corresponding income was clearly lower than in the previous year with € 8.3m. The decrease in other operating expenses by more than € 0.8m compared to the previous year deserves special mention. 2011 showed € 0.7m in special anniversary costs for this period.

As a result of a splendid development in sales and considerable cost reduction, EBIT for the 1st quarter 2012 reached a record high of € 1.8m and thus is € 1.0m higher than in the previous year (€ 0.8m). Accordingly, the EBIT margin was at 9.6% compared to 4.2% in last year's 1st quarter.

Earnings before taxes (EBT) climbed even higher and reached € 1.4m (previous year: € 0.2m). The EBT margin was at 7.2% (previous year: 1.0%)

Net profits for the first three months of 2012 amounted to € 0.9m, achieving a considerable increase compared to last year's € 0.1m.

Financial situation

Cash flow
In the 1st quarter of 2012, cash flow from current operating activities amounted to € -2.5m (previous year € -3.0m); this includes taxes on income paid in the 1st quarter in the amount of € 2.9m (previous year: € 1.5m). Cash outflow from investment activities decreased to € 0.3m in the report period (previous year: € 0.5m). Cash flow from financing activities was € -0.6m and fell below last year's € -0.2m.

Asset Situation

Balance sheet structure
At the end of period, March 31, 2012, the balance sheet total of the LUDWIG BECK Group was € 105.4m and lower than last year's total (December 31, 2011: € 107.6m). Long-term assets remained almost unchanged and amounted to € 92.0m in aggregate at the end of period (December 31, 2011: € 92.5m).

As in the previous year, fixed assets – mainly consisting of the real estate at Munich's Marienplatz – accounted for the largest portion of the total assets value with € 88.7m (December 31, 2011: € 89.1m).

In short-term assets, inventories rose seasonally to € 10.8m (December 31, 2011: € 9.5m). Liquid funds, on the other hand, showed the usual seasonal decline and amounted to € 0.5m on March 31, 2012 (December 31, 2011: € 3.9m). All in all, short-term assets added up to € 13.4m, thus falling short of last year's level (December 31, 2010: € 15.2m); this was a major factor in the aforementioned reduction of the asset-side of the balance sheet total.

The traditionally sound balance sheet of the fashion group presented a higher equity ratio of 51.7% on March 31, 2012 (December 31, 2011: 49.9%). Therefore, at the end of period, the LUDWIG BECK Group held equity in the amount of € 54.5m compared to € 53.7m at the end of 2011. This is mostly due to the accumulated profits of € 33.0m at the end of period (December 31, 2011: € 31.9m).

The Group was able to cut its aggregate liabilities by € 3.0m to the amount of only € 50.9m at the end of period date March 31, 2012 (December 31, 2011: € 53.9m). Noteworthy is a significant decrease in tax liabilities from € 3.6m in the previous year to € 1.5m at the end of period date, March 31, 2012. Hence, the lower balance sheet total on the liabilities-side was solely due to a reduction of liabilities – short-term liabilities in particular.

Employees

In the first three months of 2012 the number of employees (apprentices not included) was 443 in accordance with Section 267 par. 5 Commercial Code (previous year: 466). The weighted number of full-time employees at Group level also went down to 319 (previous year: 330). The staff cuts were the result of changes in the branch structure. At the end of period, March 31, 2012, LUDWIG BECK employed 51 apprentices (previous year: 46).

Risk report

In the course of its activities in the sales markets, the LUDWIG BECK Group is exposed to various risks connected with entrepreneurial transactions. A detailed description thereof is contained in our current annual report for the year 2011 (page 63 ff). The annual report can also be found on the company's website **www.ludwigbeck.de** in the "Investor Relations" section under "Financial Publications".

Forecast report

Business and general conditions

The Kiel Institute for the World Economy (IfW) sees Germany on the road to economic growth. After a moderate start, the economy is expected to experience marked growth, mostly due to the fact that Greece averted bankruptcy and a low prime lending rate in Germany. The researchers claim, this will raise domestic demand and have a particularly positive effect on residential construction. The IfW now anticipates economic growth of 0.7%, self-correcting its somewhat pessimistic winter forecast. Economists of the Hamburg Institute of International Economics (HWWI) attest to an upward trend in the German economy, based on sound domestic business conditions. Prospects continue to be auspicious for the job market and the current upward trend of prices is expected to subside again. However, a residual risk remains, caused by the vulnerability of German exports to an expected recession in the non-German Euro-zone. For this reason, the HWWI leaves its forecast unchanged, predicting a 0.5% growth rate. German managers are in an even better mood. Munich Ifo-Institute's business climate index showed a surprisingly strong upward movement for this spring. This fourth consecutive rise is seen as a turnaround of the economic trend in Germany.

Retail trade development

On the other hand, analyzed indicators in the latest consumer confidence study of the Association for Consumption Research (GfK) show that, for the time being, the upward trend in the German propensity to buy came to a halt. Reasons listed are lower income expectation among the Germans and primarily a huge rise in Diesel and gas prices, which pushes inflation up. Nevertheless, an almost stabile propensity to buy and sound job market figures are conducive to an overall stabilization of the propensity to consume - after the current slight decline, so the assessment of the Nurnberg Association for Consumption Research (GfK). Over the year, the consumer researchers predict a 1% rise in actual consumer spending – a crucial contribution of the domestic economy to preventing a recession for the German economy. According to the assessment of the German Retail Federation (HDE), the business situation in the 1st quarter was robust. For the first half of the year, it anticipates rising or at least stabile sales figures throughout the different sectors of the industry. The association maintains its prognosis of a 1.5% growth for the entire year. Driving forces are the sound economic situation and high level of employment; rising energy costs have, amongst others, a slowing effect.

LUDWIG BECK 2012

The management of LUDWIG BECK AG has received the forecasts of the economic experts with great confidence. The Group's own development during the first three months gives even more cause for an exceedingly positive outlook for the rest of the year 2012.

The 1st quarter earnings of LUDWIG BECK AG even exceeded the ambitious expectations of the management. Therefore, the company is in the comfortable position of being able to rely in its own strengths. As the past has repeatedly shown, LUDWIG BECK has always succeeded in outperforming the industry index, even in difficult economic times. The current positive forecasts give the management even more reason to be confident. Thus, LUDWIG BECK remains the predictable factor the company has positioned itself to be for many years now.

As a crucial factor for the continued growth of LUDWIG BECK AG, the "trading-up" strategy will consistently be implemented in the future. This means continuously upgrading the product line and thus accommodating the rising standards of the customers, most important in the "Store of the Senses", located in the heart of Munich, where about 95% of sales are generated. The flagship store's magic with its upscale shopping culture, its unique ambiance, and a selection that is as exclusive as it is varied guarantee lasting success. In addition to premium products staged in exceptional displays within a creative high-class interior design, a stringent cost management and continuous optimization of the cost-of-goods-sold ratio are key factors that will continue to have a positive effect on the yield development of the LUDWIG BECK Group.

Based on these deliberations, the LUDWIG BECK management confirms its forecast for the current fiscal year of a branch-adjusted sales growth of 2% to 3 % and earnings before taxes (EBT) between € 10.0m and € 12.0m.

Munich, April 2012
The Executive Board

Notes

Accounting in compliance with International Financial Reporting Standards (IFRS)

The present quarterly accounts of LUDWIG BECK AG as per March 31, 2012 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).

Accounting and valuation methods

The quarterly accounts are based on the same methods of accounting and valuation as the group accounts as per December 31, 2011. A comprehensive description of these methods is contained in the Appendix to the IFRS group accounts published as per December 31, 2011.

The amounts 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 – March 31, 2012, acc. to IASB

		1/1/2012 – 3/31/2012		1/1/2011 – 3/31/2011	
		€m	€m	€m	€m
1.	Sales revenue				
	- sales (gross)	22.9		22.0	
	- minus VAT	3.7		3.5	
	- sales (net)		19.2		18.5
2.	Other own work capitalized		0.0		0.0
3.	Other operating income		0.7		0.8
			20.0		**19.3**
4.	Cost of materials	9.9		9.4	
5.	Personnel expenses	3.9		4.0	
6.	Depreciation	0.7		0.7	
7.	Other operating expenses	3.6	18.1	4.4	18.5
8.	**EBIT**		**1.8**		**0.8**
9.	Financial result		-0.5		-0.6
	- Of which financing expenses € 0.5m (previous year: € 0.4m)				
	- Of which minority interests € 0.0m (previous year: € 0.2m)				
10.	**Earnings before taxes on income (EBT)**		**1.4**		**0.2**
11.	Taxes on income		0.4		0.1
12.	**Net profit for the period**		**0.9**		**0.1**
13.	Minoriy interests in net profit for the period		0.0		0.0
14.	**Net profit for the period after minory interests**		**0.9**		**0.1**
Earnings per share (undiluted and diluted) in €			0.26		0.03
Average number of outstanding shares in million			3.70		3.70

Consolidated Balance Sheet

Consolidated balance sheet of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, as of March 31, 2012, acc. to IASB

Assets		3/31/2012	12/31/2011	3/31/2011
		€m	€m	€m
A.	**Long-term assets**			
I.	Intangible assets	3.2	3.2	3.0
II.	Property, plant and equipment	88.7	89.1	90.5
III.	Other assets	0.1	0.1	0.1
	Total long-term assets	**92.0**	**92.5**	**93.6**
B.	**Short-term assets**			
I.	Inventories	10.8	9.5	11.4
II.	Receivables and other assets	2.0	1.7	1.2
III.	Cash and cash equivalents	0.5	3.9	1.1
	Total short-term assets	**13.4**	**15.2**	**13.7**
		105.4	**107.6**	**107.3**

Shareholders´ equity and liabilities		3/31/2012	12/31/2011	3/31/2011
		€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	33.0	31.9	19.7
IV.	Equity participation acc. to "anticipated acquition method"	8.6	8.9	15.1
	Total shareholders' equity	**54.5**	**53.7**	**47.6**
B.	**Potential compensation claim by minority shareholders**	**0.0**	**0.0**	**9.3**
C.	**Long-term liabilities**			
I.	Liabilities to banks	27.5	27.6	29.8
II.	Accruals	0.6	0.6	0.6
III.	Other financial liabilities	4.0	4.1	3.4
IV.	Deferred tax liabilities	0.8	1.2	3.0
	Total long-term liabilities	**32.9**	**33.5**	**36.8**
D.	**Short-term liabilities**			
I.	Liabilities to banks	9.5	9.9	3.4
II.	Other financial liabilities	0.6	0.6	0.5
III.	Trade liabilities	2.0	1.4	2.9
IV.	Tax liabilities	1.5	3.6	2.8
V.	Other liabilities	4.5	5.0	4.0
	Total short-term liabilities	**17.9**	**20.4**	**13.6**
	Total debt (B. - D.)	**50.9**	**53.9**	**59.7**
		105.4	**107.6**	**107.3**

Consolidated Segment Reporting

Consolidated segment reporting of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 – March 31, 2012, acc. to IASB

€m	Textile	Non-textile	Group
1/1/2012 – 3/31/2012			
Sales (gross)	17.5	5.4	22.9
VAT	-2.8	-0.9	-3.7
Sales (net)	**14.7**	**4.5**	**19.2**
Cost of sales	7.6	2.6	10.3
Gross profit	**7.0**	**1.9**	**9.0**
Personnel expenses	1.3	0.6	1.8
Cost of occupancy	2.6	0.5	3.1
Interests	0.2	0.1	0.3
Segment results	**3.0**	**0.8**	**3.8**
Cash discounts, other discounts et cetera on cost of sales			0.4
Other operational income			0.7
Other personnel expenses			2.1
Depreciation			0.7
Other expenses			0.5
Other financial result			-0.2
Taxes on income			0.4
Net profit for the period			**0.9**

€m	Textile	Non-textile	Group
1/1/2011 – 3/31/2011			
Sales (gross)	16.8	5.2	22.0
VAT	-2.7	-0.8	-3.5
Sales (net)	**14.1**	**4.4**	**18.5**
Cost of sales	7.4	2.5	10.0
Gross profit	**6.7**	**1.9**	**8.5**
Personnel expenses	1.3	0.6	1.9
Cost of occupancy	2.7	0.5	3.2
Interests	0.2	0.1	0.3
Segment results	**2.5**	**0.7**	**3.2**
Cash discounts, other discounts et cetera on cost of sales			0.6
Other operational income			0.8
Other personnel expenses			2.1
Depreciation			0.7
Other expenses			1.2
Other financial result			-0.3
Taxes on income			0.1
Net profit for the period			**0.1**

Consolidated Cash Flow Statement

Consolidated cash flow statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 – March 31, 2012, acc. to IASB

€m	1/1/2012 – 3/31/2012	1/1/2011 – 3/31/2011
Cash flow from operating activities:		
Earnings before taxes on income	1.4	0.2
Adjustments for:		
+ Depreciation of fixed assets	0.7	0.7
+ Interest expenses	0.5	0.4
+ Minority interest profit	0.0	0.2
Operating result before changes to working capital	**2.6**	**1.5**
Increase/decrease (-/+) in assets	-1.6	-2.5
Increase/decrease (+/-) in liabilities	0.0	0.1
Cash flow from operating activities (before interest and tax payments)	**1.0**	**-0.9**
Interest paid	-0.4	-0.4
Disbursements to minorities	-0.2	-0.2
Taxes on income paid	-2.9	-1.5
Cash flow from operating activities	**-2.5**	**-3.0**
Disbursements for investments in fixed assets	-0.3	-0.5
Cash flow from investing activities	**-0.3**	**-0.5**
Acceptance/repayment of bank liabilities	-0.5	-0.1
Acceptance/repayment of other liabilities	-0.1	-0.1
Cash flow from financing activities	**-0.6**	**-0.2**
Changes in cash and cash equivalents not affecting cash flows	-3.4	-3.7
Cash and cash equivalents at beginning of period	3.9	4.8
Cash and cash equivalents at the end of period	**0.5**	**1.1**

Consolidated Equity Statement

Consolidated equity statement of LUDWIG BECK am Rathauseck – Textilhaus Feldmeier AG, Munich, for the period January 1 – March 31, 2012, acc. to IASB

€m	Subscribed capital	Capital reserve	Profit accrued	Equity participation acc. to "anticipated acquisition method"	Total
Balance as of 1/1/2012	**9.4**	**3.5**	**31.9**	**8.9**	**53.7**
Net profit for the period			0.9		0.9
Change in equity participation item acc. to "anticipated acquisition method"			0.1	-0.3	-0.2
Balance as of 3/31/2012	**9.4**	**3.5**	**33.0**	**8.6**	**54.5**
Balance as of 1/1/2011	**9.4**	**3.5**	**19.6**	**15.1**	**47.6**
Net profit for the period			0.1		0.1
Balance as of 3/31/2011	**9.4**	**3.5**	**19.7**	**15.1**	**47.6**