

LUDWIG BECK

CONSOLIDATED INTERIM REPORT

for the 2nd Quarter and the 1st six Months of the Fiscal Year 2014
for the Period from January 1 to June 30, 2014



KEY FIGURES OF THE GROUP

in €m	1/1/2014 – 6/30/2014	1/1/2013 – 6/30/2013
Gross sales	44.8	43.9
Net sales	37.7	36.9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3.8	4.4
Earnings before interest and taxes (EBIT)	2.2	3.0
Earnings before taxes (EBT)	1.7	2.1
Earnings after taxes	1.4	1.3
Equity (at the end of period 6/30)	63.6	58.8
Equity ratio in % (at the end of period 6/30)	59.0	55.8
Earnings per share (in €)	0.37	0.36
Investments	2.7	1.2
Employees (at the end of period 6/30) *)	462	459
Apprentices (Number)	43	49

*) 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 2013.

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC CONDITIONS

Macroeconomic development

While the global economy moved into gear sluggishly, the German economy gained some momentum. According to the German Institute for Economic Research (DIW), the Gross Domestic Product rose by 0.3% compared to the previous quarter after a good start into the year 2014. The analysts attribute this moderate upswing largely to a perpetually positive consumer climate and the considerable wage increases of the last months. The manufacturing industry recorded increased capacity utilization. Export conditions also developed satisfactorily. Investments, on the other hand, were still rather restrained due to the simmering Ukraine crisis.

Retail trade development

In times of low interest rates the Germans remain true to the motto: buying rather than saving. At the end of 1st half of 2014 the GfK consumer climate index reached a new high since 2006. The Association for Consumption Research sees good labor market conditions and low inflation as stimuli for the undauntedly persistent consumer confidence. The German Trade Association (HDE) puts the rise in sales at nominal 2% compared to previous year's period. Soft goods, however, did not seem to occupy a top rank among products in demand. After a strong start at the beginning of the year, the second quarter was a wash-out for the German textile retail trade, according to TW-Testclub (TextilWirtschaft). At least it recorded a lateral movement with growth on par compared to a 3% loss in the previous year. In addition to low visitor numbers, retailers attribute the weak sales performance primarily to the competition from online shops.

CONSOLIDATED EARNINGS SITUATION

Development of sales

In the 1st half of 2014, LUDWIG BECK generated Group sales in the amount of € 44.8m (previous year: 43.9m), a 2.2% growth. Thus the Group eluded the general sector trend and generated sales increases. A sizable contribution came from a clearance sale at the flagship store at Munich Marienplatz as part of the reconstruction of the lower ground floor. On the negative side the flagging shopping mood of Russian

customers, who are quite important to LUDWIG BECK, came to bear due to political and economical uncertainties, rising inflation, sinking real wages and changes in travel conditions. The online trade at ludwigbeck.de, on the other hand, continued to develop positively.

Earnings situation

The Group's gross profit amounted to € 18.3m compared to € 18.5m in the previous year. An increase in cost of sales, due to the on-schedule clearance sale on the store's lower ground floor, was responsible for this minimal decline. Men's Fashion and the entire lower ground floor have been closed effective June 21, 2014 because of comprehensive remodeling and a significant expansion of the sales area. The *Grand Opening* is scheduled for the beginning of September 2014.

Absolute expenses against corresponding income were at € 16.1m compared to € 15.5m in the previous year. The cost increase is mostly attributed to a rise in personnel costs in connection with a 6.5% wage increase for employees implemented in May 2013. The expense ratio was 42.7% compared to 42.0% in the previous year.

Earnings before interest and taxes (EBIT) amounted to € 2.2m (previous year: € 3.0m). The EBIT margin reached 5.9% (previous year: 8.2%). The financial result was € -0.6m (previous year: € -0.9m).

Earnings before taxes (EBT) amounted to € 1.7m (previous year: € 2.1m).

Due to tax optimizations, earnings after taxes of € 1.4m exceeded last year's amount of € 1.3m. Based on these developments, the result of the 1st half of 2014 is within the scope of management's expectations.

ASSET SITUATION

Balance sheet structure

The balance sheet total of the LUDWIG BECK Group was € 107.7m (December 31, 2013: € 106.3m) with long-term assets rising to € 93.2m (December 31, 2013: € 92.2m). As usual, the main item was the real estate at Munich Marienplatz with a value of € 70.8m. The increase in long-term assets is mostly due to investments made on the lower ground floor of the Marienplatz flagship store.

Short-term assets amounted to € 14.5m compared to € 14.1m at the end of period December 31, 2013. The seasonal increase in inventories was accompanied by a decline of liquid funds.

FINANCIAL SITUATION

Balance sheet structure

At the end of period, June 30, 2014, the LUDWIG BECK Group held equity in the amount of € 63.6m compared to € 64.4m on December 31, 2013. The corresponding equity ratio is 59.0% (December 31, 2013: 60.6%). This decrease is mostly due to the dividend payout of € 0.50 per share (€ 1.8m) as per resolution of the Annual General Meeting on May 8, 2014. Positive earnings generated already in the 1st half of 2014 countered the decrease.

The Group's aggregate liabilities showed a seasonal increase and added up to € 44.1m (December 31, 2013: € 41.9m). The Group was able to reduce its long-term liabilities to € 24.1m (December 31, 2013: € 26.6m), largely by means of loan repayments. Short-term liabilities, on the other hand, increased from € 15.3m (December 31, 2013) to € 20.1m. This restructuring of financial liabilities from long-term to short-term is mostly the result of special mortgage loan repayments made in order to take advantage of the currently very low interest rates. In addition to changes in the mortgage area, seasonal increases in inventories and investments into the flagship store at Munich Marienplatz had an effect on short-term financial liabilities.

Cash flow

In the 1st half of 2014, cash flow from current operating activities amounted to € 0.0m (previous year: € -0.8m). Cash outflow from investment activities increased to € 2.7m (previous year: € 1.2m) for the report period. As mentioned earlier, these investments mostly pertain to the remodeling and expansion of the sales area on the lower ground floor at the Marienplatz store. Investments shall be financed out of current cash flow. Cash flow from financing activities was € 2.5m (previous year: € 1.6m).

EMPLOYEES

In the 1st six months of 2014 the number of employees (apprentices not included) was 460 in accordance with Section 267 par. 5 Commercial Code (previous year: 461). The weighted number of full-time employees at Group level also rose slightly to 327 (previous year: 326). At the end of period, June 30, 2014, LUDWIG BECK employed 43 apprentices (previous year: 49).

RISKS AND OPPORTUNITIES REPORT

In the course of its activities in the sales markets, the LUDWIG BECK Group is exposed to various risks connected to entrepreneurial transactions. A detailed description thereof is contained in our current annual report for the year 2013 (page 68ff). You can find the report on the company's website www.ludwigbeck.de/english in the *Investor Relations* section under *Financial Publications*.

FORECAST REPORT

Business and general conditions

The Institute for the World Economy (IfW) sees Germany at the brink of a period of booming economy. The Gross Domestic Product will rise by 2% this year and reach the 2.5% mark in 2015, so the IfW. After a two-year period of weakness, German investment activity has released restraint. While the number of unemployed persons continues to decline, a strong increase in working capacity is expected. Budget surpluses will rise significantly. However, the IfW warns about stability risks in the Euro Zone triggered by the ECB potentially overestimating its possibilities.

Retail trade development

As the Institute for the World Economy (IfW) predicts, net wages, the strongest driving force of private consumption, will rise significantly in 2015. The job market outlook for this year is already so positive, available earnings, in combination with low interest rates, so high that a further increase in consumption by 1.6% is to be expected. According to the German Trade Association (HDE), only the online trade will actually gain, despite the positive

consumer climate. Adjusted for price, this will result in stagnation, so the HDE experts. As TW Testclub reports, German fashion retailers have an optimistic outlook and expect a positive year-end result, despite a weak 1st half of the year. The Association for Consumption Research (GfK) points at the crisis situations in Syria, Ukraine and Iraq. A noticeable escalation could affect the German economy and consumer confidence.

LUDWIG BECK 2014

LUDWIG BECK management shares the positive prognosis of the economic researchers. However, it considers the different effects the expected opportunities have on the markets. Because the positive consumer climate still has not fully reached fashion retail, management approaches the 2nd half of 2014 with a somewhat cautious attitude. Brick-and-mortar trade in the textile sector has always been sensitive and subject to a multitude of factors, some of which cannot be controlled fully by strategic decisions. At present, one of those factors is the absence of many former patrons from Russia - a direct effect of the Ukraine crisis.

Starting in September 2014, the re-opening of the completely redesigned Men's Fashion department will create positive stimuli. An investment in the amount of € 6.0m has been allotted to the 2013/2014 reconstruction. Management expects the online trade to make an essential contribution to Group sales.

In accordance with these estimations, the Executive Board still assumes that achieved sales in 2014 will be within a margin of the middle one-figure percentage area. It expects earnings that will approximately equal the previous year.

Additional information: It is with deep sadness that we inform you of the death of Mr. Toni Feldmeier, the former co-owner of the company and present minority shareholder of Feldmeier GmbH & Co. Betriebs KG – the company owning the real estate at Munich Marienplatz. With the execution of his will his shares will be transferred to LUDWIG BECK, in accordance with an arrangement made in 2011. We will always honor the memory of Toni Feldmeier.

Munich, July 2014
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, 2014 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 of December 31, 2013. A comprehensive description of these methods is contained in the appendix to the IFRS group accounts published as of December 31, 2013.

The figures for the previous year have been adjusted in compliance to changed procedures in accordance with IAS 19R.

The acceptance of Mr. Toni Feldmeier's bequest will only have a marginal effect on the asset-, financial- and earnings situation of LUDWIG BECK. In terms of liquidity, the Group will be better off in the future.

The half-year financial report has not undergone a review or audit pursuant to § 317 HGB.

Corporate Affidavit pursuant to article 37y WpHG in conjunction with article 37w par. 2 no 3 WpHG

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the rest of the fiscal year.

General presentation of figures in the interim report

The sums in text and tables were exactly computed and then rounded to € m. The percentages given in text and tables 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 – JUNE 30, 2014,
ACC. TO IASB

in €m	1/1/2014 – 6/30/2014	1/1/2013 – 6/30/2013	4/1/2014 – 6/30/2014	4/1/2013 – 6/30/2013
1. Sales revenues				
- sales (gross)	44.8	43.9	23.1	22,6
- minus VAT	7.2	7.0	3.7	3,6
- sales (net)	37.7	36.9	19.4	19.0
2. Other own work capitalized	0.1	0.1	0.1	0.0
3. Other operating income	1.6	1.3	0.9	0.6
	39.4	38.3	20.4	19.7
4. Cost of materials	19.4	18.4	9.9	9,3
5. Personnel expenses	8.8	8.3	4.3	4,2
6. Depreciation	1.6	1.4	0.8	0,7
7. Other operating expenses	7.5	7.2	3.7	3,4
	37.2	35.3	18.6	17.6
8. Earnings before interest and taxes (EBIT)	2.2	3.0	1.8	2.1
9. Financial result	-0.6	-0.9	-0.3	-0.5
- Of which financing expenses: as of 6/30: € 0.6m (previous year: € 0.9m)				
10. Earnings before taxes (EBT)	1.7	2.1	1.5	1.5
11. Taxes on income	0.3	0.7	0.3	0.6
12. Earnings after taxes	1.4	1.3	1.2	1.0
13. Expenditures and income entered directly into equity	0.0	0.0	0.0	0.0
14. Consolidated comprehensive income	1.4	1.3	1.2	1.0
Earnings per share (undiluted and diluted) in €	0.37	0.36	0.32	0.26
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, 2014, ACC. TO IASB

Assets	6/30/2014	12/31/2013	6/30/2013
	€m	€m	€m
A. Long-term assets			
I. Intangible assets	2.9	3.0	3.0
II. Property, plant and equipment	90.1	89.0	88.4
III. Other assets	0.2	0.2	0.1
Total long-term assets	93.2	92.2	91.6
B. Short-term assets			
I. Inventories	11.0	10.4	11.5
II. Receivables and other assets	3.0	3.0	1.7
III. Cash and cash equivalents	0.5	0.7	0.6
Total short-term assets	14.5	14.1	13.8
	107.7	106.3	105.4
Shareholders' equity and liabilities	6/30/2014	12/31/2013	6/30/2013
	€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	51.1	51.9	46.2
IV. Other equity components	-0.4	-0.4	-0.3
Total shareholders' equity	63.6	64.4	58.8
B. Long-term liabilities			
I. Financial liabilities	22.4	24.3	24.5
II. Accruals	1.2	1.2	0.9
III. Deferred tax liabilities	0.5	1.1	0.2
Total long-term liabilities	24.1	26.6	25.6
C. Short-term liabilities			
I. Financial liabilities	15.3	9.0	16.7
II. Trade liabilities	1.6	1.8	0.9
III. Tax liabilities	0.0	0.0	0.4
IV. Other liabilities	3.1	4.4	3.0
Total short-term liabilities	20.1	15.3	20.9
Total debt (B. + C.)	44.1	41.9	46.5
	107.7	106.3	105.4

CONSOLIDATED SEGMENT REPORTING

CONSOLIDATED SEGMENT REPORTING OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD JANUARY 1 – JUNE 30, 2014, ACC. TO IASB

1/1/2014 – 6/30/2014 <i>Previous year</i>	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
Sales (gross)	33.5	119.0	11.3	119.0	44.8	119.0
<i>Previous year</i>	32.5	119.0	11.4	119.0	43.9	119.0
VAT	-5.4	19.0	-1.8	19.0	-7.2	19.0
<i>Previous year</i>	-5.2	19.0	-1.8	19.0	-7.0	19.0
Sales (net)	28.2	100.0	9.5	100.0	37.7	100.0
<i>Previous year</i>	27.3	100.0	9.6	100.0	36.9	100.0
Cost of sales	-14.6	51.9	-5.6	58.7	-20.2	53.6
<i>Previous year</i>	-13.7	50.0	-5.7	59.2	-19.3	52.4
Gross profit	13.6	48.1	3.9	41.3	17.5	46.4
<i>Previous year</i>	13.6	50.0	3.9	40.8	17.6	47.6
Personnel expenses associated with sales	-2.6	9.3	-1.4	15.1	-4.1	10.8
<i>Previous year</i>	-2.5	9.3	-1.4	14.9	-4.0	10.7
Imputed cost of premises	-5.0	17.8	-1.0	10.4	-6.0	15.9
<i>Previous year</i>	-5.0	18.4	-1.0	10.1	-6.0	16.2
Imputed interest	-0.4	1.2	-0.2	2.0	-0.5	1.4
<i>Previous year</i>	-0.4	1.3	-0.2	1.9	-0.5	1.5
Segment result	5.6	19.8	1.3	13.7	6.9	18.3
<i>Previous year</i>	5.7	21.0	1.3	13.9	7.1	19.2
Cash discounts, other discounts etc. on cost of sales					0.8	2.1
<i>Previous year</i>					0.9	2.6
Other operational income					1.7	4.6
<i>Previous year</i>					1.4	3.7
Other personnel expenses					-4.7	12.5
<i>Previous year</i>					-4.4	11.8
Depreciation					-1.6	4.1
<i>Previous year</i>					-1.4	3.8
Other expenses					-1.5	3.9
<i>Previous year</i>					-1.2	3.2
Other financial result					0.0	0.0
<i>Previous year</i>					-0.4	1.1
Taxes on income					-0.3	0.7
<i>Previous year</i>					-0.7	2.0
Earnings after taxes					1.4	3.7
<i>Previous year</i>					1.3	3.7

CONSOLIDATED SEGMENT REPORTING OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS
FELDMEIER AG, MUNICH, FOR THE PERIOD APRIL 1 – JUNE 30, 2014, ACC. TO IASB

4/1/2014 – 6/30/2014	Textile		Non-textile		Group	
	€m	%	€m	%	€m	%
<i>Previous year</i>						
Sales (gross)	17.4	119.0	5.6	119.0	23.1	119.0
<i>Previous year</i>	16.9	119.0	5.7	119.0	22.6	119.0
VAT	-2.8	19.0	-0.9	19.0	-3.7	19.0
<i>Previous year</i>	-2.7	19.0	-0.9	19.0	-3.6	19.0
Sales (net)	14.6	100.0	4.7	100.0	19.4	100.0
<i>Previous year</i>	14.2	100.0	4.8	100.0	19.0	100.0
Cost of sales	-7.5	51.1	-2.7	57.9	-10.2	52.8
<i>Previous year</i>	-6.9	48.3	-2.8	58.9	-9.7	51.0
Gross profit	7.2	48.9	2.0	42.1	9.2	47.2
<i>Previous year</i>	7.3	51.7	2.0	41.1	9.3	49.0
Personnel expenses associated with sales	-1.4	9.3	-0.7	15.4	-2.1	10.8
<i>Previous year</i>	-1.3	9.3	-0.7	15.4	-2.1	10.9
Imputed cost of premises	-2.5	17.0	-0.5	10.4	-3.0	15.4
<i>Previous year</i>	-2.5	17.8	-0.5	9.9	-3.0	15.8
Imputed interest	-0.2	1.1	-0.1	2.1	-0.3	1.3
<i>Previous year</i>	-0.2	1.2	-0.1	2.0	-0.3	1.4
Segment result	3.1	21.5	0.7	14.2	3.8	19.7
<i>Previous year</i>	3.3	23.3	0.7	13.9	4.0	20.9
Cash discounts, other discounts etc. on cost of sales					0.4	1.8
<i>Previous year</i>					0.4	2.2
Other operational income					1.0	5.2
<i>Previous year</i>					0.6	3.3
Other personnel expenses					-2.2	11.5
<i>Previous year</i>					-2.2	11.3
Depreciation					-0.8	4.0
<i>Previous year</i>					-0.7	3.7
Other expenses					-0.7	3.5
<i>Previous year</i>					-0.4	2.1
Other financial result					0.0	0.1
<i>Previous year</i>					-0.3	1.5
Taxes on income					-0.3	1.5
<i>Previous year</i>					-0.6	2.9
Earnings after taxes					1.2	6.1
<i>Previous year</i>					1.0	5.0

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD JANUARY 1 – JUNE 30, 2014, ACC. TO IASB

in €m	1/1/2014 – 6/30/2014	1/1/2013 – 6/30/2013
Cash flow from operating activities:		
Earnings before taxes	1.7	2.1
Adjustments for:		
+ Depreciation of fixed assets	1.6	1.4
+ Interest expenses	0.6	0.9
Operating result before changes to working capital	3.8	4.4
Increase/decrease (-/+) in assets	0.4	-0.4
Increase/decrease (+/-) in liabilities	-1.4	-1.9
Cash flow from operating activities (before interest and tax payments)	2.7	2.1
Interest paid	-0.5	-0.6
Disbursements to other shareholders	-0.4	-0.3
Taxes on income paid	-1.8	-2.0
A. Cash flow from operating activities	0.0	-0.8
Disbursements for investments in fixed assets	-2.7	-1.2
B. Cash flow from investing activities	-2.7	-1.2
Dividend payment	-1.8	-1.8
Acceptance/repayment of bank loans and loans from insurance companies	4.5	3.7
Acceptance/repayment of other financial liabilities	-0.2	-0.3
C. Cash flow from financing activities	2.5	1.6
D. Changes in cash and cash equivalents affecting cash flows (A.+B.+C.)	-0.2	-0.4
Cash and cash equivalents at beginning of period	0.7	1.0
Changes D.	-0.2	-0.4
Cash and cash equivalents at the end of period	0.5	0.6

CONSOLIDATED EQUITY STATEMENT

CONSOLIDATED EQUITY STATEMENT OF LUDWIG BECK AM RATHAUSECK – TEXTILHAUS FELDMEIER AG, MUNICH, FOR THE PERIOD JANUARY 1 – JUNE 30, 2014, ACC. TO IASB

in €m	Subscribed capital	Capital reserve	Accumulated profit	Other equity components	Total
Balance as of 1/1/2014	9.4	3.5	51.9	-0.4	64.4
Earnings after taxes			1.4		1.4
Dividend payment			-1.8		-1.8
Disbursements to other shareholders			-0.4		-0.4
Balance as of 6/30/2014	9.4	3.5	51.1	-0.4	63.6
Balance as of 1/1/2013	9.4	3.5	47.0	-0.3	59.7
Earnings after taxes			1.3		1.3
Dividend payment			-1.8		-1.8
Disbursements to other shareholders			-0.3		-0.3
Balance as of 6/30/2013	9.4	3.5	46.2	-0.3	58.8