



REPORT ON THE FIRST THREE MONTHS OF FISCAL YEAR 2003

- SALES SIGNIFICANTLY DOWN FROM PREVIOUS YEAR WITH SHARP DECLINE IN THE OVERALL MARKET
- QUARTERLY LOSS DUE TO THE REORGANIZATION OF THE ITALIAN BUSINESS
- PRODUCT LINE OF REAL FLAT UNITS EXPANDED AND SUCCESSFULLY INTRODUCED TO THE MARKET

LOEWE.



Dear Shareholders,

Due to the persistent consumer restraint, the European consumer electronics market has declined in the first three months of the current fiscal year. In the important German market, there have even been double-digit declines compared to the previous year. Against this backdrop, the development of Loewe's business has also been unsatisfactory in the period from January through March 2003.

The substantial decline in sales to EUR 72 million is partly due to the special factor of restructuring our marketing activities in Italy. However, Loewe has also lost a slight amount of market share in Europe. The primary cause was that Loewe's product line of high-volume real flat televisions in the medium price segment was still not complete in the first quarter of 2003. The additional TV sets of the Aventos family now on the market and the Mimo family of television sets have further closed this temporary gap.

On the earnings side, the establishment of a company-owned marketing and sales subsidiary in Italy together with the costs for the mutually agreed termination of the existing distribution agreements was responsible for a non-recurring negative effect of EUR 4.5 million. Overall, the Loewe Group attained negative EBIT of EUR 4.7 million.

The sales and earnings figures for the second quarter of 2003 will also fall noticeably short of those of the previous year. This is, however, consistent with the anticipated seasonal trend of business in the consumer electronics industry in 2003. While the good demand in the first half of 2002 was supported by major sporting events like the Winter Olympics and the World Soccer Championship, there will be no such events in this first half of 2003. Moreover, European consumers will defer large purchases until late August of this year when new products will be introduced at the biannual International Consumer Electronics Fair (IFA). For that reason, the industry assumes that, coupled with a predicted mild economic recovery, stimulation of business cannot be expected until the second half of 2003.

Loewe has made preparations for this and will introduce a large number of new products and system solutions at the IFA. The good demand for the new TV product family Mimo, which was introduced for the first time on March 28, 2003, and the lasting success of Aventos as an entry-level product for real flat -100 Hz are proof that Loewe's new products meet with positive response from dealers and consumers. In the current reporting period, Loewe holds 2nd place in the overall Germany television market.

In the future, LCD televisions will increasingly gain in significance in relation to traditional picture tube sets. The groundbreaking cooperation in this area with Sharp, the Japanese world market leader for LCD TVs, will enable Loewe to offer premium segment LCD TVs with larger screen diagonals in the future. Loewe is thus expanding the cooperation with Sharp that was already started in 2000 and will contribute development expertise and its recognized competence in digital signal processing.

Overall, fiscal year 2003 presents great challenges for the industry as a whole and for Loewe. In addition to all our efforts – including an extensive cost-cutting program – we will concentrate on our comprehensive product and marketing offensive aimed at generating sales at the previous year's level and Group EBIT over EUR 10 million.

Sincerely yours,



Dr. Rainer Hecker
Chairman of the Executive Board of Loewe AG

THE LOEWE GROUP AT A GLANCE*

in EUR million	1 st Quarter 2003	1 st Quarter 2002	Change in %
Sales	72.0	96.0	- 25
Germany	37.1	44.6	- 17
Foreign	34.9	51.4	- 32
Earnings before interest and taxes (EBIT)	- 4.7	7.5	
Net loss in the 1st quarter after minority interests	- 3.5	4.2	
Earnings per share in EUR **	- 0.49	0.59	
Further key figures			
Cash flow from operating activities	15.5	19.1	- 19
Capital expenditure	4.3	4.0	8
Depreciation and amortization	4.8	4.6	4
Development costs	3.6	3.1	16
Number of employees	1,257	1,218	3

* Home Media Systems division only. The Telecommunications division was closed at the end of 2002. The interim financial statements and the annual financial statements as of December 31, 2002 are in accordance with IAS and were compiled using the same accounting and valuation methods.

** Net income in relation to the number of shares outstanding totaling 7,176,600 shares (previous year: 7,149,400 shares).

SALES DROP BY 25 % TO EUR 72 MILLION

Sales in the Home Media Systems division were significantly down from the previous year both in Germany and in all important export countries. This is primarily due to the sharp decline in market volume for television sets in the upper price segment. A further contributing factor was the fact that the Loewe product line in the medium price segment for real flat picture tube sets will not be complete until new products are gradually introduced in 2003. In Italy, the reorganization of sales activities contributed to a decline in sales.

LOSS IN THE FIRST QUARTER OF 2003

EBIT amounted to EUR –4.7 million compared to a profit of EUR 7.5 million in the same period of the previous year. The decline in earnings is primarily due to the lower business volume, the poorer product mix and a non-recurring effect from the reorganization of the Italian business amounting to EUR –4.5 million.

As a consequence of the negative EBIT, the net loss after minority interests in the first quarter is EUR 3.5 million after a profit of EUR 4.2 million in the comparable period of the previous year. Earnings per share came to EUR –0.49. Considering the 398,400 options that may still be exercised by 2005, diluted earnings per share were EUR –0.46.

POSITIVE FREE CASH FLOW DESPITE HIGHER COMMITMENT OF FUNDS

As in the first quarter of the previous year, Loewe generated positive free cash flow, due in particular to the sharp reduction in trade accounts receivable. Overall, however, the commitment of funds in working capital, in finished goods and services in particular, is higher due to the unattained sales targets.

REDUCTION IN WORKFORCE SINCE THE BEGINNING OF THE YEAR

The increase in the number of employees over the previous year is primarily due to the integration of the new sales companies in the U.S. and France. Compared to December 31, 2002, the number of employees is slightly down. It was possible to make the necessary adjustment to the considerably lower production volume in the first quarter of 2003 by reducing individual working hours. This is equivalent to 15 employees.

SIGNIFICANTLY DETERIORATED MARKET ENVIRONMENT

Demand for television sets has fallen significantly in Europe in recent months. Poor overall economic conditions and a lower propensity to consume have contributed to this decline. The high-price premium segment has been especially affected. The current market figures for Europe show a 5%¹ market decline in terms of value with a 3.4% higher sales volume. There has been a marked decline in average prices since late 2002, which has primarily affected sales volume in the upper price segment. In the period December 2002 through January 2003, Loewe's market share declined by 0.6% to 5.9%² in relation to the comparable period of the previous year.

Compared to the previous year, the German market for televisions declined by 12.6%³ in terms of value in the period December 2002 through March 2003, with a 5.0% decline in sales volume. The decline in terms of value affected Loewe products less severely. Loewe was able to increase its market share by value by 0.4 percentage points to 15%.⁴

¹ Source: GfK, market by value for CRT televisions in Europe in the period December/January 2003

² Source: GfK, market share by value in European retail trade in the period December/January 2003

³ Source: GfK, market by value for CRT televisions in Germany in the period December through March 2003

⁴ Source: GfK, market share by value in the German retail trade in the period December through March 2003

SALES DECLINES IN ALL PRODUCT AREAS

in EUR million	1 st Quarter 2003	1 st Quarter 2002	Change in %
Televisions and multimedia units	61.5	80.2	- 23
DVD players	0.9	2.0	- 55
Video recorders	0.9	2.2	- 59
Stereo systems	0.9	1.7	- 47
Accessories and other revenues	7.8	9.9	- 21
Total	<u>72.0</u>	<u>96.0</u>	<u>- 25</u>

TELEVISIONS AND MULTIMEDIA UNITS

The 23 % sales decline was concentrated on televisions with super flat picture tubes that were partially phased out in 2003 and the low demand for high-end products in the price segment above EUR 2,000. The sharp decline in this segment is attributable to the exceptionally high previous year figure, which was distinguished by the market launch of the Aconda 102 and the Articos in the premium price segment.

In the entry-level price segments for Loewe TV sets starting at EUR 1,200⁵, additional real flat units of the Aventos product family were introduced in the first quarter of 2003. Market acceptance of the attractively priced units was very good. However, the simultaneously lower sales of high-priced sets resulted in a worse product mix.

The first shipments of the Mimo product family to the retail trade were made at the end of March. Besides the 81 cm real flat unit in the medium price segment at around EUR 2000, additional models with smaller screen formats and attractively priced home cinema solutions will be introduced in the coming months.

VIDEO RECORDERS, DVDS, STEREO SYSTEMS, ACCESSORIES AND OTHER PRODUCTS

Sales of video recorders were slow due to the expected substitution effects of DVD players. Sales of DVD players were also below those of the previous year since Loewe did not go along with an almost 30 % reduction in average market prices out of earnings considerations. The considerable first quarter decline in sales in stereo systems is attributed to the low demand for high-end stereo and speaker systems and the high previous year value resulting from the market launch of the Concertos sound system. The market volume in these segments declined between 15 and 30 % in 2002. Sales of accessories declined consistent with the other product groups.

ABOVE-AVERAGE DECLINE IN EXPORT SALES

In Europe, the substitution of super flat sets by economical real flat sets continued in the first quarter of 2003. As Loewe was not able to completely convert its product line, sales in all important markets were significantly below the previous year's value. This was especially due to the fact that demand for real flat units was much stronger outside Germany.

The sales decline in Italy is primarily due to the reorganization of the Italian business. The exclusive agreement with the former distributor was terminated early by mutual agreement. This made it possible for an owned subsidiary to take over marketing and sales as of April 1, 2003. Due to the planned takeover of the former distributor's inventories by Loewe in April, the deliveries to Italy in the first quarter of 2003 were barely half those of the previous year's quarter.

⁵ Real flat picture tube sets with a screen diagonal greater than 70 cm

Spheros 20: Innovative LCD technology and avant-garde design.
Low overall depth of only 7.5 cm.



In the U.S., sales in the comparable quarter of 2002 were favored because of the initial deliveries of Loewe products to dealers. Positive stimuli are not expected in the U.S. business until the planned introduction of new home cinema solutions with high-definition plasma sets in the third quarter of 2003.

Temporary restrictions on the import of the units affected business with the Russian Federation.

Overall, the share of export sales in total sales declined by 5 percentage points to 49% compared to the same time period of the previous year.

NEGATIVE EBIT OF EUR 4.7 MILLION IN THE FIRST QUARTER

After EBIT of EUR 7.5 million in the comparable period of the previous year, EBIT in the first quarter of 2003 was negative at EUR –4.7 million. The decline in earnings is primarily due to the lower business volume, a poorer product mix and the non-recurring effect from the reorganization of the Italian business. The compensation payment to the former distributor triggered by the administrative reorganization, the anticipated effect on net income of the takeover of inventory in April 2003 and the under-recovery of costs resulting from the definite decline in the Italian business strained net income in the first quarter by roughly EUR 1.5 million in each case for a total of EUR 4.5 million.

	1st Quarter 2003	1st Quarter 2002
EBIT in EUR million	– 4.7	7.5
EBIT as a percentage of sales	– 6.6	7.8

The decline in the gross margin compared to the same period of the previous year by 5.8 percentage points to 22.3 % reflects the unfavorable product mix and the fixed costs in production, development and quality that were not covered due to the decline in volume. Moreover, the gross margin includes the burden on net income in the amount of EUR 1.5 million resulting from the repurchase of inventories from the Italian distributor planned for April.

The selling expenses are slightly higher than in the comparable period of the previous year. The savings in the largely volume-dependent freight and other direct selling expenses in the amount of EUR 0.3 million and the advertising costs, which were lower by EUR 1 million, are offset by higher costs of the sales and marketing organization of EUR 1.1 million and higher warranty costs of EUR 0.3 million.

The general administrative expenses are slightly lower than those of the comparable period of the previous year. Due to the reduced sales, they increased by 0.8 percentage points to 3.6 % percent of sales.

The balance of other operating income and expenses relates almost exclusively to expenses for compensation payments to be made to the former distributor in Italy in the amount of approximately EUR 1.5 million.

A cost cutting program of EUR 4 million was defined for fiscal year 2003. In the first quarter of 2003, this program accounted for roughly EUR 1 million in savings in manufacturing costs, selling and general administrative expenses.

The higher commitment of funds in working capital caused the balance of interest expenses and income to be higher than in the previous year, amounting to 0.5 % of sales.

CAPITAL EXPENDITURE SLIGHTLY ABOVE PREVIOUS YEAR

in EUR million	Capital expenditure		Depreciation and amortization	
	1 st Quarter 2003	1 st Quarter 2002	1 st Quarter 2003	1 st Quarter 2002
Intangible assets	1.3	1.4	1.4	1.4
Property, plant, and equipment	3.0	2.6	3.4	3.2
Total	<u>4.3</u>	<u>4.0</u>	<u>4.8</u>	<u>4.6</u>

At EUR 4.3 million, the capital expenditure in the first quarter of 2003 was slightly higher than in the comparable quarter of the previous year. It relates primarily to tooling for new products (EUR 2.0 million) and the development costs (EUR 1.2 million) subject to mandatory capitalization in accordance with International Accounting Standards (IAS).

At EUR 4.8 million, depreciation and amortization for the first quarter of 2003 was also slightly above the level of the previous year.

REDUCTION IN NET LIABILITIES DUE TO SEASONAL FACTORS

in EUR million	March 31, 2003	Dec. 31, 2002	March 31, 2002
Non-current assets	67.0	67.4	61.8
Working capital	40.8	59.5	37.0
Assets/Liabilities of the discontinued division	0.0	- 0.6	5.4
Shareholders' equity	77.0	80.5	79.4
Minority interests	1.2	1.2	0.8
Net financial debt	<u>29.6</u>	<u>44.6</u>	<u>24.0</u>

Compared to December 31, 2002, the balance sheet structure as of March 31, 2003 is particularly marked by the customary seasonal reduction in trade receivables as well as the associated lower need for working capital. Net financial debt was reduced considerably compared to December 31, 2002.

in EUR million	March 31, 2003	Dec. 31, 2002	March 31, 2002
Inventories	57.3	54.6	50.2
thereof: raw materials and supplies	15.1	15.5	14.2
thereof: finished goods and merchandise	42.2	39.1	36.0
Trade accounts receivable and other assets	60.2	84.4	70.6
Other provisions	- 44.3	- 47.7	- 46.9
Trade accounts payable, other liabilities	- 32.4	- 31.8	- 36.9
Working capital	<u>40.8</u>	<u>59.5</u>	<u>37.0</u>

Compared to the balance at the end of 2002, inventories within the working capital were up by EUR 2.7 million because production could not be completely adjusted to the lower sales. The increase relates exclusively to finished goods, primarily TVs and stereo units.

Reflecting the seasonal sales trend and due to the distinct reduction in sales in the first quarter of 2003, the trade accounts receivable and other assets were down by EUR 24.2 million compared to the balance as of December 31, 2002. The decline in relation to March 31, 2002 reflects the low sales in the first quarter of 2003.

The other provisions that have been reduced since December 31, 2002 and also in relation to March 31, 2002 are primarily attributable to the seasonal payment of bonuses to dealers and the lower sales in the first quarter of 2003.

SHAREHOLDERS' EQUITY

in EUR million	Sub- scribed capital	Capital reserve	Other retained earnings	Profit brought forward	Share- holders' equity
Balance as of 12/31/02	7.2	45.3	10.5	17.5	80.5
Net loss for 1 st quarter				- 3.5	- 3.5
Balance as of 03/31/03	<u>7.2</u>	<u>45.3</u>	<u>10.5</u>	<u>14.0</u>	<u>77.0</u>

The EUR 3.5 million decrease in shareholders' equity to EUR 77.0 million (before distribution of the dividend for fiscal year 2002) was exclusively due to the loss in the first three months of 2003.



Since March 28, 2003, Loewe's response to the latest market demands is the fascinating Mimo product line. 100 Hz, real flat (also as LCD), 16:9 cinema format, fully integratable digital TV upgrade kit and an active ceramic subwoofer satellite system.

POSITIVE FREE CASH FLOW DESPITE QUARTERLY LOSS

in EUR million	1 st Quarter 2003	1 st Quarter 2002
Net cash provided by operating activities	15.5	19.1
Investing activities	– 4.3	– 4.0
Free cash flow of Home Media Systems division	11.2	15.1
Free cash flow of Telecommunications division	0.0	– 0.4
Net cash used by financing activities	0.8	1.0
Cash-effective change in liquidity	<u>12.0</u>	<u>15.7</u>

At EUR 15.5 million, the net cash provided by operating activities was EUR 3.6 million below the comparable period of the previous year and is primarily due to the net loss in the first quarter of 2003.

At EUR 4.3 million, the net cash used for investing activities was EUR 0.3 million higher than in the comparable period of the previous year. On an annual basis, investment spending will be below the level of the previous year.

DEVELOPMENT

In the first quarter of 2003, the development and production activities were concentrated on the expansion of the product portfolio of televisions with picture tubes based on real flat technology. An additional screen format in the entry-level price segment was added to the Aventos family. The Mimo 81 is the first set in a completely new product line intended to appeal to younger target groups in particular to go into full production. Successive additions will be made to both product families in the coming months. A completely new speaker system is being developed to round out the Mimo line as a home cinema system. Development work was continued on an additional product family with real flat picture tubes that is scheduled to go into production this fall.

One focus in the first quarter of 2003 was the development work on products based on flat display technology. The new plasma line with a high-definition display was developed to pilot production, making a market launch possible in mid-year. The first phase of design work was completed on sets based on large-format LCD technology and the engineering design and development work was started on schedule.

In addition, the initial certification was completed for the Premiere-capable DVB receiver module to be introduced in May and we expanded our Internet platform to include interactive programming of video recorders.

The SIPROS research project, which was started in 1999 and is concerned with new hardware and software architecture and the associated display technologies for multimedia units, was brought to a successful conclusion in a workshop conducted by the Information Technology Society (ITG) within the Association for Electrical, Electronic and Information Technologies (VDE) and the German society for Technology in TV and Cinema (FKTG) and attended by representatives of the German Ministry of Economics and Labor. Worthwhile knowledge was obtained in the areas of rear projection technology and software for distributed graphic user interfaces.

MARKETING AND SALES

The introduction of the Aventos late last year already made it possible to initiate a turnaround toward gaining market shares in the real flat segment. In late March, the Aventos 72 with a smaller screen format was added to the product family. With the most advanced real flat technology, a MediaPlus chassis and ample equipment (full PIP, virtual Dolby Surround), it points the way forward in the Loewe entry-level price segment.

An international event in late March was the setting for the presentation of a new, innovative product family. With its youthful and modern design and its forward-looking technical equipment features, this new product family under the name of Mimo will clearly appeal to younger target groups with high purchasing power. Unusual colors, flowing lines, harmonically matched components and the reduction to the essential make the design captivating.

The Mimo family is being introduced in three stages: The Mimo 32, a television set with an 81 cm wide screen format with different placement options including a swivel action for free positioning in the room was launched in March 2003. The second stage in introducing the Mimo will be the launch of sets with a 70 cm screen diagonal in 16:9 format and the 4:3 set with a 72 cm screen diagonal in May through July. A special highlight will be the interchangeable front panel concept to individualize the set with a 55 cm screen diagonal. The third stage in the fall will expand Mimo to include a 38 cm LCD set in the flat display segment. The system functions are given expression by the addition of Dolby Digital surround sound speaker systems and a DVD preceiver. Mimo thus offers a perfect home cinema experience.

The internationalization of Loewe sales activities was strengthened by the founding of our own subsidiary in Italy, our largest export market. This opens up to us additional growth opportunities through the possibility for quantitative and qualitative expansion of our current distribution system, access to important customers, cooperative agreements and the Europe-wide systematic implementation of the Loewe marketing and sales strategy. The former distribution partner in Italy performed good development work and laid the foundation for the expansion of business that is now possible.

We are meeting the challenging market conditions with a marketing offensive: Firstly through the product offensive with the introduction of more than 30 new products in 2003 and secondly with a communications offensive that was kicked off in the first quarter with the start of the new international Brand Campaign 2003. The new print campaign was started in Germany on March 17, 2003 with placement in selected publications like Spiegel, Focus and Stern as well as design and ambience publications such as Architektur & Wohnen, AD (Architectural Digest), Häuser und Atrium.

In the hotel TV business, a new cooperation with OTRUM ASA, Norway, paves the way for growth in the hotel and cruise ship market. OTRUM is a leading provider of interactive TV solutions and TV content for the hotel, catering and tourism industry in Europe, the Middle East and Africa.

EMPLOYEES

Compared to the comparable quarter of the previous year, the number of employees was slightly higher by 3%. The increase of 39 employees is primarily concentrated on Loewe France S.A. with 23 persons who were not included in the workforce until the third quarter of 2002. There were also necessary increases in Development (8 persons) and Marketing/Sales/Quality (6 persons). All 18 employees in the closed Telecommunications division were dismissed as of the end of the previous year's quarter.

Compared to December 31, 2002, the number of employees is slightly down. Despite a significantly lower production volume in the first quarter of 2003, it was possible to maintain the number of employees in the direct area, since the necessary adjustment of production capacity was accomplished by reducing individual working hours, corresponding to an equivalent of 15 persons.

RISKS OF FUTURE DEVELOPMENT

The most important risk areas include the market risk, the technology and design position, the dependence on important suppliers and employees in key positions, potential product liability, interest, and currency risks. The individual risks are in part interrelated and can overlap.

A comprehensive risk report can be found on pages 52 to 55 of the annual report for 2002. There were no significant changes from the previous year in the first quarter of fiscal year 2003.

IMPORTANT EVENTS AFTER THE END OF THE QUARTER

The Executive Board and the Supervisory Board will recommend to the Shareholders' Meeting on June 25, 2003 the distribution of an unchanged dividend in the amount of EUR 0.85 per share.

No additional events of special significance occurred after the end of the quarter.

OUTLOOK FOR FISCAL YEAR 2003

Based on the unsatisfactory development of Loewe in the first quarter of 2003, the geopolitical uncertainties and a definite consumer resistance to purchasing consumer electronics products, we expect sales to be at the previous year's level and EBIT of more than EUR 10 million for the current fiscal year 2003.

OTHER INFORMATION

This quarterly report was thoroughly reviewed by an auditor. No objections were raised.

As of March 31, 2003, the Executive Board held 581,425 shares in Loewe AG, which was unchanged from the balance as of December 31, 2002.

Kronach, April 28, 2003

The Executive Board

Dr. R. Hecker

Dr. B. Bamberger

T. Bender

G. Schaas

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD JANUARY 1 THROUGH MARCH 31, 2003

EUR million	January to March 2003		January to March 2002	
		%		%
Sales	72.0		101.0	
Division to be discontinued	0.0		- 5.0	
Sales	72.0	100.0	96.0	100.0
Manufacturing cost of goods and services produced in order to generate sales*)	- 56.0	- 77.7	- 69.0	- 71.9
Gross margin	16.0	22.3	27.0	28.1
Selling expenses	- 16.9	- 23.5	- 16.8	- 17.5
General administrative expenses	- 2.6	- 3.6	- 2.7	- 2.8
Other operating income/expense	- 1.3	- 1.8	0.0	0.0
Income from participating interests	0.1	0.0	0.0	0.0
EBIT of the division to be continued	- 4.7	- 6.6	7.5	7.8
Interest and similar income	0.1	0.1	0.1	0.1
Interest and similar expenses	- 0.5	- 0.6	- 0.4	- 0.4
Profit from ordinary activities (EBT) of the division to be continued	- 5.1	- 7.1	7.2	7.5
Profit from ordinary activities (EBT) of the division to be discontinued	0.0	0.0	0.0	0.0
Profit from ordinary activities (EBT)	- 5.1	- 7.1	7.2	7.5
Income taxes	1.6	2.2	- 2.9	- 3.0
Net loss/income before minority interests	- 3.5	- 4.9	4.3	4.5
Minority interests	0.0	0.0	- 0.1	- 0.1
Net loss/income after minority interests	- 3.5	- 4.9	4.2	4.4

* the following items up to and including interest and similar expenses only contain information concerning the division to be continued

Basic earnings per share **	- 0.49	0.59
Basic earnings per share of the division to be continued **	- 0.49	0.59
Diluted earnings per share of the division to be continued ***	- 0.46	0.55
** Number of shares issued as of December 31, 2003	7,176,600	7,149,400
*** Number of shares and options issued	7,575,000	7,575,000

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2003

EUR million	03/31/03	12/31/02	03/31/02
Assets			
Non-current assets*			
Intangible assets	10.2	10.2	9.4
Property, plant, and equipment	56.6	57.0	52.2
Financial assets	0.2	0.2	0.2
Total non-current assets	67.0	67.4	61.8
Current assets*			
Inventories	57.3	54.6	50.2
Trade accounts receivable	57.2	81.4	66.1
Other short-term receivables	4.6	4.5	4.5
Cash and cash equivalents	5.1	3.7	16.4
Total current assets	124.2	144.2	137.2
Deferred tax assets*	1.7	0.1	1.6
Assets of the division to be discontinued	0.0	0.1	8.5
Total assets	<u>192.9</u>	<u>211.8</u>	<u>209.1</u>
Liabilities and shareholders' equity			
Shareholders' equity			
Subscribed capital	7.2	7.2	7.1
Capital reserve	45.3	45.3	44.9
Other retained earnings	10.5	10.5	5.5
Distributable profit	14.0	17.5	21.9
Total shareholders' equity	77.0	80.5	79.4
Minority interests	1.2	1.2	0.8
Provisions*			
Provisions for pensions and similar obligations	26.9	28.2	26.5
Tax provisions	0.0	1.0	3.5
Other provisions	44.3	47.7	46.9
Total provisions	71.2	76.9	76.9
Liabilities*			
Long-term debt	3.0	3.4	4.3
Trade accounts payable	25.3	26.3	30.8
Other short-term liabilities	15.2	22.9	13.8
Total liabilities	43.5	52.6	48.9
Provisions and liabilities of the division to be discontinued	0.0	0.6	3.1
Total liabilities and shareholders' equity	<u>192.9</u>	<u>211.8</u>	<u>209.1</u>

* of the division to be continued

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JANUARY TO MARCH 2003/2002

EUR million	2003	2002	
Operating activities*			
Profit from ordinary activities	- 5.1	7.2	
Depreciation and amortization of non-current assets	4.8	4.6	
Decrease in pension provisions	- 1.3	- 1.2	
Income taxes paid	- 1.3	- 1.6	
Net cash before changes in net current assets	- 2.9	9.0	
Change in net current assets			
Increase in inventories	- 2.7	- 5.1	
Increase (-)/decrease (+) in trade accounts receivable and other assets	24.1	20.3	
Increase (+)/decrease (-) in other provisions	- 3.5	- 3.3	
Increase (+)/decrease (-) in trade accounts payable and other liabilities	0.5	- 1.8	
Change in net current assets	18.4	10.1	
Net cash provided by operating activities	15.5	19.1	
Investing activities			
Payments for purchases of intangible assets and property, plant, and equipment	- 4.3	- 4.0	
Net cash used by investing activities	- 4.3	- 4.0	
Free cash flow of the division to be continued	11.2	15.1	
Free cash flow of the division to be discontinued	0.0	- 0.4	
Total free cash flow	11.2	14.7	
Financing activities			
Borrowing	1.2	1.0	
Repayment of loans	- 0.4	0.0	
Net cash used by financing activities	0.8	1.0	
Cash-effective change in liquidity	<u>12.0</u>	<u>15.7</u>	
Composition of liquidity	03/31/03	12/31/02	+/-
Cash and cash equivalents	5.1	3.7	1.4
Short-term bank loans		- 10.6	10.6
Liquidity	<u>5.1</u>	<u>- 6.9</u>	<u>12.0</u>

* The following items up to and including net cash used by investing activities only include data of the division to be continued

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Security code number: 649410
ISIN code: DE 0006494107

Loewe shares are traded in the Prime Segment of the German Stock Exchange.

Indices: **SDAX**[®]
Classic All share[®]
Prime All share
CDAX[®]



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