



REPORT ON THE FIRST THREE MONTHS OF FISCAL YEAR 2004

- SALES 16 % BELOW PRIOR YEAR, FLAT-PANEL DISPLAYS CONTRIBUTE 21 % OF TOTAL SALES
- EUR 10.9 MILLION OPERATIONAL LOSS FOR THE QUARTER DUE TO LOWER BUSINESS VOLUME
- FLAT-PANEL DISPLAY PRODUCT RANGE EXPANDED. ADDITIONAL MARKET INTRODUCTIONS PLANNED
- CLOSER PARTNERSHIP WITH SHARP

LOEWE.



DIFFICULT TIMES BRING NEW OPPORTUNITIES.

Dear Shareholders,

The European market for televisions is still shaped by the rapid change in demand from classic picture tube sets to flat-panel display units. Above all in the premium segment, Loewe's traditional focus, the paradigm shift has led to market declines of more than 25%. The market for large-screen LCD televisions is just developing in Germany and other countries. The attractive flat-panel display segment will grow from only 6% in 2003 by more than tenfold to approximately 25% of the LCD television market by 2004.

Against this background, the sales of the Loewe Group declined from EUR 72 million to EUR 60.3 million as expected in the first three months of 2004. The primary cause is the persistently strong decline in sales of picture tube (CRT) TVs in the upper price segment that we were partially able to counteract through the dynamic growth of flat-panel display units.

The 16% reduction in sales led to negative EBIT of EUR 10.9 million. The loss predominantly results from the lower business and production volume. Moreover, the less favorable product mix has reduced earnings due to the higher demand for standard sets. As of mid-year, we will have expanded our range of flat-panel display products and hence will be able to participate in the dynamic market growth.

In addition to a product-oriented brand campaign, the highlight of the first quarter was the introduction of the new Mimo 20 and Spheros 37 LCD televisions. The new Mimo is a multifunction product featuring an integrated FM tuner for radio reception and an overall depth of only a few centimeters. Another member of the Mimo family received the Gold Award of the IndustrieForum Design in Hanover. The renowned design institute considers the prizewinning Mimo 15 one of the best designed products currently available. The Spheros 37 is the first large-screen LCD unit with a 94 centimeter screen diagonal and integrated functionalities such as digital television and Digital RecordingPlus.

In order to bring Loewe back to the growth course, we have been implementing the Taurus restructuring program since mid-2003. The central element is the systematic expansion of the Loewe product portfolio with large-screen LCD and plasma TVs. In 2004, for example, we will be introducing ten new large-screen flat-panel display units to the retail trade and

WE'LL TAKE ADVANTAGE OF THEM.

expect to participate more actively in this emerging and attractive growth market as a consequence. Loewe plans to generate more than 50% of its sales with flat-panel display units in the fourth quarter. In addition, Loewe will further sharpen its brand profile and continue to advance the internationalization of its sales. The central "Time-to-Market" project is intended to help us introduce the right products to the market even faster. In addition to savings in material costs, the organization was rigorously streamlined; by year-end a total of 240 jobs will be eliminated. Nonetheless, it will not yet be possible to achieve a balanced operating result in 2004.

An additional production partnership was entered into with Sharp, the Japanese world market leader for LCD televisions. Alongside the production of electronics modules, it also encompasses the production of large-screen LCD televisions for Sharp at the Kronach facility. As of fall 2004, Loewe plans to purchase small-screen LCD units from Sharp produced to its own specifications.

On the whole, the measures we have introduced have laid the groundwork for a turnaround in 2004. We are expecting consumption to pick up by mid-year as a result of major sports events like the European Soccer Championship in Portugal and the Olympic Games in Athens.

Yours sincerely,



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

THE LOEWE GROUP AT A GLANCE

in EUR million	1 st Quarter 2004	1 st Quarter 2003	+/- in%
Sales	60.2	72.0	- 16
Germany	31.5	37.1	- 15
Foreign	28.7	34.9	- 18
Earnings before interest and taxes (EBIT)	- 10.9	- 4.7	
Net loss after minority interests	- 8.1	- 3.5	
Earnings per share in EUR*	- 1.13	- 0.49	
Further key figures			
Cash flow from operating activities	10.9	15.5	- 30
Capital expenditure	3.3	4.3	- 23
Depreciation and amortization	5.6	4.8	17
Development costs	2.8	3.6	- 22
Number of employees	1,125	1,257	- 11

The consolidated interim financial statements and the annual financial statements as of December 31, 2003 were prepared in accordance with IAS using uniform accounting policies.

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

SALES DROP BY 16 % TO EUR 60 MILLION

Sales were lower both in Germany and in the primary export countries due to the strong decline in sales of picture tube TVs in the upper price segment. These declines could not yet be offset by the rise in sales of flat-panel display products. With the gradual introduction of large-screen LCD TVs in 2004, Loewe should be able to participate more actively in this attractive growth segment.

EUR 10.9 MILLION LOSS IN THE FIRST QUARTER

As a result of the lower business and production volume as well as a less favorable product mix, EBIT was EUR –10.9 million in the first quarter of 2004 after EUR –4.7 million in the same period of the prior year. As a consequence of the negative EBIT, the net loss after minority interests in the first quarter was EUR 8.1 million after a loss of EUR 3.5 million in the same period in 2003. Earnings per share were EUR –1.13.

POSITIVE FREE CASH FLOW OF EUR 7.6 MILLION

As in the first quarter of the previous year, Loewe generated positive free cash flow, in particular due to the seasonally dependent sharp reduction in trade accounts receivable.

NUMBER OF EMPLOYEES DECLINES BY 11 % TO 1,125

Year-on-year, the number of employees fell from 1,257 to 1,125 persons effective March 31, 2004. The reduction by 132 persons pertained to all divisions. As a result of the adjustment measures currently underway, the workforce will be reduced to just over 1,000 employees as of early 2005.

DYNAMIC MARKET GROWTH FOR FLAT-PANEL DISPLAY UNITS

In terms of volume, the market for televisions in Europe grew by 11 % in the period from December 2003 to March 2004.¹ This development primarily reflected the strong growth of flat-panel display units. But the number of picture tube TVs sold was also 5 % higher than in the prior year. In this case, the increase was due to standard sets in the entry-level price categories. The growth in unit sales was greatly supported by price reductions. Prices for the relatively expensive flat-panel display units dropped by an average of 34 %. Prices for picture tube TVs fell by about 17 % on average.

¹ all of the market data cited in the following refer to the European electronics retail business in the period from December 2003 to March 2004 and were compiled by the Gesellschaft für Konsumforschung consumer research organization (GfK).

In terms of value, the market for televisions in Europe was essentially stable for the year 2003 on the whole at EUR 11.6 billion. In the period from December 2003 to March 2004, the value-related growth was 7 % despite the price erosion. The 13 % decline in picture tube TVs was more than offset by the high growth in flat-panel display units. As a consequence, the proportion of sales of picture tube TVs in terms of value dropped from 85 % in the prior year period to about 70 %.

In the period from December 2003 to March 2004, Loewe's value-related market share declined by 1.3 % to 4.2 % year-on-year. In the flat-panel display segment, Loewe's market share remained at about 1 %. Loewe's market share in the picture tube segment declined from 6.3 % to 5.7 % because above all high-end picture tube TVs have continued to lose their market significance.

SALES AT LOEWE BELOW PRIOR YEAR

Televisions are still the primary source of revenue at Loewe. They represent about 85 % of total sales.

Sales according to product areas

in EUR million	1 st Quarter 2004	1 st Quarter 2003	+/- in%
Televisions	50.5	61.5	- 18
DVD players	0.8	0.9	- 11
Video recorders	0.6	0.9	- 33
Stereo systems	0.9	0.9	0
Accessories and other revenues	7.4	7.8	- 5
Total	<u>60.2</u>	<u>72.0</u>	<u>- 16</u>

In the first quarter of 2004, sales from television sets were down 18 % to EUR 50.5 million. The strong 32 % decline in picture tube TVs was in part softened by the increased sales of flat-panel display units. The high market growth of LCD televisions and the broader product program at Loewe made it possible to increase sales of flat-panel display units to EUR 10.4 million after EUR 2.6 million in the prior year quarter. As a result, the proportion of sales contributed by flat-panel display units rose from 4 % in the prior year quarter to 21 % in the first quarter of 2004.

Sales of television units

in EUR million	1 st Quarter 2004	1 st Quarter 2003	+/- in%
Picture tube	40.1	58.9	- 32
LCD	6.0	1.5	300
Plasma	1.9	1.1	73
Rear projection	2.5	0.0	0
Total	<u>50.5</u>	<u>61.5</u>	<u>- 18</u>

The decline in sales of picture tube TVs from EUR 58.9 million to EUR 40.1 million above affected high-end premium sets. This is why the high-end segment of the product range is being scaled back while attractively priced entry-level sets are being upgraded, among other things through the integration of digital recorders.

In addition to the Spheros 20 (LCD) and the Spheros 42 (plasma) units already available in the prior year quarter, the product program was expanded by the small-screen LCD units Xelos 20, Mimo 15, and Mimo 20, the first large-screen LCD television Spheros 37, and the projection TV Articos 55. Additional product introductions of large-screen LCD sets will follow in the next few months.

Sales of video recorders were slow due to the expected substitution effects of DVD players. Sales of DVD players were also below the prior year since Loewe did not follow suit with the reduction in market prices.

Germany is still Loewe's most important market. The 15 % decline in sales in the domestic market to EUR 31.5 million was similar in foreign business. As a consequence, the foreign share remained nearly unchanged at 48 %. Compared to the weak quarter in the prior year, sales in the USA rose 59 % to EUR 2.7 million when the projection TV Articos 55 was introduced to the market. In Italy, too, the 35 % increase in sales to EUR 4.2 million is a result of the unusually weak prior year quarter.

NEGATIVE EBIT OF EUR 10.9 MILLION IN THE FIRST QUARTER

After EBIT of EUR –4.7 million in the same period in the previous year, EBIT in the first quarter of 2004 was EUR –10.9 million. The decline in earnings was primarily a result of the lower business and production volume as well as a less favorable product mix.

EBIT Home Media Systems

	1 st Quarter 2004	1 st Quarter 2003
EBIT in EUR million	– 10.9	– 4.7
EBIT as a percentage of sales	– 18.2 %	– 6.6 %

The decline in the gross margin compared to the same period of the previous year by 5 percentage points to 17.3 % reflects the less favorable product mix and the fixed costs in production, development, and quality that were not covered due to the decline in volume.

Selling expenses were EUR 0.7 million higher year-on-year since bad debt in the amount of EUR 1 million had to be written off. In addition, the costs of the new sales companies in Italy (as of April 1, 2003) and Austria (as of January 1, 2004) had an effect in the amount of EUR 0.9 million. The savings in sales-dependent costs and the organizational costs of marketing, sales, and customer service totaling 1.2 million only partly offset these effects.

General administrative expenses were slightly lower year-on-year thanks to the restructuring measures we have introduced. Due to the reduction in sales, they increased by 0.3 percentage points to 3.9 % percent of sales.

Other operating income predominantly includes expenses for valuation risks in the U.S. business (EUR 1.6 million), higher consulting costs for restructuring projects (EUR 0.5 million), and income from the release of provisions no longer needed (EUR 1.0 million). The first quarter of 2003 was adversely affected by compensation payments to the prior distributor in Italy in the amount of about EUR 1.5 million. A cost cutting program in the amount of EUR 12 million was defined for fiscal year 2004. In the first quarter of 2004, EUR 2.6 million saved in manufacturing costs and selling and general administrative expenses as a result of this program. Due to the higher need for capital and deteriorated financing conditions, the balance of interest expenses was significantly higher than in the prior year quarter.

LOWER CAPITAL EXPENDITURE

Capital expenditure/Depreciation and amortization

in EUR million	1 st Quarter 2004		1 st Quarter 2003	
	Capital expenditure	Depreciation/amortization	Capital expenditure	Depreciation/amortization
Intangible assets	1.8	2.2	1.3	1.4
Property, plant and equipment	1.1	3.4	3.0	3.4
Financial assets	0.4	0.0	0.0	0.0
Total	<u>3.3</u>	<u>5.6</u>	<u>4.3</u>	<u>4.8</u>

Loewe home cinema system for the entry-level class:
The high-resolution LCD television Xelos SL 37, the Tremo subwoofer satellite system, and the new DVD preceiver Auro. A perfect interplay of listening and viewing at an attractive price/performance ratio.



At EUR 3.3 million, capital expenditure in the first quarter of 2004 was slightly higher than in the comparable quarter of the previous year and related primarily to tooling for new products (EUR 0.7 million) and the development costs (EUR 1.7 million) subject to mandatory capitalization in accordance with International Accounting Standards (IAS). The fixed-income securities recognized as financial assets were acquired as surety for the guarantee insurance of part-time retirement credits.

REDUCTION IN NET LIABILITIES DUE TO SEASONAL FACTORS

Net financial debt

in EUR million	March 31, 2004	Dec. 31, 2003	March 31, 2003
Non-current assets	60.6	62.9	67.0
Working capital	24.2	41.9	40.8
Shareholders' equity	36.6	44.7	77.0
Minority interests	1.2	1.2	1.2
Net financial debt	<u>47.0</u>	<u>58.9</u>	<u>29.6</u>

The balance sheet structure as of March 31, 2004 changed as a result of lower working capital, lower shareholders' equity, and a lower financing volume. Net financial debt was reduced by EUR 11.9 million from December 31, 2003. Year-on-year, it rose by EUR 17.4 million, primarily due to the losses incurred in the interim.

Working capital

in EUR million	March 31, 2004	Dec. 31, 2003	March 31, 2003
Inventories	44.0	46.0	57.3
thereof: raw materials and supplies	16.2	16.4	15.1
thereof: finished goods and merchandise	27.8	29.6	42.2
Trade accounts receivable and other assets	48.6	73.3	60.2
Other provisions	- 41.0	- 48.2	- 44.3
Trade accounts payable and other liabilities	- 27.4	- 29.2	- 32.4
Working capital	<u>24.2</u>	<u>41.9</u>	<u>40.8</u>

Good progress was made in the reduction of working capital. In working capital, inventories declined only slightly since the end of the prior year because the measures to optimize inventories were already in effect at year-end. The excess inventory of finished goods on March 31, 2003 was reduced.

Trade accounts receivable and other assets dropped since the end of the prior year due to the seasonal development of sales. The decline by EUR 11.6 million since March 31, 2003 reflects the sale of receivables worth EUR 9.9 million to factoring companies. The selectively granted payment extensions had a contrary effect.

The reduction in other receivables is above all a result of the seasonal payment of bonuses to dealers and the lower sales.

Shareholders' equity

in EUR million	Subscribed capital	Capital reserve	Other retained earnings	Profit brought forward	Shareholders' equity
Balance as of 12/31/2003	7.2	38.3	0.0	- 0.8	44.7
Net loss for 1 st quarter				- 8.1	- 8.1
Balance as of 03/31/2004	<u>7.2</u>	<u>38.3</u>	<u>0.0</u>	<u>- 8.9</u>	<u>36.6</u>

The reduction of shareholders' equity by EUR 8.1 million to EUR 36.6 million reflects the loss in the first quarter of 2004.

POSITIVE FREE CASH FLOW

Cash flow

in EUR million	1 st Quarter 2004	1 st Quarter 2003
Net cash provided by operating activities	10.9	15.5
Investing activities	- 3.3	- 4.3
Free cash flow	<u>7.6</u>	<u>11.2</u>
Net cash used for financing activities	- 0.1	0.8
Cash-effective change in liquidity	<u>7.5</u>	<u>12.0</u>

As in the first quarter of the previous year, Loewe generated positive free cash flow, in particular due to the seasonally dependent sharp reduction in trade accounts receivable.

At EUR 10.9 million, the cash provided by operating activities in the first quarter of 2004 was EUR 4.6 million lower than in the comparable period in the prior year because of the higher net loss. The net inflows remaining after the deduction of capital expenditure in the amount of EUR 3.3 million were used to repay short-term bank loans.

DEVELOPMENT AND PRODUCTION

In the first quarter of 2004, the flat-panel display range was expanded with the Mimo 20 and the Spheros 37 as planned. For the first time, a large-screen LCD unit with state-of-the-art display technology is available that features integrated functionalities such as digital television including pay TV and digital recording.

In the picture tube television segment, the development of optional features such as photo viewers and digital recording has been continued. Moreover, an extensive value analysis of these units has been conducted and in part implemented to improve cost structures.

The development and design efforts for additional LCD flat-panel display units in the 26", 32", and 37" formats were also continued in conjunction with the planning. The market launch of these sets is scheduled to begin as of mid-year.

A new television chassis platform developed for use this coming fall incorporates the processing of DVB signals in an integrated form. This platform will be used in flat-panel display units together with a new user interface system that has already been subjected to first usability tests.

In product development, advances were made in conjunction with subsidized projects that had to do with scalable user interfaces based on the Multimedia Home platform (MHP) and new ways to structure software components in network environments.

Since the year 2000, Loewe has established a development partnership with Sharp, the Japanese leader in LCD televisions. The development partnership was expanded to include large-screen LCD TVs. In the first quarter of 2004, an additional production partnership was agreed upon. In the second half of the year, Loewe will begin producing electronic modules for Sharp's LCD television plant in Spain. Before the end of the year, televisions with a 26" screen diagonal are to be produced for Sharp. In addition, as of fall 2004, Loewe will purchase small-screen TVs from Sharp produced according to its own specifications.

MARKETING AND SALES

The new Mimo 20 television was introduced to the market with a wide-scale campaign. The first large-format LCD Spheros 37 marks an important step in the systematic expansion of Loewe's LCD product portfolio. This starting shot for Loewe's 2004 product campaign in which the Company will launch a total of ten new flat-display televisions to the market is an important part of the restructuring program we introduced in summer 2003. Central efforts include the "Time-to-Market" project designed to help us be present in the market with the right products even faster, tightening the brand profile, and expanding our sales in the European core markets.

In sales, the internationalization was continued in the first quarter. On January 1, 2004, Loewe established a subsidiary in Austria and since then has been servicing this market directly. In Germany, the sales organization was tightened and in April a new distribution and terms and conditions system was introduced.

Numerous Loewe products were test winners in the first quarter. In January, the Nemos 32 won a test in the popular magazine Audio Video Photo Bild shortly after being introduced to the market. The Nemos 32 left the competition of nine other test candidates behind, above all because of its excellent picture quality. In the magazine HomeVision, the Spheros 20 was nominated as the winner among the 20" LCD televisions tested. Like every year, the readers of the magazine Video selected the best televisions of 2004.

Loewe achieved the first place in 4:3 units and 16:9 units. In addition, Video readers voted Loewe into second place in the category "Innovation of the Year" for the integration of a hard disk recorder in the TV set. The success of digital recorder technology is also reflected in the sales figures of the first quarter. Every second Aconda sold already features a hard disk recorder.

The Hannover Design Center has distinguished Loewe products with the iF Design Award. In the "Product Design" category, the Mimo 15 LCD television received a gold award. This puts it among the "best of the best," just like the new LCD television Spheros 37 HD, which received the "best of the best" red dot award from the Design Zentrum Nordrhein-Westfalen for highest design quality.

NUMBER OF EMPLOYEES DECLINES

The decline in the number of employees results from the restructuring program introduced in the middle of the last year. Including the personnel adjustment by another 50 persons announced on March 26, 2004, the reduction of the workforce since the beginning of the restructuring measures encompasses 240 persons.

Year-on-year, the number of employees fell from 1,257 to 1,125 persons effective March 31, 2004. The reduction by 132 persons pertained to all divisions. As a result of the adjustment measures, the workforce will be reduced to just over 1,000 employees as of early 2005.

RISKS OF FUTURE DEVELOPMENT

The most important risks relate to the deterioration of prices for picture tube televisions, the successful positioning of a competitive range of flat-panel displays in the premium segment, the mastery of the relevant technologies, the procurement conditions, the sufficient availability of materials, the assurance of product quality, risks in foreign business, and the securing of financing. The individual risks are in part interrelated and can influence each other.

A comprehensive risk report can be found on pages 44 to 48 of the annual report for 2003. There were no significant changes from the previous year in the first quarter of fiscal year 2004.

SUBSEQUENT EVENTS AND OTHER INFORMATION

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

As of March 31, 2004, the Executive Board held 581,425 shares in Loewe AG, which was unchanged from December 31, 2003.

OUTLOOK FOR 2004

Starting in 2004, Loewe will exclusively introduce flat-display units to the market. Through the expansion of the product range, more than 50% of sales will be generated from flat-panel units as early as the fourth quarter.

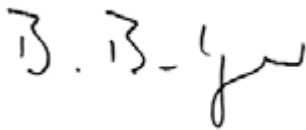
On the whole, we expect a stabilization in sales and a sustained reduction of costs after the extremely difficult fiscal year 2003. Nonetheless, it will not yet be possible to achieve a positive operating result in 2004.

Kronach, April 28, 2004

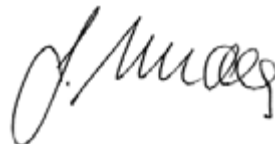
The Executive Board



Dr. R. Hecker



Dr. B. Bamberger



G. Schaas

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD JANUARY 1 THROUGH MARCH 31, 2004

in EUR million	January to March 2004		January to March 2003	
		%		%
Sales	<u>60.2</u>	<u>100.0</u>	<u>72.0</u>	<u>100.0</u>
Cost of sales	- 49.8	- 82.7	- 56.0	- 77.7
Gross margin	<u>10.4</u>	<u>17.3</u>	<u>16.0</u>	<u>22.3</u>
Selling expenses	- 17.6	- 29.2	- 16.9	- 23.5
General administrative expenses	- 2.3	- 3.9	- 2.6	- 3.6
Other operating income/expense	- 1.4	- 2.3	- 1.3	- 1.8
Income from participating interests	0.0	0.0	0.1	0.0
Earnings before interest and tax (EBIT)	<u>- 10.9</u>	<u>- 18.1</u>	<u>- 4.7</u>	<u>- 6.6</u>
Interest and similar income	0.0	0.0	0.1	0.1
Interest and similar expense	- 1.2	- 2.0	- 0.5	- 0.6
Profit from ordinary activities (EBT)	<u>- 12.1</u>	<u>- 20.1</u>	<u>- 5.1</u>	<u>- 7.1</u>
Income taxes	4.0	6.6	1.6	2.2
Net loss before minority interests	<u>- 8.1</u>	<u>- 13.5</u>	<u>- 3.5</u>	<u>- 4.9</u>
Minority interests	0.0	0.0	0.0	0.0
Net loss after minority interests	<u>- 8.1</u>	<u>- 13.5</u>	<u>- 3.5</u>	<u>- 4.9</u>
Basic earnings per share*	- 1.13		- 0.49	
Diluted earnings per share**	- 1.07		- 0.46	
* Number of shares issued as of March, 31	7,176,600		7,176,600	
** Number of shares and options issued	7,575,000		7,575,000	

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2004

in EUR million	03/31/04	12/31/03	12/31/03
Assets			
Non-current assets			
Intangible assets	9.0	9.4	10.2
Property, plant and equipment	50.9	53.2	56.6
Financial assets	0.7	0.3	0.2
Total non-current assets	<u>60.6</u>	<u>62.9</u>	<u>67.0</u>
Current assets			
Inventories	44.0	46.0	57.3
Trade accounts receivable	44.8	70.5	57.2
Other short-term receivables	4.3	3.0	4.6
Cash and cash equivalents	5.1	2.9	5.1
Total current assets	<u>98.2</u>	<u>122.4</u>	<u>124.2</u>
Deferred tax assets	<u>18.8</u>	<u>15.2</u>	<u>1.7</u>
Total assets	<u>177.6</u>	<u>200.5</u>	<u>192.9</u>
Liabilities and shareholders' equity			
Shareholders' equity			
Subscribed capital	7.2	7.2	7.2
Capital reserve	38.3	38.3	45.3
Other retained earnings	0.0	0.0	10.5
Net loss carried forward	- 8.9	- 0.8	14.0
Total shareholders' equity	<u>36.6</u>	<u>44.7</u>	<u>77.0</u>
Minority interests	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>
Provisions			
Provisions for pensions and similar obligations	27.1	27.1	26.9
Tax provisions	8.7	9.0	0.0
Other provisions	41.0	48.2	44.3
Total provisions	<u>76.8</u>	<u>84.3</u>	<u>71.2</u>
Liabilities			
Long-term debt	9.9	9.9	3.0
Trade accounts payable	21.8	21.7	25.3
Other short-term liabilities	31.3	38.7	15.2
Total liabilities	<u>63.0</u>	<u>70.3</u>	<u>43.5</u>
Total liabilities and shareholders' equity	<u>177.6</u>	<u>200.5</u>	<u>192.9</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JANUARY TO MARCH 2004/2003

in EUR million	2004	2003	
Operating activities			
Profit from ordinary activities	- 12.1	- 5.1	
Depreciation and amortization of non-current assets	5.6	4.8	
Increase/decrease in pension provisions	0.0	- 1.3	
Income taxes paid	- 0.3	- 1.3	
Net cash before changes on net current assets	<u>- 6.8</u>	<u>- 2.9</u>	
Change in net current assets			
Decrease/increase in inventories	2.0	- 2.7	
Decrease in trade accounts receivable and other assets	24.7	24.1	
Decrease in other provisions	- 7.2	- 3.5	
Decrease/increase in trade accounts payable and other liabilities	- 1.8	0.5	
Change in net current assets	<u>17.7</u>	<u>18.4</u>	
Net cash provided by operating activities	<u>10.9</u>	<u>15.5</u>	
Investing activities			
Payments for purchases of intangible assets and property, plant and equipment	- 3.3	- 4.3	
Net cash used by investing activities	<u>- 3.3</u>	<u>- 4.3</u>	
Total free cash flow	<u>7.6</u>	<u>11.2</u>	
Financing activities			
Borrowing	0.0	1.2	
Repayment of loans	- 0.1	- 0.4	
Net cash used for financing activities	<u>- 0.1</u>	<u>0.8</u>	
Cash-effective change in liquidity	<u>7.5</u>	<u>12.0</u>	
Composition of liquidity	03/31/04	12/31/03	+/-
Cash and cash equivalents	5.1	2.9	2.2
Short-term bank loans	- 16.0	- 21.3	5.3
Liquidity	<u>- 10.9</u>	<u>- 18.4</u>	<u>7.5</u>

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Ticker symbol: LOE
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ISIN code: DE 0006494107

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

Indices: ®
Classic All share®
Prime All share
CDAX®



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