



- Sales increase by 12 %
- Percentage of flat-panel display sales rises to 65 %
- Operating loss for the quarter reduced by EUR 5.3 million to EUR 1.9 million
- Restructuring successfully continued

REPORT ON THE FIRST THREE MONTHS OF FISCAL 2005

LOEWE.

Dear Shareholders,

We've made the turnaround – Loewe is growing again. Thanks to our successful implementation of restructuring measures and our broad product portfolio with its emphasis on LCD and plasma TVs, we are able to participate more intensively in the dynamic growth in the European market for televisions with new screen technologies. In terms of sales revenues, Loewe significantly increased its market share in LCD sets sold through German retail from 2.4% in June/July 2004 to 9.2% in February/March 2005. We observed a similarly positive development in other major European markets such as Spain and the Benelux countries.

Against this backdrop and in consideration of the weak figures in the prior year, sales rose by 12% in the first three months of 2005 to EUR 64.3 million year-on-year. The growth was predominantly a result of the disproportionately high increase in sales of flat-panel display units, which compensated for the declines in picture tube display sets. In the first quarter of 2005, the share of sales generated by flat-panel televisions rose to 65% after only 18% in the prior year quarter.

In the first three months of the year, we were able to significantly reduce our operating loss. The rise in business and production volume, a more favorable product mix, and a reduced cost base led to an EBIT of EUR –1.9 million, up from EUR –7.2 million in the same period in the previous year.

The successful introductions of the large-screen televisions Xelos A 42 and Xelos A 32 were the highlights of the first quarter. Like just about all new Loewe LCD televisions with screen diagonals of 26" and larger, these two units offer the excellent picture quality of high definition television (HDTV) and therefore have the European "HD ready" label. In addition, Loewe already offers many flat-panel TV sets with integrated digital terrestrial tuners (DVB-T) as standard features. Without external devices, customers can now enjoy the greater program variety and better quality of DVB-T compared to analog broadcasts. The new Loewe LCD sets can also be upgraded with integrated digital satellite tuners (DVB-S). In addition Pay-TV stations with digital satellite reception can also be received over the common interface module without a separate decoder.

In the course of resolutely continuing the restructuring program, we will expand our product range with ten new medium- and large-screen flat-panel display units in 2005. In the second quarter, Loewe will be expanding its product range in the LCD segment with the introduction of two attractive entry level models featuring integrated electronics, the Concept L 32 and Concept L 26.



Dr. Rainer Hecker

Industrial Engineer

Chief Executive Officer



Dr. Burkhard Bamberger

MBA

Chief Financial Officer



Gerhard Schaas

Engineer

Chief Technology Officer

In general, we have been converting our LCD TVs to “electronics on board” since the beginning of the year. This makes it possible for us to offer televisions that are even more compact and at the same cost optimized. At the IFA we will present truly customizable premium TV that underscores Loewe’s leadership in technology and design.

The cost reduction program announced earlier is also being implemented in 2005. In addition to the reduction in the workforce, the collective bargaining agreement concluded for the years 2005 and 2006 in conjunction with the restructuring efforts is having a positive effect as well.

Loewe has also been boosted by the expanded partnership with Sharp. The capital increase implemented in February has strengthened the Company’s financial strength. Moreover, the joint European development center in Kronach started operation in January. Beginning in the second half of 2005, our Kronach facility will also be receiving production orders for medium- and large-screen LCD units from Sharp.

Despite the strong deterioration of prices, with the continuous growth of the new display technologies and the continued rise in the significance of the brand and the premium segment in the flat-panel display market, we expect to achieve a sustained upward development at Loewe in the current fiscal year.

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 2005	1 st Quarter 2004	± in %
Sales	64.3	57.5	12
Earnings before interest and taxes (EBIT)	- 1.9	- 7.2	
Net loss after minority interests	- 2.7	- 4.4	
Earnings per share in euros**	- 0.26	- 0.61	
Free cash flow	11.1	10.8	
Number of employees	958	1,110	- 14

* All figures relate to the continuing division.

The consolidated interim financial statements and the annual financial statements as of December 31, 2004 were prepared in accordance with IFRS using uniform accounting policies.

** Relating to a total of 10,407,383 shares (previous year: 7,176,600 shares).

Sales grow by 12 % to EUR 64 million

The rise in sales from the prior year reflects the EUR 27.5 million increase in sales of flat-panel display sets, which exceeded the decline by nearly EUR 20 million in sales of picture tube display sets. The dynamic market growth in flat-panel sets and the broader Loewe product program made it possible to quadruple sales in the first quarter of 2005 as compared to the prior year quarter. Accordingly, the proportion of sales generated by flat-panel televisions has risen to 65%.

Loss reduced to EUR 1.9 million in first quarter

The improvement of EBIT from EUR -7.2 million in the prior year quarter to EUR -1.9 million in the first quarter of 2005 is predominantly a result of the higher business and production volume, a more favorable product mix, and the reduction of costs. In consideration of financing costs and income taxes, the net loss after minority interests amounted to EUR -2.7 million in the first quarter while the earnings per share amounted to EUR -0.26.

Positive free cash flow of EUR 11.1 million

As in the first quarter of the prior year, the Group generated positive free cash flow since above all trade accounts receivable were significantly lower due to seasonal factors.

Number of employees declines by 14 % to 958 persons

As a result of the restructuring program, the average number of employees declined by 152 to 958 persons year-on-year. As planned, a total of 37 jobs were eliminated between January 1, 2005 and the end of the first quarter of 2005.

DYNAMIC MARKET GROWTH AND RAPID PRICE EROSION

In terms of volume, the market for televisions in Europe grew by 17% in the period from December 2004 to March 2005 as compared to the prior year quarter*. This increase was exclusively generated with the growth in the market for flat-panel display sets. The number of picture tube display sets sold rose only slightly and concentrated on standard sets in the entry-level price categories. The growth in unit sales was greatly supported by price reductions. The prices of picture tube display sets have fallen by an average of 24%. Price competition for plasma sets is especially aggressive, with a 40% reduction in prices compared to the prior year quarter.

In terms of value, the market for televisions in Europe rose by 13% in the entire year 2004 to EUR 12.9 billion. In the period from December 2004 to March 2005, growth in terms of value increased by 22% despite price erosion. The 23% decline in picture tube display sets was more than compensated by the strong growth in flat-panel display TVs. As a result, the proportion of picture tube display sets in the total market in terms of value fell from 72% in the prior year period to less than 50%.

The market share of Loewe in Europe in terms of sales via qualified retailers declined by 0.5 percentage points to 3.7% from the same period in the prior year. This is a result of the declining market share of picture tube display sets. Since picture tube display sets are exclusively marketed through aggressive pricing, Loewe's market share dropped from 5.7 to 5.0%. In contrast, the market share in the important LCD segment was quadrupled by way of Loewe's product initiative, increasing from 0.9% to 4.0%.

LOEWE'S SALES 12% HIGHER THAN IN PRIOR YEAR QUARTER

While sales declined by 14% in the first half of 2004, they increased slightly in the second half of 2004. In early 2005, general conditions continued to improve for Loewe, which made it possible to achieve significant growth in sales of 12% in the first quarter of 2005. The primary reason for this growth is the EUR 27.5 million rise in sales of flat-panel televisions, which more than compensated for the decline in sales of picture tube display sets by nearly EUR 20 million.

Sales by product area

in EUR million	1 st Quarter 2005	1 st Quarter 2004	± in %
Televisions	55.8	48.1	16
DVD players	2.0	0.8	150
Video recorders	0.3	0.6	- 50
Stereo systems	0.8	0.8	0
Accessories and other revenues	5.4	7.2	- 25
Total	<u>64.3</u>	<u>57.5</u>	<u>12</u>
of which domestic	31.0	31.5	- 2
of which foreign	33.3	26.0	28

* In the following, all market data refers to European electronic retailers in the period from December 2004 to March 2005 and were supplied by the consumer research organization Gesellschaft für Konsumforschung (GfK).

Televisions are still the primary source of sales at Loewe, representing more than 85 % of total sales. In the first quarter of 2005, sales rose by 16% to EUR 55.8 million. This is mainly a result of the higher sales with large-screen LCD televisions with screen diagonals of 26" and larger that have been successively introduced to the market since March 2004. LCD sales in the same period in the prior year related almost exclusively to small-screen LCD televisions with 15" or 20" screen diagonals.

Sales of plasma televisions also rose sharply since the Concept 42, an attractively priced entry-level set, was introduced at the end of 2004 and the Xelos 42 in February 2005.

The continued dynamic market growth in flat-panel display sets and the broader Loewe product program made it possible to substantially increase sales in the first quarter of 2005. Accordingly, the proportion of sales generated by flat-panel TV sets rose to 65% in the first quarter of 2005 after only 18% in the same period in 2004.

The decline in sales of picture tube display sets has accelerated. In the first quarter of 2005, sales declined by 50% to EUR 19.7 million. In addition to the reduction of unit sales by 35%, the 23% decline in average prices had an adverse effect as well.

Sales of television units

in EUR million	1 st Quarter 2005	1 st Quarter 2004	± in %
Picture tube display sets	19.7	39.5	- 50
Flat-panel display sets,	36.1	8.6	320
of which: LCD	28.6	6.0	377
of which: Plasma	6.8	1.7	300
of which: Rear projection	0.7	0.9	- 22
Total	<u>55.8</u>	<u>48.1</u>	<u>16</u>
Share of sales of picture tube display sets	35 %	82 %	
Share of sales of flat-panel display sets	65 %	18 %	

Sales of video recorders fell due to the expected substitution effects of DVD units. Through the introduction of a Loewe DVD recorder in August 2004, sales were more than doubled from the prior year quarter. In contrast, sales of accessories declined since the higher proportion of flat-panel display sets led to a reduction in demand for racks and other placement solutions.

The growth in sales in the first quarter is exclusively a result of the dynamic growth of foreign business. While Germany is still the most important market for Loewe, domestic sales only reached the level of the prior year at EUR 31.0 million. Some 50% of Loewe's domestic sales are still generated with picture tube display sets. In contrast, the nearly 80% share in sales of flat-panel televisions in the foreign market has made dynamic growth possible. Foreign sales rose by 28% to EUR 33.3 million. In Spain in particular, sales were more than doubled since Loewe received a contract from a major Spanish retailer chain for a large spring sales campaign.

LOSS SIGNIFICANTLY REDUCED

After an EBIT of EUR –7.2 million in the same period in 2004, EBIT in the first three months of 2005 amounted to EUR –1.9 million. The improvement in earnings is predominantly a result of the rise in business and production volume, a more favorable product mix, and reduced costs.

In particular the higher share of flat-panel display sets, the better fixed cost coverage in production, development, and quality assurance, and the cost reductions resulting from the development partnership with Sharp made it possible to raise the gross profit by EUR 2.9 million to EUR 13.7 million. As a result, the gross margin increased from 18.8% to 21.3%.

Selling expenses were reduced by EUR 3.8 million. In addition to lower advertising expenses and guarantee costs, the cost reduction program had a favorable influence. Moreover, the first quarter of 2004 had been impacted by a negative one-off effect since an adjustment had to be made for doubtful receivables in the amount of EUR 1.0 million.

General administrative expenses were slightly lower than in the previous year due to the restructuring measures that have been introduced. As a result of the higher sales they declined to 3.5% of sales.

The other operating result totaling EUR –1.1 million predominantly reflects the costs of restructuring measures. In contrast, the prior year quarter had included the favorable effect of the release of provisions that were no longer required in the amount of EUR 1.0 million.

The most important savings realized with the cost reduction program in the first quarter of 2005 related to the EUR 2.5 million reduction in personnel expenses and the EUR 1.4 million decline in advertising costs.

The higher financing costs in the first quarter of 2005 reflect one-time payments made in connection with the financing commitments issued by the banks.

CAPITAL EXPENDITURES AT THE SAME LEVEL AS 2004

Capital expenditures/depreciation and amortization

in EUR million	1 st Quarter 2005		1 st Quarter 2004	
	Capital expenditures	Depreciation/amortization	Capital expenditures	Depreciation/amortization
Intangible assets	1.7	1.9	1.8	2.2
Property, plant, and equipment	1.3	3.1	1.1	3.4
Financial assets	0.0	0.0	0.4	0.0
Total	<u>3.0</u>	<u>5.0</u>	<u>3.3</u>	<u>5.6</u>

Capital expenditures in the first quarter of 2005 were at the same level as in the prior year at EUR 3.0 million. They predominantly included tools for new products (EUR 0.7 million) and development costs totaling EUR 1.6 million capitalized in accordance with International Accounting Standards (IAS).

IMPROVED BALANCE SHEET STRUCTURE

The balance sheet structure as of March 31, 2005 improved considerably as a result of the capital increase implemented in the first quarter and the optimization of net current assets. It was therefore possible to reduce net bank liabilities (including long-term loans) from EUR 21.8 million in the previous year to EUR 7.2 million on March 31, 2005. The capital increase improved the equity base to EUR 32.8 million. The equity ratio is approximately 20%.

Important balance sheet positions

in EUR million	March 31, 2005	Dec. 31, 2004	March 31, 2004
Non-current assets	49.2	51.2	60.3
Current assets, net	10.2	22.9	21.8
Shareholders' equity	32.8	19.4	36.6
Bank liabilities, net	7.2	34.1	21.8
Factoring	11.1	27.4	9.9

Net current assets were further reduced and at EUR 10.2 million reached a very low level. The rapid price deterioration on the sales and purchasing side has made it necessary to systematically minimize inventories. They declined to EUR 33.2 million. The average inventory turn corresponds to our target value. Trade accounts receivable and other assets were roughly at the same level as in the previous year. The rise in receivables as a result of the increased sales was compensated by the slight rise in the factoring volume. The reduction of other provisions since year-end 2004 reflects the seasonal payment of annual bonuses to dealers.

Current assets, net

in EUR million	March 31, 2005	Dec. 31, 2004	March 31, 2004
Inventories	33.2	36.4	40.7
of which: RHB	14.1	16.5	15.6
of which: Finished goods	19.1	19.9	25.1
Trade accounts receivable and other assets	46.4	57.9	46.7
Other provisions	- 39.8	- 43.4	- 39.1
Trade accounts payable and other liabilities	- 29.6	- 28.0	- 26.5
Total	<u>10.2</u>	<u>22.9</u>	<u>21.8</u>

FREE CASH FLOW AT PRIOR YEAR LEVEL

Cash flow

in EUR million	1 st Quarter	1 st Quarter
	2005	2004
Net cash from operating activities	14.1	14.1
Investing activities	- 3.0	- 3.3
Free cash flow	<u>11.1</u>	<u>10.8</u>
Free cash flow of discontinuing division	- 0.1	- 3.2
Net cash from financing activities	15.9	- 0.1
Cash-effective change in liquidity	<u>26.9</u>	<u>7.5</u>

As in the first quarter of the prior year, the Group generated positive free cash flow since above all trade accounts receivable were substantially reduced due to seasonal factors.

The cash flow from operating activities of EUR 14.1 million was equivalent to the prior year value. The positive liquidity effects resulting from lower losses and higher trade accounts payable were offset by lower incoming payments from trade accounts receivable.

The positive cash flow from financing activities of EUR 15.9 million reflects the net inflow of proceeds from the capital increase implemented in the first quarter after deduction of the related costs. On the whole, the Group's cash and cash equivalents improved by EUR 26.9 million. Short-term bank debt, which on December 31, 2004 had amounted to EUR 25.5 million, was almost entirely repaid by the end of the quarter.

DISCONTINUATION OF THE USA BUSINESS

The liquidation of the discontinuing division in the USA is proceeding according to plan.

Discontinuing division in the USA

in EUR million	1 st Quarter	1 st Quarter
	2005	2004
Sales	0.0	2.7
Loss	0.0	- 3.7
Free cash flow	- 0.1	- 3.2
Employees (persons)	0	15

DEVELOPMENT AND PRODUCTION

In the first quarter of 2005, the expansion of the product range in the flat-panel display segment continued as planned. The Xelos family was supplemented with another LCD product in the 32" format with integrated electronics, the Xelos A 32, and the plasma range was expanded with a high-definition 42" unit, the Xelos A 42, also featuring integrated chassis electronics. Both products, like the Xelos A 26 introduced earlier, have since made the first place in comparative product tests. With all flat-panel display products, the emphasis is on the progressive digitalization of all reception modes and on ease of use.

Work continued as planned on the development of the Concept family that will go into production in the second quarter and a new, individually configurable product system to be presented to the public at the IFA 2005.

In the area of picture tube display sets, additional reengineering measures were implemented in response to the rapidly falling prices.

On the basis of the existing chassis, efforts focused on the development of a new electronics platform that will make it possible to integrate the digital video recorder DR+ and enable better marketing potential in England through the implementation of the MHEG5.

In accordance with the contracts with Sharp, the joint development center was launched on schedule. Its key objective is to develop a chassis generation for high-definition TV. Sharp also officially placed an order for an OEM line in the formats 26", 32", and 37" that Loewe will start to manufacture in the third quarter.

The partly subsidized technology products concentrate on software solutions for next generation products and on technology relating to the intelligent operation of these products.

Test Results 2005

Video 2/2005

Loewe Spheros R 37 Masterpiece: "Loewe's masterwork is test winner in the high-end LCD segment with the highest scores."

Video 2/2005

Test winner Loewe "sets new standards for competition" with its EPG

Video 3/2005

"Test winner Loewe Xelos A 26 outclasses all its competitors by a long shot"

Audio-Video-Foto-Bild 5/2005

Test winner Xelos A 42: "If good picture quality is important to you and you're not deterred by the 4,600 euro price tag, then the test winner Loewe Xelos A 42 will suit you."

HomeVision 5/2005

Articos 55 – Test winner in rear projection category: "None of the other units we tested were able to deliver such good picture quality in combination with such a classy and elegant look."

Video 5/2005

Xelos A 32/Xelos A 42 – Test winners in "HD ready" category: "The two test winners from Loewe in particular demonstrate to the competition that HDTV compatibility is no rocket science."

MARKETING AND SALES

The product and marketing initiative continues. Having the most attractive large-screen flat-panel TV in the industry is both a vision and a commitment for Loewe. Loewe rounded out the Art product category with the launch of the Xelos A 42 and Xelos A 32 in the first quarter and has continued the high frequency of product introductions in 2005.

The number of design awards and independent test prizes that Loewe products received in the first quarter alone impressively underscore that Loewe is on the way to becoming the leading premium brand in the market for flat-panel display TVs.

The emphasis of Loewe's communication activities in the first quarter was on providing rapid and effective information to the trade. A core element in this regard is the Loewe information folder communicating all of the Group's activities in the first half of 2005 to all retail partners. The restructuring of the Loewe customer care centers also plays a major role in the improvement of the flow of information provided to the trade and end customers. In order to ensure that the information communicated is as up-to-date as possible, we also reissued the Loewe newsletter. It comes out on a regular basis and supplies additional important news to the trade.

Loewe's distribution network in the European core markets was further expanded with the new products in the LCD/plasma segments. At the same time, we continued to pursue the qualification of our points of sale and redoubled our efforts to gain new customers in selected markets. These measures made it possible to increase distribution values.

Another focus in the first quarter was the participation in trade shows of the major purchasing cooperatives in Germany. The entire Loewe program was introduced with new displays and new presentation systems. The presentation of the Loewe products was well received by our retail partners.

In the second quarter of 2005, Loewe will be paying special attention to the launch of the Concept L 32 and Concept L 26. As attractively priced entry-level products, these Concept models round out the portfolio in the Life product segment. Using attention-grabbing communication, literature, and dialogue marketing measures, we are supporting our Loewe retail partners to ensure a successful introduction of the Concept line.

Design awards 2005



reddot design award

reddot design Award

Spheros R 37 Masterpiece (Best of the Best), Xelos SL 32, Xelos A 42, Concept L 42



iF Design Award

Spheros R 37 Masterpiece, Spheros 37 HD, Flat-panel TV stand 3, Modus C 32, Concept L 42



Plus X Award

Spheros R 37 Masterpiece



Good Design, Chicago

Mimo 20

NUMBER OF EMPLOYEES DECLINES

The decline in the workforce is a result of the restructuring program introduced in mid-2003. On January 1, 2005, Loewe had 995 employees. The personnel measures defined and introduced in 2004 reduced the workforce to 958 persons by the end of the first quarter of 2005. Compared to the same quarter in the previous year, the number of employees declined from 1,100 to 958 persons. The reduction by 152 persons related to all divisions.

RISKS OF FUTURE DEVELOPMENT

The most important risks concern the decline in business volume in the picture tube display segment, the successful positioning of a competitive flat-panel display range in the premium segment, the development of technological differentiation potentials, the availability of attractive purchasing conditions, an adequate supply of material, the assurance of product quality, risks in foreign business, and the securing of financing. The individual risks are in part interrelated and can be cumulative.

The detailed risk report is published in the annual report for 2004 on pages 39 to 43. No significant changes arose in the first quarter of 2005 in comparison to the prior year.

RELATED PARTY DISCLOSURES (IAS 24)

Sharp Cooperation, Osaka, Japan, has held a stake of approximately 29% in Loewe AG since February 1, 2005. Sharp supplies LCD panels to Loewe and participates in the costs of the joint development center in Kronach. In addition, it is planned that Loewe will produce TV sets for Sharp and that Loewe will purchase small-screen LCD TVs from Sharp.

OTHER INFORMATION

On March 31, 2005, the Executive Board held 581,425 shares in Loewe AG, the same number that it held on December 31, 2004.

In connection with the implementation of the EU directive 2002/96/EC (on waste electrical and electronic equipment, WEEE), the limited liability company Pro Return was founded together with Philips GmbH and Sharp Electronics (Europe) GmbH on April 1, 2005. The purpose of the company is the fulfillment of the individual obligations to take back and recycle waste equipment arising from the German Electrical and Electronic Equipment Act (ElektroG).

No other important events occurred since the end of the quarter.

OUTLOOK FOR THE YEAR 2005

Because of the continuous rise in the importance of the brand and the premium segment in the flat-panel display TV market, we expect sales of Loewe products to increase slightly in 2005. In the second half of the year, we will realize additional sales in connection with our partnership with Sharp. At the same time, the strong deterioration of television prices is the greatest challenge and uncertainty we face in this year as well. As a result of the higher business volume and the restructuring measures introduced, we expect EBIT to be around break-even in the current fiscal year.

Kronach, May 9, 2005

The Executive Board

Dr. R. Hecker

Dr. B. Bamberger

G. Schaas

- **Spheros R 37 Masterpiece**
94-cm screen diagonal
One-piece glass front
Highest-quality workmanship
Sculptured design



CONSOLIDATED INCOME STATEMENT 1ST QUARTER OF 2005

	January – March 2005		January – March 2004	
	EUR million	%	EUR million	%
Sales*	64.3	100.0	57.5	100.0
Cost of goods sold*	– 50.6	– 78.7	– 46.7	– 81.2
Gross margin*	<u>13.7</u>	<u>21.3</u>	<u>10.8</u>	<u>18.8</u>
Selling expenses*	– 12.3	– 19.1	– 16.1	– 28.0
General administrative expenses*	– 2.2	– 3.5	– 2.3	– 4.0
Other operating income/expenses*	– 1.1	– 1.7	0.4	0.7
Earnings before interest and taxes (EBIT)*	<u>– 1.9</u>	<u>– 3.0</u>	<u>– 7.2</u>	<u>– 12.5</u>
EBIT of discontinuing division	0.0	0.0	– 3.7	– 6.4
Total EBIT	<u>– 1.9</u>	<u>– 3.0</u>	<u>– 10.9</u>	<u>– 18.9</u>
Interest and similar expenses	– 1.5	– 2.3	– 1.2	– 2.1
Profit from ordinary activities (EBT)	<u>– 3.4</u>	<u>– 5.3</u>	<u>– 12.1</u>	<u>– 21.0</u>
Income taxes	0.7	1.1	4.0	7.0
Net loss after minority interests**	<u>– 2.7</u>	<u>– 4.2</u>	<u>– 8.1</u>	<u>– 14.0</u>
** Of which: continuing division	<u>– 2.7</u>	<u>– 4.2</u>	<u>– 4.4</u>	<u>– 7.7</u>
* Only continuing division				
Basic earnings per share of continuing division	– 0.26		– 0.61	
Number of shares issued as of March 31.	10,407,383		7,176,600	

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2005

in EUR million	March 31, 2005	Dec. 31, 2004	March 31, 2004
Assets			
Non-current assets			
Intangible assets	6.0	6.1	9.0
Property, plant, and equipment	42.4	44.3	50.6
Financial assets	0.8	0.8	0.7
Total non-current assets	<u>49.2</u>	<u>51.2</u>	<u>60.3</u>
Current assets			
Inventories	33.2	36.4	40.7
Trade accounts receivable	43.1	51.8	42.7
Other short-term receivables	3.2	6.1	4.2
Cash and cash equivalents	4.2	2.1	5.1
Total current assets	<u>83.7</u>	<u>96.4</u>	<u>92.7</u>
Deferred tax assets	<u>26.2</u>	<u>24.9</u>	<u>18.7</u>
Assets of discontinuing division	<u>0.0</u>	<u>0.0</u>	<u>5.9</u>
Total assets	<u>159.1</u>	<u>172.5</u>	<u>177.6</u>
Equity and liabilities			
Shareholders' equity			
Subscribed capital	10.4	7.9	7.2
Capital reserve	25.3	11.7	38.3
Loss carried forward	- 2.9	- 0.2	- 8.9
Total shareholders' equity	<u>32.8</u>	<u>19.4</u>	<u>36.6</u>
Minority interests	<u>1.0</u>	<u>1.0</u>	<u>1.2</u>
Provisions			
Provisions for pensions and similar obligations	36.1	36.2	27.1
Tax provisions	7.5	7.3	8.7
Other provisions	39.8	43.4	39.1
Total provisions	<u>83.4</u>	<u>86.9</u>	<u>74.9</u>
Liabilities			
Long-term debt	10.5	10.5	9.9
Trade accounts payable	24.8	21.7	21.3
Other short-term liabilities	5.6	32.0	30.8
Total liabilities	<u>40.9</u>	<u>64.2</u>	<u>62.0</u>
Provisions and liabilities of discontinuing division	<u>1.0</u>	<u>1.0</u>	<u>2.9</u>
Total equity and liabilities	<u>159.1</u>	<u>172.5</u>	<u>177.6</u>

CONSOLIDATED CASH FLOW STATEMENT JANUARY TO MARCH 2005/2004

in EUR million	2005	2004
Operating activities		
Profit from ordinary activities (EBT)	- 3.4	- 8.4
Depreciation and amortization of non-current assets	5.0	5.6
Decrease in pension provisions	- 0.1	0.0
Income taxes paid	- 0.2	- 0.2
Net cash before changes in net current assets	<u>1.3</u>	<u>- 3.0</u>
Change in net current assets		
Decrease in inventories	3.2	2.4
Decrease in trade accounts receivable and other assets	11.6	25.4
Decrease in other provisions	- 3.6	- 8.2
Increase (+)/Decrease (-) in trade accounts payable and other liabilities	1.6	- 2.5
Change in net current assets	<u>12.8</u>	<u>17.1</u>
Net cash from operating activities	<u>14.1</u>	<u>14.1</u>
Investing activities		
Payments for purchases of intangible assets and property, plant, and equipment	- 3.0	- 3.3
Net cash used by investing activities	<u>- 3.0</u>	<u>- 3.3</u>
Free cash flow of continuing division	11.1	10.8
Free cash flow of discontinuing division	- 0.1	- 3.2
Total free cash flow	<u>11.0</u>	<u>7.6</u>
Financing activities		
Capital increase	15.9	0.0
Repayment of loans	0.0	- 0.1
Net cash from financing activities	<u>15.9</u>	<u>- 0.1</u>
Cash-effective change in liquidity	<u>26.9</u>	<u>7.5</u>

Composition of liquidity	March 31, 2005	Dec. 31, 2004	±
Cash and cash equivalents	4.2	2.1	2.1
Short-term bank loans	- 0.7	- 25.5	24.8
Liquidity	<u>3.5</u>	<u>- 23.4</u>	<u>26.9</u>

CONTACTS

Loewe AG
Industriestrasse 11
D-96317 Kronach

PO Box 1554
D-96305 Kronach

Investor Relations: +49 (0) 92 61/99-984
Email: ir@loewe.de
Fax: +49 (0) 92 61/99-994

Public Relations: +49 (0) 92 61/99-477
Email: presse@loewe.de

Customer Care Center: +49 (0) 18 01/22 25 63 93
Email: ccc@loewe.de

Telephone switchboard: +49 (0) 92 61/99-0
Internet: www.loewe.de

Ticker symbol: LOE
WKN: 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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D-96317 Kronach
www.loewe.de

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Phone: +49 (0) 92 61/99-984
Email: ir@loewe.de

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