



## REPORT ON THE FIRST THREE MONTHS OF FISCAL 2006

- Sales increase by 38 % to EUR 88.7 million
- Quarterly operating profit of EUR 5.1 million
- Share of flat-panel display sets sales rises to 95 %
- Restructuring completed

**LOEWE.**



■ **Gerhard Schaas**  
Engineer  
Chief Technology Officer

■ **Dr. Rainer Hecker**  
Industrial Engineer  
Chief Executive Officer

■ **Dr. Burkhard Bamberger**  
MBA  
Chief Financial Officer

*Dear Shareholders,*

Loewe is regaining its strength. We are currently benefiting from the sustained dynamic market growth for flat-panel display televisions in Europe and the positive stimuli from the upcoming FIFA World Cup in Germany. We are also gaining further market share through our attractive product line of LCD and plasma sets. In the important LCD segment, we increased our market share in terms of value in the European retail market from 4.2 % (January to March 2005) to 5.2 % (January to March 2006).

Against this backdrop, sales rose year-on-year by 38 % to EUR 88.7 million in the first three months of 2006. Significant causes include the sales of flat-panel TVs, which were up by 108 % to EUR 74.8 million in 2005 and more than compensated for the decline in picture tube sets. In the first quarter of 2006, the share of sales generated by flat-panel televisions thus rose to 95 % after 65 % a year earlier.

In the first quarter of 2006, EBIT improved by EUR 7 million to EUR 5.1 million. The significant improvement in earnings is due in particular to the increased business and production volume, a more favorable product mix and a comparatively moderate price erosion in flat-panel TV sets.

On the product side, our new customizable Loewe Individual line of televisions also developed outstandingly in the first quarter of 2006. A number of test and design prizes including the coveted "Design Oscar" are proof of the high market acceptance. Especially the high-end Individual 32 Selection with the DR<sup>+</sup> integrated hard disk recorder became one of Loewe's best selling models in the first three months. In the coming weeks, we will systematically carry on with the successful Individual concept and add the flexible Individual Sound audio system. This will make it possible to adapt the modular system consisting of floorstand and satellite speakers as well as a subwoofer to individual requirements and the living environment.

Loewe will continue its product and brand offensive for the upcoming FIFA World Cup in Germany and will introduce innovative, high-quality flat-panel TVs to the market. Our new Modus L 42 and the Xelos A 42 with upgraded design and technical features will round out our product line of large-screen plasma TVs for the World Cup. A typical unique Loewe selling proposition, just in time for the World Cup, is the highlight function in DR<sup>+</sup>. All that it takes to record the highlights of the game is to press the green button on the remote control and play them back during halftime or after the game. The highlight function is also the focus of our current campaign. The advertising campaign started in late March is attracting a great deal of attention through special format ads in high-circulation publications.

Despite the persistent price erosion, the television market will continue to show positive development in Europe, driven by high double-digit growth rates in large-screen LCD and plasma TVs. For that reason, we will introduce additional large-screen flat-panel display sets to the market.

For the current fiscal year, we also expect strong market stimuli from the 2006 FIFA World Cup in Germany, the IFA (now held on an annual basis) as well as the positive spending climate with regard to the rise in value-added tax which Germany's government plans for 2007. We are convinced that, based on the continued positive overall situation and our attractive product line, Loewe's upward trend will continue in the future on a sustained basis.

Sincerely yours,



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

## THE LOEWE GROUP AT A GLANCE\*

in EUR million	1 <sup>st</sup> Quarter 2006	1 <sup>st</sup> Quarter 2005	± in%
Sales	88.7	64.3	38
EBIT	5.1	- 1.9	
Net income/loss after minority interests	2.6	- 2.7	
Earnings per share in euros**	0.20	- 0.26	
Free cash flow	7.5	27.2	
Number of employees	988	958	3

\* All figures relate to the continuing division.

The consolidated financial statements as of December 31, 2005 and the consolidated interim financial statements were prepared in accordance with IFRS using uniform accounting policies.

\*\* Relating to a total of 13,009,229 shares (previous year: 10,407,383 shares).

### Sales grow by 38% to EUR 88.7 million

The increase in sales of flat-panel display sets by EUR 38.8 million compared to the prior year period more than compensated for the EUR 15.4 million decline in sales of picture tube sets. The dynamic market growth in flat-panel displays, the significantly broader Loewe product line as well as positive stimuli from the upcoming FIFA World Cup in Germany made it possible to double sales of flat-panel TVs to EUR 74.8 million in the first quarter.

### EBIT of EUR 5.1 million

In the first three months of 2006, EBIT came to EUR 5.1 million after a loss of EUR 1.9 million a year earlier. The EUR 7 million improvement in EBIT is primarily due to the increased business and production volume and the improved product mix. In the first quarter, net income after minority interests came to EUR 2.6 million and earnings per share reached EUR 0.20.

### **Positive free cash flow of EUR 7.5 million**

Positive free cash flow was generated in the first quarter. The decline compared to a year earlier is primarily the result of the inventory buildup for the FIFA World Cup and the strained supply situation for LCD panels.

### **Number of employees up 3 % to 988 persons**

Compared to a year ago, the average number of employees rose by 30 to 988 persons. The increase results primarily from the higher business volume that made it necessary to hire more employees in production.

## **DYNAMIC MARKET GROWTH AND RAPID PRICE EROSION**

In the period January to March 2006, the value of the European consumer electronics market grew by 8%<sup>1</sup> compared to the same period in 2005. The most important and fastest growing segment by far was television, which gained 22%. This is due exclusively to the robust growth and the increased market acceptance of flat-panel display sets. In the period January to March 2006, sales of flat-panel display TVs in Europe nearly doubled compared to the year before, reaching EUR 3.6 billion. In contrast, sales of picture tube sets declined sharply by 44%. The sales share of flat-panel display sets climbed from 56% in 2005 to 80% in first quarter 2006.

Prices for LCD sets have mainly stayed at a constant level for the last six months. Due to the strained supply situation, especially for large-screen LCD panels, many suppliers have reduced prices only modestly.

However, a clearly lower price level is evident compared to the previous year due to a strong price erosion in the course of 2005. In the most important segments, this amounts to between 30% and 55% in a year-on-year comparison<sup>2</sup>. Pricing was especially competitive for LCD-TVs with a 30" screen diagonal and larger. Such sets were on average 30% cheaper than in the year before. Prices for HD plasma TVs also continue to decline. Sets with a 42"/43" screen diagonal are priced 37% lower than in the previous year.

Except for the Benelux countries and Switzerland, the television market has grown robustly in all the important countries in Europe. The strongest growth was in the United Kingdom (+30%), France (+24%) and Germany (+21%). In the Benelux countries, flat-panel sets already account for 96% of TV sales. In Switzerland (87%) and in the United Kingdom (83%), the flat-panel share is also higher than the European average of 80%.

At 4.3%, Loewe's market share by value in the European television market in the period January to March 2006 is 0.3 percentage points higher than the 2005 figure<sup>1</sup>. In the significant LCD segment, Loewe was able to increase its market share from 4.2% to 5.2%. In plasma TVs, the market share increased from 1.5% to 2.1%. In contrast, Loewe's market share of picture tube sets dropped from 5.2% to 4.1% because demand now exists only for economical standard sets. Loewe increased its market share most significantly in Spain, France and the Benelux countries.

In the following, all market data refers to European electronic retailers in the period from January to March<sup>1</sup> respectively January to February<sup>2</sup> 2006 as supplied by the consumer research organization Gesellschaft für Konsumforschung (GfK).

## LOEWE SALES GROW BY 38 %

The dynamic market development in flat-panel display sets, the significantly broader Loewe product portfolio and positive stimuli from the upcoming FIFA World Cup in Germany made it possible to increase sales revenue by EUR 24.4 million to EUR 88.7 million.

### Sales structure by product area

in EUR million	1 <sup>st</sup> Quarter 2006	1 <sup>st</sup> Quarter 2005	± in%
Flat screen	74.8	36.0	108
– LCD	66.2	28.6	131
– Plasma/rear projection	8.6	7.5	15
Picture tube	4.3	19.7	– 78
<b>Total</b>			
<b>Loewe televisions</b>	<b><u>79.1</u></b>	<b><u>55.7</u></b>	<b><u>42</u></b>
Televisions (non-branded)	2.1	0.0	NM
Other	7.5	8.6	– 13
<b>Total sales</b>	<b><u>88.7</u></b>	<b><u>64.3</u></b>	<b><u>38</u></b>
of which: Loewe Germany	38.8	31.0	25
of which: Loewe export	47.8	33.3	44
of which: non-branded	2.1	0.0	

Televisions are still the primary source of sales for Loewe, representing more than 90% of total sales. In the first quarter of 2006, sales of Loewe televisions were up 42% to EUR 79.1 million. This is primarily due to the more than doubled sales of flat-panel televisions. In addition to the Xelos LCD sets, the Individual product line launched in fall 2005 made a substantial contribution to the sales increase.

Sales for plasma televisions were up 27%. The prior year quarter still included the final sales of rear projection sets. Including these sets, the sales increase came to 15%.

Based on these sales increases, the sales share of flat-panel display sets increased from 65% in the first quarter of 2005 to 95% in the first quarter of 2006.

Sales of picture tube sets declined by 78% in the first quarter of 2006. Production of such sets will be discontinued in the second quarter of 2006.

Other sales declined by 13% compared to last year. This is primarily due to the phasing out of video recorders and DVD players.

Significant sales growth of flat-panel display sets was achieved in all important markets in the first quarter. In Germany, Loewe's most important sales market, sales revenue increased by 25% to EUR 38.8 million. Export sales, which were up 44% to EUR 47.8 million, benefited from the dynamic business development in Spain and the Benelux countries. Loewe was also able to significantly expand sales in the other export markets.

## STRONG INCREASE IN EBIT IN THE FIRST QUARTER

After an EBIT loss of EUR 1.9 million in the first quarter of 2005, Loewe increased its EBIT by EUR 7 million to EUR 5.1 million in the first quarter of 2006. The improvement in earnings is predominantly a result of the rise in business and production volume and a more favorable product mix.

In particular the higher share of highly profitable flat-panel televisions, favorable purchase prices and the improved fixed cost coverage in production, development and quality control made it possible to increase gross profit by EUR 9.0 million to EUR 22.7 million. As a result, the gross margin increased from 21.3% to 25.6%. The high production output and largely stable sales prices favored the first quarter gross income.

Selling expenses have increased by EUR 2.2 million. The increase is due primarily to higher sales-dependent costs and higher advertising expenditures. In relation to sales, selling expenses have declined by 2.8 percentage points to 16.3%.

The administrative expenses are slightly lower than a year earlier. The higher business volume reduced them from 3.4% to 2.4% of sales.

The other operating loss of EUR 1.0 million primarily concerns a non-recurring special payment to the principal banks in connection with the termination of the security pooling arrangement as of February 28, 2006.

Due to the improvement in capital resources, net interest expenses were nearly cut in half by EUR 0.7 million to EUR 0.8 million.

## HIGHER CAPITAL EXPENDITURE

### Capital expenditure/depreciation and amortization

in EUR million	1 <sup>st</sup> Quarter 2006		1 <sup>st</sup> Quarter 2005	
	Capital expenditure	Depreciation/amortization	Capital expenditure	Depreciation/amortization
Intangible assets	1.4	1.5	1.7	1.8
Property, plant and equipment	4.1	2.2	1.3	3.2
Financial assets	0.0	0.0	0.0	0.0
<b>Total</b>	<b><u>5.5</u></b>	<b><u>3.7</u></b>	<b><u>3.0</u></b>	<b><u>5.0</u></b>

At EUR 5.5 million, the capital expenditure of the first quarter of 2006 was higher than in the year before by EUR 2.5 million. Capital expenditure primarily relates to the acquisition of a new re-flow automatic insertion system (EUR 1.8 million), tools for new products (EUR 1.4 million) and development costs subject to mandatory capitalization (EUR 1.4 million) in accordance with International Accounting Standards (IAS).

## IMPROVED FINANCIAL POSITION

### Financial position

in EUR million	March 31, 2006	Dec. 31, 2005	March 31, 2005
Non-current assets	68.8	67.9	76.0
Current assets	145.2	144.9	83.1
Assets of the discontinued division	0.1	0.1	0.0
<b>Total assets</b>	<b><u>214.1</u></b>	<b><u>212.9</u></b>	<b><u>159.1</u></b>
Equity including minority interests	61.9	59.2	33.8
Non-current liabilities	56.8	58.4	57.9
Current liabilities	94.7	94.5	66.4
Non-current/current liabilities of the discontinued division	0.7	0.8	1.0
<b>Total liabilities and shareholders' equity</b>	<b><u>214.1</u></b>	<b><u>212.9</u></b>	<b><u>159.1</u></b>

The capital increases in 2005 significantly improved the financial position as of March 31, 2006. Due to capital increases and profit in the first quarter, the Group's equity base improved to EUR 61.9 million. The equity-to-assets ratio is just under 29%.

The higher production and purchasing volume in the first quarter of 2006 compared to the previous year led to a clear increase in trade accounts payable. Despite lower bank loans, this increased the current liabilities.

## Net current assets

in EUR million	March 31, 2006	Dec. 31, 2005	March 31, 2005
Inventories	57.6	39.4	33.2
of which: Raw materials and supplies	25.0	22.5	14.1
of which: Finished goods and merchandise	32.6	16.9	19.1
Trade accounts receivable and other assets	72.5	93.5	57.5
Other provisions	- 33.6	- 34.2	- 28.5
Trade accounts payable and other liabilities	- 54.0	- 50.9	- 29.6
<b>Total</b>	<b><u>42.5</u></b>	<b><u>47.8</u></b>	<b><u>32.6</u></b>

Net current assets were EUR 9.8 million higher than on March 31, 2005. The continued strained supply situation for LCD panels from the Far East and the necessary buildup of sales inventories to ensure an adequate supply increased inventories by EUR 24.4 million. The average inventory range is now consistent with our target. Due to the increased sales, trade accounts receivable and other provisions are higher than in the year before. The higher trade accounts payable result primarily from the higher share of LCD panels that are purchased in the Far East.

## Shareholders' equity

in EUR million	Subscribed capital	Capital reserve	Other retained earnings	Accu- mulated income	Share- holders' equity
Balance as of Dec. 31, 2005	13.0	47.0	0.0	- 2.1	57.9
Net income, 1 <sup>st</sup> quarter 2006				2.6	2.6
<b>Balance as of Dec. 31, 2006</b>	<b><u>13.0</u></b>	<b><u>47.0</u></b>	<b><u>0.0</u></b>	<b><u>0.5</u></b>	<b><u>60.5</u></b>

The net income in the first quarter of 2006 improved shareholders' equity by EUR 2.6 million.

## POSITIVE FREE CASH FLOW

### Cash flow

in EUR million	1 <sup>st</sup> Quarter	1 <sup>st</sup> Quarter
	2006	2005
Net cash from operating activities	13.0	30.2
Investing activities	- 5.5	- 3.0
<b>Free cash flow</b>	<b><u>7.5</u></b>	<b><u>27.2</u></b>
Free cash flow of the discontinued division	- 0.1	- 0.1
Net cash from financing activities	- 4.2	15.9
<b>Cash-effective change in liquidity</b>	<b><u>3.2</u></b>	<b><u>43.0</u></b>

As in the first quarter of the previous year, positive free cash flow was generated. The increased inventories and higher receivables due to growth in the first quarter of 2006 made it impossible to match the exceptionally high value of the previous year. Accordingly, the net cash from operating activities was EUR 17.2 million below the figure for 2005 despite the improvement in net income.

The net cash outflow from financing activities of EUR 4.2 million is due to the repayment of long-term loans. On the whole, the Group's cash and cash equivalents improved by EUR 3.2 million.

### Financing

in EUR million	March 31,	Dec. 31,	March 31,
	2006	2005	2005
Cash and cash equivalents	16.0	15.3	4.2
Long-term bank loans	- 5.2	- 6.5	- 10.5
Short-term bank loans	- 2.6	- 5.3	- 0.9
<b>Balance</b>	<b><u>8.2</u></b>	<b><u>3.5</u></b>	<b><u>- 7.2</u></b>
Factoring	- 0.3	- 2.8	- 11.1

As of March 31, 2006, the cash and cash equivalents exceeded short-term and long-term bank debt by EUR 8.2 million. Factoring was utilized to only a limited degree in the first quarter of 2006.

## DEVELOPMENT AND PRODUCTION

In the first quarter of 2006, manufacturing the products launched late last year in the quantities demanded by the market was crucial. A special challenge thereby was ensuring the supply of panels and in particular obtaining the high-quality design components in the quantities needed. A flexible production structure made it possible to achieve the targets. The new product launches concentrated primarily on an expansion of the color spectrum, the use of new LCD panels and special product models for use in hotels. A newly developed motor unit and a screen lift for ceiling installation expanded the placement options.

The development activities in the first quarter were focused on preparing for the planned product launches in time for the World Cup in the second quarter or as highlights for IFA 2006. The design for a complete relaunch of the Xelos family in the sizes 26", 32", 37" and 42" was completed on schedule and pilot production was already started in some sizes. A product derivative from the Xelos line for the 42" and 37" screen sizes will bear the name "Modus." It will be introduced to the market to coincide with the Xelos relaunch.

One focus was the development of new products in the large-screen range. The Individual Selection family will be expanded to include a 40" set. Building on the same basic design, work was also started on an Individual monitor line, which will round out the product portfolio in sizes 40" and 46" in fall 2006. This monitor line will bring the possibility of a very flexible modular configuration of home cinema solutions with extremely versatile placement options and highly diverse speaker equipment. For home cinema, the project work on the New Sound Concept was continued to pilot production, making it possible for the market launch to take place according to plan in the second quarter.

In an effort to secure the supply of LCD panels for various product lines, a second source panel was approved and has already been used in the initial products. This measure made it possible to achieve greater supply reliability in the typically strained LCD panel market.

The L 2700 HDTV platform was further developed according to the project plan in the Joint Development Center operated jointly with Sharp. An important milestone was reached on time, raising the expectation that various products based on this chassis platform can be presented at IFA 2006.

The design and development work was completed for a new remote control generation, which was contracted out to an external company.

In the area of pre-engineering, work was continued on the subsidized research projects, which are primarily focused on new software systems and intelligent user interfaces. The results of this work constitute the basis for next generation chassis platforms and operating concepts. In the research project "WiMAC@home," which has been underway since September 2005, specifications and use scenarios were created and software work in the form of a PC simulation was started. The results of this project should provide valuable knowledge for a device architecture as a component of networked systems.

## MARKETING AND SALES

The new customizable Loewe Individual line of televisions also developed outstandingly in the first quarter of 2006. The Individual 32 Selection with a DR<sup>+</sup> integrated hard disk recorder has been Loewe's top-selling model since its market launch in October 2005. It ranks among the highest selling models in the most important 32" screen size category of LCD TV. Several design awards received underscore the exceptional position of Loewe Individual. International Forum Design Hannover awarded Individual the coveted "Design Oscar," the iF gold award 2006. Moreover, the readers of the high-circulation magazine "SFT – Spiele, Filme, Technik" chose the Individual 32 as the best designed product and presented Loewe the SFT Style Award.

In communications, the FIFA World Cup in Germany dominated the first quarter. The advertising campaign started in late March is attracting a lot of attention through special format ads in high-circulation publications. Our focus in this connection is on a central theme: the highlight function in the Loewe hard disk recorder. Pressing a button on the remote control is all it takes to record the selected high points of the game with this hard disk recorder integrated in the television set. During halftime or after the game, these activated highlights can be easily played back.

Qualified retailers are the backbone of our distribution network in Germany. We have deepened this relationship by participating in the important trade association shows. The focus of the presentation was our successful Individual product line, which offers retailers excellent possibilities for selling high-end products to sophisticated customers at stable market prices.

On the product side, we plan to convert our basic Concept line into a very high-end model in high-gloss color. Moreover, the relaunch of our 42" plasma TV sets will round out our product line. We expect additional impetus for the Individual product line through the market launch planned for the second quarter of stereo components and speaker systems matched especially to this product line and offering perfect sound quality and realistic surround sound.

## NUMBER OF EMPLOYEES UP SLIGHTLY

Compared to the same quarter of 2005, the number of employees rose from 958 to 988 persons. Due to the need for higher capacity, the direct workforce in production was increased by about 50 persons. The number of indirect employees including trainees is 22 lower than on March 31, 2005.

## OPPORTUNITIES AND RISKS OF FUTURE DEVELOPMENT

The Company's primary opportunities relate to its successful positioning as a premium provider in the rapidly growing market for flat-panel televisions in Europe. In the coming years, very many households will replace their CRT sets with flat-panel display sets. This trend may even be intensified by the increasing penetration of HDTV (high-definition television) content, which makes significantly improved picture quality possible. Loewe occupied a convincing premium position in the picture tube market for many years and now sees a great opportunity for assuming a comparable position in the more mature flat-panel display market. This should make it possible to exceed the historic sales and earnings records.

The primary risks relate to the successful positioning of a competitive flat-panel display product line in the premium segment. In addition to the attractive design of the products, this requires the implementation of technological differentiation potentials. Furthermore, attractive procurement conditions and adequate availability of materials are of great significance for the comparatively expensive LCD and plasma panels purchased in the Far East.

The detailed forecast and risk report is published in the annual report for 2005 on pages 43 to 49. No significant changes arose in the first quarter of 2006 in comparison to the prior year.

## OTHER DISCLOSURES

As of March 31, 2006, the Executive Board held 632,061 shares of Loewe AG, which was unchanged from December 31, 2005.

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

## OUTLOOK FOR THE YEAR 2006

For fiscal 2006, we expect sales revenue to grow to EUR 340 to 350 million. The good demand for Loewe products should make it possible to compensate for the lower than projected sales to Sharp. The improved product mix and the stable sales prices for Loewe LCD televisions had a positive impact on profitability in the first quarter of 2006. However, more intense price erosion is expected in the coming months, which is also expected to have a lowering effect on Loewe's sales prices. Despite the negative impact on margins this is expected to have, EBIT of the Loewe Group should be at the upper end of the previously announced target range on a total year basis and accordingly amount to approximately EUR 10 million.

Kronach, May 8, 2006

The Executive Board



Dr. R. Hecker



Dr. B. Bamberger



G. Schaas

## CONSOLIDATED INCOME STATEMENT 1<sup>ST</sup> QUARTER OF 2006

	January – March 2006		January – March 2005	
	EUR million	%	EUR million	%
Sales	88.7	100.0	64.3	100.0
Cost of sales	– 66.0	– 74.4	– 50.6	– 78.7
<b>Gross margin</b>	<b><u>22.7</u></b>	<b><u>25.6</u></b>	<b><u>13.7</u></b>	<b><u>21.3</u></b>
Selling expenses	– 14.5	– 16.3	– 12.3	– 19.1
General administrative expenses	– 2.1	– 2.4	– 2.2	– 3.4
Other operating income	– 1.0	– 1.1	– 1.1	– 1.7
<b>EBIT</b>	<b><u>5.1</u></b>	<b><u>5.8</u></b>	<b><u>– 1.9</u></b>	<b><u>– 2.9</u></b>
Interest and similar income	0.1	0.1	0.0	0.0
Interest and similar expenses	– 0.9	– 1.0	– 1.5	– 2.3
<b>Profit from ordinary activities (EBT)</b>	<b><u>4.3</u></b>	<b><u>4.9</u></b>	<b><u>– 3.4</u></b>	<b><u>– 5.2</u></b>
Income taxes	– 1.6	– 1.8	0.7	1.1
<b>Net income/loss before minority interests</b>	<b><u>2.7</u></b>	<b><u>3.1</u></b>	<b><u>– 2.7</u></b>	<b><u>– 4.1</u></b>
Minority interests	– 0.1	– 0.1	0.0	0.0
<b>Net income/loss after minority interests</b>	<b><u>2.6</u></b>	<b><u>3.0</u></b>	<b><u>– 2.7</u></b>	<b><u>– 4.1</u></b>
Earnings per share of continuing division	0.20		– 0.26	
Number of shares issued as of March 31	13,009		10,407	

## CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2006

in EUR million	March 31, 2006	Dec. 31, 2005	March 31, 2005
<b>Assets</b>			
<b>Non-current assets*</b>			
Intangible assets	5.9	6.0	6.0
Property, plant and equipment	36.8	34.8	42.4
Financial assets	0.8	0.8	0.8
Other accounts receivable	0.6	0.6	0.6
Deferred tax assets	24.7	25.7	26.2
<b>Total non-current assets</b>	<b><u>68.8</u></b>	<b><u>67.9</u></b>	<b><u>76.0</u></b>
<b>Current assets*</b>			
Inventories	57.6	39.4	33.2
Trade accounts receivable	67.4	88.1	43.1
Other current receivables	4.2	2.0	2.6
Cash and cash equivalents	16.0	15.4	4.2
<b>Total current assets</b>	<b><u>145.2</u></b>	<b><u>144.9</u></b>	<b><u>83.1</u></b>
<b>Assets of the discontinued division</b>	<b><u>0.1</u></b>	<b><u>0.1</u></b>	<b><u>0.0</u></b>
<b>Total assets</b>	<b><u>214.1</u></b>	<b><u>212.9</u></b>	<b><u>159.1</u></b>
<b>Liabilities and shareholders' equity</b>			
<b>Shareholders' equity</b>			
<b>Equity attributable to equity holders of the parent</b>			
Subscribed capital	13.0	13.0	10.4
Capital reserve	47.0	47.0	25.3
Accumulated income/loss	0.5	- 2.1	- 2.9
	<b><u>60.5</u></b>	<b><u>57.9</u></b>	<b><u>32.8</u></b>
<b>Minority interests</b>	<b><u>1.4</u></b>	<b><u>1.3</u></b>	<b><u>1.0</u></b>
	<b><u>61.9</u></b>	<b><u>59.2</u></b>	<b><u>33.8</u></b>
<b>Non-current liabilities*</b>			
Provisions for pensions and similar obligations	36.8	36.8	36.1
Other provisions	14.8	15.1	11.3
Financial liabilities	5.2	6.5	10.5
<b>Total non-current liabilities</b>	<b><u>56.8</u></b>	<b><u>58.4</u></b>	<b><u>57.9</u></b>
<b>Current liabilities*</b>			
Tax provisions	4.5	4.0	7.5
Other provisions	33.6	34.2	28.5
Financial liabilities	2.6	5.4	0.8
Trade accounts payable	49.3	44.7	24.8
Other liabilities	4.7	6.2	4.8
<b>Total current liabilities</b>	<b><u>94.7</u></b>	<b><u>94.5</u></b>	<b><u>66.4</u></b>
<b>Provisions and liabilities of the discontinued division</b>	<b><u>0.7</u></b>	<b><u>0.8</u></b>	<b><u>1.0</u></b>
<b>Total liabilities and shareholders' equity</b>	<b><u>214.1</u></b>	<b><u>212.9</u></b>	<b><u>159.1</u></b>

\* of the continuing division

## CONSOLIDATED CASH FLOW STATEMENT JANUARY TO MARCH 2006/2005

in EUR million	2006	2005
<b>Operating activities</b>		
EBIT	5.1	- 1.9
Interest paid	- 0.8	- 1.5
Depreciation and amortization of non-current assets	3.7	5.0
Decrease of non-current provisions	- 0.2	- 0.2
Decrease in pension provisions	0.0	- 0.1
Income taxes paid	- 0.1	- 0.2
<b>Cash before changes in net current assets</b>	<b><u>7.7</u></b>	<b><u>1.1</u></b>
<b>Change in net current assets</b>		
Increase/decrease in inventories	- 18.1	3.2
Decrease in trade accounts receivable and other assets	21.1	27.8
Decrease in other provisions	- 0.7	- 3.5
Increase in trade accounts payable and other liabilities	3.0	1.6
<b>Change in net current assets</b>	<b><u>5.3</u></b>	<b><u>29.1</u></b>
<b>Net cash from operating activities</b>	<b><u>13.0</u></b>	<b><u>30.2</u></b>
<b>Investing activities</b>		
Payments for purchases of intangible assets and property, plant and equipment	- 5.5	- 3.0
<b>Net cash from investing activities</b>	<b><u>- 5.5</u></b>	<b><u>- 3.0</u></b>
<b>Free cash flow of continuing division</b>	<b>7.5</b>	<b>27.2</b>
<b>Free cash flow of the discontinued division</b>	<b>- 0.1</b>	<b>- 0.1</b>
<b>Total free cash flow</b>	<b><u>7.4</u></b>	<b><u>27.1</u></b>
<b>Financing activities</b>		
Capital increase	0.0	15.9
Repayment of loans	- 4.2	0.0
<b>Net cash from financing activities</b>	<b><u>- 4.2</u></b>	<b><u>15.9</u></b>
<b>Cash-effective change in liquidity</b>	<b><u>3.2</u></b>	<b><u>43.0</u></b>

Composition of liquidity	March 31, 2006	Dec. 31, 2005	±
Cash and cash equivalents	16.0	15.3	0.7
Short-term bank loans	- 1.4	- 1.4	0.0
Use of factoring	- 0.3	- 2.8	2.5
<b>Liquidity</b>	<b><u>14.3</u></b>	<b><u>11.1</u></b>	<b><u>3.2</u></b>

## 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](mailto:ir@loewe.de)  
Fax: +49 (0) 92 61/99-994

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

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

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

Ticker symbol: LOE  
WKN: 649410  
ISIN: 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](http://www.loewe.de)

Loewe Stock:  
Ticker symbol: LOE  
ISIN code: DE 0006494107

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

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