- **Sales increase by 11% to EUR 197.0 million, share of flat-panel display sales climbs to 81% in the third quarter**
- **Operating loss for the first nine months reduced by EUR 18.8 million to EUR 4.3 million**
- **Restructuring continues according to plan despite supply bottlenecks**
- **Successful placement of capital increase in October**

REPORT ON THE FIRST NINE MONTHS OF FISCAL 2005

LOEWE.

Dear Shareholders,

Loewe is well on the way to becoming the leading premium brand in the flat-panel display TV market. Firstly, we are profiting from the sustained dynamic market growth in medium and large sized LCD and plasma TVs in Germany and Europe. Secondly, our broad and attractive product portfolio is enabling us to gain market share in flat-panel display products in particular. We have significantly increased our market share for LCD sets sold through European retailers from 1.3% for the period December 2003 to September 2004 to 4.4% for the period December 2004 to September 2005.

Sales of the continuing division rose year-on-year by 11% to EUR 197.0 million in the first nine months. The primary causes included the sales of flat-panel TVs which climbed 176% to EUR 125.4 million year-on-year. The share of sales of flat-panel display TVs in Loewe's sales of television sets increased at a correspondingly high rate to 75%, compared to only 30% in the prior year period.

We did not achieve the planned growth rates in the third quarter of 2005 because supply bottlenecks prevented us from filling orders totaling EUR 7 million. It should be possible to catch up with these order backlogs in the fourth quarter. In addition, we shipped the first LCD sets to Sharp in the third quarter of 2005 with a sales volume of EUR 6.2 million.

As planned, we were able to further reduce our operating loss in the first nine months of 2005. We expect a clearly positive EBIT for the fourth quarter.

The highlight of the third quarter was our extremely successful presence at the International Consumer Electronics Fair in Berlin. The new, highly customizable television product family "Loewe Individual" turned out to be the star of the most important trade show of the industry and contributed the largest share in our order increase compared to the IFA fair two years ago.

Dr. Rainer Hecker
Industrial Engineer
Chief Executive Officer

Dr. Burkhard Bamberger
MBA
Chief Financial Officer

Gerhard Schaas
Engineer
Chief Technology Officer

Our cooperarion with the premium furniture manufacturer Interlübke makes it possible to equip the new "Individual" LCD sets with Interlübke colors and surfaces in addition to the Loewe palette and integrate them functionally. As a result, the individual consumer electronics will be perfectly matched to premium class sideboards and cabinetry. We are convinced that in addition to innovative technology, outstanding design and top quality, the trend toward individuality will in the future characterize the premium market.

The capital increase resolved by the Executive Board and Supervisory Board in early October was implemented successfully. Among other things, our largest shareholder, Sharp Corporation, Japan, exercised all its subscription rights, and continues to hold just under 29% of Loewe's shares. Management has partially participated in the capital increase. The proceeds of about EUR 25 million will fundamentally improve our capital structure and increase the equity ratio to approximately 30%. Furthermore, we will be able to cover the financing of the growth planned for the coming years from our own resources.

The International Consumer Electronics Fair, which was very successful for Loewe will provide us good momentum for the start of the important holiday shopping season, the Winter Olympic Games in Turin and the World Soccer Championship in Germany in 2006. We expect these large sporting events above all to provide additional growth stimuli and a further upward trend for Loewe.

Sincerely yours,

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

THE LOEWE GROUP AT A GLANCE*

in EUR million	3rd quarter 2005	3rd quarter 2004	± in %	Q 1–3 2005	Q 1–3 2004	± in %
Sales	65.8	66.1	0	197.0	177.4	11
Earnings before interest and taxes (EBIT)	– 1.5	– 6.6		– 4.3	– 23.1	
Net loss after minority interests	– 1.5	– 5.6		– 5.5	– 16.2	
Earnings per share in euros**	– 0.14	– 0.71		– 0.53	– 2.06	
Free cash flow	1.1	– 2.1		10.2	– 1.3	
Number of employees	918	1,051	– 13	934	1,071	– 13

* 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: 7,876,600 shares).

Sales grow by 11 % to EUR 197 million in the first nine months

The increase in sales of flat-panel display sets by EUR 79.9 million compared to the prior year period clearly compensated for the decline in picture tube sets of EUR 62.7 million. The dynamic market growth in flat-panel display products and the significantly increased Loewe market share made it possible to quadruple sales to EUR 125.4 million in this segment. Accordingly, the percentage of sales generated by flat-panel televisions rose to 75 %. In September 2005, supply chain bottlenecks made it impossible to fill customer orders totaling approximately EUR 7 million. In the third quarter, we generated sales of EUR 6.2 million with OEM products for Sharp.

Operating loss further reduced by EUR 18.8 million to a loss of EUR 4.3 million

In the first nine months, the operating loss (EBIT) came to EUR 4.3 million after a loss of EUR 23.1 million a year earlier. The loss for the quarter was reduced by EUR 5.1 million to EUR –1.5 million year-on-year. This is primarily due to the more favorable product mix and the lower cost basis.
The net loss after minority interests was EUR 5.5 million, resulting in a net loss per share (EPS) of EUR 0.53.

Positive free cash flow of EUR 10.2 million

Compared to the previous year, it was possible to improve cash flow significantly. This is primarily attributable to the further reduction of the net loss and the reduced working capital. In addition to the net cash provided by the capital increase implemented in February, Loewe reduced short-term bank debts from EUR 25.5 million at the start of the year to EUR 0.7 million on September 30, 2005.

Restructuring continued according to plan, number of employees declined by 13 % to 918

In addition to the systematic cost cutting across all areas, a large number of new flat-panel display sets were developed in the first nine months and convincingly launched at the International Consumer Electronics Fair (IFA) in early September. The personnel measures defined and introduced already in 2004 reduced the workforce to 918 persons by the end of the third quarter of 2005. Compared to September 30, 2004, the number of employees was reduced according to plan by 133 persons.

DYNAMIC MARKET GROWTH, PRICE EROSION LESSENS

In terms of volume, the market for televisions in Europe grew by 11% to 22.1 million units in the period from December 2004 to September 2005. This is due to the dynamic growth and the increased market acceptance of the flat-panel display sets. From December 2004 to September 2005, 4.3 million LCD-TVs and 0.9 million plasma TVs were sold in Europe – a three-fold increase from a year earlier. At 16.6 million units, the number of picture tube sets sold is 7% under the level of the previous year.

The prices for picture tube sets are on average 24% lower than in the prior year period and amount to just under EUR 290 per set. The prices for LCD-TVs have dropped even more sharply. Large-screen sets with a screen diagonal of 26 inches and larger are priced 42% lower and small-screen sets are 28% below the prices for the prior year. Nonetheless, the average price decline for all LCD sets is only 21% because the share of the more expensive, large-screen LCD sets with an average price of about EUR 1,800 has grown significantly. Prices for plasma TVs, which are only available in large screen sizes declined year-on-year by 41% to just under EUR 2,600.

The market for TV sets grew strongly in all important European countries. As a whole, the market volume in Europe rose by 17% to EUR 11.8 billion from December 2004 to September 2005. The high volume growth of 127% for LCD and plasma TVs significantly compensated for the 30% decline in unit sales of traditional picture tube sets, which was driven by the strong price erosion. This reduced the market share of picture tube sets in the European market in terms of value from 66% in the prior year period to 40%.

At 4.0%, Loewe's market share in Europe in terms of value is 0.1 percentage points below the prior year value. This is primarily due to the 0.7 percentage point decline of the market share of picture tube TVs to 5.1% because a demand exists only for economical standard sets rather than for premium products. On the other hand, Loewe increased its European market share in LCD-TVs from 1.3% to 4.4%. In plasma TVs, Loewe's market share increased slightly to 1.9% from 1.0% a year earlier.

11% INCREASE IN SALES IN THE FIRST NINE MONTHS OF 2005

In the first nine months of 2005, Loewe's sales grew 11% to EUR 197.0 million. Sales of flat-panel display sets, which were up by EUR 79.9 million, clearly compensated for the decline of EUR 62.7 million in picture tube sets. In the third quarter of 2005, the first sets were delivered to Sharp at a sales volume of EUR 6.2 million. Despite this, it was not possible to reach the high growth rates of the first six months because in the third quarter of 2005 it was not possible to fill customer orders of EUR 7 million due to supply chain bottlenecks. It should be possible to catch up with these order backlogs in the fourth quarter.

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

Sales by product area

in EUR million	3rd quarter 2005	3rd quarter 2004	± in %	Q 1–3 2005	Q 1–3 2004	± in %
Televisions	52.5	56.0	– 6	167.2	150.0	11
Televisions (non branded)	6.2	0.0		6.2	0.0	
DVD players	0.7	1.5	– 53	4.5	2.8	61
Video recorders	0.3	0.5	– 40	0.8	1.5	– 47
Stereo systems	0.9	0.6	50	2.2	1.9	16
Accessories and other revenues	5.2	7.5	– 31	16.1	21.2	– 24
Total	**65.8**	**66.1**	**0**	**197.0**	**177.4**	**11**
of which domestic	34.4	34.6	– 1	96.6	91.9	5
of which foreign	25.2	31.5	– 20	94.2	85.5	10
of which non branded	6.2	0.0		6.2	0.0	

The decline in sales of picture tube sets continues. Since picture tube sets are almost exclusively marketed through aggressive pricing, sales are very strongly concentrated on the entry level price category. The share of picture tube sets in Loewe's sales of television sets was less than 20% in the third quarter of 2005, compared to 55% in the prior year quarter.

The rapid market growth in flat-panel display televisions and the broadening of the Loewe product program made it possible to strongly expand sales in this promising market segment in the first nine months. Altogether ten new flat-panel display televisions were launched. During the International Consumer Electronics Fair in Berlin, we introduced a completely new television concept in the form of the "Individual" LCD product line. The first sets were shipped to retailers in September; however, only a limited number was available due to the supply chain bottlenecks mentioned above.

Sales of televisions units

in EUR million	3rd quarter 2005	3rd quarter 2004	± in %	Q 1–3 2005	Q 1–3 2004	± in %
Picture tube display sets	10.1	30.7	– 67	41.8	104.5	– 60
Flat-panel display sets	42.4	25.3	68	125.4	45.5	176
of which: LCD	38.0	23.5	62	106.8	39.3	172
of which: Plasma	4.4	1.1	300	17.2	3.7	365
of which: Rear projection	0.0	0.7	– 100	1.4	2.5	– 44
Total	**52.5**	**56.0**	**– 6**	**167.2**	**150.0**	**11**
Sales share of picture tube display sets	19%	55%		25%	70%	
Sales share of flat-panel display sets	81%	45%		75%	30%	

In the first nine months of 2005, approximately 50% of sales of Loewe products were generated in Germany. Sales for the third quarter remained on the level of the previous year due to the bottlenecks in supply. For the first nine months, sales climbed by 5% from EUR 91.9 million a year earlier.

Outside of Germany, it was possible to increase sales in the first nine months of 2005 by 10% compared to the prior year. This is primarily due to the high growth rates in the first half of 2005, since business volume in the first half of 2004 was very low. In the third quarter, export sales were 20% down from the prior year quarter due to the fact that the export market for high-end picture tube sets practically ceased to exist. Export sales of picture tube sets fell to just 6% in the third quarter of 2005 from 41% in the previous year. The growth in flat-panel display televisions did not fully compensate for this decline

FURTHER EBIT IMPROVEMENT, LOSS REDUCED TO EUR 4.3 MILLION

In the first nine months, the operating loss (EBIT) came to EUR 4.3 million in the continuing division after a loss of EUR 23.1 million a year earlier. The loss for the quarter was reduced by EUR 5.1 million to a loss of EUR 1.5 million year-on-year.

The clear improvement in earnings in the first nine months is primarily a result of the higher business and production volume, the improved product mix and the further reduced cost basis. The cost reductions relate primarily to advertising expenses which declined by EUR 3.5 million and personnel expenses which fell by EUR 4.3 million.

Gross profits grew by EUR 10.9 million to EUR 39.5 million primarily in response to the increased share of flat-panel displays in TV sales, the improved fixed cost coverage in development and production, and the cost relief from the development cooperation with Sharp. Compared to the previous year, the gross margin increased noticeably from 16.1% to 20.1%. Adjusted for the impact on earnings from the cooperation with Sharp, the gross margin is 18.7% in the third quarter and 19.6% in the first nine months.

Selling expenses declined by EUR 7.3 million to EUR 37.3 million in the first nine months. Significant savings relate to the advertising budget which fell by EUR 3.5 million and sales and marketing costs which were reduced by EUR 1.7 million. The first quarter of 2004 had been further burdened by writing off bad debt in the amount of EUR 1.0 million.

General administrative expenses declined by EUR 0.8 million to EUR 5.1 million as a result of restructuring measures. They now amount to 2.6% of sales, which represents a reduction of 0.7 percentage points from a year earlier.

The other operating loss of EUR 1.4 million in the first nine months includes restructuring costs of EUR 1.3 million. Last year, this item had benefited from the release of provisions in the amount of EUR 1 million.

Interest expenses decreased by EUR 0.3 to EUR 3.4 million year-on-year. Higher banking fees in connection with financing commitments issued by banks were more than compensated by lower drawings.

SLIGHT DECLINE IN CAPITAL EXPENDITURE

Capital expenditure/depreciation and amortization

in EUR million	Q 1–3 2005		Q 1–3 2004	
	Capital expen-ditures	Depre-ciation/amorti-zation	Capital expen-ditures	Depre-ciation/amorti-zation
Intangible assets	5.3	5.4	5.4	6.3
Property, plant and equipment	4.5	9.8	5.0	10.1
Financial assets	0.0	0.0	0.5	0.1
Total	**9.8**	**15.2**	**10.9**	**16.5**

At EUR 9.8 million, capital expenditure for the nine months of 2005 was slightly less year-on-year. This item mostly includes development costs of EUR 4.9 million that were capitalized in accordance with International Financial Accounting Standards (IFAS) and to tools for new products in the amount of EUR 2.3 million. The modest decline in depreciation to now EUR 15.2 million mainly reflects lower capitalized development costs due to the cost sharing arrangement with Sharp.

CONTINUED IMPROVEMENT OF FINANCIAL POSITION

Major balance sheet items

in EUR million	Sept. 30, 2005	Dec. 31, 2004	Sept. 30, 2004
Non-current assets	45.9	51.2	57.0
Current assets, net	9.8	22.9	18.3
Shareholders' equity	30.0	19.4	24.7
Bank liabilities, net	8.2	34.1	29.5
Factoring	6.4	27.4	15.9

In the first nine months, the financial position showed further improvements as a result of the capital increase implemented in early 2005 and the reduction of working capital. Bank debt (including long-term loans) less cash and cash equivalents decreased to EUR 8.2 million. The factoring volume also declined and amounted to EUR 6.4 million on September 30, 2005 compared to EUR 15.9 million a year earlier. At EUR 30.0 million, equity was EUR 5.3 million higher. This translated into an equity-to-assets ratio of 17%.

Current assets, net

in EUR million	Sept. 30, 2005	Dec. 31, 2004	Sept. 30, 2004
Inventories	53.5	36.4	55.6
of which: Raw materials	31.9	16.5	27.1
of which: Finished goods	21.6	19.9	28.5
Trade accounts receivable and other assets	49.1	57.9	46.0
Other provisions	– 39.0	– 43.4	– 42.7
Trade accounts payable and other liabilities	– 53.8	– 28.0	– 40.6
Total	**9.8**	**22.9**	**18.3**

At EUR 9.8 million, net current assets remained at a very low level as of September 30, 2005. Inventories of finished goods were 24.2 % lower than a year earlier. In contrast, raw materials and supplies rose slightly because the strained supply situation in design parts and LCD panels required higher backup inventories to maintain flexibility. A lower factoring volume caused trade receivables to increase slightly. Adjusted for factoring, the average collection period (DSO) was shorter than a year ago, while trade payables increased sharply to EUR 48.3 million in response to the significantly higher share of LCD and plasma screens purchased in the Far East.

Shareholders' equity

in EUR million	Subscribed capital	Capital reserve	Other retained earnings	Accumu-lated loss	Share-holders' equity
Balance as of Dec. 31, 2004	**7.9**	**11.7**	**0.0**	**– 0.2**	**19.4**
Capital increase	2.5	13.6			16.1
Loss for Q 1–3, 2005				– 5.5	– 5.5
Balance as of Sept. 31, 2005	**10.4**	**25.3**	**0.0**	**– 5.7**	**30.0**

Equity increased to EUR 30.0 million following the capital increase. The consolidated net loss incurred in the first three quarters of 2005 had only a slight impact on equity.

FREE CASH FLOW INCREASES TO EUR 10.2 MILLION

Cash flow

in EUR million	**Jan. – Sept. 2005**	**Jan. – Sept. 2004**
Net cash from operating activities	20.0	9.6
Investing activities	– 9.8	– 10.9
Free cash flow	**10.2**	**– 1.3**
Free cash flow of discontinued division	– 0.2	– 3.2
Net cash from financing activities	15.9	4.1
Cash-effective change in liquidity	**25.9**	**– 0.4**

In the first nine months of 2005, the Group generated positive free cash flow of EUR 10.2 million in the continuing division. The improvement over the prior year is primarily attributable to the reduction in net loss. The increase in trade payables by almost EUR 27 million more than compensated higher inventories, which increased by EUR 17.1 million since the start of the year.

The positive free cash flow and the proceeds from the capital increase improved liquidity by EUR 25.9 million, enabling a reduction in short-term bank debt from EUR 25.5 million at the start of the year to EUR 0.7 million on September 30, 2005.

DISCONTINUATION OF THE USA BUSINESS

The liquidation of the discontinued division is proceeding according to plan.

Discontinued division in USA

in EUR million	**3rd quarter 2005**	**3rd quarter 2004**	**Q 1–3 2005**	**Q 1–3 2004**
Sales	0.0	1.2	0.0	5.2
Loss	0.0	0.0	0.0	– 8.1
Free cash flow	– 0.1	0.7	– 0.2	– 3.2
Number of employees	0	6	0	12

DEVELOPMENT AND PRODUCTION

The new, revolutionary TV line “Individual” was launched at the 2005 International Consumer Electronics Fair. In addition to the unique individuality of materials, colors and placement solutions, the line also uses the improved L2650 electronics platform. In 2006, the TV line which is already in full production will receive a newly developed speaker system, prototypes of which have already been introduced.

A design relaunch newly adapted the reference class Spheros to the market requirements. After the release procedure in the Sharp subsidiaries, the GD7 line of OEM sets for Sharp went into full production, thus successfully concluding the development of this product.

In addition to the product launches, the models already in full production were converted to the L2650 electronics chassis and an LCD panel, which is more economical and offers improved performance. A cable-ready DVB receiver sets this product further apart from the competition. The upper price segment also offers the option of an integrated hard disk, making it possible to receive 2 channels of digital programming. In the area of video processing, we introduced image enhancement based on a proprietary algorithm under the name of Image+.

At the 2005 International Consumer Electronics Fair, Loewe once again presented itself as the innovation engine of the TV industry. High praise from experts accompanied the presentation of the world's first integrated HDTV based on the MPEG-4-AVC standard, which was developed in close collaboration with the semiconductor manufacturers STMicroelectronics and Micronas.

The development of the L2700 chassis represented an important milestone of the Loewe/ Sharp Joint Development Center at the International Consumer Electronics Fair (IFA). Loewe and Sharp were the only providers to display prototypes that were able to decode HDTV on real HD panels (resolution of 1080 x 1920 pixels) with an integrated chassis platform.

Pre-engineering continued work on the subsidized research projects concentrated primarily on innovative software systems and smart user interfaces for consumer electronics equipment. The „WiMAC@home" research project was launched in September 2005.

MARKETING AND SALES

The third quarter highlight was the International Consumer Electronics Fair (IFA) in Berlin. For Loewe, this IFA was a complete success. The new, highly customizable Loewe "Individual" line of TV sets met with the greatest interest and was the primary factor enabling Loewe to generate significantly more orders from both within Germany and internationally than two years ago.

At the IFA, Loewe convincingly set the stage for the main shopping season. All important retail partners from Germany and the distribution partners for Loewe's key markets visited the Loewe exhibition stand. In addition to the higher order volume, the strong acceptance of the premium position of the Loewe brand was a success factor at the IFA.

The Loewe exhibition stand presented a clear market message: Loewe is on the way to becoming the leading premium brand in the flat-panel display TV market.

The exhibition stand focused on the new Loewe "Individual" product line which is characterized by the greatest possible individuality, innovative technology and sophisticated design. The new, modular concept enables a unique diversity of design that has hitherto been unknown in television sets. Loewe "Individual" provides more than 400 possible design combinations of individual colors, surfaces, materials or placement solutions. But the technology also sets standards. The TVs are already prepared for high definition television (HDTV) reception. Loewe is one of the first companies in the industry to offer the broadest product line of TV sets with integrated receivers for digital television.

Extensive and very positive reporting in the media as well as the feedback from fair visitors, opinion leaders and retailers document the successful brand presence at IFA 2005.

During the IFA, Loewe also presented the initial results of the new partnership with the premium furniture manufacturer Interlübke. Consumer electronics devices – especially flat television sets – are increasingly becoming an integral component of home furnishings. As part of this new partnership announced in August, the new "Individual" TV sets can be equipped with Interlübke colors and surfaces in addition to the Loewe palette. As a result, the individual consumer electronics will be perfectly matched to premium class sideboards and cabinetry. As a second step, flat-panel displays and furniture will also grow together technically. It will be possible to mount LCD and plasma televisions directly on the furniture, thus eliminating the base of the TV set. Appropriate cable ducts, recording terminals and brackets are to be developed jointly. In addition, it will be reviewed whether speakers can be integrated directly in the furniture. A recently coordinated sales and service concept rounds out the partnership. The Loewe communications initiative for the second half of the year also started on the occasion of the IFA. Under the motto "Ruling the rules," the design concept of the campaign is already attracting attention with special formats.

In high-circulation target group magazines, the campaign spearheads a communications cavalcade: poster campaigns, online promotions, articles, events.

For the market launch of "Individual," Loewe is focusing especially on a retail presentation that adequately promotes the brand. A large number of individual measures are available for this purpose. With a comprehensive marketing concept, Loewe is offering retailers every possibility to ensure a successful shopping season – a holiday season that this year will merge seamlessly into the period leading up to the Winter Olympic Games in Turin and the World Soccer Championship in Germany.

NUMBER OF EMPLOYEES DOWN TO 918

The decline in the workforce is a result of the restructuring program introduced in mid-2003. On January 1, 2005, Loewe still had 995 employees; by the end of the second quarter, the workforce stood at 927. As planned, the personnel measures communicated and introduced in 2004 reduced the workforce to 918 persons by September 30. Compared to the end of the third quarter of 2004, the number of employees was reduced by 133.

RISKS OF FUTURE DEVELOPMENT, OTHER INFORMATION

The most important risks concern the high level of price erosion for television sets, 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 influence each other.

The detailed risk report is published in the annual report for 2004 on pages 39 to 43. There were no significant changes from the previous year in the third quarter of fiscal year 2005.

The consolidated interim financial statements as of September 30, 2005 and the annual financial statements as of December 31, 2004 were prepared in accordance with IFRS using uniform accounting policies.

As of September 30, 2005, the Executive Board held 581,425 shares in Loewe AG, which was unchanged from December 31, 2004.

IMPORTANT EVENTS AFTER THE END OF THE QUARTER

On October 6, 2005, the Executive Board and Supervisory Board of Loewe AG resolved to increase the Company's share capital. Issued were 2,601,846 new shares with a notional par value of EUR 1 with dividend entitlement at a subscription ratio of 4:1. The subscription period ran from October 12 to October 26, 2005. The subscription price of the new shares was EUR 9.60. Subscription rights were not traded. Loewe AG thus made use of a part of the authorized capital that had been adopted by the Shareholders' Meeting on June 2, 2005.

The new shares were allocated on October 26. Almost 1.6 million shares were subscribed by existing shareholders. Sharp Corporation, Osaka, Japan, and Sharp International Finance (UK) PLC exercised all of their subscription rights and maintained their current stake of 28.8%. Furthermore, Loewe management also took part in the capital increase to some extent. The remaining unsubscribed shares were allocated by equinet Securities AG to institutional investors in a private placement at the subscription price of EUR 9.60. Based on the high demand, the issue was clearly oversubscribed and not all the orders from institutional investors could be executed.

Some existing shareholders had already declared their willingness in advance to make shares already admitted to listing on the stock exchange (ISIN DE0006494107 / WKN 649 410) from their portfolios available for posting to the custodian accounts of the purchasing shareholders and the new investors. The new shares are expected to be listed in the Official Market (Prime Standard) of the Frankfurt Stock Exchange in late November or early December 2005. The new shares are fully entitled to dividends for fiscal year 2005.

The successful placement of the shares has increased the Company's share capital to 13,009,229 shares. The capital increase was recorded in the Commercial Register on November 2, 2005. The transaction brought Loewe gross proceeds of EUR 25 million, which will be used to improve the capital structure and finance the growth planned for the coming years.

OUTLOOK FOR THE YEAR 2005

The strained supply situation in September will to some extent also impact Loewe's sales volume in the fourth quarter of 2005. Supplier bottlenecks in the delivery of LCD panels and design parts will probably prevent us from entirely satisfying the high demand for our high-end products in particular until early in 2006. Because the current demand for large-format LCD panels in particular clearly exceeds the production capacities of the manufacturers, we expect prices for flat-panel display sets to stabilize in the fourth quarter. Despite these constraints, sales of Loewe products will increase in the fourth quarter and clearly positive EBIT will be achieved.

The targets for 2005 remain unchanged. The Company continues to anticipate a slight increase in sales of Loewe products. In addition, sales to Sharp will come to approximately EUR 20 million. The higher business volume, the improved product mix and the implemented restructuring measures should furthermore make it possible to reach an EBIT around break-even.

Kronach, November 7, 2005

The Executive Board

Dr. R. Hecker Dr. B. Bamberger G. Schaas

CONSOLIDATED INCOME STATEMENT FOR THE FIRST NINE MONTHS 2005

	July – September 2005		July – September 2004		January – September 2005		January – September 2004	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Sales*	65.8	100.0	66.1	100.0	197.0	100.0	177.4	100.0
Cost of goods sold*	– 53.2	– 80.9	– 55.2	– 83.5	– 157.5	– 79.9	– 148.8	– 83.9
Gross margin*	**12.6**	**19.2**	**10.9**	**16.5**	**39.5**	**20.1**	**28.6**	**16.1**
Selling expenses*	– 12.6	– 19.1	– 14.1	– 21.3	– 37.3	– 18.9	– 44.6	– 25.1
General administrative expenses*	– 1.4	– 2.2	– 1.7	– 2.6	– 5.1	– 2.6	– 5.9	– 3.3
Other operating income/ expenses*	– 0.1	– 0.2	– 1.9	– 2.9	– 1.4	– 0.7	– 1.4	– 0.8
Income from investments	0.0	0.0	0.2	0.3	0.0	0.0	0.2	0.1
Earnings before interest and taxes (EBIT)*	**– 1.5**	**– 2.3**	**– 6.6**	**– 10.0**	**– 4.3**	**– 2.2**	**– 23.1**	**– 13.0**
EBIT of discontinued division	0.0	0.0	0.0	0.0	0.0	0.0	– 8.1	– 4.6
Total EBIT	**– 1.5**	**– 2.3**	**– 6.6**	**– 10.0**	**– 4.3**	**– 2.2**	**– 31.2**	**– 17.6**
Interest and similar income	0.0	0.0	0.1	0.2	0.1	0.1	0.2	0.1
Interest and similar expenses	– 1.0	– 1.5	– 1.4	– 2.1	– 3.5	– 1.8	– 3.9	– 2.2
Profit from ordinary activities (EBT)	**– 2.5**	**– 3.9**	**– 7.9**	**– 11.9**	**– 7.7**	**– 3.9**	**– 34.9**	**– 19.7**
Income taxes	1.0	1.5	2.3	3.5	2.3	1.2	10.6	6.0
Net loss before minority interests	– 1.5	– 2.4	– 5.6	– 8.4	– 5.4	– 2.7	– 24.3	– 13.7
Minority interests	0.0	0.0	0.0	0.0	– 0.1	– 0.1	0.0	0.0
Net loss after minority interests**	**– 1.5**	**– 2.4**	**– 5.6**	**– 8.4**	**– 5.5**	**– 2.8**	**– 24.3**	**– 13.7**
**** of which: continuing division**	**– 1.5**	**– 2.3**	**– 5.6**	**– 8.5**	**– 5.5**	**– 2.8**	**– 16.2**	**– 9.1**

* continuing division only

Basic earnings per share of continuing division	– 0.14		– 0.71		– 0.53		– 2.06	
Number of shares issued as of September 30	10,407,383		7,876,600		10,407,383		7,876,600	

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2005

in EUR million	Sept. 30, 2005	Dec. 31, 2004	Sept. 30, 2004
Assets			
Non-current assets			
Intangible assets	6.0	6.1	8.7
Property, plant and equipment	39.1	44.3	47.6
Financial assets	0.8	0.8	0.7
Total non-current assets	**45.9**	**51.2**	**57.0**
Current assets			
Inventories	53.5	36.4	55.6
Trade accounts receivable	46.4	51.8	42.0
Other current receivables	2.8	6.1	4.4
Cash and cash equivalents	3.2	2.1	2.4
Total current assets	**105.9**	**96.4**	**104.4**
Deferred tax assets	**28.0**	**24.9**	**25.8**
Assets of discontinued division	**0.0**	**0.0**	**1.1**
Total assets	**179.8**	**172.5**	**188.3**
Equity and liabilities			
Shareholders’ equity			
Subscribed capital	10.4	7.9	7.9
Capital reserve	25.3	11.7	31.4
Other retained earnings	0.0	0.0	10.5
Loss carried forward	– 5.7	– 0.2	– 25.1
Total shareholders’ equity	**30.0**	**19.4**	**24.7**
Minority interests	**1.1**	**1.0**	**0.9**
Provisions			
Provisions for pensions and similar obligations	36.0	36.2	36.2
Tax provisions	7.7	7.3	8.8
Other provisions	39.0	43.4	42.7
Total provisions	**82.7**	**86.9**	**87.7**
Liabilities			
Long-term debt	6.9	10.5	10.3
Trade accounts payable	48.3	21.7	35.9
Other non-current liabilities	9.9	32.0	26.4
Total liabilities	**65.1**	**64.2**	**72.6**
Provisions and liabilities of discontinued division	**0.9**	**1.0**	**2.4**
Total liabilities	**179.8**	**172.5**	**188.3**

CONSOLIDATED CASH FLOW STATEMENT JANUARY TO SEPTEMBER 2005/2004

in EUR million	2005	2004
Operating activities		
Loss from ordinary activities	– 7.7	– 26.8
Depreciation and amortization of non-current assets	15.2	16.5
Decrease/increase in pension provisions	– 0.2	0.2
Income taxes paid	– 0.2	– 0.4
Net cash before changes in non-current assets	**7.1**	**– 10.5**
Change in net current assets		
Increase in inventories	– 17.1	– 12.5
Decrease in trade accounts receivable and other assets	8.7	25.6
Decrease in other provisions	– 4.4	– 4.6
Increase in trade accounts payable and other liabilities	25.7	11.6
Change in net current assets	**12.9**	**20.1**
Net cash from operating activities	**20.0**	**9.6**
Investing activities		
Payments for purchases of intangible assets and property, plant and equipment	– 9.8	– 10.9
Net cash used for investing activities	**– 9.8**	**– 10.9**
Free cash flow of continuing division	**10.2**	**– 1.3**
Free cash flow of discontinued division	**– 0.2**	**– 3.2**
Total free cash flow	**10.0**	**– 4.5**
Financing activities		
Decrease in minority interests	0.0	– 0.2
Capital increase	15.9	4.3
Repayment of loans	0.0	– 8.9
Assumption of pension provisions from Loewe Unterstützungskasse e.V.	0.0	8.9
Net cash from financing activities	**15.9**	**4.1**
Cash-effective change in liquidity	**25.9**	**– 0.4**

Composition of liquidity	Sept. 30, 2005	Dec. 31, 2004	±
Cash and cash equivalents	3.2	2.1	1.1
Short-term bank loans	– 0.7	– 25.5	24.8
Liquidity	**2.5**	**– 23.4**	**25.9**

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WKN:	649410
ISIN code:	DE 0006494107

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

Indices:	SDAX®
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Loewe Stock:
Ticker symbol: LOE
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