



## REPORT ON THE FIRST HALF OF FISCAL YEAR 2006

- Sales increase by 31% to EUR 171.3 million
- EBIT improves by EUR 10.9 million to EUR 8.1 million in the first half of 2006
- Focus on flat-panel display sets, production of picture tube sets discontinued according to plan

**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's performance in the past six months was very positive. Our attractive product portfolio of large-screen flat-panel display sets enables us to increasingly profit from the sustained dynamic market growth of the new display technologies in Europe. We also benefited from the positive growth stimuli from the FIFA World Cup played in Germany in the second quarter of 2006. Loewe continues to grow faster than the market and in the important LCD segment, it increased its market share in terms of value in the European retail market from 4.5% (January to June 2005) to 5.0% (January to June 2006).

Against this backdrop, Loewe Group sales rose year-on-year by 31% to EUR 171.3 million in the first half of 2006. The major cause for this was that sales of flat-panel TVs were up by 74% to EUR 144.3 million in 2005 and more than compensated for the decline in picture tube sets. In the second quarter of 2006, Loewe stopped the production and sale of picture tube sets. The share of flat-panel display TVs in Loewe's sales of televisions sets increased at a correspondingly high rate to 97% in the first half of 2006 compared to 72% in the prior year period.

The increased business and production volume and a more favorable product mix in the first half of 2006 led to EBIT of EUR 8.1 after EUR -2.8 million in the same period of 2005.

The very successful and strong-selling product line Individual was expanded in the second quarter to include the spectacular LCD-TV Individual Edition. In a strictly limited edition, the sides of the Individual Edition are inlaid with Swarovski crystals. In high-gloss white or high-gloss black, only 1,000 units of each color are available at selected Loewe retailers. In addition, the market launch of Individual Sound represents another milestone in the Individual success story. The newly developed modular speaker system consisting of stand-mounted and satellite speakers as well as subwoofers is the perfect complement to every Loewe television and can be flexibly adapted to the living environment.

The jury of the Plus X Award honored Loewe televisions with a total of seven awards. Because of the large number of these prizes, it simultaneously awarded Loewe the title "Most innovative Brand of the year 2006" in the video category.

The initiative "365 Landmarks in the Land of Ideas" selected Loewe as a prominent company in Germany which premiered the first electronic television set 75 years ago. The German federal government and German commerce and industry are the sponsors of this initiative under the patronage of the German president. In a discussion and an informational open house, we described the past, present and future of television to more than 6,000 guests.

Other second quarter highlights were the large IFA preview events leading up to this year's International Consumer Electronics Fair in Berlin. Already in advance of the most important trade show of the industry, we presented a completely new, integrated home cinema concept to numerous media representatives: Loewe Individual Compose. The focus is on the two large-screen LCD-TV sets Individual 40 Compose and Individual 46 Compose with an integrated HDTV receiver. In addition to technical features, our customers will soon be able to choose their own personal speaker system in addition to colors, surfaces, materials and placement solutions. The result is a flexible and individual home cinema solution at the top of its class.

The World Cup produced the anticipated stimuli for growth. The television market in Europe will continue to show positive development in the coming months. The primary cause is the sustained very high demand for flat-panel display sets. The current trend to larger screen diagonals will intensify. For that reason, Loewe will launch new, large-screen flat-panel TVs in the coming months.

We expect that after the traditionally somewhat weaker summer months, the IFA (now an annual event) and purchases in advance of the rise in the value-added tax, which Germany's government plans for 2007, will continue Loewe's 2006 success story in the second half.

Sincerely yours,



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

## THE LOEWE GROUP AT A GLANCE\*

in EUR million	2 <sup>nd</sup> Quarter	2 <sup>nd</sup> Quarter	± in %	1 <sup>st</sup> Half	1 <sup>st</sup> Half	± in %
	2006	2005		2006	2005	
Sales	82.6	66.9	23	171.3	131.2	31
EBIT	3.0	- 0.9		8.1	- 2.8	
Net income/loss after minority interests	1.4	- 1.3		4.0	- 4.0	
Earnings per share in euros**	0.11	- 0.12		0.31	- 0.38	
Free cash flow	- 6.3	5.2		1.2	32.4	
Number of employees	952	927	3	970	943	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 31 % to EUR 171.3 million

Sales of flat-panel display sets increased in the first half of 2006 by EUR 61.3 million to EUR 144.3 million. The share of sales generated by flat-panel TVs rose to 97 % after 72 % in the same period of 2005. In contrast, sales of picture tube sets declined by EUR 25.1 million to EUR 6.6 million. After discontinuing the production and sale of picture tube sets in the second quarter of 2006, Loewe will in the future concentrate solely on the attractive market for flat-panel display sets.

### EBIT of EUR 8.1 million

In the first half of 2006, EBIT came to EUR 8.1 million after a loss of EUR 2.8 million a year earlier. The EUR 10.9 million improvement in EBIT is primarily due to the increased business and production volume and the improved product mix. In the first half, net income after minority interests came to EUR 4.0 million and earnings per share reached EUR 0.31.

### Positive free cash flow

Despite the inventory buildup and the higher receivables related to growth, positive free cash flow of EUR 1.2 million was generated in the first half of 2006. Due to increased working capital requirements, this amount is lower than in the same period of 2005.

### Modest increase in the number of employees

Compared to a year ago, the average number of employees rose by 27 to 970 persons. The increase results primarily from the higher business volume that made it necessary to hire more employees in production.

## MARKET GROWTH CONTINUES AT DYNAMIC RATE

In the first half of 2006, the European consumer electronics market grew by 15% in euro terms,\* compared to the same period in 2005. The most important segment by far was the dynamic television business, which gained 36%. This increase was exclusively generated by the strong growth in the market for flat-panel display sets. In the period January to June 2006, the business with LCD-TVs in Europe more than doubled in euro terms as well as in unit terms, compared to the year before. In contrast, sales of picture tube sets continued to decline strongly. The sales share of flat-panel display sets climbed from 59% in the same period of 2005 to 82% first half of 2006.

The market for entertainment electronics received strong stimuli from the FIFA World Cup in Germany. Compared to the first quarter of 2006, market growth accelerated even further in the second quarter.

After a phase of relative stability, prices for LCD sets have again begun to decline in the second quarter of 2006, as the supply situation for LCD panels normalized. Strong price erosion became apparent during the further course of 2005, contributing to a clearly lower price level compared to the previous year. In a year-on-year comparison, this amounts to between 22% and 46%. The price competition was especially intense for LCD-TVs in the popular 32" segment. Such sets were on average 33% cheaper than in the year before. Prices for HD plasma TVs also continue to decline. Sets with a 42"/43" screen diagonal are priced 40% lower than in the previous year.

The market for TV sets grew at a double-digit pace in the first half of 2006 in all important countries in Europe. France (+47%), the United Kingdom (+41%) and Spain (+37%) show the strongest growth. Growth in the German market, which is of particular importance for Loewe, was 33%, just under Loewe's average growth in Europe.

At 4.1%, Loewe's market share of display technologies in euro terms in the European retail market was at the previous year's level in the first half of 2006. In the significant LCD segment, Loewe was able to increase its market share from 4.5% to 5.0%. In plasma TVs, the market share remained unchanged at 1.8%. In contrast, Loewe's market share of picture tube sets dropped from 5.3% to 3.8% because demand now exists only for economical standard sets. Loewe achieved its most significant market share increase in Spain with an improvement from 6.7% to 7.4%.

\* In the following, all market data refers to sales reported by European electronic retailers in the period from January to June 2006 as supplied by the consumer research organization Gesellschaft für Konsumforschung (GfK).

## LOEWE SALES GROW BY 31 %

The continued dynamic market development in flat-panel display sets, the broader Loewe product portfolio and positive stimuli from the FIFA World Cup in Germany made it possible to increase sales revenue by EUR 40.1 million to EUR 171.3 million in the first half of 2006. The World Cup effect noticeable in the second quarter supported the 23 % gain in sales to EUR 82.6 million.

### Sales structure by product area

in EUR million	2 <sup>nd</sup> Quarter 2006	2 <sup>nd</sup> Quarter 2005	± in %	1 <sup>st</sup> Half 2006	1 <sup>st</sup> Half 2005	± in %
Flat screen	69.5	46.9	48	144.3	83.0	74
– LCD	60.0	40.2	49	126.2	68.8	83
– Plasma/rear projection	9.5	6.7	42	18.1	14.2	27
Picture tube	2.3	12.0	– 81	6.6	31.7	– 79
<b>Total</b>						
<b>Loewe televisions</b>	<b><u>71.8</u></b>	<b><u>58.9</u></b>	<b><u>22</u></b>	<b><u>150.9</u></b>	<b><u>114.7</u></b>	<b><u>32</u></b>
Televisions (non-branded)	2.7	0.0	NM	4.8	0.0	
Other	8.1	8.0	1	15.6	16.5	– 5
<b>Total sales</b>	<b><u>82.6</u></b>	<b><u>66.9</u></b>	<b><u>23</u></b>	<b><u>171.3</u></b>	<b><u>131.2</u></b>	<b><u>31</u></b>
of which: Loewe Germany	35.7	31.2	14	74.5	62.2	20
of which: Loewe export	44.2	35.7	24	92.0	69.0	33
of which: non-branded	2.7	0.0		4.8	0.0	

Televisions are still the primary source of sales for Loewe, representing more than 90 % of total sales. In the second quarter of 2006, sales of Loewe televisions were up 22 % to EUR 71.8 million. This is primarily due to the nearly 50 % higher sales of flat-panel display sets. The price erosion was compensated by an improved product mix. The 50 % increase in sales volume primarily relates to more expensive, large-screen LCD sets with a screen diagonal of 32" and higher.

The sales of plasma televisions developed positively in the second quarter due to the launch of new products. The relaunch of the successful Xelos A 42 and the initial shipment of the new entry level product Modus L 42 increased sales by 42 % to EUR 9.5 million.

The production of picture tube sets was discontinued in the second quarter of 2006 as planned. The sale of the inventories generated revenues of EUR 2.3 million. No effects on net income will be expected from the business with picture tube sets in the future.

As before, the most important growth stimuli originated from outside of Germany in the second quarter. Export sales increased by 24 % to EUR 44.2 million. The development in Spain, Italy and France was particularly positive, with business volume growing by approximately 50 % compared to the same quarter in 2005. In the first half of 2006, export growth was 33 % due to growth contributions from Spain, the Benelux countries, France and Italy. In Germany, Loewe's most important market, sales revenue increased by 14 % to EUR 35.7 million in the second quarter, and by 20 % to EUR 47.5 million in the first half of 2006.

## EBIT RISES TO EUR 8.1 MILLION

After an EBIT loss of EUR 2.8 million in the first half of 2005, Loewe increased its operating result by EUR 10.9 million to EBIT of EUR 8.1 million in the first half 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 larger share of highly profitable flat-panel televisions, favorable purchase prices and the improved fixed-cost coverage in production, development and quality made it possible to increase gross profit by EUR 15.0 million to EUR 41.9 million. As a result, the gross margin improved from 20.5% to 24.5%. The gross profit margin of 23.2% in the second quarter is slightly below the high of 25.6% achieved in the first quarter of 2006 in response to the high production output and largely stable sales prices.

Selling expenses have increased by EUR 3.7 million. The increase is due primarily to higher sales-related costs and higher advertising expenditures. In the first half of 2006, selling expenses represented 16.6% of total sales after 18.8% a year earlier.

Administrative expenses in euro terms were slightly higher than a year earlier. Due to the higher business volume, however, the percentage rate fell from 2.8% to 2.3% of sales.

The other operating loss of EUR 1.4 million primarily concerns a non-recurring special payment made in the first quarter of 2006 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 reduced by EUR 1.0 million to EUR 1.4 million.

## HIGHER CAPITAL EXPENDITURE

### Capital expenditure/depreciation and amortization

in EUR million	1st Half 2006		1st Half 2005	
	Capital expenditure	Depreciation/amortization	Capital expenditure	Depreciation/amortization
Intangible assets	2.8	3.0	3.5	3.7
Property, plant and equipment	6.3	4.6	3.0	6.5
Financial assets	0.1	0.0	0.0	0.0
<b>Total</b>	<b><u>9.2</u></b>	<b><u>7.6</u></b>	<b><u>6.5</u></b>	<b><u>10.2</u></b>

At EUR 9.2 million, capital expenditure in the first half of 2006 exceeded the amount of the year before by EUR 2.7 million. Capital expenditure primarily relates to the acquisition of a new automatic insertion system (EUR 1.8 million), tools for new products (EUR 2.8 million) and development costs subject to mandatory capitalization (EUR 2.7 million) in accordance with International Accounting Standards (IAS).

## SOLID FINANCIAL POSITION

### Financial position

in EUR million	June 30, 2006	Dec. 31, 2005	June 30, 2005
Non-current assets	67.9	67.9	75.1
Current assets	137.5	144.9	95.7
Assets of the discontinued division	0.1	0.1	0.0
<b>Total assets</b>	<b><u>205.5</u></b>	<b><u>212.9</u></b>	<b><u>170.8</u></b>
Equity including minority interests	63.4	59.2	32.6
Non-current liabilities	57.2	58.4	55.0
Current liabilities	84.3	94.5	82.2
Non-current/current liabilities of the discontinued division	0.6	0.8	1.0
<b>Total liabilities and shareholders' equity</b>	<b><u>205.5</u></b>	<b><u>212.9</u></b>	<b><u>170.8</u></b>

The capital increase in late 2005 significantly improved the financial position as of June 30, 2006 compared to the previous year. Due to capital increases and profit in the first quarter, the Group's equity base improved to EUR 63.4 million in the first half. As of June 30, 2006, the equity-to-assets ratio is 31 %.

## Net current assets

in EUR million	June 30, 2006	Dec. 31, 2005	June 30, 2005
Inventories	57.8	39.5	41.4
of which: Factory inventories	30.1	22.6	17.3
of which: Finished goods including service inventories	27.7	16.9	24.1
Trade accounts receivable and other assets	72.3	93.5	56.8
Other provisions	- 33.0	- 34.2	- 28.1
Trade accounts payable and other liabilities	- 46.0	- 50.9	- 42.6
<b>Total</b>	<b><u>51.1</u></b>	<b><u>47.9</u></b>	<b><u>27.5</u></b>

Net current assets were EUR 23.6 million higher than on June 30, 2005. The primary causes were the increase in trade accounts receivable due to higher sales and increased inventories. The level of inventories of finished goods normalized in the first quarter of 2006 and has not changed noticeably as of June 30, 2006. The average inventory range for finished goods continues to reflect our target value. At the end of the first half and at year-end 2005, inventories were exceptionally low due to supply bottlenecks. The other provisions mainly relate to boni and warranty costs. Due to increased sales, other provisions are higher than in the previous year. The higher trade accounts payable result primarily from the higher volume of LCD panels that are purchased in the Far East.

## Shareholders' equity

in EUR million	Subscribed capital	Capital reserve	Other retained earnings	Accumulated income	Shareholders' equity
Balance as of Dec. 31, 2004	7.9	11.7	0.0	- 0.2	19.4
Capital increase, 1 <sup>st</sup> half	2.5	13.6			16.1
Net loss, 1 <sup>st</sup> half 2005				- 4.0	- 4.0
<b>Balance as of June 30, 2005</b>	<b><u>10.4</u></b>	<b><u>25.3</u></b>		<b><u>- 4.2</u></b>	<b><u>31.5</u></b>
Capital increase, 2 <sup>nd</sup> half	2.6	21.7			24.3
Net income, 2 <sup>nd</sup> half 2005				2.1	2.1
<b>Balance as of Dec. 31, 2005</b>	<b><u>13.0</u></b>	<b><u>47.0</u></b>		<b><u>- 2.1</u></b>	<b><u>57.9</u></b>
Net income, 1 <sup>st</sup> half 2006				4.0	4.0
<b>Balance as of June 30, 2006</b>	<b><u>13.0</u></b>	<b><u>47.0</u></b>	<b><u>0.0</u></b>	<b><u>1.9</u></b>	<b><u>61.9</u></b>

Net income in the first half of 2006 improved shareholders' equity by EUR 4.0 million.

## POSITIVE FREE CASH FLOW

### Cash flow

in EUR million	1 <sup>st</sup> Half 2006	1 <sup>st</sup> Half 2005
Net cash from operating activities	10.4	38.9
Investing activities	– 9.2	– 6.5
<b>Free cash flow</b>	<b><u>1.2</u></b>	<b><u>32.4</u></b>
Free cash flow of the discontinued division	– 0.2	– 0.1
Net cash from financing activities	– 4.7	15.9
<b>Cash-effective change in liquidity</b>	<b><u>– 3.7</u></b>	<b><u>48.2</u></b>

Free cash flow of EUR 1.2 million was generated in the first half of 2006. The increased inventories and higher receivables due to growth in the first half of 2006 made it impossible to match the exceptionally high amount of the previous year. Accordingly, net cash from operating activities was EUR 28.5 million below the figure for 2005 despite the improvement in net income.

The amount of net cash used for financing activities of EUR 4.7 million reflects the repayment of long-term loans. On the whole, the Group's cash and cash equivalents were reduced by EUR 3.7 million compared to the start of the year.

### Financing

in EUR million	June 30, 2006	Dec. 31, 2005	June 30, 2005
Long-term bank loans	– 4.7	– 6.5	– 7.5
Short-term component of the long-term bank loans	– 1.1	– 4.0	– 3.1
<b>Subtotal bank loans</b>	<b><u>– 5.8</u></b>	<b><u>– 10.5</u></b>	<b><u>– 10.6</u></b>
Cash and cash equivalents	8.6	15.3	2.2
Drawing credits	– 0.5	– 1.4	– 0.7
Factoring	– 0.7	– 2.8	– 4.1
<b>Subtotal cash and cash equivalents</b>	<b><u>7.4</u></b>	<b><u>11.1</u></b>	<b><u>– 2.6</u></b>
<b>Total financing</b>	<b><u>1.6</u></b>	<b><u>0.6</u></b>	<b><u>– 13.2</u></b>

As of June 30, 2006, cash and cash equivalents exceeded short-term and long-term bank debt. Including the lower use of factoring, total financing came to EUR 1.6 million.

## DEVELOPMENT AND PRODUCTION

Development activities in the second quarter focused on new product launches for the FIFA World Cup and on the highlights for IFA 2006. Production was started on both the 42" Xelos relaunch and the 32" model. Derived from the Xelos line, the TV model Modus 42 was also introduced.

The priority in new product development was on the large-screen segment. The project work on the Individual 40 Selection was continued on schedule so that it will be possible to add a 40" product to the successful Individual line early in the third quarter.

As part of the continuous improvement of Loewe's unique selling propositions, the company also expanded its proprietary image algorithm Image+ to include the function Dynamic Contrast, thus laying the conceptual foundation for 100 Hz control of LC displays.

The software development for the new HDTV platform was also continued with top priority. The development of added performance features was started with the goal of integrating them in the new platform.

In the Joint Development Center with Sharp, work is proceeding on the agreed work packages, focusing on the current HDTV chassis and further developments in the area of production efficiency for this chassis technology. The sets with the HDTV chassis planned for launch this year will be introduced at the upcoming International Consumer Electronics Fair.

## MARKETING AND SALES

Loewe's marketing activities in the second quarter were characterized by one primary media event – the FIFA World Cup in Germany. The goal was to benefit from the positive growth stimuli in the market and position the Loewe product portfolio in the market through new, intelligent functions. For instance, with the Loewe Highlight function, all that is necessary to automatically record the previous and the next 30 seconds of play as a highlight is to press a button. This enables the viewers to replay the development and the sequence of a scene again and again. The green button on the remote control was communicated as a primary recognition element in an integrated overall concept through all important channels of communication, starting with the campaign, proceeding through dialog marketing activities and finally positioning with retailers.

Another focus was the market launch of the new Loewe audio concept Individual Sound. The primary objective was to add another dimension – sound – to Loewe's core competence and to appropriately present it in the retail market. With Individual Sound, Loewe is writing a new chapter in the Individual success story. No other sound system is a better match – optically, acoustically, qualitatively and technically.

At the same time that it introduced Individual Sound, Loewe presented still another product of major significance: the limited Individual Edition. In Individual Edition, Loewe provides the consumer with an extremely rare luxury: a premium television set that combines high-quality materials, exceptional design and the most advanced functions in a perfect unit. Exclusive Swarovski crystals, the finest high-gloss enamels and a chrome-plated, motor-driven rotating tabletop stand make this television something very special. In a strictly limited edition of 2,000 units, Individual Edition is available only at selected retailers.

In addition to the continued strong growth for flat-panel TVs, the second quarter was marked by positive stimuli from the World Cup in Germany. An additional, definite increase in sales in this area was registered at least in the months of April and May, with momentum continuing into the month of June.

A highlight of the second quarter was a meeting with more than 200 retailers in Spain. Extensive presentations were used to describe the premium positioning of the Loewe brand in detail. Furthermore, our new products for IFA 2006 were presented. The event generated a more than positive response from our retail partners and showed that we are on the right track.

### **NUMBER OF EMPLOYEES UP SLIGHTLY**

Compared to the first half of 2005, the number of employees rose from 943 to 970. Due to the need for higher capacity, the number of employees in production increased by about 39 persons. Outside of production, the number of employees is only slightly below the level of the previous year.

### **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 coming years, very many households will replace their CRT sets with flat-panel display sets. This trend may even be intensified by the increasing dissemination of HDTV (high-definition television), 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 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 half of 2006 in comparison to the prior year.

## OTHER DISCLOSURES

As of June 30, 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

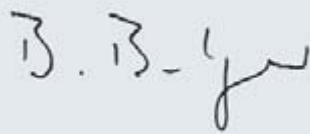
After an extraordinarily successful first quarter, positive stimuli from the FIFA World Cup were also noticeable in the second quarter. Despite the return of price erosion tendencies to the market and price cuts for Loewe products, the second quarter developed according to plan. Despite the comparatively low level of business volume that is to be expected for the third quarter in the wake of the FIFA World Cup, we continue to expect our sales revenue to grow to the range of EUR 340 to 350 million and expect EBIT of approximately EUR 10 million for the fiscal year 2006 as a whole.

Kronach, August 7, 2006

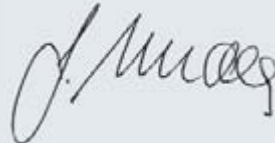
The Executive Board



Dr. R. Hecker



Dr. B. Bamberger



G. Schaas

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

	April – June 2006		April – June 2005		January – June 2006		January – June 2005	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Sales	82.6	100.0	66.9	100.0	171.3	100.0	131.2	100.0
Cost of sales	- 63.4	- 76.8	- 53.7	- 80.3	- 129.4	- 75.5	- 104.3	- 79.5
<b>Gross margin</b>	<b><u>19.2</u></b>	<b><u>23.2</u></b>	<b><u>13.2</u></b>	<b><u>19.7</u></b>	<b><u>41.9</u></b>	<b><u>24.5</u></b>	<b><u>26.9</u></b>	<b><u>20.5</u></b>
Selling expenses	- 13.9	- 16.8	- 12.4	- 18.5	- 28.4	- 16.6	- 24.7	- 18.8
General administrative expenses	- 1.9	- 2.3	- 1.5	- 2.3	- 4.0	- 2.3	- 3.7	- 2.8
Other operating income	- 0.4	- 0.5	- 0.2	- 0.3	- 1.4	- 0.8	- 1.3	- 1.0
<b>EBIT</b>	<b><u>3.0</u></b>	<b><u>3.6</u></b>	<b><u>- 0.9</u></b>	<b><u>- 1.4</u></b>	<b><u>8.1</u></b>	<b><u>4.8</u></b>	<b><u>- 2.8</u></b>	<b><u>- 2.1</u></b>
Interest and similar income	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1
Interest and similar expenses	- 0.7	- 0.8	- 1.0	- 1.5	- 1.6	- 1.0	- 2.5	- 1.9
<b>Profit from ordinary activities (EBT)</b>	<b><u>2.4</u></b>	<b><u>2.9</u></b>	<b><u>- 1.8</u></b>	<b><u>- 2.7</u></b>	<b><u>6.7</u></b>	<b><u>3.9</u></b>	<b><u>- 5.2</u></b>	<b><u>- 3.9</u></b>
Income taxes	- 0.9	- 1.1	0.6	0.9	- 2.5	- 1.5	1.3	1.0
<b>Net income/loss before minority interests</b>	<b><u>1.5</u></b>	<b><u>1.8</u></b>	<b><u>- 1.2</u></b>	<b><u>- 1.8</u></b>	<b><u>4.2</u></b>	<b><u>2.4</u></b>	<b><u>- 3.9</u></b>	<b><u>- 2.9</u></b>
Minority interests	- 0.1	- 0.1	- 0.1	- 0.1	- 0.2	- 0.1	- 0.1	- 0.1
<b>Net income/loss after minority interests</b>	<b><u>1.4</u></b>	<b><u>1.7</u></b>	<b><u>- 1.3</u></b>	<b><u>- 1.9</u></b>	<b><u>4.0</u></b>	<b><u>2.3</u></b>	<b><u>- 4.0</u></b>	<b><u>- 3.0</u></b>
Earnings per share of continuing division	0.11		- 0.12		0.31		- 0.38	
Number of shares issued as of June 30	13,009		10,407		13,009		10,407	

## CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2006

in EUR million	June 30, 2006	Dec. 31, 2005	June 30, 2005
<b>Assets</b>			
<b>Non-current assets*</b>			
Intangible assets	5.8	6.0	5.9
Property, plant and equipment	36.7	34.8	40.8
Financial assets	0.7	0.8	0.8
Other accounts receivable	0.6	0.6	0.6
Deferred tax assets	24.1	25.7	27.0
<b>Total non-current assets</b>	<b><u>67.9</u></b>	<b><u>67.9</u></b>	<b><u>75.1</u></b>
<b>Current assets*</b>			
Inventories	57.8	39.5	41.4
Trade accounts receivable	65.7	88.1	50.4
Other current receivables	5.4	2.0	1.7
Cash and cash equivalents	8.6	15.3	2.2
<b>Total current assets</b>	<b><u>137.5</u></b>	<b><u>144.9</u></b>	<b><u>95.7</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>205.5</u></b>	<b><u>212.9</u></b>	<b><u>170.8</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	1.9	- 2.1	- 4.2
	<b><u>61.9</u></b>	<b><u>57.9</u></b>	<b><u>31.5</u></b>
<b>Minority interests</b>	<b><u>1.5</u></b>	<b><u>1.3</u></b>	<b><u>1.1</u></b>
	<b><u>63.4</u></b>	<b><u>59.2</u></b>	<b><u>32.6</u></b>
<b>Non-current liabilities*</b>			
Provisions for pensions and similar obligations	36.9	36.8	36.0
Other provisions	15.6	15.1	11.5
Financial liabilities	4.7	6.5	7.5
<b>Total non-current liabilities</b>	<b><u>57.2</u></b>	<b><u>58.4</u></b>	<b><u>55.0</u></b>
<b>Current liabilities*</b>			
Tax provisions	3.7	4.0	7.7
Other provisions	33.0	34.2	28.1
Financial liabilities	1.6	5.4	3.8
Trade accounts payable	40.2	44.7	38.0
Other liabilities	5.8	6.2	4.6
<b>Total current liabilities</b>	<b><u>84.3</u></b>	<b><u>94.5</u></b>	<b><u>82.2</u></b>
<b>Provisions and liabilities of the discontinued division</b>	<b><u>0.6</u></b>	<b><u>0.8</u></b>	<b><u>1.0</u></b>
<b>Total liabilities and shareholders' equity</b>	<b><u>205.5</u></b>	<b><u>212.9</u></b>	<b><u>170.8</u></b>

\* of the continuing division

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

in EUR million	2006	2005
<b>Operating activities</b>		
EBIT	8.1	- 2.8
Interest paid	- 1.4	- 2.4
Depreciation and amortization of non-current assets	7.6	10.2
Increase of non-current provisions	0.5	0.0
Increase/decrease in pension provisions	0.1	- 0.2
Income taxes paid	- 1.3	- 0.1
<b>Cash before changes in net current assets</b>	<b><u>13.6</u></b>	<b><u>4.7</u></b>
<b>Change in net current assets</b>		
Increase in inventories	- 18.3	- 5.0
Decrease in trade accounts receivable and other assets	21.2	28.5
Decrease in other provisions	- 1.2	- 3.8
Decrease/increase in trade accounts payable and other liabilities	- 4.9	14.5
<b>Change in net current assets</b>	<b><u>- 3.2</u></b>	<b><u>34.2</u></b>
<b>Net cash from operating activities</b>	<b><u>10.4</u></b>	<b><u>38.9</u></b>
<b>Investing activities</b>		
Payments for purchases of intangible assets and property, plant and equipment	- 9.2	- 6.5
<b>Net cash from investing activities</b>	<b><u>- 9.2</u></b>	<b><u>- 6.5</u></b>
<b>Free cash flow of continuing division</b>	<b>1.2</b>	<b>32.4</b>
<b>Free cash flow of the discontinued division</b>	<b>- 0.2</b>	<b>- 0.1</b>
<b>Total free cash flow</b>	<b><u>1.0</u></b>	<b><u>32.3</u></b>
<b>Financing activities</b>		
Capital increase	0.0	15.9
Repayment of loans	- 4.7	0.0
<b>Net cash from financing activities</b>	<b><u>- 4.7</u></b>	<b><u>15.9</u></b>
<b>Cash-effective change in liquidity</b>	<b><u>- 3.7</u></b>	<b><u>48.2</u></b>

Composition of liquidity	June 30, 2006	Dec. 31, 2005	±
Cash and cash equivalents	8.6	15.3	- 6.7
Drawing credits	- 0.5	- 1.4	0.9
Use of factoring	- 0.7	- 2.8	2.1
<b>Liquidity</b>	<b><u>7.4</u></b>	<b><u>11.1</u></b>	<b><u>- 3.7</u></b>

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WKN: 649410  
ISIN: DE 0006494107

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