

Six Months' Financial Report as of June 30, 2008

- Sales increase by 16% to EUR 179.7 million
- Sales of large-screen LCD TVs rise by 52%
- EBIT improves by 80% to EUR 14.2 million
- EBIT margin rises from 5.1% to 7.9%



LOEWE.



The First Six Months of 2008

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■ **Gerhard Schaas**
Engineer
Chief Technology Officer

■ **Oliver Seidl**
Graduate in business
administration
Chief Financial Officer

■ **Frieder C. Löhner**
Engineer
Chief Executive Officer

Dear Ladies and Gentlemen, Dear Shareholders,

Loewe's performance in the past six months continued to be very positive. With our attractive and individual home cinema solutions we are proceeding to expand our position of market leadership in home entertainment systems in Europe. Especially in the second quarter of 2008, we benefited in particular from the positive impact on demand of the UEFA Euro 2008 European Football Championship in Austria and Switzerland. In addition, we profited from above-average market growth in large-screen and highly profitable LCD TVs in Europe, consumers' increased brand awareness and the fascination with high-definition television.

Loewe Group sales increased to EUR 89.5 million in the second quarter of 2008, up 22% from EUR 73.1 million in the same period in 2007. Sales for the first six months of 2008 rose 16% year-on-year to EUR 179.7 million. This was primarily due to the 24% increase in sales of LCD TVs, compared with 2007, with sales of large-screen, highly profitable sets (37 inches and larger) increasing by 52%.

EBIT improved by EUR 4.9 million to EUR 7.9 million in the second quarter of 2008, clearly exceeding the prior-year figure of EUR 3.0 million by 163%. In the first six months of

2008, EBIT came to EUR 14.2 million, up from EUR 7.9 million a year earlier. The value-based marketing of Loewe premium products at consistently stable prices and the further improved product mix increased the EBIT margin in the first six months of 2008 to 7.9% after 5.1% in the same period in 2007. Lower procurement costs due to the weakness of the US dollar also had a positive impact.

The big IFA preview events leading up to this September's International Consumer Electronics Fair in Berlin were a highlight of the period under review. On these occasions, we unveiled Loewe Art SL, a new and unique product family, to numerous media representatives. With its superior and intelligent technology and its clear functional design, the Loewe Art SL sets new standards in the industry and once again underscores Loewe's position of leadership in developing the television into a slim and convenient entertainment center. With its fantastic picture and audio quality, along with the integration of all necessary components, the Loewe Art SL makes watching television a real pleasure. The Art SL is the slimmest Loewe set ever. What makes it unique is that its slim design does not mean sacrificing any features – both the

Art 47 SL Full HD+100 and the Art 42 SL Full HD+100 come with all the convenience features required for a first-class home cinema experience.

In addition, Loewe will unveil the Individual Media Center at the IFA 2008 as an intelligent media center that also serves as a powerful audio server for the playback of music throughout the home. The media center contains a CD and DVD player, an FM stereo tuner, an analog audio input, an iPod and iPhone interface, two USB ports and a LAN/WLAN connector for rapid access to network-based mass storage as well as music, radio programs and podcasts from the Internet. When connected to a flat screen TV with a cable or satellite tuner, the media center can also receive DVB radio programs. At the same time, the integrated LAN/WLAN platform makes it possible to play back audio sources simultaneously in different rooms throughout the home. By presenting the Individual Media Center, Loewe underscores its expertise in the audio segment and in creating modern, convenient surround sound systems.

Especially in light of the currently somewhat dampened fundamental economic data in parts of the eurozone, we will increasingly focus on premium-based, value-oriented marketing of our top-quality and innovative home cinema solutions in the coming quarters. This could limit the Company's growth in sales; however, it will support the premium character and sustained profitability of the Loewe brand.

The focus in fiscal 2008 will be entirely on targeted investments:

- We will steadily expand our large European core markets – led primarily by Italy, France, the UK and Switzerland, where we see our greatest potential.
- In each country, we will establish flagship stores that will optimally present the brand to the end customer.
- Our urban strategy will open up international centers outside the core European countries – for example, the Near East or Asia – where we will selectively establish Loewe as the premium brand.
- Moreover, we will take greater advantage of opportunities in the international project business in future. A possible example would be to acquaint discriminating hotel guests with our brand in order to develop additional sales potential.

Furthermore, we will invest in a production line with the most advanced technology, in a comprehensive customer relations management (CRM) system and in our employees and retail partners in the form of a competence campaign. In addition, we will tailor our product portfolio even more closely to the individual desires and needs of our customers. Among other things, we will bring our new product family Loewe Art SL to the market at the end of the fourth quarter of 2008 and also convert all large-screen LCD TVs to the highest quality level of Full HD+100 Hz.

Because of the sustained high demand for large-screen LCD TVs, new attractive digital products and the increased brand awareness of consumers, the European home cinema TV market will continue to develop positively in the current 2008 fiscal year. However, from the present perspective, we assume that the generally somewhat softer summer months of July and August and the changed seasonal business due to the UEFA Euro 2008 could have a dampening effect on the third quarter of 2008. Nonetheless, Loewe expects that the IFA in September and the traditionally good Christmas business will have a positive impact during the second half of 2008. For 2008 as a whole, Loewe therefore continues to anticipate that sales will grow by 7% to approximately EUR 400 million and that EBIT will improve by 14% to approximately EUR 24 million.

Sincerely yours,



Frieder C. Löhner
Chief Executive Officer of Loewe AG

Six Months' Financial Report



The Loewe Group* at a glance:

EUR million	2 nd quarter 2008	2 nd quarter 2007	± in %	1 st half 2008	1 st half 2007	± in %
Sales	89.5	73.1	+ 22	179.7	155.1	+ 16
EBIT	7.9	3.0	+ 163	14.2	7.9	+ 80
Net income after minority interests	5.4	1.5	+ 250	9.6	4.1	+ 134
Earnings per share in euros**	0.42	0.12	+ 250	0.74	0.32	+ 134
Free cash flow	12.4	5.3	+ 134	42.8	18.5	+ 131
Number of employees	991	981	+ 1	989	973	+ 2

* The percentage amounts are based on the unrounded quarterly figures.

The consolidated financial statements as of December 31, 2007 and the interim consolidated financial statements for the first six months of 2008 were prepared in accordance with IFRS using uniform accounting policies.

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

Loewe sales show continued growth

In the first six months of 2008, the Loewe Group generated sales of EUR 179.7 million, surpassing the comparable 2007 figure by EUR 24.6 million or 16%. Second quarter sales were particularly successful with an increase of 22%. Significant increases in LCD TVs and improvements in audio/DVD more than compensated for the declines resulting from the discontinuation of sales of plasma sets which had proceeded as planned.

EBIT rises by 80% to EUR 14.2 million

In the first six months, earnings before interest and taxes (EBIT) increased by EUR 6.3 million to EUR 14.2 million, up from EUR 7.9 million a year earlier. Significant factors contributing to this increase were the value-based marketing of Loewe products at stable prices, the further improvement of the product mix and lower procurement costs also due to the weakness of the U.S. dollar. Accordingly, the EBIT margin rose significantly to 7.9%, after 5.1% in the first six months of 2007. At EUR 9.6 million, net income after minority interests in the first six months of 2008 was more than twice (+ 134%) the figure for the same period in 2007. After-tax profit also benefited from the German business tax reform of 2008. Earnings per share came to EUR 0.74.

High positive free cash flow

At EUR 42.8 million, free cash flow more than doubled in the first six months of 2008. In addition to the improved earnings, the significant year-on-year increase (+ 130%) resulted from the further reduction in working capital.

Increased number of employees

Compared with the same period in 2007, the average number of employees for the first six months of 2008 rose by 16 to 989 persons, primarily as a result of targeted hirings in the areas of development, marketing and sales.

Market growth continues at dynamic rate

In the first six months of 2008, the European market for consumer electronics grew in value terms by 2%* year-on-year. Television, the most important segment by far, continued its dynamic growth and gained 8%, particularly in response to the robust growth in the market for LCD TVs which was impacted favorably by the UEFA Euro 2008 in Austria and Switzerland. In the first six months of 2008, sales of LCD televisions in Europe increased by 19% compared with the year before. As of June, sales of plasma TVs were 8% below the level of the same period in 2007. The percentage of flat-panel sets in TV sales increased to more than 98% in the first six months of 2008, up from approximately 93% a year earlier.

Prices for LCD sets within the screen size categories continued to decline. In the important 32, 37 and 42 inch segments, prices were down by approximately 22%. Prices for HD plasma TVs also continued to decline and prices were 24% lower than in 2007 for units with 42 inch screen diagonals, and even 29% lower in the 50–55 inch segment.

Except for the United Kingdom, the market for TV sets grew in all major European countries in the first six months of 2008. The strongest growth was recorded in Germany, Loewe's most important market (+33%), Austria (+24%), Switzerland (+23%), and the Benelux countries (+14%).

At 3.9%, Loewe's market share in terms of value across all technologies among European retailers in the first six months of 2008 was 0.6 percentage points above the 2007 figure. In LCD TV, the market share of the high-quality Loewe products increased significantly to 4.6% during the period under review, up from 4.0% a year earlier. Once again, Loewe grew faster than the overall market. In Germany, Loewe's most important market, the Company's market share for LCD TV at 10.6% was only slightly lower than the high level in the same period in 2007.

* Source of market data: GfK

Key Performance Indicators

Loewe sales grow by 16%

In the first six months of 2008, sales reached EUR 179.7 million, exceeding the previous year's figure by EUR 24.6 million or 16%. In addition to the significant 17% increase in television sales, the 29% growth in the audio/DVD product group also contributed to the rise in sales.

Sales structure by product area

EUR million	2 nd quarter 2008	2 nd quarter 2007	± in %	1 st half 2008	1 st half 2007	± in %
Flat screen	77.4	62.2	+ 24	155.0	132.4	+ 17
– LCD	77.4	57.4	+ 35	155.0	124.5	+ 24
– Plasma	0.0	4.8	– 100	0.0	7.9	– 100
Total Loewe televisions	77.4	62.2	+ 24	155.0	132.4	+ 17
Audio/DVD	4.8	3.5	+ 37	10.2	7.9	+ 29
Other	7.3	7.4	– 1	14.5	14.8	– 2
Total sales	89.5	73.1	+ 22	179.7	155.1	+ 16

Following the focus on LCD technology, the plasma TV business was stepped back in the previous year as planned. For that reason, only LCD televisions are being produced and sold in the current year. LCD televisions are the primary source of sales for Loewe, representing more than 86% of total sales.

Sales of LCD TVs in the first six months of 2008 were 24% higher than in same period of 2007. With a gain of 52%, the greatest improvements were in the sales of large-screen LCD sets (37 inches and larger). The percentage of these TV sets in overall sales of LCD televisions again increased robustly, reaching 57%, up from 47% in the first six months of 2007. The new product family Connect and the technically enhanced Xelos sets have performed particularly successfully in the 37 inch screen size. In the 2008 fiscal year, Loewe for the most part has continued to be unaffected by the general market trend toward declining prices. Compared with the competition, the selling prices of the Loewe product line remained largely stable; further increases in sales volume are sometimes avoided in favor of results-oriented marketing.

The attractive range of audio components for home cinema solutions and the new Blu-ray DVD products had a positive impact on sales of audio/DVD. Compared with the first six months of 2007, this product group's sales were up by 29%.

Other sales such as technical support and accessories as well as the supply of electronic components achieved a level just below that of the previous year, which had shown a particular increase.

In Germany, sales of EUR 92.7 million were 24% higher in the period under review than in the first six months of 2007; export sales increased by 8% to EUR 87.0 million. The primary cause for the smaller increase in export sales was the restructuring of our sales organization in the United Kingdom as well as organizational and structural changes in the product line of a key customer in Spain. In both markets, appropriate measures for renewed growth are in the implementation phase. In contrast, business development in the Benelux, Austrian and Swiss export markets was particularly pleasing.

Operating income significantly improved – EBIT margin rises to 7.9%

At EUR 14.2 million, earnings before interest and taxes (EBIT) increased significantly in the first six months of 2008, exceeding the 2007 figure by EUR 6.3 million or 80%. The EBIT margin improved significantly to 7.9%, after 5.1% in the first six months of 2007.

In addition to the increased business volume, our consistently stable pricing policy and the further improvement of the product mix have contributed to strengthening our earnings situation. Compared with the competition, the selling prices of the Loewe product line have remained largely stable. Only the lower price segments saw moderate price adjustments as compared with the same period of the previous year. The increased share of large-screen TV sets and strong sales in Germany also supported the positive earnings trend, as did lower procurement costs also due to the weakness of the US dollar. As a result, the gross margin increased significantly to 29.1% compared with 25.7% in the same period in 2007.

Selling expenses increased by EUR 6.6 million to EUR 33.9 million year-on-year. Increased efforts at further expanding the brand position, which were associated with higher expenses for communications and the expansion of shop systems at the points of sale, primarily contributed to this rise. As a percentage of sales, selling expenses came to 18.9%.

Administrative expenses were EUR 0.5 million higher than in the same period in 2007; however, as a percentage of sales, they declined from 2.8% to 2.6%. Due to the normal business cycle, other operating income improved to a positive figure of EUR 0.6 million in the 2008 period under review after a negative figure of EUR –0.4 million in the 2007 period.

In the period under review, increased liquidity, reduced use of borrowing and more favorable refinancing conditions made it possible to improve the interest result by EUR 0.6 million to a net interest expense of EUR 0.5 million. See page 22 of the Notes for a comprehensive description of the financing situation.

Capital expenditure

Capital expenditure/depreciation and amortization

EUR million	1 st half 2008		1 st half 2007	
	Capital expenditure	Depreciation/amortization	Capital expenditure	Depreciation/amortization
Intangible assets	3.3	4.4	3.8	3.3
Property, plant and equipment	5.5	6.2	4.3	4.6
Financial assets	0.1	0.0	0.0	0.0
Total	9.0	10.6	8.1	7.9

At EUR 9.0 million, capital expenditure in the first six months of 2008 was EUR 0.9 million higher than in 2007 and principally concerned presentation systems for retailers, investments in production rationalization and development costs subject to mandatory capitalization.

Net current assets

Net current assets

EUR million	June 30, 2008	Dec. 31, 2007	June 30, 2007
Inventories	54.6	52.3	49.6
Trade accounts receivable and other assets	70.3	101.0	56.6
Other provisions	- 46.9	- 45.7	- 34.9
Trade accounts payable and other liabilities	- 36.0	- 37.8	- 27.7
Total	42.0	69.8	43.6

Net current assets decreased by EUR 1.6 million compared with June 30, 2007. The increase in inventories and trade accounts receivable due to the increased business volume was more than compensated for by increased trade accounts payable and provisions.

Development and production

Production was started in the second quarter of 2008 for a series of new 100 Hz televisions with an integrated HDTV receiver (screens with a resolution of 1,920 x 1,080 pixels). A new 100 Hz frame rate converter significantly improves the picture quality of the new high-definition LCD TVs Spheros R 37, Individual 40 Compose and Individual 40 Selection. This frame rate converter is an electronic module that doubles the frame repetition rate from the conventional 50 Hz to 100 Hz by calculating interim images. It produces razorsharp images even when the camera is panned rapidly.

Initial prototypes of the new television chassis L2712, which is to be installed in Loewe sets starting this autumn, were constructed and successfully tested in a laboratory series. A group of development engineers is already working on concepts for the next-but-one chassis generation to ensure brilliant picture quality in the future using the Loewe-specific best in class technology for digital and high-definition signal processing.

Software development adapted the control of the LCDs to new screen types. In addition, work was necessary to meet the requirements of various European markets. For the UK market, we obtained approval for the logo "FreeView" – a seal of quality for the reception of the interactive television standard MHEG5 in the United Kingdom.

In the audio area, the development work on the new sound system was continued. Moreover, we started work on the development of a new subwoofer containing the power output stages for five speakers of a surround system. The variety of possibilities for combining the Individual Sound speaker line will be expanded to include bookshelf speakers. This development and the definition of a new speaker line were initiated simultaneously.

Advance development work on the subsidized research project WiMAC@home is proceeding according to plan. This project primarily focuses on the integration of the television set into a home network taking into account the aspect of "home automation". Loewe is also participating in two new research projects investigating new approaches for 3D TV and set operation.

In production, construction activities signaled the start of the implementation phase of the new final assembly line. This production line, designed according to the most advanced state of technology, will make it possible to efficiently produce large-screen LCD TVs with screen diagonals up to 65 inches, starting in the fourth quarter of 2008. This system has a modular design so that future growth can be properly taken into account.

Marketing and sales

As the premier trade show for the consumer electronics industry, last year's International Consumer Electronics Fair (IFA) in Berlin prepared the way for the market launch of the new product line Loewe Connect, starting with the launch of the Connect 37 in January 2008. In advance of and concurrent with the product launch, Loewe began an integrated market launch campaign with advance announcements using full-page ads in high-circulation daily newspapers. In nationwide "Connect Days" at selected retailers, customers were able to preview a variety of functions of the new Loewe Connect. In the second quarter, "Connect Days" were held in additional European countries such as Italy, the UK and Switzerland. The positive response to this product was reflected not only in good sales figures but also by outstanding test wins and design awards. The Connect 37 was awarded the famous 'red dot: best of the best 2008' product design award for highest design quality.

In addition to the market launch of the Connect product line, the reference class was strengthened by the launch of the Spheros R 32 HD+100 with 100 Hz technology in February 2008. In the wake of this technological development, the successful Individual product category was expanded in the first half of 2008 to include the TV sets Loewe Individual 40 Selection Full-HD+100 and Loewe Individual 40 Compose Full-HD+100. Furthermore, the special series Individual 40 Compose Full-HD+100 Chrome Edition was launched in May 2008 as the world's only chrome-plated TV system.

In the first two quarters of 2008, Loewe products have already received spectacular test ratings from independent journals and magazines:

Loewe product	Journal/magazine	Test rating
Xelos A 32	video (1/2008)	Very good
Xelos A 42	TV Movie Multimedia (1/2008)	Good
Connect 37 Media	HomeVision (2/2008)	Very good
Connect 37 Media	video (2/2008)	Very good
Connect 37 Media	HD:TV (3+4/2008)	Very good
Individual 40 Compose	HomeVision (7/2008)	Very good
Individual 40 Selection	Chip (3/2008)	Very good
Individual 46 Selection	HomeVision (4/2008)	Very good
Individual 52 Compose	video (3/2008)	Very good

These ratings are proof of the superiority of Loewe products in relation to their competitors. The TV sets Individual 40 Compose and Individual 52 Compose and the DVD recorder ViewVision DR+ DVB-T all received the 'red dot: product design 2008' award for high design quality.

In the first six months of 2008, Loewe pushed ahead with the qualitative and quantitative expansion of distribution within and outside of Germany and continued to steadily increase Loewe's premium presence at qualified retailers, featuring flagship stores in international urban centers. Nine galleries were opened all over Europe in the first six months of 2008. The opening of two galleries in Paris, two each in Belgium and Austria, two galleries in Russia and one gallery in Athens enables Loewe to sharpen its international image as a leading premium brand on a sustained basis.

In advance of the runup to the UEFA Euro 2008, Loewe used its end customer campaign to gain additional sales potential with the motto "Curtain up for great cinema". A special highlight of this central message was on the sleeve of the title page of the German newspapers "WELT", "WELT am SONNTAG", "WELT KOMPAKT" and "Financial Times Deutschland" in April 2008. The identification of selected galleries, including their addresses on the back, strengthened customer interest and generated new customers, underlining the strong involvement of the Loewe retail partners. Furthermore, the German magazines "Stern" and "Spiegel", and magazines in the UEFA Euro 2008 host countries Austria and Switzerland as well as France, contained an eight-page insert describing Loewe's attractive systems.

On the marketing side, the market launch of the Connect family in the screen sizes 32, 37 and 42 inch set a clearly positive tone for the first half of 2008. Another impulse resulted from Loewe's continued stable selling prices, particularly in an environment strongly characterized by price erosion. Furthermore, the UEFA Euro 2008 in Austria and Switzerland clearly stimulated sales of flat-panel displays in Europe and brought additional positive effects for Loewe as well, particularly in the second quarter of 2008. We participated in this dynamic market growth, expanding our market share; while in Germany we maintained it at a high level.

Opportunities and Risks

The most important opportunities are in the successful positioning of the Company as a premium provider in the rapidly growing market for flat-panel sets in Europe. In the next few years, many households will be replacing their picture-tube units with flat-panel sets. This trend could be further intensified by the increased availability of HDTV (high-definition television) content with considerably improved picture quality. For many years, Loewe had enjoyed a strong premium position in the picture-tube market, and the Company is confident that it has a good opportunity to achieve a comparable position in the more mature market for flat-panel sets.

The most significant risks are related to the successful positioning of a competitive flat-panel product range in the premium segment and the implementation of our product and price policy oriented to quality and stability of value. In addition to the attractive design of the products, technological differentiation potentials must be realized. Furthermore, competitive procurement conditions and adequate availability of materials are of great significance for the higher priced, large-screen LCD panels.

With respect to the principal opportunities and risks associated with the future development, please refer to the 2007 Annual Report. There were no significant changes from the previous year in the first six months of 2008.

Outlook for 2008 as a Whole

Despite the currently somewhat dampened fundamental economic data in parts of the euro-zone, we expect the European home cinema TV market to continue to develop positively in the current 2008 fiscal year due to the sustained high demand for large-screen LCD TVs, new digital products and consumers' increased brand awareness. However, from the present perspective, we assume that the generally somewhat softer summer months of July and August and the changed seasonal business due to the UEFA Euro 2008 could have a dampening effect on the third quarter of 2008. Nonetheless, Loewe expects that the IFA in September and the traditionally good Christmas business will have a positive impact during the second half of 2008. For 2008 as a whole, Loewe therefore continues to anticipate that sales will grow by 7% to approximately EUR 400 million and that EBIT will improve by 14% to approximately EUR 24 million.

Kronach, July 30, 2008

The Executive Board



Frieder C. Löhner



Gerhard Schaas



Oliver Seidl

Consolidated Income Statement

	April – June 2008		April – June 2007		January – June 2008		January – June 2007	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Sales	89.5	100.0	73.1	100.0	179.7	100.0	155.1	100.0
Cost of sales	- 62.1	- 69.3	- 54.4	- 74.5	- 127.4	- 70.9	- 115.2	- 74.3
Gross margin	27.4	30.7	18.7	25.5	52.3	29.1	39.9	25.7
Selling expenses	- 17.7	- 19.8	- 13.4	- 18.3	- 33.9	- 18.9	- 27.3	- 17.6
General administrative expenses	- 2.1	- 2.4	- 2.0	- 2.7	- 4.8	- 2.6	- 4.3	- 2.8
Other operating income	0.3	0.3	- 0.3	- 0.4	0.6	0.3	- 0.4	- 0.3
EBIT	7.9	8.8	3.0	4.1	14.2	7.9	7.9	5.1
Interest and similar income	0.3	0.4	0.1	0.1	0.5	0.3	0.2	0.1
Interest and similar expenses	- 0.5	- 0.5	- 0.6	- 0.8	- 1.0	- 0.6	- 1.3	- 0.8
Profit from ordinary activities (EBT)	7.7	8.7	2.5	3.4	13.7	7.6	6.8	4.4
Income tax expense	- 2.2	- 2.5	- 1.0	- 1.4	- 4.0	- 2.2	- 2.6	- 1.7
Net income before minority interests	5.5	6.2	1.5	2.0	9.7	5.4	4.2	2.7
Minority interests	- 0.1	- 0.1	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1
Net income	5.4	6.1	1.5	2.0	9.6	5.3	4.1	2.6

Basic earnings per share	0.42		0.12		0.74		0.32	
Diluted earnings per share	0.42		0.12		0.74		0.32	
Number of shares issued as of June 30	13,009,229		13,009,229		13,009,229		13,009,229	

Consolidated Balance Sheet

EUR million	June 30, 2008	Dec. 31, 2007	June 30, 2007
Assets			
Non-current assets			
Intangible assets	4.9	6.0	6.0
Property, plant and equipment	39.0	39.6	36.0
Financial assets	0.9	0.8	0.7
Other non-current receivables	0.7	0.7	1.0
Deferred tax assets	14.5	16.4	22.8
Total non-current assets	60.0	63.5	66.5
Current assets			
Inventories	54.6	52.3	49.6
Trade accounts receivable	68.4	98.1	53.8
Other current receivables	3.1	2.6	3.5
Cash and cash equivalents	40.7	3.9	20.6
Total current assets	166.8	156.9	127.5
Assets of the discontinued division	0.0	0.0	0.0
Total assets	226.8	220.4	194.0
Liabilities and shareholders' equity			
Shareholders' equity			
Equity attributable to equity holders of the parent			
Subscribed capital	13.0	13.0	13.0
Capital reserve	47.0	47.0	47.0
Retained earnings	3.6	3.6	0.0
Accumulated profit	14.1	8.0	8.5
	77.7	71.6	68.5
Minority interests	1.2	1.1	1.8
	78.9	72.7	70.3
Non-current liabilities			
Provisions for pensions and similar obligations	39.5	39.4	37.9
Other provisions	15.4	15.2	13.1
Financial liabilities	2.8	3.3	4.0
Total non-current liabilities	57.7	57.9	55.0
Current liabilities			
Tax provisions	6.2	4.1	4.4
Other provisions	46.9	45.7	34.9
Financial liabilities	1.1	2.2	1.3
Trade accounts payable	28.7	29.9	23.4
Other liabilities	7.3	7.9	4.4
Total current liabilities	90.2	89.8	68.4
Provisions and liabilities of the discontinued division	0.0	0.0	0.3
Total liabilities and shareholders' equity	226.8	220.4	194.0

Consolidated Cash Flow Statement

EUR million

	January – June 2008	January – June 2007
Operating activities		
EBIT	14.2	7.9
Interest paid	- 0.1	- 0.4
Interest payments received	0.5	0.2
Depreciation and amortization of non-current assets	10.6	7.9
Other non-cash items	- 0.8	- 0.9
Increase (+) of non-current provisions	0.3	0.0
Increase (+) in pension provisions	0.1	0.0
Income taxes paid	- 0.6	- 1.4
Cash flow before changes in net current assets	24.2	13.3
Change in net current assets		
Increase (-)/decrease (+) in inventories	- 2.4	10.3
Decrease (+) in trade accounts receivable and other assets	30.6	26.5
Increase (+)/decrease (-) in other non-current provisions	1.1	- 10.7
Decrease (-) in trade accounts payable and other liabilities	- 1.7	- 12.8
Change in net current assets	27.6	13.3
Net cash from operating activities	51.8	26.6
Investing activities		
Payments for purchases of intangible assets and property, plant and equipment	- 8.9	- 8.1
Payments for purchases of financial assets	- 0.1	0.0
Net cash from investing activities	- 9.0	- 8.1
Free cash flow, total	42.8	18.5
Financing activities		
Dividend payment	- 3.5	0.0
Repayment (-) of loans	- 0.5	- 0.2
Net cash from financing activities	- 4.0	- 0.2
Cash-effective change in liquidity	38.8	18.3

Composition of liquidity

	June 30, 2008	Dec. 31, 2007	± in %
Cash and cash equivalents	40.7	3.9	36.8
Short-term bank loans	- 0.1	- 1.3	1.2
Use of factoring	- 0.1	- 0.9	0.8
Liquidity	40.5	1.7	38.8

Consolidated Statement of Changes in Equity

	Subscribed capital	Capital reserve	Retained earnings	Accumulated profit	Equity attributable to equity holders of the parent	Minority interests	Total equity
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Balance as of December 31, 2006	13.0	47.0	0.0	4.4	64.4	1.7	66.1
Net income 1st half 2007				4.1	4.1	0.1	4.2
Balance as of June 30, 2007	13.0	47.0	0.0	8.5	68.5	1.8	70.3
Purchase of remaining shares of Loewe France						- 0.8	- 0.8
Net income 2nd half 2007				3.1	3.1	0.1	3.2
Allocation to retained earnings			3.6	- 3.6			
Balance as of December 31, 2007	13.0	47.0	3.6	8.0	71.6	1.1	72.7
Dividend payment for 2007				- 3.5	- 3.5		- 3.5
Net income 1st half 2008				9.6	9.6	0.1	9.7
Balance as of June 30, 2008	13.0	47.0	3.6	14.1	77.7	1.2	78.9

Selected Explanatory Notes to the Balance Sheet

About Loewe

The Loewe Group develops, produces and distributes electronic, electrotechnical and mechanical products and systems of every type as well as parts of the same, in particular in the field of consumer electronics and communications technology (home media systems). The Company's main products are TV sets and home cinema solutions.

The parent company is recorded under the name of Loewe AG in the Commercial Register (HRB 3004) of the Local Court Coburg, Germany. The Company's registered offices are located at Industriestrasse 11, 96317 Kronach, Germany.

Basis of presentation and accounting policies

The condensed interim consolidated financial statements of Loewe AG as of June 30, 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS) for interim reporting as adopted in the European Union (EU) and in accordance with the provisions of the German Securities Trading Act (WpHG) applicable to consolidated six months' financial reports. These interim financial statements refer only to the Group and contain all information and disclosures in the Notes that are required by IFRS and WpHG for interim financial statements. The consolidated six months' financial report should be read together with the 2007 annual report and the supplemental information contained in it.

The same basis of presentation used for the consolidated financial statements for fiscal year 2007 was applied to the interim consolidated financial statements. These interim consolidated financial statements contain all necessary information for a true and fair view of the financial position and financial performance of the first six months. The income tax expense was recognized based on the currently valid tax rate, which is anticipated for the fiscal year as a whole.

The interim financial statements have been prepared in euros. The figures in the balance sheet, the income statement, the cash flow statement, the statement of changes in equity as well as in the disclosures in the Notes have been rounded to millions of euros (EUR millions).

These interim consolidated financial statements as of June 30, 2008 were reviewed by an auditing firm. A statement to that effect can be seen at the end of this report.

Scope of consolidation

The scope of consolidation has not changed in relation to the consolidated financial statements as of December 31, 2007.

The currency translation for the subsidiaries in the United Kingdom and the U.S. was based on the respective reference rate of the European Central Bank (ECB) as of June 30, 2008. In the income statement, it was based on the average rate of the first six months of 2008. All other consolidated companies are in the euro zone.

Financial position

EUR million	June 30, 2008	Dec. 31, 2007	June 30, 2007
Non-current assets	60.0	63.5	66.5
Current assets	166.8	156.9	127.5
Total assets	226.8	220.4	194.0
Equity including minority interests	78.9	72.7	70.3
Non-current liabilities	57.7	57.9	55.0
Current liabilities	90.2	89.8	68.7
Total liabilities and shareholders' equity	226.8	220.4	194.0

In addition to a reduction in intangible assets and property, plant and equipment, the reduction in non-current assets is attributable to the use of deferred tax assets due to the positive result.

The decline in intangible assets relates primarily to higher amortization of development services subject to mandatory capitalization due to pending conversions to still slimmer generations of sets. Investments in property, plant and equipment primarily include presentation systems for retailers, investment in tools and modernization in production and replacement investments in IT.

Current assets increased year-on-year primarily due to the higher inventories (EUR 5.0 million) and the EUR 14.6 million increase in trade accounts receivable. Furthermore, cash and cash equivalents rose by an additional EUR 20.1 million due to the high free cash flow.

The Annual Shareholders' Meeting on June 9, 2008 adopted to utilize the accumulated profit of 2007 in the amount of EUR 3.6 million in the following manner:

- a) A total of EUR 3.5 million was distributed to the shareholders on June 10, 2008, reflecting a dividend of EUR 0.27 per share.
- b) The remaining amount of EUR 0.1 million was carried forward to new account.

The high net income for the first six months of 2008 of EUR 9.7 million clearly compensated for the dividend payment for 2007, increasing the Group's equity to EUR 78.9 million and the equity ratio to 34.8%.

In the first six months of 2008, basic earnings per share were EUR 0.74. The number of shares is unchanged from 2007 at 13,009,229. Diluted earnings per share are not calculated as no rights have been associated with the available 2005 authorized capital and the conditional capital.

Compared with the previous year's reporting date, current liabilities increased by EUR 21.5 million. This increase results primarily from the 16% higher sales volume and especially relates to bonus commitments and higher provisions for warranties. Increases were recorded for tax provisions due to the improved result and for trade accounts payable due to the higher purchasing volume.

Cash flow and financing

Cash flow

EUR million	January – June 2008	January – June 2007
Net cash from operating activities	51.8	26.6
Investing activities	– 9.0	– 8.1
Free cash flow	42.8	18.5
Net cash from financing activities	– 4.0	– 0.2
Cash-effective change in liquidity	38.8	18.3

Loewe generated significantly higher positive free cash flow in the first six months of 2008 than in the same period in 2007. This is primarily due to the improved result and the continued reduction of net current assets. Liquidity consequently increased by EUR 38.8 million compared with the 2007 year-end figure.

Financing

EUR million	June 30, 2008	Dec. 31, 2007	June 30, 2007
Cash and cash equivalents	40.7	3.9	20.6
Long-term liabilities to banks	– 2.8	– 3.3	– 4.0
Short-term liabilities to banks	– 1.1	– 2.2	– 1.3
Subtotal	36.8	– 1.6	15.3
Factoring	– 0.1	– 0.9	– 0.3

As of June 30, 2008, cash and cash equivalents exceeded short-term and long-term liabilities to banks by EUR 36.8 million.

In the first six months of 2008, it was practically unnecessary to utilize the line of factoring, which had been granted in the amount of EUR 35 million.

It was also not necessary to utilize the pooling agreement with a total volume of EUR 50 million existing for the longer term financing of business operations and planned capital expenditure.

The significant income items of the income statement for the first six months of 2008 are explained in the interim group management report.

Contingent liabilities

The contingencies and other financial obligations have not changed substantially as compared to disclosures as of December 31, 2007.

Related party transactions

The following business relations exist with companies of the Sharp Group:

- Sharp supplies Loewe with panels
- Loewe supplies Sharp with components
- Services for joint developments are provided in the Joint Development Center (JDC) in Kronach.

Sharp has no influence over Loewe management, is not represented on the Loewe Supervisory Board and does not participate in any decision-making processes at Loewe. Furthermore, all transactions and agreements are settled on the same basis as with outside third parties. Therefore, as a shareholder, Sharp is not classified as a related party as defined by IAS 24.

Other disclosures

Number of employees

The average number of employees rose modestly to 989 in the first six months of 2008 from 973 in the same period in 2007. The production workforce declined slightly. On the other hand, individual hirings were necessary in development, marketing and sales.

Changes in the Executive Board

As announced some time ago, the former Chairman of the Executive Board, Dr. Rainer Hecker resigned from his position as of the conclusion of the Annual Shareholders' Meeting on June 9, 2008, and Mr. Frieder C. Löhner, who was appointed to the Executive Board effective April 1, 2008, assumed the Chairmanship.

Changes in the Supervisory Board

On reaching retirement age, Mr. Helmut Ricke and Professor Dr. Eberhard Scheffler resigned from their positions as members of the Supervisory Board as of the conclusion of the Annual Shareholders' Meeting on June 9, 2008. The following persons were elected to the Supervisory Board for the remaining term of office of the resigning Supervisory Board members:

- Dr. Rainer Hecker, Kronach, (formerly Chairman of the Executive Board of Loewe AG) and
- Dr. h.c. Axel Berger, Rösrath, (Vice President of the German Finance Reporting Enforcement Panel)

In the constituting meeting of June 9, 2008, Dr. Hecker was elected as Chairman of the Supervisory Board.

Acquisition of treasury shares

At the Annual Meeting of Shareholders on June 9, 2008, the Company was authorized to acquire treasury shares in an amount of up to 10% of the share capital. The authorization is valid until December 8, 2009 and no such activities have been undertaken to date.

Shares held by the Executive Board and Supervisory Board on June 30, 2008

As of June 30, 2008, the Executive Board held 115,586 (December 31, 2007: 622,718) shares in Loewe AG. Effective June 9, 2008, Dr. Hecker transferred from the Executive Board to the Supervisory Board. Accordingly, Supervisory Board members now hold 550,000 shares (as of December 31, 2007: no shares held) directly.

Events after the balance sheet date of June 30, 2008

No events of special significance occurred after the end of the first half of 2008.

Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements as of June 30, 2008 give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.”

Kronach, July 30, 2008

The Executive Board



Frieder C. Löhner



Gerhard Schaas



Oliver Seidl

We have reviewed the condensed interim consolidated financial statements – comprising the balance sheet, income statement, cash flow statement, statement of changes in equity and selected notes to the financial statements – and the interim group management report of Loewe AG for the period January 1 to June 30, 2008. These form part of the half-year financial report pursuant to section 37w of the German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim reporting, as adopted by the European Union (EU), and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We have conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the German Institute of Auditors (IDW). Those standards require that we plan and perform our review so that we can preclude through critical evaluation, with a certain level of assurance, that these condensed interim consolidated financial statements have in material respects not been prepared in accordance with IFRS for interim financial reporting, as adopted by the EU, and that the interim group management report has in material respects not been prepared in accordance with the applicable provisions of the German Securities Trading Act regarding interim group management reports. A review is essentially restricted to interviews of the company's staff and to analytical assessments and therefore does not afford the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Mönchengladbach, July 30, 2008

Abstoß & Wolters OHG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Quacken
German Public Auditor

Cramer
German Public Auditor

Financial Calendar

Publication of the Key Figures for the 2008 financial year

Conference call on Tuesday, January 27, 2009, 10:00 a.m.

Publication of the 2008 Financial Statements of the Loewe Group

Wednesday, March 25, 2009, 9:30 a.m., Munich

DVFA Analysts' Conference

Wednesday, March 25, 2009, 4 p.m., Frankfurt/Main

Publication of the Q1 Report

(January 1 – March 31, 2009)

Conference call on Wednesday, May 6, 2009, 10:00 a.m.

Publication of the Q2 Report

(January 1 – June 30, 2009)

Conference call on Wednesday, August 5, 2009, 10:00 a.m.

Publication of the Q3 Report

(January 1 – September 30, 2009)

Conference call on Wednesday, November 4, 2009, 10:00 a.m.

Contacts

Loewe AG
Industriestrasse 11
96317 Kronach
Germany

PO Box 1554
96305 Kronach
Germany

Investor Relations: +49 (0) 9261/99-984
Email: ir@loewe.de
Telefax: +49 (0) 9261/99-994

Public Relations: +49 (0) 9261/99-477
Email: presse@loewe.de

Customer Care Center: +49 (0) 1801/22256393
Email: ccc@loewe.de

Telephone switchboard: +49 (0) 9261/99-0
Internet: www.loewe.de

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Loewe AG
Industriestrasse 11
96317 Kronach
Germany
www.loewe.de

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

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

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