

Six Months' Financial Report as of June 30, 2009

- Sales down by 20% to EUR 143.8 million
- Sales share of large-screen LCD TVs at previous year's level
- Strong gross margin due to value-oriented marketing
- Targeted measures for the premium positioning of the Loewe brand have impact on earnings
- Positive EBIT of EUR 1.4 million



LOEWE.



Contents

Letter to Shareholders	5
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Interim Group Management Report	7
Key Performance Indicators	8
Opportunities and Risks	15
Outlook for 2009 as a Whole	16
Condensed Consolidated Interim Financial Statements	17
Consolidated Income Statement	18
Consolidated Statement of Comprehensive Income	18
Consolidated Balance Sheet	19
Consolidated Cash Flow Statement	20
Consolidated Statement of Changes in Equity	21
Selected Explanatory Notes	22
Responsibility Statement	27
<hr/>	
Review Report	28
<hr/>	
Further Information	29
Financial Calendar	30
Publications	30
Contacts	31
Publication Credits	31
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Gerhard Schaas
Engineer, Chief Technology Officer

Frieder C. Löhner
Engineer, Chief Executive Officer

Oliver Seidl
Graduate in business administration,
Chief Financial Officer

Dear Shareholders,

Our Company has operated in the black in the first six months of the current fiscal year – Loewe continues to be profitable. However, the first six months of 2009 also demonstrate to us that we will have to expect weaker market performance this year than in 2008 due to the current economic crisis. We have systematically prepared for this and we are on the one hand practicing strict cost discipline; on the other we are deliberately investing in key strategic areas. Our activities are specifically focused on the qualitative expansion of our presentations among European retailers and in selected international urban centers as well as a renewed product and brand offensive for the International Consumer Electronics Fair (IFA) in Berlin.

As expected, the sales of the Loewe Group in the first six months of 2009, at EUR 143.8 million, fell short of the high 2008 figure of EUR 179.7 million. In the first half of 2008, we benefited strongly from positive stimuli from the UEFA 2008 European Football Championship, initial inventory effects and the production of high-end electronic modules for automotive and consumer electronics products. On an annual basis, Loewe expects growth to be stronger in the second half of 2009 – supported by significant product launches, the International Consumer Electronics Fair in Berlin and the Christmas shopping season.

Despite the significantly lower sales and production volume, the greater strength of the U.S. dollar than in the same period in 2008 and continued specific measures for the premium positioning of the Loewe brand, we achieved positive EBIT of EUR 1.4 million compared to EUR 14.2 million in the first six months of 2008. The positive contribution to earnings was caused primarily by the marketing of our attractive and individual home entertainment systems at more consistently stable prices than the competition. The sustained high share of large-screen TV sets and the relatively strong sales in Germany also supported earnings. More favorable procurement conditions compensated for some of the negative exchange rate effects.

A highlight of the first six months of 2009 was Loewe's selection as the favorite television brand. In June, the magazine "DVD-Magazin" and the television broadcaster n-tv requested readers to evaluate home entertainment systems. The editors concluded that customer satisfaction, in particular with regard to the excellent user interface, was the most important factor in influencing the opinion of the almost 10,000 readers. We regard the exceptional results of the "DVD-Magazin" readers' choice as a particularly valuable distinction for us.

A few days ago, the big IFA PreView events leading up to this year's International Consumer Electronics Fair to be held in Berlin this September were another highlight. Around 250 media representatives from the most prominent daily newspapers, trade journals and

magazines presented the IFA Preview Awards. In addition to the best presentation of the entire IFA PreViews, they also selected the outstanding innovation and the best design accomplishment in consumer electronics. Loewe was the winner in all three categories.

The media representatives saw the new Reference media center as an exceptional innovation. This intelligent media center is extremely versatile and makes it easy to use a great variety of multimedia content. In addition to a CD and DVD player, the media center also includes an FM stereo tuner and plays content not just locally but distributed individually and flexibly throughout the house, even wirelessly if desired. The new Loewe Reference integrated home cinema system was designated the best design accomplishment. The high-definition LCD set with an impressive 52 inch screen diagonal, 200Hz technology and overall depth of no more than 60 millimeters, the audio system with ultrathin electrostatic speakers, and the media center as the central switchpoint for digital home entertainment once again set standards for technology and design. With the new Reference Line, Loewe is forcefully underscoring the brand's premium character.

Despite the currently poor fundamental economic data, Loewe expects the European LCD TV market to continue to develop at a high level in the current fiscal year due to the high replacement demand, technological innovations and consumers' increased brand awareness. Assuming that the overall economic climate in Europe, and in Germany in particular, will brighten again in the next few quarters and the product launches planned for the second half of 2009 will be on schedule, our objective for the next few months will be to achieve at least the same level of sales for all of 2009 as in the previous year as well as a margin exceeding the industry average. Moreover, Loewe's sound capital structure and long-term financing agreements position the Company very well for the future.

Sincerely yours,



Frieder C. Löhner

Chief Executive Officer of Loewe AG

First Six Months of Fiscal 2009
Interim Group Management Report

First Six Months of Fiscal 2009 Interim Group Management Report

The Loewe Group at a Glance*

EUR million						
	2nd quarter 2009	2 nd quarter 2008	± in %	1st half 2009	1 st half 2008	± in %
Sales	71.0	89.5	-21	143.8	179.7	-20
EBIT	0.7	7.9	-91	1.4	14.2	-90
Net income for the period	0.1	5.5	-98	0.3	9.7	-97
Earnings per share in euros**	0.01	0.42	-98	0.02	0.74	-97
Free cash flow	-5.8	12.4		15.0	42.8	-65
Number of employees (average)	1,024	991	+3	1,024	989	+4
Active workforce as of June 30	865	889	-3	865	889	-3

* The percentage amounts are based on the unrounded quarterly figures
 ** Relating to a total of 13,009,229 shares (previous year: 13,009,229 shares).

Loewe sales fall short of previous year

In the first six months of 2009, the Loewe Group achieved lower sales than in the comparable period of the previous year which had been favored by positive stimuli from the UEFA 2008 European Football Championship, initial inventory effects and the production of high-end electronic modules for automotive and consumer electronics products. Total Group sales of EUR 143.8 million fell short of the comparable figure for 2008 by EUR 35.9 million or 20%. The second quarter closed with a 21% decline in sales.

Positive EBIT of EUR 1.4 million

Despite the significantly lower sales and production volume and the greater strength of the U.S. dollar than in 2008, the Loewe Group generated positive EBIT in the first six months of 2009 due to the value-based marketing of Loewe products at stable prices. However, at EUR 1.4 million, EBIT fell short of the comparable figure for 2008 by EUR 12.8 million. Accordingly, the EBIT margin fell significantly to 1.0%, after 7.9% in the first six months of 2008. At EUR 0.3 million, net income after minority interests in the first six months of 2009 was EUR 9.4 million lower than in the same period of 2008.

Positive free cash flow

In the first six months of 2009, Loewe AG generated EUR 15.0 million in free cash flow compared to EUR 42.8 million in the same period of 2008. The reduction resulted primarily from the lower earnings and from annual bonuses paid out to retailers. Liquidity increased by EUR 8.0 million since year-end 2008.

Active workforce down as of June 30, 2009

Compared to the first six months of 2008, the average number of employees increased from 989 to 1,024 persons. The production workforce again declined slightly. On the other hand, the specific recruitments in development, marketing and sales in the second half of 2008 continue to have an impact. In addition, the number of furloughs for part-time retirement and trainees increased.

As of the balance sheet date of June 30, 2009, the active workforce at 865 employees (excluding trainees, persons permanently absent and part-time retirees) was lower than in the year before by 24 persons. The decline resulted primarily from adjustments in production.

Continued high market level for LCD TVs

In the first six months of 2009, the value of the European consumer electronics market declined by 9%* year on year.

TVs continue to be the most important market segment for Loewe. High sales and revenue growth for TVs was achieved in the first half of 2008 due to the UEFA Euro 2008. Due to the absence of a corresponding major sporting event in the first six months of 2009, the negative market trend for sales (-6%) is in line with expectations. Nonetheless, the market for LCD TVs continues to be at a high level. In the first six months of 2009, sales of LCD televisions in Europe declined by just 2% to EUR 8.6 billion. As of June 2009, sales of plasma TVs were 22% below the level of the comparable period of the previous year. The entire European TV market is now dominated by flat panel display sets.

Except for Sweden, the United Kingdom, Spain, the Netherlands and Switzerland, the value of the market for LCD TVs grew in all major European countries in the first six months of 2009. The by far strongest growth was recorded in Germany, Loewe's most important market (+12%), Belgium (+6%) as well as France (+6%) and Italy (+6%). In Sweden (-23%) and the United Kingdom (-13%), negative exchange rate effects of the local currency in relation to the euro had a negative impact on the markets. In Spain (-6%), the market for LCD sets also declined, due in particular to the financial and economic crisis.

Prices for LCD sets within the screen size categories declined at a faster rate than expected. New technologies such as LCD TVs with LED backlighting have been announced, resulting in price pressure on the established Full-HD/100Hz technology. Prices fell by approximately 26% and 19%, respectively, in the important 32 and 37 inch segments in the period under review. Prices for HD plasma TVs which are in competition with LCD technology declined more sharply with prices being 31% lower than in the first three months of 2008 for units with 42 inch screen diagonals, and 27% lower in the 50-55 inch segment.

At 3.7%, Loewe's market share in terms of value across all technologies among European retailers in the first six months of 2009 was slightly below the 2008 figure of 3.9%. In LCD TV, the market share of the high-quality Loewe products also declined slightly to 4.3% during the period under review,

* Source of market data: GfK

down from 4.6% a year earlier. In Germany, Loewe did not participate in the above-average market growth for LCD TV to avoid a negative impact on income. For that reason, the retail market share by value at 9.7% fell short of the previous year's figure by 0.9 percentage points.

Loewe sales fall short of previous year

In the first six months of the fiscal year 2009, the sales of the Loewe Group fell by EUR 35.9 million to EUR 143.8 million year-on-year. The difficult economic conditions prompted many of our dealers to change their ordering behavior at the beginning of the fiscal year. Retail inventories were significantly reduced in the first quarter of 2009. Moreover, the first half of 2008 was strongly favored by positive stimuli from the UEFA 2008 European Football Championship, initial inventory effects and the production of high-end electronic modules for automotive and consumer electronics products.

Sales structure by product area

EUR million

	2nd quarter 2009	2 nd quarter 2008	± in %	1st half 2009	1 st half 2008	± in %
Televisions	62.5	77.4	-19	125.6	155.0	-19
Audio/DVD	4.5	4.8	-6	9.6	10.2	-6
Other	4.0	7.3	-45	8.6	14.5	-41
Total sales	71.0	89.5	-21	143.8	179.7	-20

Sales of LCD TV sets declined by 19% to EUR 125.6 million. In contrast, the 6% decline for Audio/DVD was more moderate. Other sales declined primarily due to the expiration of a supplier agreement for electronic components.

The only increase was in sales of LCD TVs in the 42 inch screen size category, on which the launch of the Art SL at year-end 2008 had a positive impact. In all other size categories, first half sales were in part significantly lower than those of the previous year. As a percentage of overall TV sales, sales of large-screen TV sets with screen diagonals of 37 inches and larger, at 57% in the first six months of 2009, were unchanged from the 2008 level. In the 2009 fiscal year, Loewe has for the most part continued to be unaffected by the general market trend toward declining prices. The value-based marketing kept the sales prices of the Loewe product line nearly stable compared to the competition.

The attractive range of audio components for home cinema solutions and Blu-ray DVD products had a positive impact on sales of audio/DVD. Compared to the first three months of 2008, sales declined by only 6% to EUR 9.6 million.

The level of the previous year was not achieved in other sales (technical support and accessories) as well as the supply of electronic components for automotive and consumer electronics products. This is primarily the result of the expiration of a supply agreement and the significant decline in demand from the automotive sector.

In Germany, sales of EUR 83.6 million were 9.8% lower in the period under review than in the first six months of 2008; export sales declined by 31.0% to EUR 60.3 million.

Positive operating income

Despite the reduced sales and production volume, the Loewe Group achieved positive earnings in the first half of 2009. Earnings before interest and taxes came to EUR 1.4 million after EUR 14.2 million in the comparable period of the previous year. The EBIT margin dropped to 1%.

Our consistently stable pricing policy and the continued good product mix have been instrumental in safeguarding our operating margin. Compared with the competition, the selling prices of the Loewe product line have remained largely stable. Only selected price segments saw moderate price adjustments as compared with the same period of the previous year. The sustained high share of large-screen TV sets and the relatively strong sales in Germany also supported the positive earnings. Lower procurement costs had a positive impact which nearly compensated for opposite effects due to the stronger U.S. dollar. This made it possible to achieve a gross margin of 27.7% in the first half of 2009 which was only 1.4 percentage points lower than in the same period of the previous year.

Selling expenses came to EUR 33.9 million and were thus at the previous year's level. Especially in light of the global recession and consolidation in the consumer electronics market, it is critically important for Loewe to systematically enhance the brand's premium character even more and further increase the Company's international orientation. There was essentially no reduction in the activities aimed at further expanding the brand position which are associated with considerable expenses for communications and the expansion of shop systems at the points of sale. As a percentage of sales, selling expenses came to 23.5%.

Administrative expenses were slightly below the previous year's level at EUR 4.7 million. As a percentage of sales, they came to 3.3%. The other operating income in the first six months of 2009 was EUR 0.1 million, down from EUR 0.6 million in H1 2008.

At EUR -0.6 million, the interest result was slightly below the level of the previous year.

Capital expenditure

Capital expenditure/depreciation and amortization				
EUR million				
	1st half 2009		1 st half 2008	
	Capital expenditure	Depreciation/ amortization	Capital expenditure	Depreciation/ amortization
Intangible assets	3.6	3.4	3.3	4.4
Property, plant and equipment	4.2	6.0	5.5	6.2
Financial assets	0.1	0.0	0.1	0.0
Total	7.9	9.4	9.0	10.6

At EUR 7.9 million, capital expenditure in the first six months of 2009 was EUR 1.1 million lower than a year earlier and principally concerned presentation systems for retailers, investments in tools and production rationalization and development costs subject to mandatory capitalization.

Net current assets

Net current assets			
EUR million			
	June 30, 2009	Dec. 31, 2008	June 30, 2008
Inventories	52.6	51.1	54.6
Trade accounts receivable and other assets *	59.4	90.6	70.3
Other provisions	-38.0	-49.1	-46.9
Trade accounts payable and other liabilities *	-33.0	-38.1	-36.0
Total	41.0	54.5	42.0

* excluding income taxes and derivatives

Net current assets decreased by EUR 1.0 million compared to June 30, 2008. The reduction in inventories and trade accounts receivable due to the lower business volume was partly compensated for by lower trade accounts payable and provisions.

Development and production

The key event in the first six months of 2009 was the official dedication ceremony and commissioning of the new final assembly line with numerous guests from the political and economic spheres in attendance. The most prominent speaker was Bavarian Economics Minister Martin Zeil. Large-screen LCD TV sets with screen diagonals of up to 65 inches can be produced efficiently on the new production line.

The first sets built on this new line were the two especially slim Art 47 SL Full HD+ 100 and Art 42 SL Full HD+ 100 LCD TVs. In the meantime, the Art-SL line has been expanded to include the Art 37 SL Full-HD+ 100. Furthermore, the conversion of the current product portfolio to the innovative 100Hz technology with full HD (1920 x 1080 pixels) was systematically continued in the first half. Now all sets with a screen diagonal of 32 inches and larger are equipped with this advanced technology. Production of the Connect 26 and 22 was also started.

The test phase of the ProDIS (Production Data Information System) project was successfully started. This software project begun in 2008 will not only replace the heterogeneous software environment that came into being in production over the years with a modern system but also bring a critical improvement in the functions of production control and quality assurance in particular.

Work on the new SL 150 electronics platform for slim TVs was pushed forward. A first laboratory series has already been constructed. The new platform will not only make it possible to design even thinner sets, it will also lead to new highly promising applications such as applications with an Internet connection.

The CI Plus system is becoming established as a new module-based decryption system. Sets equipped with this system are expected to have a very high level of data security. For that purpose, Loewe has launched the L2715 chassis project early and advanced it to pilot production. Preliminary tests of the CI Plus function have already been successfully completed by an external testing institution.

The media player function is now also available for the Individual product line. Sets equipped with it can play back audio and video content distributed in a home network. Internet radio is now available for the first time. For audio playback in the networked home, Loewe has launched the new audio multiroom client on the market. The audio client is controlled using the Assist Media remote control which is equipped with a top quality OLED display that shows not only the prompts but also the covers of the albums played.

Predevelopment concluded work on the research project WiMAC@home. The results were presented to a wide range of industry specialists in the symposium "The digital living room of the future" that was organized by the Munich-based Institut für Rundfunktechnik, the research institute for German public broadcasters. The project's focal point was an intelligent television set that combines the control and playback of broadcasting and media content in the home and can simultaneously connect home automation devices.

Marketing and sales

One of the highlights of the first six months of 2009 was the international retailers meeting in Agadir, Morocco in May. Under the motto "Open to anything," Loewe management discussed specific possibilities and measures with the most successful retailers of 2008 for gaining even closer and longer lasting loyalty of customers to Loewe as a premium brand.

As in the previous years, the appealing Loewe sets achieved outstanding test ratings from independent national and international journals and magazines in the first six months of 2009.

Loewe Product	National magazine	Test rating
Art 42 SL	AV Magazin – e-paper (2/2009)	very good
Art 42 SL	Video (2/2009)	very good
Art 42 SL	Audiovision (2/2009)	good
Art 42 SL	HDTV-Praxis (2/2009)	very good
Connect 42 Media	Emporio Testmagazin (3/2009)	very good
Art 42 SL	Digitalfernsehen (4/2009)	very good
Xelos A 37	Stiftung Warentest (4/2009)	good
Art 47 SL	Video (6/2009)	very good
Connect 37 Media	Video (6/2009)	very good
Loewe Product	International magazine	Test rating
Connect 32 Media	T3, Italien (1/2009)	good
Art 42 SL	Pocket-lint.co.uk, UK (2/2009)	good
Connect 37	What satellite, UK (3/2009)	very good

The launch of the slim LCD TV set Art 37 SL represented a suitable addition to the current product portfolio. In addition to this important market launch, the conversion of the current product portfolio to the innovative 100Hz technology was systematically continued in the first six months of 2009. In addition to the large-screen Connect TVs in the screen size categories 32, 37 and 42 inches, the Individual 32 and the Xelos 32 were two more TV sets to be equipped with this new high-definition picture quality. Furthermore, the Connect 22 and Connect 26 were launched as two small LCD TVs. In the future, they are intended to provide lasting support to the planned expansion of the project business.

To ensure optimal marketing of the Loewe portfolio, nearly all marketing activities in the first six months of 2009 were focused on increasing customer frequency in the European retail market. The primary activity was the "New for old" campaign that was started in April 2009 in cooperation with qualified retailers. "The HDTV highlight of the year comes from Loewe" was the basic idea. As part of a trade-in promotion, Loewe retailers are offering their customers up to EUR 500 for the purchase of a large-screen Loewe TV by August 31, 2009.

In Germany, the campaign started by being prominently advertised on a number of online portals. The print campaign in Germany was started with a four page title jacket of the program guide "TV Digital" followed by ads in a number of trade magazines. During the live Bundesliga broadcast on Premiere, Loewe spots were shown every Saturday. The subsidiaries organized large-scale campaigns, for example in the national daily newspaper Corriere della Sera and in the well-known Internet portal www.ilsole24ore.com in Italy and with an eight page media insert in Austria.

The qualitative expansion of Loewe distribution also made speedy progress in the first half of 2009. A total of 14 galleries were constructed in Europe in the period under review and they were accompanied by large-scale communication campaigns. The opening of galleries in European urban centers such as Brussels, Como and Eindhoven continues to strengthen the premium character of Loewe as a brand and provides the Company an even stronger international orientation.

Opportunities and risks of future development

The most important opportunities are in the successful positioning of the Company as a premium provider in the growing market for flat-panel sets in Europe. In the next few years, many households will still be replacing their picture-tube units with flat-panel sets. Against this backdrop, technological innovations, the sustained market growth for large-screen LCD TVs in Europe and the increased brand awareness of consumers will provide momentum. This trend could be further intensified by the increasing availability of HD (high-definition) television content with considerably improved picture quality and upcoming major sporting events such as the FIFA World Cup 2010 in South Africa. 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 real economy is now in a severe recession. As purchases of durable consumer goods are increasingly being postponed, the consumer electronics manufacturers as well have already drastically cut back their production or are preparing to do so. Therefore, Loewe will also continue to closely observe economic developments in Europe and act flexibly and proactively in response to changes. Not only do we already practice strict cost discipline, we also make targeted investments in the positioning of Loewe as a premium brand.

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. Product design as well as individual design and equipment features will continue to be an important differentiating and technological positioning criterion with regard to rival products. Furthermore, competitive procurement conditions and adequate availability of materials as well as the resulting launch of products on schedule are of great significance for the higher priced, large-screen LCD panels. However, the general financial crisis has caused procurement risk to rise on the supplier side, which is apparent in, among other things, an increasing number of insolvencies. Loewe continuously attempts to minimize such risks through systematic supply chain management.

With respect to the principal opportunities and risks associated with future development, please refer to the 2008 Annual Report. There were no significant changes in the first six months of 2009.

Outlook for 2009 as a whole

Despite the currently poor fundamental economic data, Loewe expects the European LCD TV market to continue to develop at a high level in the current fiscal year due to the high replacement demand, technological innovations and consumers' increased brand awareness.

Assuming that the overall economic climate in Europe, and in Germany in particular, will brighten again in the next few quarters and the product launches planned for the second half of 2009 will be on schedule, the Company's objective for the next few months will be to achieve at least the same level of sales for all of 2009 as in the previous year as well as a margin exceeding the industry average. Moreover, Loewe's sound capital structure and long-term financing agreements position the Company very well for the future.

Kronach, July 27, 2009

The Executive Board



Frieder C. Löhner



Gerhard Schaas



Oliver Seidl

First Six Months of Fiscal 2009
Consolidated Interim Financial Statements

Consolidated Income Statement

	April – June 2009		April – June 2008		Jan. – June 2009		Jan. – June 2008	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Sales	71.0	100.0	89.5	100.0	143.8	100.0	179.7	100.0
Cost of sales	-50.3	-70.9	-62.1	-69.3	-103.9	-72.3	-127.4	-70.9
Gross margin	20.7	29.1	27.4	30.7	39.9	27.7	52.3	29.1
Selling expenses	-17.9	-25.2	-17.7	-19.8	-33.9	-23.5	-33.9	-18.9
General and administrative expenses	-2.0	-2.8	-2.1	-2.4	-4.7	-3.3	-4.8	-2.6
Other operating income	-0.1	-0.1	0.3	0.3	0.1	0.1	0.6	0.3
EBIT	0.7	1.0	7.9	8.8	1.4	1.0	14.2	7.9
Interest income	0.3	0.4	0.3	0.4	0.7	0.4	0.5	0.3
Interest expenses	-0.6	-0.9	-0.5	-0.5	-1.3	-0.9	-1.0	-0.6
Earnings before taxes	0.4	0.5	7.7	8.7	0.8	0.5	13.7	7.6
Income taxes	-0.3	-0.4	-2.2	-2.5	-0.5	-0.3	-4.0	-2.2
Net income for the period	0.1	0.1	5.5	6.2	0.3	0.2	9.7	5.4
thereof:								
attributable to shareholders of Loewe AG	0.1		5.4		0.3		9.6	
Minority interests	0.0		0.1		0.0		0.1	
	0.1		5.5		0.3		9.7	
Basic earnings per share (in EUR)	0.01		0.42		0.02		0.74	
Diluted earnings per share (in EUR)	0.01		0.42		0.02		0.74	

Consolidated Statement of Comprehensive Income	April – June 2009	April – June 2008	Jan. – June 2009	Jan. – June 2008
	EUR million	EUR million	EUR million	EUR million
Net income for the period	0.1	5.5	0.3	9.7
Other comprehensive income				
Change in fair value of hedges	-3.7	0.7	-3.6	1.4
Tax effect	1.0	-0.2	1.0	-0.4
Income recognized directly in equity	-2.7	0.5	-2.6	1.0
Comprehensive income	-2.6	6.0	-2.3	10.7
thereof:				
attributable to shareholders of Loewe AG	-2.6	5.9	-2.3	10.6
Minority interests	0.0	0.1	0.0	0.1
	-2.6	6.0	-2.3	10.7

Consolidated Balance Sheet

EUR million

	June 30, 2009	Dec. 31, 2008	June 30, 2008*
Assets			
Non-current assets			
Intangible assets	6.1	5.9	4.9
Property, plant and equipment	40.8	42.6	39.0
Financial assets	1.2	1.2	0.9
Income tax assets	0.3	0.3	0.4
Miscellaneous non-current financial assets	0.3	0.3	0.3
Deferred taxes	12.1	11.3	14.3
	60.8	61.6	59.8
Current assets			
Inventories	52.6	51.1	54.6
Trade accounts receivable	57.5	88.8	68.4
Income tax assets	1.0	0.2	0.8
Miscellaneous current financial assets	2.5	3.9	2.7
Cash and cash equivalents	45.1	37.2	40.7
	158.7	181.2	167.2
Total assets	219.5	242.8	227.0
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	13.5	13.5	3.6
Other reserve	-1.1	1.5	0.5
Accumulated profit	7.3	13.5	14.1
	79.7	88.5	78.2
Minority interests	1.2	1.2	1.2
	80.9	89.7	79.4
Non-current liabilities			
Provisions for pensions and similar obligations	41.6	41.0	39.5
Other non-current provisions	17.2	17.0	15.4
Non-current financial liabilities	1.9	2.3	2.8
	60.7	60.3	57.7
Current liabilities			
Income tax provisions	3.9	4.4	6.2
Other current provisions	38.0	49.2	46.9
Current financial liabilities	0.9	1.0	1.1
Trade accounts payable	25.1	29.0	28.7
Miscellaneous current financial liabilities	10.0	9.2	7.0
	77.9	92.8	89.9
Total liabilities and shareholders' equity	219.5	242.8	227.0

* Prior-year values have been adjusted in response to changes in the fair value of currency hedges recognized directly in equity.

Consolidated Cash Flow Statement

EUR million

	January – June 2009	January – June 2008	
Operating activities			
EBIT	1.4	14.2	
Interest paid	-0.3	-0.1	
Interest payments received	0.7	0.5	
Depreciation and amortization of non-current assets	9.4	10.6	
Other non-cash items	-1.0	-0.1	
Decrease (+) of non-current receivables	0.2	0.0	
Increase (+) in pension provisions	0.0	0.1	
Increase (+) in other non-current provisions	0.7	0.3	
Income taxes paid	-1.7	-0.6	
Cash flow before changes in net current assets	9.4	24.9	
Change in net current assets			
Increase (-) in inventories	-1.5	-2.4	
Decrease (+) in trade accounts receivable and other assets	31.3	30.2	
Decrease (-)/increase (+) in other current provisions	-11.1	1.1	
Decrease (-) in trade accounts payable and other liabilities	-5.2	-2.0	
Change in net current assets	13.5	26.9	
Net cash from operating activities	22.9	51.8	
Investing activities			
Payments for purchases of intangible assets and property, plant and equipment	-7.8	-8.9	
Payments for purchases of financial assets	-0.1	-0.1	
Net cash from investing activities	-7.9	-9.0	
Free cash flow, total	15.0	42.8	
Financing activities			
Dividend payment	-6.5	-3.5	
Repayment (-) of loans	-0.5	-0.5	
Net cash from financing activities	-7.0	-4.0	
Cash-effective change in liquidity	8.0	38.8	
Composition of liquidity			
	June 30, 2009	Dec. 31, 2008	Change
Cash and cash equivalents	45.1	37.2	7.9
Short-term bank loans	0.0	0.0	0.0
Use of factoring	0.0	-0.1	0.1
Liquidity	45.1	37.1	8.0

Consolidated Statement of Changes in Equity

	Number of shares	Subscribed capital	Capital reserve	Retained earnings	Other reserve	Accumulated profit	Equity attributable to equity holders of the parent	Minority interests	Total equity
	units	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
Balance as of Dec. 31, 2007	13,009,229	13.0	47.0	3.6	-0.5	8.0	71.1	1.1	72.2
Dividend payment for 2007						-3.5	-3.5		-3.5
Change in fair value of hedges					1.0		1.0		1.0
Net income for the period Jan. 1, 2008 to June 30, 2008						9.6	9.6	0.1	9.7
Balance as of June 30, 2008	13,009,229	13.0	47.0	3.6	0.5	14.1	78.2	1.2	79.4
Change in fair value of hedges					1.0		1.0		1.0
Net income for the period July 1 to December 31 2008						9.3	9.3		9.3
Allocation to retained earnings				9.9		-9.9			
Balance as of Dec. 31, 2008	13,009,229	13.0	47.0	13.5	1.5	13.5	88.5	1.2	89.7
Dividend payment for 2008						-6.5	-6.5		-6.5
Change in fair value of hedges					-2.6		-2.6		-2.6
Net income for the period Jan. 1, 2009 to June 30, 2009						0.3	0.3		0.3
Balance as of June 30, 2009	13,009,229	13.0	47.0	13.5	-1.1	7.3	79.7	1.2	80.9

Selected Explanatory Notes

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.

The condensed consolidated interim financial statements for the first six months of 2009 were released for publication by an Executive Board decision on July 27, 2009.

Basis of presentation and accounting policies

The condensed consolidated interim financial statements of Loewe AG as of June 30, 2009 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 interim 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 same basis of presentation used for the consolidated financial statements for fiscal year 2008 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.

However, they do not include all the information and disclosures required in the consolidated annual financial statements and should therefore be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2008 and the additional information contained in them. 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 income statement, the statement of comprehensive income, the balance sheet, 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, 2009 were reviewed by an auditing firm. A statement to that effect can be seen at the end of this report.

As a provider of top-quality consumer electronics, Loewe is subject to seasonal fluctuations in sales such as the Christmas shopping season and major sporting events. The UEFA Euro 2008 had a positive impact on the comparable six month period ended June 30, 2008. There was no similar seasonal effect in the period under review ended June 30, 2009.

Scope of consolidation

The scope of consolidation has not changed in relation to the consolidated financial statements as of December 31, 2008.

The currency translation of the subsidiary in the United Kingdom was based on the reference rate of the European Central Bank (ECB) as of June 30, 2009; currency translation in the income statement was based on the average rate of the first six months of 2009. All other consolidated companies are in the eurozone.

Financial position

EUR million

	June 30, 2009	Dec. 31, 2008	June 30, 2008
Non-current assets	60.8	61.6	59.8
Current assets	158.7	181.2	167.2
Total assets	219.5	242.8	227.0
Equity including minority interests	80.9	89.7	79.4
Non-current liabilities	60.7	60.3	57.7
Current liabilities	77.9	92.8	89.9
Total liabilities and shareholders' equity	219.5	242.8	227.0

The slight reduction in non-current assets compared to year-end 2008 is primarily attributable to the reduction in property, plant and equipment due to scheduled depreciation and lower capital expenditure compared to the previous year.

Investments made in property, plant and equipment primarily include presentation systems for retailers, investment in tools and modernization in production and development costs subject to mandatory capitalization.

The decline in current assets compared to year-end 2008 resulted primarily from the reduction in trade accounts receivable (EUR –31.3 million). The buildup of cash and cash equivalents (EUR +7.9 million) had the opposite effect.

Pursuant to the dividend resolution of the Annual Shareholders' Meeting of May 26, 2009, EUR 6.5 million was distributed to the shareholders on May 27, 2009, reflecting a dividend of EUR 0.50 per share.

The net income for the first six months came to EUR 0.3 million. Despite the dividend payment for 2008 of EUR 6.5 million, the equity-to-assets ratio remained constant at 36.9% compared to year-end 2008 due to the lower total assets.

The effects reported in the statement of comprehensive income are attributable to changes in value of currency hedging instruments recognized with no effect on income and the deferred tax effects applicable to them. The negative value of EUR –2.6 million shown there for the first six months reflects the tax-adjusted change in the market value of forward exchange transactions concluded by Loewe to hedge future purchases of components. The sharp decline is explained by the fact that the average hedged rate is below the EUR/USD rate prevailing on the reporting date, resulting in a negative market value of the hedging instruments held by Loewe.

The forward exchange transactions were concluded in conformity with the underlying contractual purchase obligations. Every forward transaction is subject to a corresponding underlying transaction (hedged item). The relationship between the hedging transaction and the hedged item is continuously reviewed for effectiveness. Based on the overall measurement of the forward exchange transactions as of June 30, 2009, an unrealized loss of EUR –1.5 million less deferred tax claims of EUR 0.4 million (netted EUR –1.1 million) was recognized in Other reserve.

In the first six months of 2009, basic earnings per share were EUR 0.02. The number of shares is unchanged 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 to year-end 2008, current liabilities declined by EUR 14.9 million which is primarily due to the payment of the 2008 annual bonuses to the sales partners and the reduction of trade accounts payable. Compared to the first six months of 2008, current liabilities decreased by EUR 12.0 million, due primarily to a reduction of provisions for sales deductions at a faster rate than in the same period in 2008. Moreover, the reduced sales also reduced the need for allocations to this type of provision.

The increase in other current liabilities of EUR 3.0 million in the first six months had the opposite effect which is primarily attributable to the remeasurement of the existing forward exchange transactions.

Cash flow and financing

Cash flow		
EUR million		
	January – June 2009	January – June 2008
Cash flow before changes in net current assets	9.4	24.9
Change in net current assets	13.5	26.9
Net cash from operating activities	22.9	51.8
Investing activities	–7.9	–9.0
Free cash flow	15.0	42.8
Net cash from financing activities	–7.0	–4.0
Cash-effective change in liquidity	8.0	38.8

Loewe generated significantly lower positive free cash flow in the first six months of 2009 compared to a year earlier. The drop was primarily due to the lower EBIT and the increased use of other provisions than in the first six months of 2008. Despite lower free cash flow than in 2008, liquidity was increased by EUR 8.0 million in the first six months of 2009.

Financing

EUR million

	June 30, 2009	Dec. 31, 2008	June 30, 2008
Cash and cash equivalents	45.1	37.2	40.7
Long-term liabilities to banks	-1.9	-2.3	-2.8
Short-term liabilities to banks	-0.9	-1.0	-1.1
Subtotal	42.3	33.9	36.8
Factoring	0.0	-0.1	-0.1

As of June 30, 2009, cash and cash equivalents exceeded short-term and long-term liabilities to banks by EUR 42.3 million. Freely available liquid funds are invested in daily or other short-term interest-bearing money market instruments at banks that are members of the German Deposit Protection Fund.

In the first six months of 2009, 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 items of the income statement for the first six months of 2009 are explained in the interim group management report.

Contingent liabilities

The contingencies and other financial obligations have not changed substantially as compared with disclosures as of December 31, 2008.

Related party transactions

The business relations with companies of the Sharp Group extended to the following areas in the first six months of 2009:

- Deliveries of panels to Loewe
- Provision of joint development services in the Joint Development Center (JDC) in Kronach

All agreements are concluded on an arm's length basis. Furthermore, as a shareholder, Sharp cannot be classified as a related party. 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.

Other disclosures

Number of employees

Compared to the first six months of 2008, the average number of employees increased slightly from 989 to 1,024 persons. The production workforce again declined slightly. On the other hand, the specific recruitments in development, marketing and sales in the second half of 2008 continue to have an impact. In addition, the number of furloughs for part-time retirement and trainees increased.

As of the balance sheet date of June 30, 2009, the active workforce at 865 employees (excluding trainees, persons permanently absent and part-time retirees) was lower than in the year before by 24 persons. The decline resulted primarily from adjustments in production.

Acquisition of treasury shares

At the Annual Meeting of Shareholders on May 26, 2009, the Company was authorized to acquire treasury shares in an amount of up to 10% of the share capital. The authorization is valid until November 25, 2010 and no such activities have been undertaken to date.

Shares held by the Executive Board and Supervisory Board on June 30, 2009

As of June 30, 2009, the Executive Board held 158,476 shares (December 31, 2008: 158,476) in Loewe AG. One Supervisory Board member directly holds 550,000 shares (as of December 31, 2008: 550,000 shares).

Events after the balance sheet date of June 30, 2009

No events of special significance occurred after the end of the first half of 2009.

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, 2009 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 27, 2009

The Executive Board



Frieder C. Löhner



Gerhard Schaas



Oliver Seidl

Review Report to Loewe AG, Kronach

We have reviewed the condensed interim consolidated financial statements – comprising the balance sheet, income statement, cash flow statement, statement of changes in equity, statement of comprehensive income and selected notes to the financial statements – and the interim group management report of Loewe AG for the period January 1 to June 30, 2009. These form part of the half-year financial report pursuant to section 37w para. 2 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 concerning the 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 (short form) and of 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 27, 2009

Abstoß & Wolters OHG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Quacken
German Public Auditor

Cramer
German Public Auditor

Further Information

Financial Calendar

Publication of the Q3 Report

January 1 – September 30, 2009

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

Publication of the Key Figures for the 2009 financial year

Conference call on Thursday, January 28, 2010, 10:00 a.m.

Publication of the Q1 Report 2010

January 1 – March 31, 2010

Conference call on Wednesday, May 5, 2010, 10:00 a.m.

Publication of the Q2 Report 2010

January 1 – June 30, 2010

Conference call on Wednesday, August 4, 2010, 10:00 a.m.

Publication of the Q3 Report 2010

January 1 – September 30, 2010

Conference call on Wednesday November 3, 2010, 10:00 a.m.

Publications

The following publications can be requested from Loewe Investor Relations – in German and/or English:

- **Loewe annual report**
- **Loewe quarterly reports**
- **Loewe complete product range**

These publications can also be obtained via the Internet at www.loewe.de in the area Loewe AG Investor Relations or you can order them using our online contact form.

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SDAX[®]

Classic All share[®]

Prime All share

CDAX[®]

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