



REPORT ON THE FIRST NINE MONTHS OF FISCAL YEAR 2006

- Sales grow 23% to EUR 241.5 million
- EBIT improves by EUR 13.5 million to EUR 9.2 million in the first nine months of the year
- Expansion of individual home cinema system solutions

LOEWE.

Dear Shareholders,

Loewe is well on its way to becoming the leading premium brand in the European core markets with its individual premium products in the home consumer electronics segment. We are currently profiting from the persistently dynamic trend in the market for large-screen flat-panel TVs in Europe. In addition, Loewe can continue to expand its market position with its broad and attractive product portfolio for home cinema solutions. Loewe increased its market share by volume in the important LCD segment in European retail from 4.6% (January to September 2005) to 4.8% (January to September 2006).

Against this backdrop, sales of the Loewe Group in the first nine months of 2006 increased by 23% year-on-year to EUR 241.5 million. The primary reason for the growth is the 65% rise in flat TV sales to EUR 206.6 million, which was, above all, due to the positive impact of the FIFA World Cup in Germany.

In the first three quarters of 2006, earnings before interest and taxes (EBIT) improved by EUR 13.5 million to EUR 9.2 million. The significant growth in earnings is predominantly a result of our increased sales and production volume, more stable sales prices, and a better product mix.

The highlight of the third quarter of 2006 was the International Consumer Electronics Fair (IFA) in Berlin, which was a very successful event for Loewe. The focus of Loewe's presence at the IFA this year was on Individual Compose, an innovative home cinema concept that expands our popular Individual product line. The two large-format, high-definition LCD TVs with full HD panel displays, integrated HDTV receivers, and integrated hard disk recorders can be individually configured in terms of design and technology. In combination with a special sound system that Loewe developed for this product, Individual Compose is a modular, flexible, and individual home cinema system in the highest quality category. Individuality was a central theme for Loewe's IFA presentation. Our 2,000-square-meter booth was entirely white and conveyed an air of sophistication for the purist. We have adopted a clear brand message to underscore our ambitious target of becoming Europe's market leader for high-quality, large-screen home cinema solutions. Loewe's presence at the IFA was well received by trade show visitors, retailers, and the media alike and generated an increase in orders from the previous year.



■ **Dr. Rainer Hecker**

Industrial Engineer
Chief Executive Officer



■ **Gerhard Schaas**

Engineer
Chief Technology Officer



■ **Oliver Seidl**

Business Economist
Chief Financial Officer

In addition to a number of design awards and test prizes, Loewe also received the internationally renowned EISA Award for the Loewe Individual home cinema system in the third quarter of 2006. This coveted award is conferred by nearly 50 European consumer electronics trade magazines from 19 countries, all of them members of the European Imaging and Sound Association (EISA). The jury felt that the most convincing feature of the Loewe Individual is its innovative concept.

In the coming months, we will continue our product and brand campaign and introduce innovative, high-quality home cinema solutions to the market. We will be concentrating on large-screen TVs with integrated high-definition TV (HDTV) complemented with individual speaker systems.

As a consequence of the persistently dynamic trend in the market for flat-panel TVs in Europe, the anticipated early purchases in advance of the planned VAT increase in Germany, and stronger brand awareness among consumers, the positive upswing at Loewe will continue over the long term.

Sincerely yours,

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

THE LOEWE GROUP AT A GLANCE*

in EUR million	3 rd quarter 2006	3 rd quarter 2005	± in %	Q 1–3 2006	Q 1–3 2005	± in %
Sales	70.2	65.8	7	241.5	197.0	23
EBIT	1.1	– 1.5		9.2	– 4.3	
Net income/loss after minority interests	0.2	– 1.5		4.2	– 5.5	
Earnings per share in euros**	0.02	– 0.14		0.32	– 0.53	
Free cash flow	– 1.1	– 1.2		0.1	31.2	
Number of employees	959	918	4	966	934	3

* All figures relate to the business activities to be continued.

The consolidated financial statements as of December 31, 2005 and the interim financial statements are in accordance with IAS and were compiled using the same accounting and valuation methods.

** Relating to a total of 13,009,229 shares in 2006 (previous year: 10,407,383 shares).

Sales grow by 23 % to EUR 241.5 million

Sales of flat-panel TVs increased by EUR 81.3 million in the first three quarters to EUR 206.6 million. In terms of the number of units sold, the proportion of flat TVs rose to 97 %, up from 75 % in the previous year. In contrast, sales of picture tube sets dropped by EUR 35.2 million to EUR 6.6 million. In the second quarter of 2006, the production and sale of picture tube sets were discontinued as planned. In the future, Loewe will be concentrating exclusively on the attractive premium segment for flat-panel sets and home cinema solutions.

EBIT increases to EUR 9.2 million

In the first nine months, earnings before interest and taxes (EBIT) amounted to EUR 9.2 million, up from EUR –4.3 million in the previous year. The EUR 13.5 million improvement in EBIT is primarily a result of the increased sales and production volume as well as the optimized product mix. Net income after minority interests amounted to EUR 4.2 million in the first three quarters of 2006, and earnings per share were EUR 0.32.

Positive free cash flow

In the first three quarters of 2006, Loewe AG generated EUR 0.1 million in free cash flow. The decrease from the previous year was a result of the higher working capital, above all due to business growth.

Slight rise in number of employees

The average number of employees rose by 32 persons to 966 persons as the larger business volume in production required the hiring of additional employees.

DYNAMIC MARKET GROWTH CONTINUES

In the first nine months of 2006, the European market for consumer electronics increased by 14% over the previous year.* Television sets are by far the most important segment. This market continues to enjoy dynamic growth and expanded by 33% in the reporting period. The increase was exclusively generated with the growth in the market for flat-panel sets. In the period from January to September 2006, sales of LCD televisions more than doubled from the previous year in terms of units and value. In contrast, sales of picture tube sets continued to decline rapidly. The percentage of flat-panel TVs in sales increased from 63% in the same period in 2005 to 83% in the first nine months of 2006. The FIFA World Cup noticeably stimulated the market for consumer electronics. In comparison to the first half of 2006, market growth slowed down somewhat in July/August.

The prices for LCD TVs have begun to decline again since the second quarter after a phase of relative price stability as the LCD panel supply situation has normalized. Compared to the previous year, price levels are significantly lower due to the strong price erosion in the last quarter of 2005. In the important 32" and 40" segments, prices of LCD TVs fell by 26% respectively 24% from the previous year. The drop in prices for 37", 42", and 46" screen diagonals was especially pronounced ranging between 30% and 39%. Prices for HD plasma TVs continued to decline, and for units with 42" and 43" screen diagonals prices were 30% lower than in 2005.

In all of the most important countries in Europe, the market for TV sets grew in the double-digit range in the period from January to September 2006. The strongest growth was recorded in France (+41%), the United Kingdom (+39%), and Spain (+36%). In Germany, the most important market for Loewe, growth was slightly below the European average at 29%.

In the period from January to September 2006, Loewe's market share for all display technologies in European retail was slightly lower than in the previous year at 3.9%. In the important LCD segment, Loewe was able to increase its market share from 4.6% to 4.8%. The market share for plasma TVs declined marginally from 2.1% to 1.8%. As a result of the discontinuation of picture tube production in the second quarter of 2006, Loewe's market share in that segment fell from 5.2% to 3.3% as expected. In the UK and France, which represent 42% of the European TV market, Loewe was able to slightly increase its market share.

LOEWE SALES INCREASE BY 23%

The continued dynamic trend in flat-panel TVs, Loewe's broader product portfolio, and the positive effects of the FIFA World Cup in Germany made it possible to increase sales by EUR 44.5 million or 23% to EUR 241.5 million in the first three quarters of 2006. In the third quarter, sales rose 7% to EUR 70.2 million even though the previous year had still included sales from picture tube sets (CRTs) and Sharp OEM TVs in the amount of EUR 16.3 million. Loewe continues to deliver high-quality components to Sharp. Most of them are developed at the Joint Development Center in Kronach.

* All market data refer to sales generated in the European electronics retail business in the period from January to September 2006 and were supplied by the consumer research organization Gesellschaft für Konsumforschung (GfK).

Sales structure by product area

in EUR million	3 rd quarter 2006	3 rd quarter 2005	± in %	Q 1–3 2006	Q 1–3 2005	± in %
Flat screen	62.3	42.3	47	206.6	125.3	65
– LCD	57.5	38.0	51	183.7	106.8	72
– Plasma/rear projection	4.8	4.4	9	22.9	18.6	23
Picture tube		10.1		6.6	41.8	– 84
Total						
Loewe televisions	<u>62.3</u>	<u>52.4</u>	<u>19</u>	<u>213.2</u>	<u>167.1</u>	<u>28</u>
Televisions (non-branded)		6.2		4.8	6.2	– 23
Other	7.9	7.2	10	23.5	23.7	– 1
Total sales	<u>70.2</u>	<u>65.8</u>	<u>7</u>	<u>241.5</u>	<u>197.0</u>	<u>23</u>
of which: Loewe Germany	35.6	34.4	3	110.1	96.6	14
of which: Loewe export	34.6	25.2	37	126.6	94.2	34
of which: non-branded		6.2		4.8	6.2	

Televisions are still the primary source of sales at Loewe, representing nearly 90 % of total sales. In the third quarter of 2006, sales of Loewe televisions rose 19% to EUR 62.3 million. The elimination of sales of picture tube TVs was more than compensated by the 47 % increase in sales of flat-panel sets. The price declines in flat-panel TVs were counterbalanced by a better product mix since the 36 % rise in sales volume predominantly related to high-price large-screen LCD units with screen diagonals starting at 32”.

Sales of plasma televisions were favorable and improved by 23% in the first nine months of 2006 from the same period in 2005. The moderate increase in the third quarter of 2006 is a result of the discontinuation of the Spheros 42 in the third quarter of 2005.

The production of picture tube sets was discontinued in the second quarter of 2006 as planned. Sales of picture tube sets amounted to EUR 6.6 million in 2006, which was EUR 35.2 million lower than in the previous year. In the future, the business with picture tube televisions is not expected to have any effect on earnings.

The most important growth drivers in the third quarter were the markets outside of Germany. Export sales rose 37% to EUR 34.6 million. The trend was especially positive in Spain, Italy, and Scandinavia, where the business volume expanded significantly from the prior-year quarter. In the first three quarters of 2006, export growth was 34% and concentrated on our core markets in Western Europe. In Germany, the most important market for Loewe, sales increased by 3% to EUR 35.6 million in the third quarter and by 14% to EUR 110.1 million in the period from January to September.

EBIT INCREASES TO EUR 9.2 MILLION

In the first three quarters of 2006, EBIT improved by EUR 13.5 million to EUR 9.2 million from EUR –4.3 million in the previous year. In the third quarter of 2006, EBIT rose to EUR 1.1 million after the EUR 1.5 million loss in the same quarter in 2005. The significant growth in earnings is primarily a result of the increased sales and production volume and the better product mix.

The larger share of highly profitable flat-panel televisions, lower purchase prices, and the improved fixed cost coverage in production, development, and quality made it possible to increase the gross profit by EUR 17.9 million to EUR 57.4 million. As a consequence, the gross margin improved from 20.1% to 23.8% and in the third quarter it was 3.0 percentage points higher than in the same period in 2005 at 22.1%.

Selling expenses increased by EUR 3.7 million, primarily as a result of higher sales-dependent costs. In the first three quarters of 2006, selling costs represented 17.0% of total sales, compared to 18.9% in the previous year.

Administrative expenses were slightly higher than in the previous year. As a percentage of sales, they declined from 2.6% to 2.4%.

The other operating loss of EUR 1.4 million primarily concerns a one-time payment to the principal banks in connection with the termination of the security pooling arrangement as of February 28, 2006.

Due to the improvement in capital resources, net interest expenses improved by EUR 1.4 million to EUR –2.0 million in the period from January to September 2006.

HIGHER CAPITAL EXPENDITURE

Capital expenditure/depreciation and amortization

in EUR million	Q 1–3 2006		Q 1–3 2005	
	Capital expenditure	Depreciation/amortization	Capital expenditure	Depreciation/amortization
Intangible assets	4.3	4.5	5.3	5.5
Property, plant and equipment	8.3	7.2	4.5	9.7
Financial assets	0.0	0.0	0.1	0.0
Total	<u>12.6</u>	<u>11.7</u>	<u>9.9</u>	<u>15.2</u>

At EUR 12.6 million, capital expenditure in the first three quarters of 2006 exceeded the prior-year amount by EUR 2.7 million. Capital expenditure primarily relates to the acquisition of a new automatic SMT pick-and-place system (EUR 1.8 million), tools for new products (EUR 4.0 million), and development costs subject to mandatory capitalization (EUR 4.1 million).

SOLID FINANCIAL POSITION

Financial position

in EUR million	Sept. 30, 2006	Dec. 31, 2005	Sept. 30, 2005
Non-current assets	67.8	67.9	74.5
Current assets	144.2	144.9	105.3
Assets of the discontinued division	0.0	0.1	0.0
Total assets	<u>212.0</u>	<u>212.9</u>	<u>179.8</u>
Equity including minority interests	63.7	59.2	31.1
Non-current liabilities	54.7	58.4	54.6
Current liabilities	93.2	94.5	93.2
Non-current/current liabilities of the discontinued division	0.4	0.8	0.9
Total liabilities and shareholders' equity	<u>212.0</u>	<u>212.9</u>	<u>179.8</u>

The capital increase in late 2005 significantly improved the financial position as of September 30, 2006. In addition, the profit for the year improved the equity base to EUR 63.7 million since December 31, 2005. The equity-to-assets ratio as of September 30, 2006 was 30%.

Net current assets

in EUR million	Sept. 30, 2006	Dec. 31, 2005	Sept. 30, 2005
Inventories	72.5	39.5	53.5
of which: Factory inventories	33.7	22.6	31.9
of which: Finished goods including service inventories	38.8	16.9	21.6
Trade accounts receivable and other assets	65.6	93.5	55.6
Other provisions	- 38.6	- 34.2	- 27.4
Trade accounts payable and other liabilities	- 48.9	- 50.9	- 53.8
Total	<u>50.6</u>	<u>47.9</u>	<u>27.9</u>

Net current assets increased by EUR 22.7 million from September 30, 2005. The primary causes were the rise in trade accounts receivable due to higher sales and the increase in inventories. Inventories were exceptionally low on September 30, 2005 and at year-end 2005 as a consequence of supply bottlenecks, but normalized again in 2006. In order to ensure sufficient availability of goods for the peak season, finished goods inventories were increased by EUR 11.1 million from the level reported on June 30, 2006.

The other provisions mainly relate to bonus arrangements and guarantees. Due to increased sales, other provisions are higher than in the previous year. The lower trade accounts payable primarily result from the more favorable prices and shorter terms of payment through the use of additional panel suppliers.

Shareholders' equity

in EUR million	Subscribed capital	Capital reserve	Accumulated income	Shareholders' equity for the Group	Minority interests	Total shareholders' equity
Balance as of Dec. 31, 2004	7.9	11.7	- 0.2	19.4	1.0	20.4
Capital increase, 1 st half	2.5	13.6		16.1		16.1
Net loss, 1 st nine months of 2005			- 5.5	- 5.5	0.1	- 5.4
Balance as of Sept. 30, 2005	<u>10.4</u>	<u>25.3</u>	<u>- 5.7</u>	<u>30.0</u>	<u>1.1</u>	<u>31.1</u>
Capital increase 4 th quarter	2.6	21.7		24.3		24.3
Net income, 4 th quarter 2005			3.6	3.6	0.2	3.8
Balance as of Dec. 31, 2005	<u>13.0</u>	<u>47.0</u>	<u>- 2.1</u>	<u>57.9</u>	<u>1.3</u>	<u>59.2</u>
Net income, 1 st nine months of 2006			4.2	4.2	0.3	4.5
Balance as of Sept. 30, 2006	<u>13.0</u>	<u>47.0</u>	<u>2.1</u>	<u>62.1</u>	<u>1.6</u>	<u>63.7</u>

As a consequence of the profit generated in the first three quarters of 2006, equity improved by EUR 4.5 million.

POSITIVE FREE CASH FLOW

Cash flow

in EUR million	Q 1-3 2006	Q 1-3 2005
Net cash from operating activities	12.7	41.1
Investing activities	- 12.6	- 9.9
Free cash flow	<u>0.1</u>	<u>31.2</u>
Free cash flow of the discontinued division	- 0.3	- 0.2
Net cash from financing activities	- 4.7	15.9
Cash-effective change in liquidity	<u>- 4.9</u>	<u>46.9</u>

In the first three quarters of 2006, Loewe AG generated free cash flow of EUR 0.1 million. Due to the increase in inventories and the higher receivables as a result of growth, net cash from operating activities was EUR 28.4 million lower than in the previous year despite the improvement in earnings.

As a consequence of repaying long-term loans, net cash from financing activities was EUR -4.7 million. The cash-effective change in liquidity was EUR 4.9 million lower than at the beginning of the year.

FINANCING

Financing

in EUR million	Sept. 30, 2006	Dec. 31, 2005	Sept. 30, 2005
Long-term bank loans	- 4.7	- 6.5	- 7.0
Short-term component of the long-term bank loans	- 1.1	- 4.0	- 3.7
Subtotal bank loans	<u>- 5.8</u>	<u>- 10.5</u>	<u>- 10.7</u>
Cash and cash equivalents	6.8	15.3	3.2
Drawing credits	- 0.1	- 1.4	- 0.7
Factoring	- 0.4	- 2.8	- 6.4
Subtotal cash and cash equivalents	<u>6.3</u>	<u>11.1</u>	<u>- 3.9</u>
Total financing	<u>0.5</u>	<u>0.6</u>	<u>- 14.6</u>

As of September 30, 2006, cash and cash equivalents were higher than short-term and long-term bank debt. Including the lower use of factoring, total financing came to EUR 0.5 million.

DEVELOPMENT AND PRODUCTION

Development activities in the third quarter concentrated on the 2006 IFA in Berlin, now an annual event. The promotional focus of the IFA – the new product line Individual Compose – was effectively presented at the trade show with all functions. An important technological feature of Individual Compose is the integrated HDTV receiver and the advanced hard disk recorder DR⁺, which is capable of both HDTV and standard definition (SD) TV recordings. In combination with the audio solutions developed by Loewe and visually coordinated to match the Individual product family, Individual Compose is a flexible and individual home cinema system.

In addition, the product offensive in the large-screen segment was continued with the launch of the Individual 40 Selection. For the first time, Loewe's image improvement technology Image⁺ is expanded with the DynamicContrast function, which permits picture-dependent backlight control and as a consequence dynamically improves contrast.

The software development for the HDTV platform was continued as a top priority. In the meantime, the latest software versions have been integrated and all of the required performance characteristics have been implemented. The new remote control technology Assist was approved for mass production. Preliminary studies for another high-end version of Assist were completed and design specifications have been defined.

The majority of the large-screen units presented at the IFA are based on the L2700 chassis developed at the joint development center with Sharp. Important new functions were introduced to the public, including hard disk recording with HDTV signals and a digital storage card reader for photos using a USB interface.

MARKETING AND SALES

The objective of Loewe's presence at the 2006 International Consumer Electronics Fair in Berlin was to visibly demonstrate the continued development of the brand and its leading position in the home cinema market. Loewe impressively proved its competence in offering the combination of premium picture and premium sound. Other highlights were the Loewe Individual Compose 40 and 46 with integrated HDTV receivers. Loewe also introduced a home cinema concept with two new, large-screen high-definition LCD TVs with full HD panel displays that boost the successful Loewe Individual product line. The unique innovation in this system is a modular sound concept featuring sophisticated premium sound in all size categories – ranging from a 2.0 stereo solution to a 5.1 home cinema system. The new flat TV generation is not only customizable in terms of materials, colors, placement solutions, and technologies: for the first time, Loewe is also offering modular center and stereo speakers for a flat TV and as a consequence is perfecting the possibilities of individual premium TV compositions.

The motto of Loewe's IFA presence in 2006 was "Your ears won't believe your eyes." It communicated Loewe's new competence in high-quality audio solutions and their unique combination with high picture quality. Individual speaker arrangements were set up along a 60-meter-long sound walkway and in a central sound lounge to produce an unusual spatial sound experience.

An additional highlight was offered to visitors in the Loewe retailer area, where a prototype showroom demonstrated the advantages of the new Loewe presence at the point of sale. The showroom provided pointers on everything from external presentation to display windows, product presentations, and communication, and covered all of the aspects of Loewe's future brand presence to enhance its premium profile in the retail business. Even before the IFA, Loewe was able to prove that a consistent brand presentation in the showroom is worthwhile for retailers as well. Loewe galleries were able to considerably boost their sales of Loewe products with the new shop system.

The IFA had a strong influence on marketing in the third quarter as well. All of the leading retailers from Germany visited Loewe's booth at the trade show. Orders were significantly higher than in the previous year and were an important factor in the successful start of the season. In addition to retailers from Germany, the IFA attracted visitors from all of Loewe's primary markets to Berlin.

The response to Loewe's presence at the 2006 IFA was exceptionally positive among the public, the trade, and the media. For Loewe, it confirms that the premium strategy is taking hold and that it needs to be continued with uncompromising commitment. It also supplied the motivation to take advantage of the positive situation in the fourth quarter and achieve decisive shares in the market for the seasonal business.

NUMBER OF EMPLOYEES RISES SLIGHTLY

The number of employees rose from 934 persons in the first three quarters of 2005 to 966 in the first nine months of 2006. The number of employees in production increased by about 39 persons due to the higher capacity requirements. Outside of production, the number of employees was slightly lower than in the previous year.

RISKS AND OPPORTUNITIES OF FUTURE DEVELOPMENT

The Company's most important opportunities are in its successful positioning as a premium provider in the rapidly growing market for flat-panel TVs 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 reinforced by the increased availability of digital broadcasting and HDTV (high-definition television), which provides considerably improved picture quality. For many years, Loewe has enjoyed a strong premium position in the picture tube market, and it is confident that it has a good opportunity to achieve a comparable position in the more mature market for flat-panel TVs. This should make it possible to outperform past benchmarks in sales and earnings.

The most significant risks are related to the sustainable positioning of a competitive flat-panel range in the premium segment. To do so, it is necessary to ensure that Loewe continues to realize technological differentiation potentials in addition to the attractive design of its products. Moreover, above all among the relatively expensive LCD and plasma panels purchased in the Far East, attractive procurement conditions and sufficient material availability are of tremendous importance.

The detailed projection and risk report is published in the annual report for 2005 on pages 43 to 49. There were no significant changes from the previous year in the first nine months of fiscal year 2006.

OTHER DISCLOSURES

As of September 30, 2006, the Executive Board held 632,061 shares in Loewe AG, which was unchanged from the figure reported on December 31, 2005.

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

OUTLOOK FOR THE YEAR 2006

The successful first half of 2006 was largely influenced by the positive impact of the FIFA World Cup. After the anticipated weaker summer months of July and August, earnings in the third quarter improved year-on-year on the strength of Loewe's successful presence at the International Consumer Electronics Fair in Berlin. Under the assumption that the favorable market projections for the fourth quarter are accurate, we anticipate that EBIT will be in the range of EUR 12 million for the year 2006 as a whole. Our growth forecast is based on the strong market acceptance of Loewe's high quality home cinema solutions and the persistent trend toward large-screen, highly profitable flat-panel TVs. We expect sales revenues to continue to rise to a level of between EUR 340 and 350 million.

Kronach, November 7, 2006

The Executive Board



Dr. R. Hecker



G. Schaas



O. Seidl

CONSOLIDATED INCOME STATEMENT 1ST NINE MONTHS OF 2006

	July – September 2006		July – September 2005		January – September 2006		January – September 2005	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Sales	70.2	100.0	65.8	100.0	241.5	100.0	197.0	100.0
Cost of goods sold	- 54.7	- 77.9	- 53.2	- 80.9	- 184.1	- 76.2	- 157.5	- 79.9
Gross margin	<u>15.5</u>	<u>22.1</u>	<u>12.6</u>	<u>19.1</u>	<u>57.4</u>	<u>23.8</u>	<u>39.5</u>	<u>20.1</u>
Selling expenses	- 12.6	- 17.9	- 12.6	- 19.1	- 41.0	- 17.0	- 37.3	- 18.9
General administrative expenses	- 1.8	- 2.6	- 1.4	- 2.2	- 5.8	- 2.4	- 5.1	- 2.6
Other operating income	0.0	0.0	- 0.1	- 0.2	- 1.4	- 0.6	- 1.4	- 0.7
EBIT	<u>1.1</u>	<u>1.6</u>	<u>- 1.5</u>	<u>- 2.4</u>	<u>9.2</u>	<u>3.8</u>	<u>- 4.3</u>	<u>- 2.1</u>
Interest and similar income	0.0	0.0	0.0	0.0	0.2	0.1	0.1	0.1
Interest and similar expenses	- 0.6	- 0.8	- 1.0	- 1.5	- 2.2	- 0.9	- 3.5	- 1.8
Profit from ordinary activities (EBT)	<u>0.5</u>	<u>0.8</u>	<u>- 2.5</u>	<u>- 3.9</u>	<u>7.2</u>	<u>3.0</u>	<u>- 7.7</u>	<u>- 3.9</u>
Income taxes	- 0.2	- 0.3	1.0	1.5	- 2.7	- 1.1	2.3	1.2
Net income/loss before minority interests	<u>0.3</u>	<u>0.5</u>	<u>- 1.5</u>	<u>- 2.4</u>	<u>4.5</u>	<u>1.9</u>	<u>- 5.4</u>	<u>- 2.7</u>
Minority interests	- 0.1	- 0.1	0.0	0.0	- 0.3	- 0.1	- 0.1	- 0.1
Net income/loss after minority interests	<u>0.2</u>	<u>0.4</u>	<u>- 1.5</u>	<u>- 2.4</u>	<u>4.2</u>	<u>1.8</u>	<u>- 5.5</u>	<u>- 2.8</u>
Earnings per share of continuing division	0.02		- 0.14		0.32		- 0.53	
Number of shares issued as of September 30	13,009		10,407		13,009		10,407	

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2006

in EUR million	Sept. 30, 2006	Dec. 31, 2005	Sept. 30, 2005
Assets			
Non-current assets*			
Intangible assets	5.7	6.0	6.0
Property, plant and equipment	36.1	34.8	39.1
Financial assets	0.7	0.8	0.8
Other accounts receivable	0.6	0.6	0.6
Deferred tax assets	24.7	25.7	28.0
Total non-current assets	<u>67.8</u>	<u>67.9</u>	<u>74.5</u>
Current assets*			
Inventories	72.5	39.5	53.5
– Factory inventories	33.7	22.6	31.9
– Finished goods including service inventories	38.8	16.9	21.6
Trade accounts receivable	60.2	88.1	46.4
Other current receivables	4.7	2.0	2.2
Cash and cash equivalents	6.8	15.3	3.2
Total current assets	<u>144.2</u>	<u>144.9</u>	<u>105.3</u>
Assets of the discontinued division	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>
Total assets	<u>212.0</u>	<u>212.9</u>	<u>179.8</u>
Liabilities and shareholders' equity			
Shareholders' equity			
Equity attributable to equity holders of the parent			
Subscribed capital	13.0	13.0	10.4
Capital reserve	47.0	47.0	25.3
Accumulated income/loss	2.1	– 2.1	– 5.7
	<u>62.1</u>	<u>57.9</u>	<u>30.0</u>
Minority interests	<u>1.6</u>	<u>1.3</u>	<u>1.1</u>
	<u>63.7</u>	<u>59.2</u>	<u>31.1</u>
Non-current liabilities*			
Provisions for pensions and similar obligations	37.1	36.8	36.0
Other provisions	12.9	15.1	11.6
Financial liabilities	4.7	6.5	7.0
Total non-current liabilities	<u>54.7</u>	<u>58.4</u>	<u>54.6</u>
Current liabilities*			
Tax provisions	4.4	4.0	7.7
Other provisions	38.6	34.2	27.4
Financial liabilities	1.2	5.4	4.4
Trade accounts payable	44.9	44.7	48.3
Other liabilities	4.1	6.2	5.4
Total current liabilities	<u>93.2</u>	<u>94.5</u>	<u>93.2</u>
Provisions and liabilities of the discontinued division	<u>0.4</u>	<u>0.8</u>	<u>0.9</u>
Total liabilities and shareholders' equity	<u>212.0</u>	<u>212.9</u>	<u>179.8</u>

* of the continuing division

CONSOLIDATED CASH FLOW STATEMENT JANUARY TO SEPTEMBER 2006/2005

in EUR million	2006	2005
Operating activities		
EBIT	9.2	- 4.3
Interest paid	- 2.0	- 3.4
Depreciation and amortization of non-current assets	11.7	15.2
Decrease of non-current provisions	- 2.2	0.0
Increase/decrease in pension provisions	0.3	- 0.2
Income taxes paid	- 1.6	- 0.2
Cash before changes in net current assets	<u>15.4</u>	<u>7.1</u>
Change in net current assets		
Increase in inventories	- 33.0	- 17.1
Decrease in trade accounts receivable and other assets	27.9	29.8
Increase/decrease in other provisions	4.4	- 4.5
Decrease/increase in trade accounts payable and other liabilities	- 2.0	25.8
Change in net current assets	<u>- 2.7</u>	<u>34.0</u>
Net cash from operating activities	<u>12.7</u>	<u>41.1</u>
Investing activities		
Payments for purchases of intangible assets and property, plant and equipment	- 12.6	- 9.9
Net cash from investing activities	<u>- 12.6</u>	<u>- 9.9</u>
Free cash flow of continuing division	0.1	31.2
Free cash flow of the discontinued division	- 0.3	- 0.2
Total free cash flow	<u>- 0.2</u>	<u>31.0</u>
Financing activities		
Capital increase	0.0	15.9
Repayment of loans	- 4.7	0.0
Net cash from financing activities	<u>- 4.7</u>	<u>15.9</u>
Cash-effective change in liquidity	<u>- 4.9</u>	<u>46.9</u>

Composition of liquidity	Sept. 30, 2006	Dec. 31, 2005	±
Cash and cash equivalents	6.8	15.3	- 8.5
Drawing credits	- 0.1	- 1.4	1.3
Use of factoring	- 0.5	- 2.8	2.3
Liquidity	<u>6.2</u>	<u>11.1</u>	<u>- 4.9</u>

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

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