

First Three Months of Fiscal 2009 Interim Report

- Economic conditions result in **changed ordering behavior**
- **Sales of EUR 72.8 million** are, as expected, down from the previous year
- **Large-screen LCD TVs** further increase their share in LCD TV sales
- Value-oriented marketing and lower procurement costs result in **strong gross margin**
- **Targeted measures** for the premium positioning of the Loewe brand have impact on EBIT
- **Positive EBIT** of EUR 0.7 million



LOEWE.



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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,

After the very successful Christmas shopping season for Loewe in December 2008, we noticed that the ordering behavior of many of our dealers at the beginning of the year had changed due to the difficult economic conditions worldwide. Retail inventories were thus significantly reduced in January and February 2009 and initial signs of recovery in the dealers' ordering behavior were not seen until early March. For this reason, Loewe started the new fiscal year of 2009 with some restraint.

As expected, the sales of the Loewe Group in the first three months of 2009, at EUR 72.8 million, fell short of the high 2008 figure of EUR 90.2 million. In comparison, the first three months of 2008 had been favored by positive stimuli from the UEFA 2008 European Football Championship and initial inventory effects from the market launch of the Loewe Connect product line. Our seasonal planning generally provides for lower sales in the first quarter. On an annual basis, Loewe expects greater growth in the second half of 2009 – from significant product launches, the international Consumer Electronics Fair (IFA) 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 0.7 million down from EUR 6.3 million in the first quarter of 2008. The positive contribution to earnings was caused primarily by the value-based marketing of our attractive and individual home entertainment systems at more consistently stable prices than the competition. In addition, more favorable procurement costs and hedging transactions, particularly in connection with the purchase of LCD panels, partially compensated for the negative exchange rate effects of the stronger U.S. dollar.

A highlight of the first quarter of 2009 was the startup of our new, highly automated production line at the Loewe plant in Kronach. To further expand its competitiveness in the strongly contested consumer electronics market, Loewe has invested approximately EUR 2.5 million in the new production facility which sets standards for technology, ergonomics and architecture. In the future, large-screen, high-end sets with the most advanced technologies will be produced there at the highest efficiency.

Another first quarter highlight was the presentation of the highest German design award, the Design Prize of the Federal Republic of Germany in gold. Loewe received the famous "Design Oscar" for the Connect 37 Media television which impressed the jury with its level of innovation, its integrated approach and formal coherence. The fact that the Loewe Connect has received this renowned award is for us an incentive and an obligation at the same time to continue consistently along the path we have chosen.

Especially against the backdrop of the global recession, Loewe has taken on a great deal for the next few quarters. The first months of 2009 demonstrate to us that we will have to expect weaker market performance this year than in 2008. We are systematically preparing for this. On the one hand, we are practicing strict cost discipline, but on the other we are making targeted investments in key strategic areas. In addition to the project business, this especially includes the qualitative expansion of our presentations among European retailers and in selected international urban centers as well as a renewed product and brand offensive. This summer we will launch the new Loewe Reference home cinema system in the market. The high-definition LCD set with 200 Hz technology, the audio system with extremely slim electrostatic speakers and the media center as the central switchpoint for digital home entertainment clearly underscore the brand's premium character. With customer relationship concepts appropriate to Loewe, we will open up new potential with existing customers and earn the long-term loyalty of new customers to our brand. As a premium brand in particular, Loewe has a strategically decisive development potential in this area, as our clientele in particular expects a personal approach and excellent services.

Despite the currently poor fundamental economic data, Loewe expects the European LCD TV market to continue to develop positively in the current fiscal year due to the high replacement demand, technological innovations and consumers' increased brand awareness. For that reason, the Company expects sales to grow modestly in 2009. As a premium brand, Loewe continues to focus on results and an above-average margin. 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 Three Months of Fiscal 2009
Interim Group Management Report

First Three Months of Fiscal 2009 Interim Group Management Report

The Loewe Group at a Glance*

EUR million			
	1st quarter 2009	1 st quarter 2008	± in %
Sales	72.8	90.2	-19
EBIT	0.7	6.3	-89
Net income for the period	0.2	4.2	-95
Earnings per share in euros**	0.01	0.32	-98
Free cash flow	20.7	30.4	-32
Number of employees (average)	1,023	985	+4
Active workforce as of Mar. 31	868	875	-1

* 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 line with expectations, the Loewe Group achieved lower sales in the first quarter of fiscal 2009 than in the comparable period of the previous year which had been favored by positive stimuli from the UEFA 2008 European Football Championship in Austria and Switzerland and initial inventory effects from the market launch of the Loewe Connect product line. The sales of EUR 72.8 million in the period under review fell short of the figure for 2008 by EUR 17.4 million or 19%.

Positive EBIT of EUR 0.7 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 quarter of 2009 due to the value-based marketing of Loewe products at stable prices. However, the EBIT of EUR 0.7 million fell short of the comparable figure for 2008 by EUR 5.6 million. At EUR 0.2 million, net income after minority interests in the first three months of 2009 was EUR 4.0 million lower than in the same period of 2008.

High positive free cash flow

In the first three months of 2009, Loewe AG generated EUR 20.7 million in free cash flow compared to EUR 30.4 million in 2008. The decline resulted primarily from the lower earnings and from annual bonuses paid out to retailers.

Active workforce slightly down as of March 31, 2009

Compared to March 31, 2008, the average number of employees increased from 985 to 1,023 persons. The production workforce again declined slightly. On the other hand, specific recruitments were necessary in development, marketing and sales. In addition, the number of furloughs for part-time retirement and trainees increased.

As of the balance sheet date of March 31, 2009, the active workforce at 868 (excluding trainees, persons permanently absent and part-time retirees) was already lower than in the year before by 7 persons. The moderate decline resulted primarily from adjustments in production.

Continued robust market growth for LCD TVs

In the first three months of 2009, the European market for consumer electronics declined by 4%* in terms of value year-on-year. TVs, the most important market segment for Loewe, are the most stable segment of the European market for consumer electronics. LCD TVs in particular are continuing to develop favorably. In the first three months of 2009, sales of LCD televisions in Europe increased by an additional 4% compared to the year before. As of March, sales of plasma TVs were 13% below the level of the comparable period of the previous year. Nearly the entire European TV market is now dominated by flat panel display sets.

Except for the United Kingdom, Spain, Sweden, the Netherlands and Switzerland, the market for LCD TVs grew in all major European countries in the first three months of 2009. The by far strongest growth was recorded in Germany, Loewe's most important market (+30%), Italy (+14%), Belgium (+13%) and France (+10%). In the United Kingdom (-17%) and Sweden (-16%), negative exchange rate effects of the local currency in relation to the euro had a negative impact on the markets. In Spain (-7%), the market for LCD sets also declined due in particular to the real estate crisis.

Prices for LCD sets within the screen size categories continued to decline. Prices fell by approximately 27% and 22%, respectively, in the important 32 and 37 inch segments in the period under review. Prices for plasma TVs which are in competition with LCD technology declined more sharply, with prices being 34% lower than in the first three months of 2008 for units with 42 inch screen diagonals, and 30% 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 three months of 2009 was slightly below the 2008 figure of 3.8%. In LCD TV, the market share of the top-quality Loewe products declined slightly to 4.3% during the period under review, down from 4.4% a year earlier. In Germany, Loewe did not participate in the above-average market growth for LCD TV, which was accompanied by sharp price declines, to avoid a negative impact on income. For that reason, the retail market share by value at 9.2% fell short of the previous year's figure by 1.6 percentage points.

* Source of market data: GfK

Loewe sales below previous year

In the first three months of the fiscal year, the sales of the Loewe Group fell year-on-year by EUR 17.4 million to EUR 72.8 million. 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. Not until early March were the first indications seen that the ordering behavior would normalize again. In comparison, the first three months of 2008 had been favored by positive stimuli from the UEFA 2008 European Football Championship and initial inventory effects from the market launch of the Loewe Connect product line.

Sales structure by product area

EUR million

	1st quarter 2009	1 st quarter 2008	± in %
Televisions	63.1	77.6	-19
Audio/DVD	5.1	5.4	-6
Other	4.6	7.2	-36
Total sales	72.8	90.2	-19

Most severely affected were sales of LCD TV sets that declined by 19% to EUR 63.1 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 quarter sales were in part significantly lower than those of the previous year. Nonetheless, sales of large-screen TV sets with screen diagonals of 37 inches and larger as a percentage of overall TV sales increased further to 58% in the first three months of 2009 from 55% a year earlier. 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 5.1 million.

The high level of the previous year was not achieved in other sales (technical support and accessories) as well as the supply of electronic components. This is primarily the result of the expiration of a supply agreement.

In Germany, sales of EUR 43.7 million were 7% lower in the period under review than in the first three months of 2008; export sales declined by 33% to EUR 29.1 million.

Positive operating income

Despite the reduced sales and production volume, the Loewe Group achieved positive contribution to earnings in the first quarter of 2009. Earnings before interest and taxes came to EUR 0.7 million after EUR 6.3 million in the comparable period of the previous year. The EBIT margin dropped by six percentage points to 1%.

Our consistently stable pricing policy and the continued good product mix have been instrumental in safeguarding our earnings situation. 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. Increases in the share of large-screen TV sets and the relatively strong sales in Germany also supported the positive earnings. The lower procurement costs also 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 26.4% in the first quarter of 2009 which was only 1.2 percentage points lower than in the same period of the previous year.

Selling expenses dropped slightly year-on-year by EUR 0.2 million to EUR 16.0 million. There was no reduction in the vigorous efforts at further expanding the brand position which are associated with higher expenses for communications and the expansion of shop systems at the points of sale. As a percentage of sales, selling expenses came to 22.0%.

The administrative expenses of EUR 2.7 million were at the previous year's level. As a percentage of sales, they came to 3.7%. The other operating income in Q1 2009 was EUR 0.2 million down from EUR 0.3 million in Q1 2008.

At EUR –0.3 million, the interest result was at the level of the first three months of the previous year.

Capital expenditure

Capital expenditure/depreciation and amortization				
EUR million				
	1st quarter 2009		1 st quarter 2008	
	Capital expenditure	Depreciation/ amortization	Capital expenditure	Depreciation/ amortization
Intangible assets	1.7	1.7	1.6	1.7
Property, plant and equipment	1.2	3.0	2.5	2.7
Total	2.9	4.7	4.1	4.4

At EUR 2.9 million, capital expenditure in the first quarter of 2009 was EUR 1.2 million lower than in 2008 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			
	March 31, 2009	Dec. 31, 2008	March 31, 2008
Inventories	51.4	51.1	53.0
Trade accounts receivable and other assets *	55.2	90.6	67.0
Other provisions	-38.3	-49.1	-42.4
Trade accounts payable and other liabilities *	-33.2	-38.1	-32.2
Total	35.1	54.5	45.4

* excluding income taxes and derivatives

Net current assets decreased by EUR 10.3 million compared to March 31, 2008, primarily due to the lower trade accounts receivable and reduced inventories. The lower provisions compensated for this effect to only some degree.

Development and production

The key event in the first quarter 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 new production line takes the ergonomic requirements for the production of the most advanced flat panel displays into account to a maximum degree and enables significantly higher flexibility. The first sets that are currently being built on this new line are the two ultra-slim Art 47 SL Full HD+ 100 and Art 42 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 quarter. Connect TVs in 32, 37 and 42 inch screen sizes were also equipped with this new picture quality. In addition, the development work on the Connect 26 was successfully completed; a corresponding 22 inch set will follow shortly.

Work on the new electronics platform for slim TVs was pushed forward. 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. To be able to launch appropriate products on the market as rapidly as needed, Loewe has been early in setting up a development project.

Loewe has acknowledged the growing significance of home networking by expanding the range of network players available in its Individual product line. While Loewe has offered a media player function since early 2008, it has already concluded the development of the second generation. The new sets are capable of reading more varied formats – in particular in the video segment – are significantly faster due to their higher computing power and also offer the function of Internet radio.

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 serves as the digital switching center for the control and playback of broadcasting and media content in the home and can simultaneously connect home automation devices.

Marketing and sales

Loewe has repeatedly been successful in outperforming its rivals. A large number of German and international trade journals confirmed the outstanding performance of our appealing home cinema solutions in the first three months of 2009:

Loewe Product	National magazine	Test rating
Art 42 SL	video (2/2009)	very good
Art 42 SL	Audiovision (2/2009)	good
Art 47 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
Loewe Product	International magazine	Test rating
Connect 32 Media	T3, Italy (1/2009)	good
Art 42 SL	Pocket-lint.co.uk, UK (2/2009)	good
Connect 37	What satellite, UK (3/2009)	very good

The response for the Art SL has been particularly positive on a sustained basis since its product launch in November 2008. In March 2009, the Art SL was advertised prominently on a number of online portals. The success was seen in a doubling of visitor numbers to our website www.loewe.de compared to the previous month of February. The communication activities of the first quarter of 2009 were primarily focused on supporting Loewe's core markets. A large-scale campaign focused on audio systems in a number of print and online media served as a continuing measure in support of the galleries opened in the United Kingdom in 2008.

Consumers can see and experience the brand's premium positioning especially at the Loewe points of sale. As part of the qualitative expansion of Loewe distribution, two galleries were opened in the Netherlands in March as well as two in France – representing another important stimulus for our international growth. The "Old versus New" campaign starting in the second quarter of 2009 will also provide communicative and brand-adequate support to all Loewe points of sale.

The spring trade shows of our key cooperation partners were another highlight of the first quarter. In addition to the individual Loewe products and the planned retail measures, another central theme was the precise and extremely effective positioning of the Loewe brand as a premium brand in the core markets. The appropriate presentation of the top quality Loewe home entertainment systems at the trade shows strengthened our position as a leading European premium brand.

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 be replacing their picture-tube units with flat-panel sets. The above-average market growth for large-screen LCD TVs in Europe and the increased brand awareness of consumers have bolstered this growth. 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 turmoil caused by the global financial markets crisis has reached the real economy. As purchases of durable consumer goods are increasingly being postponed, the manufacturers as well have already had to 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 are of great significance for the higher priced, large-screen LCD panels. Such risks are minimized by systematic supply chain management.

The 2008 annual report contains a comprehensive description of the significant opportunities and risks of future development. There were no significant changes from the previous year in the first three 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 positively in the current fiscal year due to the high replacement demand, technological innovations and consumers' increased brand awareness. For that reason, the Company expects sales to grow modestly in 2009. As a premium brand, Loewe continues to focus on results and an above-average margin. Moreover, Loewe's sound capital structure and long-term financing agreements position the Company very well for the future.

Kronach, April 24, 2009

The Executive Board



Frieder C. Löhner



Gerhard Schaas



Oliver Seidl

First Three Months of Fiscal 2009
Consolidated Interim Financial Statements

Consolidated Income Statement

	January – March 2009		January – March 2008	
	EUR million	%	EUR million	%
Sales	72.8	100.0	90.2	100.0
Cost of sales	-53.6	-73.6	-65.3	-72.4
Gross margin	19.2	26.4	24.9	27.6
Selling expenses	-16.0	-22.0	-16.2	-17.9
General and administrative expenses	-2.7	-3.7	-2.7	-3.0
Other operating income	0.2	0.3	0.3	0.3
EBIT	0.7	1.0	6.3	7.0
Interest income	0.4	0.5	0.2	0.2
Interest expenses	-0.7	-1.0	-0.5	-0.5
Earnings before taxes	0.4	0.5	6.0	6.7
Income taxes	-0.2	-0.3	-1.8	-2.0
Net income for the period	0.2	0.2	4.2	4.7
thereof:				
attributable to shareholders of Loewe AG	0.2		4.2	
Minority interests	0.0		0.0	
	0.2		4.2	
Basic earnings per share (in EUR)	0.01		0.32	
Diluted earnings per share (in EUR)	0.01		0.32	

Statement of comprehensive income	January – March 2009		January – March 2008	
Net income for the period	0.2		4.2	
Other comprehensive income				
Change in fair value of hedges	0.1		0.7	
Tax effect	0.0		-0.2	
Income recognized directly in equity	0.1		0.5	
Comprehensive income	0.3		4.7	
thereof:				
attributable to shareholders of Loewe AG	0.3		4.7	
Minority interests	0.0		0.0	
	0.3		4.7	

Consolidated Balance Sheet

EUR million

	March 31, 2009	Dec. 31, 2008	March 31, 2008*
Assets			
Non-current assets			
Intangible assets	5.9	5.9	5.9
Property, plant and equipment	40.8	42.6	39.4
Financial assets	1.1	1.2	0.8
Income tax assets	0.3	0.3	0.4
Miscellaneous non-current financial assets	0.3	0.3	0.3
Deferred taxes	11.3	11.3	15.6
	59.7	61.6	62.4
Current assets			
Inventories	51.4	51.1	53.0
Trade accounts receivable	53.6	88.8	65.1
Income tax assets	0.6	0.2	0.4
Miscellaneous current financial assets	4.3	3.9	2.2
Cash and cash equivalents	58.0	37.2	32.1
	167.9	181.2	152.8
Total assets	227.6	242.8	215.2
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	1.6	1.5	0.0
Accumulated profit	13.7	13.5	12.2
	88.8	88.5	75.8
Minority interests	1.2	1.2	1.1
	90.0	89.7	76.9
Non-current liabilities			
Provisions for pensions and similar obligations	41.2	41.0	39.4
Other non-current provisions	17.1	17.0	15.1
Non-current financial liabilities	2.1	2.3	3.1
	60.4	60.3	57.6
Current liabilities			
Income tax provisions	3.8	4.4	5.1
Other current provisions	38.3	49.2	42.4
Current financial liabilities	1.3	1.0	1.2
Trade accounts payable	26.2	29.0	26.6
Miscellaneous current financial Liabilities	7.6	9.2	5.4
	77.2	92.8	80.7
Total liabilities and shareholders' equity	227.6	242.8	215.2

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

Consolidated Cash Flow Statement

EUR million

	January – March 2009	January – March 2008	
Operating activities			
EBIT	0.7		6.3
Interest paid	-0.2		-0.1
Interest payments received	0.4		0.2
Depreciation and amortization of non-current assets	4.7		4.4
Other non-cash items	-0.5		-0.3
Decrease (+) of non-current receivables	0.1		0.0
Increase (+)/Decrease (-) of other non-current provisions	0.2		-0.1
Income taxes paid	-1.2		-0.3
Cash flow before changes in net current assets	4.2		10.1
Change in net current assets			
Increase (-) in inventories	-0.3		-0.7
Decrease (+) in trade accounts receivable and other assets	35.5		34.1
Decrease (-) in other current provisions	-10.9		-3.3
Decrease (-) in trade accounts payable and other liabilities	-4.9		-5.7
Change in net current assets	19.4		24.4
Net cash from operating activities	23.6		34.5
Investing activities			
Payments for purchases of intangible assets and property, plant and equipment	-3.0		-4.1
Payments for purchases of financial assets	0.1		0.0
Net cash from investing activities	-2.9		-4.1
Free cash flow, total	20.7		30.4
Financing activities			
Repayment (-) of loans	-0.2		-0.2
Net cash from financing activities	-0.2		-0.2
Cash-effective change in liquidity	20.5		30.2
Composition of liquidity	March 31, 2009	Dec. 31, 2008	Change
Cash and cash equivalents	58.0	37.2	20.8
Short-term bank loans	-0.4	0.0	-0.4
Use of factoring	0.0	-0.1	0.1
Liquidity	57.6	37.1	20.5

Consolidated Statement of Changes in Equity

	Number of shares	Sub- scribed capital	Capital reserve	Retained earnings	Other reserve	Accu- mulated profit/loss	Equity at- tributable 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
Fair value of hedging instruments					0.5		0.5		0.5
Net income for the period Jan. 1 to March 31, 2008						4.2	4.2		4.2
Balance as of March 31, 2008	13,009,229	13.0	47.0	3.6	0.0	12.2	75.8	1.1	76.9
Dividend payment for 2007						-3.5	-3.5		-3.5
Fair value of hedging instruments					1.5		1.5		1.5
Net income for the period April 1 to December 31 2008						14.7	14.7	0.1	14.8
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
Fair value of hedging instruments					0.1		0.1		0.1
Net income for the period Jan. 1 to March 31, 2009						0.2	0.2		0.2
Balance as of March 31, 2009	13,009,229	13.0	47.0	13.5	1.6	13.7	88.8	1.2	90.0

Selected Explanatory Notes

About Loewe

The Loewe Group develops, produces and distributes electronic, electrotechnical and mechanical products and systems 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 consolidated interim financial statements of Loewe AG as of March 31, 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 interim consolidated financial report should be read together with the 2008 annual report and the supplemental information contained in it.

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 as of March 31, 2009. 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).

The following editorial changes were made to the terminology of individual income statement items:

Interest income (formerly: Interest and similar income),
Interest expenses (formerly: Interest and similar expenses),
Earnings before taxes (EBT) (formerly: Profit from ordinary activities (EBT)),
Income taxes (formerly: Income tax expense),
Net income for the period (formerly: Net income before minority interests).

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 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 March 31, 2009. In the income statement, it was based on the average rate of the first three months of 2009. All other consolidated companies are in the euro zone.

Financial position

EUR million

	March 31, 2009	Dec. 31, 2008	March 31, 2008
Non-current assets	59.7	61.6	62.4
Current assets	167.9	181.2	152.8
Total assets	227.6	242.8	215.2
Equity including minority interests	90.0	89.7	76.9
Non-current liabilities	60.4	60.3	57.6
Current liabilities	77.2	92.8	80.7
Total liabilities and shareholders' equity	227.6	242.8	215.2

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 regular 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 –35.2 million). The buildup of cash and cash equivalents (EUR +20.8 million) had the opposite effect.

The net income for the first quarter came to EUR 0.2 million. Primarily due to the reduction in total assets by EUR 15.2 million, the equity ratio improved from 36.9% to 39.5%.

The deferred taxes reported in Other result are without exception due to the change in value of currency hedging instruments recognized directly in equity.

In the first quarter of 2009, basic earnings per share were EUR 0.01. 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.

Loewe will propose to the Annual Shareholders' Meeting on May 26, 2009 to pay a dividend of EUR 0.50 per share. The distribution sum resulting from this would be EUR 6.5 million.

Compared to year-end 2008, current liabilities declined by EUR 15.6 million which is primarily due to the payment of the 2008 annual bonuses to the sales partners and the reduction in trade accounts payable and other current financial liabilities. Compared to the first quarter of 2008, current liabilities decreased by EUR 3.5 million, due primarily to a reduction of provisions for sales deductions which were reduced at a faster rate than in the same period in 2008.

Cash flow and financing

Cash flow			
EUR million			
	January – March 2009	January – March 2008	
Net cash from operating activities	23.6	34.5	
Investing activities	-2.9	-4.1	
Free cash flow	20.7	30.4	
Net cash from financing activities	-0.2	-0.2	
Cash-effective change in liquidity	20.5	30.2	

The cash flow generated was EUR 9.7 million lower than in the first quarter of 2008. The reduction was primarily due to the lower EBIT and the stronger reduction in other current provisions than in the prior-year quarter. Liquidity consequently increased by EUR 20.5 million compared with the 2008 year-end figure.

Financing			
EUR million			
	March 31, 2009	Dec. 31, 2008	March 31, 2008
Cash and cash equivalents	58.0	37.2	32.1
Long-term liabilities to banks	-2.1	-2.3	-3.1
Short-term liabilities to banks	-1.3	-1.0	-1.2
Subtotal	54.6	33.9	27.8
Use of factoring	0.0	-0.1	0.0

As of March 31, 2009, cash and cash equivalents exceeded short-term and long-term liabilities to banks by EUR 54.6 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.

Thus far in the current 2009 fiscal year, it has been 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 quarter 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 quarter 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. 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. Furthermore, all transactions and agreements are settled on an arm's length basis.

Other disclosures

Number of employees

Compared to March 31, 2008, the average number of employees increased from 985 to 1,023 persons. The production workforce again declined slightly. On the other hand, specific recruitments were necessary in development, marketing and sales. In addition, the number of furloughs for part-time retirement and trainees increased.

As of the balance sheet date of March 31, 2009, the active workforce at 868 (excluding trainees, persons permanently absent and part-time retirees) was lower than in the year before by 7 persons. The moderate decline resulted primarily from adjustments in production.

Shares held by the Executive Board and Supervisory Board on March 31, 2009

As of March 31, 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).

Events after the balance sheet date of March 31, 2009

No events of special significance occurred after March 31, 2009.

Kronach, April 24, 2009

The Executive Board



Frieder C. Löhner



Gerhard Schaas



Oliver Seidl

Further Information

Financial Calendar

Tenth Annual Shareholders' Meeting of Loewe AG

Tuesday, May 26, 2009 11:00 a.m., Munich
Alte Kongresshalle, Theresienhöhe

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.

Publication of the Key Figures for the 2009 financial year

Conference call on Thursday, January 28, 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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- Loewe Catalogue
- Loewe Annual Report
- Intern Group Report

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