Interim Report

First Three Months of Fiscal 2010

- Sales of EUR 73.4 million moderately higher than in Q1 2009
- EBIT at EUR 0.8 million exceeds prior year level
- Export sales grow by 7%; Germany 3% lower than in Q1 2009
- Lower gross margin due to specific price adjustments in the entry level TV segment
- Continued systematic focus on results with cost discipline

LOEWE.

Contents

Gerhard Schaas
Engineer, Chief Technology Officer

Frieder C. Löhrer
Engineer, Chief Executive Officer

Oliver Seidl
Graduate in business administration,
Chief Financial Officer

Dear Shareholders,

Loewe has made a good start into fiscal year 2010 – our Company is within the scope of its budget and our figures for sales and EBIT slightly exceed those of the previous year. The Olympic Winter Games and the associated launch of high-definition television have produced positive stimuli for the market. Nonetheless, we continue to see the impact of the global financial crisis in some parts of Europe.

As expected, Loewe Group sales rose moderately by 1% from EUR 72.8 million to EUR 73.4 million in the period under review. Business development in the different markets showed divergent trends. While sales in Germany at EUR 42.2 million in the first quarter of 2010 were slightly lower than in the previous year, export sales grew by 7% to EUR 31.2 million. Due to its consistent positioning in the premium segment and its attractive and individual product portfolio, Loewe has been able to keep sales prices constant over the long term although the average market prices in Europe have trended sharply downwards. To secure strategically reasonable price premiums for the Company and to create additional sales incentives for high-quality Loewe products, we took this market development into account in the first quarter, particularly in the entry level TV segment. This was also included in our budget for fiscal year 2010. The Audio/DVD product group performed especially well in the period under review. The very successful market launch of the new Mediacenter audio/video system nearly doubled the previous year's revenues to EUR 9.7 million. The launch of the Mediacenter has brought us much closer to achieving our goal of making Loewe the most significant international premium brand in home entertainment systems.

With a moderate rise in sales and production volume, Loewe generated EBIT of EUR 0.8 million compared to EUR 0.7 million in the first quarter of 2009. Despite the budgeted price adjustments in the entry level TV segment and the somewhat lower sales volume in Germany, Loewe generated a gross margin of 24.8% in the first three months of 2010. It is accordingly only 1.6 percentage points lower than the high level of the previous year of 26.4%. Our value-based marketing and the continued good product mix have generally been instrumental in safeguarding our earnings situation. The increase by 5 percentage points in the percentage of large-screen LCD TV sets 37 inches and larger in overall TV sales to 63% in the first quarter of 2010 also supported earnings.

We have now started making intensive preparations for the most important market launch of the year. Just in time for the FIFA World Cup in South Africa, we will launch our new Individual product line with the most advanced LED backlighting in a few weeks. Loewe Individual presents individuality in a unique form. Loewe Individual offers the customer more than a million different alternatives for configuring his or her personal TV system, including colors, materials, placement solutions or technical features. This makes every Individual Entertainment System almost unique. Furthermore, the current year will see a systematic continuation of the product offensive with the launch of large-screen, high-definition LCD TVs with LED backlighting.

Loewe expects sales to grow moderately in the current 2010 fiscal year. Loewe's innovative home entertainment solutions put it in a very good position for repeating its high level of sales in Germany in 2010. Profitable double-digit growth in sales will be realized in the other key European markets. As a premium brand, Loewe will continue to focus systematically on results with cost discipline and value-based marketing. EBIT in the current year is expected to be at the 2009 level. Moreover, Loewe's sound capital structure and wide-ranging financing agreements put the Company in an optimal position for future growth.

Sincerely yours,

Frieder C. Löhrer
Chief Executive Officer of Loewe AG

First Three Months of Fiscal 2010
Interim Group Management Report

First Three Months of Fiscal 2010
Interim Group Management Report

The Loewe Group* at a glance:

EUR million

	1st quarter 2010	1st quarter 2009	± in %
Sales	73.4	72.8	+1
EBIT	0.8	0.7	+14
Net income for the period	0.2	0.2	
Earnings per share in euros**	0.02	0.01	+100
Free cash flow	16.1	20.7	−22
Number of employees (average)	1.018	1.023	

* 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 higher than in the previous year

In the first three months of 2010, the Loewe Group generated sales of EUR 73.4 million, surpassing the comparable 2009 figure by EUR 0.6 million or 1%.

Positive EBIT of EUR 0.8 million

In the first three months of 2010, the Company generated EBIT of EUR 0.8 million, thereby surpassing the 2009 figure by 14%. At EUR 0.2 million, net income after minority interests in the first three months of 2010 was at the level of the same period of the previous year.

High positive free cash flow

In the first three months of 2010, Loewe AG generated EUR 16.1 million in free cash flow compared to EUR 20.7 million in 2009. The decrease was primarily the result of reduced incoming payments from the seasonal reduction of receivables at the end of the first quarter and higher annual bonuses paid to dealers.

Number of employees slightly lower

Compared to March 31, 2009, the average number of employees decreased slightly from 1,023 to 1,018 persons.

Continued market growth for LCD TVs

In the first three months of 2010, the European market for consumer electronics grew slightly by 1% year-on-year [1]. The market trend in televisions is particularly important for Loewe because television represents the highest percentage of sales volume. LCD TVs in particular are developing favorably. In the first three months of 2010, sales of LCD televisions in Europe increased by 6% compared to the year before. As of March, sales of plasma TVs were 12% below the level of the comparable period of the previous year. In the meantime, flat-panel display sets have conquered the European TV market with LCD TVs increasingly replacing plasma TV technology.

Except for the Netherlands, the United Kingdom and Belgium, the value of the market for LCD TVs grew in all major European countries in the first three months of 2010. The strongest growth was recorded in Spain (+27%), Italy (+23%) [2], Switzerland (+12%) and Austria (+11%). The performance of the market in the Netherlands (−3%) and the United Kingdom (−2%) was slightly negative. As a consequence of the global financial crisis, the propensity to purchase durable goods was significantly below the European average in both of these countries in the period under review.

The average price per LCD set declined in Europe by 10% to EUR 511 in the first three months of 2010. In the important 32, 37 and 40 inch segments, prices were down by approximately 8% in the reporting period. Prices for LCD TVs which are in competition with plasma technology declined more sharply, with prices being 18% lower than in the first three months of 2009 for units with 42 inch screen diagonals.

At 3.9%, Loewe's market share in terms of value across all technologies among European retailers in the first three months of 2010 was slightly higher than the 2009 figure of 3.7%. At 4.3%, the market share of high-quality Loewe LCD TVs remained constant compared to the first three months of 2009. In its most important German market, Loewe even increased its market share among retailers by 1.1 percentage points year-on-year to 10.3%. In contrast, the most significant decline in market share in the period under review was in Spain where it decreased by 1.5 percentage points to 2.3%.

[1] Market data source: Gesellschaft für Konsumforschung (GfK).

[2] Spain/Italy: Special effect due to switch from analog to digital in terrestrial broadcast.

Loewe sales higher than in the previous year

In the first three months of 2010, Loewe increased Group sales year-on-year by 1%. While sales of LCD TVs declined by 7% to EUR 58.7 million, the Audio/DVD product group increased its revenues by 90%. Other sales increased by 9% due to the successful business with accessories such as speakers and placement solutions.

Due to its consistent positioning in the premium segment and its attractive and individual product portfolio, Loewe has been able to keep sales prices fairly steady in recent quarters although the average market prices in Europe continued to trend sharply downwards. To secure strategically reasonable price premiums for the Company and to create additional sales incentives for high-quality Loewe products, Loewe reduced prices cautiously in the first quarter, particularly in the entry level TV segment. This enabled us to increase volume already in the first three months of 2010, a trend that is expected to continue in the coming quarters.

Sales structure by product area
EUR million

	1st quarter 2010	1st quarter 2009	± in %
Televisions	58.7	63.1	−7
Audio/DVD	9.7	5.1	+90
Other	5.0	4.6	+9
Total sales	**73.4**	72.8	+1

Sales of LCD TVs in the 37 inch screen size category increased. In a year-on-year comparison, this was favored by the market launch of the Art 37 SL. In most other size categories, some exhibited lower sales in a year-on-year comparison. An exception was the 52 inch segment in which the Individual Compose and the new Reference stood up well. Sales of large-screen TV sets with screen diagonals of 37 inches and larger as a percentage of overall TV sales increased further to 63% in the first three months of 2010 from 58% a year earlier.

The attractive range of audio components for home cinema solutions and Blu-ray DVD products had a positive impact on sales of audio/DVD. The segment benefited in particular from the successful market launch of the new Mediacenter audio/video systems. Sales rose year-on-year by 90% to EUR 9.7 million.

Other sales (technical support and accessories) clearly surpassed the high level of the previous year. This is primarily attributable to the attractive line of placement solutions.

In Germany, sales of EUR 42.2 million were 3% lower in the period under review than in the first three months of 2009; export sales rose by 7% to EUR 31.2 million.

Positive operating income

With a moderate rise in sales and production volume, the Loewe Group generated EBIT of EUR 0.8 million compared to EUR 0.7 million in the first quarter of 2009. The EBIT margin rose slightly to 1.1%.

Despite the budgeted price adjustments in the entry level TV segment and the somewhat lower sales volume in Germany, Loewe generated a gross margin of 24.8% in the first three months of 2010. It is accordingly only 1.6 percentage points lower than the high value of the previous year of 26.4%. Our value-based marketing and the continued good product mix have generally been instrumental in safeguarding our earnings situation. Because of the strained market circumstances, there are no significant positive effects to be reported with regard to procurement. The average price for the US dollar ranged nearly at the previous year's level.

Selling expenses dropped year-on-year by EUR 1.1 million to EUR 14.9 million. There was no reduction in the vigorous efforts at further expanding the brand position in the first quarter of 2010. These are associated with higher expenses for communications and the qualitative expansion of the Loewe presentations at the point of sale. The lower accounts receivable made it possible to reduce the allowance for doubtful accounts compared to year-end 2009. As a percentage of sales, selling expenses came to 20.3% compared to 22.0% in the same period of the year before.

Administrative expenses of EUR 2.5 million were EUR 0.2 million below the previous year's level. As a percentage of sales, they came to 3.4%, down from 3.7% in the previous year. Other operating income and expenses in the first three months of 2010 offset each other following positive net operating income of EUR 0.2 million in Q1 2009.

With net interest expense of EUR 0.5 million, the interest result in the period under review was EUR 0.2 million lower than in Q1 2009 due to lower interest on cash deposits.

Capital expenditure

Capital expenditure/depreciation and amortization
EUR million

	1st quarter 2010		1st quarter 2009	
	Capital expenditure	Depreciation/ amortization	Capital expenditure	Depreciation/ amortization
Intangible assets	1.7	1.8	1.7	1.7
Property, plant and equipment	2.3	3.2	1.2	3.0
Financial assets	0.1	0.0	0.0	0.0
Total	**4.1**	**5.0**	2.9	4.7

At EUR 4.1 million, capital expenditure in the first quarter of 2010 was EUR 1.2 million higher than a year earlier. Capital expenditure relates primarily to presentation systems at points of sale, investment in tools and modernization in production and development costs subject to mandatory capitalization. The increase was primarily due to higher investments in tools for new LCD TVs with LED backlighting and associated peripherals.

Net current assets

Net current assets
EUR million

	March 31, 2009	Dec. 31, 2008	March 31, 2008
Inventories	48.7	50.5	51.4
Trade accounts receivable and other assets*	54.9	86.8	55.2
Other provisions	−32.8	−46.5	−38.3
Trade accounts payable and other liabilities*	−29.8	−33.8	−33.2
Total	**41.0**	57.0	35.1

* excluding income taxes and derivatives

Net current assets increased by EUR 5.9 million from March 31, 2009. The causes for this included a higher decline in current provisions and trade accounts payable compared to the reduction of inventories and receivables.

Development and production

Activities in the first quarter of 2010 focused on the market launch of the new Loewe Mediacenter audio/video system. In addition to its multiroom system, the Mediacenter now also enables Loewe to provide a design-oriented audio-video player and audio server. Despite the delayed product launch, this system represents a definite competitive edge.

Work on the new electronics platform for slim TVs with LED backlighting was pushed forward. The AV series – a first short run order in production – has already been built. The new platform will not only make it possible to design even thinner sets, it will also lead to new highly promising applications. In particular, the new platform has an integrated network interface to make it possible to connect the home network to the Internet. A specially developed WLAN module will also make it possible to set up a wireless connection in the future. Pilot production has already started.

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. Of course, all new slim TV sets are equipped with CI Plus.

Furthermore, the pilot production for the 40 inch and 46 inch televisions of the new Individual LCD product family was successfully completed. The new sets are equipped with LED backlighting, thus significantly cutting power consumption and also significantly reducing overall depth. In stand-by mode, these sets have a power consumption of less than 0.5 watts. Just in time for the new Individual sets, the Individual electrostatic stand speakers and the Individual Sound Projector went into pilot production. In addition to many other formats, the new Sound Projector can also play Surround 7.1 and HD audio.

In the PRIME (Production and Projection Techniques for Immersive Media) research project, which will be concluded in autumn 2010, Loewe has developed important expertise with regard to 3D television. Partners in this project include the Fraunhofer Institute for Integrated Circuits (IIS) in Erlangen and the Heinrich Hertz-Institute (HHI) in Berlin.

Marketing and sales

The premium brand strategy is the most important impetus for our planned international growth. Galleries in European urban centers provide a suitable presentation of the Loewe brand. It is planned to open approximately 30 new galleries in 2010. In addition to the construction of galleries in Austria, France and Russia, three galleries were opened in Italy in the first quarter with gala events. These events in Turin, Milan and Udine were a great success.

In close cooperation with our subsidiaries outside of Germany, special regional activities were designed to advance the planned international growth. In line with this, a large-scale campaign was started in France to coincide with the conversion to digital broadcasting that will extend to the third quarter of 2010. The marketing activities in Austria were also very popular. In Vienna's Museum of Modern Art (MUMOK), Loewe will be the exclusive partner of the exhibit "Changing Channels" from March 5 to June 6, 2010.

Loewe is currently making intensive preparations for the most important market launch of the year. Just in time for the FIFA World Cup in South Africa, we will launch our new Individual product line with the most advanced LED backlighting in May 2010. The new product family is even more modular and offers individuality in a unique form through diverse design versions. Loewe Individual offers more than a million different alternatives for configuring one's personal TV system, including colors, materials, placement solutions or technical features. This makes every Individual Entertainment System almost unique.

Loewe also offers an impressive product portfolio in 2010. Outstanding test results and awards are confirmation of this. As a special distinction, the Loewe Reference System which was launched last year received three iF gold awards in March. In addition, the Mediacenter was successfully launched in late February. The three different models of the new audio/video system are extremely versatile. They play CDs and DVDs and receive radio signals via antenna, cable, satellite or from the Internet. They can be used to listen to digital music files stored on hard drives or on a personal network, as well as those on an iPod or iPhone. In addition, the Mediacenter serves as the centerpiece for distribution of music in the entire home. This multitude of functions and options makes the Mediacenter the most complete audio/video system in the world. The launch of the Mediacenter has brought the Company much closer to achieving its goal of making Loewe the most significant international premium brand in home entertainment systems.

To further optimize the dialog with end customers and dealers, different Loewe divisions have been working intensively in recent months on the design and implementation of the Loewe Customer Relationship Management System (CRM). In the first quarter of 2010, Loewe initiated the roll-out in Germany according to plan. To optimally prepare the partners for the new system, Loewe provided intensive training for the external sales organization and made various supportive measures available. Through dialog with the end customers, the general goal of the Loewe CRM system is to learn even more about their needs and preferences and bring all corporate activities in line with them.

Opportunities and risks of future development

The most important opportunities are in the successful positioning of the Company as a premium provider of flat panel sets and home entertainment systems with innovative speaker and multiroom solutions in Europe. In an improved economic environment, the LCD TV market will continue to grow in the next few years, due in particular to the high replacement demand and increasing ownership of more than one set. Technological innovations such as TV sets with LED backlighting and new 3D televisions will cause the value of the market to grow. The dynamic growth engines will continue to be large-screen LCD TV sets, which are of particular importance for Loewe. 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.

The global turmoil caused by the financial crisis has significantly calmed down in the most recent quarters. The European gross domestic product is expected to grow moderately. Nonetheless, it cannot be assumed that a self-sustaining upturn will occur in the next two years. Loewe will use flexible production capacity and work scheduling to respond to fluctuations in demand on short notice. At the same time, Loewe will constantly observe economic developments in Europe very closely and act proactively in response to changes.

We already practice strict cost discipline. However, Loewe will continue to systematically implement targeted measures in strategically important areas, such as the qualitative and quantitative expansion of distribution in selected core European markets. However, 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 criterion. In the future, it will be necessary for Loewe to set itself apart from the competition through unique selling points and technological differentiating features in order to continue to ensure the value-based marketing of individual home entertainment systems at stable prices. Nonetheless, the possible risk exists that technical trends will not be detected and implemented in time. The establishment of strategic partnerships such as cooperative agreements with research institutions on subsidized projects and constant observation of the market development makes it possible to select relevant technologies in good time. Loewe does not get involved in every technological trend but limits itself to reasonable innovations. The clear focus is on fully developed technologies with specific customer benefit. Loewe will therefore continue its product offensive in the current year with the launch of large-screen, high-definition LCD TVs with LED backlighting.

Competitive procurement conditions and adequate availability of materials are of great significance especially for the higher priced, large-screen LCD panels. Our lower purchasing volume of flat display panels and important components compared with the competition makes it more difficult, however to achieve attractive purchasing conditions. The appreciation of the U.S. dollar in relation to the euro will lead to higher procurement costs. To soften the associated exchange rate risk, guidelines were established that guarantee a proportional hedge of the price risk and increase Loewe’s planning predictability.

The general financial crisis has, however caused procurement risk to rise on the supplier side, which is apparent in, among other things, an increasing number of insolvencies and the cessation of the UE business activity of prominent suppliers. Loewe attempts to minimize such risks through systematic supply chain management. If technically feasible, relations with second-source suppliers are established to avoid production disruptions if product discontinuations are announced.

With respect to the principal opportunities and risks associated with future development, please refer to the 2009 Annual Report. There were no significant changes from the previous year in the first three months of 2010.

Outlook for 2010 as a whole

Loewe expects sales to grow moderately in the current 2010 fiscal year. Loewe's innovative home entertainment solutions put it in a very good position for repeating its high level of sales in Germany in 2010. Profitable double-digit growth in sales will be realized in the other key European markets. As a premium brand, Loewe will continue to focus systematically on results with cost discipline and value-based marketing. EBIT in the current year is expected to be at the 2009 level. Moreover, Loewe's sound capital structure and wide-ranging financing agreements put the company in an optimal position for future growth.

Kronach, April 23, 2010

The Executive Board

Frieder C. Löhrer **Gerhard Schaas** **Oliver Seidl**

Condensed Consolidated Interim Financial Statements

Consolidated Income Statement

	January – March 2010		January – March 2009	
	EUR million	%	EUR million	%
Sales	73.4	100.0	72.8	100.0
Cost of sales	−55.2	−75.2	−53.6	−73.6
Gross margin	**18.2**	**24.8**	19.2	26.4
Selling expenses	−14.9	−20.3	−16.0	−22.0
General and administrative expenses	−2.5	−3.4	−2.7	−3.7
Other operating income	0.0	0.0	0.2	0.3
EBIT	**0.8**	**1.1**	0.7	1.0
Interest income	0.1	0.1	0.4	0.5
Interest expenses	−0.6	−0.8	−0.7	−1.0
Earnings before taxes	**0.3**	**0.4**	0.4	0.5
Income taxes	−0.1	−0.1	−0.2	−0.3
Profit after tax	**0.2**	**0.3**	0.2	0.2
thereof:				
attributable to shareholders of Loewe AG	0.2		0.2	
Minority interests	0.0		0.0	
	0.2		**0.2**	
Basic earnings per share (in EUR)	0.02		0.01	
Diluted earnings per share (in EUR)	0.02		0.01	

Statement of comprehensive income	January – March 2010	January – March 2009
Profit after tax	0.2	0.2
Other comprehensive income		
Change in fair value of hedges	2.9	0.1
Tax effects	−0.8	0.0
Gains and losses recognized directly in equity	2.1	0.1
Comprehensive income	2.3	0.3
thereof:		
attributable to shareholders of Loewe AG	2.3	0.3
attributable to minority interests	0.0	0.0
	2.3	0.3

Consolidated Balance Sheet

EUR million

Assets	March 31, 2010	Dec. 31, 2009	March 31, 2009
Non-current assets			
Intangible assets	6.4	6.5	5.9
Property, plant and equipment	39.2	40.1	40.8
Financial assets	1.7	1.6	1.1
Income tax assets	0.3	0.3	0.3
Miscellaneous non-current financial assets	0.3	0.3	0.3
Deferred taxes	10.3	10.9	11.3
	58.2	59.7	59.7
Current assets			
Inventories	48.7	50.5	51.4
Trade accounts receivable	52.8	85.3	53.6
Income tax assets	0.7	0.4	0.6
Miscellaneous current financial assets	4.1	2.0	4.3
Cash and cash equivalents	52.0	36.1	58.0
	158.3	174.3	167.9
Total assets	**216.5**	234.0	227.6
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	16.2	16.2	13.5
Other reserve	1.3	−0.8	1.6
Accumulated profit	12.5	12.3	13.7
	90.0	87.7	88.8
Minority interests	1.3	1.3	1.2
	91.3	89.0	90.0
Non-current liabilities			
Provisions for pensions and similar obligations	40.3	40.3	41.2
Other non-current provisions	17.3	17.1	17.1
Non-current financial liabilities	0.0	0.1	2.1
	57.6	57.5	60.4
Current liabilities			
Income tax provisions	3.9	4.6	3.8
Other current provisions	32.8	46.5	38.3
Current financial liabilities	0.8	0.9	1.3
Trade accounts payable	21.6	23.1	26.2
Miscellaneous current financial liabilities	8.5	12.4	7.6
	67.6	87.5	77.2
Total liabilities and shareholders' equity	**216.5**	234.0	227.6

Consolidated Cash Flow Statement

EUR million

	January – March 2010	January – March 2009
Operating activities		
EBIT	0.8	0.7
Interest paid	−0.1	−0.2
Interest payments received	0.1	0.4
Depreciation and amortization of non-current assets	5.0	4.7
Other non-cash items	−0.5	−0.5
Decrease (+) of non-current receivables	0.0	0.1
Increase (+) of other non-current provisions	0.2	0.2
Income taxes paid	−1.3	−1.2
Cash flow before changes in net current assets	**4.2**	4.2
Change in net current assets		
Decrease (+)/Increase (–) in inventories	1.8	−0.3
Decrease (+) in trade accounts receivable and other assets	31.9	35.5
Decrease (–) in other current provisions	−13.7	−10.9
Decrease (–) in trade accounts payable and other liabilities	−4.0	−4.9
Change in net current assets	**16.0**	19.4
Net cash from operating activities	**20.2**	23.6
Investing activities		
Payments for purchases of intangible assets and property, plant and equipment	−4.0	−3.0
Payments for purchases of financial assets	−0.1	0.1
Net cash from investing activities	−4.1	−2.9
Free cash flow, total	**16.1**	20.7
Financing activities		
Repayment (–) of loans	−0.2	−0.2
Net cash from financing activities	−0.2	−0.2
Cash-effective change in liquidity	**15.9**	20.5

Composition of liquidity	**March 31, 2010**	**Dec. 31, 2009**	**Change**
Cash and cash equivalents	52.0	36.1	15.9
Short-term bank loans	0.0	0.0	0.0
Use of factoring	0.0	0.0	0.0
Liquidity	**52.0**	36.1	15.9

Consolidated Statement of Changes in Equity

	Number of shares	Subscribed capital	Capital reserve	Retained earnings	Other reserve	Accumulated profit/loss	Equity attributable to equity holders of the parent	Minority interests	Total equity
	units	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
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
Dividend payment for 2008						−6.5	−6.5		−6.5
Fair value of hedging instruments					−2.4		−2.4		−2.4
Net income for the period April 1 to December 31, 2009						7.8	7.8	0.1	7.9
Allocation to retained earnings				2.7		−2.7			
Balance as of Dec. 31, 2009	13,009,229	13.0	47.0	16.2	−0.8	12.3	87.7	1.3	89.0
Fair value of hedging instruments					2.1		2.1		2.1
Net income for the period Jan. 1 to March 31, 2010						0.2	0.2		0.2
Balance as of March 31, 2010	**13,009,229**	**13.0**	**47.0**	**16.2**	**1.3**	**12.5**	**90.0**	**1.3**	**91.3**

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 entertainment 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 three months of 2010 were released for publication by a management decision on April 23, 2010.

Basis of presentation and accounting policies

The condensed consolidated interim financial statements of Loewe AG as of March 31, 2010 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 2009 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, 2010.

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, 2009 and the additional information contained in them.

In preparing the interim consolidated financial statements, management must make estimates and assumptions. These influence the level of the amounts indicated for the assets and liabilities as of the balance sheet date as well as the amount of reported income and expenses in the quarter. The actual amounts can deviate from the estimations.

The income tax expense was recognized based on the currently valid tax rate, which is anticipated for the fiscal year as a whole.

Scope of consolidation

The scope of consolidation has not changed in relation to the consolidated financial statements as of December 31, 2009.

The currency translation for the subsidiary in the United Kingdom was based on the reference rate of the European Central Bank (ECB) as of March 31; currency translation in the income statement was based on the average rate of the first three months of 2010 and 2009. All other consolidated companies are in the eurozone.

Financial position

EUR million

	March 31, 2010	Dec. 31, 2009	March 31, 2009
Non-current assets	58.2	59.7	59.7
Current assets	158.3	174.3	167.9
Total assets	**216.5**	234.0	227.6
Equity including minority interests	91.3	89.0	90.0
Non-current liabilities	57.6	57.5	60.4
Current liabilities	67.6	87.5	77.2
Total liabilities and shareholders' equity	**216.5**	234.0	227.6

The slight decrease in non-current assets compared to year-end 2009 is primarily attributable to the reduction in property, plant and equipment due to depreciation, which exceeded capital expenditure in the first quarter of 2010.

Investments made in property, plant and equipment primarily include presentation systems for retailers and tools for production.

The decline in current assets compared to year-end 2009 resulted primarily from the reduction in trade accounts receivable (down EUR 32.5 million). This was contrasted by the resulting buildup of cash and cash equivalents (up EUR 15.9 million).

Loewe will propose to the Annual Shareholders' Meeting on May 20, 2010 to pay a dividend of EUR 0.25 per share. This would result in a total dividend distribution of EUR 3.25 million.

Net income after taxes for the first quarter of 2010 came to EUR 0.2 million. Compared to the year-end 2009 figure of 42.2 %, the equity-to-assets ratio rose by 4.2%. In addition to the increase in other reserves (up EUR 2.1 million to EUR 1.3 million), the rise in the equity-to-assets ratio is attributable to the lower total assets (down EUR 17.5 million).

In addition to the income for the period, the Statement of Comprehensive Income shows income and expenses recognized directly in equity (other comprehensive income) attributable to changes in value of currency hedging instruments recognized with no effect on income and related deferred tax effects.

The positive value of EUR 2.1 million shown for the reporting period reflects the tax-adjusted change in the market value of forward exchange transactions concluded by Loewe to hedge future purchases of merchandise. The increase resulted from that fact that, due to the sharp loss in value of the euro in relation to the US dollar, the average hedged price is higher than the EUR/USD exchange rate on the reporting date.

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 March 31, 2010, a positive intrinsic value (after taxes) of EUR 1.3 million was recognized in Other reserves.

As of the first quarter of 2010, 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 2009, current liabilities were down by EUR 19.9 million. The decline is primarily due to the reduction in other current provisions by EUR 13.7 million as the result of the payment of annual bonuses to contract dealers.

Cash flow and financing

Cash flow
EUR million

	January – March 2010	January – March 2009
Net cash from operating activities	20.2	23.6
Investing activities	−4.1	−2.9
Free cash flow	**16.1**	20.7
Net cash from financing activities	−0.2	−0.2
Cash-effective change in liquidity	**15.9**	20.5

Loewe generated lower positive free cash flow compared to a year earlier. Significant changes resulted from the reduction in other current provisions and reduced incoming payments from the seasonal reduction of receivables at the end of the first quarter. Liquidity increased by EUR 15.9 million to EUR 52.0 million since year-end 2009.

Financing
EUR million

	March 31, 2010	Dec. 31, 2009	March 31, 2009
Cash and cash equivalents	52.0	36.1	58.0
Non-current financial liabilities	0.0	−0.1	−2.1
Current financial liabilities	−0.8	−0.9	−1.3
Subtotal	**51.2**	35.1	54.6
Factoring	0.0	0.0	0.0

As of March 31, 2010, cash and cash equivalents exceeded short-term and long-term liabilities to banks by EUR 51.2 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 current fiscal year 2010, 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 items of the income statement for the first three months of 2010 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, 2009.

Related party transactions

The business relations with companies of the Sharp Group comprised the following areas in the first three months of 2010:

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

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 March 31, 2009, the average number of employees declined from 1,023 to 1,018 persons.

As of the balance sheet date of March 31, 2010, the active workforce at 872 employees (excluding trainees, persons permanently absent and part-time retirees) was higher than in the year before by 4 persons. The increase resulted from new hirings of indirect employees.

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 March 31, 2010

As of March 31, 2010, the Executive Board held 158,458 shares (December 31, 2009: 158,458) in Loewe AG. One Supervisory Board member directly holds 550,000 shares (December 31, 2009: 550,000 shares).

Events after the balance sheet date of March 31, 2010

No events of special significance occurred after March 31, 2010.

Kronach, April 23, 2010

The Executive Board

Frieder C. Löhrer **Gerhard Schaas** **Oliver Seidl**

Financial Calendar

Eleventh Annual Shareholders' Meeting of Loewe AG
Thursday, May 20, 2010, 11:00 a.m., Munich,
Alte Kongresshalle, Theresienhöhe 15

Publication of the Q2 Report
(01/01 – 6/30/2010)
Conference call on Wednesday, August 4, 2010, 10:00 a.m.

Publication of the Q3 Report
(01/01 – 9/30/2010)
Conference call on Wednesday, November 3, 2010, 10:00 a.m.

Publication of the Key Figures for the 2010 financial year
Conference call on Thursday, January 27, 2011, 10:00 a.m.

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Loewe shares are traded in the Prime Standard segment of the German Stock Exchange.
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Classic All share®
Prime All share
CDAX®

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