

First Nine Months of Fiscal 2008

Interim Report

- EBIT improves by 58% to EUR 20.5 million
- EBIT margin rises from 5.3% to 7.9%
- Sales increase by 6% to EUR 259.0 million
- Sales of large-screen LCD TVs rise to 56%



LOEWE.



First Nine Months of Fiscal 2008

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■ **Gerhard Schaas**
Engineer
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■ **Oliver Seidl**
Graduate in business
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Chief Financial Officer

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

Dear Ladies and Gentlemen, Dear Shareholders,

Loewe's performance in the past nine months continued to be very positive. With our line of attractive and individual home cinema solutions, we have again come a great deal closer to our vision of making our company the most significant international premium brand for home entertainment systems. At the same time, we have profited from continued above-average market growth in large-screen and highly profitable LCD TVs in Europe, consumers' increased brand awareness and the fascination with high-definition television.

EBIT improved by EUR 7.5 million to EUR 20.5 million in the first nine months of 2008, clearly exceeding the prior-year figure of EUR 13.0 million by 58%. The value-based marketing of Loewe premium products at consistently stable prices and the further improved product mix made it possible to increase EBIT to EUR 6.3 million in the third quarter of 2008, well surpassing the figure of EUR 5.1 million in the same period in 2007. Lower procurement costs due to the weakness of the US dollar also had a positive impact. The EBIT margin increased significantly from 5.3% to 7.9% in the period under review.

In the first nine months of 2008, sales of the Loewe Group rose by 6% to EUR 259.0 million, up from EUR 244.5 million in the same period of 2007. The growth

in sales was primarily spurred by sales of LCD TVs which were 12% higher than in 2007. Sales for the third quarter alone were down by 11% to EUR 79.3 million compared to the third quarter of 2007. As we expected and already communicated in the Loewe six months financial report on August 6, the normally somewhat weaker summer months of July and August and the changed seasonal business due to the UEFA Euro 2008 in Austria and Switzerland had a dampening effect on the third quarter of 2008.

The highlight of the third quarter of 2008 was the Company's very successful presence at the International Electronics Fair in Berlin. With the motto "Perfectly simple. Simply perfect," we presented innovative home cinema solutions to numerous visitors, including retailers from within and outside of Germany as well as national and international media representatives. The focus was on the spectacular presentation of the new home cinema system Loewe Reference in an illuminated glass cube. The high-definition television, the audio system with ultrathin electrostatic speakers and the media center as the central switchpoint for digital home entertainment are setting new standards for technology and design. With the new Reference Line, Loewe is forcefully

underscoring the brand's premium character. Against the pure, elegant design of its exhibition stand, Loewe also impressed visitors with its new slimline Art SL television family. Thanks to Loewe, the television can now become a slimline, user-friendly entertainment solution. In contrast to the competition, the Art SL is not lacking in functionality despite its remarkable size; it includes an in-built HDTV tuner or integrated hard disk recorder, which enable a premium high-definition home cinema experience.

Loewe is pursuing a clear strategy: We will continue to sharpen the premium character of the brand and simultaneously enhance the company's international orientation in order to enable continued growth. To do this, Loewe will have to play the prominent role that it currently plays in Germany and several European core markets in all significant European markets – and in international urban centers. After a successful refurbishment, the relaunch of the Loewe Galerie at Harrods a few days ago was the kick-off event for the roll-out of a whole series of Loewe Galleries in the United Kingdom. Beyond that, we will open additional flagship stores in Germany, Italy, France and Belgium in the current year.

The International Consumer Electronics Fair gave us a good start into the important Christmas shopping season. However, in the next few quarters we will also have to keep a close watch on the effects of the financial markets crisis on economic trends in Europe, which may be accompanied by possible consumer buying restraint. Despite the currently somewhat dampened fundamental economic data in parts of the eurozone, we expect the European home cinema TV market to

continue to develop positively in the current 2008 fiscal year due to the high replacement demand, technological innovations and consumers' increased brand awareness.

The Company's very positive earnings trend has prompted the Executive Board of Loewe AG to raise its previous EBIT forecast of approximately EUR 24 million to now approximately EUR 28 million for the current fiscal year 2008. This is an improvement of 33% in comparison with EUR 21.1 million a year earlier. Due to the lowered economic prospects in parts of Europe in the wake of the current financial crisis and in order to systematically implement its premium strategy and the associated improvement of the margin, Loewe will in the future continue to focus on marketing its individual products at stable prices and now anticipates that sales will grow to EUR 380 million for 2008 as a whole.

Sincerely yours,



Frieder C. Löhner
Chief Executive Officer of Loewe AG

First Nine Months of Fiscal 2008 Interim Report



The Loewe Group* at a glance:

EUR million	3 rd quarter 2008	3 rd quarter 2007	± in %	Q 1–3 2008	Q 1–3 2007	± in %
Sales	79.3	89.4	– 11	259.0	244.5	+ 6
EBIT	6.3	5.1	+ 24	20.5	13.0	+ 58
Net income after minority interests	4.4	– 2.3		14.0	1.8	
Earnings per share in euros**	0.34	– 0.18		1.08	0.14	
Free cash flow	7.9	– 7.0		50.7	11.4	
Number of employees	1,022	998	+ 2	1,000	981	+ 2

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

The consolidated financial statement as of December 31, 2007 and the interim consolidated financial statements as of September 30, 2008 were prepared in accordance with IFRS using uniform accounting policies.

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

Loewe sales grow to EUR 259.0 million

In the first nine months of 2008, the Loewe Group generated sales of EUR 259.0 million, surpassing the comparable 2007 figure by EUR 14.5 million or 6%. Compared with Q3 2007, sales were down by 11% to EUR 79.3 million in the third quarter of 2008. As anticipated, the normally weaker summer months of July and August and the changed seasonal business due to the UEFA Euro 2008 in June 2008 had a dampening effect on the third quarter of 2008.

EBIT rises to EUR 20.5 million

In the first nine months, earnings before interest and taxes (EBIT) increased by EUR 7.5 million year-on-year to EUR 20.5 million. Significant factors contributing to this increase were the value-based marketing of Loewe products at stable prices, the further improvement of the product mix and lower procurement costs also due to the weakness of the U.S. dollar. Accordingly, the EBIT margin rose significantly to 7.9%, after 5.3% in the first nine months of 2007. Net income after minority interests was EUR 14.0 million. Net income of EUR 1.8 million in the same period of 2007 was negatively impacted by one-off charges related to the 2008 German business tax reform, which, however, proved to be beneficial for our after tax profit in the current year. Earnings per share came to EUR 1.08.

High positive free cash flow

Free cash flow rose to EUR 50.7 million in the first nine months of 2008. In addition to the improved earnings, the significant year on year increase of EUR 39.3 million resulted from the further reduction in working capital.

Increased number of employees

Compared with a year ago, the average number of employees rose by 19 to 1,000 persons. The increase resulted primarily from targeted reinforcements in development, marketing and sales.

Continued dynamic market growth for LCD TVs

In the first nine months of 2008, the European market for consumer electronics declined by 1%* in terms of value year on year. Television, the most important segment for Loewe, continued its dynamic growth and gained 4%, particularly in response to the robust growth in the market for LCD TVs which was impacted favorably by the UEFA Euro 2008 in Austria and Switzerland, especially in the second quarter. In the first nine months of 2008, sales of LCD televisions in Europe increased by 14% compared with the year before. As of September, sales of plasma TVs were 9% below the level of the same period in 2007. The percentage of flat-panel sets in TV sales increased to 98% in the first nine months of 2008 from approximately 93% a year earlier.

Prices for LCD sets within the screen size categories continued to decline. In the important 32, 37 and 42 inch segments, prices were down by approximately 20% in the period under review. Prices for HD plasma TVs which are in competition with LCD technology declined more sharply with prices being 25% lower than in 2007 for units with 42 inch screen diagonals, and even 29% lower in the 50–55 inch segment.

Except for the United Kingdom and Spain, the market for TV sets grew in all major European countries in the first nine months of 2008. The strongest growth was recorded in Germany, Loewe's most important market (+27%), Austria (+18%), Switzerland (+16%), and the Benelux countries (+11%).

At 3.8%, Loewe's market share in terms of value across all technologies among European retailers in the first nine months of 2008 was 0.4 percentage points above the comparable 2007 figure. In LCD TV, the market share of the high-quality Loewe products increased significantly to 4.5% during the period under review, up from 4.1% a year earlier. In Germany, Loewe's most important market, the Company's market share for LCD TV at 10.5% was only slightly lower than the high level in the same period of 2007.

* Source of market data: GfK

Key Performance Indicators

Loewe sales grow by 6%

In the first nine months of 2008, sales reached EUR 259.0 million, exceeding the previous year's figure by EUR 14.5 million or 6%. In addition to the 7% increase in flat-panel sets, the 18% growth in the audio/DVD product group also contributed to the rise in sales.

Sales structure by product area

Mio. Euro	3 rd quarter 2008	3 rd quarter 2007	± in %	Q 1–3 2008	Q 1–3 2007	± in %
Flat screen	69.4	76.9	– 10	224.4	209.3	+ 7
– LCD	69.4	75.0	– 7	224.4	199.5	+ 12
– Plasma	0.0	1.9	– 100	0.0	9.8	– 100
Total Loewe televisions	69.4	76.9	– 10	224.4	209.3	+ 7
Audio/DVD	4.4	4.5	– 2	14.6	12.4	+ 18
Other	5.5	8.0	– 31	20.0	22.8	– 12
Total sales	79.3	89.4	– 11	259.0	244.5	+ 6

In line with the focus on LCD technology, the plasma TV business was stepped back in 2007 as planned. For that reason, only LCD televisions are being produced and sold in the current year. LCD televisions are the primary source of sales for Loewe, representing approximately 87% of total sales.

Sales of LCD-TVs in the first nine months of 2008 were 12% higher than in same period of 2007. LCD sets with a 37 inch screen diagonal were particularly successful. The new Connect product line and the technically enhanced Xelos sets contributed primarily to this result. Sales of large-screen TV sets above 40 inches also exceeded the 2007 figures. The percentage of large-screen TV sets above 37 inches in overall sales of LCD sets thus increased from 47% in 2007 to 56% in the current year. In the 2008 fiscal year, Loewe has for the most part continued to be unaffected by the general market trend toward declining prices. Compared with the competition, the selling prices of the Loewe product line have remained largely stable; further increases in sales volume are sometimes avoided in favor of results-oriented marketing.

The attractive range of audio components for home cinema solutions and the new Blu-ray DVD products had a positive impact on sales of audio/DVD. Compared with the first nine months of 2007, this product group's sales were up by 18%.

Other sales such as technical support and accessories as well as the supply of electronic components persisted at a level of 12% below that of the previous year, which had shown a particular increase. This is primarily the result of the expiration of a supply agreement.

In Germany, sales of EUR 140.0 million in the period under review were 15% higher than in the first nine months of 2007; export sales declined slightly by 3% to EUR 119.0 million. The primary causes for the decline in export sales were the restructuring of our sales organization in the United Kingdom as well as organizational and structural changes in Spain and Australia. In these markets, appropriate measures for renewed growth are in the implementation phase. The relaunch of the Loewe Galerie at Harrods a few days ago was the kick-off event for the roll-out of a whole series of Loewe Galeries in the United Kingdom. Beyond that, Loewe will open additional flagship stores in Germany, Italy, France and Belgium in the current year. Business development in the Benelux, Austrian and Swiss export markets was particularly pleasing.

Operating income significantly improved – EBIT margin rises to 7.9%

At EUR 20.5 million, earnings before interest and taxes (EBIT) increased significantly in the first nine months of 2008, exceeding the 2007 figure by EUR 7.5 million or 58%. The EBIT margin improved significantly to 7.9%, after 5.3% in the first nine months of 2007.

In addition to the increased business volume, our consistently stable pricing policy and the further improvement of the product mix have contributed to strengthening our earnings situation. Compared with the competition, the selling prices of the Loewe product line have remained largely stable. Only the lower price segments saw moderate price adjustments as compared with the same period of the previous year. The improved product mix of TV sets and audio/DVD components as well as strong sales in Germany also supported the positive earnings trend, as did lower procurement costs due to the weakness of the US dollar. As a result, the gross margin increased significantly to 30.1% compared with 26.0% in the same period in 2007.

Selling expenses increased by EUR 7.3 million or 17% to EUR 50.6 million year-on-year. Increased efforts at further expanding the brand position, which were associated with higher expenses for communications and the expansion of shop systems at the points of sale, primarily contributed to this rise. As a percentage of sales, selling expenses came to 19.6%.

Administrative expenses were EUR 1.0 million higher than in the same period in 2007; however, as a percentage of sales, they rose only slightly from 2.6% to 2.8%. Due to the normal business cycle, other operating income improved to a positive figure of EUR 0.5 million in the 2008 period under review after a negative figure of EUR –1.0 million in the 2007 period.

In the period under review, increased liquidity, reduced use of borrowing and more favorable refinancing conditions made it possible to improve the interest result by EUR 1.0 million to a net interest expense of EUR 0.6 million. See page 22 of the Notes for a comprehensive description of the financing situation.

Capital expenditure

Capital expenditure/depreciation and amortization

EUR million	Q 1–3 2008		Q 1–3 2007	
	Capital expenditure	Depreciation/amortization	Capital expenditure	Depreciation/amortization
Intangible assets	5.2	6.0	5.2	5.0
Property, plant and equipment	9.0	9.2	9.7	7.1
Financial assets	0.2	0.0	0.0	0.0
Total	14.4	15.2	14.9	12.1

At EUR 14.4 million, capital expenditure in the first nine months of 2008 was EUR 0.5 million lower than in 2007 and principally concerned presentation systems for retailers, investments in production rationalization and development costs subject to mandatory capitalization.

Net current assets

Net current assets

EUR million	Sep. 30, 2008	Dec. 31, 2007	Sep. 30, 2007
Inventories	63.3	52.3	63.6
Trade accounts receivable and other assets	68.1	101.0	81.0
Other provisions	– 49.1	– 45.7	– 39.5
Trade accounts payable and other liabilities	– 42.8	– 37.8	– 52.7
Total	39.5	69.8	52.4

Net current assets decreased by EUR 12.9 million compared with September 30, 2007. With inventories at roughly the same level, this decline primarily resulted from the decrease in trade accounts receivable due to the reduced business volume. On the liabilities side, the reduced trade accounts payable and the increased provisions were nearly in balance.

Development and production

In the period under review, Loewe continued the conversion of the product range to 100Hz-picture quality with high-definition Full HD reception (screens with a resolution of 1920 x 1080 pixels). The very successful LCD set Xelos A 37 FullHD+100 is now also equipped with this intelligent technology providing greater sharpness of movement.

Development on the new innovative television chassis continued on schedule with pilot production about to start. The concept considerations for the next-but-one chassis generation with a detail concept and development work was started.

Loewe development completed a large number of new products just in time for IFA 2008 in Berlin. They included new sets of the "Art" LCD product line and the future Loewe flagship – the new Loewe Reference home cinema solution. Other innovations that stimulated a great deal of interest among industry specialists were the Internet-capable television which can be used, for example, to download video clips from various media libraries and play them back in television quality, and the 3D TV with an innovative LCD screen. The first prototypes of products in the audio segment planned for 2008 and early 2009 – in particular the new Loewe multiroom system – were impressively demonstrated to a broad public.

Development work on the new Individual Sound Multiroom universal speaker has nearly been completed. Being positioned between the Stand Speakers and the Satellite speakers with respect to size, it optimally complements the Individual Sound System portfolio. Development on an additional subwoofer will also be completed soon. New directions were taken in surface quality and workmanship, and the performance values were significantly enhanced.

Advance development work on the subsidized research projects is proceeding according to plan. The projects are involved in the integration of the television set into a home network, new approaches for 3D TV and innovative approaches for set operation.

In production, the construction of a new state-of-the-art final assembly line is proceeding on schedule. After the necessary construction work was completed, work was started on the systems engineering. The installation work is proceeding on schedule, which will make it possible to efficiently produce large-screen LCD TVs with screen diagonals up to 65 inches on this production line designed according to the most advanced state of technology before the end of 2008. This production line has a modular design, so that future growth can be flexibly incorporated.

Marketing and sales

The highlight of the third quarter was Loewe's presence at IFA 2008 in Berlin. With the motto "Perfectly simple. Simply perfect", Loewe presented the new Loewe Reference home cinema system with a spectacular show in an illuminated glass cube. As a perfectly coordinated system, the television set, audio system and media center fulfill the most exacting demands in every respect and set standards for technology and design in the industry. Another central theme of the IFA was the presentation of the Loewe Art SL. All LCD TVs of the new product line are not only slim but also intelligent. In contrast to the competition, the Art SL has all functions on board – including the integrated hard disk recorder and a receiver for high-definition television.

In audio as well, Loewe presented top-notch innovations, setting itself apart as a leading brand in home entertainment systems through an impressive Loewe multiroom solution. The heart of the multiroom solution is the Loewe Mediacenter. Featuring a CD and DVD player, stereo tuner, iPod interface, two USB ports and a network connection, the Mediacenter combines practical functions in one central unit. The Individual Sound multiroom receiver sends sound to other rooms. The market launch of the new multiroom solution will be kicked off in spring 2009 with the multiroom speakers that offer an impressive sound experience as wall or shelf mounted speakers even without a subwoofer.

Loewe's entire presentation at IFA 2008 met with an extremely favorable response not only from the visitors to the show and the numerous media representatives, but especially retailers. Once again, an exemplary Loewe Shop was used to demonstrate to the German and international retail partners how Loewe should be presented as a premium brand in stores in the future in order to further sharpen the Loewe brand image. Loewe will continue to support the partnership with retailers in the future.

The new Loewe website which went online just in time for the start of the IFA makes a significant contribution to this partnership. The 3D configurator makes it possible to experience Loewe products to their full extent and Loewe uses the networked communication programs to address its target groups. Furthermore, the dealer search function enables potential customers to contact retailers directly.

Shortly after the successful conclusion of the fair, Loewe continued work on expanding its international distribution. The Loewe Galerie was relaunched at Harrods in London in September after a successful reorganisation there. Beyond that, Loewe will open additional flagship stores in Germany, Italy, France and Belgium in the current year.

Opportunities and risks of future development

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

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

With respect to the principal opportunities and risks associated with the future development, please refer to the 2007 Annual Report. Apart from the effects of the financial markets crisis on economic trends in Europe, there were no significant changes from the previous year in the first nine months of 2008.

Outlook for 2008 as a Whole

In the next few quarters Loewe will have to keep a close watch on the effects of the financial markets crisis on economic trends in Europe, which may be accompanied by possible consumer buying restraint. Despite the currently somewhat dampened fundamental economic data in parts of the eurozone, we expect the European home cinema TV market to continue to develop positively in the current 2008 fiscal year due to the high replacement demand, technological innovations and consumers' increased brand awareness.

The Company's very positive earnings trend has prompted the Executive Board of Loewe AG to raise its previous EBIT forecast of approximately EUR 24 million to now approximately EUR 28 million for the current fiscal year 2008. This is an improvement of 33% compared with EUR 21.1 million a year earlier. Due to the lowered economic prospects in parts of Europe in the wake of the current financial crisis and in order to systematically implement its premium strategy and the associated improvement of the margin, Loewe will in the future continue to focus on marketing its individual products at stable prices and now anticipates that sales will grow to EUR 380 million for 2008 as a whole.

Kronach, October 28, 2008

The Executive Board



Frieder C. Löhner



Gerhard Schaas



Oliver Seidl

Consolidated Income Statement

	July – Sep. 2008		July – Sep. 2007		Jan. – Sep. 2008		Jan. – Sep. 2007	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Sales	79.3	100.0	89.4	100.0	259.0	100.0	244.5	100.0
Cost of sales	- 53.7	- 67.7	- 65.7	- 73.5	- 181.1	- 69.9	- 180.9	- 74.0
Gross margin	25.6	32.3	23.7	26.5	77.9	30.1	63.6	26.0
Selling expenses	- 16.7	- 21.1	- 16.0	- 17.9	- 50.6	- 19.6	- 43.3	- 17.7
General administrative expenses	- 2.5	- 3.2	- 2.0	- 2.2	- 7.3	- 2.8	- 6.3	- 2.6
Other operating income	- 0.1	- 0.1	- 0.6	- 0.7	0.5	0.2	- 1.0	- 0.4
EBIT	6.3	7.9	5.1	5.7	20.5	7.9	13.0	5.3
Interest and similar income	0.7	0.9	0.1	0.1	1.2	0.5	0.3	0.1
Interest and similar expenses	- 0.8	- 1.0	- 0.6	- 0.7	- 1.8	- 0.7	- 1.9	- 0.8
Profit from ordinary activities (EBT)	6.2	7.8	4.6	5.1	19.9	7.7	11.4	4.6
Income tax expense	- 1.8	- 2.3	- 6.8	- 7.6	- 5.8	- 2.2	- 9.4	- 3.8
Net income before minority interests	4.4	5.5	- 2.2	- 2.5	14.1	5.5	2.0	0.8
Minority interests	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.2	- 0.1
Net income	4.4	5.5	- 2.3	- 2.6	14.0	5.4	1.8	0.7

Earnings per share	0.34		- 0.18		1.08		0.14	
Number of shares issued as of September 30	13,009,229		13,009,229		13,009,229		13,009,229	

Consolidated Balance Sheet

EUR million	Sep. 30, 2008	Dec. 31, 2007	Sep. 30, 2007
Assets			
Non-current assets			
Intangible assets	5.1	6.0	5.8
Property, plant and equipment	39.5	39.6	38.9
Financial assets	0.9	0.8	0.7
Other non-current receivables	0.7	0.7	0.7
Deferred tax assets	13.5	16.4	16.8
Total non-current assets	59.7	63.5	62.9
Current assets			
Inventories	63.3	52.3	63.6
Trade accounts receivable	65.3	98.1	79.0
Other current receivables	4.3	2.6	3.7
Cash and cash equivalents	48.6	3.9	12.1
Total current assets	181.5	156.9	158.4
Assets of the discontinued division	0.0	0.0	0.0
Total assets	241.2	220.4	221.3
Liabilities and shareholders' equity			
Shareholders' equity			
Equity attributable to equity holders of the parent			
Subscribed capital	13.0	13.0	13.0
Capital reserve	47.0	47.0	47.0
Retained earnings	3.6	3.6	0.0
Accumulated profit	18.5	8.0	6.2
	82.1	71.6	66.2
Minority interests	1.2	1.1	1.1
	83.3	72.7	67.3
Non-current liabilities			
Provisions for pensions and similar obligations	39.7	39.4	37.9
Other provisions	15.6	15.2	13.4
Financial liabilities	2.5	3.3	3.7
Total non-current liabilities	57.8	57.9	55.0
Current liabilities			
Tax provisions	7.0	4.1	5.3
Other provisions	49.1	45.7	39.5
Financial liabilities	1.2	2.2	1.3
Trade accounts payable	35.3	29.9	48.3
Other liabilities	7.5	7.9	4.4
Total current liabilities	100.1	89.8	98.8
Provisions and liabilities of the discontinued division	0.0	0.0	0.2
Total liabilities and shareholders' equity	241.2	220.4	221.3

Consolidated Cash Flow Statement

EUR million

	Jan. – Sep. 2008	Jan. – Sep. 2007
Operating activities		
EBIT	20.5	13.0
Interest paid	– 0.5	– 0.6
Interest payments received	1.2	0.3
Depreciation and amortization of non-current assets	15.2	12.1
Other non-cash items	– 1.3	– 1.3
Increase (+) of other non-current provisions	0.4	0.2
Increase (+) in pension provisions	0.3	0.0
Income taxes paid	– 1.0	– 1.8
Cash flow before changes in net current assets	34.8	21.9
Change in net current assets		
Increase (–) in inventories	– 11.0	– 3.7
Decrease (+) in trade accounts receivable and other assets	32.9	2.1
Increase (+)/decrease (–) in other current provisions	3.4	– 6.1
Increase (+) in trade accounts payable and other liabilities	5.0	12.1
Change in net current assets	30.3	4.4
Net cash from operating activities	65.1	26.3
Investing activities		
Payments for purchases of intangible assets and property, plant and equipment	– 14.2	– 14.9
Payments for purchases of financial assets	– 0.2	0.0
Net cash from investing activities	– 14.4	– 14.9
Free cash flow, total	50.7	11.4
Financing activities		
Decline in minority interest	0.0	– 0.8
Dividend payment	– 3.5	0.0
Repayment (–) of loans	– 0.7	– 0.5
Net cash from financing activities	– 4.2	– 1.3
Cash-effective change in liquidity	46.5	10.1

Composition of liquidity

	Sep. 30, 2008	Dec. 31, 2007	± in %
Cash and cash equivalents	48.6	3.9	44.7
Short-term bank loans	– 0.3	– 1.3	1.0
Use of factoring	– 0.1	– 0.9	0.8
Liquidity	48.2	1.7	46.5

Statement of Changes in Equity

	Subscribed capital	Capital reserve	Retained earnings	Accumulated profit	Equity attributable to equity holders of the parent	Minority interests	Total equity
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Balance as of December 31, 2006	13.0	47.0	0.0	4.4	64.4	1.7	66.1
Purchase of remaining shares of Loewe France						- 0.8	- 0.8
Net income 1 st -3 rd quarter 2007				1.8	1.8	0.2	2.0
Balance as of September 30, 2007	13.0	47.0	0.0	6.2	66.2	1.1	67.3
Net income 4 th quarter 2007				5.4	5.4	0.0	5.4
Allocation to retained earnings			3.6	- 3.6			
Balance as of December 31, 2007	13.0	47.0	3.6	8.0	71.6	1.1	72.7
Dividend payment for 2007				- 3.5	- 3.5		- 3.5
Net income 1 st -3 rd quarter 2008				14.0	14.0	0.1	14.1
Balance as of September 30, 2008	13.0	47.0	3.6	18.5	82.1	1.2	83.3

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 interim consolidated financial statements of Loewe AG as of September 30, 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS) for interim reporting as adopted in the European Union (EU) and in accordance with the provisions of the German Securities Trading Act (WpHG) applicable to interim consolidated 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 2007 annual report and the supplemental information contained in it.

The same basis of presentation used for the consolidated financial statements for fiscal year 2007 was applied to the interim consolidated financial statements. These interim consolidated financial statements contain all necessary information for a true and fair view of the financial position and financial performance as of September 30, 2008. The income tax expense was recognized based on the currently valid tax rate, which is anticipated for the fiscal year as a whole.

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

Scope of consolidation

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

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

Financial position

EUR million	Sep. 30, 2008	Dec. 31, 2007	Sep. 30, 2007
Non-current assets	59.7	63.5	62.9
Current assets	181.5	156.9	158.4
Total assets	241.2	220.4	221.3
Equity including minority interests	83.3	72.7	67.3
Non-current liabilities	57.8	57.9	55.0
Current liabilities	100.1	89.8	99.0
Total liabilities and shareholders' equity	241.2	220.4	221.3

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

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

Current assets increased year on year primarily due to the rise in cash and cash equivalents (+ EUR 36.5 million). The lower trade accounts receivable (EUR 13.7 million) had the opposite effect.

Net income for the first nine months of 2008 came to EUR 14.0 million. The Group's equity rose to EUR 83.3 million, thus achieving an equity-to-assets ratio of 34.5%.

In the first nine months of 2008, basic earnings per share were EUR 1.08. 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 with the previous year's reporting date, non-current and current liabilities increased by only EUR 3.9 million.

EUR 16.0 million of the EUR 19.9 million increase in total assets was realized primarily through equity generated.

Cash flow and financing

Cash flow

EUR million	Jan. – Sep. 2008	Jan. – Sep. 2007
Net cash from operating activities	65.1	26.3
Investing activities	– 14.4	– 14.9
Free cash flow	50.7	11.4
Net cash from financing activities	– 4.2	– 1.3
Cash-effective change in liquidity	46.5	10.1

Loewe generated significantly higher positive free cash flow in the first nine months of 2008 than in the same period in 2007. This is primarily due to the improved result and the continued reduction of net current assets. Liquidity consequently increased by EUR 46.5 million compared with the 2007 year-end figure.

Financing

EUR million	Sep. 30, 2008	Dec. 31, 2007	Sep. 30, 2007
Cash and cash equivalents	48.6	3.9	12.1
Long-term liabilities to banks	– 2.5	– 3.3	– 3.7
Short-term liabilities to banks	– 1.2	– 2.2	– 1.3
Subtotal	44.9	– 1.6	7.1
Factoring	– 0.2	– 0.9	0.0

As of September 30, 2008, cash and cash equivalents exceeded short-term and long-term liabilities to banks by EUR 44.9 million.

Thus far in the current 2008 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 nine months of 2008 are explained in the interim group management report.

Contingent liabilities

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

Related party transactions

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

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

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

Other disclosures

Number of employees

The average number of employees rose modestly to 1,000 in the first nine months of 2008 from 981 in the same period of 2007. The production workforce declined slightly. On the other hand, individual hirings were necessary in development, marketing and sales.

Acquisition of treasury shares

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

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

As of September 30, 2008, the Executive Board held 155,876 (December 31, 2007: 622,718) shares in Loewe AG. After the transfer of Dr. Hecker to the Supervisory Board, Supervisory Board members now hold 550,000 shares (as of December 31, 2007: no shares held).

Events after the balance sheet date of September 30, 2008

No events of special significance occurred after September 30, 2008.

Kronach, October 28, 2008

The Executive Board



Frieder C. Löhner



Gerhard Schaas



Oliver Seidl

Financial Calendar

Publication of the Key Figures for the 2008 financial year

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

Publication of the 2008 Financial Statements of the Loewe Group

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

DVFA Analysts' Conference

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

Publication of the Q1 Report

(January 1 – March 31, 2009)

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

Tenth Annual Shareholders' Meeting of Loewe AG

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

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.

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Ticker symbol: LOE
WKN: 649410
ISIN: DE 0006494107

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

Publication Credits

Published by: Loewe AG, Kronach

Design: Kuhn, Kammann & Kuhn AG, Cologne

Photography: olgemöller studios, Kronach (p. 4)

Typesetting: Zerres GmbH, Leverkusen

Printing: KOMMINFORM Print und Produktions GmbH, Kriftel

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