

First Three Months of Fiscal 2008

Interim Report

- Sales increase by 10% to EUR 90.2 million
- Sales of large-screen LCD TVs rise by 44%
- EBIT improves by 30% to EUR 6.3 million
- EBIT margin rises from 6.0% to 7.0%



LOEWE.



■ **Frieder C. Löhner**
Engineer
Chief Sales and
Marketing Officer

■ **Gerhard Schaas**
Engineer
Chief Technology Officer

■ **Dr. Rainer Hecker**
Industrial Engineer
Chief Executive Officer

■ **Oliver Seidl**
Graduate in business
administration
Chief Financial Officer

Dear Ladies and Gentlemen, Dear Shareholders,

Loewe has made an excellent start into the new 2008 fiscal year – the first three months have fully met our expectations. Our company's attractive and individual home cinema solutions put us well on the way to further expanding our position of market leadership in home entertainment systems in Europe. Against this backdrop, the above-average market growth for large-screen and highly profitable LCD TVs in Europe, consumers' increased brand awareness and the fascination with high-definition television provide momentum. Moreover, we are currently benefiting from positive stimuli from the upcoming UEFA Euro 2008 in Austria and Switzerland.

In the first three months of 2008, Loewe Group sales rose as expected by 10% to EUR 90.2 million, up from EUR 82.0 million a year earlier. This was primarily due to the 16% increase in sales of LCD TVs. Sales of large-screen, highly profitable sets (37 inches and larger) increased by 44%.

In the first quarter of 2008, EBIT improved by EUR 1.4 million to EUR 6.3 million, thereby exceeding the high Q1 2007 figure of EUR 4.9 million by 30%. The value-based and consistent marketing of Loewe premium products at stable prices and the further improved product mix significantly increased the EBIT margin for the first three months of 2008 to 7.0% after 6.0% a year earlier.

In addition to numerous test wins and design awards, the highlight of the first quarter of 2008 was the widespread market launch of the new product family Loewe Connect. With Connect, Loewe is taking off in completely new directions in "connectivity," the intelligent interaction of mobile devices such as digital cameras, HD camcorders, game consoles, MP3 players and even PC networks. The media player enables the new LCD TVs to have direct access to photos, images and videos on a PC or a network storage device – all in high-definition picture quality through the integrated HDTV receiver. The market launch was accompanied by a large-format advertising campaign, with advance ads appearing in high-circulation daily newspapers. The highlight was January 24, 2008, the so-called "Loewe Connect Day" at more than 100 selected retailers. Under the motto "The best gift does not arrive until January," the attending guests experienced the unique versatility of functions of the new product family.

Another highlight of the first quarter was Loewe's winning of the renowned Marken-Award 2008, the highest distinction awarded by the German marketing industry. The jury based its award of the prize to Loewe in the category "best brand relaunch" thanks to its "use of a consistent

premium strategy to overcome the brand crisis, managing the turnaround and finally, taking the premium segment for flat screen TV by storm." Loewe's win of the Marken-Award is for us an honor and an obligation at the same time to continue consistently along the path we have started.

We have set ambitious goals for the next few quarters. Our general goal is to continue the very positive developments of the past fiscal year and further advance Loewe's premium positioning. For that reason, our focus in 2008 will be on targeted investments: We will systematically push ahead with the qualitative and quantitative expansion of distribution within and outside of Germany and continue to steadily increase Loewe's premium presence at qualified retailers, featuring flagship stores in international urban centers. Furthermore, we will invest in a production line of the most advanced technology, in a comprehensive customer relations management (CRM) system and in our employees and retail partners in the form of a competence offensive. In addition, we will gear our product portfolio even more closely to the individual desires and needs of our customers. Already in the current fiscal year, we will among other things launch a completely new product family and convert all large-screen LCD TVs to the highest quality level of Full-HD 100 Hz.

Due to the sustained high demand for large-screen LCD TVs, major sporting events such as the UEFA Euro 2008 in Austria and Switzerland, new digital products and the increased brand awareness of consumers, the European home cinema TV market will continue to show positive development in the current fiscal year. From a seasonal perspective, growth at Loewe will be stronger in the first half of 2008. For 2008 as a whole, Loewe anticipates that sales will grow by 7% to approximately EUR 400 million and EBIT will improve by 14% to approximately EUR 24 million.

Sincerely yours,



Dr. Rainer Hecker
Chief Executive Officer of Loewe AG

The Loewe Group at a glance*

EUR million	1 st quarter 2008	1 st quarter 2007	± in %
Sales	90.2	82.0	+ 10
EBIT	6.3	4.9	+ 30
Net income after minority interests	4.2	2.6	+ 62
Earnings per share in euros**	0.32	0.20	+ 62
Free cash flow	30.4	13.2	+ 130
Number of employees	985	966	+ 2

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

The consolidated financial statements as of December 31, 2007 and the interim consolidated financial statements for the first three months of 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).

Growth in Loewe sales

Loewe's sales of EUR 90.2 million in the first three months of 2008 exceeded the comparable figure for 2007 by EUR 8.2 million or 10%. Significant increases in LCD TVs and improvements in audio/DVD more than compensated for the declines resulting from the planned discontinuance of sales of plasma sets.

EBIT rises by 30% to EUR 6.3 million

In the first three months, earnings before interest and taxes (EBIT) increased by EUR 1.4 million to EUR 6.3 million, up from EUR 4.9 million a year earlier. The 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 7.0%, after 6.0% in the first quarter of 2007. At EUR 4.2 million, net income after minority interests in the first three months of 2008 was EUR 1.6 million higher than in the same period of 2007. Earnings per share came to EUR 0.32.

High positive free cash flow

In the first three months of 2008, Loewe AG generated EUR 30.4 million in free cash flow. In addition to the higher net income, the strong year-on-year increase resulted primarily from the greater reduction of working capital in the quarter under review.

Increased number of employees

Compared to a year ago, the average number of employees rose by 19 to 985 persons. The increase resulted primarily from the inclusion of the new subsidiary Loewe UK Ltd., which was not established until the second quarter of 2007, and targeted recruitments in development and marketing.

Market growth continues at dynamic rate

In the first three months of 2008, the European market for consumer electronics grew by 1%* year-on-year. Television, the most important segment by far, continued its dynamic growth and gained 6%. The increase was due in particular to the robust growth in the market for LCD TVs. In the first three months of 2008, sales of LCD televisions in Europe increased by an additional 19% 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. The percentage of flat-panel sets in TV sales increased to more than 97% in the first three months of 2008 from approximately 92% a year earlier.

Prices for LCD sets within the screen size categories continued to decline. In the important 32 and 37 inch segments, prices were approximately 23% lower. On a year-on-year comparison, the 25% reduction in prices for 42 inch LCD sets, which are in direct competition with similar sized plasma TVs, has also been steep.

Prices for HD plasma TVs also continued to decline and prices were 22% lower than in 2007 for units with 42 inch screen diagonals. In the 50 inch segment, prices dropped by as much as 32% in the period under review.

Except for the United Kingdom, the market for TV sets grew in all major countries in Europe in the first three months of 2008. The strongest growth was recorded in Germany, Loewe's most important market (+21%), Switzerland (+13%), Austria (+12%) and France (+8%).

At 3.8%, Loewe's market share in terms of value across all technologies among European retailers in the first three months of 2008 was 0.7 percentage points above the 2007 figure. In LCD TV, the market share of the high-quality Loewe products increased significantly to 4.4% during the period under review, up from 3.8% a year earlier. Loewe's growth has thus exceeded the growth of the market overall. In Germany, Loewe's most important market, the Company's market share for LCD TV at 10.8% was only slightly lower than the high level of Q1 2007.

* Source of market data: GfK

Loewe sales grow by 10 %

In the first quarter, the Group increased its sales by EUR 8.2 million to EUR 90.2 million. Contributing factors were a significant 11 % increase in TV sets and a 23 % rise in audio/DVD.

Sales structure by product area

EUR million	1 st quarter 2008	1 st quarter 2007	± in %
Flat screen	77.6	70.2	+ 11
– LCD	77.6	67.1	+ 16
– Plasma	0.0	3.1	– 100
Total Loewe televisions	77.6	70.2	+ 11
Audio/DVD	5.4	4.4	+ 23
Other	7.2	7.4	– 3
Total sales	90.2	82.0	+ 10

Along with the concentration on LCD technology, the plasma TV business was stepped back in the previous year as planned. For that reason, only LCD televisions are being produced and sold in the current year.

Sales of LCD TVs in the first three months of 2008 were 16 % higher than in same period of 2007. With a gain of 44 %, the greatest improvements were in the sales of large-screen LCD sets (37 inches and larger). The percentage of these TV sets in overall sales of LCD televisions again increased robustly from 45 % to 55 % year-on-year in the first three months of 2008. The new product family Connect has seen particularly successful development in the 37 inch screen size segment. In addition, the upmarket and attractive sets of the Individual product family contributed significantly to the higher sales compared to the previous year. In the 2008 fiscal year, Loewe 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 been nearly stable.

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. Sales rose year-on-year by 23 % to EUR 5.4 million.

The high level of the previous year was again achieved in other sales (Technical Support and accessories as well as the supply of electronic components).

In Germany, sales in the period under review of EUR 47.1 million were 13 % higher than in the first three months of 2007; the export sales of EUR 43.1 million reflected an increase of 7 %. The business development in the Benelux countries and Switzerland was particularly pleasing.

Operating income 30 % higher – significant improvement of the EBIT margin

At EUR 6.3 million, earnings before interest and taxes (EBIT) increased significantly in the first three months of 2008, exceeding the 2007 figure by EUR 1.4 million or 30%. The EBIT margin improved significantly by one percentage point to 7.0%.

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 been nearly stable. Only in the lower price segments were moderate price adjustments implemented as compared to the same period of the previous year. Increasing the share of large-screen TV sets and the strong sales in Germany also supported the positive earnings trend. More favorable procurement costs due to the weakness of the U.S. dollar also had a positive impact, making it possible to significantly increase the gross margin in the first three months of 2008 to 27.6% compared to 25.8% in Q1 2007.

Selling expenses increased year-on-year by EUR 2.3 million to EUR 16.2 million. Increased efforts at further expanding the brand position, which were associated with higher expenses for communications and the expansion of the points of sale, primarily contributed to this rise. As a percentage of sales, selling expenses came to 17.9%.

The administrative expenses increased by EUR 0.4 million year-on-year. As a percentage of sales, they came to 3.0%. The other operating income in Q1 2008 was EUR 0.3 million after a loss of EUR 0.1 million in Q1 2007.

The reduced use of borrowing and more favorable refinancing conditions in the period under review made it possible to improve net interest expense by EUR 0.3 million to EUR 0.3 million. See page 19 of the Notes for a comprehensive description of the financing situation.

Capital expenditure

Capital expenditure/depreciation and amortization

EUR million	1 st quarter 2008		1 st quarter 2007	
	Capital expenditure	Depreciation/ amortization	Capital expenditure	Depreciation/ amortization
Intangible assets	1.6	1.7	1.6	2.0
Property, plant and equipment	2.5	2.7	2.6	1.9
Total	4.1	4.4	4.2	3.9

At EUR 4.1 million, capital expenditure in the first quarter of 2008 was EUR 0.1 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	March 31, 2008	Dec. 31, 2007	March 31, 2007
Inventories	53.0	52.3	54.7
Trade accounts receivable and other assets	67.0	101.0	68.6
Other provisions	- 42.4	- 45.7	- 42.7
Trade accounts payable and other liabilities	- 32.2	- 37.8	- 34.1
Total	45.4	69.8	46.5

Net current assets decreased by EUR 1.1 million compared to March 31, 2007, primarily due to the seasonally lower trade accounts receivable and reduced inventories. The lower trade accounts payable compensated for this effect to some extent.

Development and production

Through the introduction of 100 Hz technology for full HD sets (1920 x 1080 pixels), Loewe once again decisively improved the picture quality of its upscale LCD TVs in the first three months of 2008. A frame rate converter doubles the frame repetition rate from the conventional 50 Hz to 100 Hz and automatically calculates additional interim images. It produces razor-sharp images even when the camera is panned rapidly.

The Connect 37 Media Full-HD+, which went into series production already in December 2007, was successfully launched on the market and production of the Connect 42 Full-HD+ was started as another set of this family. The Connect TVs can be individually equipped with an additional "Mediaplayer" module that makes it possible to integrate them into a home network – even wirelessly if desired. Music, photos and videos stored on the home PC can be easily transferred to the television set and played back.

In addition to adaptations to the new frame rate converter, additional work in software development was necessary for the requirements of the various European markets. For the UK market, approval was granted for the "Digital Tick" logo that provides us support for the successful marketing of sets. Also, a great amount of progress has already been made on the software work for the Freeview logo – a seal of quality for MHEG5 reception in the United Kingdom.

The development work on the new Assist MULTI-CONTROL remote control was successfully completed and the product was launched on the market. The Assist MULTI-CONTROL is equipped with a database in which the remote control commands for all Loewe sets are stored. In addition, commands for sets from other leading manufacturers can be downloaded from the Internet. In so doing, Loewe has taken a decisive step toward implementing its vision of "a remote control for all devices in the home."

In audio, a new multi-room solution was defined and the development work required for it was initiated. At the same time, work was started on an additional speaker line.

Advance development is continuing work on the subsidized research projects according to plan. These projects are primarily focused on novel software systems, an intelligent on-screen menu and integration of the television set into a home network. The SPLICE research project was successfully concluded. In SPLICE, a new software architecture was designed for multimedia television sets which, among other things, allows the software based on this architecture to be tested automatically.

In production, the planning phase for a new final assembly line was completed and scaled up for the implementation phase. This production line, designed according to the most advanced state of technology, will make it possible to efficiently produce large-screen LCD TVs with screen diagonals up to 65 inches, starting in the fourth quarter of 2008. This system has a modular design so that future growth can be properly taken into account.

Marketing and sales

The premium brand strategy is the most important impetus for our international growth. We are stepping up the presentation of the Loewe brand in flagship stores in international urban centers. One highlight of the first quarter of 2008 was the opening of a two-story gallery in Paris. In the busy "Avenue des Ternes," the new, representative Loewe point of sale impressively creates a fascinating world of brand experience. Loewe has thus succeeded in taking another step forward in building up its international premium brand leadership.

For Loewe, extremely effective and brand-adequate sales support is one of the most important prerequisites for successful product launches. Under the motto "The best gift does not arrive until January," Loewe started a large-format ad campaign that was placed in high-circulation daily newspapers in advance of and concurrent with the market launch of the new product family Loewe Connect. The culmination was the so-called "Loewe Connect Day" at the point of sale. More than 100 selected dealers held events in their businesses all over Germany on January 24, 2008 and the customer response was extraordinary. As many as 400 guests attending each event experienced the unique versatility of functions of the new Loewe Connect. For the large-scale, integrated market launch campaign, the magazine "markt intern" awarded Loewe the "Golden Ad 2008." This award underscores once again Loewe's strong and successful retail orientation.

In addition to the market launch of the new Connect product family, the spring trade shows of our important purchasing cooperations were an additional highlight where the Loewe brand was again very successfully positioned on the premium level. In addition to new products and our communication activities as well as planned retail activities for the current year, the most important theme was the positioning of the Loewe brand as the international premium brand.

Its unique product line enables Loewe to beat its competitors again and again. Impressive proof of this are the convincing test wins for the Xelos A 32 HD+ (1/2008), the Connect 37 Media Full-HD+ DR+ (2/2008) and the Individual 52 Compose that were awarded by the magazine "video" in the first quarter of 2008. Furthermore, Loewe was a test winner in the magazine "TV Movie Multimedia" with the Xelos A 42 HD+ and in the magazine "Chip" with the Individual 40 Selection.

In addition, three Loewe products received the coveted "iF Gold Award 2008" at the same time: The well-known international jury had particular praise for the outstanding design of the television sets Connect 37, Individual 40 Compose with Sound Projector and Individual 52 Compose on Centerspeaker Floorstand. The Loewe DVD player BluTech Vision, the DVD recorder with the ViewVision hard disk, the wireless rear speaker system and the Assist 1 remote control also received an "iF product design award 2008."

Moreover, Loewe received the highest award of the German marketing industry – the Marken-Award 2008 in the category "best market relaunch." The jury of experts based its decision on the excellent implementation of the premium brand strategy and the successful turnaround. The German Marken-Award documents once more the lasting success of the premium positioning of the Loewe brand in Europe.

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. In 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) contents with considerably improved picture quality. For many years, Loewe had enjoyed a strong premium position in the picture-tube market, and it is confident that it has a good opportunity to achieve a comparable position in the more mature market for flat-panel 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. It is therefore necessary to realize technological differentiation potentials in addition to the attractive design of the products. 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. There were no significant changes from the previous year in the first three months of 2008.

Outlook for the fiscal year 2008

Due to the sustained high demand for large-screen flat-panel TVs, major sporting events such as the UEFA Euro 2008 in Austria and Switzerland, new digital products and the increased brand awareness of consumers, the European home cinema TV market will continue to show positive development in 2008. From a seasonal perspective, growth at Loewe will be stronger in the first half of 2008. In order to systematically realize Loewe's premium positioning and the associated improvement of the margin, we will stand by our successful strategy of value-based marketing of our individual products. For 2008 as a whole, Loewe anticipates that sales will grow by 7% to approximately EUR 400 million and EBIT will improve by 14% to approximately EUR 24 million.

Kronach, April 25, 2008

The Executive Board



Dr. Rainer Hecker



Frieder C. Löhner



Gerhard Schaas



Oliver Seidl

Consolidated Income Statement

	January – March 2008		January – March 2007	
	EUR million	%	EUR million	%
Sales	90.2	100.0	82.0	100.0
Cost of sales	– 65.3	– 72.4	– 60.8	– 74.2
Gross margin	24.9	27.6	21.2	25.8
Selling expenses	– 16.2	– 17.9	– 13.9	– 16.9
General administrative expenses	– 2.7	– 3.0	– 2.3	– 2.8
Other operating income	0.3	0.3	– 0.1	– 0.1
EBIT	6.3	7.0	4.9	6.0
Interest and similar income	0.2	0.2	0.1	0.1
Interest and similar expenses	– 0.5	– 0.5	– 0.7	– 0.8
Profit from ordinary activities (EBT)	6.0	6.7	4.3	5.3
Income tax expense	– 1.8	– 2.0	– 1.6	– 2.0
Net income before minority interests	4.2	4.7	2.7	3.3
Minority interests	0.0	0.0	– 0.1	– 0.1
Net income	4.2	4.7	2.6	3.2

Earnings per share of the continuing division	0.32		0.20	
Number of shares issued as of March 31	13,009,229		13,009,229	

Consolidated Balance Sheet

EUR million	March 31, 2008	Dec. 31, 2007	March 31, 2007
Assets			
Non-current assets			
Intangible assets	5.9	6.0	5.4
Property, plant and equipment	39.4	39.6	36.6
Financial assets	0.8	0.8	0.7
Other non-current receivables	0.7	0.7	1.0
Deferred tax assets	15.6	16.4	23.3
Total non-current assets	62.4	63.5	67.0
Current assets			
Inventories	53.0	52.3	54.7
Trade accounts receivable	65.1	98.1	67.6
Other current receivables	2.7	2.6	1.7
Cash and cash equivalents	32.1	3.9	15.1
Total current assets	152.9	156.9	139.1
Total assets	215.3	220.4	206.1
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	12.2	8.0	7.0
	75.8	71.6	67.0
Minority interests	1.1	1.1	1.8
	76.9	72.7	68.8
Non-current liabilities			
Provisions for pensions and similar obligations	39.4	39.4	37.8
Other provisions	15.1	15.2	13.0
Financial liabilities	3.1	3.3	4.2
Total non-current liabilities	57.6	57.9	55.0
Current liabilities			
Tax provisions	5.1	4.1	4.0
Other provisions	42.4	45.7	43.0
Financial liabilities	1.2	2.2	1.2
Trade accounts payable	26.6	29.9	29.7
Other liabilities	5.5	7.9	4.4
Total current liabilities	80.8	89.8	82.3
Total liabilities and shareholders' equity	215.3	220.4	206.1

Consolidated Cash Flow Statement

EUR million	January – March 2008	January – March 2007
Operating activities		
EBIT	6.3	4.9
Interest paid	- 0.1	- 0.1
Interest payments received	0.2	0.1
Depreciation and amortization of non-current assets	4.4	3.9
Other non-cash items	- 0.3	- 0.6
Decrease (-) of non-current provisions	- 0.1	- 0.1
Decrease (-) in pension provisions	0.0	- 0.1
Income taxes paid	- 0.3	- 1.1
Cash flow before changes in net current assets	10.1	6.9
Change in net current assets		
Increase (-)/decrease (+) in inventories	- 0.7	5.2
Decrease (+) in trade accounts receivable and other assets	34.0	14.5
Decrease (-) in other provisions	- 3.3	- 2.9
Decrease (-) in trade accounts payable and other liabilities	- 5.6	- 6.3
Change in net current assets	24.4	10.5
Net cash from operating activities	34.5	17.4
Investing activities		
Payments for purchases of intangible assets and property, plant and equipment	- 4.1	- 4.2
Net cash from investing activities	- 4.1	- 4.2
Free cash flow, total	30.4	13.2
Financing activities		
Repayment (-) of loans	- 0.2	0.0
Net cash from financing activities	- 0.2	0.0
Cash-effective change in liquidity	30.2	13.2

Composition of liquidity	March 31, 2008	Dec. 31, 2007	± in %
Cash and cash equivalents	32.1	3.9	28.2
Short-term bank loans	- 0.2	- 1.3	1.1
Use of factoring	0.0	- 0.9	0.9
Liquidity	31.9	1.7	30.2

About Loewe

The Loewe Group develops, produces and distributes electronic, electrotechnical and mechanical products and systems of every type as well as parts of the same, in particular in the field of consumer electronics and communications technology (home media systems). The Company's main products are TV sets and home cinema solutions.

The parent company is recorded under the name of Loewe AG in the Commercial Register (HRB 3004) of the Local Court Coburg, Germany. The Company's registered offices are located at Industriestrasse 11, 96317 Kronach, Germany.

Basis of presentation

The interim report of Loewe AG for the first three months of 2008 includes interim consolidated financial statements and an interim group management report. The consolidated interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Financial Reporting Standards Board (IASB) and their interpretations as adopted by the European Union (EU) and in accordance with the provisions of the German Securities Trading Act (WpHG) applicable to interim group management reports. These quarterly 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 group management 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 adjustments necessary for a true and fair view of the financial position and financial performance of the first three months. The current income tax expense was recognized based on the currently valid tax rate, which is expected for the fiscal year as a whole.

The quarterly financial statements have been prepared in euros. The figures in the balance sheet, the income statement, the notes and the cash flow statement have been rounded to millions of euros (EUR millions).

Scope of consolidation

The existing scope of consolidation has not changed in relation to the consolidated financial statements as of December 31, 2007. The newly established subsidiary Loewe UK Ltd. has been added since March 31, 2007.

All subsidiaries included in the scope of consolidation were fully consolidated. The currency translation in the balance sheet was based on the reference rate of the European Central Bank (ECB) as of March 31, 2008 and in the income statement, it was based on the average rate of the first three months of 2008.

Except for Loewe UK Ltd. all companies included in the scope of consolidation are in the euro zone.

Financial position

EUR million	March 31, 2008	Dec. 31, 2007	March 31, 2007
Non-current assets	62.4	63.5	67.0
Current assets	152.9	156.9	139.1
Total assets	215.3	220.4	206.1
Equity including minority interests	76.9	72.7	68.8
Non-current liabilities	57.6	57.9	55.0
Current liabilities	80.8	89.8	82.3
Total liabilities and shareholders' equity	215.3	220.4	206.1

The reduction in non-current assets compared to the first three months of 2007 primarily resulted from the recognition of the lower corporation and municipal trade tax rates adopted in the German business tax reform of 2008 and the associated reduction in deferred tax assets.

The changes in current assets compared to year-end 2007 resulted primarily from the cash receipts from the seasonally high sales of Q4 2007 and the associated reduction in trade accounts receivable (EUR –33.0 million) and increase in cash and cash equivalents (EUR +28.2 million). The change of EUR 13.8 million in relation to the previous year's reporting date of March 31, 2007 resulted exclusively from the EUR 17.0 million increase in cash and cash equivalents with a simultaneous slight decrease in inventories and trade accounts receivable.

Changes in the Group's equity were as follows:

EUR million	Subscribed capital	Capital reserve	Retained earnings	Accumulated profit	Equity attributable to equity holders of the parent	Minority interests	Total equity
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 2007				7.2	7.2	0.2	7.4
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
Net income, 1 st quarter 2008				4.2	4.2		4.2
Balance as of March 31, 2008	13.0	47.0	3.6	12.2	75.8	1.1	76.9

The net income in the first quarter of 2008 improved shareholders' equity by EUR 4.2 million. Compared to year-end 2007, the equity-to-assets ratio increased from 33.0% to 35.7%.

In the first quarter of 2008, the basic earnings per share were EUR 0.32. The number of shares is unchanged from 2007 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.

A dividend payment of EUR 0.27 per share will be proposed to the Annual Shareholders' Meeting on June 9, 2008. A distribution of EUR 3.5 million is planned.

Compared to year-end 2007, the non-current liabilities are almost unchanged. Current liabilities declined by EUR 9.0 million which is primarily due to the payment of the 2007 annual bonuses to the sales partners and the reduction in trade accounts payable and other liabilities. Current liabilities are almost unchanged from the first quarter of 2007.

Cash flow and financing

Cash flow

EUR million	January – March 2008	January – March 2007
Net cash from operating activities	34.5	17.4
Investing activities	– 4.1	– 4.2
Free cash flow	30.4	13.2
Net cash from financing activities	– 0.2	0.0
Cash-effective change in liquidity	30.2	13.2

Loewe generated significantly higher positive free cash flow compared to a year earlier. This is primarily due to the higher EBIT and the significant reduction of net current assets, in particular the seasonally-related reduction of receivables. Liquidity was consequently higher by EUR 30.2 million than at year-end 2007.

Financing

EUR million	March 31, 2008	Dec. 31, 2007	March 31, 2007
Cash and cash equivalents	32.1	3.9	15.1
Long-term liabilities to banks	- 3.1	- 3.3	- 4.2
Short-term liabilities to banks	- 1.2	- 2.2	- 1.2
Subtotal	27.8	- 1.6	9.7
Factoring	0.0	- 0.9	0.0

As of March 31, 2008, cash and cash equivalents exceeded short-term and long-term liabilities to banks by EUR 27.8 million.

In the first three months of 2008, no use was made of 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 positions of the income statement as of March 31, 2008 are explained in the group management report.

Contingent liabilities

The contingencies and other financial obligations have not changed substantially as compared to 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

Compared to year-end 2007, the average number of employees has declined slightly from 997 to 985 persons. The production workforce has declined slightly. On the other hand, individual recruitments were necessary in development and marketing. The increase by 19 employees compared to March 31, 2007 is primarily attributable to the first-time consolidation of the company Loewe UK Ltd. and specific recruitments in development and marketing.

Shares held by the Executive Board and Supervisory Board on March 31, 2008

As of March 31, 2008, the Executive Board held 625,218 (December 31, 2007: 622,718) shares in Loewe AG. Members of the Supervisory Board held no Loewe shares.

Events after the balance sheet date of March 31, 2008

As has already been explained in the 2007 annual report, Dr. Rainer Hecker, Member and Chairman of the Executive Board of Loewe AG, will resign voluntarily from the Executive Board of Loewe AG after 25 years of service. He will resign from his position as Chairman of the Executive Board as of the conclusion of this year's annual Shareholders' Meeting on June 9, 2008. The Supervisory Board appointed Frieder C. Löhner, Engineer, as the new member of the Executive Board and designated chairman. Since April 1, 2008, he has been responsible for marketing and sales at Loewe and will take over the chairmanship of the Executive Board as of the conclusion of this year's annual Shareholders' Meeting on June 9, 2008.

Kronach, April 25, 2008

The Executive Board



Dr. Rainer Hecker



Frieder C. Löhner



Gerhard Schaas



Oliver Seidl

Contacts

Loewe AG
Industriestrasse 11
96317 Kronach
Germany

PO Box 1554
96305 Kronach
Germany

Investor Relations: +49 (0) 9261/99-984
Email: ir@loewe.de
Telefax: +49 (0) 9261/99-994

Public Relations: +49 (0) 9261/99-477
Email: presse@loewe.de

Customer Care Center: +49 (0) 1801/22256393
Email: ccc@loewe.de

Telephone switchboard: +49 (0) 9261/99-0
Internet: www.loewe.de

Ticker symbol: LOE
WKN: 649410
ISIN: DE 0006494107

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

Loewe AG
Industriestrasse 11
96317 Kronach
Germany
www.loewe.de

Loewe Stock:
Ticker symbol: LOE
ISIN Code: DE 0006494107

Phone: +49 (0) 92 61/99-984
Email: ir@loewe.de

LOEWE.