

# First Nine Months of Fiscal 2010

## Interim Report

- Sales down by 3% to EUR 213.9 million
- Significantly lower gross margin due to higher procurement costs and targeted price adjustments
- Lower gross profit leads to an EBIT loss of EUR 9.1 million
- "Fast Forward" restructuring and future strategy program will have initial positive impact on income in the fourth quarter of 2010
- Product offensive will be intensified for the winter shopping season



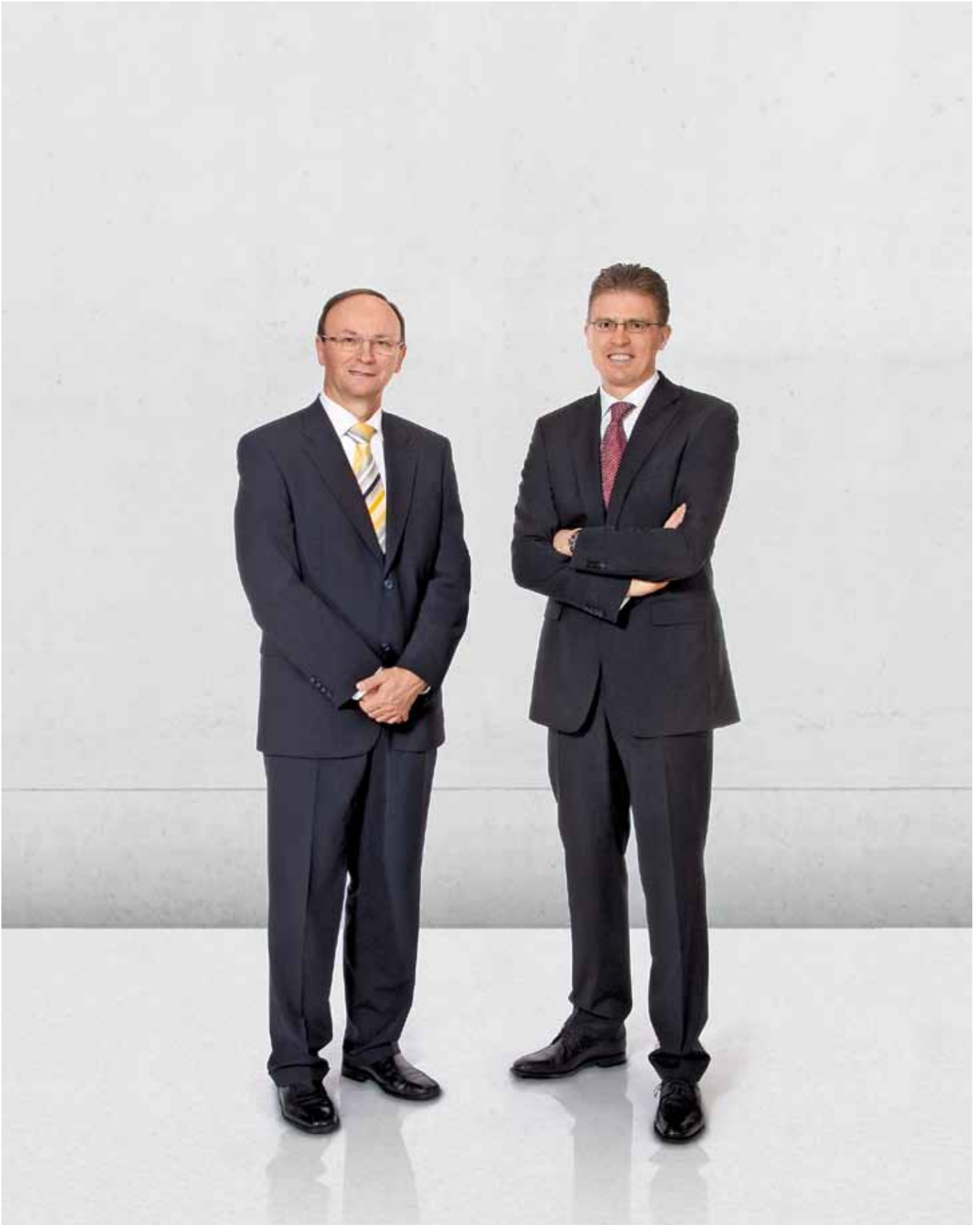
**LOEWE.**



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**Gerhard Schaas**  
Engineer, Chief Technology Officer

**Oliver Seidl**  
Graduate in business administration,  
Chief Executive Officer

## Dear Shareholders,

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I would like to introduce myself to you briefly as the new Chief Executive Officer of the Loewe Group: My name is Oliver Seidl, I am 47 years old and I am married. Since 2006 I have been responsible for Finance, Controlling, Human Resources, IT, Internal Audit and Investor Relations as a member of the Executive Board. As you know, Loewe unfortunately did not achieve everything that we had planned for in the last few months. In particular the business surrounding the FIFA World Cup in South Africa fell short of our expectations, primarily due to the delayed market launch of our new Individual TV family. Purchases in advance of the FIFA World Cup additionally burdened the market during the traditionally weaker summer months of July and August. These factors contributed to our loss in the third quarter of 2010.

We have reacted very early to the changed market and framework conditions. Already in June we launched the "Fast Forward" restructuring and future strategy program with the objective of taking greater advantage of Loewe's special strengths of being able to respond rapidly, flexibly and with an innovative competitive edge. However, before going into greater detail about the current status quo and the specific progress of "Fast Forward," I would like to inform you about the current development of business.

At EUR 66.5 million, Loewe Group sales in the third quarter of 2010 were 13% lower than the 2009 figure of EUR 76.6 million. In the first nine months of 2010, Group sales declined moderately by 3% from EUR 220.4 million in the first nine months of 2009 to EUR 213.9 million. While sales in Germany at EUR 124.5 million in the first nine months of 2010 were 7% lower than in 2009, export sales grew by 3% to EUR 89.4 million. The lower sales volume, necessary price adjustments in the entry level TV segment as well as higher procurement costs (especially for the highly in demand LCD panels) caused Loewe to post negative EBIT of EUR 5.0 million in the third quarter of 2010 after positive EBIT of EUR 3.2 million in the same period in 2009. EBIT amounted to a loss of EUR 9.1 million in the first nine months of 2010, down from positive EBIT of EUR 4.6 million in the comparable period of the previous year.

How exactly are we responding to our Company's current situation? By exercising strict cost discipline across all divisions, we will implement our "Fast Forward" restructuring and future strategy program to significantly increase the entire Company's efficiency. We will need to take structural and organizational measures to establish the conditions for making it possible for Loewe to achieve profitable growth again. We have taken sound steps in this direction by systematically developing defined individual measures in recent weeks. In purchasing panels, we achieved specific successful outcomes through our "Supplier Contribution" program with Loewe's key global suppliers. Savings to be recognized in income in the fourth quarter of 2010 will total approximately EUR 4 million.

The announced stepping up of the LED product offensive was continued as planned in the third quarter of 2010 with the launch of the appealing Individual 55 Compose and Individual 32 Selection and Compose TV sets. We were able to launch the new Connect 26 LED even earlier than planned. During the fourth quarter of 2010, we will put four more new TVs from the Art and Connect product families on the market with the state-of-the-art LED backlighting.

In connection with the restructuring of the central divisions of development, marketing and sales, we focused on implementing measures for organizational and process optimization. We have strengthened the areas of competence of the project managers across divisions with the objective of further increasing the organization's effectiveness, creating additional customer benefit and reducing time to market for new products.

Despite the necessary elimination of TV sets with standard backlighting from the current product line, Loewe expects that the successful conclusion of the International Consumer Electronics Fair in Berlin, extensive restructuring measures and the nearly completed conversion of the current product portfolio to TVs with LED backlighting will result in a good winter shopping season with positive contributions to income. The Company therefore expects that sales will continue to grow moderately in fiscal year 2010 which is an ambitious goal from the present perspective. Even with positive contributions to income in the fourth quarter, it is impossible to rule out negative EBIT for 2010 as a whole. However, the Company's sound capital structure and financing agreements concluded for several years make it well positioned for the future.

In recent years, Loewe has built up a strong brand position in the premium segment in Europe. Our current product offensive will further sharpen Loewe's profile as a system supplier for individual home entertainment solutions in the networked home. The continued high replacement demand, the increasing ownership of more than one LCD TV in Europe and new technologies like 3D television and the merging of TV and the Internet offer Loewe growth opportunities that will last beyond the current fiscal year. Loewe will continue in the future to systematically pursue the course of combining exceptional product design with the most advanced and developed technology. We hope that you will continue with us on this path.

Sincerely yours,



**Oliver Seidl**

Chief Executive Officer of Loewe AG

First Nine Months of Fiscal 2010  
Interim Group Management Report

# First Nine Months of Fiscal 2010 Interim Group Management Report

## The Loewe Group\* at a glance:

EUR million						
	3 <sup>rd</sup> quarter 2010	3 <sup>rd</sup> quarter 2009	± in %	Q1–3 2010	Q1–3 2009	± in %
Sales	66.5	76.6	–13	213.9	220.4	–3
EBIT	–5.0	3.2		–9.1	4.6	
Net income for the period	–4.1	2.0		–7.9	2.3	
Earnings per share in euros**	–0.31	0.15		–0.60	0.17	
Free cash flow	–8.4	3.1		–8.4	18.1	
Number of employees (average)	1,085	1,049	+3	1,055	1,033	+2

\* Percentage amounts are based on the unrounded quarterly figures.  
\*\* Relating to a total of 13.009.229 shares (previous year: 13.009.229 shares).

### Loewe sales fall short of previous year

In the first nine months of 2010, Loewe Group sales were lower than in the same period of 2009. At EUR 213.9 million, sales fell short of the comparable figure for 2009 by EUR 6.5 million or 3%. In the months of July to September, sales of EUR 66.5 million were down by 13% from the same quarter of the previous year.

### Price pressure in the procurement markets results in negative EBIT

Loewe posted negative EBIT of EUR 5.0 million in the third quarter of 2010 after positive EBIT of EUR 3.2 million in the same period in 2009. EBIT amounted to a loss of EUR 9.1 million in the first nine months of 2010, down from positive EBIT of EUR 4.6 million in the comparable period of the previous year. Necessary price adjustments in the entry level TV segment and higher procurement costs (especially for the highly in demand LCD panels) enabled Loewe to achieve a gross margin of 22.4% in the first nine months of 2010. This figure was 6.0 percentage points below the level of 28.4% in the comparable period of the previous year. Loewe AG reported a net loss after minority interests of EUR 7.9 million in the first nine months of 2010, after posting net income of EUR 2.3 million in the first nine months of 2009.

### Free cash flow

In the first nine months of fiscal 2010, Loewe AG generated negative free cash flow of EUR 8.4 million compared to a positive figure of EUR 18.1 million in the same period of 2009. The decrease resulted primarily from the lower earnings and the increase in working capital. Despite this development, Loewe has liquidity of EUR 23.1 million.

## Number of employees as of September 30, 2010

Compared to the first three quarters of 2009, the average number of employees increased from 1,033 to 1,055 persons. The first-time consolidation of MacroSystem Digital Video AG contributed to the increase. Adjusted for this effect, the number of employees was slightly lower than in the same period of 2009.

## Positive growth rates continue in the LCD TV market

In the first eight months of 2010, the European market for consumer electronics grew by 5%<sup>1</sup> in terms of value year on year. TVs continue to be the most important market segment for Loewe. The FIFA World Cup was instrumental in the growth in unit sales (+16%) and revenue (+8%) in the first nine months of 2010. Flat panel display sets now dominate the entire European TV market.

The market for LCD TVs is strong, and growth rates remain positive. In the first nine months of 2010, sales of LCD televisions in Europe grew by 9% year on year.

All of the key European countries exhibited a positive sales trend in terms of value in the market for LCD TVs in the first nine months of 2010. Growth in sales was particularly robust in Italy (+23%) and in Spain (+14%). Analog terrestrial signal transmission is about to be discontinued in both countries. Sales also grew at an above-average rate in Switzerland (+20%) and Austria (+12%).

The average price per LCD TV set in Europe declined by 6% to EUR 507 in the first three quarters of 2010 as part of a downward trend. Prices for LCD sets are stabilizing within the screen size categories. This is related to the trend towards increasingly popular new technologies such as LCD TVs with LED backlighting, which are sold at somewhat higher prices than sets with standard panels. In the period under review, prices fell by 6% and 8% in the important 32 and 37 inch segments and by 11% in the 40 inch segment. Prices for plasma TVs in competition with LCD technology declined more sharply, with prices for units with 42 inch screen sizes down 15% from the first nine months of 2009 and for the 50 inch and larger segment down 20%.

In the LCD TV segment, the value-based market share of high-end Loewe products declined slightly to 3.9% during the period under review, down from 4.3% a year earlier. Loewe was unable to keep pace with the above-average market growth for LCD TVs in countries such as Italy and Spain. In Switzerland and Belgium, Loewe was able to increase its retail market share in terms of value in the first nine months of 2010 compared to the year before. In Germany, the retail market share by value at 9.1% fell short of the previous year's figure by 0.9 percentage points.

## Loewe sales fall short of previous year

In the first nine months of the fiscal year, the sales of the Loewe Group fell by EUR 6.5 million to EUR 213.9 million year-on-year. While sales of LCD TV sets declined by 10% to EUR 172.6 million, the audio/DVD product group increased its revenues by 52%. Other sales increased by 34% based on the successful business with accessories, Individual rack systems in particular, and placement solutions.

<sup>1</sup>Source of market data: GfK

A strategic positioning in the premium segment and an attractive and individual product portfolio have enabled Loewe to keep selling prices at an almost stable level in previous years. The average market prices for LCD TVs continued to trend downwards in the first nine months of 2010, although the price declines slowed significantly in the last few months. To create additional incentives to buy high-quality Loewe products, Loewe reduced prices in the first nine months of the current fiscal year, particularly in the entry level TV segment.

#### Sales structure by product area

EUR million

	3 <sup>rd</sup> quarter 2010	3 <sup>rd</sup> quarter 2009	± in %	Q1–3 2010	Q1–3 2009	± in %
Televisions	53.9	66.1	–18	172.6	191.7	–10
Audio/DVD	6.2	5.9	+5	23.6	15.5	+52
Other	6.4	4.6	+39	17.7	13.2	+34
<b>Total</b>	<b>66.5</b>	<b>76.6</b>	<b>–13</b>	<b>213.9</b>	<b>220.4</b>	<b>–3</b>

Sales of television sets declined by 10% in the first nine months of 2010 compared to the comparable period of the previous year to a total of EUR 172.6 million. LCD TVs in the larger screen size categories of 40 inches and above posted growth. The market launch of the new Individual product family with LED backlighting had an especially positive effect on sales. The 40 and 46 inch sizes came onto the market in late May, followed by the 32 and 55 inch sets in July and August. In the other screen size categories, sales were lower year on year. Sales of large-screen TV sets with screen sizes of 37 inches and larger increased further to 65% of total TV sales in the first nine months of 2010, up from 57% 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 Reference and Individual Mediacenter audio/video systems. Sales rose 52% year-on-year to EUR 23.6 million.

Other sales (accessories and technical support) significantly exceeded the previous year's level, due primarily to the attractive range of placement solutions.

At EUR 124.5 million, sales in Germany were 7% lower in the period under review than in the first nine months of 2009; export sales increased by 3% to EUR 89.4 million.

#### EBIT loss due to higher procurement costs for LCD panels and price adjustments

The decreased sales and production volume caused Loewe to post negative EBIT of EUR 5.0 million in the third quarter of 2010 after positive EBIT of EUR 3.2 million in the same period in 2009. EBIT amounted to a loss of EUR 9.1 million in the first nine months of 2010, down from positive EBIT of EUR 4.6 million in the comparable period of the previous year.

Necessary price adjustments in the entry level TV segment and higher procurement costs (especially for the highly in demand LCD panels) resulted in a gross margin of 22.4% in the first nine months of 2010. This figure was 6.0 percentage points below the level of 28.4% in the comparable period of the previous year. Nonetheless, the generally value-based marketing and a good product mix have been instrumental in safeguarding the gross margin.

Selling expenses came to EUR 49.6 million in the first three quarters and were thus EUR 2.0 million lower than in 2009. Especially in light of the consolidation in the consumer electronics market, it is critically important for Loewe to persist in its efforts to systematically enhance the brand's premium character and increase the Company's international orientation. Activities aimed at expanding the brand position essentially continued at the same level as in the prior year and generated expenses associated with communications and the expansions at the points of sale. As a percentage of sales, selling expenses came to 23.2%, down from 23.4% in the first nine months of 2009.

At EUR 7.0 million, administrative expenses were roughly at the level of the previous year. As a percentage of sales, they amounted to 3.3%. The other operating result in the first nine months of 2010 was negative at EUR –0.4 million, down from a positive result of EUR 0.4 million a year before.

At EUR –1.5 million, the interest result declined by EUR 0.4 million year on year due to lower interest income from cash deposits and a generally reduced availability of financial resources for investment. Freely available liquid funds are invested in overnight and term deposits at banks that are covered by the German Deposit Protection Fund.

## Capital expenditure

### Capital expenditure/depreciation and amortization

EUR million

	Q1–3 2010		Q1–3 2009	
	Capital expenditure	Depreciation/amortization	Capital expenditure	Depreciation/amortization
Intangible assets	5.4	5.8	5.7	5.1
Property, plant and equipment	8.1	9.8	7.7	9.0
Financial assets	0.8	0.0	0.2	0.0
<b>Total</b>	<b>14.3</b>	<b>15.6</b>	13.6	14.1

At EUR 14.3 million, capital expenditure in the first nine months of 2010 was EUR 0.7 million higher than a year earlier. Capital expenditure chiefly relates to retailer presentation systems, investment in tools and modernization in production, development costs subject to mandatory capitalization and the business acquisition of MacroSystem Digital Video AG. The increase primarily resulted from higher investment in tools for new LCD TVs with LED backlighting as well as associated peripheral devices. By year-end, Loewe will have converted a total of three product families to LED technology. In the future, MacroSystem Digital Video AG will primarily perform contract development in the software sector for Loewe. This acquisition strengthens Loewe's competence in multimedia software in particular.

## Net current assets

<b>Net current assets</b>			
EUR million			
	<b>Sep. 30, 2010</b>	Dec. 31, 2009	Sep. 30, 2009
Inventories	78.5	50.5	53.9
Trade accounts receivable and other assets *	60.6	86.8	65.4
Other provisions	-38.0	-46.5	-40.6
Trade accounts payable and other liabilities *	-46.0	-33.8	-38.7
<b>Total</b>	<b>55.1</b>	57.0	40.0

\* excluding income taxes and derivatives

Net current assets were EUR 15.1 million higher than on September 30, 2009, primarily due to an increase in factory inventories. As of the reporting date, the number of end-of-life inventories of panels and other components was increased due to the fact that manufacturers are discontinuing to supply them with the needed specifications. In addition, the change in billing terms from the previous year resulted in increased inventories with a simultaneous increase in trade accounts payable. Loewe deliberately purchased larger batches of LED panels, enabling it to achieve a significant purchase price reduction.

## Development and production

The new SL150 electronics platform was used in flat screen sets with LED backlighting for the first time in the third quarter of 2010. Among other things, this electronics platform offers an integrated network interface, making it possible to establish a connection between the home network and the Internet. As an option, the connection can also be established wirelessly via a WLAN module. The first sets to be equipped with this innovative electronic system were the Individual 32 Compose and the Individual 32 Selection.

In addition to the current product portfolio, Loewe offered information about current technology projects to visitors from the retail sector at Loewe's IFA exhibition stand. A Loewe system remote control with touch-screen attracted great interest. This remote control can be used not only to control Loewe TVs, it can also be used to display images and videos from the home network on the screen.

The television sets with an integrated Internet browser and the new Loewe MediaPortal attracted a great amount of attention. Via the MediaPortal, users can access selected Internet content very easily. It is of course also possible to navigate the Internet with no restrictions. The new media standard HbbTV (Hybrid Broadcast Broadband TV) was also demonstrated with the sets. Based on the new SL 150 chassis platform, these product features will gradually be carried over to all new products.

Loewe now offers a small-screen full-HD set in the form of the Connect 26 LED. The set plays high definition television in the optimum resolution of 1920 x 1080 pixels at a 200 Hz frame repetition rate. This set is of course also equipped with LED backlighting.

Loewe is also finding new approaches in the mechanical design of televisions. The new-tech concept makes it possible to implement the platform concept for internal supporting construction elements in television sets. This means the same mechanical components can be used for different screen sizes and product families without having to make compromises in set design. The concept will be launched in the fourth quarter of 2010 in the Loewe Art. The pilot series has already been produced successfully.

The Assist Wallmount, a version of remote control that can be mounted on or in the wall, was derived from the current Assist Media remote control. It represents a meaningful addition to the existing Loewe Audio Multiroom System.

Loewe is participating in the SEDICMA (Service Enabled Devices for Intelligent Connected Media Assistance) with a hybrid television set. This set analyzes measurement data and controls the devices networked with it. In addition to increased ease of use, SEDICMA is also aimed at significantly saving energy in the networked house. The project receives support from the German Federal Ministry of Economics and Technology.

## **Marketing and sales**

The highlight of the third quarter was Loewe's presence at IFA 2010 in Berlin. Under the motto, "Not everyone can measure up," Loewe presented its new products with spectacular displays. The Individual product line with the most advanced LED backlighting took center stage in the exhibition.

In the Individual, Loewe has continued to develop its formula for success to include color, forms, screen sizes, audio options, placement options, multimedia, room integration and technical features. With more than a million possibilities, no other home entertainment system opens up as much freedom of design and can be as consistently adapted to the living situation, tastes and expectations of every individual. With four screen size categories (32, 40, 46 and 55 inch), the Individual line of televisions is more than television. It is a unique product concept that offers a perfectly coordinated and design-oriented home cinema system in the premium class.

Another IFA highlight was the successor model of the Connect product line. Already three years ago, Loewe set a major trend for the entire consumer electronics industry with the successful Connect television line. Right from the outset, Connect exemplified the connectivity from which it takes its name – the simple networking of many multimedia applications. With the new Connect LED flat screen television in 32 and 40 inch, Loewe will take this line to a new level starting in the fourth quarter of 2010. The progressive Connect design has been systematically developed further and given a luxurious finishing touch with a high-quality contrast filter panel.

Like the new Loewe Individual and Connect models, the Loewe Art product line will also be equipped with a high-definition LCD panel with LED backlighting starting in the fourth quarter of 2010. The added benefit for Loewe customers is excellent contrast with low power consumption. Besides its appealing exterior, the new Art line offers fascinating functions and technical innovations with maximum ease of use.

In addition, Loewe presented a global innovation at IFA 2010: easy distribution of video throughout the house with Loewe DR+ Streaming. The central TV's hard disk recorder becomes a server from which content such as films can be distributed to sets in other rooms that do not even need to have an antenna connection. If desired, the transmission can also be wireless. A particularly attractive feature is the "Follow me" function that makes it possible to pause a television program at any time and then continue it on another television set with a delay.

Loewe also introduced the new Loewe MediaNet Portal to the fair visitors. The Loewe Web Portal now integrates even more online content in the modern home entertainment center. The Portal offers a selection of clearly arranged and editorially prepared Internet pages which are optimized for display on large flat screen TVs based on the CE-HTML standard. The selection is updated regularly, meticulously managed and will be available in ten languages in the future. The new function makes it possible to consume Internet content entirely independent of the PC in an uncomplicated and very convenient way. The Opera Internet browser makes Web surfing with the remote control as easy as child's play. New performance features allow access to content such as infotainment pages, stock market, weather and news information services, social media and just plain surfing. Both technologies will be available for the first Loewe TV sets starting in October.

The new Loewe MediaText was introduced as another innovation. Loewe is one of the first TV manufacturers to offer this latest generation of videotext based on the new HbbTV standard. Loewe MediaText now includes images, colors, interfaces and links and enables direct access to the media libraries of the various broadcasters.

Loewe's overall trade show appearance at IFA 2010 met with an outstanding response not only from the visitors to the show and the numerous media representatives from Germany and other countries, but also from national and international retailers. An exemplary Loewe shop was again used to demonstrate to the German and international retail partners how the brand should be presented by retailers in the future as a way to further sharpen Loewe's brand image.

## **Opportunities and risks of future development**

Loewe's primary opportunities relate to its successful positioning as a premium provider of flat-panel display sets and home entertainment systems with innovative speaker systems 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. Against this backdrop, technological innovations such as 3D televisions or television sets with LED backlighting and expanded Internet functionality will provide market growth by value. The dynamic growth engines will continue to be large-screen LCD TV sets, which are of particular importance for Loewe. The increasing distribution of HDTV content and the new HbbTV standard could intensify this trend even further.

A prerequisite for sustained business success is Loewe's ability to continue to successfully position a competitive product range in the premium segment and implement its price policy oriented to quality and stability of value. The market entry of new competitors and the opening of new business models in the TV segment has increased the competitive intensity in the home entertainment environment. Furthermore, mass manufacturers have in the meantime achieved considerable output and production quality. In the future, it will be even more necessary for Loewe to set itself apart from the competition through unique selling points and technological differentiating features in order to ensure the value-based marketing of individual home entertainment systems at stable prices. Product design and individualized design and equipment features will be a differentiating criterion to an increasing degree. In particular, the modular flexibility of Loewe products (HDD recording, DR+ streaming, connectivity, etc.) will provide customers individual and customized solutions. The Internet capability resulting from the innovative Loewe MediaPortal and a new dimension of videotext based on the HbbTV standard will generate added value. Loewe has reinforced its expertise in product-related multimedia software by obtaining the majority interest in the multimedia company MacroSystem. Among other things, this know-how will be of great significance as Internet and television applications increasingly converge.

Nonetheless, the risk exists that technical trends may not be recognized and implemented early enough. The establishment of strategic partnerships such as cooperative agreements with research institutions on subsidized projects and the constant observation of market trends make it possible to identify relevant technologies on time. Our focus is on the implementation of meaningful innovations and developed technologies with specific customer benefit. In the current year, Loewe will continue its product offensive by launching large-screen, high-definition LCD TVs with LED backlighting and will introduce the first 3D TV systems with appropriately equipped Blu-ray players in early 2011. The "Fast Forward" program was established for the restructuring of relevant business units. It will increase the speed and efficiency of the product development process up to the time of distribution. The implementation is proceeding according to plan.

Competitive procurement conditions and adequate availability of materials are of great significance, especially for higher priced LCD panels and components. Supply bottlenecks occur with increasing frequency in the startup phase of new technologies. Our lower purchasing volume compared with the competition makes it more difficult to achieve attractive purchasing conditions. Loewe attempts to exert a positive influence on the procurement conditions by bundling purchasing volumes and shared component concepts. Supported by a comprehensive supply chain management system, we minimize risks ranging from procurement to the shipment of our products to the end customer. To mitigate exchange rate risks, guidelines were established that guarantee a proportional hedge of the price risk and increase Loewe's long-term planning predictability.

We furthermore practice strict cost discipline. However, Loewe will continue to invest in strategically important areas such as the qualitative and quantitative expansion of distribution or strengthening the Company's technological competence.

With respect to the principal opportunities and risks associated with future development, please also refer to the 2009 Annual Report.

### **"Fast Forward" restructuring and future strategy program**

Loewe reacted early and systematically to the changed market and framework conditions. The "Fast Forward" restructuring and future strategy program was launched already in June 2010 with the objective of taking greater advantage of Loewe's special strengths of being able to respond rapidly, flexibly and with an innovative competitive edge.

A purchasing offensive will result in improvements in earnings in the short term. For the medium and long term, Loewe will use increased bundling of volume to key suppliers, the systematic use of platform concepts and improved utilization of potentials in Asian procurement markets to reduce cost of materials on a sustained basis. Furthermore, the central divisions of development and marketing and sales are currently being restructured to ensure more rapid availability of the products in the market and more effective marketing. Generally, increased cost discipline and a hiring freeze are priorities for Loewe across all divisions. All investments not having product, distribution or brand relevance will come under scrutiny.

As planned, the defined individual measures from the "Fast Forward" program continued to be systematically developed in the third quarter of 2010 and are already showing concrete results in the form of contributions to earnings for the current fiscal year 2010. In particular, the initiated short-term purchasing measures will have a positive impact on the earnings trend as soon as in the fourth quarter of 2010. We achieved specific successful outcomes in purchasing panels and through our "Supplier Contribution" program with Loewe's key global suppliers. Savings to be recognized in income in fiscal 2010 will total approximately EUR 4 million.

The LED product offensive was also stepped up as planned in the third quarter of 2010 with the launch of the appealing Individual 55 Compose and Individual 32 Selection and Compose TV sets. We were able to launch the new Connect 26 LED even earlier than planned. During the fourth quarter of 2010, we will put four more new TVs with state-of-the-art LED backlighting on the market. They are the Connect 32, the Connect 40 and the Art 32 and Art 40. Loewe will systematically continue its product offensive in fiscal year 2011.

In connection with the restructuring of the central divisions of development, marketing and sales, measures for organizational and process optimization were developed and implemented. For example, the areas of competence of the project managers were strengthened across divisions with the objective of further increasing the organization's effectiveness, creating additional customer benefit and reducing time to market for new products.

In addition to the measures aimed at restructuring operations, work is also being done on Loewe's future strategic alignment in the core business. The most important components for the Loewe business model have been defined and described. Derived from this, strategic measures are being developed and prioritized.

## Outlook

In recent years, Loewe has built up a strong brand position in the premium segment in Europe. The successful market launch of the Individual TV line and the Reference and Individual Mediacenter as well as the launch of four additional TVs with state-of-the-art LED backlighting in the fourth quarter of 2010 will further sharpen Loewe's profile as a system supplier for individual home entertainment solutions in the networked home. In addition to the continued high replacement demand and the increasing ownership of more than one LCD TV in Europe, new technologies like 3D television, the merging of TV and the Internet, and individual operating concepts offer Loewe growth opportunities that will last beyond the current fiscal year. Loewe will continue in the future to systematically pursue the course of combining exceptional product design with the most advanced and developed technology.

Despite the necessary elimination of TV sets with standard backlighting from the current product line, Loewe expects that the successful conclusion of the International Consumer Electronics Fair in Berlin, initial successful outcomes of restructuring and the nearly completed conversion of the current product portfolio to TVs with LED backlighting will result in a good winter shopping season with positive contributions to income. The Company therefore expects that sales will continue to grow moderately in fiscal year 2010 which is an ambitious goal from the present perspective. Even with positive contributions to income in the fourth quarter, it is impossible to rule out negative EBIT for 2010 as a whole. However, the Company's sound capital structure and financing agreements concluded for several years make it well positioned for the future.

Kronach, October 29, 2010

The Executive Board



**Oliver Seidl**



**Gerhard Schaas**

First Nine Months of Fiscal 2010  
Condensed Consolidated Interim Financial Statements

## Consolidated Income Statement

	July – Sep. 2010		July – Sep. 2009		Jan. – Sep. 2010		Jan. – Sep. 2009	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Sales	66.5	100.0	76.6	100.0	213.9	100.0	220.4	100.0
Cost of sales	-52.4	-78.8	-53.9	-70.4	-166.0	-77.6	-157.8	-71.6
<b>Gross margin</b>	<b>14.1</b>	<b>21.2</b>	<b>22.7</b>	<b>29.6</b>	<b>47.9</b>	<b>22.4</b>	<b>62.6</b>	<b>28.4</b>
Selling expenses	-16.7	-25.1	-17.7	-23.1	-49.6	-23.2	-51.6	-23.4
General and administrative expenses	-2.3	-3.4	-2.1	-2.7	-7.0	-3.3	-6.8	-3.1
Other operating income	-0.1	-0.2	0.3	0.4	-0.4	-0.2	0.4	0.2
<b>EBIT</b>	<b>-5.0</b>	<b>-7.5</b>	<b>3.2</b>	<b>4.2</b>	<b>-9.1</b>	<b>-4.3</b>	<b>4.6</b>	<b>2.1</b>
Interest income	0.1	0.1	0.3	0.4	0.4	0.2	1.0	0.4
Interest expenses	-0.6	-0.9	-0.8	-1.1	-1.9	-0.9	-2.1	-0.9
<b>Earnings before taxes</b>	<b>-5.5</b>	<b>-8.3</b>	<b>2.7</b>	<b>3.5</b>	<b>-10.6</b>	<b>-5.0</b>	<b>3.5</b>	<b>1.6</b>
Income taxes	1.4	2.1	-0.7	-0.9	2.7	1.3	-1.2	-0.6
<b>Profit after tax</b>	<b>-4.1</b>	<b>-6.2</b>	<b>2.0</b>	<b>2.6</b>	<b>-7.9</b>	<b>-3.7</b>	<b>2.3</b>	<b>1.0</b>
thereof:								
attributable to shareholders of Loewe AG	-4.0		1.9		-7.8		2.2	
attributable to minority interests	-0.1		0.1		-0.1		0.1	
	<b>-4.1</b>		<b>2.0</b>		<b>-7.9</b>		<b>2.3</b>	
Basic earnings per share (in EUR)	-0.31		0.15		-0.60		0.17	
Diluted earnings per share (in EUR)	-0.31		0.15		-0.60		0.17	

## Statement of comprehensive income

	July – Sep. 2010	July – Sep. 2009	Jan. – Sep. 2010	Jan. – Sep. 2009
	EUR million	EUR million	EUR million	EUR million
Profit after tax	-4.1	2.0	-7.9	2.3
Other comprehensive income				
Change in fair value of hedges	-7.4	-1.5	0.4	-5.1
Tax effects	2.1	0.4	-0.1	1.4
Gains and losses recognized directly in equity	-5.3	-1.1	0.3	-3.7
Comprehensive income	-9.4	0.9	-7.6	-1.4
thereof:				
attributable to shareholders of Loewe AG	-9.3	0.8	-7.5	-1.5
attributable to minority interests	-0.1	0.1	-0.1	0.1
	<b>-9.4</b>	<b>0.9</b>	<b>-7.6</b>	<b>-1.4</b>

## Consolidated Balance Sheet

EUR million

	Sep. 30, 2010	Dec. 31, 2009	Sep. 30, 2009
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	7.4	6.5	6.5
Property, plant and equipment	38.4	40.1	41.3
Financial assets	1.9	1.6	1.3
Income tax assets	0.3	0.3	0.3
Miscellaneous non-current financial assets	0.2	0.3	0.3
Deferred taxes	13.5	10.9	12.3
	<b>61.7</b>	<b>59.7</b>	<b>62.0</b>
<b>Current assets</b>			
Inventories	78.5	50.5	53.9
Trade accounts receivable	59.3	85.3	63.5
Income tax assets	0.6	0.4	1.1
Miscellaneous current financial assets	2.5	2.0	1.9
Cash and cash equivalents	23.1	36.1	46.8
	<b>164.0</b>	<b>174.3</b>	<b>167.2</b>
<b>Total assets</b>	<b>225.7</b>	<b>234.0</b>	<b>229.2</b>
<b>Liabilities and shareholders' equity</b>			
<b>Shareholders' equity</b>			
<b>Equity attributable to equity holders of the parent</b>			
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	-0.5	-0.8	-2.2
Accumulated profit	1.2	12.3	9.2
	<b>76.9</b>	<b>87.7</b>	<b>80.5</b>
<b>Minority interests</b>	0.7	1.3	1.3
	<b>77.6</b>	<b>89.0</b>	<b>81.8</b>
<b>Non-current liabilities</b>			
Provisions for pensions and similar obligations	40.5	40.3	42.0
Other non-current provisions	17.3	17.1	17.3
Non-current financial liabilities	0.0	0.1	0.3
	<b>57.8</b>	<b>57.5</b>	<b>59.6</b>
<b>Current liabilities</b>			
Income tax provisions	4.1	4.6	4.3
Other current provisions	38.0	46.5	40.6
Current financial liabilities	0.3	0.9	0.9
Trade accounts payable	40.0	23.1	30.8
Miscellaneous current financial liabilities	7.9	12.4	11.2
	<b>90.3</b>	<b>87.5</b>	<b>87.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>225.7</b>	<b>234.0</b>	<b>229.2</b>

## Consolidated Cash Flow Statement

EUR million

	January – September 2010	January – September 2009	
<b>Operating activities</b>			
EBIT	-9.1		4.6
Interest paid	-0.4		-0.5
Interest payments received	0.4		1.0
Depreciation and amortization of non-current assets	15.6		14.1
Other non-cash items	-1.5		-1.5
Decrease (+) in non-current receivables	0.1		0.0
Increase (+) in pension provisions	0.2		1.1
Increase (+) in other non-current provisions	0.2		0.2
Income taxes paid	-0.6		-1.8
<b>Cash flow before changes in net current assets</b>	<b>4.9</b>		<b>17.2</b>
<b>Change in net current assets</b>			
Increase (-) in inventories	-27.8		-2.8
Decrease (+) in trade accounts receivable and other assets	26.6		25.3
Decrease (-) in other current provisions	-9.1		-8.6
Increase (+) in trade accounts payable and other liabilities	11.3		0.6
<b>Change in net current assets</b>	<b>1.0</b>		<b>14.5</b>
<b>Net cash from operating activities</b>	<b>5.9</b>		<b>31.7</b>
<b>Investing activities</b>			
Payments for purchases of intangible assets and property, plant and equipment	-13.6		-13.4
Payments for purchases of financial assets	-0.3		-0.2
Payments for equity investments in consolidated Group companies less cash acquired	-0.4		0.0
<b>Net cash from investing activities</b>	<b>-14.3</b>		<b>-13.6</b>
<b>Free cash flow, total</b>	<b>-8.4</b>		<b>18.1</b>
<b>Financing activities</b>			
Decrease in minority interests	-0.6		0.0
Dividend payment	-3.3		-6.5
Repayment (-) of loans	-0.7		-2.0
<b>Net cash from financing activities</b>	<b>-4.6</b>		<b>-8.5</b>
<b>Cash-effective change in liquidity</b>	<b>-13.0</b>		<b>9.6</b>
<b>Composition of liquidity</b>			
	<b>Sep. 30, 2010</b>	<b>Dec. 31, 2009</b>	<b>Change</b>
Cash and cash equivalents	23.1	36.1	-13.0
Short-term bank loans	0.0	0.0	0.0
<b>Liquidity</b>	<b>23.1</b>	<b>36.1</b>	<b>-13.0</b>

## Consolidated Statement of Changes in Equity

	Number of shares	Sub- scribed capital	Capital reserve	Retained earnings	Other reserve	Accu- mulated profit/loss	Equity at- tributable to equity holders of the parent	Minority interests	Total equity
	units	EUR 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
Dividend payment for 2008						-6.5	-6.5		-6.5
Change in fair value of hedges					-3.7		-3.7		-3.7
Net income for the period Jan. 1 to Sep. 30, 2009						2.2	2.2	0.1	2.3
<b>Balance as of Sep. 30, 2009</b>	<b>13,009,229</b>	<b>13.0</b>	<b>47.0</b>	<b>13.5</b>	<b>-2.2</b>	<b>9.2</b>	<b>80.5</b>	<b>1.3</b>	<b>81.8</b>
Change in fair value of hedges					1.4		1.4		1.4
Net income for the period Oct. 1 to Dec. 31, 2009						5.8	5.8		5.8
Allocation to retained earnings				2.7		-2.7			
<b>Balance as of Dec. 31, 2009</b>	<b>13,009,229</b>	<b>13.0</b>	<b>47.0</b>	<b>16.2</b>	<b>-0.8</b>	<b>12.3</b>	<b>87.7</b>	<b>1.3</b>	<b>89.0</b>
Dividend payment for 2009						-3.3	-3.3		-3.3
Change in fair value of hedges					0.3		0.3		0.3
Net income for the period Jan. 1 to Sep. 30, 2010						-7.8	-7.8	-0.6	-8.4
<b>Balance as of Sep. 30, 2010</b>	<b>13,009,229</b>	<b>13.0</b>	<b>47.0</b>	<b>16.2</b>	<b>-0.5</b>	<b>1.2</b>	<b>76.9</b>	<b>0.7</b>	<b>77.6</b>

# 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 third quarter of 2010 were released for publication by a management decision on October 29, 2010.

## **Basis of presentation and accounting policies**

The condensed consolidated interim financial statements of Loewe AG as of September 30, 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.

In addition, the present interim financial statements take into account IAS 27 "Consolidated and Separate Financial Statements" and IFRS 3 "Business Combinations," both of which have been applied for the first time since January 1, 2010.

The revised standards are required to be applied for fiscal years beginning on or after July 1, 2009. The standards introduce changes in the accounting for business combinations affecting the measurements of goodwill, earnings in the reporting period in which a business acquisition has been completed as well as future earnings. In line with the changes, costs associated with the acquisition of MacroSystem Digital Video AG were recognized in income.

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 September 30, 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. The actual amounts can deviate from these estimations.

## Scope of consolidation

The scope of consolidation has changed in relation to the consolidated financial statements as of December 31, 2009 as a result of the Company's acquisition of 78.73% of the shares in MacroSystem Digital Video AG, Wetter, Germany, effective May 25, 2010. An additional 0.25% of the shares were subsequently acquired from a small shareholder in July, so that the shareholding amounts to 78.98% as of September 30, 2010.

MacroSystem Digital Video AG, founded in 1991, produces and sells high quality products in the video and editing technology sector as well as the home entertainment sector.

Besides the autonomous continuation of this core business, MacroSystem Digital Video AG will primarily take over contract development in the software sector for Loewe. This acquisition strengthens Loewe's competence in multimedia software in particular.

The new subsidiary was included in the consolidated financial statements using the purchase method. Earnings of MacroSystem Digital Video AG generated during the period since the acquisition date were taken into account in the present consolidated interim financial statements.

The fair values recognized as of the acquisition date for the assets acquired and liabilities assumed as well as their carrying amounts immediately before the business combination are shown in the following table.

EUR thousand	Carrying amount prior to acquisition date	Fair value as of the acquisition date
<b>Assets</b>		
Property, plant and equipment	51	51
Capitalized development costs	0	1,253
Other intangible assets	5	5
Inventories	242	242
Trade accounts receivable	304	304
Miscellaneous current financial assets	142	142
Cash and cash equivalents	160	160
<b>Total assets</b>	<b>904</b>	<b>2,157</b>
<b>Liabilities</b>		
Other current provisions	-465	-465
Trade accounts payable	-911	-911
Current financial liabilities	-165	-165
Miscellaneous current financial liabilities	-61	-61
<b>Total liabilities</b>	<b>-1,602</b>	<b>-1,602</b>
<b>Total identifiable net assets at fair value</b>		<b>555</b>

The purchase price paid for the 78.98% shares acquired by Loewe AG amounts to EUR 440 thousand. Minority interests in net assets as of September 30, 2010 amounts to EUR 21 thousand.

The fair values of assets, liabilities and contingent liabilities were determined by reference to existing market prices. If no market prices could be identified, we used income-specific approaches or cost-based procedures to measure assets acquired and liabilities assumed.

Deferred tax liabilities attributable to capitalized development costs measured at fair value, are matched with deferred tax assets in the same amount. According to IAS 12, these may be offset within the valuation unit of MacroSystem Digital Video AG. Therefore, no deferred taxes have to be recognized.

Breakdown of cash outflows from the business acquisition:

EUR thousand	
Cash acquired in connection with the subsidiary (included in cash flows from investing activities)	-5
Cash outflow for the purchase price payment	-440
<b>Net cash outflow</b>	<b>-445</b>

Since the acquisition date, MacroSystem Digital Video AG has made a negative contribution of EUR 439 thousand to net income for the period and a positive contribution of EUR 1,178 thousand to Group sales. If the business combination had been effected as of the beginning of 2009, the Group's profit after tax would be EUR 837 thousand lower, while sales would be EUR 2,831 thousand higher. In the wake of the implementation of the insolvency plan, extraordinary income of EUR 9,604 thousand was recorded at MacroSystem Digital Video AG prior to initial consolidation due to the waiver of legacy creditors, which largely offset the negative equity of the company. The negative result reported by MacroSystem Digital Video AG in fiscal year 2010 still reflects the cost situation before the acquisition date and the losses incurred during the insolvency proceedings. Cost synergies brought about by the relocation of the Wetter site and the production facilities to Kronach and an intensification of sales cooperation will come to complete fruition as of the 2011 fiscal year. From that time on, we will also expect a positive contribution to earnings.

The transaction costs for the acquisition of the company totaled EUR 327 thousand, of which EUR 305 thousand was recognized in administrative expenses in fiscal year 2009 and EUR 22 thousand in fiscal year 2010.

## Currency translation

The currency translation for the subsidiary in the United Kingdom was based on the reference rate of the European Central Bank (ECB) as of September 30, 2010; currency translation in the income statement was based on the average rate of the first three quarters of 2010 and 2009. All other consolidated companies are in the eurozone.

## Financial position

EUR million

	Sep. 30, 2010	Dec. 31, 2009	Sep. 30, 2009
Non-current assets	61.7	59.7	62.0
Current assets	164.0	174.3	167.2
<b>Total assets</b>	<b>225.7</b>	<b>234.0</b>	<b>229.2</b>
Equity including minority interests	77.6	89.0	81.8
Non-current liabilities	57.8	57.5	59.6
Current liabilities	90.3	87.5	87.8
<b>Total liabilities and shareholders' equity</b>	<b>225.7</b>	<b>234.0</b>	<b>229.2</b>

Non-current assets rose slightly compared to year-end 2009 primarily due to the increase in deferred tax assets to EUR 13.5 million which exceeded the level as of December 31, 2009 by EUR 2.6 million. Also contributing to the increase were the development costs in the amount of EUR 1.3 million identified in the context of the acquisition of MacroSystem Digital Video AG. These costs are subject to amortization. The reduction in property, plant and equipment due to scheduled depreciation had the opposite effect.

Investments made in non-current assets primarily include presentation systems for retailers, tools for the launch of products with state-of-the-art LED backlighting started in the second half, and machinery for production as well as external software development costs.

The decline in current assets compared to year-end 2009 resulted primarily from the reduction in trade accounts receivable (down EUR 26.0 million) as well as cash and cash equivalents (down EUR 13.0 million). The buildup of inventories (up EUR 28.0 million), which is primarily attributable to the seasonal procurement of raw materials and panels, had the opposite effect. Furthermore, changed purchasing conditions with one large panel supplier contributed to increased inventories from the purchase of a large lot of current LED panels (for approximately EUR 6 million) at significantly improved conditions. This was accompanied by a simultaneous increase in trade accounts payable.

Pursuant to the dividend resolution of the Annual Shareholders' Meeting of May 20, 2010, EUR 3.3 million was distributed to the shareholders on May 21, 2010, reflecting a dividend of EUR 0.25 per share.

In addition to the net loss, the dividend of EUR 3.3 million paid in May 2010 resulted in a further reduction of equity.

The equity-to-assets ratio is 34.4% and is thus 3.6 percentage points lower than the figure at year-end 2009.

At a negative figure of EUR -0.5 million, the intrinsic value of the forward exchange transactions recognized in Other reserves was roughly at the same level as at year-end 2009 (EUR -0.8 million).

The decrease of minority interests is largely attributable to the distribution of profits by the Belgian subsidiary.

The other comprehensive income, as presented in the statement of comprehensive income, includes income and expenses recognized directly in equity attributable to changes in value of currency hedging instruments as well as related deferred tax effects.

The positive value of EUR 0.3 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 slight increase resulted from the fact that the average hedged price is still slightly 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.

As of the third quarter of 2010, basic earnings per share were EUR -0.31. 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 2010 authorized capital and the conditional capital.

Compared to year-end 2009, current liabilities were higher by EUR 2.8 million. This increase is primarily attributable to higher trade accounts payable (+ EUR 16.9 million) as a consequence of the stockpiling of raw materials and panels for production. The decrease of Other current provisions by EUR 8.5 million, primarily due to payments of annual bonuses to contract dealers and a lower level of new provisions for bonuses had the opposite effect.

## Cash flow and financing

### Cash flow

EUR million

	<b>Jan. – Sep. 2010</b>	Jan. – Sep. 2009
Net cash from operating activities	5.9	31.7
Investing activities	–14.3	–13.6
<b>Free cash flow</b>	<b>–8.4</b>	<b>18.1</b>
Net cash from financing activities	–4.6	–8.5
<b>Cash-effective change in liquidity</b>	<b>–13.0</b>	<b>9.6</b>

In a year on year comparison, a negative free cash flow existed as of September 30, 2010. In addition to the negative EBIT of EUR –9.1 million, this was primarily due to a lower reduction of working capital.

Further details related to the reduction of liquidity by EUR 13.0 million can be seen in the cash flow statement.

### Financing

EUR million

	<b>Sep. 30, 2010</b>	Dec. 31, 2009	Sep. 30, 2009
Cash and cash equivalents	23.1	36.1	46.8
Non-current financial liabilities	0.0	–0.1	–0.3
Current financial liabilities	–0.3	–0.9	–0.9
<b>Total</b>	<b>22.8</b>	<b>35.1</b>	<b>45.6</b>

As of September 30, 2010, cash and cash equivalents exceeded current and non-current financial liabilities by EUR 22.8 million. Freely available liquid funds are invested in interest-bearing overnight and term deposits at banks that are members of the German Deposit Protection Fund (Einlagensicherungsfonds).

Thus far in fiscal year 2010, it has been hardly necessary to utilize the line of factoring, which had been granted in the amount of EUR 35 million. The previously existing factoring agreement expired on June 30, 2010. A follow-up agreement at improved conditions was concluded with a new provider over a term of five years for the same amount (EUR 35 million). This agreement is bound to the covenants already in force under the existing structured financing.

It was also not necessary to utilize the pooling agreement with a total volume of EUR 50 million existing for the financing of business operations and planned capital expenditure.

## Income statement

Revenue by region is broken down as follows:

EUR million	3 <sup>rd</sup> quarter 2010	3 <sup>rd</sup> quarter 2009	Q1–3 2010	Q1–3 2009
Germany	40.6	50.4	124.6	134.0
Europe (excluding Germany)	24.5	25.4	85.4	83.4
Rest of world	1.4	0.8	3.9	3.0
<b>Total</b>	<b>66.5</b>	<b>76.6</b>	<b>213.9</b>	<b>220.4</b>

The significant items of the income statement for the third quarter 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 in the third quarter of 2010 exclusively consisted of deliveries of panels to Loewe.

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

The following employee numbers take into account the inclusion of MacroSystem Digital Video AG for the first time.

Compared to the first three quarters of 2009, the average number of employees increased by 22 to 1,055 persons. Adjusted by the effect from the first-time inclusion of the employees of MacroSystem Digital Video AG, the average number of employees for the third quarter of 2010 is 1,029.

### Acquisition of treasury shares

At the Annual Meeting of Shareholders on May 20, 2010, the Company was authorized to acquire treasury shares in an amount of up to 10% of the share capital. The authorization is valid until May 19, 2015 and no such activities have been undertaken to date.

### Shares held by the Executive Board and Supervisory Board on September 30, 2010

As of September 30, 2010, the Executive Board held 79,300 shares (December 31, 2009: 158,458) in Loewe AG. The decrease from year-end 2009 is explained by the departure of Mr. Löhner from the Executive Board. One Supervisory Board member directly holds 550,000 shares (December 31, 2009: 550,000 shares).

### Events after the balance sheet date of September 30, 2010

No events of special significance occurred after September 30, 2010.

Kronach, October 29, 2010

The Executive Board



**Oliver Seidl**



**Gerhard Schaas**

# Financial Calendar

**Publication of the Key Figures for the 2010 financial year**

Conference call on Thursday January 27, 2011, 10:00 a.m.

**Publication of the 2010 Financial Statements of the Loewe Group**

Thursday, March 24, 2011, 9:30 a.m., Munich

**DVFA Analysts' Conference**

Thursday, March 24, 2011, 4:00 p.m., Frankfurt

**Publication of the Q1 Report**

(01/01 – 3/31/2011)

Conference call on Wednesday, May 4, 2011, 10:00 a.m.

**Twelfth Annual Shareholders' Meeting of Loewe AG**

Thursday, May 26, 2011, 11:00 a.m., Munich

**Publication of the Q2 Report**

(01/01 – 6/30/2011)

Conference call on Wednesday, August 3, 2011, 10:00 a.m.

**Publication of the Q3 Report**

(01/01 – 9/30/2011)

Conference call on Thursday, November 3, 2011, 10:00 a.m.

## Publications

The following publications can be requested from Loewe Investor Relations – in German and/or English:

- **Loewe annual report**
- **Loewe quarterly reports**
- **Loewe complete product range**

These publications can also be obtained via the Internet at [www.loewe.de](http://www.loewe.de) in the area Loewe AG Investor Relations or you can order them using our online contact form.

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**Loewe AG**

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**LOEWE.**