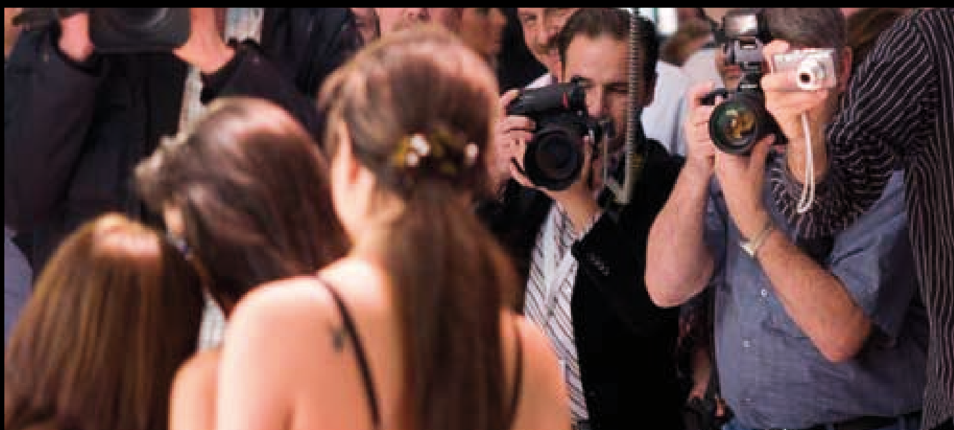
beate uhse

9-MONTH STATEMENT 2009

New media and digitalisation open up interesting erotica sales opportunities.



ON COURSE TO BECOMING THE DIGITAL MARKETPLACE FOR ADULT LIFESTYLE PRODUCTS

Since Gutenberg invented printing, a discovery which triggered a veritable media revolution across Europe in 1452, no other medium has changed the world and consumer behaviour more rapidly than the internet. Never have people been as closely networked around the world as they are today. At the same time, from a historical perspective, no other interest has driven media development to a greater degree than adult entertainment. Indeed, erotic verses with illustrative copperplate engravings were among the very first printed products. The first adult film on VHS cassette came out a year before the first Hollywood film appeared on video. Web 2.0 has mainly been driven by erotic webcam services provided over the internet by professionals and amateurs alike. Beate Uhse was itself one of the forces promoting this development and was way ahead of its times with its own community platforms. The same applies for e-commerce – back in the days of BTX, customers could order erotic products conveniently on their PC's as early as in 1992.

The Group sees multimedia channels as harbouring great marketing potential for its products and films in future as well. By acquiring the Playhouse Group at the beginning of the year, Beate Uhse gained access to a wealth of digital media expertise and more than 8,000 well-known film labels. These have enriched the company's movie library and enhanced its competitiveness in both its wholesale and its internet businesses. Marketing the films not only via traditional DVD but also across all digital media channels enables the company to make multiple use of rights and to optimally exploit the value chain. To this end, Beate Uhse works with well-known partners in the telecommunications sector, offering its films via their platforms and services. Top-class productions enable Beate Uhse to successfully differentiate itself from other offerings. The "Daring!" private label is among the most popular titles, and has also received numerous prizes and awards. Elaborate scenes shot in contemporary idioms appeal to a new consumer group that accords top priority to a convincing plot, an appealing ambience and professional performers. At the Venus fair in Berlin, the leading venue for the erotica sector, attracting 400 exhibitors from 36 countries and 27,500 visitors every year, Scala's wholesale stand is an important meeting place for the "who's who" of the industry. This year, the company held many one-to-one meetings and made numerous contacts with suppliers and customers from around the whole world.

BEATE UHSE AT A GLANCE

EUR 000s		9 months 30.09.2008	9 months 30.09.2009	Change %
Sales performance				
Retail		54,105	46,449	-14.2
Mail Order		81,032	77,368	-4.5
Wholesale		41,098	38,015	-7.5
Entertainment		10,542	9,421	-10.6
Total sales		186,777	**171,253**	-8.3
International share of sales	%	61.8	64.5	4.3
Results				
EBITDA		18,375	7,857	-57.2
EBIT		10,108	522	-94.8
EBT		8,471	-1,636	-
Net income of ongoing business divisions		8,240	266	-96.8
Other earnings indicators				
Return on sales before tax	%	4.5	-1.0	-
Return on sales after tax	%	4.4	0.2	-96.5
Return on equity	%	8.7	0.3	-96.9
Gross profit margin	%	58.8	56.7	-3.5
Financial situation				
Cash flow from operating activities		7,080	6,357	-10.2
Investments		5,273	14,294	171.1
Depreciation and amortisation		8,266	7,336	-11.3
Balance sheet data (2008: 31 December)				
Total assets		176,441	191,819	8.7
Shareholders‘ equity		94,594	99,219	4.9
Equity ratio	%	53.6	51.7	-3.5
Non-current assets		92,249	95,415	3.4
Current assets		83,442	96,404	15.5
Other data				
Employees	total	1,339	1,206	-9.9
Personnel expenses		33,792	30,811	-8.8
Cost of sales		76,948	74,083	-3.7
Sales related expenses		93,087	85,005	-8.7
Shares				
Number of shares		70,984,696	78,074,696	10.0
Closing price	EUR	0.93	0.68	-26.9
Annual high	EUR	2.03	0.87	-57.1
Annual low	EUR	0.93	0.42	-54.8
Earnings per share	EUR	0.11	0.00	-100.0
Cash flow per share	EUR	0.23	0.10	-56.5

FOREWORD OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS OF BEATE UHSE AG,

Economic experts have rarely been as divided in their opinion as they currently are with regard to the outcome of the financial crisis. While some already point to an economic recovery, others are warning against premature optimism. Some are even convinced that the real crisis has yet to begin. This makes it all the more difficult to issue reliable forecasts for the future. We must therefore rely on our own observations and experience. Our own business has performed very unevenly in recent months, with sales fluctuating from day to day and week to week. While July and August witnessed a slight upward trend, our customers' willingness to spend declined once again in September. It is difficult to predict how consumers will behave during the Christmas business season.

Notwithstanding the challenges presented by the current economic climate, we have acted consistently in implementing our plans. This year, our products and campaigns are more compelling than ever before, and initial figures show that they have met with a superb reception. The introduction of electronic products, fitness merchandise and living accessories into the catalogue would seem to be paying off. Based on preliminary figures, the volume of turnover generated with these products and catalogue pages has exceeded our expectations.

In our high street retail business, the gap between premium and traditional stores has widened ever further. Sales at our premium stores, which have a fresh style and a broad-based range of lingerie, love toys and personal care products aimed at women and couples, have shown pleasing developments in spite of the weak economic climate. The traditional business, by contrast, with its focus on cabins and films, has declined sharply. The decision to focus on country brands is also paying off. Belgian stores which have been converted to our strong Pabo brand have performed notably better than their unbranded counterparts. The substantial task at hand is that of standardising our store network across the whole of Europe and offering customers in all countries the same shopping experience. Our franchisees are also to be integrated into this process. We have developed a franchise concept to enable this to be implemented more efficiently and professionally. In fact, the first contract for the Netherlands could already be concluded under our Christine le Duc brand, was signed in the past few days. In Germany, our largest and most important market, we have successfully attracted a franchising expert to manage the German retail business.

We have pressed ahead with standardising our distribution channels in terms of marketing as well. In October, the professional skills in the channel management team headed by Erwin Cok were boosted with the arrival of Sandra Broeren. By devising concepts and campaigns targeted to the market, we will increasingly address those customers who are most important to our future – open-minded women and couples looking to lead more satisfying sexual lives. We also scored points with this target group with Amora, an exhibition-event which we brought from London to our Beate Uhse Museum in Berlin and opened to great acclaim in the press. This was also the venue for the first Sextalk, a love workshop held in November with the well-known author Christine Janson. The booth at infa, Hanover's largest consumer fair, was a further new approach enabling the company to establish direct contact with its new customers away from its customary sales platforms. The reception by visitors, mostly women, was very positive.

Our traditional presence at Venus, the world's largest erotica fair held in Berlin, was also well received by the public. The 330 m² booth where we present ourselves under Scala, our wholesale brand, is well-established as a popular meeting place for the sector. Personal contacts were intensified during the five days of the fair, with the groundwork being laid for new business transactions.

A process of rethinking has set in across the whole industry. Some providers who profited from the boom in adult films are still clinging on to their old models, but increasing numbers of players are adapting to a new market. While the film market continues on its downward path, the range of love toys on offer is becoming ever more colourful, innovative and rich in variety. Having said this, films will still be consumed in future – but differently. On the one hand, they will improve considerably in terms of their quality. The films produced under our own "Daring!" label, which has already won several awards, have become very well established in the market. By integrating well-known Playhouse films, we have also extended our library with many top-quality titles. Alongside the Playhouse integration, which is enabling us to exploit synergies in our wholesale and entertainment businesses, we have also concluded a sales cooperation in the Benelux countries with Private Media Group, a further well-known company in the adult entertainment industry. On the other hand, digital media have opened up new distribution channels that have been well received by the younger generation. We see good prospects for the future by exploiting these channels more closely, especially in cooperation with telecommunications companies.

Our strategy for the future is sharply defined and is based on four cornerstones:

No. 1: Acquisition of new consumers through our focus on women and couples
No. 2: Optimisation of existing distribution channels and creation of new sales channels
No. 3: Extension of the product range to include additional lifestyle merchandise
No. 4: Alignment of sales channels to focus on our three major brands.

Our objective is crystal clear – to position Beate Uhse as a lifestyle company and to make it the world-wide market leader in adult products..

Yours faithfully,

Serge van der Hooft
COO and Spokesman of the Management Board

Jan Boddaert
CMO

INTERIM MANAGEMENT REPORT

ECONOMIC AND INDUSTRY OVERVIEW

Macroeconomic developments

Financial markets have stabilised further and the worst of the economic crisis would seem to have passed. A slight increase in industrial output and rising new order figures point towards an economic recovery. According to Euro-zone economic outlook, however, GDP in the euro area in the third quarter fell 4.0 percent compared to the third quarter of last year. Compared with the second quarter of 2009, however, GDP recovered slightly in the third quarter with marginal growth of 0.4 percent. Private consumer spending, which was 0.8 percent down on the previous year's figure, only rose by 0.2 percent compared with the second quarter of 2009.

In Germany, the funds made available by the economic stimulus packages are slowly taking effect. The 4.9 percent decline in third quarter GDP compared with the third quarter of 2008 underlines that the economy remains weak. Nevertheless, the institutes within the Gemeinschaftsdiagnose research group expect to see GDP growth of 0.7 percent in the third quarter of 2009 compared with the second quarter of 2009. The German retail sector, which also includes mail order, reported a 2.2 percent decline in sales in the first nine months of 2009. The car-scrapping incentive scheme has been disadvantageous in this respect, as customers have had to save the cash invested in buying a new car in other areas of their lives. Consumer spending has also been subdued by the deteriorating outlook of the labour market.

The Adult Lifestyle Market

In addition to the impact of the economic crisis, the adult-lifestyle sector is also affected by changes within our market. Few providers have reacted professionally to the transformation in the market and market participants are increasingly suffering from the decline in the previously high-volume DVD business. New entrants to the sector are additionally pushing into the market with sex toys, lingerie and personal care products. The film business has largely shifted to the internet, where content, often low quality, is offered free of charge.

Beate Uhse has adapted to the transformation in the sector and is turning itself into a lifestyle company – with a trendy product range and modern shops suited to new and growing target groups, particularly couples and women. The company's vision is to establish itself as the universal market-place for adult lifestyle products.

STATEMENT OF OPERATIONS

Sales performance

Beate Uhse generated sales of Euro 171.3 million in the first nine months of the 2009 financial year. As expected, the Group's sales declined compared with the sales in the first nine months of 2008 of Euro 186.8 million. Third-quarter sales amounted to Euro 61.7 million compared with Euro 65.4 million in the prior year quarter. Alongside subdued consumer confidence levels, this decline was due principally to the closure of unprofitable stores within the framework of the successfully completed restructuring programme.

Of the country markets, the Netherlands, an important market for the company, showed the most convincing performance with substantial sales growth of 5.0 percent in the first nine months of 2009 compared with the same period last year. The positive development seen in this market in the first half could be maintained in the third quarter thanks to the pleasing performance of the online shops. The Belgian market also developed very positively, with sales growth of 5.2 percent in the first nine months of 2009 compared with the same period last year. This market benefited in particular from the conversion of stores to the Pabo country brand. By contrast, the major markets of Germany and France have suffered from consumers' reluctance to spend. Government-financed car-scrapping incentives have had a disadvantageous impact in this respect, as consumers have tended to cut back expenditure in other areas so as to finance their new cars.

SALES BY REGION

EUR 000s	9 months 30.09.2008	**9 months 30.09.2009**	Change %
Germany	71,339	60,823	-14.7
Netherlands	33,302	34,977	5.0
Belgium	11,785	12,393	5.2
France	32,733	30,515	-6.8
UK	7,706	5,901	-23.4
Austria	8,200	6,908	-15.8
Scandinavia	9,799	8,225	-16.1
Italy	1,500	2,104	40.3
Other regions	10,412	9,406	-9.7
	186,777	**171,253**	-8.3

Earnings performance

Costs of sales fell by 3.7 percent to Euro 74.1 million in the first nine months of 2009 compared with the same period last year. This development was due to a reduction in margins, especially in the wholesale division, due to more intense pricing competition in the DVD business, as well as to higher merchandise input costs. As a result, gross profit declined by 11.5 percent to Euro 97.2 million in the first nine months of 2009 compared with Euro 109.8 million in the previous year's period. This corresponds to a gross margin of 56.7 percent compared with 58.8 percent in 2008. The decline in other operating income from Euro 13.9 million in the first nine months of 2008 to Euro 9.0 million in this year's period was due to the insurance payment of Euro 4.0 million which was included in the previous year's figure. The optimisation of deliveries in the mail order business enabled sales-related expenses to be reduced by 8.7 percent in the first nine months of 2009 to Euro 85.0 million versus Euro 93.1 in the first nine months of 2008. This was accompanied by a reduction in expenses in the retail division due to the streamlining of the store network. General and administrative expenses declined slighty to Euro 19.8 million in the first nine months of 2009 versus Euro 20.0 million in the same period in 2008. Due to exchange rate differences on loans within the group of companies, other operating expenses rose from Euro 0.7 million to Euro 0.8 million. The same item led to income of Euro 0.3 million under other operating expenses in the months of July to September 2009.

Any comparison of earnings figures is complicated by the insurance payment received in 2008 to compensate for water-related damages as this inflated 2008's earnings by Euro 4.0 million. As a result, reported EBIT in the first nine months of 2009 fell significantly from Euro 10.1 million in the same period last year to Euro 0.5 million. Net financial expenses in the first nine months of 2009 deteriorated from Euro -1.6 million in the same period last year to Euro -2.2 million, mainly as a result of a swap effect of Euro -0.5 million. At Euro -1.6 million, earnings before taxes were thus significantly down on the previous year's figure of Euro 8.5 million. Tax expenses were offset by a tax refund, which benefited earnings by Euro 1.9 million. Consolidated net income for the first nine months of 2009 thus amounted to Euro 0.3 million, compared with Euro 8.2 million in the previous year's period. Earnings per share amount to Euro 0.00 Euro (2008: Euro 0.11).

Segment performance

Retail

EUR 000s	9 months 30.09.2008	**9 months 30.09.2009**	Change %
Sales	54,105	46,449	-14.2
EBITDA	4,428	2,069	-53.3
EBIT	970	-543	-
EBT	-141	-1,490	956.7
Investments	1,542	1,439	-6.7

In line with expectations, sales in the retail business dropped from Euro 54.1 million to Euro 46.4 million as the store network was streamlined by 11 stores compared with the previous year. The strategy of focusing on two store models – Premium Stores and Fun Centers – operating under strong country brands has shown beneficial effects. These have performed significantly better than no-name stores. The first two outlet stores (opened in Wageningen, Netherlands, on 1 September and in Hanover, Germany, on 28 August) have proven to be effective for selling off surpluses. While demand for the new product ranges of toys, personal care products and lingerie is on the increase, turnover with DVDs and the cabin and cinema business continue to perform negatively.

BEATE UHSE OWNED AND OPERATED SHOPS BY REGION

	9 months 30.09.2008	%	**9 months 30.09.2009**	Change %
Germany	60	40.8	54	39.7
Italy	6	4.1	6	4.4
Netherlands	58	39.5	55	40.4
Belgium	11	7.5	9	6.6
France	7	4.8	7	5.1
Switzerland	1	0.7	1	0.7
Norway	4	2.7	4	2.9
	147	100.0	**136**	100.0

LICENSED & FRANCHISED SHOPS BY REGION

	9 months 30.09.2008	%	**9 months 30.09.2009**	Change %
Germany	60	46.5	59	45.4
Austria	44	34.1	44	33.8
Norway	4	3.1	5	3.8
Italy	1	0.8	1	0.8
Poland	12	9.3	12	9.2
Slovenia	6	4.7	6	4.6
Hungary	2	1.6	3	2.3
	129	100.0	**130**	100.0

Earnings before taxes in the retail division amounted to Euro -1.4 million at the end of the first nine months (2008: Euro -0.1 million). Earnings have primarily been burdened by reduced DVD sales and declining cabin revenue.

Investments of Euro 1.4 million in the first nine months of 2009 versus Euro 1.5 million in the same period in 2008 mainly related to store conversion measures.

Mail Order

EUR 000s	9 months 30.09.2008	**9 months 30.09.2009**	Change %
Sales	81,032	77,368	-4.5
EBITDA	10,911	6,119	-43.9
EBIT	9,427	4,738	-49.7
EBT	9,190	4,605	-49.9
Investments	1,084	2,056	89.7

Notwithstanding the subdued consumer climate, mail order sales declined only slightly from Euro 81.0 million to Euro 77.4 million. Strategies introduced to optimise customer management and the extension of the product range to include new products relating to living, cooking and personal care have shown beneficial effects. These measures have had an especially noticeable effect in the Netherlands and Belgium, where sales grew by 8 percent and 7 percent respectively in the first nine months of 2009 versus the same period in 2008. The British market, by contrast, witnessed a significant decline in sales as a result of fewer orders and the fall in the value of the British pound versus the Euro. While we are working to increase the number of orders made on-line, web-based sales account for40 percent of all orders, and a 49 percent share of orders from the Netherlands.

The mail order division generated earnings before taxes of Euro 4.6 million in the first nine months of 2009 versus Euro 5.2 million (excluding insurance payment) in the previous period. This decline was attributable to consumers' unwillingness to spend, especially in the large markets of Germany and France.

A total of Euro 2.1 million was invested, particularly in software, in the first nine months of 2009 compared with investments of Euro 1.1 million during the same period in 2008.

Wholesale

EUR 000s	9 months 30.09.2008	**9 months 30.09.2009**	Change %
Sales	41,098	38,015	-7.5
EBITDA	4,113	1,715	-58.3
EBIT	1,452	-902	-
EBT	482	-1,927	-
Investments	2,180	1,553	-28.8

The wholesale division generated sales of Euro 38.0 million and Euro 41.1 million for the nine months ending September 30, 2009 and 2008. Sales were significantly burdened in the first half of the year by the negative implications of the weak consumer climate in the face of economic developments, as well as by difficulties encountered by wholesale clients in adapting to changes in product mix and the decline in physical media sale. In the third quarter, it was possible to reverse this trend and to generate slight sales growth. Synergies from the acquisition of Playhouse including procurement benefits, reductions in sales-related expenses, and expansion of the product range to include well-known Playhouse labels have had a beneficial impact in this respect.

Due to the reduction in sales and lower margins EBT in the wholesale division was Euro -1.9 million in the first nine months of 2009 versus Euro 0.5 million in the same period last year

The investments of Euro 1.6 million in the first nine months of 2009 were principally related to the acquisition of film rights.

Entertainment

EUR 000s	9 months 30.09.2008	**9 months 30.09.2009**	Change %
Sales	10,542	9,421	-10.6
EBITDA	2,103	1,257	-40.2
EBIT	1,905	1,077	-43.5
EBT	2,026	1,141	-43.7
Investments	204	221	8.5

The decline in entertainment sales has started to abate as the year has progressed. Sales for the first nine months of 2009 were Euro 9.4 million compared with Euro 10.5 million in the same period in 2008. Customers' reluctance to spend was especially noticeable in the premium telephony business and could only be compensated for by increasing advertising expenses, thus in turn severely burdening earnings. The integration of Playhouse's library of films into the Group's entertainment division is progressing on schedule.

Due to the reduction in sales, earnings before taxes declined to Euro 1.1 million in the first nine months of 2009 versus Euro 2.0 million in the same period last year. Moreover, earnings were also burdened by expenses incurred to analyse user behaviour.

The entertainment division invested a total of Euro 0.2 million (2008: Euro 0.2 million), of which the greater part involved internationalisation measures.

NET ASSET AND FINANCIAL POSITION

The net asset position of the Beate Uhse Group has been significantly affected by the integration of the Playhouse Group as of 1 April 2009. As a result, total assets rose significantly from Euro 176.4 million to Euro 198.8 million as of 30 September 2009.

Assets

Non-current assets grew by Euro 3.2 million to Euro 95.4 million (2008: Euro 92.2 million). The Playhouse acquisition led goodwill in particular to increase from Euro 15.2 million to Euro 20.2 million. Intangible assets also rose to Euro 13.0 million following the transaction (2008: Euro 11.0 million). Scheduled depreciation and amortisation led property, plant and equipment to reduce by Euro 2.1 million to Euro 26.1 million (2008: Euro 28.2 million). Deferred tax claims of Euro 1.5 million were reversed, as a result of which this item now amounts to Euro 6.6 million (2008: Euro 8.1 million).

Current assets showed an increase from Euro 83.4 million as of 31 December 2008 to Euro 96.4 million. This growth was driven principally by trade receivables, which increased from Euro 27.4 million to Euro 36.6 million. Alongside a rise in receivables in the mail order business, this development was also due to the consolidation of the Playhouse Group, as well as to the trade fairs held in the wholesale division in the third quarter of 2009. As a result of Playhouse acquisition, inventories grew by Euro 4.6 million to Euro 44.8 million (2008: Euro 40.2 million). Following receipt of the respective payments, income tax refund claims dropped considerably from Euro 3.4 million to Euro 1.3 million. Cash and cash equivalents increased from Euro 5.6 million to Euro 7.0 million.

Shareholders' equity and liabilities

The changes on the liabilities side of the balance sheet were attributable both to the Playhouse takeover and to the forthcoming redemption of the syndicated loan.

Shareholders' equity grew by Euro 4.6 million to Euro 99.2 million (2008: Euro 94.6 million). This growth was due to the capital increase by 7,090,000 shares from authorised capital executed upon the Playhouse takeover. As IFRS requires the Group to recognise the value of the shares as of the date of the takeover on 1 April 2009 (Euro 0.63), share capital has increased from Euro 71.0 million to Euro 75.5 million. The equity ratio amounted to 51.7 percent as of 30 September 2009 (2008: 53.6 percent).

Due to the forthcoming redemption of the syndicated loan, non-current debt declined sharply from Euro 39.6 million to Euro 13.3 million. The syndicated loan was therefore reclassified from non-current loans to the current portion of non-current loans. Interest-charging loans thus amounted to Euro 5.4 million (2008: Euro 32.3 million). The negative valuation of the interest swap led other financial debt to rise from Euro 0.8 million to Euro 1.3 million.

Current debt, which rose from Euro 42.3 million to Euro 79.3 million, reflects the opposite impact of the reclassification of the syndicated loan. The current portion of non-current loans item thus increased from Euro 0.8 million to Euro 31.3 million. The initial consolidation of Playhouse also led to increases in other financial debt, which rose from Euro 14.2 million to Euro 18.0 million, trade payables, which rose from Euro 20.2 million to Euro 22.6 million and current loans, which grew from Euro 0.3 million to Euro 2.6 million. Due to the reversal of a video tax item, other provisions dropped from Euro 2.7 million to Euro 1.0 million.

Cash flow and investments

Cash flow from operating activities decreased slightly from Euro 7.1 million to Euro 6.4 million in the period of report. Cash flow was burdened by the growth in trade receivables by Euro 6.8 million while it benefited from a tax refund from the Netherlands. Largely as a result of the Playhouse acquisition, the cash flow from investing activities increased from Euro -3.4 million to Euro -8.6 million. Investments grew from Euro 5.3 million in the previous year to Euro 14.3 million.

Cash flow from financing activities rose due to greater utilisation of the credit lines from Euro -4.5 million to Euro 3.5 million. Compared with the previous year, cash and cash equivalents amounted to Euro 6.9 million at the end of the period versus what.

INVESTMENTS BY REGIONS

EUR 000s	9 months 30.09.2008	**9 months 30.09.2009**	Change %
Germany	1,416	10,204	620.7
Netherlands	2,448	3,013	23.1
Belgium	206	56	-72.8
France	92	182	98.2
UK	56	67	20.2
Austria	3	9	214.1
Rest of Europe	1,054	763	-27.6
	5,273	**14,294**	171.1

EMPLOYEES

The total workforce of the Beate Uhse Group reduced to 1,206 employees, from 1,339 employees at the previous year's reporting date. This reduction was due in particular to store closures in the retail business.

EMPLOYEES AT THE BEATE UHSE GROUP

By Region	9 months 30.09.2008	**9 months 30.09.2009**	Change %
Germany	634	532	-16.1
Netherlands	490	489	-0.2
Belgium	28	21	-25.0
France	70	59	-15.7
UK	6	7	16.7
Austria	12	6	-50.0
Scandinavia	50	42	-16.0
Italy	15	15	0.0
Other European countries	49	35	-28.6
	1,354	**1,206**	-10.9

By Segment	9 months 30.09.2008	**9 months 30.09.2009**	Change %
Retail	759	643	-15.3
Mail Order	247	235	-4.7
Wholesale	219	215	-1.8
Entertainment	82	73	-11.0
Holding Services	32	40	25.0
	1,339	**1,206**	-9.9

SHARE PERFORMANCE

Performance and liquidity

During the third quarter of 2009, international capital markets continued to recover from the turbulences of the financial crisis. The DAX has risen substantially since its annual low in March 2009. At 5,675 points as of 30 September 2009, it was 16.8 percent ahead of the level at which it began the year. The SDAX index for German small caps posted growth of 23.5 percent since the beginning of the year, but nevertheless remains far short of its highs prior to the financial crisis. Beate Uhse's share price also developed positively. At Euro 0.68 as of 30 September 2009, our share price was 11.5 percent higher than its opening price of Euro 0.61 at the beginning of the 2009. Market capitalisation amounted to Euro 53.1 million at the reporting date. An average of 47,447 Beate Uhse shares were traded per day on XETRA in the first nine months of 2009.

Investor relations

In the third quarter of 2009 the Management Board and Investor Relations team continued to maintain a close dialogue with shareholders, analysts and journalists, informing them of the latest developments at Beate Uhse.

In early November, Serge van der Hooft presented the company at the German Equity Forum (Deutsches Eigenkapitalforum) in Frankfurt, which with 5,000 participants is Europe's largest investors and analyst conference, and outlined the four strategic cornerstones for positioning Beate Uhse as a lifestyle company and successfully maintaining our market leadership.

SHARE PRICE PERFORMANCE

	9 months 30.09.2008	**9 months 30.09.2009**
Opening price	1.85	0.61
Closing price	0.93	0.68
High	2.03	0.87
Low	0.93	0.42
Performance (percent)	-49.7	11.5

Basis: Xetra

KEY FIGURES FOR BEATE UHSE'S SHARE

		9 months 30.09.2008	**9 months 30.09.2009**
EPS	EUR	0.11	0.00
P/E ratio		6	150
Cash flow per share		3.0	5.3
Quote/sales		0.3	0.2
Quote/EBITDA		2.7	5.1
Quote/book value		0.8	0.7
Book value per share	EUR	1.2	1.0
Share capital	No. of shares	70,984,696	78,074,696
Total market capitalisation	EUR million	66.0	53.1
Market capitalisation of free float	EUR million	34.9	25.3
Average trading volumes / day	No. of shares	42,069	47,447

Basis: Xetra

RISK REPORT

Since the preparation of the 2008 Annual Report, no additional risk factors from those stated in the risk chapter of that report have arisen for the Beate Uhse Group.

EVENTS AFTER THE REPORTING DATE

No events of material significance requiring report here occurred between the end of the period under report and the compilation of this report.

OUTLOOK

The prospects for an economic recovery in the euro area have improved significantly thanks to state economic assistance packages although the economy continues to be negatively affected by the underutilisation of capacity and restrictive credit terms. Experts at Euro-zone economic outlook expect GDP to decline by 4.1 percent in 2009 as a whole. Due to the deterioration of the labour market, private consumer spending is set to show a slight decrease of 0.1 percent in the fourth quarter of 2009 compared with the previous quarter.

In Germany, experts at the Gemeinschaftsdiagnose project group expect GDP to decline by 5.0 percent in 2009. Only in 2010 is the economy expected to show a slow recovery with forecasts of slight GDP growth of 1.2 percent for 2010. Given gradual cutbacks in the state-subsidised reduced working hours scheme, unemployment totals can be expected to rise further in the coming months. This will also affect private consumer spending. For 2009 as a whole, private consumer spending is still expected to grow by 0.7 percent; however, for 2010 experts have forecast a slight decline of 0.2 percent.

Beate Uhse will be consistently implementing its strategic objectives despite the difficult economic climate and will press ahead with the multi-channel alignment of all B2C channels. The strategy of relying on strong country brands and premium concepts has proven to be correct. Individual concepts and marketing campaigns enable the company to address women and couples in particular – a target group which Beate Uhse sees as harbouring great potential for the future. The Group is continuing to work on standardising its store network across the whole of Europe and on offering the same shopping experience to customers everywhere. Moreover, we will be pressing ahead with the franchising concept in the retail business. The first contract for this has already been concluded in the Netherlands this year.

The fourth quarter, with the Christmas season, is traditionally the period with the highest sales at Beate Uhse. A newly designed catalogue including new specialities such as living accessories and electronics article has met with a very positive reception. Based on initial figures, sales generated with the product groups newly on offer, especially electronic items, are ahead of expectations. Given the subdued economic climate, it is difficult to predict how consumers will behave in terms of their Christmas shopping this year. Beate Uhse is nevertheless upholding its forecast for the time being. Despite the year-on-year reduction in sales, Beate Uhse expects to generate positive EBIT of Euro 3 million in 2009.

BALANCE SHEET

ASSETS

EUR 000s	31.12.2008	30.09.2009
Non-current assets		
Intangible assets	11,010	12,990
Goodwill	15,230	20,223
Property, plant & equipment	28,211	26,130
Other financial assets	3,935	3,513
Investments in associates	25,757	25,947
Deferred tax assets	8,106	6,612
	92,249	**95,415**
Current assets		
Inventories	40,201	44,778
Trade receivables	27,356	36,601
Other current financial assets and other assets	6,859	6,700
Income tax refund claims (current)	3,414	1,333
Cash and cash equivalents	5,612	6,992
	83,442	**96,404**
Assets held for sale	750	0
Total assets	176,441	**191,819**

SHAREHOLDERS‘ EQUITY AND LIABILITIES

EUR 000s	31.12.2008	30.09.2009
Shareholders‘ equity		
Share capital	70,985	75,451
Treasury stock at cost of acquisition	-3,463	-3,463
Capital reserves	2,653	2,535
Revenue reserves	3,295	3,295
Unappropriated net profit	20,445	20,646
Balancing item for currency translation	548	289
Minority interests	131	466
	94,594	**99,219**
Non-current debt		
Interest-bearing loans	32,344	5,368
Pensions and similar obligations	3,968	3,911
Other provisions	2,156	2,133
Other financial debt	778	1,332
Deferred tax liabilities	333	584
	39,579	**13,328**
Current debt		
Trade payables	20,176	22,591
Other financial debt	14,241	18,045
Pensions and similar obligations	259	259
Other provisions	2,724	1,033
Income tax liabilities	3,803	3,488
Loans	255	2,587
Current portion of non-current loans	810	31,269
	42,268	**79,272**
Total shareholders‘ equity and liabilities	176,441	**191,819**

CONSOLIDATED INCOME STATEMENT

EUR 000s	Q3/2008 01.07.-30.09.2008	**Q3/2009 01.07.-30.09.2009**	9 months 30.09.2008	**9 months 30.09.2009**
ONGOING BUSINESS DIVISIONS				
Sales	65,393	**61,746**	186,777	**171,253**
Cost of sales	-26,473	-26,432	-76,948	-74,083
Gross profit on sales	38,920	**35,314**	109,829	**97,170**
Other operating income	3,445	1,712	13,920	8,987
Sales-related expenses	-32,295	-30,515	-93,087	-85,005
General administration expenses	-6,849	-6,964	-20,019	-19,809
Other operating expenses	-13	289	-740	-821
Share in earnings of associates	54	0	190	0
Other income from shareholdings	0	0	15	0
Earnings before interest and taxes (EBIT)	3,262	**-164**	10,108	**522**
Financial income	-189	87	392	142
Financial expenses	-665	-859	-2,029	-2,300
Earnings before taxes (EBT)	2,408	**-936**	8,471	**-1,636**
Taxes on income	2,815	1,425	-231	1,902
Consolidated earnings	5,223	**489**	8,240	**266**
Allocable to:				
Shareholders in the holding company	5,102	408	8,110	202
Minority shareholders	-121	-81	-130	-64
Earnings per share (EPS)				
Basic (EUR)			0.11	0.00
Diluted (EUR)			0.11	0.00

CASH FLOW STATEMENT

EUR 000s	9 months 30.09.2008	9 months 30.09.2009
CASH FLOW FROM OPERATING ACTIVITIES		
Operating earnings (EBIT) at ongoing and discontinued business divisions	10,108	**522**
CORRECTIONS FOR:		
Non-cash expenses (IFRS 2)	48	0
Depreciation of property, plant and equipment, amortisation of intangible assets	8,252	7,336
Losses/income incurred on the disposal of property, plant and equipment and intangible assets	56	-10
Other non-cash income	-185	0
CHANGES IN:		
Trade receivables	417	-6,754
Other assets	-3,304	4,844
Trade payables	-6,458	1,168
Other liabilities	-231	-3,891
Interest received	392	207
Interest paid for loans and hedging instruments	-2,280	-1,805
Income taxes paid	266	4,740
Cash flow from operating activities	7,080	**6,357**
CASH FLOW FROM INVESTING ACTIVITIES		
Cash received from the sale of property, plant and equipment, intangible assets and other non-current assets	4,398	673
Cash paid for investments in property, plant and equipment, intangible assets and other non-current assets	-6,313	-6,161
Cash paid in connection with short-term financial management	-1,431	327
Cash received in connection with short-term financial management	6	475
Cash received from the acquisition of subsidiaries	-98	-3,876
Cash flow from investing activities	-3,438	**-8,562**
CASH FLOW FROM FINANCING ACTIVITIES		
Capital allocation (sales of treasury stock)	25,516	0
Taking up of bank liabilities	28,009	8,413
Redemption of bank liabilities	-57,686	-4,895
Redemption of loans from third parties	0	-9
Cash flow from financing activities	-4,161	**3,509**
Net change in cash, cash equivalents and securities	-520	**1,304**
Changes due to movements in exchange rates	101	76
Cash, cash equivalents and securities at beginning of period	7,408	5,612
Cash, cash equivalents and securities at end of period	6,990	6,992
COMPOSITION OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash holdings, credit balances at banks, cheques and securities	6,977	6,992
Short-term money investments	13	0
	6,990	**6,992**

GROUP EQUITY SCHEDULE 2009

EUR 000s	Share capital	Treasury stock	Capital reserve	Revenue reserves	Other reserves	Unappro-priated net profits	Balancing item for currency translation	Total	Minority interests	Total equity
	Equity allocable to the shareholders in the parent company									
Balance as of 1 January 2008	47,324	-3,463	745	3,295	133	18,235	-41	66,228	139	66,367
Foreign currency translation							101	101	-73	28
Total income recognised in equity							**101**	**101**	**-73**	**28**
Consolidated net income						8,110		8,110	130	8,240
Total period earnings						**8,110**	**101**	**8,211**	**57**	**8,268**
Capital increase	23,661		1,903					25,564		25,564
Balance as of 30 September 2008	70,985	-3,463	2,648	3,295	133	26,345	60	100,003	196	100,199
Balance as of 1 January 2009	70,985	-3,463	2,653	3,295	0	20,445	548	94,463	131	94,594
Foreign currency translation							-259	-259	271	12
Total income recognised in equity							**-259**	**-259**	**271**	**12**
Consolidated net income						201		201	64	265
Capital increase	4,466		-118					4,348		4,348
Balance as of 30 September 2009	75,451	-3,463	2,535	3,295	0	20,646	**289**	**98,753**	**466**	**99,219**

GROUP STATEMENT OF COMPREHENSIVE INCOME

EUR 000s	30.09.2008	**30.09.2009**
Changes in equity recognised through profit or loss:		
Net income for quarter	8,240	265
Changes in equity recognised in equity:		
Foreign currency translation	28	12
Capital increase	25,564	4,348
Changes recognised directly in equity	25,592	**4,360**
Comprehensive income for the 3rd quarter	33,832	**4,625**
of which: attributable to minority interests	57	335
of which: attributable to the Beate Uhse Group	33,775	4,290

SEGMENT REPORT 30 SEPTEMBER 2008

EUR 000s	Retail	Mail Order	Wholesale	Entertainment	Holding	Consolidation	Group Value
Sales	54,482	81,084	58,279	12,350	0	-19,418	186,777
-of which with third parties	54,105	81,032	41,098	10,542	0	0	186,777
-of which with other segments	377	52	17,181	1,808	0	-19,418	0
Amortisation of intangible assets	-248	-59	-1,434	-121	-323	0	-2,185
Depreciation of property, plant and equipment	-3,210	-1,425	-1,137	-77	-128	0	-5,977
Extraordinary depreciation	0	0	-90	0	0	0	-90
Amortisation of financial assets	0	0	0	0	-15	0	-15
Financial result	-1,111	-237	-970	121	561	-1	-1,637
Income from interest in associates	0	0	0	0	190	0	190
Income from other shareholdings	0	0	15	0	0	0	15
EBT	-141	9,190	482	2,026	-3,086	0	8,471
Taxes on income	-14	-580	-51	-474	888	0	-231
Consolidated net income	-155	8,610	431	1,552	-2,198	0	**8,240**
Assets (incl. shareholdings)	42,833	36,877	53,385	14,641	193,195	-171,712	169,219
Shareholdings in associates	0	0	0	0	1,678	0	1,678
Investments in non-current assets	1,542	1,084	2,180	204	265	0	5,275
Liabilities	37,704	25,710	36,037	4,523	43,843	-70,535	77,282

SEGMENT REPORT 30 SEPTEMBER 2009

EUR 000s	Retail	Mail Order	Wholesale	Entertainment	Holding	Consolidation	Group Value
Sales	46,952	77,764	52,493	10,824	0	-16,780	171,253
-of which with third parties	46,449	77,368	38,015	9,421	0	0	171,253
-of which with other segments	503	396	14,478	1,403	0	-16,780	0
Amortisation of intangible assets	-166	-111	-1,454	-100	-446	0	-2,277
Depreciation of property, plant and equipment	-2,446	-1,270	-1,091	-80	-99	0	-4,986
Extraordinary depreciation	0	0	-72	0	0	0	-72
Amortisation of financial assets	0	0	0	0	0	0	0
Financial result	-947	-133	-1,025	64	-116	-1	-2,158
Income from interest in associates	0	0	0	0	0	0	0
Income from other shareholdings	0	0	0	0	0	0	0
EBT	-1,490	4,605	-1,927	1,141	-3,965	0	-1,636
Taxes on income	-34	-964	229	-240	2,911	0	1,902
Consolidated net income	-1,524	3,641	-1,698	901	-1,054	0	**266**
Assets (incl. shareholdings)	38,109	54,781	61,366	14,084	213,612	-198,078	183,874
Shareholdings in associates	0	0	0	0	0	0	0
Investments in non-current assets	1,366	1,847	3,201	221	5,608	0	12,243
Liabilities	31,925	45,537	41,562	3,969	50,241	-84,706	88,528

NOTES

ACCOUNTING AND VALUATION METHODS

Beate Uhse AG is the parent company pursuant to Section 290 of the German Commercial Code (HGB). As a result of the issuing of equity titles on the capital market, the company is required under Article 4 of Regulation No. 1606/2002 of the European Parliament and Council dated 19 July 2002 to prepare its consolidated financial statements in accordance with IFRS. These interim consolidated financial statements as of 30 September 2009 have accordingly been prepared in line with currently valid IFRS accounting standards. It was not necessary to make any adjustments to the accounting and valuation methods. This interim report has been prepared in line with the requirements of IFRS international accounting standards and in accordance with German Accounting Standards (DRS) 16. The accounting and valuation policies are consistent with those applied in the most recent consolidated financial statements for the 2008 financial year. Individual items in the income statement, balance sheet and cash flow statement of the Beate Uhse Group have been summarised in the interests of clarity and in order to enhance their legibility.

The 9-month report for 2009 has not been subject to any audit review by the auditor.

SCOPE OF CONSOLIDATION

The following companies based in Tiel, Netherlands, were consolidated within the Group for the first time as of 1 April 2009

Global Distributors Netherland BV
Global Internet BV
Global Novelities BV
Ladies Night Deutschland BV

All of these companies are wholly-owned subsidiaries of Beate Uhse AG.

Global Distributors Netherland BV generated sales of Euro 1,188k and a net deficit of Euro 952k in the period from April to September 2009. The company has assets of Euro 5,189k.

Global Internet BV generated sales of Euro 705k and a net deficit of Euro 69k in the period from April to September 2009. The company has assets of Euro 769k.

Global Novelities BV generated sales of Euro 733k and a net surplus of Euro 17k in the period from April to September 2009. The company has assets of Euro 3,119k

Ladies Night Deutschland BV generated sales of Euro 4k and a net deficit of Euro 6k in the period from April to September 2009. The company has assets of Euro 108k.

EARNINGS PER SHARE

Earnings per share have been calculated by dividing the net income of the Group (excluding minority interests) by the number of shares.

EARNINGS PER SHARE

		9 months 30.09.2008	**9 months** **30.09.2009**
Net income for the period	EUR 000s	8,240	266
No. of shares (basic)		70,703,247	77,793,247
No. of shares (diluted)		70,703,247	77,793,247
Earnings per share (basic)	EUR	0.11	0.00
Earnings per share (diluted)	EUR	0.11	0.00

SEGMENT REPORT

The reporting structure applied in the most recent set of annual financial statements has been retained without amendment in this interim report.

CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARDS

Jan Boddaert was appointed by the Supervisory Board as the new Chief Marketing Officer (CMO) on the Management Board of Beate Uhse AG as of 1 April 2009.

RELATED PARTY TRANSACTIONS

Transactions were performed with the following related parties in the reporting period from 1 July 2009 to 30 September 2009:

Reuben Rotermund
Immo Almere BV
Summa Finance BV
Crop Registeracccountants
MVW Medien-Vertriebs GmbH
Gerard Cok
Consipio Holding BV

DISCLOSURES RELATING TO BEATE UHSE AG

Beate Uhse AG has no proprietary operating business activities. It acts as the holding company for the subsidiaries and shareholdings of the Group. As such, it performs the central group management functions of accounting, controlling, finance, human resources, legal and communications services. The earnings performance of Beate Uhse AG is primarily dependent on the profit and loss transfer agreements concluded with its subsidiaries and on further investment income, as well as on the expenses relating to its function as the holding company.

DISCLAIMER

This interim report includes statements concerning the future which are based on assumptions and estimates made by the management of Beate Uhse. In spite of the assumption that these forward-looking statements are realistic, no guarantee can be given that these expectations will also prove to be accurate.

FINANCIAL CALENDAR FOR 2009

31 December 2009	End of financial year

CONTACT FOR CORPORATE COMMUNICATIONS

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This report for the 3rd quarter of 2009 is available online in German and English.